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Bank website：http://www.sunnybank.com.tw

陽信銀行
SUNNY BANK

112 年度年報

2023 ANNUAL REPORT

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Business Office: Deloitte & Touche

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Names of stock exchanges where foreign securities are listed and enquiry on the information of foreign securities: None

Bank Website:

http://www.sunnybank.com.tw

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1 Chapter

I. Letter to Shareholders

1. 2023 Operating Performance
2. Overview of the 2024 Business Plan
3. Future Development Strategies
4. Impact of External Competitive Environment, Regulatory Environment, and overall business Environment
5. Credit Rating

Dear Shareholders,

According to the domestic and overseas economic analysis report of the Ministry of Economic Affairs and the current economic situation briefing of the National Development Committee, despite the easing of global inflation and the gradual relaxation of tightening monetary policies by various countries, the persistent disruptions caused by ongoing interest rate hikes continue to hinder consumption and investment. Additionally, adverse factors such as US-China competition, extreme weather events, and other geopolitical tensions further contribute to economic uncertainties, potentially restraining global economic growth. According to S&P Global's latest projection on January 15, 2024, global economic growth for this year (2024) is estimated at 2.3%, which is lower than last year's (2023) rate of 2.7%.

Thanks to the declining inflation in the United States and a stable labor market that supports private consumption, the economy is expected to undergo a "soft landing" in 2024. Despite an increase in international tourists driving growth in Japan's service industry, weak private consumption has been observed in the latter half of 2023. Coupled with earthquake disasters in early 2024, Japan's loose monetary policy is expected to be sustained. Due to all the uncertainties surrounding a strong energy supply coupled with a weak external demand, Europe's sluggish economic performance is expected to persist.

Despite the weak demand from advanced economies affecting exports, China's announcement of multiple fiscal stimulus measures and India's expanding domestic demand, along with a significant recovery in the tourism industry, prompted the Asian Development Bank (ADB) to revise its economic growth projection upward for Developing Asia to 4.9% for 2023 and 4.8% for 2024 in December.

In the domestic sector, with the global economy still affected by inflation and high interest rates, end demand remains subdued, thereby constraining manufacturing orders in domestic conventional industry sectors. However, promising business opportunities are emerging in technologies such as high-performance computing and artificial intelligence. Furthermore, due to a lower comparison base, exports increased by 11.8% in December, driven by the expansion of these emerging technologies and the gradual normalization of supply chain inventories. This increase has significantly bolstered momentum of the country's export sector. The Executive Yuan's Directorate-General of Budget, Accounting, and Statistics (DGBAS) estimates economic growth to be 1.42% in 2023 and expects it to reach 3.35% in 2024.

Looking ahead, global end demand is expected to rebound, driven by the ongoing expansion of applications in emerging technologies, which will bolster the momentum of the country's export sector. Domestically, investment in semiconductors and green energy continues to grow, coupled with the raise in basic wages, thereby stimulating momentum in private consumption and bringing about economic recovery. Recent projections from major domestic and overseas institutions indicate that economic growth for the year 2023 will range between 0.8% and 1.43%, with expectations of a recovery in 2024 ranging from 2.7% to 3.35%. Currently, competition in the domestic banking industry remains intense, in this challenging environment, our bank relies on the support of the entire board of directors and the efforts of our colleagues to continue strictly managing credit quality and actively expanding various business scales in order to stabilize and increase profitability. In 2023, the Bank's net profit after tax was NT$2,935,996,000 with an EPS of NT$0.88.

In order to improve the financial structure of the Bank and enrich the capital adequacy ratio, a cash capital increase of NT$1.0 billion was launched and the third subordinated financial bond was issued in 2023 for a total of NT$1.5 billion. At the end of 2023, the Bank's capital exceeded NT$34.007 billion, the first-class capital ratio is 11.46%, and the capital adequacy ratio is 13.41%. In the future, the Bank will continue to be committed to ensuring stable operations and seek the best interests for all shareholders. The 2023 annual business results and the 2024 business plan are summarized as follow:

1. 2023 Operating Performance

(1) Changes in Bank Organization

A. The Central Branch and WenXin Branch was established on August 14th and December 18th of the same year to increase branch channel value and enhance overall business performance.

B. In order to enhance business unit integration and connectivity, and to address the needs associated with changes in bank organization, the Bank hosted the inauguration ceremony and celebration with a tea reception for the completion of the new building on October 2, 2023 and relocated to its new headquarters located at Minquan West Road and Zhongshan North Road, Zhongshan District, Taipei City.

C. The Bank currently operates a total of 108 branches nationwide. In order to accommodate the needs associated with the

development of various businesses, the Bank identifies regions with substantial business development potential based on certain criteria such as deposit growth, population density, and branch distribution ratios and will continue to strategically expand the network of branches in these identified regions. The objective is to enhance the comprehensive distribution network of branches nationwide, leveraging their strategic value to optimize overall operational efficiency.

(2) Business Plan and Strategy Implementation Results

In 2023, the Bank continued to control the quality of its assets and achieved remarkable results. At the end of 2023, the Bank's non-performing loan ratio was 0%, and its NPL coverage ratio was 37,998.68%, maintaining a sound level of operational quality. In terms of the development of various businesses, the total deposit balance at the end of 2023 was NT$633,191,957 thousand, an increase of NT$28,354,947 thousand from NT$604,837,010 thousand at the end of 2022; the total loan balance was NT$482,583,380 thousand, an increase of NT$31,023,999 thousand from NT$451,559,381 thousand at the end of the 2022. The overall operations performed quite well.

Unit: NT$1,000；USD1,000

Main Business Items	2023	2022	Growth Rate Compared to Last Year (%)
Deposit（Year End Balance）	633,191,957	604,837,010	4.69
Loan（Year End Balance）	482,583,380	451,559,381	6.87
Wealth Management Business	9,309,485	10,812,859	(13.90)
Import / Export and Foreign Exchange Businesses	5,244,902	5,800,619	(9.58)
Trust Property Scale	70,354,828	76,447,473	(7.97)
Investments in Equity Method（Year End）	2,850,802	2,885,962	(1.22)

(3) Budget Execution

The Bank’s scale of deposits and loans and its benefit has increased steadily in 2023, which keeps its operational constitution at a steady level. The balance of deposits (NT$ and foreign currency) was NT$633.2 billion, reaching 107.3% of the budget target. The balance of loans (NT$ and foreign currency) was NT$482.6 billion, reaching 104.8% of the budget target. The net profit after tax of 2023 was NT$2.936 billion, reaching 71.61% of the budget target.

(4) Financial Income / Expenditure and Profitability Analysis

The main financial incomes and expenditure, as well as the profitability items of the Bank are analyzed as below:

Unit: NT$1,000；EPS in NT$1

Main Business Item	2023	2022	Compared to Last Year (%)
Net Interest Income	7,773,258	7,861,349	(1.12)
Net Non-Interest Income	1,770,997	965,483	83.43
Net Income	9,544,255	8,826,832	8.13
Bad Debt Expense & Guarantee Liability Provisions	(1,484,512)	494,624	(400.13)
Operating Expenses	4,460,333	4,173,805	6.86
Net Profit Before Tax	3,599,410	5,147,651	(30.08)
Net Profit After Tax	2,935,996	4,117,361	(28.69)
EPS After Tax	0.88	1.29	(31.78)

(5) Research and Development

The Bank’s various divisions compile analyses of financial trends and research reports on bank operations and industry trends on both a regular and ad hoc basis in order to keep abreast of changes in the domestic and international economic situation and to facilitate the Bank growth. These reports are made available to all our staff as a reference source when forecasting market trends.

2. Overview of the 2024 Business Plan

The Bank works hard to provide customers with outstanding financial services that remain true to its corporate motto of "steadiness, proactiveness, professionalism, and enthusiasm". In the coming year, we will focus on the following tasks:

(1) Expanding The Business Scale

To enhance the bank's Liquidity Coverage Ratio (LCR), in 2024, the bank will continue to expand its deposit business with a target annual growth of NT$25 billion and strengthen the acquisition of deposits from retail customers and individuals. At the same time, efforts will be made to promote deposits from remote areas, corporate collection account deposits, and various other deposit projects in order to continuously expand the source of deposit funds and stabilize loan growth.

(2) Adjusting Loan Structures

A. Whereas the competition of lending rates with peer banks and consideration of the credit ratio, 72-2, of the Banking Law, in 2024, the loaning strategy continues with small and medium enterprise in terms of quality, profit and quantity, reinforcing promotion of consumer banking including but not limited to secondary mortgage and car loans with guarantees and high interests to raise interest income for profitability base.

B. In order to enhance the promotion of products with higher interest spreads, efforts will be made towards strengthening sub-prime mortgages, credit loans, and car loans businesses, while also expanding the comprehensive consumer finance team. Additionally, there will be efforts to increase the recruitment of loan business personnel to expand the Bank's credit operations.

(3) Increase the income of financial management, trust and loan

In terms of financial management, the focus will be on recruiting external wealth management specialists, with the Wealth Management Center offering customized wealth management solutions to further expand the scale of financial management services. Trusts will be integrated with the loan business to drive ongoing growth in core business projects related to real estate trusts with high returns in order to continuously increase the profitability of trusts and loans.

(4) Expand the scale of financial operations and trading tools

Expand the investment layout of overseas markets and foreign currency assets, continue to build overseas bond investment positions, actively broaden the scope of bond business, engage in bond underwriting business, and seek new investment commodity targets.

(5) Maintain Good Property Quality

Continue to reduce the over-discharge ratio and improve the coverage ratio to maintain the asset quality at the industry average level.

(6) Improve BIS Ratio

The Bank will continue to focus on the proportion of loan products to achieve optimal (risky) asset allocation. It will also increase its own capital through common stock dividends, increase cash capital, issue subordinated debentures, issue subordinated financial bonds and cash capital increase, with the goal of maintaining the BIS at the statutory ratio plus 2% level to meet the standards of the competent authority for the establishment of new branches and overseas branches, in order to facilitate the expansion of the Bank's business and scale growth.

(7) Continue to develop digital financial services

A. Optimize corporate internet banking services.

B. Synchronize functionalities between personal internet banking and mobile online banking.

C. Planning to enable the simultaneous opening of digital deposit accounts at the Bank and accounts at Sunny Securities, enhancing the convenience of online account opening to further promote cross-selling and cooperative sales efforts.

D. Improve the convenience and efficiency of account opening through the implementation of appointment-based procedures.

(8) Continue to promote the “Sunny Ecosystem”

In collaboration with Sunny E-Commerce Co., Ltd., the Bank promotes the “Sunny Ecosystem,” offering “Sunny Life Reward Points” to its existing customers, encouraging them to spend in the shopping street. This initiative aims to enhance customer loyalty to the Bank and gradually shape the ecosystem of Sunny financial services, while boosting sales performance for the shopping street, thereby driving growth across the Bank’s various services.

(9) Fair Treatment of Customers Principle

In 2024, plans include enhancing the involvement of the Fair Treatment of Customers Principle Promotion Committee to improve its capabilities in executing financial consumer rights protection. This includes continuously offering financial-friendly services tailored to the diverse needs of individuals with disabilities, as well as prioritizing the financial consumer rights of elderly customers through fair and equitable treatment to enhance customer trust.

(10) Establish the Bank's ESG organization and system

The Bank released its first 2022 ESG Sustainability Report by the end of June 2023, along with completing the 2022 Task Force on Climate-Related Financial Disclosures (TCFD) Status Report and the "Questionnaire for Domestic Banks’ Climate Risk Financial Disclosure Process." Simultaneously, it established an ESG section on its official website. Moving forward, the Bank will conduct regular disclosures of relevant information from the previous year by the end of June each year. It has already fulfilled the greenhouse gas inventory requirement mandated by the Financial Supervisory Commission in August 2023, with external assurance scheduled for completion in 2024.

(11) Enhance efforts to combat financial fraud and ensure the effective implementation of care inquiry procedures

The Bank is committed to enhancing fraud prevention measures to reduce fraudulent incidents and protect public assets. It plans to participate in the "Eagle Eye Anti-Fraud Alliance," an integrated AI-powered early warning module established collaboratively by the Criminal Investigation Bureau and Taipei Fubon Commercial Bank. This initiative aims to effectively detect and manage suspicious accounts, thereby strengthening fraud prevention capabilities and reducing manpower requirements. Additionally, efforts will focus on preventing dummy accounts and minimizing customer financial losses, with all branches conducting thorough Know Your Customer (KYC) procedures and in-person care inquiries during account openings.

3. Future Development Strategies

(1) Maintaining sound operations and improving the Bank’s financial structure.

(2) Maintaining a good loan-to-deposit ratio and balanced development of deposit and lending business.

(3) Ensuring risk management by strengthening risk control and credit approval criteria in order to improve the quality of loan assets.

(4) Continuing to integrate and set up branches to enhance channel efficiency.

(5) Implementing International Accounting Standards (IFRS) in accordance with regulatory policy and continuing to enhance the efficiency of financial management in order to improve operational performance.

(6) Enhance on-the-job training for the staff and drawing up training programs to raise manpower quality.

(7) Further developing core businesses to deepen relationships with customers, expand the customer base, and enhance customer contribution.

(8) Continuing to expand overseas businesses to diversify income sources and enhance corporate competitiveness.

(9) Strengthen ESG organization, operation, and implementation to promote sustainable environment and financial development.

4. Impact of External Competitive Environment, Regulatory Environment, and overall business Environment

In 2024, Taiwan's economic growth is expected to come primarily from consumer spending and investment, with external demand showing signs of recovery. In terms of external demand, the global electronic industry's recent improvement has driven a rebound in global trade. This has resulted in positive export growth rates for Taiwan and South Korea, driven by robust demand for high-tech products from the United States. Furthermore, the completion of industrial destocking indicates stabilization, pointing towards a gradual recovery in global end-demand. As a result, major international organizations anticipate a rebound in global trade volume for 2024. In terms of domestic demand, thanks to stable employment market conditions, various private consumption indicators including retail and dining sales, stock market transactions, new vehicle registrations, outbound travel, and credit card spending have shown strong performance. This suggests robust prospects for consumer spending in 2024. Furthermore, private investment stands to benefit from improved export conditions and normalized inventory levels, enabling businesses to advance with their investment plans. Coupled with steady growth in public investment and a favorable base comparison, the negative trend in the growth rate of fixed capital formation is expected to reverse in 2024. Looking ahead to 2024, the global economy remains challenged by uncertainties such as the Red Sea crisis, competition over green subsidies, extreme weather events, and geopolitical risks. Consequently, the Taiwan Institute of Economic Research maintains its projection for Taiwan's domestic economic growth rate in 2024 at 3.15%, unchanged from the previous projection.

In response to global trends and to enhance corporate sustainability and competitiveness in the capital markets, the Financial Supervisory Commission (FSC), R.O.C. (Taiwan), introduced the "Corporate Governance 3.0 Sustainable Development Roadmap" in August 2020 and the "Green Finance Action Plan 3.0" in September 2022. These initiatives aim to strengthen the disclosure of ESG (Environmental, Social, and Governance) information. As for the domestic financial services industry, strategically leveraging its investment and financing capabilities to steer businesses towards green transformation plays a crucial role in advancing the broader societal transition towards achieving net-zero emissions. This involves increasing investments in sectors related to energy transition, low-carbon economy, and green consumption, while concurrently reducing loans to industries that exacerbate global warming and environmental pollution. Consequently, the development of green financial services within the financial sector is expected to continue actively supporting these sustainability objectives.

5. Credit Rating

Credit Rating Institution	Long-term rating	Short-term rating	Outlook	Date
Fitch Ratings LTD	A (twn)	F1 (twn)	Stable	April 20, 2023

Chairman
CHEN, SHENG-HUNG (with seal)

President
DING, WEI-HAO (with seal)

Chapter 2

II. Bank Profile

1. Date of Registration
2. Company History

1. Date of Registration

Date of Registration: September 1, 1997
Date of Commencement of Business: September 1, 1997

2. Company History

Previously known as “Yang Ming Shan Credit Cooperative”, the Bank was established on October 2, 1957 and reorganized as a bank on April 28, 1997, following approval by the Ministry of Finance. Later in the same year, Sunny Bank Ltd. officially started its operation on September 1, 1997. It was among the first group of credit cooperatives being reorganized into banks after the Ministry of Finance stipulated and issued “Standards and Regulations of Reorganizing Credit Cooperatives into Commercial Banks” on December 6, 1995 according to File No. Tai-Tsai-Jung No. 84784492.

On April 16, 1998, the Bank passed the ISO-9002 certification for its information and quality audit systems, and became the first certified bank in the nation. Before the annual meeting of shareholders held on June 4 of the same year, it announced this accreditation at a press conference and declared that it would uphold the quality policy of being “steadiness, proactiveness, professionalism, and enthusiasm” in order to have a sustainable business operation.

Also to cooperate with the government policy and to solve issues of distressed financial institutions, Sunny Bank Ltd. undertook the business of Yuanlin Credit Cooperative in Changhua and 2nd Credit Cooperative in Pingtung respectively on September 15, 2001. On August 24, 2002, it then took over the business of Tainan 5th Credit Cooperative and increased 21 branches in total. On July 20, 2004, it was approved to expand its business area and became a nationwide bank.

To have competitive advantages in hand and to enlarge the scale and scope of its operation, Sunny Bank Co., Ltd merged with Kao Shin Commercial Bank on November 26, 2005, and increased its Branch number from 62 to 96. Later in September of 2007, the Bank established the Luo-tong Branch, which successfully expanded its service area to Eastern Taiwan. Then the Chupei, Chung sing and Changhua branches were successfully opened as well as the Eastern Taoyuan and Nangang branches (2010), Beitun Branch (2011), Tucheng and Keelung branches (2012). To have its service area covered every administration district in Taipei City, the Bank established the Wanhua Branch in 2013.

To cooperate with FSC’s policy of balancing urban-rural development and improving the local financial services, the Bank has set up Hualien Branch, Miaoli Branch and Longjing Branch in 2014. To increase the distribution value of our branch offices and to cooperate with FSC policy mentioned above, the Bank has not only relocated Dali and Datong branches, but also set up Yunlin, Nantou, Taitung and Yilan branches in 2015. The Bank, which now has a network of 103 branch offices that covers principal administrative regions across the nation, has an even more complete financial service network.

To promote the overall and regional business growth and operating development, the Bank upgraded the Xinhu mini-branch to a full-function branch in 2016. In 2017, the South Taoyuan and the Xizhi Branch were established, and the four mini branches of “Daye, Xinhe, Yongkang and Qishan” were upgraded to full-function branches. In 2018, the Bank had continued to transfer and establish the Heping Branch, and upgrade the two mini branches of Shetou and Dongning. In 2019, the Bank established Linkou Branch, Fengyuan Branch in 2020, and the number of branches has grown to 105; also, the Bank upgraded its Linyuan mini Branch and Likang mini Bank Branch into a full function all-in-one branch. In 2022, the Bank established Hsinchu Science Park Branch. In 2023, the establishment of the Central Branch and Wenxin Branch increased the total number of branches nationwide to 108, allowing business locations to provide mutual support in terms of geographic environment. Through regional complementarity and channel integration, market competitiveness was strengthened. In the October of 2023, the completion and operation of the new headquarter building located in Zhongshan District, Taipei City, at the intersection of Zhongshan North Road and Minquan West Road, is expected to leverage the integrated synergies of business groups, showcasing a new corporate image and operating pattern.

To adapt to the rapidly changing financial market and to offer customers diversified financial services, the Bank not only increased the operating capital, but also actively integrated itself into other financial areas and reinvested in Sunny Securities Co., Ltd., Sunny Life Insurance Brokerage Co., Ltd., Sunny Property & Insurance Brokerage Co., Ltd., Sunny Assets Management Co., Ltd., Sunny International Leasing Co., Ltd. and Sunny E-Commerce Co., Ltd.. These companies engage in brokerage, trading and settlement of listed and over-the-counter stocks, offer customers a variety of insurance products, carry out the purchase, valuation and auctioning of financial claims of financial institutions, and provide leasing and e-Business services. We hope to build on our existing customer contacts and regional presence in order to expand our services. In 2016, the Bank was approved to operate the life and property insurance agency business by the competent authority, and acquired the

Sunny Life Insurance Agency Ltd. and Sunny Property Insurance Agency Ltd. by merger. The Insurance Agency Department was set up on January 20, 2017. In 2018, the Bank set up a micro finance company in Cambodia for expanding the overseas market, which marks a new milestone in the development of the Bank's overseas businesses. In 2019, the Bank actively developed its own Fintech solutions by creating the smart unmanned store "Sunny Digital Life Experience Center" and won the "Best Service Innovation Award for E-commerce Cash Flow Business" from Financial Information Service Co., Ltd. In addition, the Bank has actively developed in-depth loan programs for SMEs to increase spread in accordance with government policies. It is consistent in providing the best service and has been given a Grade A rating in terms of the "National Bank's Enforcement of SMEs Loan Solutions" for 7 years (out of 9 years). In order to enhance the market competitiveness of the Bank, it has cooperated with Sunny Shopping Street in 2021 to establish the "Sunny Ecosystem". Customers can earn "Sunny Life Reward Points" through various business transactions with the Bank. They can use these points in exchange for food and beverage coupons, accommodation coupons, physical goods, and other gifts in the shopping street, or use them to redeem unlimited consumption in the shopping street, gradually shaping the ecosystem of Sunny financial services.

The Bank will continue to focus on business development, create a balance between quality and quantity of loans, clean up non-performing loans, and minimize costs by strictly monitoring expenses. We will raise capital adequacy ratio strengthen financial and operational structure, diversify our incomes, improve customer service quality, enhance organizational efficiency, build an effective result-oriented culture, and implement ESG to reach the goal of sustainable development.

Chapter 3

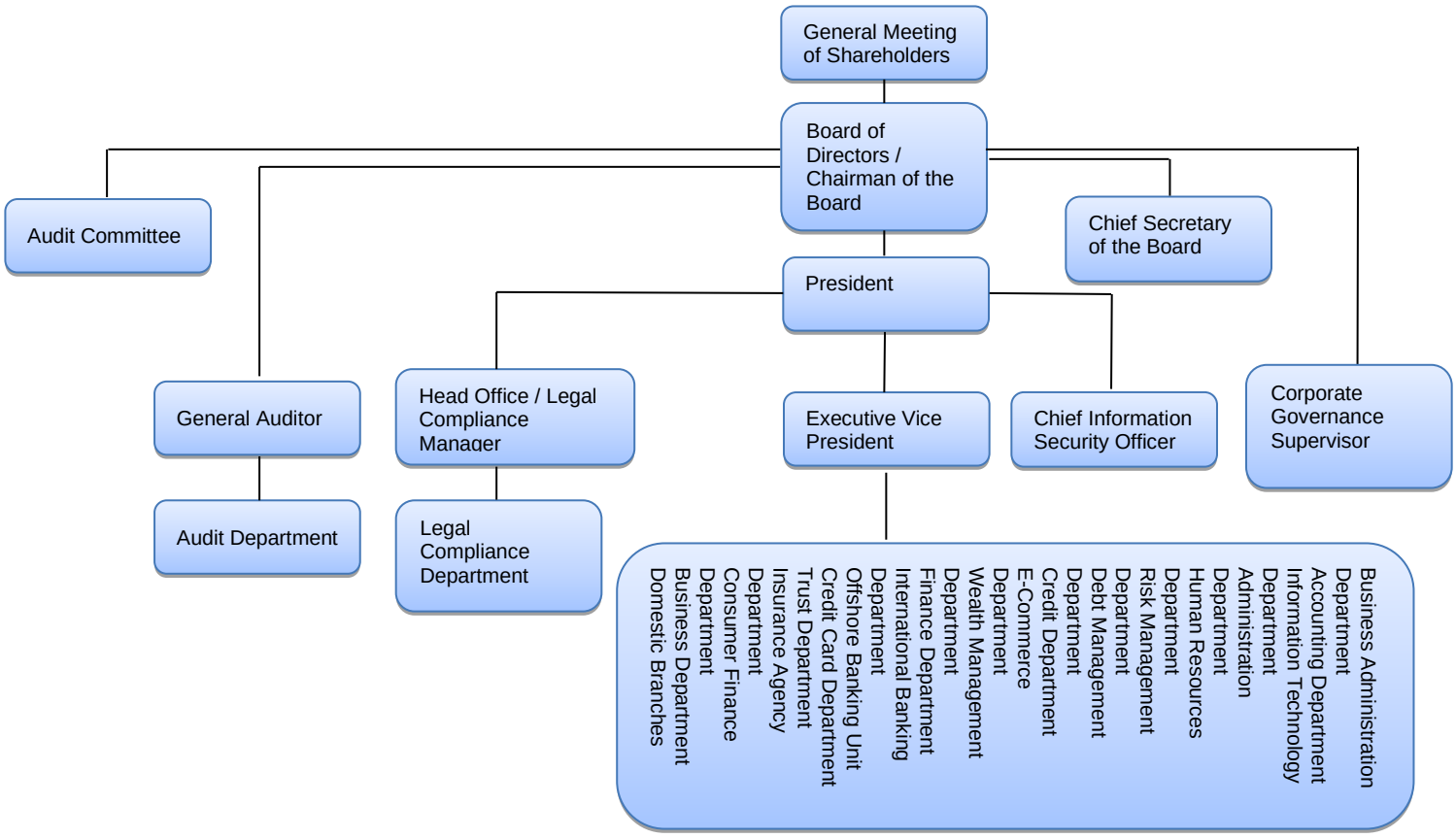
III. Corporate Governance Report

1. Organization
2. Information on Directors and Supervisors
3. Corporate Governance Operations
4. Alternation of CPA
5. Information about the Bank's Top Ten Shareholders who are Related Parties, Spouses or Relatives within Second Degree of Kinship
6. Numbers of Shares in the Same Reinvested Enterprises Held by the Bank and its Directors, Supervisors, President, Vice Presidents, Deputy Executive Vice Presidents, the Heads of Departments and Branches, and Enterprises Controlled Directly or Indirectly by the Bank, and Percentage of Consolidated Shareholding

1. Organization

(1) Organization Chart

Baseline date: March 31, 2024



(2) Major Business of Each Department

The Bank's headquarters is composed of the Business Administration Department, Accounting Department, Information Technology Department, Administration Department, Human Resources Department, Risk Management Department, Debt Management Department, Credit Department, E-Commerce Department, Wealth Management Department, Finance Department, Offshore Banking Unit, International Banking Department, Credit Card Department, Trust Department, Insurance Agency Department, Consumer Finance Department and Business Department; their major responsibilities are as follows:

A. Business Administration Department: Implementation of operational strategies, administrative policies, operations & development plans, overall development of marketing campaign plans and performance evaluation.

B. Accounting Department: Operating budget compilation and review, approval and allocation, reconciliation and audit-related compilation, as well as other accounting management-related undertakings.

C. Information Technology Department: Planning, drafting and management of information systems for business and operations.

D. Administration Department: Word processing, file management, general management, capital expenditures, and renovations.

E. Human Resources Department: Staffing allocation, bank employee recruitment, hiring, appointment/dismissal, promotions, bank employees' local and foreign training and advanced studies, budget and execution-related measures.

F. Risk Management Department: Drafting, structuring, and execution of risk management policies, system, and mechanisms, as well as overall assessment, supervision, and control of operating risks.

G. Debt Management Department: Loan review and follow-up, debt collection such as overdue loan repayment and recourse debts, as well as pre-planning, supervision, and management.

H. Credit Department: Drafting (revision) of bank-wide lending policies and supervision / management of loan review system and operations.

I. E-Commerce Department: Operating strategies for e-banking, product development, management of e-banking systems and marketing.

J. Wealth Management Department: Drafting (revision) of wealth-management business & operating policies, plans, and objectives; management-related undertakings, along with product research and development, marketing, promotion, and market research.

K. Finance Department: NTD-denominated and foreign currency-denominated capital operations and management, as well as financial and investment management.

L. International Banking Department: Foreign currency Deposit and remittance, import / export foreign currency credit, trade finance and international banking business.

M. Offshore Banking Unit: Deposit and remittance of offshore companies, import, export and foreign currency credit and non-discretionary money trusts.

N. Credit Card Department: Planning, promotion and management of credit card product-related business.

O. Trust Department: Planning, promotion, and management of trust business.

P. Insurance Agency Department: Insurance business and operations including life & property insurance products sales and promotion.

Q. Consumer Finance Department: Planning, promotion and management of personal consumption / credit loan businesses such as subordinated loans, car loans, communication loans and small-amount credit contracts.

R. Business Department: Facilitating deposit, exchange of payment (i.e., clearance), finances, representation, loan, foreign exchange, trust and money-management business.

The Bank also has an audit department, which is in charge of business audits, information, account administration, finance and safe keeping of inventory items. The audit division and auditors report to the Chief Auditor. The Legal Compliance Department, which is under the office of the President is in charge of ensuring legal compliance and is responsible for the planning, management and execution of the legal compliance system. The Legal Compliance Department Manager, designated by the President, is responsible for managing the Bank's compliance and regulatory affairs.

2. Information on Directors and Supervisors

(1) Board and Supervisors

Baseline date: December 31, 2023

Position (Note1)	Nationality or Place of Registration	Name	Gender /Age (Note2)	Date Elected (Employed)	Term	Initial Elected Date (Note 3)	Holding at Election		Present Holding		Current Shares of Spouse and Minors Children		Holding Shares in Other Names		Education & Experience (Note 4)	Concurrent Positions at our Bank and Other Companies	Other Chief, Director or Supervisor as Spouse, Minors or any other Relatives within the second level relationships			Note 5
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship	
Chairman	The Republic of China	Chen, Sheng-Hung	Male 71-80	July 1, 2021	3 years	June 15, 2015	10,197,192	0.34	10,605,079	0.35	4,774,799	0.16	-	-	Taipei City Councilor, Director of Yang Ming Shan Credit Union, The 1st - 4th Chairman and 5th and 6th Managing Director of Sunny Bank, Graduated from University.	Shareholder of Chuan Yam Construction Co., Ltd. Chairman of Sunny Culture and Education Foundation.	Director and Deputy General Manager	Ho, Li-Wei	Father &Son	-
																	Manager	Chen, Ya-I	Father &Son	-

Position (Note1)	Nationality or Place of Registration	Name	Gender /Age (Note2)	Date Elected (Employed)	Term	Initial Elected Date (Note 3)	Holding at Election		Present Holding		Current Shares of Spouse and Minors Children		Holding Shares in Other Names		Education & Experience (Note 4)	Concurrent Positions at our Bank and Other Companies	Other Chief, Director or Supervisor as Spouse, Minors or any other Relatives within the second level relationships			Note 5
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship	
Managing Director	The Republic of China	Liu, Chen-Sheng	Male 81-90	July 1, 2021	3 years	June 12, 2000	5,458,884	0.18	5,677,239	0.19	746,297	0.02	-	-	Supervisor of Yang Ming Shan Credit Union, The 1st Director and the 2nd - 6th Managing Director of Sunny Bank, Chairman of Shihpai Tzuchiang General Market Co., Ltd. Director of Sunny Foundation, Graduated from Vocational High School.	Director of Sunny Culture and Education Foundation.	Assistant Vice President	Liu, Ming-Chieh	Father &Son	
																	Manager	Liu, Ming-Che	Father &Son	
Managing Director	The Republic of China	Chang, Shu-Min	Male 51-60	July 1, 2021	3 years	June 15, 2015	9,076	-	9,439	-	-	-	-	-	Chairman of Cherng Yang Printing Co., Ltd., Chairman of Rising Sun Publishing Co.,Ltd., Chairman of Ink Literary Monthly Co., Ltd., Chairman of Xinming Constructions Co., Ltd., Chairman of Gold Sunny Assets Management Co., Ltd.; Director of Hai Wong Printing Co., Ltd., Director of Technology Books Co., Ltd., Director of Forward Graphic Enterprise Co., Ltd., Director of Hai Wang Development and Constructions Co., Ltd., Director of Wisest Cultural Co., Ltd, Director of Xinming Constructions Co., Ltd., Director of Yang Ming Co., Ltd., Director of Jin Chen Investment Co., Ltd., Person in Charge of Poet Tribe Magazine ("Shi Ren Bu Luo"), Person in Charge of Chen Yang Publishing, Person in Charge of Taiwan People ("Tai Wan Ren Min") Publishing, Director of Sunny Bank; Graduated from college.	Chairman of Rising Sun Printing Co., Ltd., Chairman of Rising Sun Publishing Co., Ltd., Director of Ink Literary Monthly Co., Ltd., Director of Hai Wang Printing Co., Ltd., Director of Technology Books Co., Ltd., Director of Forward Graphic Enterprise Co., Ltd., Hai Wang Development and Constructions Co., Ltd., Director of Wisest Cultural Co., Ltd, Director of Xinming Constructions Co., Ltd., Director of Wisest Cultural Co., Ltd., Director of Jin Chen Investment Co., Ltd., Shareholder of Hai Wang Investment Co., Ltd., Person in Charge of Poet Tribe Magazine ("Shi Ren Bu Luo"), Person in Charge of Chen Yang Publishing, Person in Charge of Taiwan People ("Tai Wan Ren Min"), Supervisor of King Polytechnic Engineering Co,. Ltd Publishing, Shareholder of Lichen Investment Co., Ltd., Shareholder of Sealord Investment Ltd., Person in charge of Poet Blog Magazine Publisher, Person in charge of Chengyang Publisher, Person in charge of Taiwan People's Publishing House	Director	Chang, Shu-Hua	Brother	-

Position (Note1)	Nationality or Place of Registration	Name	Gender /Age (Note2)	Date Elected (Employed)	Term	Initial Elected Date (Note 3)	Holding at Election		Present Holding		Current Shares of Spouse and Minors Children		Holding Shares in Other Names		Education & Experience (Note 4)	Concurrent Positions at our Bank and Other Companies	Other Chief, Director or Supervisor as Spouse, Minors or any other Relatives within the second level relationships			Note 5
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship	
Independent Managing Director	The Republic of China	Ji, Yan-Ping	Male 61-70	July 1, 2021	3 years	July 1, 2021	-	-	-	-	-	-	-	-	Head of the Department of Information Management, Central University, Associate Professor of the Department of Information Management, National Chengchi University, Ph.D.	Chairman of KIWI-SMART Corp., Director of Happy Life Insurance Co., Ltd., Director of Doing Good Co., Ltd., Supervisor of Hopewell International Co., Ltd., Supervisor of Liwei Certification Co., Ltd.	-	-	-	-
Director	The Republic of China	Ho, Li-Wei	Male 41-50	July 1, 2021	3 years	June 4, 2018	3,659,541	0.12	3,805,922	0.13	-	-	-	-	Manager and Associate Vice President of Sunny Bank, Director of Sunny International Leasing Co., Ltd., Director of Sunny Foundation, Graduated from University.	Chairman of Ho Li Wei Enterprise Co. Director of Fu Li Yang Investment Co., Ltd. Director of Sunny International Leasing Co., Ltd. Director of Sunny Culture and Education Foundation. Supervisor of Chuan Yam Construction Co., Ltd.	Director	Chen, Sheng-Hung	Father &Son	-
Director	The Republic of China	Chang, Shu-Hua	Male 51-60	July 1, 2021	3 years	June 15, 2015	1,857	-	1.931	-	-	-	-	-	Chairman of Wisest Cultural Co., Ltd. and Jin Chen Investment Co., Ltd. Director of Yu Cheng Art Binding Co., .Ltd., Director of Hai Wong Printing Co., Ltd., Director of Technology Books Co., Ltd., Director of Hai Wang Development and Constructions Co., Ltd., Director of Rising Sun Publishing Co., Ltd., Shareholder of Xinming Constructions Co., Ltd., Director of Sunny Bank. Graduated from college.	Chairman of Wisest Cultural Co., Ltd., Chairman of Jin Chen Investment Co., Ltd., Director of Yu Cheng Art Binding Co., .Ltd., Director of Hai Wong Printing Co., Ltd., Director of Technology Books Co., Ltd., Director of Hai Wang Development and Constructions Co., Ltd., Director of Rising Sun Publishing Co., Ltd., Director of King Polytechnic Engineering Co., Ltd. Shareholder of Xinming Constructions Co., Ltd., King Polytechnic Engineering Co., Ltd Shareholder of Hai Wang Investment Co., Ltd., Shareholder of Wisest Cultural Co., Ltd., Shareholder of Likun Investment Ltd.	Managing Director	Chang, Shu-Min	Brother	-
Director	The Republic of China	Fu Li Yang Investment Co., Ltd.	Male 71-80	July 1, 2021	3 years	June 15, 2015	291,224,593	9.61	332,387,534	10.97	-	-	-	-	Manager, Associate and Deputy General Manager of Sunny Commercial Bank Director of Sunny International Leasing Co., Ltd., Director of Sunny Cultural and Educational Foundation, Graduated from Research Institute.	Director of Consortium Sunny Culture and Education Foundation, Supervisor of Quanyang Construction Co., Ltd.	-	-	-	-
		Representative: Ho, Shun-Cheng					-	-	7,187,952	0.24	7,720,183	0.25	-	-						

Position (Note1)	Nationality or Place of Registration	Name	Gender /Age (Note2)	Date Elected (Employed)	Term	Initial Elected Date (Note 3)	Holding at Election		Present Holding		Current Shares of Spouse and Minors Children		Holding Shares in Other Names		Education & Experience (Note 4)	Concurrent Positions at our Bank and Other Companies	Other Chief, Director or Supervisor as Spouse, Minors or any other Relatives within the second level relationships			Note 5
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship	
Director	The Republic of China	Chen, Chin-Yi	Male 61-70	July 1, 2021	3 years	June 4, 2018	4,067,105	0.13	4,229,789	0.14	-	-	-	-	Director of Yang Ming Shan Credit Union, Director and Consultant of Sunny Bank, Chairman of Sunny Life Insurance Brokerage Co., Ltd., Director of Sunny Property & Insurance Brokerage Co. Ltd., Supervisor of Jin Jia Technology Co., Ltd., Director of Yu Shun Investment Co., Ltd., Director of Sunny Foundation, Graduated from University.	Supervisor of Jin Jia Technology Co., Ltd., Director of Yu Shun Investment Co., Ltd.,	-	-	-	-
Director	The Republic of China	Chen, Yi-Chen	Male 21-30	July 1, 2021	3 years	June 4, 2018	-	-	-	-	-	-	-	-	Deputy General Manager of Po Yun Enterprise Co., Ltd., Deputy General Manager of Lichen Investment Co., Ltd., Director of Empire Voice Int'l INC Graduated from Perkiomen School, Pennsylvania, USA.	Director of LICHENG Investment Co., Ltd, Supervisor of BOYUN Enterprise Co., Ltd.	-	-	-	-
Director	The Republic of China	Hsieh, Yi-Tung	Male 71-80	July 1, 2021	3 years	June 22, 2009	838,922	0.03	897,792	0.03	1,881,946	0.06	-	-	Manager of The First Cooperative Association of Kaohsiung City. Assistant Manager of Business Department of Kao Shin Bank. Branch Assistant Manager of Sunny Bank. the 5th and 6th Director of Sunny Bank. Director and Associate Vice President of Sunny Bank. Graduated from College.	-	-	-	-	-
Director	The Republic of China	Lin, Zheng-Yu	Male 61-70	July 1, 2021	3 years	July 1, 2021	2,789,032	0.09	2,984,753	0.10	705,622	0.02	-	-	Chairman of Guozhi Construction Co., Ltd., Director of Sunny Cultural and Educational Foundation, Graduate of university.	Chairman of Guozhi Construction Co., Ltd., Director of Guozhi Industrial Co., Ltd., Director of Yuzhen Industrial Co., Ltd., Manager of Yuzhen Industrial Co., Ltd., Director of Jinjing Chemical Industry Co., Ltd., Director of Sunny Culture and Education Foundation	-	-	-	-

Position (Note1)	Nationality or Place of Registration	Name	Gender /Age (Note2)	Date Elected (Employed)	Term	Initial Elected Date (Note 3)	Holding at Election		Present Holding		Current Shares of Spouse and Minors Children		Holding Shares in Other Names		Education & Experience (Note 4)	Concurrent Positions at our Bank and Other Companies	Other Chief, Director or Supervisor as Spouse, Minors or any other Relatives within the second level relationships			Note 5
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship	
Independent Director	The Republic of China	Wu, Fu-Kuei	Male 61-70	July 1, 2021	3 years	June 15, 2015	-	-	-	-	-	-	-	-	Delegate of National Assembly, Legislator, Lecturer of Department of Technology Management of Chung Hua University. Independent Director of Sunny Bank, Graduated from graduate school.	Director of Shine-On BioMedical Co Ltd-	-	-	-	-
Independent Director	The Republic of China	Wu, Ying-Shi,	Male 61-70	July 1, 2021	3 years	July 1, 2021	-	-	-	-	-	-	-	-	Director of National Taxation Bureau of Kaohsiung, Ministry of Finance. Director of National Taxation Bureau of the Northern Area, Ministry of Finance. Taiwan Director of Financial Asset Service Corporation, Graduated from graduate school.	-	-	-	-	-

Note 1: The institutional shareholder's representative should indicate the name of the institutional shareholder as well as "Major Institutional Shareholders".
Note 2: Please list the actual age and express it in interval, such as 41-50 years old or 51-60 years old.
Note 3: The start date of the term of office of a Bank Director or Supervisor should be specified. Any interruption should be noted under Remarks.
Note 4: Those who have experience related to their current position, or have worked in an auditing firm or affiliated business should specify their position and duties.
Note 5: If the chairman and general manager or similar position (top manager) are the same person, a spouse or relative within the first degree of kinship, please explain the reason, rationality, necessity and countermeasures (such as increasing the number of seats for independent directors, and having more than half of directors who do not work concurrently as employees or managers).

(2) Major Institutional Shareholders

Baseline date: December 31, 2023

Name of Institutional Shareholder (Note 1)	Major Institutional Shareholders (Note 2)	Shareholding %
Fu Li Yang Investment Co., Ltd.	Hsueh Ling	99.73

Note 1: Directors and supervisors representing institutional shareholders should specify the names of these institutional shareholders.
Note 2: Names and shareholding percentages of major shareholders (top 10 largest shareholders) should be listed. Major shareholders who are institutional shareholders should be specified as "Major Institutional Shareholders".
Note 3: If institutional shareholders are not a company organization, the name of the shareholder and shareholding thereof shall be disclosed above as well as the name of the funder or donor and its funding or donation percentage.

(3) Major Institutional Shareholders who are major shareholders: None

(4) Information of directors and supervisors

Disclosure of Professional Qualifications and Independence of Independent Directors

Baseline date: December 31, 2023

Condition / Name	Professional qualifications and experience (Note 1)	Independence	Number of other public companies where the independence directors connected
Chen, Sheng-Hung	➢ Work experience in business and banking. ➢ Served as Chairman and Executive Director of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0
Liu, Chen-Sheng	➢ Work experience in business and banking. ➢ Served as Managing Director of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0

Condition / Name	Professional qualifications and experience (Note 1)	Independence	Number of other public companies where the independence directors connected
Chang, Shu-Min	➢ Work experience in business and banking. ➢ Served as Director of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0
Ji, Yan-Ping	➢ Possesses business, technology, operational judgment and work experience required in banking. ➢ Head of the Department of Information Management, National Central University, Associate Professor of the Department of Information Management, National Chengchi University, Executive Director of the Master of Business Administration Program, National Chengchi University. ➢ There are no matters related to Article 30 of the Company Act.	Note2	0
Ho, Li-Wei	➢ Work experience in business and banking. ➢ Served as manager, senior manager and Vice President of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0
Chang, Shu-Hua	➢ Work experience in business and banking. ➢ Served as Director of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0
Ho, Shun-Cheng (Note3)	➢ Work experience in business and banking. ➢ Served as Director and Managing Director of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0
Chen, Chin-Yi	➢ Work experience in business and banking. ➢ Served as Director and Adviser of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0
Chen, Yi-Chen	➢ Work experience in business and banking. ➢ Served as Director of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0
Hsieh, Yi-Tung	➢ Work experience in business and banking. ➢ Served as Director and Branch manager of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0
Lin, Zheng-Yu	➢ Work experience in business and banking. ➢ Served as Director and Adviser of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	non-independent director	0

Condition / Name	Professional qualifications and experience (Note 1)	Independence	Number of other public companies where the independence directors connected
Wu, Fu-Kuei	➢ Working experience and crisis management skills required for banking business. ➢ Served as Legislator, Delegate of National Assembly, Department of Technology Management of Chung Hua University, and Independent Director of Sunny Bank. ➢ There are no matters related to Article 30 of the Company Act.	Note2	0
Wu, Ying-Shi	➢ Possesses business, technology, finance, operational judgment and work experience required in banking. ➢ Served as Director of the Kaohsiung National Taxation Bureau of the Ministry of Finance, Director of the National Taxation Bureau of the Northern District of the Ministry of Finance, Chairman of Taiwan Financial Assets Service Co., Ltd. ➢ There are no matters related to Article 30 of the Company Act.	Note2	0

Note1: Please state the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, they should state their accounting or financial background and work experience. In addition, please also indicate whether there is any circumstance in Article 30 of the Company Law.

Note2: Independence situation as follows:

(1)Including but not limited to the person, spouse, and relatives within the second degree who do not serve as directors, supervisors or employees of the Bank or its affiliated companies.

(2)Do not hold the number of shares in the company.

(3)Not serving as a director, supervisor or employee of a company that has a specific relationship with the bank.

(4)The amount of remuneration obtained from providing business, legal, financial, accounting, and other services to the Bank or its affiliated companies for the last 2 years.

Note3: Represented legal person: Fu Li Yang Investment Co., Ltd.

Board Diversity and Independence

Since June 2018, all directors of the Bank have adopted a nomination system for candidates. In accordance with the Bank's "Corporate Governance Best Practice Principles", the Board of Directors shall be responsible for the Bank's overall business strategy and major policies, effectively supervise the management level, and monitor that all Shareholders are responsible. All operations and arrangements of the Bank's corporate governance system shall ensure that the Board of Directors exercises its functions and powers in accordance with laws and regulations, the Articles of Association or the resolutions of the shareholders' meeting. In order to achieve the ideal goals of corporate governance, the overall capabilities of the Board of Directors are as follows:

A. Operational Judgment
B. Accounting and financial analysis skills
C. Management ability
D. Risk management capability
E. Crisis management ability
F. Industry knowledge
G. International market view
H. Leadership
I. Decision-making capacity

The current Board of Directors of the Bank consists of 13 directors, including 3 independent directors. The board members generally possess the necessary knowledge, skills, and literacy to perform their duties, and meet the requirements of the qualifications required by the person in charge of the bank.

The diversity of board members is as follows:

Director's Name	Gender	Nationality	Education	Age							Length of tenure of independent directors			Professional background			Education & Experience								
				21-30	31-40	41-50	51-60	61-70	71-80	81-90	Below 3 years	3-9 years	Above 9 years	Finance	Legal	Business/ Technology	A. Operational Judgment	B. Accounting and financial analysis skills	C. Management ability	D. Risk management capability	E. Crisis Management ability	F. Industry knowledge	G. International market view	H. Leadership	I. Decision-making capacity
Chen, Sheng-Hung	Male	TW	Graduated from the Department of International Trade, Feng Chia University						✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liu, Chen-Sheng	Male	TW	Graduated from Taipei Kainan High School							✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chang, Shu-Min	Male	TW	Department of Electrical Engineering, Hwa Hsia University of Technology				✓									✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ji, Yan-Ping	Male	TW	Graduated from the University of Maryland with a Ph.D. in Management						✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ho, Li-Wei	Male	TW	MBA, La Sierra University, California			✓										✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chang, Shu-Hua	Male	TW	Department of Mechanical Engineering, St. John's University				✓									✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ho, Shun-Cheng (Note)	Male	TW	Yu-Ying Junior High School						✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Chin-Yi	Male	TW	Department of Sociology, Tunghai University					✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Yi-Chen	Male	TW	Perkiomen School, Pennsylvania		✓											✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hsieh, Yi-Tung	Male	TW	National Cheng Kung University, Affiliated to the Air Business Specialist Advanced Study School Accounting and Statistics Division						✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lin, Zheng-Yu	Male	TW	Department of Management and Administration, Nihon University					✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wu, Fu-Kuei	Male	TW	Master of Industrial Engineering and Management, Chung Hua University					✓				✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Wu, Ying-Shi	Male	TW	Master of Economics, National Taiwan University					✓			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: Represented legal person: Fu Li Yang Investment Co., Ltd.

3. Corporate Governance Operations

(1) Implementation Status of the Internal Control System

Statement for the Internal Control System of Sunny Bank Co., Ltd.

We hereby makes the following Statement on behalf of Sunny Bank Co., Ltd.:

The internal control systems of Sunny Bank Co., Ltd. from January 1st of 2023 to December 31st of 2023 was established in compliance with the "Implementation Rules of Internal Audit and Internal Control Systems of Financial Holding Companies and Banking Industries" and made effective in terms of risk management. It was audited by an independent auditing department which reports to the Board of Directors and the Audit Committee regularly. The regulations of Article 38(5) and Article 38(1) of the previous regulations were strictly followed, as well as the information security self-discipline standards set by the industry association. For securities business, the Bank has assessed whether the design and implementation of the internal control systems of the Bank is effective in accordance with the criteria stipulated in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets". For insurance agent business, it was also determined whether the design and implementation of the internal control system was effective in accordance with the items for judging the effectiveness of the internal control system stipulated in the "Insurance Agency Company, Insurance Broker Company, Internal Control Audit System, and the Implementation Measures for the Solicitation Handling System". After careful evaluation, it was confirmed that the Bank's internal control systems and compliance with applicable laws and regulations except for issues listed in the following annex have been effective for the year stated.

This Statement will become a major part of the annual report and prospectus of the Bank and shall be made public. Any misrepresentation or omission in this Statement shall be subject to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities & Exchange Act.

This Statement has passed in the Bank's board meeting held on March 5th, 2023.

Sincerely yours,
Financial Supervisory Commission

Declarers

Chairman:
Chen, Sheng-Hung (with seal & signature)

President:
Ding, Wei-Hao (with seal & signature)

General Auditor:
Chen, Cheng-Feng (with seal & signature)

Compliance Officer of the Head Office:
Le, Wen-Kuang (with seal & signature)

March 5th, 2024

Matters Requiring Further Improvement and Improvement Plan the Internal Control Systems of Sunny Bank Co., Ltd.

（As of December 31st , 2023）

Matters Requiring Further Improvement	Improvement Measures	Estimated Improvement Completion Date
None		

(2) CPA Audit Report

Deloitte & Touche
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Fax: +886(2) 4051-6888
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Implementation report on agreement procedure

Dear Sunny Bank Co., Ltd.,

In accordance with the agreement procedure regarding correctness of information reported to the competent authority as well as appropriateness of the internal control and legal compliance systems' implementation status and the proposed policy regarding Sunny Bank Co., Ltd.'s allowance for bad debt in 2023, the accountant has completed all necessary audit work. The Company shall make a final decision with regard to such procedure. Hence, the accountant does not express any opinion regarding sufficiency of procedure. The audit was conducted in accordance with the Statements on Auditing Standards No. 34 "Implementation of Financial Information Agreement Procedure" and performed to assist the Company in assessing compliance with "Implementation Rules for the Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued by the Financial Supervisory Commission. Compliance with the aforementioned regulation is the responsibility of the Company's management. The procedures conducted by the accountant and findings are specified in the Appendix.

The accountant does not provide any confirmation regarding the correctness of the information reported to the competent authority as well as the appropriateness of the internal control and legal compliance systems' implementation status and the proposed policy regarding the Company's allowance for bad debt since the audit work was not conducted in accordance with generally accepted accounting principles or Auditing Standards. Other facts to be reported could be determined if the accountant conducts additional procedures or audits in accordance with generally accepted accounting principles.

The report is provided solely to the Company for the purpose described in Paragraph 1 and shall not be used for other purposes or distributed to other entities.

Deloitte Touche Tohmatsu Limited
Accountant Hsieh, Tung-Ju
March 5th, 2024

(3) Illegality and punishment during the past two years, major drawbacks and the correction:

A. The Bank's responsible person or any of its employees who is prosecuted for illegal conducts related to the Bank's businesses: None

B. Fines imposed by the Executive Yuan's Financial Supervisory Committee as a punishment for violating laws and regulations, or disposition imposed by the Financial Supervisory Commission in accordance with the provisions of Article 61-1 of the Banking Act of the Republic of China, or punishment imposed by the Bank upon internal personnel due to violations of internal control system regulations; wherein the results of punishments have a significant influence on the rights and interests of stockholders or the price of securities, or they comply with the provisions of Article 2 of the regulations regarding major penalties in violation of financial laws and regulations. The content of the punishment, main deficiencies and improvements shall be listed and described:

A) Main deficiencies:

In the case of deficiencies in conducting real estate development trust business for presale properties, the Financial Supervisory Commission has imposed corrective measures in accordance with Article 44 of the Trust Business Act:

a. Failure to accurately verify detailed information such as the breakdown of funds transferred into the trust account, contract numbers, and amounts.

b. Failure to implement the requirement for the settlor to provide a third-party audit report in accordance with the trust agreement during the existence of the trust.

B) Improvements: For the above-mentioned missing items, the relevant system programs and internal operation specifications have been revised to improve the internal control system.

a. Developer KYC.

b. Control and audit of presale property accounts.

c. Measures to prevent fraudulent transactions in developer presale property transactions.

d. Operational procedures for payment and collection in real estate trust transactions.

e. Compliance with regulations and employee education and training.

C. Necessary disclosure of nature and amount of loss as a result of fraud, major random incidents (major incidents including fraud, theft, appropriation and theft of assets, falsified transactions, document and security forgery, taking kickbacks, natural disaster loss, loss caused by external forces, hacker attacks, theft of information, and disclosure of business secrets and client information), or failure to comply with the instructions for the Maintenance of Safety by Financial Institutions, as a result of which individual or accumulated losses for the year amounted to NT$50 million or more: None.

D. Other items to be disclosed under the instructions of the Financial Supervisory Commission, Executive Yuan: None.

(4) Important Resolutions of the General Meeting of Shareholders and the Board of Directors Meeting during 2023 and the period up to the annual report publication date:

Shareholder's Meeting/Board Meeting	Date	Important Resolutions
SHAREHOLDERS' MEETING	May 22, 2023	1、Approval of the review case for the Company's 2022 Business Report and Financial Statements. 2、Approval of the Company's distribution of profits for the 2022 fiscal year.
9TH BOARD OF DIRECTORS, 13TH MEETING	January 10, 2023	1、Passed the loan case of the interested parties. 2、Adoption of matters related to the convening and proposals of the 2023 General shareholders' meeting. 3、Adoption of the amendment to certain provisions of the Bank's guidelines for interest rate risk management. 4、Adoption of the amendment to certain provisions of the Bank's information security policy and the evaluation method for computer system information security. 5、Adoption of the planning case for the acquisition of real estate for the establishment of a new branch. 6、Adoption of the amendment to certain provisions of the Bank's guidelines for reporting significant incidental events, declaration procedures, and other compliance guidelines. 7、Adoption of the establishment of the Bank's financial-friendly service guidelines. 8、Adoption of the amendment to certain provisions of the Bank's regulations for matters and operational guidelines related to investment transfers. 9、Adoption of the amendment to certain provisions of the Bank's organizational regulations. 10、Adoption of the appointment of auditors for the 2023 fiscal year. 11、Adoption of the establishment of the Bank's regulations for director remuneration. 12、Adoption of the establishment of the Bank's code of conduct for employees.
9TH BOARD OF DIRECTORS, 14TH MEETING	March 7, 2023	1、Adoption of the renewal case for related party leases. 2、Passed the loan case of the interested parties。 3、Adoption of the amendment to certain provisions of the Bank's general rules for credit operations, credit information operation procedures, and credit monitoring operation procedures. 4、Adoption of the amendment to certain provisions of the Bank's internal control system standards for stock-related units. 5、Adoption of the establishment of the Bank's climate risk management policy. 6、Adoption of the issuance of the Bank's internal control system statement. 7、Adoption of the issuance of the Bank's internal control system statement on anti-money laundering and counter-terrorism financing mechanisms, the statement of engagement with Ernst & Young Certified Public Accountants on the design and implementation of the internal control system, and the statement of subsequent matters and submission of the special audit report. 8、Adoption of the issuance of the Bank's internal control system statement on anti-money laundering and counter-terrorism financing. 9、Adoption of the establishment of the Bank's pre-approval procedure for non-assurance services. 10、Adoption of the distribution of employee compensation and director remuneration for the 2022 fiscal year. 11、Adoption of the business report and individual financial report for the 2022 fiscal year, including the consolidated financial report of the Company and its subsidiaries. 12、Adoption of the distribution of profits for the 2022 fiscal year. 13、Adoption of the planning case for the acquisition of real estate and branch relocation. 14、Adoption of the issuance of long-term subordinate bonds. 15、Adoption of the issuance of new shares through cash capital increase for the 2023 fiscal year.

Shareholder's Meeting/Board Meeting	Date	Important Resolutions
9TH BOARD OF DIRECTORS, 15TH MEETING	May 22, 2023	1、Adoption of the amendment to certain provisions of the Bank's Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans. 2、Passed the loan case of the interested parties. 3、Adoption of the formulation of the Bank's Sustainability-Linked Loans Principle. 4、Approval of the application for project loans for post-pandemic economic revitalization and business transformation and development of small and medium-sized enterprises (SMEs) initiated by the Ministry of Economic Affairs (MOEA). 5、Adoption of the establishment of the Bank's pre-approval procedure for non-assurance services. 6、Adoption of the review case for the compliance with the regulatory examination principles and the submission of required information for the 2023 fiscal year. 7、Adoption of the base date and payment date for cash dividends for the 2023 fiscal year. 8、Adoption of the amendment to certain provisions of the Bank's internal control system standards for stock-related units. 9、Approval of the title sponsorship of the Sunny Bank Women's Football Team. 10、Adoption of the amendment to the Bank's operational control measures for credit information inquiries. 11、Adoption of the case regarding matters related to the Bank's appointment of subsidiaries for the construction of property. 12、Approval of the capital reduction and cash capital increase for the Bank's subsidiaries. 13、Adoption of the planning case for the acquisition of real estate. 14、Approval of the establishment of the branch. 15、Approval of the relocation of the new headquarters building. 16、Approval of the change of the Bank's business location conducting bond proprietary trading and underwriting operations. 17、Adoption of the amendments to the Bank's regulations governing stock trading and beneficiary certificates. 18、Adoption of the amendments to the Bank's Rules for FX Forward Transactions. 19、Adoption of the amendments to the Bank's Operational Guidelines for FX Swap. 20、Approval of the alternation of General Auditor.
9TH BOARD OF DIRECTORS, 16TH MEETING	July 20, 2023	1、Adoption of the planning case for the acquisition of real estate. 2、Adoption of the amendment to certain provisions of the Bank's country risk management measures.
9TH BOARD OF DIRECTORS, 17TH MEETING	August 15, 2023	1、Passed the loan extension of the interested parties. 2、Adoption of the amendment to the Bank's corporate governance practices. 3、Adoption of the amendment to the Bank's operational procedures for real estate loans. 4、Passed the loan case of the interested parties. 5、Adoption of the amendment to certain provisions of the Bank's Operation Guidelines for Handling Derivative Financial Product Business. 6、Adoption of the amendment of the Bank's internal control system for bond underwriting business. 7、Adoption of the amendment of the Bank's internal control system and operational procedures for bond proprietary trading. 8、Adoption of the amendment to certain provisions of the Bank's internal audit implementation rules for concurrent operations in bond business. 9、Adoption of the amendment to certain provisions of the Bank's preventive measures against money laundering and terrorism financing. 10、Adoption of the amendment to certain provisions of the Bank's climate risk management policy.

Shareholder's Meeting/Board Meeting	Date	Important Resolutions
		11、Adoption of the financial reports for the second quarter of the 2023 fiscal year, including the individual financial reports of the Company and the consolidated financial report of the Company and its subsidiaries. 12、Adoption of the amendment to certain provisions of the Bank's financial-friendly service guidelines. 13、Approval of the allocation of donations to the Credit Guarantee Fund for the 2023 fiscal year. 14、Adoption of the planning case for the acquisition of real estate.
9TH BOARD OF DIRECTORS, 18TH MEETING	November 14, 2023	1、Passed the loan case of the interested parties. 2、Adoption of the amendment to certain provisions of the Bank's general rules for credit operations, as well as credit information operation procedures. 3、Approval of the review case for the Bank's 2023 liquidity risks and credit risks. 4、Adoption of the amendment to certain provisions of the Bank's Regulations Governing Investments in Other Enterprises. 5、Adoption of the amendment to certain provisions of the Bank's policy and strategy regarding the Fair Treatment of Customers Principle. 6、Adoption of the application form for the 2024 fiscal year audit plan. 7、Adoption of the proposed audit plan for the Finance Department to conduct bond proprietary trading and underwriting operations for the 2024 fiscal year.
9TH BOARD OF DIRECTORS, 19TH MEETING	December 19, 2023	1、Adoption of matters related to the convening and proposals of the 2024 General shareholders' meeting. 2、Approval of the utilization of bank assets. 3、Adoption of the amendment to certain provisions of the Bank's rules for handling whistleblower cases. 4、Adoption of the amendment to certain provisions of the Bank's general rules for credit operations. 5、Adoption of the amendment to certain provisions of the Bank's operational procedures for real estate loans. 6、Adoption of the budget and operational plan for the 2024 fiscal year. 7、Adoption of the amendment to certain provisions of the Bank's organizational regulations.
9TH BOARD OF DIRECTORS, 20TH MEETING	January 23, 2024	1、Adoption of the appointment of auditors for the 2024 fiscal year. 2、Adoption of the amendment of the Bank's internal control system and operational procedures for bond proprietary trading. 3、Adoption of the amendment to certain provisions of the Bank's internal audit implementation rules for concurrent operations in bond business. 4、Adoption of the budget and other matters related to the purchasing of souvenirs for the 2024 General shareholders' meeting. 5、Adoption of the amendment of the Bank's Regulations for Entrusting the Management of Internal Operating System and Procedures to Other Entities. 6、Approval of the branch relocation. 7、Adoption of the establishment of the Bank's 2024 annual limits for industries with high climate-related risks.

Shareholder's Meeting/Board Meeting	Date	Important Resolutions
9TH BOARD OF DIRECTORS, 21TH MEETING	March 05, 2024	1、Passed the loan case of the interested parties. 2、Adoption of the establishment of interest rate pricing standards for various credit products in 2024. 3、Approval of the application to conduct international bond underwriting business in foreign currency. 4、Adoption of the establishment of the Bank's Compensation and Performance Evaluation Principles for Personnel Engaging in Trust Business and Guidelines for the Commission Structure for Insurance Agents, as well as the abolition of related regulations. 5、Adoption of the distribution of the director's remuneration and the employees' compensation for the 2023 fiscal year. 6、Approval of the review case for the Company's 2023 Business Report and Financial Statements. 7、Approval of the Company's distribution of profits for the 2023 fiscal year. 8、Approval of the issuance of new shares through the Company's earnings increase capitalization plan for the 2023 fiscal year. 9、Approval of the cash capital increase plan for the 2024 fiscal year. 10、Approval of the Company's issuance of perpetual non-cumulative subordinated bonds totaling NT$1.5 billion. 11、Adoption of the distribution of performance bonuses for the 2023 fiscal year. 12、Approval of the title sponsorship of the 2024 Sunny Bank International Girls' U12 Invitation Tournament. 13、Adoption of the amendment to certain provisions of the Company's Board of Directors Meeting Rules. 14、Adoption of the amendment to certain provisions of the Company's Audit Committee Organizational Regulations. 15、Adoption of the nomination of directors for the 10th Board of Directors. 16、Adoption of the issuance of the Bank's internal control system statement. 17、Adoption of the issuance of the Bank's internal control system statement on anti-money laundering and counter-terrorism financing mechanisms, the statement of engagement with Ernst & Young Certified Public Accountants on the design and implementation of the internal control system, and the statement of subsequent matters and submission of the special audit report. 18、Adoption of the issuance of the Bank's internal control system statement on anti-money laundering and counter-terrorism financing. 19、Adoption of the amendment of the Bank's staff appointment and salary remuneration regulations, measures for rotation and temporary transfer of staff, and regulations for the management of staff secondment to affiliates.

(5) The major content of record of written statements for any dissenting opinions from directors or supervisors regarding important resolutions of the Board in the most recent fiscal year before publishing the annual report: None

(6) The summary of resignation and discharging of people related to the Financial Report (including Chairman, President, Accounting Supervisors and Auditing Supervisors) in the most recent fiscal year before publishing the annual report: None

Baseline date: March 31, 2024

Position	Name	Start date	Dismissed date	Reasons for resignation or dismissal
General Auditor	Chen, Cheng-Fen	February 1st, 1982	May 15th, 2023	Retirement

Note: The bank-related persons mentioned refer to the chairman, general manager, chief financial officer, chief accounting officer, internal audit officer and corporate governance officer.

4. Alternation of CPA

(1) **Information about previous CPA: None.**

(2) **Information about the succeeding: None**

(3) **Feedback of the former CPA in regard to matters regulated in Subparagraph 1 and 2-3 of Paragraph 6 of Article 10 of Criteria Governing Information to be published in Annual Reports of Banks: None.**

5. Information about the Bank's Top Ten Shareholders who are Related Parties, Spouses or Relatives within Second Degree of Kinship

Record date: December 31, 2023

Unit: Share, %

Name (Note 1)	Shareholding		Shareholding of Spouse and Minors		Shareholding entitled to other name		If a stakeholder or spouse or relative within second degree of kinship of the Bank's top ten shareholders, the shareholder's name and relationship (Note 3)		Remark
	Share	% (Note 2)	Share	% (Note 2)	Share	% (Note 2)	Title or Name	Relationship (Note 2)	
Fu Li Yang Investment Co., Ltd	449,137,203	13.21	0	0.00	0	0.00	Chuan Yang Construction Co., Ltd.	The same person	None
Fu Li Yang Investment Co., Ltd. Representative of legal-person director: Ho, Shun-Cheng	7,875,470	0.23	8,028,990	0.24	0	0.00	None	None	None
The First Insurance Co., Ltd.	107,027,624	3.15	0	0.00	0	0.00	None	None	None
Chuan Yang Construction Co., Ltd.	106,983,023	3.15	0	0.00	0	0.00	Fu Li Yang Investment Co., Ltd	The same person	None
Hai Wong Printing Co., Ltd.	93,630,720	2.75	0	0.00	0	0.00	Jin Chen Investment Co., Ltd., Li Kun Investment Co., Ltd., Hai Wang Investment Co., Ltd.	The same person	None
Farglory Life Insurance Co., Ltd.	79,538,823	2.34	0	0.00	0	0.00	None	None	None
Sheng Yang Construction Co., Ltd.	64,398,609	1.89	0	0.00	0	0.00	None	None	None
Jin Chen Investment Co., Ltd.	13,849,836	1.38	0	0.00	0	0.00	Hai Wong Printing Co., Ltd., Li Kun Investment Co., Ltd., Hai Wang Investment Co., Ltd.	The same person	None
Hai Wang Investment Co., Ltd.	46,647,993	1.37	0	0.00	0	0.00	Jin Chen Investment Co., Ltd., Li Kun Investment Co., Ltd ., Hai Wong Printing Co., Ltd.,	The same person	None

Name (Note 1)	Shareholding		Shareholding of Spouse and Minors		Shareholding entitled to other name		If a stakeholder or spouse or relative within second degree of kinship of the Bank's top ten shareholders, the shareholder's name and relationship (Note 3)		Remark
	Share	% (Note 2)	Share	% (Note 2)	Share	% (Note 2)	Title or Name	Relationship (Note 2)	
Li Kung Investment Co., Ltd.	46,294,470	1.36	0	0.00	0	0.00	Hai Wong Printing Co., Ltd., Jin Chen Investment Co., Ltd., Hai Wang Investment Co., Ltd.	The same person	None
Chiou Da Property Development Co.	33,106,221	0.97	0	0.00	0	0.00	None	None	None

Note 1: Top 10 Shareholders shall be listed and institutional shareholders shall have their names and representative listed separately.
Note 2: The shareholding percentage is the percentage of shares under the name of a shareholder, his/her spouse, minors children or other name(s).
Note 3: Regarding shareholders disclosed in the list (including natural and judicial persons), their relationship between one another shall be disclosed according to the Regulations Governing the Preparation of Financial Reports by Public Banks.

6. Numbers of Shares in the Same Reinvested Enterprises Held by the Bank and its Directors, Supervisors, President, Vice Presidents, Deputy Executive Vice Presidents, the Heads of Departments and Branches, and Enterprises Controlled Directly or Indirectly by the Bank, and Percentage of Consolidated Shareholding

Record date: December 31, 2023

Unit: Share, %

Reinvested Enterprises (Note)	The Bank's Investment		The Investment Affiliate Directly or Indirectly Controlled and by the Bank, its Directors, Supervisors, President, Vice Presidents, Executive Vice Presidents, the Heads of Departments and Branches		Omnibus Investment	
	Share	%	Share	%	Share	%
Sunny Securities Co., Ltd.	50,200,000	100.00	0	0.00	50,200,000	100.00
Gold Sunny Assets Management Co., Ltd.	15,000,000	100.00	0	0.00	15,000,000	100.00
Sunny International Leasing Co., Ltd.	152,500,000	100.00	0	0.00	152,500,000	100.00
Sunny E-commercial Co., Ltd.	7,929,038	100.00	0	0.00	7,929,038	100.00
Sunny Microfinance PLC.	1,480,000	100.00	0	0.00	1,480,000	100.00
Financial Information Service Co., Ltd.	13,758,080	2.64	0	0.00	13,758,080	2.64
Taiwan Financial Asset Service Corp	5,000,000	2.94	0	0.00	5,000,000	2.94
Taiwan Central Depository and Clearing Corp.	1,899,466	0.29	0	0.00	1,899,466	0.29
Sunlight Asset Management Ltd.	66,587	1.11	0	0.00	66,587	1.11
Taiwan Mobile Payment Co., Ltd.	600,000	1.00	0	0.00	600,000	1.00

Note: Investment pursuant to Article 74 of The Banking Act.

4 Chapter

IV. Capital Raising

1. Capital and Share
2. Implementation status of fund application plan

1. Capital and Share

(1) Source of Capital

Record date: March 31, 2024

Unit: 1,000 shares, NT$1,000

Year/month	Par value	Approved Capital		Paid-up Capital		Remarks	
		Shares	Amount	Shares	Amount	Source of Capital Stock	Others
June 2023	NT$10	4,000,000	40,000,000	3,400,706	34,007,060	Capital increase by cash NT$1,000,000,000	According to FSC approval letter: Jin-Guan-Zheng-Fa No.1120345751 issued on June 21, 2023

Note 1: Shall list data of the year until the date of publishing the annual report.
Note 2: Regarding the part of capital increase, it is a must to mark the effective (approval) date and document number.
Note 3: Those who issue stocks with the amount lower than par value shall be marked in noticeable way.
Note 4: If monetary claims against the company or technology needed by the company are offset against share payments, such information shall be specified, the type and amount of such offset shall also be noted.
Note 5: Prominently indicate any instance of private placement.

Unit: shares

Stock Type	Approved Capital			Remarks
	Outstanding stock (Note)	Un-issued shares	Total	
Common Stock	3,400,705,984	599,294,016	4,000,000,000	Bank stock not listed on TWSE or OTC

(2) Structure of Shareholders

Record date: December 31, 2023

Shareholder Structure / Quantity	Government Institutions	Financial Institutions	Other Corporations	Individuals	Foreign institutions and Foreigners	Total
No. of persons	2	1	296	120,309	5	120,613
Shareholding	40,458	657	1,733,600,549	1,667,059,293	5,027	3,400,705,984
Shareholding (%)	0.00%	0.00%	50.98%	49.02%	0.00%	100.00%

(3) Equity Distribution

A. Common Stock : Face value of NT$10 per share

Record date: December 31, 2023

Shareholding Level	No. of Shareholders	Shareholdings	Shareholding (%)
1 to 999	65,998	25,198,031	0.74%
1,000 to 5,000	37,799	102,403,192	3.01%
5,001 to 10,000	6,855	46,024,976	1.35%
10,001 to 15,000	1,773	22,216,783	0.65%
15,001 to 20,000	824	14,086,685	0.41%
20,001 to 30,000	1,134	28,334,906	0.83%
30,001 to 40,000	668	23,342,904	0.69%
40,001 to 50,000	655	29,408,638	0.86%
50,001 to 100,000	1,749	124,833,194	3.67%
100,001 to 200,000	1,406	200,710,262	5.90%
200,001 to 400,000	900	247,065,044	7.27%
400,001 to 600,000	314	151,560,328	4.46%
600,001 to 800,000	162	110,883,979	3.26%
800,001 to 1,000,000	79	70,681,078	2.08%
1,000,001 to 999,999,999	297	2,203,955,984	64.81%
Total	120,613	3,400,705,984	100%

B. Preferred shares: None.

(4) List of Major Shareholders

Record date: December 31, 2023

Shares / Major Shareholders	Shareholding	Shareholding (%)
Fu Li Yang Investment Co., Ltd.	449,137,203	13.21%
The First Insurance Co., Ltd.	107,027,624	3.15%
Chuan Yang Construction Co., Ltd.	106,983,023	3.15%
Hai Wong Printing Co., Ltd.	93,630,720	2.75%
Farglory Life Insurance Co., Ltd.	79,538,323	2.34%
Sheng Yang Construction Co., Ltd.	64,398,609	1.89%
Jin Chen Investment Co., Ltd.	46,849,836	1.38%
Hai Wang Investment Co., Ltd.	46,647,993	1.37%
Li Kun Investment Co., Ltd.	46,294,470	1.36%
Chiou Da property Development Co	33,106,221	0.97%

Note: Shareholders who hold 1% or more of shares, or top ten shareholders.

(5) Market price, net worth, earnings, and dividend data for the last 2 years

Unit: NT$, 1,000 shares

Item / Year			2023	2022	As of March 31 of the year (Note 2)
Price per Share	Highest		Note 1	Note 1	Note 1
	Lowest		Note 1	Note 1	Note 1
	Average		Note 1	Note 1	Note 1
Net Worth per Share	Before Distribution		13.38	12.37	13.66
	After Distribution		Note 3	12.17	0
Earnings per Share	Weighted Average No. of Shares		3,333,309	3,193,035	3,400,706
	Earnings per share	Before Adjustment (Note 4)	0.88	1.29	0.39
		After Adjustment (Note 4)	0	0	0
Earnings per Share	Cash Dividend		Note 3	0.2	0
	Free Distribution	Earnings Distribution	Note 3	0	0
		Capital surplus distribution	Note 3	0	0
	Cumulative unpaid dividend		Note 3	0	0
Analysis on Investment Return	Price/Earnings Ratio		Note 1	Note 1	Note 1
	Price/Dividend Ratio		Note 1	Note 1	Note 1
	Cash dividend yield		Note 1	Note 1	Note 1

Note 1: Not applicable because the Bank is not a listed company.
Note 2: The financial data for March 31, 2024 have not been audited and certified by accountants.
Note 3: Distribution of earnings in 2023 will be decided at the 2024 annual general meeting of shareholders.
Note 4: Where stock distribution shall be retroactively adjusted, it is a must to list earnings per share before and after the adjustment.

(6) Equity Policy and Distribution

A. Dividend Policy

In the event of earnings made at the end of the fiscal year, said earnings shall be used to pay taxes and cover losses from previous years, and 30% of after-tax earnings shall be set aside as legal reserve, unless and until the accumulated legal reserve equals the Bank's paid-in capital; then special surplus reserve shall be set aside or reversed according to relevant regulations. Where there is any surplus, the Board of Directors shall combine it with non-distributed surplus of previous year and submit the bonus distribution proposal to General Meeting of Shareholders for distribution. The surplus shall be distributed in stock or cash dividends. Unless and until the accumulated legal reserve equals the Bank's paid-in capital, maximum cash payouts shall not exceed 15% of the Bank's paid-in capital.

In order to maintain a sound financial structure and capital adequacy, the Bank will distribute dividends according to its capital budgeting. The Bank follows the principle of retaining capital to distribute stock dividends; however, in the event of a capital budget surplus and a capital adequacy ratio higher than is required by the regulator, cash dividends may be distributed, which cannot be less than 10% of total dividends. Stock dividends may be distributed instead of cash dividends if the latter are no more than NT$0.1 per share

B. Proposed dividend distribution at the annual general meeting of shareholders

A stock dividend of NT$0.7 per share and a cash dividend of NT$0.3 per share are planned to be distributed according to the Bank's 2023 earnings

(7) Effect of Free Distribution Proposed at this General Meeting of Shareholders to the Bank's Operation Performance and EPS

No announcement on the 2023 Financial Forecast is yet made by the Bank. According to Tai-Cai-Zheng-Yi-Zhi Letter No. 00371 issued by Securities and Futures Commission of the Ministry of Finance on February 1, 2000, those who do not announce their financial statements do not need to disclose this information.

(8) Remunerations Paid to Employees, Directors and Supervisors

A. Percentage or range of employee bonuses and compensation for Directors and supervisors as stipulated in the Bank's Articles of Incorporation.

Where there is any profit of the year, the Bank shall, depending on the status of profitability, allocate 2% to its employees and less than 1% to Directors and Supervisors as remunerations. However, if there is any cumulative deficiency, the Bank shall reserve a certain amount to make up the deficiency.

Employees' remunerations shall be distributed in stock or cash and the distributed targets shall be the Bank's employees who comply with certain qualifications. Remunerations to Directors and Supervisors shall be distributed mainly in Cash.

The distribution ratio of remunerations to employees, Directors and Supervisors as well as the distribution methods and targets shall be finalized at Board of Directors meeting, which shall be participated by more than two third of Directors and agreed by more than participant Directors, and reported to General Meeting of Shareholders.

B. The basis for estimating the amount of remunerations to employees, Directors and supervisors, for calculating the number of shares to be distributed as bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

Total employee bonuses and compensation for Directors and supervisors in 2023 are estimated at NT$111,322,000. This estimate is based on the probable amount of distribution, based on past experience. If a different amount is decided at the annual general meeting of shareholders, this will be treated as a change in accounting estimates and the amount will be paid within the same fiscal year.

C. Employee bonuses proposed by the Board of Directors

(A) Employees' remuneration distributed in cash or stock and directors' and supervisors' remuneration: Distributed NT$74,215,000 to employees as cash bonuses and NT$37,107,000 to Directors as compensations.

(B) The value of proposed distribution of bonus shares to employees in stock and the size of such an amount as a percentage of the after-tax net income presented in the parent company only financial reports or individual financial reports for the current period and total employee bonuses: No information is to be disclosed as the Bank does not have plans to distribute bonus shares to its employees.

D. Actual distribution of remunerations to employees, Directors and supervisors in the previous fiscal year (including the number of shares distributed, value, and share prices). In the event of any discrepancy between the actual distribution and the recognized remunerations to employees, Directors and supervisors, describe the discrepancy, its cause, and how it will be resolved.

The annual general meeting of shareholders passed a resolution on May 22, 2023, to distribute NT$106,137,000 to employees and NT$53,069,000 to Directors and supervisors. There is no discrepancy with employee bonuses and board director / supervisor compensations as stated in 2022 Financial Statements.

(9) Shares Purchased Back by the Bank: None

2. Implementation status of fund application plan

(1) Content of the plan

The Bank issued financial bonds to raise mid- and long-term funds in order to increase the amount of loans. The raised funds will be applied to loans with higher revenue in order to increase loan spreads on earning contribution. In addition, the Bank enhanced its fund operation effectiveness and intends to repay due financial bonds through its cumulative earnings each year. When confronted with a decline in global prosperity, as well as huge reduction in the domestic stock market and low long-term interest rate, the Bank will issue financial bonds to repay old financial bonds with higher interest rates.

(2) Status of implementation

To enhance capital adequacy ratio, the Bank issued subordinated financial bonds in 2002, 2006, 2007, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019,2020,2021 and 2022. Most of them are included in the Tier-2 capital through 7-year subordinated financial bonds. The Bank also issued Tier-1 bonds in 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023.There is a total of NT$9.36 billion of non-cumulative subordinated financial bonds with no expiration date to supplement a stable long-term capital for the Bank and enhance risk burden capability.

Chapter 5

V.Operations Overview

1. Business Scope
2. Employee Profile
3. Corporate Social Responsibility and Ethical Behavior
4. Number of Non-Supervisory Employees, Average Annual Employee Benefits Expenses and Difference Compared with Last Year

1. Business Scope

(1) Main Business

A. Deposits and Loans Business

As of the end of 2023, the bank reports a total deposit balance at NT$633,191,957,000, up by NT$28,354,947,000 compared with NT$604,837,010,000 reported at the end of 2022, of which the balance of demand deposits accounts for 31.60% of the total deposit balance, and the balance of time deposits accounts for 68.40% of the total deposit balance.

The total balance of loans issued accumulates to NT$482,583,380,000 as of the end of 2023, increased by NT$31,023,999,000 compared with NT$451,559,381,000 reported at the end of 2022.

As for Loan Asset Quality, the overdue loan ratio was 0% at the end of 2023, the coverage ratio of Allowance for bad debts was 37,998.68%. The Bank has assets with stable quality.

Unit: NT$1,000

Year / Item	Balance at the end of 2023	Balance at the end of 2022	Annual Growth Rate (%)
Deposits	633,191,957	604,837,010	4.69%
Loans	482,583,380	451,559,381	6.87%

Deposit Balance Comparison

Unit: NT$1,000

Year / Loans	2023		2022	
	Balance at the end of year	Percentage (%)	Balance at the end of year	Percentage (%)
Checking deposits	4,655,326	0.74	4,129,697	0.68
Demand deposits	76,624,019	12.10	77,695,417	12.85
Foreign exchange demand deposits	11,008,307	1.74	13,782,107	2.28
Demand savings deposit	106,719,176	16.85	104,873,745	17.34
Employee saving deposits	1,045,294	0.17	1,045,251	0.17
Time deposits	164,638,779	26.00	163,913,013	27.10
Foreign currency time deposits	54,525,160	8.61	52,746,639	8.72
Negotiable certificates of deposit	30,043,000	4.74	25,529,500	4.22
Time savings deposits	183,932,896	29.05	161,121,641	26.64
Total	633,191,957	100.00	604,837,010	100.00

Loan Balance Comparison

Unit: NT$1,000

Year / Loans	2023		2022	
	Balance at the end of year	Percentage (%)	Balance at the end of year	Percentage (%)
Short-term loans	15,446,269	3.20	15,545,320	3.44
Short-term secured loans	111,133,060	23.03	99,113,788	21.95
Medium-term loans	69,788,474	14.46	62,062,198	13.74
Medium-term secured loans	222,968,164	46.20	201,477,405	44.62
Long-term loans	3,900,563	0.81	3,645,295	0.81
Long-term secured loans	59,329,434	12.30	69,039,934	15.29
Non-performing loans	3,610	0.00	654,646	0.14
Export negotiation	13,806	0.00	20,795	0.01
Total	482,583,380	100.00	451,559,381	100.00

a. Consumer Banking Loans

According to the ratio set by the regulatory authority for home mortgage loans, in addition to carefully selecting high-quality customers to undertake the loans, we also do not accept loan increases (including restored credit limits) and interest rate reductions for existing customers with poor performance in deposit transactions. Priority is given to customers with clear repayment sources and good collateral locations (such as metropolitan areas, prime locations, suitable land area, favorable fee income, etc.) to provide working capital loans or subordinated loans. As of the end of 2023 fiscal year, the balance of individual loans (consumer loans, credit loans) amounted to NT$204.932 billion, compared to NT$191.895 billion at the end of 2022 fiscal year, showing a growth of NT$13.037 billion or a growth rate of 6.36%.

b. Loans to Businesses

The bank adheres to the government's policy of supporting small and medium-sized enterprises (SMEs) and focuses on SME customers while deepening relationships with local customer groups. At the same time, risk and asset security are prioritized. By meeting the funding needs of SMEs, the bank aims to increase liquidity from current deposits and profitability from loans. The SME loan portfolio grew by NT$11.023 billion in 2023 compared to 2022, accounting for 46.17% of the bank's total loans. On the other hand, loans to large enterprises grew by only NT$4.594 billion in 2023 compared to 2022 due to lower interest rates offered by large financial conglomerates or public banks and intense competition in this segment. Overall, the corporate and commercial lending portfolio increased from NT$234.318 billion at the end of 2022 to NT$249.935 billion at the end of 2023, representing a growth of NT$15.617 billion or a growth rate of 6.25%.

c. Car Loan, Subordinated Loan and Credit Loan Businesses

(a) Car Loan Businesses

In 2023, the total appropriation amount was NT$8.208 billion, an increase of NT$1.166 billion compared to NT$7.042 billion in 2022, with a growth rate of 16.56%. This increase was primarily due to the growth in car loan transactions and centralized operations, which have significantly enhanced the efficiency of application and appropriation operations.

(b) Subordinated Loan Businesses

In 2023, the total appropriation amount was 5.001billion, an increase of NT$1.201 billion compared to NT$3.8 billion in 2022, with a growth rate of 31.62%. This increase was primarily due to the secured and profitable nature of subordinated loans, subordinated loans are still a key focus area for promotion, under the premise of controllable risks, in order to increase the bank's revenue.

(c) Credit Loan Businesses

In 2023, the total appropriation amount was NT$343 million, a decrease of NT$117 million compared to NT$460 million in 2022, with a growth rate of -25.43%. This decrease was primarily due to the approach taken by the 2022 credit project, which targeted employees of corporate customers with whom the bank had existing relationships, ensuring manageable risks. Lower interest rates were offered to promote the projects among business units, resulting in a total appropriation of NT$460 million for the year, maintaining profitability with an average interest rate of 3.77%. In order to improve product profitability and align more closely with market interest rates, the credit project expanded its target audience beyond existing customers in 2023, implementing pricing adjustments made based on customer segmentation. Despite the decrease in total appropriation amount compared to 2022, the average interest rate increased to 5.76% in 2023, contributing to overall revenue growth. The quality control of the cases is effectively managed.

Unit: NT$1,000

Item \ Year	Amount		Growth Rate (%)
	2023 Fiscal year	2022 Fiscal year	
Car Loan Businesses	8,208,335	7,042,200	16.56
Subordinated Loan Businesses	5,001,426	3,799,906	31.62
Credit Loan Businesses	342,980	459,930	(25.43)

B. Foreign Exchange Business

For the foreign exchange business, the balance of foreign exchange deposits (including OBU) at the end of 2023 was US$2,132,212,000 or a decrease of US$34,283,000 from US$2,166,495,000 at the end of 2022, the appropriation reduced of 1.58%. This was mainly due to market expectations that the U.S. Federal Reserve would conclude its interest rate hike cycle. Consequently, some customers capitalized on the appreciation of the US dollar by converting their US dollar deposits back into New Taiwan dollars to secure profits. The balance of foreign exchange loans (including OBU) at the end of 2023 was US$448,756,000 or an increase of US$14,983,000 from US$433,773,000 at the end of 2022 with a growth by 3.45%. In 2023 the amounts of import/export and exchange service were US$261,440,000 and US$4,983,462,000.

Unit: US$1,000

Item \ Year	2023	2022	Growth Rate (%)
	Balance at the end of year / Amount	Balance at the end of year / Amount	
Foreign currency deposits (including OBU)	2,132,212	2,166,495	(1.58)
Foreign currency loans (including OBU)	448,756	433,773	3.45
Import and export business	261,440	349,451	(25.19)
Remittance Services (including simplified currency exchange services)	4,983,462	5,451,168	(8.58)

Note：For the foreign currency deposits and loans, the amount stated was the balance at the end of the year, Import and export and remittance services business indicated was the annual amount.

C. Credit Card

In the fiscal year 2023, as the pandemic restrictions gradually eased, the public returned to normalcy. With the domestic consumer spending rebounding and the reopening of international borders ushering in a robust overseas travel demand, the amount of credit card transactions increased significantly. By the end of November of the fiscal year 2023, the total amount of market credit card transactions reached NT$3,840.3 billion, an increase of NT$350.2 billion compared to NT$3,490.1 billion of the full year of 2022, surpassing pre-pandemic level. The Bank recorded NT$4.89 billion in credit card transactions in 2023, an increase of NT$640 million from 2022, with revolving credit balances experiencing slight growth.

In terms of income, the bank focuses on increasing fee income, with revolving credit interest income as secondary. The main strategic approaches include expanding both the number of circulating cards and active cards, and enhancing credit card transaction amounts. In addition to cultivating strong relationships with high-contributing premium customers through targeted marketing strategies, top-tier card products are planned to be launched in the fiscal year 2024 to meet the different payment needs of existing high-end customers and attract potential customers by enhancing card benefits and services.

In response to global ESG sustainability goals and to fulfill corporate social responsibility, in the fiscal year 2023, the Bank introduced the addition of online credit card application/review functions that connect to the existing online application system, allowing customers to submit applications and complete credit evaluations consistently through electronic online operations. In the fiscal year 2024, it is planned to continue enhancing digitization processes, saving paper, being environmentally friendly, and accelerating overall operational efficiency.

The acquiring business continues to use modern card payment terminals, which, in addition to the existing electronic ticketing and QR code scanning payment functions, also have app development capabilities. These apps can be used for marketing activities, account inquiries, and other applications. In line with the annual policy goals and strategies of the Financial Supervisory Commission, various mobile payment services are being developed, such as mobile credit cards, mobile banking cards, Quick Response (QR) code payments, mobile electronic tickets, electronic payment institution physical channel payment services, mobile acquiring (mPOS), and application services. These initiatives align with the Financial Supervisory Commission's policy plan for the fiscal year 2023, which encourages financial institutions to promote non-cash payment transactions and foster an environment conducive to the development of electronic payments, ensuring convenient payment options for the public.

Unit: cards, NT$1,000

Item \ Year	2023	2022	Growth Rate (%)
Total number of card issued in the year	57,097	55,704	2.50
Total cumulative number of valid cards in circulation	116,723	114,459	1.98
Total credit card consumption amount	4,897,843	4,254,689	15.12
Revolving Credit Balance	169,841	167,142	1.61
Number of acquiring contracted merchants	2,868	2,521	13.76
Transaction amount of contracted merchants	8,047,174	6,217,062	29.44

D. Wealth Management Business

a. In terms of fund and overseas bond business, despite the significant market volatility in fiscal year 2023, the fee income for the fiscal year 2023 was NT$252,664 thousand, a decrease of 17.93% compared to that of 2022. Emphasizing the selection of appropriate investment targets and risk reduction, the Bank rigorously devises product strategies tailored to the customers' investment preferences. This includes increasing investment positions in assets with lower volatility to improve risk diversification.

b. In the insurance business, the fee income for the fiscal year 2023 was NT$377,414 thousand, an increase of 0.02% compared to that of 2022. This increase was primarily due to the precise understanding of customer demands, enabling the Bank to pinpoint the correct product strategy direction and effectively meet the diverse insurance needs of customers.

c. The total fee income for the fiscal year 2023 was NT$630.078 million, an increase of NT$38.485 million compared to that of year 2022, representing an increase of 6.51%.

Unit: NT$1,000

Item \ Year	2023		2022		% of Sales Growth	% of Fee Income
	Sales Volume	Fee Income	Sales Volume	Fee Income		
Mutual funds and overseas bonds (excluding domestic bond funds)	7,552,744	252,664	7,107,099	214,256	6.27	17.93
Insurance products	1,756,741	377,414	3,705,760	377,337	(52.59)	0.02
Total	9,309,485	630,078	10,812,859	591,593	(13.90)	6.51

E. E-Banking Business

In response to the rapid evolution of digital financial services, the Bank is undergoing digital transformation by integrating digital technology into its existing operational models. This initiative aims to streamline processes and enhance customer experience. Continuous efforts will be dedicated to refining and updating processes throughout the ongoing transformation, with a clear focus on prioritizing customer value and satisfaction. In July 2022, the Bank has introduced the next-generation corporate internet banking and mobile enterprise web app. Starting from July 2023, we have gradually introduced new features such as cardless withdrawal and Mobile Number Transfers 2.0, significantly enhancing the convenience of accessing financial services for customers.

In 2023, the cumulative number of online banking account openings reached 231,000, an increase of 9.5% compared with that in 2022, and the cumulative number of mobile Internet banking accounts opened by users was 143,000, a 17.25% increase compared with that in 2022. and the cumulative number of corporate internet banking accounts openings reached 110,000, an increase of 453.8% compared with that in 2022, and the cumulative number of digital demand savings deposit opened by users was 5,0000, an increase of 50.2% compared with that in 2022. The overall automated channel transaction volume (including personal Internet Banking, Mobile Internet Banking APP and corporate Internet Banking) increased by 27.1% over 2022. In addition to the continuous and steady growth of the Bank's digital financial services, various "digital financial business services" have been launched in a timely manner to provide a variety of online application services and strengthen the application of the Bank's mobile online banking APP payment.

Type of business \ Year	2023	2022	Growth Rate (%)
Number of cumulative account opening for personal online banking	231,121	211,071	9.5%
Number of cumulative account opening for mobile online banking	143,786	122,629	17.25%
Number of cumulative account opening for corporate online banking	11,281	2,037	453.80%
Number of cumulative account opening for Digital deposit	5,622	3,743	50.20%
Amount of Automatic Transaction Access	2,395,238	1,884,484	27.10%
Electronic Transaction Ratio	40.15%	34.20%	5.95%

Note：The Amount of Automatic Transaction Access consists of the transaction amount in Personal Internet Banking, Mobile Internet Banking APP and Corporate Internet Banking.

F. Trust Business

As of the end of 2023, the total property trust balance consigned by the Bank reached NT$70,354,828,000, which is a decrease of NT$6,092,645 or a reduced rate of 7.97% compared with NT$76,447,473,000 in 2022, in particular, the money trust business reached NT$41,531,651 thousand in the fiscal year 2022, a decrease of NT$1,644,532,000 or a reduced rate of 3.81% compared with NT$43,176,183,000 in 2022. Although the specific-purpose monetary trust business increased by 6.07%, a slight decrease in the overall monetary trust business was still observed. This decrease was primarily due to several factors, including a 12.07% decrease in custodial services for securities investment trust business resulting from the redemption opening of custodial trust funds newly established in 2022 and at the beginning of 2023, as well as a 21.90% decrease in other monetary trust businesses (including a decrease of NT$2,365,803,000 in real estate purchase price trust). The real estate trust business amounted to NT$28,730,827,000 in the fiscal year 2023, a decrease of NT$4,022,276,000 or a growth rate decrease of 12.28% compared to NT$32,753,103,000 in 2022, primarily due to the completion of real estate trust objectives aimed at development and subsequent returns. The securities trust business amounted to NT$92,350 thousand in the fiscal year 2023, a decrease of NT$317,414 thousand or a growth rate decrease of 77.46% compared to NT$409,764 thousand in 2022, primarily due to the resignation of public servants and the repayment of credit cases. In terms of other affiliated businesses, the certification business amounted to NT$3,659,267,000 at the end of the fiscal year 2023, a decrease of NT$4,086,340,000 or a growth rate decrease of 52.76% compared to NT$7,745,607,000 in 2022, primarily due to the reduction in total underwriting amounts resulting from the maturity of the issuance of uncertificated securities in the primary market. Contributing factors include longstanding constraints on printing physical certificates, the implementation of regulations regarding electronic signatures and related matters, and stable operational systems. The fully entrusted custody business amounted to NT$116,291 thousand in the fiscal year 2023, a decrease of NT$6,573 thousand compared with NT$122,864 thousand in 2022, primarily due to the withdrawal of account balances by investors, leading to a decrease in the size of the accounts.

Unit: NT$1,000

Item \ Year	2023		2022		Amount of increase or decrease	Rate of increase or decrease (%)
	Amount	%	Amount	%		
Trust business	70,354,828	100.00	76,447,473	100.00	(6,092,645)	(7.97)
Monetary trusts	41,531,651	59.03	43,176,183	56.48	1,644,532	3.81
Specific-purpose monetary trusts investing in domestic and foreign securities	27,620,941	39.27	26,039,880	34.07	1,581,061	6.07
Other monetary trusts	9,189,568	13.06	11,766,945	15.39	(2,577,377)	(21.90)
Custody of securities investment trust funds	4,721,142	6.71	5,369,358	7.02	(648,216)	(12.07)
Real estate trust	28,730,827	40.84	32,753,103	42.84	(4,022,276)	(12.28)
Securities trust	92,350	0.13	409,764	0.54	(317,414)	(77.46)
Monetary-claim and security-interest trusts	0	0.00	108,423	0.14	(108,423)	(100.00)

Item \ Year	2023		2022		Amount of increase or decrease	Rate of increase or decrease (%)
	Amount	%	Amount	%		
Other affiliated businesses						
Custody of operations guarantee funds	510,000		510,000		0	0.00
Custody of discretionary investment services (accrued for the year)	116,291		122,864		(6,573)	(5.35)
Certification business	3,659,267		7,745,607		(4,086,340)	(52.76)

G. Investment Business

Income percentage of each various transaction and its growth and changes:

Unit: NT$1,000

Item \ Year	2023	2022	Increase / decrease
Bonds	1,851,650	414,360	1,437,290
Stocks	91,682	(8,673)	100,355
Beneficiary certificates	(3,183)	(13,818)	10,635
Short-term bills	311,601	203,046	108,555
Unrealized gain or loss	24,033	(15,795)	39,828
Stock dividend	144,523	90,616	53,907
Total	2,420,306	669,736	1,750,570

According to the above table, the Bank has made a profit of NT$669,736,000 in 2022 and NT$2,420,306,000 in 2023 in securities trading. The details are described below:

a. Gain (loss) on bonds:

This is the interest income and disposal gain (loss) and fee income from underwriting corporate bonds from the trading of bonds of domestic and overseas governments at all levels, currency corporate bonds and financial debentures. In the fiscal year 2023, profits increased by NT$1,437,290 thousand compared to that of 2022, reaching NT$1,851,650 thousand, the bond income have notably rebounded. The main reason was the impact of interest rate hikes in 2022, which led to realized losses from opportunistically disposing of bonds. As the interest rate hikes approach their end, we plan to selectively acquire bond positions during interest rate rebounds to increase bond income and yield spreads. The investment targets will mainly focus on large enterprises or government bonds with good credit and stable profitability.

b. Gain (loss) on stocks:

In terms of gains and losses from trading listed and OTC stocks, the weighted index declined by 22.4% throughout 2022, mainly due to various negative factors such as the Russo-Ukrainian war, the lockdowns in China, and persistent high inflation. Additionally, major central banks implemented aggressive monetary tightening policies, leading to a significant market volatility and causing losses of NT$8,673,000 for the full year. Nonetheless, in the fiscal year 2023, with inflation stabilizing and interest rate hikes nearing conclusion, the weighted index surged by 26.83%, propelled by the performance of Taiwan's leading semiconductor company, TSMC. This marked a turnaround and the beginning of a bullish trend in Taiwanese stock market. Rigorous selection of investments in companies with strong fundamentals and high dividend yield advantages rewarded the Bank with capital gains, resulting in profits of NT$91,682,000 for the full year.

c. Gain (loss) on beneficiary certificates:

Regarding gains and losses from fund trading, In 2022, negative news such as high inflation, the Russo-Ukrainian war, and central bank interest rate hikes simultaneously affected the market, leading to losses of NT$13,818 thousand, In 2023, realized losses from opportunistically disposing of beneficiary certificates amounted to NT$3,183,000. In terms of investment allocation strategy, in addition to maintaining a focus on

controlling portfolio volatility, there is anticipation of significant monetary policy relaxation in 2024, expected to benefit the investment climate. Consequently, adjustments will be made dynamically to the allocation between stocks and bonds to steadily progress towards annual objectives.

d. Gain (loss) on short-term bills:

For interest income from trading short-term bills, gains and losses from disposals, and fee income, profits in 2022 amounted to NT$203,046 thousand, while in 2022, profits reached NT$311,601 thousand. Following the interest rate hike by the Taiwan central bank, short-term bond yields experienced a significant increase in 2023, and interest income from bills increased under the rising interest rate environment, resulting in an increase of NT$108,555,000 in bill income for 2023 compared to that of 2022. Continuous efforts will be made to expand the customer base of collateral-exempt customers and increase the utilization rate among existing collateral-exempt customers to enhance income from bill transactions. Simultaneously, the Bank will leverage expectations of future interest rate trends to adjust the allocation of funds between short- and long-term periods, thereby boosting bill income.

e. Gain (loss) on valuation:

This is the gain (loss) on the valuation of securities based on market prices. In 2022, valuation losses of NT$15,795,000 were recognized, primarily due to the maturing of short-term bills held, resulting in a reversal of valuation losses on short-term bills. Subsequently, the held bills showed an upward trend as market interest rates gradually responded to expectations of interest rate hikes in the primary market. In 2023, valuation gains of NT$24,033,000 were recognized, driven primarily by the volatility and upward trends in the global financial markets. These trends contributed to simultaneous recoveries in both stock and bond markets, resulting in increased valuation gains on beneficiary certificates.

f. Stock dividends:

This is the cash dividends distributed by listed and OTC companies, where the cash dividend distributed in 2022 was NT$90,616,000 and NT$144,523,000 in 2023.

To sum up, in regard to the Bank's performance on securities trading. The stock index in 2022 declined by 22.40%, and the Bank had stock losses of NT$8,673,000. Beneficiary certificates losses of NT$13,818,000, in that fiscal year, valuation losses of NT$15,795 thousand were recognized, primarily impacting the valuation of short-term bills. The total net income for all business segments amounted to NT$669,736 thousand. In the fiscal year 2023, the weighted index rose by 26.83%, resulting in stock gains of NT$91,682 thousand and beneficial certificate losses of NT$3,183 thousand. Valuation gains of NT$24,033 thousand were recognized. The main component affecting the valuation was the beneficial certificate items, with a total net income of NT$2,420,306 thousand for all business segments throughout the year.

(2) Percentage of the asset of each business and its growth and changes

Unit: NT$1,000

Year / Business Items	2023		2022	
	Amount	Asset %	Amount	Asset %
Total Assets	711,154,039	100.00	675,307,340	100.00
Discounts and loans – net amount	476,328,831	66.98	445,649,819	65.99
Financial assets measured at fair value through other comprehensive income	100,608,959	14.15	92,711,076	13.73
Debt Instrument Investments Measured at Amortized Co	39,199,039	5.51	36,724,967	5.44
Financial assets measured at fair value through profit or loss	13,691,980	1.93	11,794,427	1.75
Total Liabilities	665,654,042	93.60	634,487,841	93.96
Deposits and remittances	633,203,378	89.04	604,884,498	89.57
Financial debentures payable	13,960,000	1.96	15,060,000	2.23
Due from CBC and Banks	6,294,606	0.89	5,874,606	0.87

(3) Percentage of the net income of each business and its growth and changes

Unit: NT$1,000

Year / Business Items	2023		2022	
	Amount	Asset %	Amount	Asset %
Net interest income	7,773,258	81.44	7,861,349	89.06
Net income other than interest	1,770,997	18.56	965,483	10.94
Net fee income	1,220,180	12.78	1,156,216	13.10
Net gain on financial assets and liabilities measured at fair value through profit or loss	227,350	2.38	96.386	1.09
Gains (loss) from sale of fair value through other comprehensive income financial assets	75,914	0.80	(645,729)	(7.32)
Gains from Current financial assets measured at amortized cost	164	0.00	106	0.00
Exchange gain (loss)	121,612	1.27	143,542	1.63
Asset Impairment (loss)	(21,677)	(0.23)	(3,887)	(0.04)
Share of subsidiaries' gains recognized by equity method	56,643	0.59	144,142	1.63
Rental income	74,330	0.78	66,919	0.76
Net income other than interest	16,481	0.17	7,788	0.09
Total net income	9,544,255	100.00	8,826,832	100.00

Note: The data in this table is form individual financial statements.

(4) Business Plan of the Year

A. Deposit Business

(A) Optimizing the structure of demand deposits and time deposits to increase the profit of total deposits. Planning encourages and assists business units to strengthen their solicitation of deposits by means of performance appraisal and project concessions.

(B) Considering credit clients and clients nearby branch offices as the main client basis, while increasing NTD and USD deposits.

(C) In line with the country's 2030 bilingual national policy, the Bank has gradually set up bilingual demonstration branches. For the deposit and exchange business that foreigners often handle, from personnel services, every forms to environmental facilities and automation equipment, it presents a friendly bilingual financial environment, and arranges deposit and exchange tellers with the ability to communicate in foreign language to provide financial services in foreign tongue.

(D) Streamline operational processes, enhance service efficiency, and improve customer experience by deepening customer relationships. To meet customers' daily financial transaction needs and provide convenience, we offer more thoughtful, convenient, and diversified ATM services. By leveraging the integrated features of ATMs, we aim to increase customer penetration and loyalty, improve ATM utilization, and therefore plan to establish "ATM cardless withdrawal services."

(E) In response to the digital financial trend, we plan to introduce reservation-based transaction services, such as deposits, withdrawals, transfers, remittances, and applications, through the "reservation counter." Customers can pre-fill transaction information online using the "reservation counter" to reduce transaction processing time at the branch, as well as save waiting time for customers at the branch. This helps alleviate crowds and enhances customer satisfaction.

B. Loan Business

(A) The bank aims to improve the ratio specified in Article 72-2 of the Banking Act. In recent years, the focus of business expansion has been on loans that do not fall under the limit of Article 72-2 of the Banking Act. Real estate revolving loans with both collateral and profitability (including short- and medium-term secured loans, working

capital loans for businesses, and subordinated mortgage loans) have been the annual key focus. However, even after improvement, there is still a limitation of 30% imposed by the statutory limit ratio. Therefore, the future direction of business expansion will continue to prioritize loans that do not fall within the scope of the statutory limit under Article 72-2 of the Banking Act. Recently, the Bank has prioritized supporting enterprises in implementing initiatives related to improving environmental sustainability. This involves allocating funds to projects focused on greenhouse gas reduction, renewable energy, resource recycling, pollution prevention, and other initiatives aimed at promoting green and sustainable development.

(B) The direction for the promotion of New Taiwan Dollar (NTD) business is as follows:

a. Large and Small and Medium-sized Enterprises

(a) Emphasis is placed on loans secured by real estate (or movable assets). Cases guaranteed by the Export-Import Bank of the Republic of China (Taiwan) should also involve real estate as collateral or sub-collateral. Pure credit or cases solely guaranteed by the Export-Import Bank of the Republic of China (Taiwan) should not be accepted to ensure creditor rights.

(b) Strengthen the financing of construction or acquisition of factories (obtain factory registration).

(c) Select target customers based on the "Principles for Handling Applications from Small and Medium-sized Enterprises" and focus on local customer groups, avoiding cross-regional transactions as much as possible to control risks.

(d) The major businesses of target customers shall align with the following criteria:

① Environmental (E): Green energy, energy conservation, energy storage facilities, low-carbon transportation, and environmental remediation.

② Social responsibility (S): Health care services, residential care services, healthy industry, and educational services industry.

③ Major businesses engaged in categories that do not fall under Environmental (E) or Social responsibility (S), but are seeking funds for “green expenditures,” including: renewable energy, energy conservation, pollution prevention, sustainable management of natural resources and land use, conservation of regional and aquatic biodiversity, low-carbon transportation, sustainable water resources and wastewater treatment, climate change adaptation, products, product technologies, or production processes with ecological efficiency and circular economy adaptation, green buildings initiatives, etc.

b. Mortgage Loan

(a) The main focus is on short- and medium-term secured revolving capital loans, excluding items regulated by Article 72-2 of the Banking Act of The Republic of China, specifically Section 1101: “Purchase of self-occupied residential property owned by oneself or spouse (including on-lending),” Section 1102: “Purchase of non-self-occupied residential property owned by the individual or spouse (including on-lending),” Section 1103: “Purchase of residential property do not owned by oneself or spouse,” Section 1104: “House purchase loans for individuals who do not own self-occupied residential property,” Section 1105: “Acquisition of factories,” Section 1106: “Individual acquisition of land for non-construction purposes,” Section 1107: “Corporate acquisition of land for non-construction purposes (excluding the construction industry),” Section 1201: “Loans for construction industry (excluding revolving capital),” Section 1202: “Other corporate construction loans (including for land acquisition and construction investment),” Section 1203: “Other corporate construction loans for the construction of self-occupied residential property,” Section 1204: “Individual construction loans (including for land acquisition and construction investment),” Section 1205: “Individual construction loans for the construction of self-occupied residential property,” Section 1400: “Financing for the development of income-producing real estate (IPRE),” and Section 4302: “Revolving capital for business operations in the construction industry.” This is to comply with the regulations set by the supervisory authority.

(b) For home purchase loans, in addition to prudently selecting high-quality customers within the proportion set by the supervisory authority, customers with poor performance in areas such as deposits will not be considered for loan increases (including reinstatement of credit lines) or interest rate reductions. The authority to grant preferential interest rates to branch managers and managers of the Credit Approval Division has also been revoked. The loan-to-valuation ratio for housing loans is controlled by adopting a price-based approach.

(C) The Bank-processed and self-processed bailout packages as of the end of December 31th, 2023 are as follows:

Unit: NT$, 1,000,000

Diversified Bailout Projects	Number of cases handling	Amount accepted	Number of cases approved	Amount approved
Ministry of Economic Affairs	514	1,790.03	485	9,933.00
Tourism Bureau, Ministry of Transportation	46	668.33	45	646.33
Ministry of Health and Welfare	1	2	1	2
Ministry of Education	3	5.4	3	5.4
Agricultural Committee, the Executive Yuan	0	0	0	0
Cultural Department	0	0	0	0
Labor Department	1,528	152.8	1,118	111.8
Central Bank	2,686	5,614.44	2,628	5,366.89
Company applying itself	59	9,422.55	59	9,422.55
Individual applying himself	1,396	6,462.64	1,226	2,834.65
Total	6,233	35,120.19	5,565	28,322.62

C. Car Loan, Credit Loan and Subordinated Loan Businesses

(A) Vehicle Loan Businesses:

a. Leveraging the concentrated advantages of car loan application and appropriation process to reduce operational costs, while ensuring overall asset quality, loan amounts, interest rates, and fee income are balanced.

b. Continuously enhancing business organization and recruiting a full spectrum of consumer finance specialists to gradually expand the product portfolio.

c. Developing and utilizing non-physical channels to expand the customer base of existing vehicle loan customers.

(B) Subordinated Loan Businesses:

In order to adapt to market changes and future trends, and in addition to periodically gathering information on competitors' products, efforts will be made to drive continuous business process improvement and innovation. Additionally, implementing a cross-marketing strategy by the comprehensive business personnel, strengthening the promotion of high-interest rate differential products to increase fee and interest income.

(C) Credit Loan Businesses:

Developing a targeted marketing strategy tailored to different customer segments, while simultaneously adjusting credit products according to market trends. Additionally, increasing product exposure through collaborations with various industries.

D. Foreign Exchange Business

(A) Launched foreign currency deposit project

Through the foreign exchange deposit project activities, the Bank will continue to explore new sources of customer, encourage business departments to strengthen the foreign currency deposit business, increase the attraction momentum, and expand the scale of foreign exchange deposit business. Given the changes in the U.S. Federal Reserve (Fed) policies and market interest rates, it will help increase the interest rate spread of the Bank, while taking into account asset quality and income, thereby increasing foreign exchange net profit.

(B) Counseling branches to develop SME import and export business

Through the visits of the foreign exchange business promotion team members in the north, central, and south of Taiwan, business units were assisted in expanding their foreign exchange business and in strengthening the solicitation of SMEs for import and export business. Through the implementation of various business projects, the Bank will activate the all-round development of the foreign exchange business of the Bank and continue to increase the revenue of foreign exchange business.

(C) Strengthening online banking function of foreign exchange

The foreign exchange business of the Bank has launched the enterprise online banking and mobile APP functions, and added the corporate online banking the foreign exchange function for transactions with an equivalent of NT$500,000, and functions such as online foreign currency designated transfer accounts and pre-authorized currency exchange authorization deductions. In the future, the online banking function of foreign exchange business will continue to be strengthened to achieve business promotion and transaction convenience, reduce the Bank's operating costs and increase foreign exchange earnings as well.

E. Credit Card Business

(A) Card Issuance Operations

The direction of the overall operation of the Bank's credit card products is based on the principle of prudent operation and development. In addition to the Bank's current customers, the main target of card issuance is to offer credit card products with highly diversified features to increase market exposure and increase the rate of incoming new customers. This strategy involves encouraging the Bank’s current customers to apply for cards, increasing the ratio of the Bank's customers to the Bank's credit cards, and offering premium benefits such free airport transfers for flight bookings, foreign exchange discounts for overseas travel, and additional gifts for tax payments to high-contributing premium customers. These efforts aim to strengthen the bond between customers and the Bank. Furthermore, the Bank plans to leverage media exposure and joint promotional efforts with affiliated partners to attract new customers. Additionally, efforts will be made to enhance card features through offering high-quality rewards for spending at specific partner channels, thereby increasing the amount of credit card consumption. These initiatives are designed to increase both the breadth and depth of current customers.

The marketing strategy focuses on increasing three major aspects, specifically the number of cards in circulation, the ratio of valid cards, and the overall consumption amount. The Bank has implemented a cooperative sales team to assist in card issuance operations and provide tailored recommendation based on the customers’ card usage and payment history, as well as promote income-producing products through targeted lists. These lists include credit loans and communication loans, with referrals to dedicated business units or branches for customers requiring car loans or subprime loans. Looking ahead, efforts will be made to gradually expand the range of cooperative sales offerings to include financial products with higher profitability.

With the global goal of achieving net-zero emissions by 2050 and national initiatives promoting green financial services and products, financial institutions are encouraged to adopt carbon reduction measures. The Bank is aligning its current card issuance strategy with these objectives, placing emphasis on sustainable practices and carbon reduction. In addition to continuously improving and optimizing various online operations to minimize paper usage, the Bank plans to organize green consumption campaigns to inspire cardholders to contribute to environmental conservation efforts.

(B) Acquiring Business

At the moment, there are 29 domestic acquirers. According to the credit card data published by FSC in December of 2023, Taishin International Bank has 168,390 appointed stores, which count the most. CTBC Bank is second with 136,178, followed by Cathay United Bank with 116,329, the Bank currently ranks 20th with 3,335 special stores. In 2024, the "Special Store Promotion Project" will be launched to increase the transaction volume of the existing stores and make a promotion among credit customers of the Bank, so as to facilitate the increase of deposit amount of the Bank, provide complete financial services, strengthen the partnership with corporate customers, and promote the growth of other businesses such as loans and wealth management

F. Wealth Management Business

(A) For its fund and foreign debt business, the Bank provides artificial intelligence and automated financial management services as ways to expand its digital financial management transactions and broaden its customer base. It focuses on regular and fixed long-term investment, diversifies market risks, pursues long-term stable returns, and truly implements asset allocation.

(B) As for its insurance business, in response to the needs of an aging society and the concept of preserving tax sources and asset inheritance, products have gradually shifted to high-protection products. These products focus on high-protection-multiplier insurance policies to meet the insurance needs of aging customers. Additionally, in

response to recent international uncertainties, the Bank has introduced new dividend policies focused on medium- to long-term investments and stable returns. These policies are designed to assist customers in achieving stable asset growth and ensure comprehensive wealth protection.

G. Electronic Banking

In 2023, a number of digital financial measures have been launched successively. The key points of development are as follows:

(A) Digital financial services

a. Mobile number transfer (one number to multiple accounts): Launched in July of the 2023 fiscal year.

b. Cardless withdrawal service: Launched in July of the 2023 fiscal year.

c. In order to enhance fraud prevention measures, following recommendations from competent authorities, the Bank revised the content of OTP SMS messages and implemented these changes in September of the 2023 fiscal year.

d. E-Statement application for digital deposit accounts: Launched in December of the 2023 fiscal year.

e. Addition of the "offline payment through SUNNYGO APP" feature within the Mobile Online Banking APP "Sunny Pay (Taiwan Pay) Service".

(B) MyData digital gateway platform

a. Gateway has been built and accepted

b. Financial proof application through the MyData platform for online credit load application: Launched in November of the 2023 fiscal year.

H. Trust Business

(A) Real Estate Trust

a. Continue to promote the real estate development trust business and other related derivative businesses that are compatible with the Bank's land and buildings loan。This includes planning financial services for reconstruction projects that integrate financing and trust management mechanisms in response to the implementation of regulations related to unsafe and old buildings. This aims to provide comprehensive financial solutions to landowners and management consulting firms, facilitating the seamless progress of reconstruction projects.

b. Strengthening engagement in real estate development projects with large numbers of owners and long waiting periods, such as section expropriation and rezoning. Assist the builder in isolating the integrated land trust through the trust mechanism, so as to avoid the collapse of the integration due to the purchase or sale by the landlord or debt problems.

c. Developed and established the cooperation model wherein the real estate company, as the builders, undertakes construction surveillance responsibility, and the Bank is responsible for the property and money management trust. Continued to develop external channels including leasing companies, farmers' associations, credit cooperatives, and bills financial companies.

d. Pre-sale house trust: Ensuring the security of payments from pre-sale home buyers and assisting developers in stabilizing sales prices, while actively promoting diverse collaborations with external non-banking financial institutions.

(B) Money Trust

a. Real Estate Transaction, Security, & Trust: Collaborating with vendors such as real estate agents and external channels, in order to promote real estate (purchase/sale) transaction secured trust. This initiative targets high-value transactions such as land and factory purchases, as well as other securities and trust transactions, such as equity and liability trading.

b. Prepayment trust: We aim to consolidate our existing customer base and expand towards larger clients such as the retail industry. Additionally, we plan to increase collaboration with platform system providers to broaden our industry exposure and attract customer businesses.

c. Focusing on and enhancing the development of customer sources for elder care trusts and refining the "Trust Seed Bankers" program tailored to the needs of Trust 2.0 concept products (including four major modules, Child Care Trust/Retirement Security Trust/Disability Support Trust/Insurance Trust Fund). This involves providing external professional courses and internal education training, complemented by offering incentives to promote trust projects and leveraging innovative trust services through partnerships with other industries. This initiative aims to assist

customers in accessing local trust consultations and services regarding asset protection, asset transfer, comprehensive asset control, and personalization of trusts.

d. Specific trust: Continuously enhancing the Bank's fund system, service function, and user interface to achieve customer satisfaction in wealth management. Continuously promoting the adoption of electronic trust statement to support environmental conservation efforts and reduce carbon footprint.

I. Investment Business

(A) Expanding the investment position

a. Actively expanding the counterparties, and developing the transaction's quota, to increase the trading volumes.

b. Actively participating in the bidding and purchase of the exemption guarantee bills with higher interest rate, and increase the secondary market transactions.

c. Looking for new types of investment commodity.

(B) Expanding the investment layout of overseas markets and foreign currency assets, and continue to build overseas bond investment positions

a. Invest in overseas stocks, mutual funds, public bonds, corporate bonds, financial bonds, and domestically issued international bonds denominated in foreign currencies.

b. With the Fed's interest rate hikes nearing conclusion, the Bank continues to evaluate and purchase overseas bonds with strong credit ratings, good liquidity, and high returns to increase bond yields.

(C) Plan for dispatching and application of short-term funds

a. Continuing to participate in the bidding and purchase of the Central Bank's NCD, taking advantage of expectations for future interest rate movements, and adjusting the allocation of funds for long-term / short-term, to create the maximum revenue.

b. Actively participating in the bidding and purchase of the exemption guarantee bills with higher interest rate, and increase the secondary market transactions, to increase income.

c. Expanding the breadth of counterparties, to improve the efficiency of funds dispatching.

d. Flexible use of RS, fixed deposit or borrowing to engage in foreign currency fund scheduling operations.

e. Managing the securities business which has been included in the Bank's foreign exchange capital dispatching target, and actively expands foreign exchange business.

(D) Coordinate with obtaining the qualification of bills houses and bond dealers which could engage in foreign currency business, to engage in foreign currency bills, NCD and bond investment.

(E) Coordinate with obtaining the qualification of bond underwriter, actively expanding the scope of bond business, and engage in bond underwriting business.

(F) Coordinate with other business entities to carry out business development, such as the commercial paper self-guarantee and self-purchasing business of the Bank's clients, undertaking foreign currency SWAP transactions with clients, etc.

(5) Market Analysis

A. Analysis on Area of the Banking Service Operations

As of the end of 2023, a total of 108 domestic business bases were established, and the channel distribution became more complete. Diversified financial services were also developed, including leasing, securities, asset management, e-commerce, etc.; Shanghai Leasing Company and Cambodia Micro Finance Company were established overseas. The new headquarters that the Bank purchased, is located on the intersection of Minquan West Road and Zhongshan North Road in Zhongshan District, Taipei City, which was completed and operational in October of the 2023 fiscal year. It is expected that the new headquarter would help synergize business groups and promote a new corporate image and business structure. In addition to enhancing its market competitiveness, the Bank is evaluating opportunities for overseas expansion through regional complementation and channel integration with the prospect of developing a strong and complete financial services network.

B. Future Market Supply and Demand and Potential Growth

Observing the recent international economic landscape, while the manufacturing sectors in both the U.S. and Europe are showing slight signs of improvement from previous contractions, Japan's manufacturing sector is declining due to reduced global demand. Nevertheless, the service industry is experiencing modest growth driven by expansions into new business areas. Despite China facing challenges from a sluggish real estate sector, industrial and commercial activities are rebounding. Looking ahead to Taiwan's economic outlook in 2024, challenges persist as major economies including the U.S. and China encounter unfavorable factors affecting consumption and investment. Although Europe's economy is expected to rebound, and emerging markets and developing economies are forecasted to perform better than in 2023, their growth may not fully offset the subdued economic conditions in the U.S. and China. Therefore, major international forecasting institutions believe that the global economic growth rate in 2024 will be lower than in 2023.

According to a survey conducted by the Taiwan Institute of Economic Research, regarding the economic outlook for the next six months, despite the U.S. Federal Reserve shifting to a neutral stance on interest rate policy, the timing of rate cuts remains uncertain. Coupled with recent escalations in geopolitical risks, this has increased investment volatility and uncertainty. Consequently, the investment environment in Taiwan's financial sector has become more challenging, leading the banking industry to largely maintain a neutral outlook on the economic prospects for the next six months.

The Bank will closely monitor the global economic situation and align with domestic and international industry trends. The Bank remains committed to the principle of prudence, ensuring the provision of high-quality financial services to customers, with a focus on core businesses to enhance corporate competitiveness.

C. Competitive Niche, Future Outlook and Solutions

(A) Competitive Niches

a. A network of a total 108 domestic branches, mainly located in metropolitan Taipei and Kaohsiung. Principal administration areas have established branches, the domestic financial services network is complete.

b. Good locations, friendly and efficient services and smooth interaction with clients.

c. Vying for a good reputation and stable operating foundation, the bank also actively seeks to promote services such as corporate banking, consumer banking, wealth management, foreign exchange, trust, credit card, E-Finance, continuously optimize the structure of finance, with which to continue improving its financial structure and excelling its service efficiency.

d. Set up a Financial Consultant (FC) in the Northern, Central and Southern regions, with a professional, financial personnel in each branch, to provide the customer with adequate, comprehensive and diverse financial services, maximizing the cross-marketing synergy.

e. Creating the synergy of diversified operations by means of the channel of the subsidiary business.

(B) Future Outlook And Solutions

a. Favorable Factors

(a) The overall financial environment has become sounder. The authorities have opened and encouraged research and development of new financial products.

(b) The concept of investment has rooted in people’s mind and the concept of trust has also formed gradually.

(c) With gradually open cross-strait financial business and internationalization policy, the government continues loosening up limitations on business and regulations, which will help develop the overall structure of financial industry.

(d) As the Bank’s asset quality continues to improve, operational development will become even sounder.

(e) The Bank will continue to plan the establishment and relocation of branch offices in order to expand its financial services and to promote the comprehensive channel value.

(f) Consolidating the core credit business of loans to SMEs to continue profitability.

b. Unfavorable Factors

(a) As the phenomenon of over-competition in domestic banking industry is less likely to be eliminated in a short time, the sales of all types of financial products have created a price war. Although the Bank has some advantages in traditional deposit and lending services, the bank, relying primarily on the conventional deposit and lending service, may be kept from expanding the interest rate spread to excel the operating revenue.

(b) With resources and IT technology provided by the parent company, foreign banks are posing a threat to local banks' wealth management and SME banking services.

(c) Confronted with financial holding companies' advantages in economies of scale and channels, the Bank not only forms strategic alliance with insurance and securities channels, but also focuses on cross-strait financial markets and global services for its development. With the diverse content of its products and resource sharing, it has managed to create enormous pressure to the promotion of SME banking business.

(d) After the official operation of its pure online banking services, new challenges are expected in Taiwan's banking industry. Pure banking with operational advantages and a large customer base may impact the consumer financial business.

c. Solutions

(a) Continuing to inject resources and stepping up new financial product research and development to offer the client with differentiated quality service in a bid to curtail negative pricing competition.

(b) Actively optimizing digital services, developing digital payments, and combining channel cooperation and cross-sales marketing to provide customers with instant interaction and experience to help integrate financial services into their daily lifestyle.

(c) Continuously adjusting the Bank's branch office allocation and improve the channel performance to maximize its channel advantages with 108 nationwide branch offices.

(d) Utilizing the bank's existing operating foundation to actively excel the overall marketing functionalities to deep-root the business banking and foreign exchange service, and by fully expanding into the consumer banking services and wealth management domains.

(e) To intensify employees' trainings, realize their passion towards the services, enhance the efficiency of the organization and bring the corporate culture into full play.

(f) Improving security codes and system performance of online banking to ensure the transaction security of our clients; launching electronic banking services and relevant business to increase clients' satisfaction level and enhance the Bank's market competitiveness.

(g) By expanding the scope of foreign exchange business and recruiting good hands specialized in international finance to grasp the opportunity of financial openness and stabilize the Bank's deployment of the Financial Market of Asia Pacific.

(6) Research on Financial Products and Business Development

A. Size and profit / loss of major financial products and business units added in the last two years and the period up to the annual report publication date.

(A) For the major financial products of the last two years, please refer to "1. 2023 Operating Performance" under "I. Letter to Shareholders".

(B) For the new business units set up in the last two years, please refer to "1. 2023 Operating Performance" under "I. Letter to Shareholders".

B. Research and development expenditure and future research development plan in the last two years

(A) Credit Loan Business

a. Providing customers the convenience of applying for loans anytime, anywhere via the "Credit Loan Online Application System" on their mobile phones or computers, enhancing the efficiency of fund acquisition and application willingness. This is complemented by the "Credit Loan Online Collateral Evaluation System", which enables customers to secure funds without leaving their homes. This online application process not only promotes energy conservation and carbon reduction but also advances the Bank's commitment to social responsibility.

b. In order to enhance customer convenience in loan applications, the Bank offers customers the option to provide necessary information such as identity cards, property details, income, and labor insurance through the "MyData (Self-management of personal data)" feature.

(B) Credit Card Business

a. Card issuance operations

In response to global ESG sustainability goals and to implement carbon reduction initiatives, in the fiscal year 2023, the Bank introduced the online credit card application/review functions that connect to the Online Credit Card Application Service, allowing customers to submit applications and complete credit evaluations consistently through electronic online operations, thereby enhancing convenience and efficiency of the application process. In the fiscal year 2024, it is planned to continue enhancing digitization processes, saving paper, being environmentally friendly, and accelerating overall operational efficiency.

Additionally, the Bank plans to enhance credit card benefits and services to better serve high-end customers, thereby strengthening customer relationships and maintaining customer loyalty. In fiscal year 2024, the Bank intends to launch premium card products and comprehensively upgrade service quality to meet customer needs. Proactive customer service and telemarketing efforts will focus on recommending suitable card options for existing customers, hoping to expand the scope and depth of current customer relationships. Furthermore, cross-selling strategies will be implemented to enhance the Bank's overall revenue.

b. Acquiring business

The Financial Supervisory Commission (FSC), R.O.C. (Taiwan), has unveiled its 2024 administrative plan, outlining goals and strategies to promote inclusive financing, ensure economic security, strengthen financial education for investors and consumers, and continuously review the Act Governing Electronic Payment Institutions. These efforts aim to create a regulatory environment conducive to the development of electronic payments, ensuring convenient payment options for the public, such as mobile credit cards, mobile banking cards, mobile electronic tickets, and electronic payment institution physical channel payment services. Additionally, the National Development Council (NDC) has projected an average economic growth rate of 2.8% for Taiwan from 2021 to 2024, while the Bank anticipates a growth rate of 5% to 10% in 2024.

(7) Long and Short Term Business Development Plans

A. Short-term business development plans

The Bank’s primary goal is to strengthen its business physique and to improve its financial structure in order to maintain a good loan-to-deposit ratio and to have a balanced development of deposit and loan services. The Bank aims to, through deepening the client relation and promoting “service motivated business”, expand its client base and maximize their contribution.

The Bank plans to increase capital with cash or issue subordinated bonds to ensure its operating fund and to enhance its capital adequacy ratio; and continue to reduce the non-performing loans ratio and increase coverage rate, maintaining an edge in the industry.

B. Mid- and long-term business development plan

From the mid-term perspective, the Bank plans to launch branch relocation in order to enhance the overall channel value, operating performance and nationwide market shares in order to maximize benefits of economy of scale. In the meantime, it also continues to maintain its capital structure and cooperate with BASEL III schedule to gradually increase its capital adequacy ratio (BIS). In addition, the Bank will execute the medium-term business growth plan of the Bank, which will move towards the goal of reaching the $5 billion scale of deposit/loan business and pre-tax net profit.

In regard to its long-term perspective, the Bank aims to expand its international financial reach, improve the capital structure, strengthen the integration of financial services and develop new products, so as to realize diverse income and enhance the capital continuously. It will further enhance its competitiveness and profitability, ensuring a sustainable development and operation.

2. Employee Profile

(1) Employee data in the last two years and up to the date the annual report is published:

Record date: March 31, 2024

Year		2023	2022	Current year up to March 31
Number of Employees	Assistant Vice President	130	128	137
	Heads	466	464	463
	Office Employees	1,729	1,697	1,736
	Total	2,325	2,289	2,336
Average Age		40.92	41.42	40.58
Average years of service		11.72	11.74	11.62
Education background	PhD	0.13%	0.13%	0.13%
	Master	9.51%	8.91%	9.55%
	College	83.96%	84.58%	83.99%
	Senior High School	6.28%	6.20%	6.21%
	Under Senior High School	0.13%	0.17%	0.13%
	Total	100.00%	100.00%	100.00%
Professional licenses held by employees	Basic Proficiency Test for Bank Internal Control	1,547	1,509	1,552
	Proficiency Test for Trust Operations Personnel	1,893	1,865	1,910
	Trust Operations Management Personnel	512	502	512
	Trust Operations Supervisor	6	8	6
	Proficiency Test for Life Insurance Specialist	2,000	1,963	2,014
	Proficiency Test for Investment-oriented Insurance Personnel	840	834	836
	Proficiency Test for Property Insurance Personnel	2,017	1,985	2,051
	Proficiency Test for Financial Planning Personnel	326	331	328
	Basic Proficiency Test for International Banking Personnel	444	436	446
	Basic Proficiency Test for Bank Lending Personnel	820	813	825
	Advanced Proficiency Test for Bank Lending Personnel	20	21	20
	Proficiency Test for Futures Specialist	256	256	261
	Proficiency Test for Securities Specialist	359	359	371
	Proficiency Test for Senior Securities Specialist	159	156	156
	Proficiency Test for Securities Investment Trust and Consulting Professionals (one subject)	138	131	135
	Proficiency Test for Bill Finance Specialist	68	68	68
	Proficiency Test for Financial Risk Management Personnel	3	3	3
	Proficiency Test for Bank Collateral Appraisal Personnel	13	13	13
	Qualification of Investment Trust & Consulting Regulations Test	1,142	1,138	1,149
	Consultant of Financial Planning (CFP)	10	4	9
	Proficiency Test for Bond Specialist	14	15	15

Year		2023	2022	Current year up to March 31
	Proficiency Test for Securities Investment Analyst	7	8	7
	Proficiency Test for Life Insurance Representative to Sell Foreign Currency Receiving and Paying in Non-Investment Oriented Insurance Products	775	779	774
	Certificate of Completion of Risk Management for Foreign Exchange Derivatives Course	129	134	129
	Property Insurance Agent Qualification Test	8	6	7
	Life Insurance Agent Qualification Test	8	5	8

Note: Fill in the data for the year up to the annual report publication date.

(2) Status on Training and Development

A. The Bank knows that talents are the competitive advantage of a company which cannot be copied, and the decisive force to continuously achieve a company's peak. Therefore, the Bank attaches great importance to the cultivation of internal talents and provides rich learning resources, adopts a "business-oriented training strategy" based on the development of duties, business and career, and plans a diversified curriculum covering physical and digital training to enable employees to learn independently at their own paces and quickly absorb a wide range of financial knowledge, so as to respond to environment and business changes at any time, and enhance their professionalism and competitive advantage in providing quality financial services in a timely manner in order to support the Bank’s progressive cultural development and sustainable management philosophy.

B. In 2023, the Bank's key cultivation projects were related to the training of professional credit, sales business of wealth management, Foreign exchange and remittance, E-finance, implementation of ESG sustainable development and prevention of money laundering and anti-terrorism, and actively trained employees of all levels and reserved middle and high rank supervisors. Other than sending employees to participate in training courses organized by professional institutions such as the "Taiwan Financial Research Institute", "Republic of China Securities and Futures Market Development Foundation" and related consultancies, the Bank also conducted various physical and online internal professional training courses. According to the statistics, in 2023 the number of participants in physical courses was 6,649 people-times and in online courses was 21,921 person-times, and the total number of participants was 28,570 person-times. The training results were in line with expectations.

3. Corporate Social Responsibility and Ethical Behavior

(1) Environmental conservation

A. Introducing the “Sustainable Green Finance Loan Promotion Project” and the “Green Lifestyle Loan” for electric vehicles.

B. The headquarters building has been certified with the Silver-level Green Building Certification (EEWH), affirming the Bank’s commitment to achieving net-zero carbon emissions goals.

C. Implementing paperless policy to reduce the printing of reports and official documents.

D. Energy Resource Management: Upgrading lighting fixtures to energy-efficient bulbs and performing regular annual maintenance on air conditioning systems.

E. Implementing ISO 14064-1:2018 Greenhouse Gas Inventory Standards and ensuring suppliers’ compliance with ISO 20400: Sustainable Procurement guidelines.

(2) Social Responsibility

A. Promoting sports activities, including the "Taitung Red Maple Little League Team," "Kaohsiung Yangxin Bank Women’s Soccer Team," "Sanhe Junior High School Archery Team," "Shipai Elementary School Table Tennis Team," "Shipai Elementary School Basketball Team," "Yangming High School Baseball Team," "Fulin Elementary School Baseball Team," and more, in order to support the development of Taiwan sports activities and cultivate the local football talents.

B. The Bank shows care for disadvantaged group and fulfills the corporate social responsibilities for a long time. The annual welfare scheme “Dream Come True for Children in Remote Areas” has been carried out since 2012, which has visited nearly 63 elementary schools in rural areas. It has provided physical materials for about 2,366 children, making them feel the warmth from the society. The children were inspired and encouraged to build dreams in the scheme with profound significance

(3) Corporate governance

A. Establishing ESG Best Practice Principles, regulations for establishing an ESG committee, and establishing a dedicated ESG Committee.

B. Implementing diversity policy for director nominations, ensuring selection criteria prioritize candidates with relevant work experience and qualifications.

C. Establishing Ethical Corporate Management Best Practice Principles to foster a corporate culture that prioritized integrity in business operations.

D. Implementing a robust whistleblowing system.

E. Establishing an information security reporting mechanism.

F. Continuously implementing anti-money laundering and counter-terrorism financing measures.

4. Number of Non-Supervisory Full-Time Employees, Average and Median Salary of Non-Supervisory Full-Time Employees and Differences of the Three Compared with Last Year.

Category	2023	2022	Differences (%)
Number of non-supervisor employees	1,820	1,871	(2.73)
Average Salary	879,644	846,464	3.92
Median of salary	798,437	770,569	3.62

Note 1: The number of non-supervisory employees refer to the total number of employees hired in the current year rather than the number of actual employees at year-end, along with managers (managers disclosed in the annual report submitted during the shareholders’ meeting and managers who resigned in the middle of the year) who have been employed for over 6 months.

Note 2: For the sake of data completeness and accuracy, starting from the fiscal year 2022, employees with less than one year of service are not included in the calculation of headcount and related salary amounts. The "median salary" is calculated by including all non-supervisory employees who were employed throughout the year and arranging their total annual salaries in ascending order to find the middle value.

6 Chapter

VI. Special Remarks

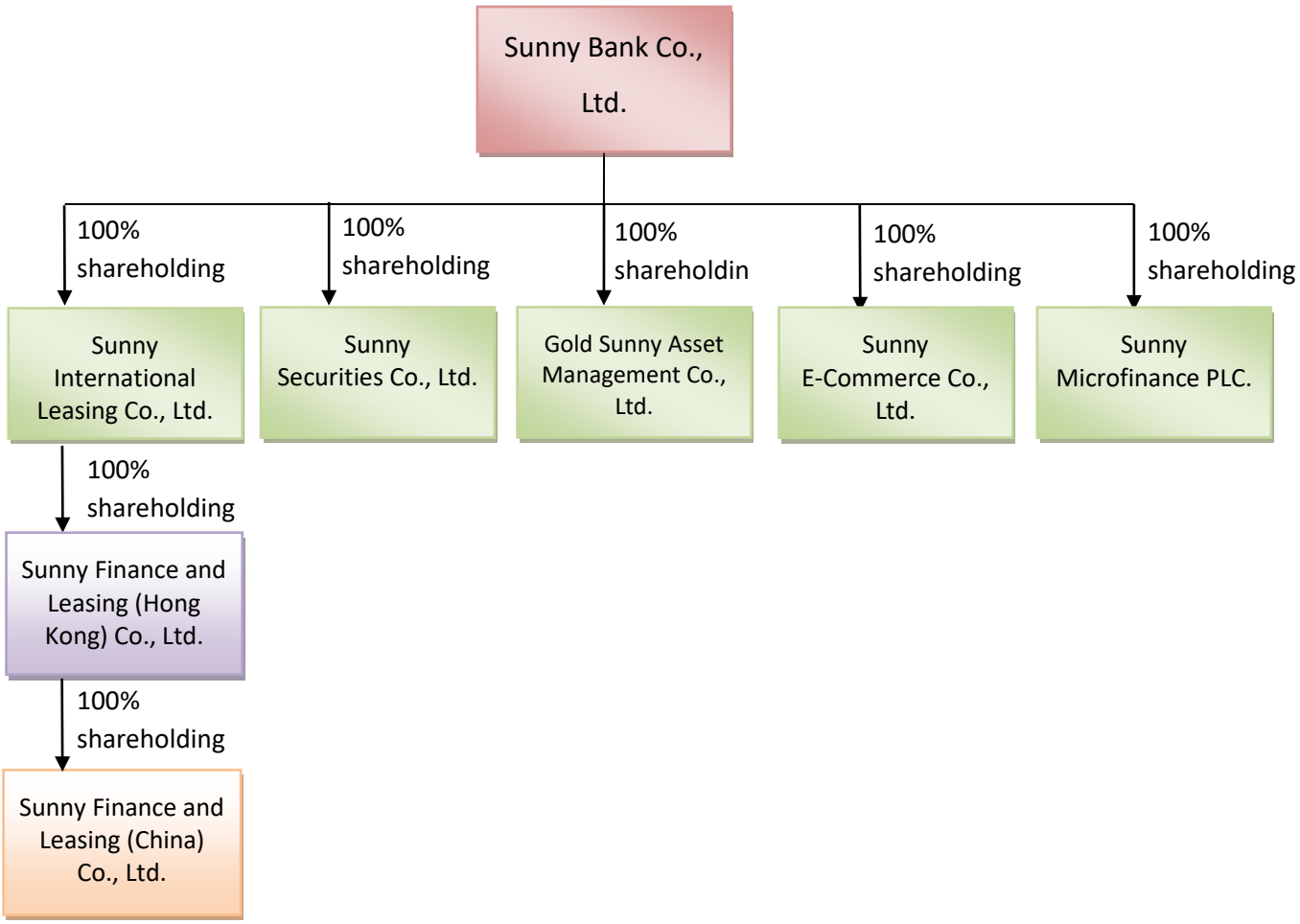
1. Information on Affiliates
2. Private Placement of Marketable Securities and Bank debentures during the Most Recent Fiscal Year before publishing the Annual Report
3. Holding or Disposal of the Bank Stocks by Affiliates during the Most Recent Fiscal Year before publishing the Annual Report
4. Additional Supplementary Remarks
5. Any circumstance as described in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act which occurred during the past year and before publishing the Annual Report that could materially affect shareholders' equity or the prices of the company's securities

1. Information on Affiliates

(1) Status of Affiliates

A. Organization Chart of Affiliates

Record date: December 31, 2023



B. Basic Information on Affiliates

Unit: NT$ 1,000, unless otherwise specified

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business
Sunny Securities Co., Ltd.	Feb 4, 1998	B2, No.165, Sec. 5, Minsheng E. Rd., Songshan Dist., Taipei City	502,000	Investment in security business
Gold Sunny Asset Management Co., Ltd.	Oct 23, 2006	5F, No.255, Zhongzheng Rd.,Shilin Dist., Taipei City	150,000	Purchase of financial institutions' Creditor's Right (Money)
Sunny International Leasing Co., Ltd.	Nov 28, 2012	6F., No.88, Sec. 1, Shipai Rd., Beitou Dist., Taipei City	1,525,000	Leasing
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	Jan 24, 2013	Room 2702-03, Integration Centre, 302-8 Hennessy Road, Wan Chai, Hong Kong	USD30,000,000	Financing, leasing and investment
Sunny Finance and Leasing (China) Co., Ltd.	May 20, 2013	Room D, 5F, No. 618, Yan'an E. Road, Huangpu District, Shanghai City	USD30,000,000	Financing and leasing
Sunny E-Commerce Co., Ltd.	Aug 1, 2014	6F, No. 88, Section 1, Shipai Road, Beitou District, Taipei City	79,290	E-commerce, mobile payment platform operations and management
Sunny Microfinance PLC.	Dec 20, 2018	6F, No.19 & 20, Street 106, Tajieshan, Longbian District, Phnom Penh City, Cambodia	USD14,800,000	Financing

C. For those which have the controller or subsidiary relationship, the information of the common shareholders: None.

D. Directors, Supervisors and Presidents of Affiliates

Record date: December 31, 2023

Unit: 1,000 shares, %

Company Name	Title	Name	Shareholdings	
			Shares	%
Sunny Securities Co. ,Ltd.	Chairman	Li, Mu-Shan, Representative of Sunny Bank Co., Ltd.	50,200	100.00
	Director	Le, Wen-Kuang, Representative of Sunny Bank Co., Ltd.		
	Director	Kuo, Cheng-Hung, Representative of Sunny Bank Co., Ltd.		
	Supervisor	Jiang, Dong-Yi, Representative of Sunny Bank Co., Ltd.		
	President	Zhang, Wen-Sheng	0	0.00
Gold Sunny Asset Management Co., Ltd.	Chairman	Chen, Yu-Li, Representative of Sunny Bank Co., Ltd.	15,000	100.00
	Director	Li, Yu-Sheng, Representative of Sunny Bank Co., Ltd.		
	Director	Wang, Shun-Xiang, Representative of Sunny Bank Co., Ltd.		
	Supervisor	Chen, Hui-Ling, Representative of Sunny Bank Co., Ltd.		
Sunny International Leasing Co., Ltd.	Chairman	Chang, chi-ming, Representative of Sunny Bank Co., Ltd.	152,500	100.00
	Director	Gan, Wu-Cheng, Representative of Sunny Bank Co., Ltd.		
	Director	Chen, Yu-Li, Representative of Sunny Bank Co., Ltd.		
	Supervisor	Liu, Chong-Hsun, Representative of Sunny Bank Co., Ltd.		
	President	Liu, Jong-Sen	0	0.00
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	Director	Chang, chi-ming, Representative of Sunny International Leasing Co., Ltd.	0	100.00
Sunny Finance and Leasing (China) Co., Ltd.	Executive Director	Liu, Jong-Sen, Representative of Sunny Finance and Leasing (Hong Kong) Co., Ltd.	0	100.00
	Supervisor	Gan, Wu-Cheng, Representative of Sunny Finance and Leasing (Hong Kong) Co., Ltd.		
Sunny E-Commercial Co., Ltd.	Chairman	Wen, Sheng-Cheng Representative of Sunny Bank Co., Ltd.	7,929	100.00
	Director	Song, Ping-Ping, Representative of Sunny Bank Co., Ltd.		
	Director	Cheng, Yan-Ching, Representative of Sunny Bank Co., Ltd.		
	Supervisor	Chen, Yu-Liang, Representative of Sunny Bank Co., Ltd.		
Sunny Microfinance PLC.	Chairman	Chen, Guo-Huei, Representative of Sunny Bank Co., Ltd	1,480	100.00
	Director	Chen, Jin-Jia, Representative of Sunny Bank Co., Ltd		
	Director	Jau, Huei-Jen, Representative of Sunny Bank Co., Ltd		
	President	Yeh, Liang-Chih	0	0

E. Operations of Affiliated Companies

Unit: NT$ 1,000, unless otherwise specified, EPS in NTD

Company	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Income	Current Profit /Loss (After Tax)	Earnings Per Share (After Tax)
Sunny Securities Co., Ltd.	502,000	1,728,406	1,079,995	648,411	168,269	30,408	26,847	0.53
Gold Sunny Assets Management Co., Ltd.	150,000	358,734	170,958	187,776	59,158	30,495	20,240	1.35
Sunny International Leasing Co., Ltd	1,525,000	3,048,592	1,537,855	1,510,737	98,484	(18,460)	12,956	0.09
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	USD30,000	USD30,002	-	USD30,002	-	-	USD851	-
Sunny Finance and Leasing (China) Co., Ltd.	USD30,000	CNY217,229	CNY2,351	CNY214,878	CNY14,188	CNY10,987	CNY7,665	-
Sunny E-Commercial Co., Ltd.	79,2900	101,271	29,506	71,765	41,463	(7,655)	(7,525)	(0.95)
Sunny Microfinance PLC.	USD 14,800	USD 19,215	USD 5,186	USD 14,029	USD 1,203	USD 192	USD 131	USD 0.09

(2) Consolidated Financial Statements Covering Affiliated Enterprises

Please see “Annex I: Consolidated Financial Statements of the Bank certified by accountants”.

(3) Reports on Affiliations: Not Applicable

2. Private Placement of Marketable Securities and Bank debentures during the Most Recent Fiscal Year before publishing the Annual Report: None

3. Holding or Disposal of the Bank Stocks by Affiliates during the Most Recent Fiscal Year before publishing the Annual Report: None

4. Additional Supplementary Remarks: None

5. Any circumstance as described in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act which occurred during the past year and before publishing the Annual Report that could materially affect shareholders' equity or the prices of the company's securities: None

Chapter 7

VII. Service Network

Unit Name	Address		Tel.	
ADMINISTRATION MANAGEMENT DEPARTMENT	104027	NO.156, SEC. 2, ZHONGSHAN N. RO., ZHONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	6618-8166
BUSINESS DEPARTMENT	11163	NO.255, CHUNG CHENG RD., SHIH LIN DIST., TAIPEI CITY, TAIWAN.	(02)	2882-2330
SHIPAI BRANCH	11271	NO.90, SEC.1, SHIPAI RD., BEITOU DIST., TAIPEI CITY, TAIWAN.	(02)	2823-8480
BEITOU BRANCH	11246	NO.152, GUANGMING RD., BEITOU DIST., TAIPEI CITY, TAIWAN.	(02)	2891-7361
SHILIN BRANCH	11169	NO.82, DABEI RD., SHILIN DIST., TAIPEI CITY, TAIWAN.	(02)	2882-3660
DA UN BRANCH	11252	NO.304, ZHONGHE ST., BEITOU DIST., TAIPEI CITY, TAIWAN.	(02)	2891-9196
CHIENTAN BRANCH	11166	NO.131, TONGHE ST., SHILIN DIST., TAIPEI CITY, TAIWAN.	(02)	2885-4181
SHETZU BRANCH	11173	NO.260, SEC. 5, YANPING N. RD., SHILIN DIST., TAIPEI CITY, TAIWAN.	(02)	2812-1112
LANYA BRANCH	11155	NO.169, SEC. 6, ZHONGSHAN N. RD., SHILIN DIST., TAIPEI CITY, TAIWAN.	(02)	2836-2072
TIANMU BRANCH	11153	NO.15, TIANMU E. RD., SHILIN DIST., TAIPEI CITY, TAIWAN.	(02)	2873-2500
SHEZHONG BRANCH	11175	NO.220, SHEZHONG ST., SHILIN DIST., TAIPEI CITY, TAIWAN.	(02)	2815-1415
JILIN BRANCH	10459	NO.304, JILIN RD., ZHONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2561-1188
CHENGGONG BRANCH	11489	NO.70, SEC. 4, CHENGGONG RD., NEIHU DIST., TAIPEI CITY, TAIWAN.	(02)	2792-2433
MINSHENG BRANCH	10589	NO.167, SEC. 5, MINSHENG E. RD., SONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2760-6335
YANJI BRANCH	10558	NO.11, YANJI ST., SONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2578-6201
MUZHA BRANCH	11648	NO.96, SEC. 3, MUZHA RD., WENSHAN DIST., TAIPEI CITY1, TAIWAN.	(02)	2234-5890
LONGJIANG BRANCH	10475	NO.49, LN. 356, LONGJIANG RD., ZHONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2516-5945
NANJING BRANCH	10553	NO.132, SEC. 4, NANJING E. RD., SONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2579-0229
CHINGMEI BRANCH	11669	NO.95-12, JINGHOU ST., WENSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2930-0202
CHUNGSHING BRANCH	10478	NO.36, SEC. 3, MINSHENG E. RD., ZHONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2516-5268
XINYI BRANCH	10681	NO.188, SEC. 4, XINYI RD., DA'AN DIST., TAIPEI CITY, TAIWAN.	(02)	2706-8388
ZHONGHE BRANCH	23553	NO.245, JIAN 1ST RD., ZHONGHE DIST., NEW TAIPEI CITY, TAIWAN.	(02)	2222-5199
YONGHE BRANCH	23443	NO.188, SEC. 1, ZHONGSHAN RD., YONGHE DIST., NEW TAIPEI CITY, TAIWAN.	(02)	2626-5899
LUZHOU BRANCH	24747	NO.393, JIXIAN RD., LUZHOU DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8282-2068
BANQIAO BRANCH	22063	NO.133, SEC. 1, SICHUAN RD., BANQIAO DIST., NEW TAIPEI CITY, TAIWAN.	(02)	2955-0008
TAISHAN BRANCH	24347	NO.110, SEC. 1, MINGZHI RD., TAISHAN DIST., NEW TAIPEI CITY, TAIWAN.	(02)	2297-9797
HSINHE BRANCH	23570	NO.89, HUAXIN ST., ZHONGHE DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8941-9339
HSICHOU BRANCH	22072	NO.89, SEC. 3, DUXING RD., BANQIAO DIST., NEW TAIPEI CITY, TAIWAN.	(02)	2681-9960

Unit Name	Address		Tel.	
KUTING BRANCH	10080	NO.40, SEC. 2, TINGZHOU RD., ZHONGZHENG DIST., TAIPEI CITY, TAIWAN.	(02)	8269-2288
HSINCHUANG BRANCH	24260	NO.533, LONGAN RD., XINZHUANG DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8201-9069
SANCHONG BRANCH	24151	NO.108, SEC. 4, ZIQIANG RD., SANCHONG DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8981-7171
SHUANGHE BRANCH	23566	NO.722, JINGPING RD., ZHONGHE DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8242-3919
DAYE BRANCH	33049	NO.55, SEC 1, DAYE RD, TAOYUAN DIST., TAOYUAN CITY, TAIWAN.	(03)	347-8899
FUXING BRANCH	10547	NO.143, FUXING N. RD., SONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2719-6166
TAOYUAN BRANCH	33048	NO.30-20, ZHONGSHAN E. RD., TAOYUAN DIST., TAOYUAN CITY, TAIWAN.	(03)	336-0555
DA'AN BRANCH	11056	NO.225, SEC. 3, HEPING E. RD., DA'AN DIST., TAIPEI CITY, TAIWAN.	(02)	2733-7711
XINDIAN BRANCH	23148	NO.263-5, ZHONGZHENG RD., XINDIAN DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8911-7676
XINGFU BRANCH	24247	NO.800, XINGFU RD., XINZHUANG DIST., NEW TAIPEI CITY, TAIWAN.	(02)	2998-3366
YUANLIN BRANCH	51052	NO.12, JINGXIU RD., YUANLIN CITY, CHANGHUA COUNTY, TAIWAN.	(04)	832-2171
SHETOU BRANCH	51141	NO.257, SEC. 2, YUANJI RD., SHETOU TOWNSHIP, CHANGHUA COUNTY, TAIWAN.	(04)	872-1017
PINGTUNG BRANCH	90074	NO.70, ZHONGZHENG RD., PINGTUNG CITY, PINGTUNG COUNTY, TAIWAN.	(08)	732-6123
HSINPU BRANCH	22049	NO.245, SIWEI RD., BANQIAO DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8253-7789
KAOHSIUNG BRANCH	80766	NO.192, JIURU 1ST RD., SANMIN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	384-3163
ZHONGHUA BRANCH	70168	NO.102, SEC. 3, ZHONGHUA E. RD., EAST DIST., TAINAN CITY, TAIWAN.	(06)	267-0751
CHIAYI BRANCH	60089	NO.298, ZHONGXING RD., WEST DIST., CHIAYI CITY, TAIWAN.	(05)	234-2023
TAINAN BRANCH	70050	NO.148, SEC. 1, ZHONGYI RD., WEST CENTRAL DIST., TAINAN CITY, TAIWAN.	(06)	228-2171
JIANKANG BRANCH	70262	NO.370, SEC. 2, JIANKANG RD., SOUTH DIST., TAINAN CITY, TAIWAN.	(06)	261-2136
DONGNING BRANCH	70160	NO.247, DONGNING RD., EAST DIST., TAINAN CITY, TAIWAN.	(06)	237-5141
ANSHUN BRANCH	70941	NO.202, SEC. 1, ANHE RD., ANNAN DIST., TAINAN CITY, TAIWAN.	(06)	256-3146
HSIHUA BRANCH	70847	NO.359, SEC. 2, ZHONGHUA W. RD., ANPING DIST., TAINAN CITY, TAIWAN.	(06)	297-9880
OFFSHORE BANKING UNIT	10547	F2, NO.143, FUXING N. RD., SONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2719-1616
HSINCHU BRANCH	30041	NO.247, ZHONGYANG RD., EAST DIST., HSINCHU CITY, TAIWAN.	(03)	515-3608
JINGWU BRANCH	40147	NO.188, JINGWU E. RD., EAST DIST., TAICHUNG CITY, TAIWAN.	(04)	2211-2368
ZUOYING BRANCH	81357	NO.102, BO AI 2ND RD., ZUOYING DIST., KAOHSIUNG CITY, TAIWAN.	(07)	556-0128
TAICHUNG BRANCH	40354	NO.229, SEC. 2, TAIWAN BLVD., WEST DIST., TAICHUNG CITY, TAIWAN.	(04)	2310-9996
XIANGSHANG BRANCH	40356	NO.166, SEC. 1, XIANGSHANG S. RD., WEST DIST., TAICHUNG CITY, TAIWAN.	(04)	2472-2528

Unit Name	Address		Tel.	
NEIHU BRANCH	11493	NO.250, SEC. 1, NEIHU RD., NEIHU DIST., TAIPEI CITY, TAIWAN.	(02)	2658-6698
ZHONGLI BRANCH	32097	NO.171, JIANXING RD., ZHONGLI DIST., TAOYUAN CITY, TAIWAN.	(03)	428-1116
WUGU BRANCH	24872	NO.12, SEC. 1, ZHONGXING RD., WUGU DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8976-9000
LINSEN BRANCH	30061	NO.109, XIDA RD., EAST DIST., HSINCHU CITY, TAIWAN.	(03)	610-0189
XINXING BRANCH	80049	NO.6, ZHONGZHENG 4TH RD., XINXING DIST., KAOHSIUNG CITY, TAIWAN.	(07)	288-4131
QINGNIAN BRANCH	80252	NO.169-1, QINGNIAN 1ST RD., LINGYA DIST., KAOHSIUNG CITY, TAIWAN.	(07)	331-8526
SANFONG BRANCH	80749	NO.293, ZHONGHUA 3RD RD., SANMIN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	231-5101
SIHWEI BRANCH	80245	NO.159, ZHONGHUA 4TH RD., LINGYA DIST., KAOHSIUNG CITY, TAIWAN.	(07)	333-3701
DAGONG BRANCH	80342	NO.40, DAGONG RD., YANCHENG DIST., KAOHSIUNG CITY, TAIWAN.	(07)	531-5105
DASHUN BRANCH	80787	NO.41, DASHUN 2ND RD., SANMIN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	386-1622
HAIKUANG BRANCH	81346	NO.190, ZUOYING AVENUE, ZUOYING DIST., KAOHSIUNG CITY, TAIWAN.	(07)	582-3511
CHIENCHEN BRANCH	80266	NO.281, SANDUO 2ND RD., LINGYA DIST., KAOHSIUNG CITY, TAIWAN.	(07)	711-0046
PINGDENG BRANCH	80745	NO.283, ZILI 1ST RD., SANMIN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	321-4622
XIAOGANG BRANCH	81254	NO.615, HONGPING RD., XIAOGANG DIST., KAOHSIUNG CITY, TAIWAN.	(07)	806-5171
LIWEN BRANCH	81358	NO.75, LIWEN RD., ZUOYING DIST., KAOHSIUNG CITY, TAIWAN.	(07)	558-0711
YOUCHANG BRANCH	81156	NO.803, JIACHANG RD., NANZI DIST., KAOHSIUNG CITY, TAIWAN.	(07)	364-6530
WUJIA BRANCH	83084	NO.280, WUJIA 2ND RD., FENGSHAN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	726-0801
DINGLI BRANCH	80789	NO.142, DINGLI RD., SANMIN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	346-5955
NANZI BRANCH	81162	NO.24, NANZI RD., NANZI DIST., KAOHSIUNG CITY, TAIWAN.	(07)	353-5513
QISHAN BRANCH	84243	NO.158, ZHONGSHAN RD., QISHAN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	661-2081
LINYUAN BRANCH	83248	NO.136, DONGLIN W. RD., LINYUAN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	643-8141
GANGSHAN BRANCH	82065	NO.16, DADE 1ST RD., GANGSHAN DIST., KAOHSIUNG CITY, TAIWAN.	(07)	623-6182
LIGANG BRANCH	90546	NO.43, LIGANG RD., LIGANG TOWNSHIP, PINGTUNG COUNTY, TAIWAN.	(08)	775-7735
YONGKANG BRANCH	71049	NO.625, ZHONGHUA RD., YONGKANG DIST., TAINAN CITY, TAIWAN.	(06)	203-6607
RENDE BRANCH	71743	NO.273, SEC. 2, ZHONGZHENG RD., RENDE DIST., TAINAN CITY, TAIWAN.	(06)	270-6361
TAIPEI BRANCH	10451	NO.43, SEC. 1, MINSHENG E. RD., ZHONGSHAN DIST., TAIPEI CITY, TAIWAN.	(02)	2563-3710
CHANGAN BRANCH	10350	NO.205, CHANG'AN W. RD., DATONG DIST., TAIPEI CITY, TAIWAN.	(02)	2559-5500
LOUDONG BRANCH	26548	NO.30, ZHONGZHENG N. RD., LUODONG TOWNSHIP, YILAN COUNTY, TAIWAN.	(03)	957-1259

Unit Name	Address		Tel.	
ZHUBEI BRANCH	30264	NO.236, DONG SEC. 1, GUANGMING 6TH RD., ZHUBEI CITY, HSINCHU COUNTY, TAIWAN.	(03)	658-5818
CHONGXIN BRANCH	24144	NO.28, SEC. 4, CHONGXIN RD., SANCHONG DIST., NEW TAIPEI CITY, TAIWAN.	(02)	2977-9886
CHANGHUA BRANCH	50063	NO.187, XIAOYANG RD., CHANGHUA CITY, CHANGHUA COUNTY, TAIWAN.	(04)	728-9399
TUNGTAOYUAN BRANCH	33044	1F, NO.523, JINGGUO RD., TAOYUAN DIST., TAOYUAN CITY 330, TAIWAN.	(03)	316-1859
NANGANG BRANCH	11578	1F, NO.97, SEC. 2, NANGANG RD., NANGANG DIST., TAIPEI CITY, TAIWAN.	(02)	2785-1001
PEITUN BRANCH	40462	NO.172, SEC. 4, WENXIN RD., NORTH DIST., TAICHUNG CITY, TAIWAN.	(04)	2292-5258
TUCHENG BRANCH	23645	1F, NO.2, LN. 33, SEC. 3, JINCHENG RD, TUCHENG DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8261-1818
KEELUNG BRANCH	20145	1F, NO.117, XIN 1ST RD., XINYI DIST., KEELUNG CITY, TAIWAN.	(02)	2422-2828
WANHUA BRANCH	108653	1F, NO.333, WANDA RD., WANHUA DIST., TAIPEI CITY, TAIWAN.	(02)	2305-8699
HUALIEN BRANCH	97342	NO.200, 202, SEC.2, ZHONGHUA RD., JI'AN TOWNSHIP, HUALIEN COUNTY, TAIWAN.	(03)	853-9396
MIAOLI BRANCH	36305	NO.205, DATONG RD., GONGGUAN TOWNSHIP, MIAOLI COUNTY, TAIWAN.	(037)	222-618
LONGJING BRANCH	43448	NO.256, 258, SEC.5, TAIWAN BLVD., LONGJING DIST., TAICHUNG CITY, TAIWAN.	(04)	2633-0898
YUNLIN BRANCH	63344	NO.39, 41, 43, FUXING RD., TUKU TOWNSHIP, YUNLIN COUNTY, TAIWAN.	(05)	662-8889
NANTOU BRANCH	55141	NO.122, YUANJI RD., MINGJIAN TOWNSHIP, NANTOU COUNTY, TAIWAN.	(049)	273-3855
DALI BRANCH	41266	NO.666, SEC.2, GUOGUANG RD., DALI DIST., TAICHUNG CITY, TAIWAN.	(04)	2482-0329
DATONG BRANCH	103041	NO.110, SEC.3, CHONGQING N. RD., DATONG DIST., TAIPEI CITY, TAIWAN.	(02)	2598-8979
TAITUNG BRANCH	950012	NO.385, GENGSHENG RD., TAITUNG CITY, TAITUNG COUNTY, TAIWAN	(089)	380-675
ILAN BRANCH	260034	1-2F., NO. 171, SEC. 1, LANFENG RD., YILAN CITY, YILAN COUNTY, TAIWAN	(03)	923-1919
SOUTH TAOYUAN BRANCH	33058	NO.382, ZHONGSHAN RD., TAOYUAN DIST., TAOYUAN CITY, TAIWAN.	(03)	331-0299
HISCHIH BRANCH	22145	1-2F., NO.175, SEC. 1, DATONG RD., XIZHI DIST., NEW TAIPEI CITY, TAIWAN.	(02)	8691-9985
HEPING BRANCH	10643	NO., SEC 1, HEPING E. RD., DA'AN DIST., TAIPEI CITY, TAIWAN.	(02)	2396-5998
LINKOU BRANCH	33377	1-2F., NO. 331, WENHUA 3RD RD., GUISHAN DIST., TAOYUAN CITY, TAIWAN.	(03)	327-3559
FENGYUAN BRANCH	42041	NO.277, ZHONGSHAN RD., FENGYUAN DIST., TAICHUNG CITY, TAIWAN.	(04)	2526-6166
HSINCHU SCIENCE PARK BRANCH	300071	NO.487, SEC.1, GUANGFU RD., EAST DIST., HSINCHU CITY, TAIWAN	(03)	579-5799
CENTRAL BRANCH	104026	NO.2, MINQUAN W. RD., ZHONGSHAN DIST., TAIPEI CITY, TAIWAN	(02)	6618-0108
WENXIN BRANCH	408006	NO.1, SEC.1, WENXIN RD., NANTUN DIST., TAICHUNG CITY, TAIWAN	(04)	2471-0561

Annex.I Sunny Bank Ltd. And Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditor's Report

REPRESENTATION LETTER OF COMBINED FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Sunny Bank Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sunny Bank Ltd. and its subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

SUNNY BANK LTD.

By:

SHENG-HUNG CHEN
Chairman

March 5, 2024

Deloitte.

勤業眾信

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunny Bank Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Impairment of Discounts and Loans

As of December 31, 2023, the net discounts and loans of the Group amounted to $438,237,052 thousand, which was significant to the consolidated financial statements as a whole. Besides assessing the expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of the Company complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (the "Regulations") when evaluating the classification of credit assets and recognizing allowance for possible losses. Refer to Note 4 to the accompanying consolidated financial statements for the Group's accounting policies related to impairment of discounts and loans; refer to Note 5 for material accounting judgments and key sources of estimation uncertainty, and Notes 14 and 45 for more details and disclosures.

We determined the assessment of allowance for possible losses on loans as a key audit matter for the year ended December 31, 2023 because the Group's assessment regarding classification of credit assets and allowance for possible losses involves critical estimates and judgments.

In response to the abovementioned key audit matter, we obtained an understanding and performed tests on the relevant internal controls in respect of the Group's loan impairment assessments for compliance with the Regulations and performed sampling on the classification of credit assets. We also considered related regulations and guidelines issued by the authorities and verified that the classification and recognition of impairment of discounts and loans, receivables and loan commitments complied with such regulations and guidelines.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yu-Hong Kuo and Dong-Ru Xie.

Yu-Hong, Kuo Jungju Hsieh

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2024

Notice to Readers

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

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

SUNNY BANK LTD. AND SUBSIDIARIES

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 9,243,445	1	$ 8,954,017	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Note 7)	36,909,618	5	43,630,078	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	13,875,849	2	11,866,700	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11 and 41)	100,608,959	14	92,711,076	14
FINANCIAL ASSETS AT AMORTIZED COST (Notes 4, 10, 11 and 41)	39,199,039	5	36,724,967	5
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 12)	4,062,226	1	6,539,858	1
RECEIVABLES, NET (Notes 4 and 13)	6,448,190	1	5,454,855	1
CURRENT TAX ASSETS (Notes 4 and 38)	3,943	-	3,940	-
DISCOUNTS AND LOANS, NET (Notes 4, 14 and 40)	477,512,859	67	446,800,184	66
OTHER FINANCIAL ASSETS, NET (Notes 4 and 15)	4,811,452	1	6,485,611	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 16)	19,134,373	3	15,965,148	2
RIGHT-OF-USE ASSETS, NET (Notes 4, 17 and 40)	169,617	-	177,082	-
INVESTMENT PROPERTIES, NET (Notes 4 and 18)	138,409	-	209,731	-
INTANGIBLE ASSETS (Notes 4 and 19)	1,163,784	-	1,182,144	-
DEFERRED TAX ASSETS (Notes 4 and 38)	359,853	-	348,157	-
OTHER ASSETS, NET (Notes 4, 20 and 41)	180,597	-	298,885	-
TOTAL	$ 713,822,213	100	$ 677,352,433	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 21)	$ 6,294,606	1	$ 5,874,606	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	2,701	-	-	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 4, 9, 10 and 22)	6,364,147	1	3,203,990	1
PAYABLES (Note 23)	5,740,843	1	4,802,776	1
CURRENT TAX LIABILITIES (Notes 4 and 38)	157,865	-	532,847	-
DEPOSITS AND REMITTANCES (Notes 24 and 40)	632,907,347	89	604,655,382	89
BANK DEBENTURES (Note 25)	13,960,000	2	15,060,000	2
OTHER FINANCIAL LIABILITIES	1,977,813	-	1,572,944	-
PROVISIONS (Notes 4 and 26)	55,729	-	63,780	-
LEASE LIABILITIES (Notes 4, 17 and 40)	168,066	-	174,976	-
DEFERRED TAX LIABILITIES (Notes 4 and 38)	147,267	-	178,558	-
OTHER LIABILITIES (Note 28)	545,832	-	413,075	-
Total liabilities	668,322,216	94	636,532,934	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 29)				
Ordinary shares	34,007,060	5	33,007,060	5
Capital surplus	104,517	-	77,067	-
Retained earnings				
Legal reserve	6,989,539	1	5,733,740	1
Special reserve	2,441,242	-	58,254	-
Unappropriated earnings	3,019,171	-	4,341,965	-
Total retained earnings	12,449,952	1	10,133,959	1
Other equity	(1,061,532)	-	(2,398,587)	-
Total equity	45,499,997	6	40,819,499	6
TOTAL	$ 713,822,213	100	$ 677,352,433	100

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

SUNNY BANK LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE	$ 17,478,277	177	$ 12,763,378	141	37
LESS: INTEREST EXPENSE	9,505,711	96	4,696,668	52	102
NET INTEREST (Notes 4, 30 and 40)	7,972,566	81	8,066,710	89	(1)
NET REVENUE OTHER THAN INTEREST (Note 4)					
Commission and fee revenues, net (Note 31)	1,230,390	12	1,162,721	13	6
Net gain on financial assets and liabilities at fair value through profit or loss (Note 32)	227,350	2	95,803	1	137
Realized gain (loss) on financial assets at fair value through other comprehensive income (Note 33)	75,914	1	(645,729)	(7)	112
Gain on disposal of financial assets at amortized cost	164	-	106	-	55
Net foreign exchange gain (loss)	122,443	1	142,835	2	(14)
Impairment loss (recognized) on assets	(21,677)	-	(3,887)	-	458
Gain on purchased claim receivable	33,357	-	50,865	-	(34)
Securities brokerage income	126,210	1	108,665	1	16
Rental income	65,269	1	58,711	1	11
Other noninterest net revenue (Note 34)	47,637	1	33,296	-	43
Total net revenues other than interest	1,907,057	19	1,003,386	11	90
TOTAL NET REVENUE	9,879,623	100	9,070,096	100	9
ALLOWANCE FOR DOUBTFUL ACCOUNTS AND GUARANTEES REVERSED (RECOGNIZED) (Notes 4 and 14)	(1,561,887)	(16)	503,549	6	(410)

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits (Notes 4, 27, 29, 35 and 40)	$ 2,812,681	28	$ 2,723,039	30	3
Depreciation and amortization (Notes 4 and 36)	321,991	3	328,505	4	(2)
Others (Note 37)	1,548,398	16	1,308,830	14	18
Total operating expenses	4,683,070	47	4,360,374	48	7
INCOME BEFORE INCOME TAX	3,634,666	37	5,213,271	58	(30)
INCOME TAX EXPENSE (Notes 4 and 38)	698,670	7	1,095,910	12	(36)
NET INCOME	2,935,996	30	4,117,361	46	(29)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation (Notes 4 and 27)	(60,934)	-	89,067	1	(168)
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	510,459	5	(335,474)	(4)	252
Income tax benefit (expense) relating to items that will not be reclassified subsequently (Notes 4 and 38)	12,186	-	(17,813)	-	168
	461,711	5	(264,220)	(3)	275

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	$ (36,177)	-	$ 71,880	1	(150)
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	948,102	9	(2,491,985)	(28)	138
Income tax benefit (expense) relating to items that may be reclassified subsequently (Notes 4 and 38)	3,557	-	(2,812)	-	226
	915,482	9	(2,422,917)	(27)	138
Other comprehensive loss for the year, net of income tax	1,377,193	14	(2,687,137)	(30)	151
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 4,313,189	44	$ 1,430,224	16	202
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Company	$ 2,935,996	30	$ 4,117,361	45	(29)
Non-controlling interests	-	-	-	-	-
	$ 2,935,996	30	$ 4,117,361	45	(29)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company	$ 4,313,189	44	$ 1,430,224	16	202
Non-controlling interests	-	-	-	-	-
	$ 4,313,189	44	$ 1,430,224	16	202
EARNINGS PER SHARE (Note 39)					
Basic	$0.88		$1.29		
Diluted	$0.88		$1.29		

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

SUNNY BANK LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company									
	Share Capital			Retained Earnings				Other Equity		
	Shares in Thousand	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Loss)	Total Equity
BALANCE AT JANUARY 1, 2022	3,029,525	$ 30,295,250	$ 66,943	$ 4,915,387	$ 58,254	$ 2,792,036	$ 7,765,677	$ (98,731)	$ 455,917	$ 38,485,056
Appropriation of the 2021 earnings										
Legal reserve	-	-	-	818,353	-	(818,353)	-	-	-	-
Cash dividends	-	-	-	-	-	(605,905)	(605,905)	-	-	(605,905)
Share dividends	121,181	1,211,810	-	-	-	(1,211,810)	(1,211,810)	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	4,117,361	4,117,361	-	-	4,117,361
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	71,254	71,254	69,068	(2,827,459)	(2,687,137)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	4,188,615	4,188,615	69,068	(2,827,459)	1,430,224
Issue of ordinary shares for cash	150,000	1,500,000	-	-	-	-	-	-	-	1,500,000
Value of share-based payment under employee share options	-	-	10,124	-	-	-	-	-	-	10,124
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(2,618)	(2,618)	-	2,618	-
BALANCE AT DECEMBER 31, 2022	3,300,706	33,007,060	77,067	5,733,740	58,254	4,341,965	10,133,959	(29,663)	(2,368,924)	40,819,499
Appropriation of the 2022 earnings										
Legal reserve	-	-	-	1,255,799	-	(1,255,799)	-	-	-	-
Cash dividends	-	-	-	-	2,382,988	(2,382,988)	-	-	-	-
Share dividends	-	-	-	-	-	(660,141)	(660,141)	-	-	(660,141)
Net income for the year ended December 31, 2023	-	-	-	-	-	2,935,996	2,935,996	-	-	2,935,996
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(48,748)	(48,748)	(32,620)	1,458,561	1,377,193
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	2,887,248	2,887,248	(32,620)	1,458,561	4,313,189
Issue of ordinary shares for cash	100,000	1,000,000	-	-	-	-	-	-	-	1,000,000
Value of share-based payment under employee share options	-	-	27,450	-	-	-	-	-	-	27,450
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	88,886	88,886	-	(88,886)	-
BALANCE AT DECEMBER 31, 2023	3,400,706	$ 34,007,060	$ 104,517	$ 6,989,539	$ 2,441,242	$ 3,019,171	$ 12,449,952	$ (62,283)	$ (999,249)	$ 45,499,997

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

SUNNY BANK LTD. AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,634,666	$ 5,213,271
Adjustments for:		
Depreciation expense	251,418	252,681
Amortization expense	70,573	75,824
Allowance for doubtful accounts and guarantees recognized (reversed)	1,561,887	(503,549)
Interest expense	9,505,711	4,696,668
Interest revenue	(17,478,277)	(12,763,378)
Dividend income	(185,892)	(134,418)
Share-based payments	27,450	10,124
Gain on disposal of property and equipment	(560)	(858)
Gain on disposal of investment properties	(16,398)	(7,627)
Gain on lease modifications	(393)	(64)
Realized loss on financial assets at fair value through other comprehensive income	109,490	779,124
Impairment loss on financial assets	21,677	3,887
Gain on disposal of foreclosed collateral and residuals taken over	-	(16,413)
Changes in operating assets and liabilities		
Decrease in due from the Central Bank and call loans to other banks	149,972	1,576,134
Decrease (increase) in financial assets at fair value through profit or loss	(2,009,149)	12,156,880
Decrease (increase) in financial assets at fair value through other comprehensive income	(6,566,676)	13,343,589
Increase in financial assets at amortized cost	(2,576,084)	(7,602,550)
Increase in receivables	(738,185)	(446,459)
Increase in discounts and loans	(32,274,355)	(37,077,133)
Increase (decrease) in due to the Central Bank and banks	420,000	(2,960,000)
Increase (decrease) in financial liabilities at fair value through profit or loss	2,701	(3,568)
Increase (decrease) in securities sold under agreements to repurchase	3,160,157	(5,553,267)
Increase (decrease) in payables	436,059	(704,357)
Increase in deposits and remittances	28,251,965	30,771,525
Increase in provisions	1,186	38,971
Net cash (used in) generated from operations	(14,241,057)	1,145,037
Interest received	17,312,683	12,377,826
Dividends received	184,602	133,868
Interest paid	(9,003,703)	(4,314,526)
Income tax paid	(1,103,401)	(820,672)
Net cash (used in) generated from operating activities	(6,850,876)	8,521,533
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(3,372,163)	(1,065,282)
Proceeds from disposal of property and equipment	625	858
Payments for intangible assets	(32,767)	(55,307)

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

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

	2023	2022
Payments for investment properties	$ (163,024)	$ (98,270)
Proceeds from disposal of investment properties	249,985	108,216
Decrease in other financial assets	1,674,899	817,401
Decrease in other assets	59,507	109,512
Net cash used in investing activities	(1,582,938)	(182,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and other banks	-	(5,214,580)
Issue of bank debentures	1,500,000	2,100,000
Repayment of bank debentures on maturity	(2,600,000)	(900,000)
Repayment of the principal portion of lease liabilities	(65,902)	(70,214)
Increase in other financial liabilities	404,869	142,795
Increase in other liabilities	132,757	49,815
Cash dividends paid	(660,141)	(605,905)
Proceeds from issue of ordinary shares	1,000,000	1,500,000
Net cash used in financing activities	(288,417)	(2,998,089)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(36,461)	85,940
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,758,692)	5,426,512
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	26,471,183	21,044,671
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 17,712,491	$ 26,471,183

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

	December 31	
	2023	2022
Cash and cash equivalents in consolidated balance sheets	$ 9,243,445	$ 8,954,017
Due from the Central Bank and call loans to other banks reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	4,406,820	10,977,308
Securities purchased under agreements to resell reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	4,062,226	6,539,858
Cash and cash equivalents in consolidated statements of cash flows	$ 17,712,491	$ 26,471,183

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

1. GENERAL INFORMATION

Sunny Bank Ltd. (the "Company") is a public company that deals with: (1) businesses of commercial banks as stated in the Banking Act; (2) all kinds of deposit and trust business; (3) other relevant businesses approved by central authorities; (4) planning, managing and operating trust businesses stated in the Banking Act (Department of Trust), as well as investment in national negotiable securities, and trust operations. As of December 31, 2023, the Bank had 109 branches nationwide.

The functional currency of the Company is New Taiwan dollars, and the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 5, 2024.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the Regulations Governing the Preparation of Financial Reports by Public Banks and IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the above standards and interpretations will not have any material impact on Group's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

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

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

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for the asset or liability.

Since the operating cycle in the banking industry cannot be reasonably identified, the accounts were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity.

Basis of Consolidation

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Please refer to Table 6.

The consolidated entities as of December 31, 2023 and 2022 were as follows:

			Percentage of Shareholding (%)	
			December 31	
Investor Company	**Subsidiary**	**Business Nature**	**2023**	**2022**
Sunny Bank Ltd.	Sunny Securities Co., Ltd. (“Sunny Securities”)	Accepting orders to sell and purchase negotiable securities in central markets and its sales office, and dealing with commodity trading business	100.00	100.00
Sunny Bank Ltd.	King Sunny Assets Management Co., Ltd. (“King Sunny”)	Business related to financial institution creditor’s right (money) purchase	100.00	100.00
Sunny Bank Ltd.	Sunny International Leasing Co. (“Sunny Leasing”)	Financing and leasing business	100.00	100.00
Sunny Bank Ltd.	Sunny E-Commercial Co., Ltd. (“Sunny E-Commercial”)	Internet, software design, information processing and retailing service	100.00	100.00
Sunny Bank Ltd.	Sunny Microfinance PLC.	Financing business	100.00	100.00
Sunny International Leasing Co.	Sunny Finance Lease (HK) Limited	Financing and leasing business	100.00	100.00
Sunny Finance Lease (HK) Limited	Sunny Finance and Leasing (China) Co., Ltd.	Financing and leasing business	100.00	100.00

Foreign Currencies

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

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of foreign operations (including branches that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Financial Instruments

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

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

Financial assets

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

a. Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

1) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 43.

2) Financial assets at amortized cost

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

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

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

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

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

a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

b) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

a) Significant financial difficulty of the issuer or the borrower;

b) Breach of contract, such as a default;

c) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

d) The disappearance of an active market for that financial asset because of financial difficulties.

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

3) Investments in debt instruments at FVTOCI

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

a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

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

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

4) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

Besides, according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, the Company assesses the customers' financial position, the overdue payments of the principal and interest and the value of collaterals to classify credit assets into normal credit assets (excluding loans to the R.O.C. government) and unsound assets which should be further classified by special mention, substandard, doubtful and losses, for which minimum provisions of 1%, 2%, 10% and 50% of the outstanding balance, respectively. Furthermore, the FSC stipulates that banks should recognize the provision by at least 1.5% of normal credit assets in the mainland China (including short-term advances for trade finance) and loans for the mortgage and construction loans that have been classified as normal assets, and further determine the allowance for losses based on the higher of the above-mentioned provision and the assessment of the expected credit losses.

The Group's write off bad loans is based on an assessment of the probability and collateral value of non-accrual loans and non-performing loans, which approved by the board of directors.

c. Derecognition of financial assets

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

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

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance cost; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 43.

2) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of the amount initially recognized net of the loss allowance reflecting for expected credit losses and amortized cost.

b. Derecognition of financial liabilities

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

Derivative Financial Instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

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

Modification of Financial Instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

Interest rate benchmark reform determines changes in the basis of contractual cash flow of financial assets or financial liabilities. If it is necessary for the direct result of the change in interest rate benchmark reform, and the new basis is economically equivalent to the basis before the change, the Group adopts practical expedient practices, which are regarded as changes in the effective interest rate when determining changes in the basis. In addition to changes in the basis for determining contractual cash flows required by changes in interest rate benchmark reform, if additional changes are made to financial assets or financial liabilities, the Group shall first apply practical expedients to the changes required by the changes in interest rate benchmark reform, and then apply the financial instrument amendments to any additional changes that do not apply the practical expedients.

Repurchase and Reverse Repurchase Transactions

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase are generally treated as collateralized financing transactions. Interest earned on resell agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense on an accrual basis over the life of each agreement.

Margin Loans and Stock Loans

Margin loans pertain to the provision of funds to customers for them to buy securities. The securities bought by customers are used to secure these loans and are recorded through memo entries as “collateral securities.” The collateral securities are returned when the loans are repaid.

Stock loans are securities lent to customers for short sales. The deposits received from customers for lent securities are credited to “deposits on short sale.” The securities sold short are recorded as “stock loans” using memo entries. The proceeds of the sales of securities lent to customers less any dealer’s commission, financing charges and securities exchange tax are recorded under “short sales proceeds payable.” When the customers return the stock certificates to the Group, the Group gives back to customers the deposits received and the proceeds of the sales of securities.

“Refinancing borrowings” refer to borrowings obtained from the Company by securities finance corporations when they have insufficient securities for margin loan purchases and short sale of securities. Guarantee deposits or collaterals are recorded as refinancing guarantee deposit. Payments collected from the clients in short sales and guarantee deposits from securities finance corporations are recorded as “short sales proceeds payable” and “refinancing deposits receivable,” respectively.

Property and Equipment

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

Except for freehold land which is not depreciated, depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

Investment Properties

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

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

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

Leases

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

a. The Group as lessor

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

   Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

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

b. The Group as lessee

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

   Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

b. Derecognition of intangible assets

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

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

Foreclosed Collaterals

Foreclosed collaterals are recorded at fair value on recognition and revalued at the lower of cost or net fair value as of the balance sheet date.

Impairment of Property and Equipment, Right-of-use Asset and Intangible Assets Other Than Goodwill

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

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

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

Provisions

When the fair value of the present obligation resulting from past events can be reliably measured and it is virtually certain that the obligation will be settled, then the Group will recognize provision.

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefit costs

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

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

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

c. Preferential interest rate for deposits of employees

The Company offers preferential interest rate to its current employees and retired employees for their deposits within a prescribed amount. The preferential rate in excess of market interest rate is treated as employees' benefits.

Under Article 30 of the Regulations Governing the Preparation of Financial Reports by Public Banks, if the Company's preferential interest rate for deposits of employees as stated in the employment contract exceeds the market interest rate, the excess will be subject to IAS 19 "Employee Benefits" upon the employee's retirement. The actuarial valuation assumptions and parameters are based on those announced by authority.

Interest Revenue and Expense

Except for financial assets and liabilities at fair value through profit or loss, interests on all interest-bearing financial instruments are accrued by using the effective interest rate and are accounted for as interest revenue or interest expense in the consolidated statement of comprehensive income.

Interest should not be accrued for loans that are transferred to nonperforming loans. The interest revenue on those loans/credits is recognized upon collection.

Under Ministry of Finance (MOF) regulations, the interest revenue on structured loans is recognized upon collection.

Commission Revenue and Expense

Commission revenue and expenses are recognized when loans or other services are provided. Service fees on significant projects are recognized when the project completed. For instance, syndicated loan are recognized over the period the service is performed, or as an adjustment to the effective interest rate on the loans and receivables.

Share-based Payment Arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employee is the date on which the employees are informed.

Income Tax

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

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

c. Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Assessment of Impairment Loss on Loans

The assessment of impairment loss on discounts and loans is based on the Company's assumption on default probability and default loss rate. The Company considers historical experience, existing market situation as well as forward-looking information to make assumptions and select the input for assessing impairment loss. The Company also takes into consideration loan collaterals, principals, interests and the length of time the loans are overdue, and the situation of credit and collection when classifying the loans.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 3,282,318	$ 4,649,910
Bank deposits and due from other banks	3,985,954	2,374,149
Checks for clearing	1,975,173	1,929,958
	$ 9,243,445	$ 8,954,017

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

	December 31	
	2023	2022
Deposit reserve - checking accounts	$ 11,951,149	$ 11,421,506
Deposit reserve - demand accounts	18,236,187	17,074,723
Deposit reserve - foreign currencies	77,051	72,377
Call loans and overdraft to banks	4,644,793	13,061,243
Due from the Central Bank - interbank settlement funds	2,000,438	2,000,229
	$ 36,909,618	$ 43,630,078

Under the directive issued by the Central Bank of the ROC, deposit reserves of bank are determined monthly at prescribed rates based on average balances of customers' deposits. Deposit reserve - demand account should not be used, except for adjusting the deposit reserve amount monthly. Other deposit reserves can be withdrawn momentarily anytime at no interest.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets designated as at FVTPL		
Commercial papers	$ 13,397,453	$ 11,230,012
Beneficiary certificates	271,292	542,259
Structured deposits	183,869	72,273
Listed stocks	14,275	6,927
Currency swap contracts	8,960	15,222
Forward contracts	-	7
	$ 13,875,849	$ 11,866,700

(Continued)

	December 31	
	2023	2022
Financial liabilities held for trading		
Currency swap contracts	$ 2,701	$ -

(Concluded)

The Group engages in derivative transactions mainly to accommodate customers' requirements, and to manage fund dispatching and own risk.

The amounts of outstanding derivative contracts (nominal) were as follows:

	December 31	
	2023	2022
Currency swap contracts	$ 1,818,073	$ 789,196
Forward contracts	-	774

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Investments in debt instruments at FVTOCI	$ 98,501,852	$ 90,426,543
Investments in equity instruments at FVTOCI	2,107,107	2,284,533
	$ 100,608,959	$ 92,711,076

a. Investments in debt instruments at FVTOCI

	December 31	
	2023	2022
Government bonds	$ 33,918,000	$ 28,436,509
Corporate bonds	31,478,818	22,932,255
Bank debentures	11,314,138	8,566,922
Certificates of deposit	20,397,012	29,095,077
Commercial papers	1,393,884	1,395,780
	$ 98,501,852	$ 90,426,543

1) As of December 31, 2023 and 2022, the investments in debt instruments at FVTOCI had not been sold under repurchase agreements.

2) Refer to Note 11 for information relating to credit risk management and impairment.

3) As of December 31, 2023 and 2022, refer to Note 41 for information relating to investments in debt instruments at FVTOCI pledged as security.

b. Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
Listed shares	$ 1,216,757	$ 1,480,119
Unlisted shares	890,350	804,414
	$ 2,107,107	$ 2,284,533

These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI. In 2023 and 2022, the Company sold shares of stocks, and the related other equity - unrealized gain of $88,886 thousand and $(2,618) thousand on financial assets at FVTOCI were transferred to retained earnings, respectively. Dividends income of $185,404 thousand and $133,395 thousand were recognized in profit or loss for the years ended December 31, 2023 and 2022, respectively. Those related to investments derecognized during end of the years were $97,916 thousand and $7,157 thousand. The dividends related to investments still held at the end of the reporting period were $87,488 thousand and $126,238 thousand, respectively.

10. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Government bonds	$ 28,309,520	$ 29,704,853
Corporate bonds	6,734,819	4,185,374
Bank debentures	4,160,053	2,636,280
Certificates of deposits	-	200,000
Less: Allowance for impairment loss	(5,353)	(1,540)
	$ 39,199,039	$ 36,724,967

As of December 31, 2023 and 2022, the bond investment with face amount of $6,350,000 thousand and $3,200,000 thousand, respectively, had been sold under repurchase agreement.

Refer to Note 11 for information relating to credit risk management and impairment.

Please refer to Note 41 for information relating to investments in financial assets at amortized cost pledged as security.

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

December 31, 2023

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 100,275,535	$ 39,204,392	$ 139,479,927
Less: Allowance for impairment loss	(25,032)	(5,353)	(30,385)
Amortized cost	100,250,503	$ 39,199,039	139,449,542
Adjustment to fair value	(1,748,651)		(1,748,651)
	$ 98,501,852		$ 137,700,891

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 93,130,464	$ 36,726,507	$ 129,856,971
Less: Allowance for impairment loss	(7,168)	(1,540)	(8,708)
Amortized cost	93,123,296	$ 36,724,967	129,848,263
Adjustment to fair value	(2,696,753)		(2,696,753)
	$ 90,426,543		$ 127,151,510

In determining the expected credit losses of debt instruments, the Group considers the historical default rates supplied by external rating agencies and recovery rate of various bond to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses
Stage 1	The credit rating refers to Moody's investors service rating above Ba3 at base date, and the credit risk does not increase significantly.	12-month ECLs
Stage 2	The credit rating refers to Moody's investors service rating lower than B1 at base date or the credit risk increased significantly since initial recognition.	Lifetime ECLs - not credit impaired
Stage 3	There is evidence indicating the asset is credit-impaired at base date.	Lifetime ECLs - credit impaired

The gross carrying amount of debt instrument investments by credit category and the corresponding expected loss rates were as follows:

	December 31			
	2023		2022	
Category	Expected Loss Rate	Gross Carrying Amount	Expected Loss Rate	Gross Carrying Amount
Stage 1	0-0.126%	$ 139,479,927	0%-0.067%	$ 129,856,971
Stage 2	-	-	-	-
Stage 3	-	-	-	-

The movement of the allowance for impairment loss of investments in debt instruments at FVTOCI and amortized cost grouped by credit rating is reconciled as follows:

	Credit Rating		
Allowance for Impairment Loss	Stage 1 (12-month ECLs)	Stage 2 (Lifetime ECLs - Not Credit-impaired)	Stage 3 (Lifetime ECLs - Credit-impaired)
At FVTOCI			
Balance at January 1, 2023	$ 7,168	$ -	$ -
New financial assets purchased	8,568	-	-
Derecognition	(1,132)	-	-
Change in exchange rates or others	10,428	-	-
Balance at December 31, 2023	$ 25,032	$ -	$ -
Balance at January 1, 2022	$ 4,513	$ -	$ -
New financial assets purchased	2,276	-	-
Derecognition	(1,036)	-	-
Change in exchange rates or others	1,415	-	-
Balance at December 31, 2022	$ 7,168	$ -	$ -
At amortized cost			
Balance at January 1, 2023	$ 1,540	$ -	$ -
New financial assets purchased	1,765	-	-
Derecognition	(3)	-	-
Change in exchange rates or others	2,051	-	-
Balance at December 31, 2023	$ 5,353	$ -	$ -
Balance at January 1, 2022	$ 308	$ -	$ -
New financial assets purchased	988	-	-
Derecognition	(1)	-	-
Change in exchange rates or others	245	-	-
Balance at December 31, 2022	$ 1,540	$ -	$ -

12. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	December 31	
	2023	2022
Bank debentures	$ 2,481,885	$ 4,602,535
Corporate bonds	1,580,341	1,893,718
Government bonds	-	43,605
	$ 4,062,226	$ 6,539,858
Amounts of resell agreements	$ 4,082,844	$ 6,561,710
Dates of resell agreements	2024.1.3-2024.1.26	2023.1.4-2023.2.8

Securities purchased under agreement to resell are not underlying for agreements to repurchase.

13. RECEIVABLES, NET

	December 31	
	2023	2022
Lease receivables	$ 2,645,565	$ 2,390,772
Interest receivables	2,093,642	1,750,446
Account receivable - settlement	785,133	442,898
Credit card receivables	707,885	649,392
Agency service fee receivables	57,179	30,578
Purchased claims receivables	53,328	53,688
Acceptances	29,925	28,407
Dividends receivable	1,290	550
Other receivables	435,377	440,960
	6,809,324	5,787,691
Less: Allowance for credit losses (Note 14)	(361,134)	(332,836)
	$ 6,448,190	$ 5,454,855
Minimum lease payments receivable	$ 2,808,476	$ 2,581,154
Less: Unearned finance income	(162,911)	(190,382)
Present value of minimum lease payment	$ 2,645,565	$ 2,390,772

14. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022
Export negotiation	$ 13,806	$ 20,795
Short-term loans	15,446,269	15,545,320
Secured short-term loans	111,133,060	99,113,788
Margin loans receivable	647,546	504,509
Medium-term loans	70,325,628	62,708,870
Secured medium-term loans	222,968,164	201,477,405
Long-term loans	3,900,563	3,645,295
Secured long-term loans	59,329,434	69,039,934
Nonperforming loans transferred from loans	3,610	654,646
	483,768,080	452,710,562
Less: Allowance for credit losses	(6,212,840)	(5,933,369)
Premium or discount on discounts and loans	(42,381)	22,991
	$ 477,512,859	$ 446,800,184

As of December 31, 2023, the loans and allowance for credit losses were $468,790,871 thousand and $6,071,157 thousand, respectively.

Please refer to Note 44 for the analysis of impairment loss on receivables, and discounts and loans.

The Group assessed the collectability of discounts and loans, and receivables to determine the required allowance and to appropriately provide for guarantee liabilities, financial commitment provisions and other provisions. Movements of the allowance of discounts and loans, receivables, nonperforming loans transferred from other than loans, guarantee liabilities, finance commitment provisions and other provisions are as follows:

	2023						
	Discounts and Loans	Receivables	Nonperforming Loans Transferred from Other	Provision for Guarantee	Finance Commitments Provision	Other Provisions	Total
Balance at January 1	$ 5,933,369	$ 332,836	$ 2,029	$ 44,495	$ 2,099	$ 660	$ 6,315,488
(Reversal) provisions	1,482,528	89,336	(740)	(9,448)	181	30	1,561,887
Write-off	(1,930,976)	(60,638)	(10,422)	-	-	-	(2,002,036)
Recovery of written-off credits	727,665	-	11,555	-	-	-	739,220
Effect of exchange rate changes	254	(400)	-	-	-	-	(146)
Balance, December 31	$ 6,212,840	$ 361,134	$ 2,422	$ 35,047	$ 2,280	$ 690	$ 6,614,413

	2022						
	Discounts and Loans	Receivables	Nonperforming Loans Transferred from Other	Provision for Guarantee	Finance Commitments Provision	Other Provisions	Total
Balance at January 1	$ 6,221,876	$ 303,970	$ 1,442	$ 41,554	$ 3,375	$ 783	$ 6,573,000
(Reversal) provisions	(492,965)	(10,158)	(1,968)	2,941	(1,276)	(123)	(503,549)
Write-off	(580,415)	(209)	(10,400)	-	-	-	(591,024)
Recovery of written-off credits	770,245	39,057	12,955	-	-	-	822,257
Effect of exchange rate changes	14,628	176	-	-	-	-	14,804
Balance, December 31	$ 5,933,369	$ 332,836	$ 2,029	$ 44,495	$ 2,099	$ 660	$ 6,315,488

15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2023	2022
Time deposits not qualifying as cash and cash equivalents	$ 4,809,198	$ 6,482,360
Nonperforming loans transferred from other than loans	4,676	5,280
Less: Allowance for credit losses (Note 14)	(2,422)	(2,029)
	2,254	3,251
	$ 4,811,452	$ 6,485,611

Please refer to Note 41 for information relating to other financial assets pledged as security.

16. PROPERTY AND EQUIPMENT, NET

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
Cost								
Balance, January 1, 2023	$ 7,907,943	$ 3,281,002	$ 967,458	$ 91,577	$ 952,542	$ 32,888	$ 6,251,158	$ 19,484,568
Additions	1,808,855	859,922	13,980	7,269	36,726	300	645,111	3,372,163
Disposals	-	-	(34,275)	(2,760)	(3,001)	(1,210)	-	(41,246)
Reclassification	3,923,683	1,964,971	138	-	13,256	-	(5,921,137)	(19,089)
Effect of foreign currency exchange differences	-	-	-	(37)	(10)	(17)	-	(64)
Balance, December 31, 2023	13,640,481	6,105,895	947,301	96,049	999,513	31,961	975,132	22,796,332
Accumulated depreciation								
Balance, January 1, 2023	-	1,700,058	857,424	56,238	865,789	29,911	-	3,509,420
Depreciation	-	84,154	53,469	8,924	35,886	1,377	-	183,810
Disposals	-	-	(34,254)	(2,760)	(3,001)	(1,166)	-	(41,181)
Effect of foreign currency exchange differences	-	-	(11)	(35)	(17)	(27)	-	(90)
Balance, December 31, 2023	-	1,784,212	876,628	62,367	898,657	30,095	-	3,651,959
Accumulated impairment loss								
Balance, January 1, 2023 and December 31, 2023	10,000	-	-	-	-	-	-	10,000
Net amount								
Balance, December 31, 2023	$ 13,630,481	$ 4,321,683	$ 70,673	$ 33,682	$ 100,856	$ 1,866	$ 975,132	$ 19,134,373
Cost								
Balance, January 1, 2022	$ 7,722,846	$ 3,164,228	$ 950,331	$ 70,213	$ 919,735	$ 31,908	$ 5,649,950	$ 18,509,211
Additions	184,297	95,339	53,947	24,112	28,416	1,216	677,955	1,065,282
Disposals	-	-	(45,998)	(3,896)	(19,420)	(552)	-	(69,866)
Reclassification	800	21,435	8,827	1,120	23,427	-	(76,747)	(21,138)
Effect of foreign currency exchange differences	-	-	351	28	384	316	-	1,079
Balance, December 31, 2022	7,907,943	3,281,002	967,458	91,577	952,542	32,888	6,251,158	19,484,568
Accumulated depreciation								
Balance, January 1, 2022	-	1,631,470	832,253	53,196	851,333	29,133	-	3,397,385
Depreciation	-	68,588	70,997	6,912	33,569	1,140	-	181,206
Disposals	-	-	(45,998)	(3,896)	(19,420)	(552)	-	(69,866)
Effect of foreign currency exchange differences	-	-	172	26	307	190	-	695
Balance, December 31, 2022	-	1,700,058	857,424	56,238	865,789	29,911	-	3,509,420
Accumulated impairment loss								
Balance, January 1, 2022 and December 31, 2022	10,000	-	-	-	-	-	-	10,000
Net amount								
Balance, December 31, 2022	$ 7,897,943	$ 1,580,944	$ 110,034	$ 35,339	$ 86,753	$ 2,977	$ 6,251,158	$ 15,965,148

The above items of property and equipment were depreciated on a straight-line basis over the following estimated lives:

Items	Years
Buildings	3 to 65 years
Machinery equipment	2 to 6 years
Transportation equipment	3 to 6 years
Other equipment	3 to 25 years
Leasehold improvement	25 years or over the lease period if below 25 years

The Group does not have property and equipment pledged as security.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	$ 356	$ 496
Buildings	168,223	175,155
Machinery equipment	1,038	1,431
	$ 169,617	$ 177,082

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 60,019	$ 56,084
Depreciation charge for right-of-use assets		
Land	$ 305	$ 179
Buildings	66,151	70,251
Machinery equipment	393	309
	$ 66,849	$ 70,739

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts	$ 168,066	$ 174,976

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.92%-4.65%	2.92%-3.00%
Buildings	2.86%-5.50%	2.86%-5.50%
Machinery equipment	3.00%	3.00%

c. Material leasing activities as lessee

The Group leases certain property and parking space for the branches with lease terms of 2 to 15 years.

The lease contracts for the property which the Group signed specifies that lease payments will be adjusted on the basis of changes in the price index. The Group has bargain purchase options to acquire the leasehold assets at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 2,561	$ 2,168
Expenses relating to low-value asset leases	$ 7,420	$ 7,300
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 471	$ 338
Total cash outflow for leases	$ 81,568	$ 85,422

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

18. INVESTMENT PROPERTY, NET

	December 31	
	2023	2022
Land	$ 129,482	$ 183,360
Buildings	8,927	26,371
	$ 138,409	$ 209,731

The above items of investment property are depreciated on a straight-line basis over the following estimated useful lives:

Items	Years
Main buildings	50 years

The movements of investment property are summarized as follow:

	December 31	
	2023	2022
Cost		
Balance, January 1	$ 210,716	$ 214,143
Addition	163,024	98,270
Disposal	(234,455)	(101,697)
Balance, December 31	$ 139,285	$ 210,716
Accumulated depreciation and impairment		
Balance, January 1	$ 985	$ 1,357
Depreciation	759	736
Disposal	(868)	(1,108)
Balance, December 31	$ 876	$ 985

(Continued)

	December 31	
	2023	2022
Net amount		
Balance, January 1	$ 209,731	$ 212,786
Balance, December 31	$ 138,409	$ 209,731

(Concluded)

The fair value of the investment property was not evaluated by an independent appraiser. The Group's management used the valuation model commonly used by the market participants to determine the fair value, i.e., the fair value was obtained by reference to the transaction prices for similar properties as the market evidence. The fair value as of December 31, 2023 and 2022 were $172,133 thousand and $305,480 thousand, respectively.

19. INTANGIBLE ASSETS, NET

	December 31	
	2023	2022
Goodwill	$ 1,034,579	$ 1,034,579
Computer software	129,205	147,565
	$ 1,163,784	$ 1,182,144

The movements of intangible assets are shown as follows:

	For the Year Ended December 31	
	2023	2022
Balance, January 1	$ 1,182,144	$ 1,181,041
Additions	32,767	55,307
Amortization	(70,224)	(75,744)
Reclassifications	19,089	21,138
Effect of foreign currency exchange differences	8	402
Balance, December 31	$ 1,163,784	$ 1,182,144

The Group partially acquired Credit Cooperative Associations in 2001 and 2002. On November 26, 2005 Kao Shin Commercial Bank was merged and recognized a goodwill of $1,034,579 thousand.

In testing goodwill for impairment, the recoverable amount is its value in use for operating segments defined as a CGU. The Group estimates the next five year's cash flows of a CGU by taking into consideration the actual performance of each CGU, business cycle, etc. under the going concern assumption. The discounted present value of cash flows is used to determine the value in use of each CGU. The testing for asset impairment showed that no impairment loss had been incurred.

The above items of intangible assets with definite life are amortized on a straight line basis over the following years.

Item	Years
Computer software	2-10 years

20. OTHER ASSETS, NET

	December 31	
	2023	2022
Collaterals assumed		
Cost	$ 20,446	$ 52,118
Less: Accumulated impairment loss	(20,446)	(20,446)
Collaterals assumed, net	-	31,672
Refundable deposits	63,739	68,996
Prepayments	61,914	77,438
Defined benefit assets (Note 27)	5,356	62,230
Operating deposits, clearing and settlement fund	17,359	22,559
Others	32,229	35,990
	$ 180,597	$ 298,885

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	2022
Call loans from banks	$ 2,000,000	$ 1,000,000
Due to banks	2,996,000	3,576,000
Deposits from Chunghwa Post Co., Ltd.	1,298,606	1,298,606
	$ 6,294,606	$ 5,874,606

22. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	December 31	
	2023	2022
Government bonds	$ 6,364,147	$ 3,203,990
Agreed-upon repurchase price	$ 6,370,403	$ 3,206,180
Maturity date	2024.1.2-2024.2.16	2023.1.4-2023.1.18

23. PAYABLES

	December 31	
	2023	2022
Notes and checks for clearing	$ 1,975,173	$ 1,929,958
Interest payables	1,456,277	954,269
Accrued expenses	888,779	853,978
Accounts payable for settlement	706,294	398,388
Payable on behalf of collection	145,515	138,393
Other taxes payable	143,502	141,450
Bills for collection	29,887	28,371
Other payables	395,416	357,969
	$ 5,740,843	$ 4,802,776

24. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Checking	$ 4,655,325	$ 4,129,697
Demand	87,517,296	91,405,408
Time deposits	249,025,939	242,032,152
Savings	291,697,366	267,040,637
Remittances	11,421	47,488
	$ 632,907,347	$ 604,655,382

25. BANK DEBENTURES

To raise capital for its financing operation and to increase capital adequacy ratio, the Company obtained approval to issue bank debentures, as follows:

	Maturity Date	Rates	December 31 2023	December 31 2022
Third subordinated non-accumulating redeemable bank debentures issued on December 24, 2015	No maturity date. Redeemable at par after 7 years from the date of issue.	Fixed interest rate of 4.50%. Interest is paid annually.	$ 700,000	$ 700,000
Fourth subordinated non-accumulating redeemable bank debentures issued on December 31, 2015	No maturity date. Redeemable at par after 7 years from the date of issue.	Fixed interest rate of 4.50%. Interest is paid annually.	200,000	200,000
First subordinated bank debentures issued in 2016	2016.01.27-2023.01.27 Principal is repayable on maturity date.	Fixed interest rate of 2.46%. Interest is paid annually.	-	1,100,000
Second subordinated bank debentures issued in 2016 (A)	2016.08.19- 2023.08.19 Principal is repayable on maturity date.	Fixed interest rate of 2.00%. Interest is paid annually.	-	530,000
Second subordinated bank debentures issued in 2016 (B)	2016.08.19-2023.08.19 Principal is repayable on maturity date.	Variable interest rate plus 1.08%. Interest is paid annually.	-	170,000
Third subordinated non-accumulating redeemable bank debentures issued on August 19, 2016	No maturity date. Redeemable at par after 7 years from the date of issue.	Fixed interest rate of 4.35%. Interest is paid annually.	300,000	300,000
Fourth subordinated bank debentures issued in 2016	2016.09.20- 2023.09.20 Principal is repayable on maturity date.	Fixed interest rate of 2.00%. Interest is paid annually.	-	800,000
Fifth subordinated non-accumulating redeemable bank debentures issued on October 18, 2016	No maturity date. Redeemable at par after 7 years from the date of issue.	Fixed interest rate of 4.35%. Interest is paid annually.	200,000	200,000
First subordinated bank debentures issued in 2017	2017.02.15-2024.02.15 Principal is repayable on maturity date.	Variable interest rate plus 0.83%. Interest is paid annually.	200,000	200,000
Second subordinated non-accumulating redeemable bank debentures issued on March 31, 2017	No Maturity date.	Variable interest rate plus 3.13%. Interest is paid annually.	800,000	800,000

(Continued)

	Maturity Date	Rates	December 31 2023	December 31 2022
Third subordinated bank debentures issued in 2017 (A)	2017.05.31-2024.05.31 Principal is repayable on maturity date.	Fixed interest rate of 1.75%. Interest is paid annually.	$ 70,000	$ 70,000
Third subordinated bank debentures issued in 2017 (B)	2017.05.31-2024.05.31 Principal is repayable on maturity date.	Variable interest rate plus 0.83%. Interest is paid annually.	380,000	380,000
Fourth subordinated bank debentures issued in 2017	2017.06.29-2024.06.29 Principal is repayable on maturity date.	Variable interest rate plus 0.83%. Interest is paid annually.	450,000	450,000
Fifth subordinated non-accumulating redeemable bank debentures issued on August 30, 2017	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 3.13%. Interest is paid annually.	530,000	530,000
Sixth subordinated non-accumulating redeemable bank debentures issued on September 25, 2017	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 3.13%. Interest is paid annually.	350,000	350,000
First subordinated non-accumulating redeemable bank debentures issued on March 29, 2018	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 3.13%. Interest is paid annually.	180,000	180,000
Second subordinated non-accumulating redeemable bank debentures issued on September 27, 2018	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 3.13%. Interest is paid annually.	480,000	480,000
Third subordinated non-accumulating redeemable bank debentures issued on November 21, 2018	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 3.13%. Interest is paid annually.	150,000	150,000
Fourth subordinated non-accumulating redeemable bank debentures issued on December 27, 2018	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 3.13%. Interest is paid annually.	240,000	240,000
First subordinated non-accumulating redeemable bank debentures issued on May 10, 2019	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 2.93%. Interest is paid annually.	260,000	260,000
Second subordinated non-accumulating redeemable bank debentures issued on June 26, 2019	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 2.93%. Interest is paid annually.	370,000	370,000
Third subordinated non-accumulating redeemable bank debentures issued on December 27, 2019	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 1.93%. Interest is paid annually.	700,000	700,000
First subordinated non-accumulating redeemable bank debentures issued on March 27, 2020	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 1.93%. Interest is paid annually.	1,300,000	1,300,000
Second subordinated non-accumulating redeemable bank debentures issued on September 29, 2020	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 1.89%. Interest is paid annually.	1,450,000	1,450,000
Third subordinated non-accumulating redeemable bank debentures issued on November 27, 2020	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 1.89%. Interest is paid annually.	550,000	550,000
First subordinated non-accumulating redeemable bank debentures issued on July 20, 2021	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 1.46%. Interest is paid annually.	500,000	500,000
First subordinated non-accumulating redeemable bank debentures issued on March 10, 2022	No maturity date. Redeemable at par after 7 years from the date of issue.	Variable interest rate plus 1.46%. Interest is paid annually.	100,000	100,000
Second subordinated bank debentures issued in 2022	2022.08.19-2029.08.19 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	2,000,000	2,000,000
First subordinated bank debentures issued in 2023	2023.03.21-2030.03.21 Principal is repayable on maturity date.	Fixed interest rate of 2.55%. Interest is paid annually.	1,500,000	-
			$ 13,960,000	$ 15,060,000

(Concluded)

26. PROVISIONS

	December 31 2023	December 31 2022
Provisions for employee benefits (Note 27)	$ 2,008	$ 2,444
Provisions for guarantee liabilities (Note 14)	35,047	44,495
Provisions for decommissioning liabilities	8,952	9,877
Provisions for warranty	6,752	4,205
Provisions for financial commitment (Note 14)	2,280	2,099
Other provisions (Note 14)	690	660
	$ 55,729	$ 63,780

27. RETIREMENT BENEFIT PLANS

a. Defined benefit plans

The Company and Sunny Securities Co. adopted the defined benefit plan in accordance with the Labor Standards Act of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and Sunny Securities Co. contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Company and Sunny Securities Co. assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company and Sunny Securities Co. are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy or strategy.

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

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 834,995	$ 799,911
Fair value of plan assets	(840,351)	(862,141)
Net defined benefit assets	$ (5,356)	$ (62,230)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2022	$ 886,159	$ (836,844)	$ 49,315
Service cost			
Current service cost	6,039	-	6,039
Net interest expense (income)	6,503	(6,159)	344
Recognized in profit or loss	12,542	(6,159)	6,383
Remeasurement			
Return on plan assets	-	(46,010)	(46,010)
Actuarial gain - changes in financial assumptions	(35,527)	-	(35,527)
Actuarial gain - experience adjustments	(3,985)	(3,545)	(7,530)
Recognized in other comprehensive income	(39,512)	(49,555)	(89,067)
Contributions from the employer	-	(28,861)	(28,861)
Benefits paid (received)	(59,278)	59,278	-
Balance at December 31, 2022	799,911	(862,141)	(62,230)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	$ 4,643	$ -	$ 4,643
Net interest expense (income)	10,919	(11,819)	(900)
Recognized in profit or loss	15,562	(11,819)	3,743
Remeasurement			
Return on plan assets	-	924	924
Actuarial gain - changes in financial assumptions	5,517	-	5,517
Actuarial gain - experience adjustments	58,563	(4,070)	54,493
Recognized in other comprehensive income	64,080	(3,146)	60,934
Contributions from the employer	-	(7,803)	(7,803)
Benefits paid (received)	(44,558)	44,558	-
Balance at December 31, 2023	$ 834,995	$ (840,351)	$ (5,356)

(Concluded)

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

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

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

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate(s)	1.300%	1.400%
Expected rate(s) of salary increase	1.000%-1.375%	1.000%-1.375%

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

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (14,123)	$ (13,974)
0.25% decrease	$ 14,519	$ 14,384
Expected rate(s) of salary increase		
0.25% increase	$ 13,985	$ 13,856
0.25% decrease	$ (13,668)	$ (13,524)

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

	December 31	
	2023	**2022**
Expected contributions to the plan for the next year	$ 5,053	$ 4,058
Average duration of the defined benefit obligation	8 years	8 years

b. Defined contribution plans

The Company, Sunny Securities Co., King Sunny Asset Management Co., Sunny International Leasing Co. and Sunny E-Commercial Co. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiaries in China contribute to pension fund monthly at the specified percentage of the standard salary regulated by the local government of China. Other overseas employees were contributed under relative laws regulated by the local government.

c. Preferential interest rate for employees' deposits

The Company offers preferential interest rate for employees' deposits, both current and retired employees.

The preferential interest rate for employees' deposits for the years ended December 31, 2023 and 2022 had not been assessed by an independent valuer because there was very little number of employees that meet the relevant criteria; instead, the Company's management gauged those assumptions used in the most recent actuarial valuation report for the estimate of the preferential interest rate for employees' deposits.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at December 31	
	2023	2022
Discount rate	4%	4%
Expected return on employees' deposits	2%	2%
Withdrawal percentage of preferential deposits	1%	1%
The probability of preferential interest rate for employees' deposits getting canceled within ten years	50%	50%

The amounts included in the consolidated balance sheets for the Company's obligations on the preferential interest rate for employees' deposits were as follows:

	December 31	
	2023	2022
Present value of preferential interest on employees' deposits	$ 2,008	$ 2,444
Fair value of plan assets	-	-
Provision for preferential interest of employees' deposits	$ 2,008	$ 2,444

The Company expects to make a contribution of $0 to the preferential interest of employees' deposits for the years ended December 31, 2023 and 2022.

28. OTHER LIABILITIES

	December 31	
	2023	2022
Advance receipts	$ 456,940	$ 302,271
Guarantee deposits received	83,519	107,726
Others	5,373	3,078
	$ 545,832	$ 413,075

29. EQUITY

Common Shares

a. Share capital

	December 31	
	2023	2022
Number of authorized shares (in thousands)	4,000,000	4,000,000
Amount of authorized shares	$ 40,000,000	$ 40,000,000
Number of issued and fully paid shares (in thousands)	3,400,706	3,300,706
Amount of issued and fully paid shares	$ 34,007,060	$ 33,007,060

On June 13, 2022, the Company's stockholders resolved to issue 121,181 thousand common shares from earnings allocated to capital amounted to $1,211,810 thousand, with a par value of NT$10, which increased the issued and fully paid shares to $31,507,060 thousand. The capital increase was approved by the authorities, and the base date of earnings capitalization was September 20, 2022.

To increase the Company's cash and operating capital and raise its capital adequacy ratio, the Company's board of directors resolved to issue 150,000 thousand common shares with a par value of $10 on March 15, 2022 which increased the issued and fully paid shares to $33,007,060 thousand. The capital increase was approved by the Securities and Futures Bureau of the Financial Supervisory Commission on July 8, 2022; the base date of earnings capitalization was September 20, 2022 and the change to the issued and paid-up capital was registered on October 7, 2022.

To increase the Company's cash and operating capital and raise its capital adequacy ratio, the Company's board of directors resolved to issue 100,000 thousand common shares with a par value of $10 on March 7, 2023 which increased the issued and fully paid shares to $34,007,060 thousand. The capital increase was approved by the Securities and Futures Bureau of the Financial Supervisory Commission on June 21, 2023; the base date of earnings capitalization was September 4, 2023 and the change to the issued and paid-up capital was registered on September 22, 2023.

Part of the shares from the capital increase for cash is reserved for the Company's employees in accordance with the Company Act article 267. The grant date is the date the employees' subscribed for the shares and the fair value of the shares at the grant date of the equity-settled share-based payments is recognized as an expense and capital surplus - employee share options. Related compensation costs of the employee share options recognized for the years ended December 31, 2023 and 2022 were $27,450 thousand and $10,124 thousand, respectively.

In 2023 and 2022, the new shares reserved and issued to employees were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	The First Subscription in 2023 (Base Date: September 20, 2023)	**The First Subscription in 2022 (Base Date: September 20, 2022)**
Grant-date share price	$11.81	$10.19
Exercise price	$10	$10
Expected volatility	11.47%	21.36%
Expected life (years)	0.16	0.16
Risk-free interest rate	0.99%	0.71%

The volatility was based on average annualized standard daily return rate of interbank transactions, and refers to expected duration from the grant date.

Capital Surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Treasury share transactions	$ 1,580	$ 1,580
Unused employee share options	79,535	54,278
Issuance of ordinary shares (employee share options)	23,402	21,209
	$ 104,517	$ 77,067

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

Retained Earnings and Dividend Policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, however, if the appropriation for legal reserve had already equal to the Company's paid-in capital, according to the Company Law, the appropriation can be exempted. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees compensation and remuneration of directors and supervisors in Note 35.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, the Banking Act provides that, if the balance of the legal reserve is less than the aggregate par value of the outstanding capital stock, cash dividend should not exceed 15% of the aggregate par value of the outstanding capital stock of the Company.

For the Company's sound financial structure and capital adequacy, appropriations from earnings are mainly in the form of share dividends based on the capital budget plan. Earnings may be appropriated in cash if the Company has no deficit and the legal reserve meets the standard set by the authorities. Cash dividends should not be less than 10% of the total dividends distributed and if cash dividend falls below $0.1 per share, stock dividends should be distributed instead.

The Company has provided and reversed the special reserve in accordance with the FSC No. 1090150022 and the "Questions and Answers on the Application of International Financial Reporting Standards (IFRS) to the Provision of Special Reserve".

The appropriations from the 2022 and 2021 earnings were proposed in the shareholders' meetings on May 22, 2023 and June 13, 2022, respectively. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings		Dividends Per Share ($)	
	2022	2021	2022	2021
Beginning unappropriated earnings	$ 155,969	$ 64,194		
Add: Net profit after tax	4,117,361	2,566,705		
Unappropriated earnings adjusted for equity investment	5,105	(1,286)		
Remeasurement on defined benefit plans recognized in retained earnings	66,148	(22,690)		
Disposal of FVTOCI	(2,618)	185,114		
Amount of other profit items adjusted to the current year's undistributed earnings other than after-tax net income	4,185,996	2,727,843		
Less: 30% legal reserve	(1,255,799)	(818,353)		
Less: Special reserve according to law	(2,382,988)	-		
Earnings available for appropriation	703,178	1,973,684		
Less: Cash dividends	(660,141)	(605,905)	$ 0.2	$ 0.2
Less: Share dividends	-	(1,211,810)	-	0.4
Ending unappropriated earnings	$ 43,037	$ 155,969		

The appropriations of earnings for 2023 had been proposed by the Company's board of directors on March 5, 2024. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Beginning unappropriated earnings	$ 43,037	
Add: Net profit after tax for the year 2023	2,935,996	
Unappropriated earnings adjusted for equity investment	(2,502)	
Remeasurement on defined benefit plans recognized in retained earnings	(46,246)	
Disposal of FVTOCI	88,886	
Amount of other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period	2,976,134	
Less: 30% legal reserve	(892,840)	
Add: Reversed of special reserve according to law	1,337,055	
Earnings available for appropriation	3,463,386	
Less: Cash dividends	(1,020,212)	$ 0.3
Less: Share dividends	(2,380,494)	0.7
Ending unappropriated earnings	$ 62,680	

Other Equity Items

a. Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (29,663)	$ (98,731)
Exchange differences on translating the financial statements of foreign operations	(36,177)	71,880
Income tax related to gains on translating the financial statements of foreign operations	3,557	(2,812)
Balance at December 31	$ (62,283)	$ (29,663)

b. Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2023	
	Equity Instruments	Debt Instruments
Balance at January 1	$ 327,829	$ (2,696,753)
Unrealized gain (loss)	510,459	820,748
Net remeasurement of loss allowance	-	17,864
Disposal of investments in debt instruments	-	109,490
Other comprehensive income (loss)	510,459	948,102
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(88,886)	-
Balance at December 31	$ 749,402	$ (1,748,651)

	For the Year Ended December 31, 2022	
	Equity Instruments	Debt Instruments
Balance at January 1	$ 660,685	$ (204,768)
Unrealized gain (loss)	(335,474)	(3,273,764)
Net remeasurement of loss allowance	-	2,655
Disposal of investments in debt instruments	-	779,124
Other comprehensive income (loss)	(335,474)	(2,491,985)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	2,618	-
Balance at December 31	$ 327,829	$ (2,696,753)

30. NET INTEREST

	For the Year Ended December 31	
	2023	2022
Interest revenue		
Discounts and loans	$ 13,885,980	$ 10,576,271
Marketable securities held	2,254,103	1,425,304
Due from banks and call loans to banks	883,161	517,715
Securities purchased under agreement to resell	268,053	69,916
Others	186,980	174,172
	17,478,277	12,763,378
Interest expense		
Deposits	8,795,596	4,108,793
Bank debentures	499,580	443,615
Others	210,535	144,260
	9,505,711	4,696,668
	$ 7,972,566	$ 8,066,710

31. COMMISSION AND FEE REVENUES, NET

	For the Year Ended December 31	
	2023	2022
Commission and fee revenue		
Trust and related business	$ 399,283	$ 364,054
Agency service	385,567	386,683
Loan services	265,135	236,713
Credit card business	191,012	155,298
Others	253,803	236,968
	1,494,800	1,379,716
Commission and fee expense		
Credit card business	179,988	139,082
Interbank services	16,772	16,320
Agency service	9,016	10,246
Others	58,634	51,347
	264,410	216,995
	$ 1,230,390	$ 1,162,721

32. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31	
	2023	2022
Interest revenue	$ 179,278	$ 89,174
Dividend revenue	488	1,023
Disposal gain	32,017	13,569
(Loss) gain on valuation	15,567	(7,963)
	$ 227,350	$ 95,803

33. REALIZED GAINS (LOSS) ON FVTOCI

	For the Year Ended December 31	
	2023	2022
Dividend revenue	$ 185,404	$ 133,395
Disposal loss	(109,490)	(779,124)
	$ 75,914	$ (645,729)

34. OTHER NONINTEREST NET REVENUE

	For the Year Ended December 31	
	2023	2022
Gain on disposal of investment properties	$ 16,398	$ 7,627
Gain on disposal of property and equipment	560	858
Others	30,679	24,811
	$ 47,637	$ 33,296

35. EMPLOYEE BENEFIT EXPENSE

	For the Year Ended December 31	
	2023	2022
Salaries and wages	$ 2,230,662	$ 2,123,160
Labor insurance, national health insurance and group life insurance	205,859	200,023
Pension costs	98,074	93,502
Remuneration of directors	75,595	83,736
Other employee benefits expense	202,491	222,618
	$ 2,812,681	$ 2,723,039

Compensation of Employees and Remuneration of Directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at the rates 2% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. When the Company has accumulated losses, it should reserve the amount of compensation in advance.

The compensation of employees and remuneration to directors, accrued at 2% and no higher than 1%, for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 5, 2024 and March 7, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees	$ 74,215	$ 106,137
Remuneration of directors	$ 37,107	$ 53,068

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

36. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2023	2022
Depreciation expense		
Property and equipment	$ 183,810	$ 181,206
Right-of-use assets	66,849	70,739
Investment properties	759	736
	$ 251,418	$ 252,681
Amortization expense	$ 70,573	$ 75,824

37. OTHER OPERATING EXPENSES

	For the Year Ended December 31	
	2023	2022
Taxation	$ 814,314	$ 640,617
Insurance	197,439	178,007
Repairs	85,556	89,832
Postage	70,633	68,356
Others	380,456	332,018
	$ 1,548,398	$ 1,308,830

38. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 727,838	$ 951,775
Adjustments for prior years	165	(10,457)
Credit for income tax paid in mainland China	(7,454)	(10,076)
Land value increment tax	631	53
Income tax on house and land transactions	4,734	4,009
	725,914	935,304
Deferred tax		
In respect of the current year	(27,244)	160,606
Income tax expense recognized in profit or loss	$ 698,670	$ 1,095,910

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 3,634,666	$ 5,213,271
Income tax expense calculated at the statutory rate (20%)	$ 726,933	$ 1,042,654
Nondeductible expenses in determining taxable income	4,854	60,497
Tax-exempt income	(44,346)	(26,602)
Unrecognized deductible temporary differences	3,454	2,475
Effect of different tax rate of Group entities operating in other jurisdictions	9,699	33,357
Adjustments for prior years' tax	165	(10,457)
Land value increment tax	631	53
Income tax on house and land transactions 2.0	4,734	4,009
Credit for income tax paid in mainland China	(7,454)	(10,076)
Income tax expense recognized in profit or loss	$ 698,670	$ 1,095,910

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year:		
Remeasurement on defined benefit plan	$ 12,186	$ (17,813)
Translation of foreign operations	3,557	(2,812)
Total income tax recognized in other comprehensive income	$ 15,743	$ (20,625)

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 3,943	$ 3,940
Current tax liabilities		
Income tax payable	$ 157,865	$ 532,847

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for credit losses	$ 327,302	$ 6,113	$ -	$ 333,415
Exchange difference on foreign operations	14,130	-	3,557	17,687
Provisions	2,453	386	-	2,839
Preferential interest for deposits of employees	489	(88)	-	401
Deferred revenue	774	(377)	-	397
Others	2,049	2,105	-	4,154
	347,197	8,139	3,557	358,893
Loss carryforwards	960	-	-	960
	$ 348,157	$ 8,139	$ 3,557	$ 359,853
Deferred tax liabilities				
Temporary differences				
Land value increment tax	$ 106,829	$ -	$ -	$ 106,829
Defined benefit retirement plans	11,620	1,213	(12,186)	647
Unrealized gain on foreign exchange	12,854	(11,193)	-	1,661
Unrealized gain on investments accounted for using the equity method	47,255	(9,599)	-	37,656
Others	-	474	-	474
	$ 178,558	$ (19,105)	$ (12,186)	$ 147,267

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for credit losses	$ 463,783	$ (136,481)	$ -	$ 327,302
Defined benefit obligation	10,687	69,185	(79,872)	-
Exchange difference on foreign operations	16,942	-	(2,812)	14,130
Provisions	2,435	18	-	2,453
Preferential interest for deposits of employees	627	(138)	-	489
Deferred revenue	681	93	-	774
Others	3,328	(1,299)	-	2,049
	498,503	(68,622)	(82,684)	347,197
Loss carryforwards	960	-	-	960
	$ 499,463	$ (68,622)	$ (82,684)	$ 348,157
Deferred tax liabilities				
Temporary differences				
Land value increment tax	$ 106,829	$ -	$ -	$ 106,829
Defined benefit retirement plans	-	73,679	(62,059)	11,620
Unrealized gain on foreign exchange	2,293	10,561	-	12,854
Unrealized gain on investments accounted for using the equity method	39,511	7,744	-	47,255
	$ 148,633	$ 91,984	$ (62,059)	$ 178,558

e. Information about unused loss carryforwards

Loss carryforwards of Sunny E-Commercial Co. as of December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 502	2024
4,026	2025
6,423	2026
6,902	2027
3,377	2028
639	2029
7,517	2033
$ 29,386	

f. Income tax assessments

	Examined Year
The Company	2021
Sunny Securities Co.	2021
King Sunny Assets Management Co.	2021
Sunny International Leasing Co.	2021
Sunny E-Commercial Co.	2020

39. EARNINGS PER SHARE

Unit: NT$

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share	$ 0.88	$ 1.29
Diluted earnings per share	$ 0.88	$ 1.29

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Profit for the year attributable to owners of the Company	$ 2,935,996	$ 4,117,361

Shares

(In Thousand Shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of common shares used in the computation of basic earnings per share	3,333,309	3,193,035
Effect of potentially dilutive common shares:		
Compensation of employees	6,988	9,645
Weighted average number of common shares used in the computation of diluted earnings per share	3,340,297	3,202,680

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

40. TRANSACTIONS WITH RELATED PARTIES

a. Related parties

Name	Relationship with the Company and Subsidiaries
Leaderman & Associates Co., Ltd.	Related party in substance
Cherng Yang Printing Co., Ltd.	Related party in substance
Medalass Trading Co., Ltd.	Related party in substance
Guang Zhi Cultural Co., Ltd.	Related party in substance
Chuan Yang Construction Co., Ltd.	Related party in substance
Hai Wong Printing Co., Ltd.	Related party in substance
Hong Dexin Industrial Co., Ltd.	Related party in substance
Yung Chi Paper Manufacturing Co., Ltd.	Related party in substance
Sheng Yang Construction Co., Ltd.	Related party in substance
Other related persons	Directors, managers and their relatives within the second degree of consanguinity

b. Significant transactions with related parties

1) Loans

Category	December 31, 2023							
	Number of Accounts or Name of Related Party	Highest Balance	Average Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length
Consumer loans for employees	10	$ 4,164	$ 2,776	$ 1,453	$ 1,453	$ -	-	Yes
Housing mortgage loans	57	444,215	353,882	379,103	379,103	-	Land and building for residential use	Yes
Others:	Leaderman & Associates Co., Ltd.	1,000	112	-	-	-	Land and building for commercial use	Yes
	Cherng Yang Printing Co., Ltd.	65,000	65,000	65,000	65,000	-	Land and plant	Yes
	Medalass Trading Co., Ltd.	5,827	3,600	-	-	-	Pledged foreign currency certificates of deposit	Yes
	Guang Zhi Cultural Co., Ltd.	10,082	1,263	-	-	-	Land and plant	Yes
	Chuan Yang Construction Co., Ltd.	389,000	220,151	258,000	258,000	-	Land and building for commercial use	Yes
	Hai Wong Printing Co., Ltd.	800,118	778,027	781,972	781,972	-	Land and plant	Yes
	Yung Chi Paper Manufacturing Co., Ltd.	21,234	21,119	20,994	20,994	-	Land and plant	Yes
	19	118,832	94,720	97,150	97,150	-	100% of the SME credit insurance fund Land and building for commercial use Farm land Certificate of deposit Vehicles Depository pledge Deposits reserved for repayment in foreign currencies	Yes

Category	December 31, 2022							
	Number of Accounts or Name of Related Party	Highest Balance	Average Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length
Consumer loans for employees	11	$ 5,728	$ 4,198	$ 4,164	$ 4,164	$ -	-	Yes
Housing mortgage loans	58	559,590	316,057	341,222	341,222	-	Land and building for residential use	Yes
Others:	Leaderman & Associates Co., Ltd.	39,026	10,303	-	-	-	Land and building for commercial use	Yes
	Cherng Yang Printing Co., Ltd.	65,000	65,000	65,000	65,000	-	Land and plant	Yes
	Medalass Trading Co., Ltd.	7,396	5,308	5,827	5,827	-	80% of the SME credit insurance fund	Yes
	Guang Zhi Cultural Co., Ltd.	12,133	11,137	10,082	10,082	-	Land and plant	Yes
	Chuan Yang Construction Co., Ltd.	520,000	141,055	50,000	50,000	-	Land and building for commercial use	Yes
	Hai Wong Printing Co., Ltd.	738,432	729,500	720,118	720,118	-	Land and plant	Yes
	Hong Dexin Industrial Co., Ltd.	2,500	21	2,500	2,500	-	Land and building for commercial use	Yes
	Yung Chi Paper Manufacturing Co., Ltd.	21,474	21,358	21,234	21,234	-	Land and plant	Yes
	19	183,595	70,177	91,825	91,825	-	100% of the SME credit insurance fund Land and building for commercial use Farm land Vacant land Vehicles	Yes

In 2023 and 2022, interest income from the above loans amounted to $34,241 thousand and $24,768 thousand, respectively.

2) Deposits and interest expense

	For the Year Ended December 31, 2023		
	Ending Balance	Interest Expense	Annual Interest Rates (%)
Others	$ 2,658,819	$ 42,199	0-5.6

	For the Year Ended December 31, 2022		
	Ending Balance	Interest Expense	Annual Interest Rates (%)
Others	$ 2,554,222	$ 20,213	0-4.85

3) Lease arrangements

		December 31	
Line Item	Related Party Category/Name	2023	2022
Right-of-use assets	Sheng Yang Construction Co., Ltd.	$ 13,615	$ 284
	Chuan Yang Construction Co., Ltd.	21,394	2,767
		$ 35,009	$ 3,051
Lease liabilities	Sheng Yang Construction Co., Ltd.	$ 13,515	$ -
	Chuan Yang Construction Co., Ltd.	21,116	2,505
		$ 34,631	$ 2,505

c. Compensation of key management personnel

The management personnel are composed of directors, general manager, vice general manager and employees on the management level.

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 204,424	$ 212,275
Post-employment benefits	1,877	2,188
Share-based payments	677	168
	$ 206,978	$ 214,631

41. PLEDGED OR MORTGAGED ASSETS

In addition to other notes, the following assets are provided as refundable deposits:

	December 31	
	2023	2022
Financial assets at FVTOCI	$ 4,800,000	$ 4,990,000
Debt securities measured at amortized cost	415,300	434,300
Other asset - guarantee deposits	63,739	68,996
- clearing and settlement fund	12,359	17,559
- reserve for settlement of bond payments	5,000	5,000
- pledge deposits	15,000	15,000
- specialized discharge account	-	7,000

The above pledge assets are mainly for (1) the deposit for enforcing provisional seizure of asset of debtor, deposit for leasing of operating office, reserve for credit card payment, reserve trust compensation fund, deposit for notes dealer reserve, operating deposits of securities dealers, operating guarantee deposits of securities underwriters, reserve for bond payment settlement in the electronic bond trading system, and loan commitments for financial institutions; (2) collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS); the unused overdraft amount at the end of the day can be treated as the Bank's liquidity reserve. (3) cash, government bond or bank debentures provided as operating guarantee deposits and clearing and settlement fund according to the Regulations Governing Securities Issuer and Regulations Governing the Operation of Futures Introducing Broker Business by Securities Issuer; (4) deposits of insurance agent to the Insurance Bureau of Financial Supervisory Commission.

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

	December 31	
	2023	2022
Receipts under custody	$ 490,656	$ 500,763
Securities under custody	11,177,499	10,861,519
Trust assets	70,354,828	76,447,473

43. HIERARCHY AND FAIR VALUE INFORMATION

a. Fair value information

1) Overview

Fair value is the amount that could be received from the sale of an asset or the amount paid to settle a liability in an orderly transaction between market participants on the measurement date (i.e. exit price).

Financial instruments are initially measured at fair value, usually the transaction price. Apart from some financial instruments carried at amortized cost, all other subsequent measurements are at fair value. The best evidence for fair value is the quoted market price in an active market. However, if there is no active market for the financial instrument, the fair value is determined using valuation models, or by reference to Bloomberg, the quoting system of Reuters, and/or quotations provided by counterparties.

2) Hierarchy information of fair value

a) Level 1

Level 1 financial instruments are traded in active market and have the identical price for the same financial instruments. Active market should have the following characteristics:

i. All financial instruments in the market are homogeneous;

ii. Willing buyers and sellers exist in the market all the time;

iii. The public can access the price information easily.

b) Level 2

The products categorized in this level have prices that can be inferred from observable inputs directly or indirectly other than the prices in an active market.

c) Level 3

The fair prices of the products in this level are based on the inputs other than the direct market data. Unobservable inputs are inputs such as historical volatilities used in option pricing model. Historical volatility typically does not present current market participants' expectations about future volatility.

b. Fair value of financial instruments measured at fair value

1) Hierarchy information of fair value

The Group's financial instruments are measured at fair value and on a recurring basis.

Fair value hierarchy as at December 31, 2023

Assets and Liabilities Item	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stock	$ 14,275	$ 14,275	$ -	$ -
Commercial paper	13,397,453	-	13,397,453	-
Beneficiary certificates	271,292	271,292	-	-
Others	183,869	-	183,869	-
Financial assets at FVTOCI				
Stocks	2,107,107	1,216,757	-	890,350
Bonds	76,710,956	-	76,710,956	-
Certificates of deposits and others	21,790,896	-	21,790,896	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	8,960	-	8,960	-
Liabilities				
Financial liabilities at fair value through profit or loss	2,701	-	2,701	-

Fair value hierarchy as at December 31, 2022

Assets and Liabilities Item	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stock	$ 6,927	$ 6,927	$ -	$ -
Commercial paper	11,230,012	-	11,230,012	-
Beneficiary certificates	542,259	542,259	-	-
Others	72,273	-	72,273	-
Financial assets at FVTOCI				
Stocks	2,284,533	1,480,119	-	804,414
Bonds	59,935,686	-	59,935,686	-
Certificates of deposits and others	30,490,857	-	30,490,857	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	15,229	-	15,229	-

2) The valuation techniques for determining fair values:

The fair values of financial instruments traded on an active markets are determined with reference to quoted market prices.

Stock exchanges, brokers, underwriters, industrial associations, pricing service agencies and/or other competent authorities comprise an active market when there is frequent trading of financial instruments and quoted prices are available and can be timely obtained. Otherwise, the market is inactive. Generally, the indicators of an inactive market are wide bid-offer spread, or low volume of transactions.

The characteristic and categories of fair value estimation for financial instruments with an active market are as follows:

a) Listed stock and foreign stock: Closing price published by Taiwan Stock Exchange and Taipei Exchange as of the balance sheet date;

b) Beneficiary certificate: Net value declared by an investment trust company;

c) Government bond: Settlement price or theoretical price published by the Taipei Exchange as of the balance sheet date multiplied by 100;

d) Corporate bonds: Corporate bonds in New Taiwan dollars are calculated using the yield rate published by the Taipei Exchange on the measurement date as the discount rate; corporate bonds in foreign currency are estimated on the basis of the quotes published by Bloomberg or Reuters;

e) Bank debentures: Estimated on the basis of the quotes published by Bloomberg or Reuters;

f) Commercial paper and negotiable certificate of deposits: Determined by the discount rate based on TAIBIR 02 published by TDCC on the measurement date;

g) Cross-currency swap contract: Result of the valuation of the financial instrument at maturity based on swap points published by Reuters and then discounted at TAIBOR.

For financial instruments with no active market, the fair value is estimated using valuation models or quotations provided by the counterparties. After valuation, the fair value can take any other financial instruments whose nature or condition is similar as reference, use discounted cash flow analysis method or use other valuation models, including market information on the balance sheet date (for example the applicable yield curve and the average interest rate quotation by Reuters for commercial paper).

Fair values of nonstandard financial instruments with lower complexities, such as interest rate swaps and derivative instruments without quoted market prices, are based on estimates using valuation models widely used by market participants.

Fair values of financial instruments with higher complexities, such as derivative instruments and securitization products, are based on self-designed valuation models which incorporate the method and the techniques widely used for the industry. Some of the parameters used in these models are not directly observable from the market and might require management to rely on carefully made assumptions.

For valuation models, the Group uses the appropriate hypothesized parameters, which the Group believes will help it to determine the fair value of the financial instrument shown in the Group's balance sheet. The pricing information and parameters used during the valuation process are carefully selected and are properly adjusted depending on market conditions.

The Group's derivative financial instruments are measured at fair value using market accepted valuation techniques, such as discounted cash flow analysis. For forward contracts, fair values are estimated on the basis of the current foreign exchange rates.

The fair value of unlisted stocks is assessed by market approach, asset approach and income approach.

3) Credit risk assessment is set out below:

Credit risk assessment refers to the evaluation of the fair value credit risk on the counterparty in over-the-counter (OTC) derivatives. Credit risk assessment consists of credit and debit valuation adjustments of a financial instrument.

Credit valuation adjustment of derivative contracts trading in other than centralized securities exchange market, also named over-the-counter market, is assessed for the non-performance risk of the counterparties.

Debit valuation adjustment of derivative contracts trading in other than centralized securities exchange market, also named over-the-counter market, is assessed for the non-performance risk of the Group.

The Group calculated the debit and credit valuation adjustments and the estimated loss allowance by the application of Probability of Default (PD) and Loss Given Default (LGD) multiplied by Exposure at Default (EAD).

The Group generally uses external ratings of PD for counterparties; however, for those without ratings from external institutions, the Group follows IFRS 9 to evaluate the percentage of allowance as the PD of counterparties.

The Group takes market-to-market fair value of OTC derivative instruments as the EAD.

The Group follows the Taiwan Exchange's Guidance on IFRS 13 CVA and DVA disclosures, and takes 60% to be the PD of counter parties.

The Group takes credit risk valuation adjustment into the valuation of the fair value of financial instruments, in order to reflect the credit quality of counterparties and the Group.

4) Transfers between Level 1 and Level 2

There were no transfers between Levels 1 and 2 in the current and prior periods.

5) Reconciliation of Level 3 and quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement

For the Year Ended December 31, 2023								
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchased/Issued	Transferred to Level 3	Disposed/Sold	Transferred Out of Level 3	
Financial assets at FVTOCI Equity instrument	$ 804,414	$ -	$ 85,936	$ -	$ -	$ -	$ -	$ 890,350

For the Year Ended December 31, 2022								
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchased/Issued	Transferred to Level 3	Disposed/Sold	Transferred Out of Level 3	
Financial assets at FVTOCI Equity instrument	$ 822,960	$ -	$ (18,546)	$ -	$ -	$ -	$ -	$ 804,414

Quantitative information about the significant unobservable inputs were as follow:

Measured on a Recurring Basis	Fair Value on December 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTOCI - equity instrument	$ 890,350	Market approach Income approach	Discount without open market Weighted average cost	10%-30% 6%-11%	Converse Converse

Measured on a Recurring Basis	Fair Value on December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTOCI - equity instrument	$ 804,414	Market approach Income approach	Discount without open market Weighted average cost	10%-30% 7%-12%	Converse Converse

6) Valuation processes for fair value measurements categorized within Level 3

The Level 3 valuation is measured by external experts, which makes the evaluation results close to the market and confirms that the data sources are independent, reliable, and consistent with other resources. The Group reviews the evaluation parameters regularly, update the input values required for the evaluation model and any other necessary adjustments to ensure the reasonableness of the evaluation results.

7) Sensitivity analysis of Level 3 fair value if reasonable possible alternative assumptions may be used

The Group concluded that fair value of financial instruments is reasonable. Nevertheless, the outcome of the evaluation may vary due to the adoption of different valuation models and parameters. For the Level 3 financial instruments, if assets swap had increased or decrease by 1 percent or 2.5 percent, the influence to the current net income and other comprehensive income would have been as follows:

Items	Change in Fair Value Influence on Current Net Income		Change in Fair Value Influence on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2023				
Assets				
Financial assets at FVTOCI - equity instruments	$ -	$ -	$ 65,188	$ (89,174)
December 31, 2022				
Assets				
Financial assets at FVTOCI - equity instruments	-	-	44,397	(44,663)

Favorable or unfavorable changes refer to the fluctuation of fair value, which is calculated by different unobserved parameters. The above table only reflects the effect caused by a single parameter and does not consider the correlation among parameters.

c. Fair value of financial instruments that are not measured at fair value

1) Fair value information

Except as detailed in the following table, management believes the carrying amounts of financial assets such as cash and cash equivalents, deposits from the Central Bank and other banks, securities purchased under agreements to resell, receivables, discounts and loans, other financial assets, net, guarantee deposits, operating guarantee deposits, clearing and settlement fund, pledged deposits, and specialized discharge account; and financial liabilities such as deposits from the Central Bank and other banks, due to the Central Bank and other banks, securities sold under agreement to repurchase, payables, deposits and remittances, bank debentures, other financial liabilities, and guarantee deposits received recognized in the consolidated financial statements approximate their fair values and hence no additional disclosure was provided.

Items	Carrying Amount	Fair Value
December 31, 2023		
Financial assets		
Investment in debt instruments measured at amortized cost	$ 39,199,039	$ 38,959,862
December 31, 2022		
Financial assets		
Investment in debt instruments measured at amortized cost	36,724,967	36,171,142

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
The investment of debt instruments measured at amortized cost	$ 38,959,862	$ -	$ 38,959,862	$ -

Assets and Liabilities Item	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
The investment of debt instruments measured at amortized cost	$ 36,171,142	$ -	$ 36,171,142	$ -

3) Valuation techniques

Methods and assumptions applied in estimating the fair values of financial instruments not carried at fair value are as follows:

a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and other banks, securities purchased under agreement to resell, receivables, refundable deposits, operating deposits and clearing and settlement fund, pledge deposits, specialized discharge account, deposits from the Central Bank and other banks, due to the Central Bank and other banks, securities sold under agreement to repurchase, payables, guarantee deposits received and other financial liabilities approximate fair value because of the short maturity or the similarity of the carrying amount and future price.

b) Discounts and loans (include nonperforming loans): The Group usually uses base rate (floating rate) as loan rate because it can reflect market rate. Thus, using its carrying amount to consider the probability of repossession and estimate its fair value is reasonable. Long-term loans with fixed rate have the fair value estimated by discounting the expected cash flows. Because the account is not significant, the carrying amount is considered reasonable estimate of fair value.

c) Investment in debt instruments at amortized cost: Investment in debt instruments at amortized cost with quoted price in an active market are using market price as fair value. If there is no quoted price in an active market, fair value is estimated using valuation methods or the counterparty's price.

   i. New Taiwan dollar Central Government Bond: The fair values of subordinated government bonds as determined by the Taipei Exchange are used as basis for valuation.

   ii. New Taiwan dollar corporate bonds and financial debentures: Future cash flows are discounted using the applicable yield curve provided by the Taipei Exchange to gauge the present value of the cash flows.

d) Deposits and remittances: Considering the banking industry's characteristic, the carrying amounts of deposits with one year maturity and measured by market rate (market value) is reasonable estimate of the fair value. The carrying amount of deposits with three years maturity and measured by discounted cash flow method is reasonable estimate of the fair value.

e) Bank debentures: The coupon rate of the debentures issued by the Company is comparable to market rates; thus, the discounted value of expected future cash flows reasonably reflect their fair value.

44. FINANCIAL RISK MANAGEMENT

a. Overview

The purpose of financial risk management is to maintain the assets secured and ensure the assets and the quality of financial statements comply with related regulations. The main risks the Group is facing are credit risks, market risks, operating risks, liquidity risks, interest rate risks and other related risks.

Risk management policies and procedures are documented and approved by the board of directors to identify, evaluate, monitor, report and control the above risks.

b. Risk management framework

Risk management of the Group is exercised by risk management department with risk management policies approved by the board of directors. The risk management structures of the Company included the board of directors, risk management committee, assets and liabilities management committee, management level personnel, internal audit, risk management department and other operating units. Sunny Securities Co. has set up a risk management committee independent from other operating units and directly reports to the board of directors. The risk management structures of Sunny Securities included the board of directors, risk management committee and other operating units.

c. Credit risk

1) Sources and definitions of credit risk

a) The Company

Credit risk is the risk of financial loss if a borrower, issuer or counterparty fails to meet an obligation under a contract. It arises principally from lending, trade finance, treasury and credit derivatives. The issuer's credit risk should be considered as part of the market risk when the investment target is securities in an active market.

b) Sunny Securities Co.

Credit risk is the primary risk faced by Sunny Securities Co., and it mainly comes from issuer's credit risk and counterparties' credit risk.

i. Issuer's credit risk is the risk of financial loss if issuer fails to meet an obligation under a contract due to bankruptcy or liquidation;

ii. Counterparties' credit risk is the risk of financial loss if counterparties fail to meet an obligation to fulfill delivery or payment for financial instruments.

2) Policies and strategies

To identify existing and potential credit risks and ensure credit risks are under control, the Group has stipulated in its standards that business operating units should make a detailed analysis of its current products and services, including all transactions recorded in banking books, trading books, and balance sheets with all those off balance sheet items. Before proposing new products and services, business operating units should set proper control guidelines based on the different levels of risk and the nature of the credit or other business transactions to determine the required risk management procedures.

3) Procedures of credit risk management

For the prevention of over-concentration of credit risks, credit guidelines specify credit limits for individual trading counterparties and for groups of counterparties.

In addition, credit limits are set for different geographical areas, industries and countries, and these limits are reported timely to the Risk Management Committee and the board of directors.

4) Credit risk hedge or mitigation policies

For mitigation of credit exposures, the Group has set up several policies covering such areas as collateral valuation and a clear guideline that it may take any kind of deposits as collateral for debtor's account. For small and medium enterprises with insufficient collateral, the Group may strengthen claims through transfer to Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

Collateral amount of impaired financial asset

The Company evaluated the value of financial instruments and identified those with assessed impairment. The financial instruments and collateral are as follows:

December 31, 2023

	Book Value	Allowance for Impairment Losses	Total Exposure	Fair Value of Collateral
Receivables	$ 317,709	$ 291,272	$ 26,437	$ -
Discount and loans	2,780,747	914,082	1,866,665	17,601,449
Impaired financial asset	$ 3,098,456	$ 1,205,354	$ 1,893,102	$ 17,601,449

December 31, 2022

	Book Value	Allowance for Impairment Losses	Total Exposure	Fair Value of Collateral
Receivables	$ 311,283	$ 280,284	$ 30,999	$ -
Discount and loans	2,959,807	998,226	1,961,581	19,579,503
Impaired financial asset	$ 3,271,090	$ 1,278,510	$ 1,992,580	$ 19,579,503

5) The maximum credit exposure of the financial instruments held by the Group

a) The Company

Maximum credit exposures of assets on the balance sheet (excluding collaterals and other credit enhancement instruments) are almost equivalent to the carrying value. The maximum credit exposures of off-balance sheet items (excluding collaterals, other credit enhancement instruments and undrawn maximum exposure) are as follows:

Off-Balance Sheet Items	The Maximum Credit Exposure	
	December 31, 2023	December 31, 2022
Undrawn loan commitments	$ 722,594	$ 1,117,044
Undrawn credit card commitments	12,086,652	11,690,133
Standby letters of credit	697,079	726,693
Guarantees	3,504,715	4,404,954
Total	$ 17,011,040	$ 17,938,824

Collaterals, enforceable master netting arrangements and other credit enhancement instruments of on- and off-balance sheet items are as follows:

December 31, 2023	Collaterals	Enforceable Master Netting Arrangements	Other Credit Enhancement Instruments	Total
On-balance sheet items				
Receivables				
Acceptances	$ -	$ -	$ 29,925	$ 29,925
Discounts and loans	389,561,071	-	93,022,309	482,583,380
Off-balance sheet items				
Undrawn loan commitments	206,576	-	516,018	722,594
Credit card commitments	-	-	12,086,652	12,086,652
Standby letters of credit	-	-	697,079	697,079
Guarantees	-	-	3,504,715	3,504,715

December 31, 2022	Collaterals	Enforceable Master Netting Arrangements	Other Credit Enhancement Instruments	Total
On-balance sheet items				
Receivables				
Acceptances	$ -	$ -	$ 28,407	$ 28,407
Discounts and loans	366,807,920	-	84,751,461	451,559,381
Off-balance sheet items				
Undrawn loan commitments	182,639	-	934,405	1,117,044
Credit card commitments	-	-	11,690,133	11.690,133
Standby letters of credit	-	-	726,693	726,693
Guarantees	-	-	4,404,954	4,404,954

The Company has a strict evaluation procedure and reviews the evaluation results regularly to control and minimize off-balance sheet credit risk exposures.

b) Sunny Securities Co.

The amounts of the maximum credit exposures of assets in the balance sheet (excluding collaterals and other credit enhancement instruments) are almost equal to their carrying values. The credit exposures of Sunny Securities Co. are mainly in Taiwan. The explanations of credit risks of financial assets are as follows:

i. Cash and cash equivalents are mainly time deposits, demand deposits and check deposits in domestic financial institutions.

ii. Margin loans receivable pertain to the funds loaned to customers for them to buy securities. Margin loans receivable represent the amount loaned to customers. The securities bought by customers are used as security for the loans and the margin maintenance ratio is kept at 130% to comply with Operating Rules for Securities Firms Handling Margin Purchases and Short Sales of Securities.

iii. Accounts receivable are creditor's right derived from the business operated by securities dealers including closing price receivable, interest receivable from financing of credit transactions and receivables generated from consignment trading of securities. As accounts receivable of Sunny Securities Co. are mainly derived from consignment operations, the trading and settlements with stock exchanges and OTC market have low credit risks.

iv. Other current assets are the cash provided for pledge or other restricted usage. The counterparties of Sunny Securities Co. are good reputation domestic banks thus low credit risks.

v. Other non-current assets are mainly operating deposits, clearing and settlement fund and refundable deposits. Operating deposits are placed in reputable domestic banks and clearing and settlement funds are placed in stock exchanges for use to compensate any loss if securities transaction counterparty fails to fulfill the obligation. The banks and stock exchanges are assessed to have low credit risks. Refundable deposits are cash or other assets of Sunny Securities Co. placed in reputable banks as security for a large number of counterparties with small amounts; therefore, the credit risks being diversified are low.

6) Assessment of a significant increase in credit risk since initial recognition

a) Credit assets

The Group assesses changes of default risk in credit quality during the expected lifetime of various types of credit assets on each reporting date to determine if there has been a significant increase in credit risk since initial recognition, main indicators considered and supporting information (including prospective information) are as follows:

Quantitative index

When the contractual payments are overdue for more than 30 days to 89 days, the credit risks of the credit assets are considered to be significantly increased since the initial recognition.

Qualitative index

i. The credit risk of borrowers has increased significantly based on credit assessment, i.e., the borrower is in financial difficulty which might possibly affect their ability to settle interest and principal of obligations.

ii. Borrower's the check bounced, and borrower did not pay interest regularly.

iii. Borrowers' financial report issued by accountant had material going-concern assumption.

iv. The credit report of borrowers had downgrading or abnormality.

If the company could not identify whether the credit risk of credit assets had increased significantly since original recognition. The company should recognize expected credit losses in accordance with lifetime unless it's low at the report date.

b) Investment position

The company adopts external credit rating scale to measure whether the credit risk after the initial recognition is significantly increased for debt instrument measured at amortized cost and debt instrument measured at fair value through other comprehensive income. If the credit rating according to Moody's investors service is above Ba3 on base date, and the credit risk did not increase significantly, the debt instrument is categorized as stage 1, which is required to calculate 12 months expected credit losses. If the credit rating according to Moody's investors service is lower than B1 on base date, or if the debt instrument is downgraded more than three levels or the principal or interest is unpaid over 30 days, the credit risk has increased significantly since initial recognition and the debt instrument is categorized as stage 2, which is required to calculate lifetime expected credit losses. If there is evidence indicating the instrument was credit impaired at base date, the instrument is categorized as stage 3, which is required to calculate lifetime expected credit losses.

7) Definition of financial assets in default and credit impaired financial assets

a) Credit assets

The definition of financial assets in default of the Bank is the same as that of the credit-impaired assets. If one or more of the following conditions are met, the Bank determines that the financial asset is in default and credit impaired:

Quantitative index

When the borrower's payment under the contract is overdue more than 90 days.

Qualitative index

i. Borrower has suffered account rejection or has filed a petition for bankruptcy, financial restructuring or financial relief and negotiation.

ii. Borrower's collateral had been taken into legal action or enforced auction by the Company or others.

iii. Borrower's financial report issued by auditor had material going-concern uncertainty and borrower did not pay interest regularly.

iv. Borrower suffered major accident or is reported to have been experiencing abnormal operations which affect the Company's claims.

The credit asset will be restored to the current and compliant classification and will be not considered as a credit-impaired asset or in default if it no longer meets the definition of default and credit impairment.

b) Investment position

If one or more of the following conditions are met, the Bank concludes that the investment in debt instrument is in default and credit impaired:

i. The investment in debt instrument had failed to pay the principal or interest due over 90 days.

ii. Issuer suffered financial difficulties.

iii. Issuer had filed or highly possible to file a petition for bankruptcy.

iv. Issuer had filed or highly possible to file a petition for financial restructuring.

The investment in debt instrument will be restored to the current and compliant classification and will not be considered as a credit-impaired instrument in default if it no longer meets the definition of default and credit impairment.

8) Write-off policy

The Company shall write off non-performing loans and overdue receivables that meet at least one of the following requirements:

a) All or part of creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.

b) The value of collateral and properties of the main and subordinate debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed Company's reimbursable amount.

c) The collateral and the properties of the main and subordinate debtors are unsold after multiple discount auctions and not beneficial to Company.

d) Overdue and nonperforming loans have not been recovered after more than 2 years from the maturity date.

e) The minimum payable amount of debit card and credit card which are overdue for six months, should be written off in three months. Appropriate documents should be acquired to support such write-off of accounts.

9) Amendment of contract cash flows of financial assets

The Group will amend financial asset contract cash flows of borrowers in financial difficulties, as a result of improvement of problematic debtors' recovery rate or for maintenance of customer relationships. Financial asset contract cash flows amendment include extension of contract period, interest payment date modification, contract interest modification, or exemption from certain requirements of part of debts. The amendment could result in disposal of existing financial asset and recording of new financial asset at fair value.

If the modification of the contractual cash flows of financial asset does not result in derecognition of asset, Sunny bank Ltd. and its subsidiaries will assess whether the credit risk of financial asset has increased significantly by evaluating the following:

a) Risk of breaching the contract on the reporting date (based on revised contract terms).

b) The probability of default in the original recognition (based on the original unmodified contract terms).

10) Measurement of expected credit losses

a) Credit assets

For the purpose of measuring expected credit losses. The Group will look into the credit risk characteristic of business attributes as well as industry nature, type of product and loan status of credit assets to divide them into following groups:

<table>
<tr><th>Business</th><th>Group</th><th>Definition</th></tr>
<tr><td rowspan="5">Corporate banking</td><td>Manufacturing</td><td rowspan="12">According to credit risk status, all groups were divided into 3 stage below:

i. The credit risk did not increase significantly;

ii. The credit risk increased significantly;

iii. Credit impaired.

The Company assesses the expected credit losses of each stage.</td></tr>
<tr><td>Wholesale and retail trade</td></tr>
<tr><td>Construction industry</td></tr>
<tr><td>Service industry and others</td></tr>
<tr><td>Government agencies</td></tr>
<tr><td rowspan="6">Consumer banking</td><td>Mortgage</td></tr>
<tr><td>Credit</td></tr>
<tr><td>Car loan</td></tr>
<tr><td>Others</td></tr>
<tr><td rowspan="2">Credit Card</td></tr>
</table>

The Group measures the loss allowance loss for financial instruments that did not have a significant increase in credit risk since initial recognition based on the 12-month expected credit loss model. For financial instruments that had a significant increase in credit risk or credit impaired since initial recognition, lifetime expected credit losses are applied.

To measure the expected credit losses, the Group takes into account the borrower's probability of default ("PD") for the next 12 months and the period of existence, and afterwards, includes the loss given default ("LGD") and multiply by exposure at default ("EAD"). The impact of the time value of money should also be considered when calculating the 12 month and lifetime expected credit losses.

PD refers to the borrowers' probability of default. LGD refers to the losses caused by the default. PD and LGD are applied to evaluate loan business impairment based on each portfolio's historical information from internal statistical data, and adjusted the historical information with current observable information and forward-looking macroeconomic information. The company evaluates risk exposure amount based on remaining loan amount, and calculates 12 months and lifetime expected credit losses of financing commitment based on "IFRS 9 Impairment Evaluation Methodology Guideline" issued by BAROC. Exposures of off-balance sheet items are regulated in "The description and form of banks' eligible capital and risk-weighted assets - credit risk standard approach". Credit conversion factor is used to calculate 12 months after record date and lifetime expected credit losses. The calculation of default exposure amount of expected credit losses takes into account the impact of the time value of money.

b) Investment position

The Group measures the loss allowance for financial instruments that did not have a significant increase in credit risk since initial recognition based on the 12-month expected credit loss model. For financial instruments that had a significant increase in credit risk or are credit impaired since initial recognition, lifetime expected credit losses are applied.

To measure the expected credit losses. The Group takes the borrower's probability of default ("PD") into account, and includes the loss given default ("LGD") and exposure at default ("EAD").

11) Forward-looking information considerations

a) Credit assets

According to IFRS 9, forward-looking estimations are necessary while calculating the expected credit losses. The Group obtains historical data of economic growth rate (coordinate with internal historical data of the Company's probability of default) and forecast information for current year to update the relevant economic factors which affect credit risk and expected credit losses of various asset groups as a parameter of default probability.

b) Investment position

The probability of default and the loss given default refer to the default rate of all credit levels and the external recovery rate of various debt instrument characteristics, which were published by external credit rating agencies. When assessing credit level and calculating PD and LGD to measure the expected credit losses, the credit rating agencies had not only considered forward-looking information but also the effect of time value of money and GDP.

12) The changes of loan business' book value and allowance loss

Changes of discounts and loans allowance loss

For the year ended December 31, 2023

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 1,105,286	$ 32,831	$ 998,226	$ -	$ 2,136,343	$ 3,797,026	$ 5,933,369
Changes in financial instruments that have been identified at the beginning of the period:							
To 12-month ECLs	25,016	(22,621)	(2,395)	-	-	-	-
To lifetime ECLs	(19,522)	43,690	(24,168)	-	-	-	-
To credit impaired financial assets	(2,996)	(24,656)	27,652	-	-	-	-
Derecognizing financial assets during the current period	(83,482)	(6,081)	(140,714)	-	(230,277)	-	(230,277)
Purchased or originated financial assets	171,365	-	43,644	-	215,009	-	215,009
Loss recognized based on the Regulations	-	-	-	-	-	(638,742)	(638,742)
Write-off	-	-	(1,930,976)	-	(1,930,976)	-	(1,930,976)
Reversal of write-off	-	-	-	-	-	727,665	727,665
Change in exchange rates or others	193,719	8	1,942,813	-	2,136,540	252	2,136,792
Balance, December 31	$ 1,389,386	$ 23,171	$ 914,082	$ -	$ 2,326,639	$ 3,886,201	$ 6,212,840

For the year ended December 31, 2022

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 1,011,181	$ 73,580	$ 651,665	$ -	$ 1,736,426	$ 4,485,450	$ 6,221,876
Changes in financial instruments that have been identified at the beginning of the period:							
To 12-month ECLs	165,600	(157,961)	(7,639)	-	-	-	-
To lifetime ECLs	(41,628)	61,782	(20,154)	-	-	-	-
To credit impaired financial assets	(1,603)	(12,140)	13,743	-	-	-	-
Derecognizing financial assets during the current period	(77,842)	(6,655)	(206,353)	-	(290,850)	-	(290,850)
Purchased or originated financial assets	140,295	-	34,092	-	174,387	-	174,387
Loss recognized based on the Regulations	-	-	-	-	-	(1,473,194)	(1,473,194)
Write-off	-	-	(580,415)	-	(580,415)	-	(580,415)
Reversal of write-off	-	-	-	-	-	770,245	770,245
Change in exchange rates or others	(90,717)	74,225	1,113,287	-	1,096,795	14,525	1,111,320
Balance, December 31	$ 1,105,286	$ 32,831	$ 998,226	$ -	$ 2,136,343	$ 3,797,026	$ 5,933,369

Changes in discounts and loans book value

For the year 2023

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 445,761,432	$ 3,989,323	$ 2,959,807	$ -	$ 452,710,562
Changes in financial instruments that have been identified at the beginning of the period:					
To 12-month ECLs	4,019,650	(4,006,480)	(13,170)	-	-
To lifetime ECLs	(7,803,350)	7,944,933	(141,583)	-	-
To credit impaired financial asset	(818,796)	(1,744,264)	2,563,060	-	-
Derecognizing financial assets during the current period	(32,021,196)	(909,826)	(679,047)	-	(33,610,069)
Purchased or originated financial assets	64,846,975	-	98,420	-	64,945,395
Write-off	-	-	(1,930,976)	-	(1,930,976)
Change in exchange rates and others	1,668,408	60,524	(75,764)	-	1,653,168
Balance, December 31	$ 475,653,123	$ 5,334,210	$ 2,780,747	$ -	$ 483,768,080

For the year 2022

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 403,995,986	$ 9,422,403	$ 1,930,590	$ -	$ 415,348,979
Changes in financial instruments that have been identified at the beginning of the period:					
To 12-month ECLs	17,172,640	(17,137,634)	(35,006)	-	-
To lifetime ECLs	(14,627,014)	14,749,781	(122,767)	-	-
To credit impaired financial asset	(649,060)	(1,429,386)	2,078,446	-	-
Derecognizing financial assets during the current period	(36,158,742)	(1,444,049)	(548,624)	-	(38,151,415)
Purchased or originated financial assets	67,907,838	-	70,000	-	67,977,838
Write-off	-	-	(580,415)	-	(580,415)
Change in exchange rates and others	8,119,784	(171,792)	167,583	-	8,115,575
Balance, December 31	$ 445,761,432	$ 3,989,323	$ 2,959,807	$ -	$ 452,710,562

Changes in loss allowance of receivables

For the year 2023

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 51,948	$ 451	$ 207,982	$ 72,303	$ 332,684	$ 152	$ 332,836
Changes in financial instruments that have been identified at the beginning of the period:							
To 12-month ECLs	1,952	(1,522)	(430)	-	-	-	-
To lifetime ECLs	(69)	703	(634)	-	-	-	-
To credit impaired financial assets	(9)	(1,123)	1,132	-	-	-	-
Derecognizing financial assets during the current period	(3,761)	(633)	(10,562)	-	(14,956)	-	(14,956)
Purchased or originated financial assets	4,441	-	2,816	-	7,257	-	7,257
Loss recognized based on the Regulations	-	-	-	-	-	(16)	(16)
Write-off	(60,173)	-	(465)	-	(60,638)	-	(60,638)
Reversal of write-off	-	-	-	-	-	-	-
Change in exchange rates or others	74,633	2,888	19,130	-	96,651	-	96,651
Balance, December 31	$ 68,962	$ 764	$ 218,969	$ 72,303	$ 360,998	$ 136	$ 361,134

For the year 2022

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 21,228	$ 457	$ 209,796	$ 72,303	$ 303,784	$ 186	$ 303,970
Changes in financial instruments that have been identified at the beginning of the period:							
To 12-month ECLs	1,201	(790)	(411)	-	-	-	-
To lifetime ECLs	(55)	469	(414)	-	-	-	-
To credit impaired financial assets	(3)	(460)	463	-	-	-	-
Derecognizing financial assets during the current period	(735)	(277)	(6,571)	-	(7,583)	-	(7,583)
Purchased or originated financial assets	2,838	-	1,737	-	4,575	-	4,575
Loss recognized based on the Regulations	-	-	-	-	-	(34)	(34)
Write-off	-	-	(210)	-	(209)	-	(209)
Reversal of write-off	39,057	-	-	-	39,057	-	39,057
Change in exchange rates or others	(11,583)	1,052	3,591	-	(6,940)	-	(6,940)
Balance, December 31	$ 51,948	$ 451	$ 207,981	$ 72,303	$ 332,684	$ 152	$ 332,836

Changes in book value of receivables

For the year 2023

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 5,456,152	$ 20,098	$ 238,980	$ 72,303	$ 5,787,533
Changes in financial instruments that have been identified at the beginning of the period:					
To 12-month ECLs	31,197	(30,319)	(878)	-	-
To lifetime ECLs	(49,594)	51,850	(2,256)	-	-
To credit impaired financial asset	(3,848)	(20,060)	23,908	-	-
Derecognizing financial assets during the current period	(2,762,286)	(9,559)	(23,000)	-	(2,794,845)
Purchased or originated financial assets	3,103,562	-	3,363	-	3,106,925
Write-off	(60,173)	-	(465)	-	(60,638)
Change in exchange rates and others	751,089	11,635	5,754	-	768,478
Balance, December 31	$ 6,466,099	$ 23,645	$ 245,406	$ 72,303	$ 6,807,453

Note: Book value on December 31, 2023 did not include the spot foreign exchange receivable $1,872 thousand.

For the year 2022

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 4,459,168	$ 22,240	$ 247,780	$ 72,303	$ 4,801,491
Changes in financial instruments that have been identified at the beginning of the period:					
To 12-month ECLs	44,027	(42,898)	(1,129)	-	-
To lifetime ECLs	(49,758)	51,331	(1,573)	-	-
To credit impaired financial asset	(3,753)	(12,532)	16,285	-	-
Derecognizing financial assets during the current period	(2,292,407)	(11,430)	(19,575)	-	(2,323,412)
Purchased or originated financial assets	2,143,355	-	2,031	-	2,145,386
Write-off	-	-	(209)	-	(209)
Change in exchange rates and others	1,155,520	13,387	(4,630)	-	1,164,277
Balance, December 31	$ 5,456,152	$ 20,098	$ 238,980	$ 72,303	$ 5,787,533

Note: Book value on December 31, 2022 did not include the spot foreign exchange receivable $158 thousand.

Changes of other financial assets loss allowance

For the year 2023

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ -	$ -	$ 2,029	$ -	$ 2,029	$ -	$ 2,029
Changes in financial instruments that have been identified at the beginning of the period:							
Derecognizing financial assets during the current period	-	-	(278)	-	(278)	-	(278)
Write-off	-	-	(10,422)	-	(10,422)	-	(10,422)
Reversal of write-off	-	-	11,555	-	11,555	-	11,555
Change in exchange rates and others	-	-	(462)	-	(462)	-	(462)
Balance, December 31	$ -	$ -	$ 2,422	$ -	$ 2,422	$ -	$ 2,422

For the year 2022

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ -	$ -	$ 1,442	$ -	$ 1,442	$ -	$ 1,442
Changes in financial instruments that have been identified at the beginning of the period:							
Derecognizing financial assets during the current period	-	-	(261)	-	(261)	-	(261)
Write-off	-	-	(10,400)	-	(10,400)	-	(10,400)
Reversal of write-off	-	-	12,955	-	12,955	-	12,955
Change in exchange rates and others	-	-	(1,707)	-	(1,707)	-	(1,707)
Balance, December 31	$ -	$ -	$ 2,029	$ -	$ 2,029	$ -	$ 2,029

Changes of other financial assets book value

For the year 2023

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ -	$ -	$ 5,280	$ -	$ 5,280
Changes of financial instruments that have been identified at the beginning of the period:					
Derecognizing financial assets during the current period	-	-	(566)	-	(566)
Write-off	-	-	(10,422)	-	(10,422)
Change in exchange rates and others	-	-	10,384	-	10,384
Balance, December 31	$ -	$ -	$ 4,676	$ -	$ 4,676

Note: Book value only included non-performing loans transferred from other than loans.

For the year 2022

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ -	$ -	$ 3,912	$ -	$ 3,912
Changes of financial instruments that have been identified at the beginning of the period:					
Derecognizing financial assets during the current period	-	-	(587)	-	(587)
Write-off	-	-	(10,400)	-	(10,400)
Change in exchange rates and others	-	-	12,355	-	12,355
Balance, December 31	$ -	$ -	$ 5,280	$ -	$ 5,280

Note: Book value only included non-performing loans transferred from other than loans.

Changes of commitment and guarantee liability provisions

For the year 2023

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 15,478	$ -	$ 66	$ -	$ 15,544	$ 31,710	$ 47,254
Changes in financial instruments that have been identified at the beginning of the period:							
To lifetime ECLs	(337)	13	-	-	(324)	-	(324)
To credit impaired financial assets	688	-	-	-	688	-	688
Derecognizing financial assets during the current period	(1,441)	(13)	-	-	(1,454)	-	(1,454)
Purchased or originated financial assets	4,086	-	-	-	4,086	-	4,086
Loss recognized based on the Regulations	-	-	-	-	-	(8,722)	(8,722)
Change in others	(3,454)	9	(66)	-	(3,511)	-	(3,511)
Balance, December 31	$ 15,020	$ 9	$ -	$ -	$ 15,029	$ 22,988	$ 38,017

For the year 2022

	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 16,646	$ -	$ -	$ -	$ 16,646	$ 29,066	$ 45,712
Changes in financial instruments that have been identified at the beginning of the period:							
To 12-month ECLs	24	(24)	-	-	-	-	-
To lifetime ECLs	(72)	72	-	-	-	-	-
To credit impaired financial assets	-	(2)	2	-	-	-	-
Derecognizing financial assets during the current period	(2,090)	-	-	-	(2,090)	-	(2,090)
Purchased or originated financial assets	1,653	-	-	-	1,653	-	1,653
Loss recognized based on the Regulations	-	-	-	-	-	2,644	2,644
Change in others	(683)	(46)	64	-	(665)	-	(665)
Balance, December 31	$ 15,478	$ -	$ 66	$ -	$ 15,544	$ 31,710	$ 47,254

13) Credit risk concentration of the Company

Concentrations of credit risk arise when there is only a single customer counterparty or there are customers engaged in similar business activities or economic characteristics, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Credit risk concentrations can arise in the Company's assets, liabilities or off-balance sheet items through the execution or processing of transactions (either product or service) or through a combination of exposures across these broad categories. It includes credit, loan and deposits, call loan to banks, investment, receivables and derivatives. The Company maintains well-diversified credit portfolios to protect against exposure to any geographic region, country or individual creditor. The Company's most significant concentrations of credit risk is summarized by industry, region and collateral as follows:

a) By industry

By Industry	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Private enterprise	$ 249,660,351	51.73	$ 233,723,122	51.76
Government organization	12,622,395	2.62	12,015,281	2.66
Non-profit organization	56,986	0.01	219,298	0.05
Natural person	220,243,648	45.64	205,601,680	45.53
Total	$ 482,583,380	100.00	$ 451,559,381	100.00

b) By geographical area

The Group's operations are mainly in Taiwan.

c) By collateral

By Collaterals	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Unsecured	$ 25,443,014	5.27	$ 23,606,479	5.23
Secured				
Stocks	5,689,671	1.18	4,880,658	1.08
Bonds	4,342,708	0.90	4,678,319	1.04
Real estate	427,009,575	88.48	398,244,551	88.19
Movable properties	14,435,767	2.99	13,476,439	2.98
Notes receivable	37,606	0.01	40,830	0.01
Guarantees	5,052,825	1.05	5,700,673	1.26
Others	572,214	0.12	931,432	0.21
Total	$ 482,583,380	100.00	$ 451,559,381	100.00

14) Management policies on collaterals

The Group's foreclosed collaterals are all securities which had recognized full amount impairment in other asset, net as of December 31, 2023 and 2022.

The Group may dispose collaterals whenever it available to sell, the trading amounts are used to net offset the payable.

15) Disclosures prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Overdue loans and receivables

Date			December 31, 2023				
Item			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 2,004	$ 209,651,703	0.00%	$ 2,691,635	134,313.12%
	Unsecured		196	55,124,655	0.00%	705,247	359,819.90%
Consumer loan	Mortgage (Note 4)		3,926	34,948,904	0.01%	457,353	11,649.34%
	Cash card		-	-	-	-	-
	Microcredit (Note 5)		2,320	1,330,950	0.17%	18,513	797.97%
	Others (Note 6)	Secured	7,902	149,583,270	0.01%	1,929,535	24,418.31%
		Unsecured	-	31,943,898	0.00%	409,885	0.00%
Total			16,348	482,583,380	0.00%	6,212,168	37,998.68%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 8)			$ 1,342	$ 712,366	0.19%	$ 15,024	1,119.15%
Accounts receivable - factoring with no recourse (Note 7)			-	-	-	-	-

Date			December 31, 2022				
Item			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 629,724	$ 198,322,711	0.32%	$ 2,626,929	417.16%
	Unsecured		3,290	50,292,509	0.01%	651,442	19,800.67%
Consumer loan	Mortgage (Note 4)		7,622	32,994,922	0.02%	434,448	5,699.92%
	Cash card		-	-	-	-	-
	Microcredit (Note 5)		3,050	1,124,617	0.27%	16,548	542.56%
	Others (Note 6)	Secured	31,211	139,691,624	0.02%	1,824,893	5,846.95%
		Unsecured	1,768	29,132,998	0.01%	378,293	21,396.66%
Total			676,665	451,559,381	0.15%	5,932,553	876.73%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 8)			$ 2,128	$ 653,469	0.33%	$ 11,945	561.33%
Accounts receivable - factoring with no recourse (Note 7)			-	-	-	-	-

Note 1: For loan business: Overdue loans represent the amounts of overdue loans reported in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans".

For credit card business: Overdue receivables are regulated by the Banking Bureau letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL ratio = NPL ÷ Total loans.

For Credit card business: Delinquency ratio = Overdue receivable ÷ Account receivables

Note 3: For loan business: Coverage ratio = LLR ÷ NPL

For credit card business: Coverage ratio = Allowance for credit losses ÷ Overdue receivables.

Note 4: Household mortgage loan is a financing for borrower to buy, build, or fix a dwelling, and the dwelling owned by the borrower, spouse, or children is used to fully secure the loan.

Note 5: Micro credit is regulated by the Banking Bureau letter dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Others in consumer loans refer to secured or unsecured loans excluding mortgage, cash card, micro credit, and credit cards.

Note 7: For accounts receivables - factoring with no recourse, dealt in accordance with the Banking Bureau letter dated July 19, 2005 (Ref. No. 094000494), allowance for bad debts is recognized once no compensation is made from factoring or insurance within three months.

Note 8: Included nonperforming loans transferred from other than loans.

b) Excluded NPLs and excluded overdue receivables

Date	December 31, 2023		December 31, 2022	
Item	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreements (Note 1)	$ 121	$ -	$ 202	$ -
As a result of consumer debt clearance (Note 2)	472	354	720	668

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

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

c) Concentration of credit extensions

Year	December 31, 2023		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	Group A (real estate developments activities)	$ 7,261,340	15.96
2	Group B (synthesis construction industry)	4,466,458	9.82
3	Group C (real estate activities for sale and rental)	3,982,284	8.75
4	Group D (iron and steel rolls over extends and crowding)	3,030,225	6.66
5	Group E (real estate activities for sale and rental)	2,844,405	6.25
6	Group F (other apparel wholesale)	2,804,509	6.16
7	Company G (real estate developments activities)	2,035,000	4.47
8	Company H (battery manufacturing)	1,894,464	4.16
9	Group I (fabric mills)	1,839,817	4.04
10	Company J (short-term accommodation)	1,675,617	3.68

Year	December 31, 2022		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	Group A (real estate developments activities)	$ 7,080,280	17.35
2	Group B (real estate developments activities)	4,250,535	10.41
3	Company C (real estate developments activities)	3,609,300	8.84
4	Group D (iron and steel rolls over extends and crowding)	3,002,586	7.36
5	Group E (real estate developments activities)	2,978,005	7.30
6	Group F (other apparel wholesale)	2,954,218	7.24
7	Company G (real estate developments activities)	2,035,000	4.99
8	Company H (automobile parts manufacturing)	1,730,000	4.24
9	Company I (real estate developments activities)	1,701,000	4.17
10	Company J (short-term accommodation)	1,687,177	4.13

Note 1: Ranking of top 10 groups (excluding government or state-owned utilities) whose total credit consists of loans.

Note 2: Groups were those as defined in Articles 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation's Rules for Review of Securities Listings Law.

Note 3: Total credit is the sum of all loans (including import and export bills negotiated, discounts, overdrafts, short-term loans, short-term secured loans, margin receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and nonperforming loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantee deposit issued.

d. Liquidity risk management

1) Definition of liquidity risk

a) The Company

Liquidity risk is the risk that the Company cannot realize asset or obtain financing to provide capital to meet its payment obligations as they fall due. It may cut down the cash resource from loan operations, transactions and investing activities. Under some extreme situations, insufficient liquidity may cause possible decline in the overall balance sheet positions goes downward, sale of assets and failure to perform the loan commitments.

b) Sunny Securities Co.

Liquidity risk refers to an enterprise's inability to convert an asset or security into cash to meet obligations as they fall due (also called capital risks). Market risk refers to the Group's difficulty in transacting its open positions resulting from market fluctuations due to a lack of market depth or due to market confusion.

2) Policies of liquidity risk management

a) The Company

The procedures of liquidity risk managements are performed individually and monitored by independent risk management department. The monitoring procedures are summarized as follows:

i. Monitoring of future cash flows to ensure daily capital mobility would be able to meet the needs.

ii. Maintenance of adequate realizable high liquidity assets for any unexpected accidents.

iii. Monitoring of the liquidity ratio for internal management purpose and external supervisors' regulations.

iv. Monitoring of bond due dates

The monitoring and reporting procedures for estimating future cash flows are applied daily, weekly and monthly. The estimates are based on an analysis of the maturity dates of the financial liabilities and the dates when expected financial assets can be turned into cash. Related information is reported timely to the Company's Risk Management Committee and Board of Directors.

b) Sunny Securities Co.

Sunny Securities Co. maintains the needed of cash and cash equivalent, high mobility securities and sufficient financing line of banks to ensure financial flexibility. Bank loan is a main resource of liquidity for Sunny Securities Co., The unutilized of bank loan were $400,000 thousand and $796,000 thousand as of December 31, 2023 and 2022, respectively.

3) Maturity analysis of financial assets and non-derivative financial liabilities held to manage liquidity risk

a) Financial assets held to manage liquidity risk

The Group holds cash and premium interest-generating assets with high liquidity to fulfill payment obligations and meet any potential urgent capital needs. The financial assets the Group used to manage liquidity risks include cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive gains and losses, investment in debt instrument at amortized cost, discounts and loans, available-for-sale financial assets, held-to-maturity investments, and debt instruments with no active markets.

b) Maturity analysis of non-derivative financial liabilities

Cash outflow analysis of non-derivative financial liabilities of the Group is summarized in the following tables. The amounts are based on a contractual cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheet.

Maturity analysis of operating lease commitments is summarized as follows:

December 31, 2023	Less Than 30 Days	31-90 Days	91-180 Days	181 Days -1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	$ 2,131,826	$ 1,815,115	$ 370,742	$ 1,978,947	$ 11,164	$ 6,307,794
Securities sold under agreements to repurchase	6,270,024	100,379	-	-	-	6,370,403
Payables	3,192,450	332,004	465,985	59,611	87,727	4,137,777
Deposits and remittances	91,097,213	104,911,394	104,116,850	192,509,018	141,500,671	634,135,146
Bank debentures	-	245,420	500,789	497,953	12,869,024	14,113,186
Short-term borrowings	657,651	602,115	50,000	50,000	-	1,359,766
Long-term borrowings	-	-	-	-	-	-
Lease liabilities	2,760	16,713	14,281	29,963	116,583	180,300
Other financial liabilities	420,000	200,000	-	-	-	620,000

December 31, 2022	Less Than 30 Days	31-90 Days	91-180 Days	181 Days -1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	$ 1,231,316	$ 1,712,175	$ 593,442	$ 2,338,014	$ 10,001	$ 5,884,948
Securities sold under agreements to repurchase	3,206,180	-	-	-	-	3,206,180
Payables	3,090,188	90,346	385,794	107,735	52,729	3,726,792
Deposits and remittances	90,355,639	99,601,337	97,842,792	187,353,397	130,244,156	605,397,321
Bank debentures	1,125,132	63,743	24,499	1,558,281	12,460,000	15,321,655
Short-term borrowings	362,245	424,000	60,000	155,000	-	1,001,245
Long-term borrowings	-	-	-	-	214,970	214,970
Lease liabilities	3,039	16,557	13,163	28,890	126,563	188,212
Other financial liabilities	70,000	290,000	-	-	-	360,000

4) Maturity analysis of derivative financial liabilities

Derivative instruments for total clearing and settlement

The Group's derivative instruments for total clearing and settlement are mainly forward contracts and currency swap contracts. The amounts of the derivative instruments for total clearing and settlement are based on contractual cash flows and may not match the amounts on the balance sheet. Maturity analysis of derivative instruments for total clearing and settlement are as follows:

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Derivative instruments of exchange rates						
Cash outflow	$ 209,201	$ 46,075	$ 172,116	$ -	$ -	$ 427,392
Cash inflow	207,003	46,103	171,122	-	-	424,228
Cash outflow	209,201	46,075	172,116	-	-	427,392
Cash inflow	207,003	46,103	171,122	-	-	424,228
Net cash flow	(2,198)	28	(994)	-	-	(3,164)

5) Maturity analysis of off balance sheet items

The table below shows the highest amounts of obligations that the creditor might require payment. The amounts on the table are based on contractual cash flows and may not match the amounts on the balance sheet.

December 31, 2023	Under 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	$ 155,920	$ 526,718	$ 39,956	$ 722,594
Undrawn credit card commitments	1,244,815	5,924,581	4,917,256	12,086,652
Standby letters of credit	697,079	-	-	697,079
Guarantees	1,584,891	1,919,824	-	3,504,715
Total	3,682,705	8,371,123	4,957,212	17,011,040

December 31, 2022	Under 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	$ 399,434	$ 705,655	$ 11,955	$ 1,117,044
Undrawn credit card commitments	1,269,961	6,627,675	3,792,497	11,690,133
Standby letters of credit	726,693	-	-	726,693
Guarantees	2,765,169	1,639,785	-	4,404,954
Total	5,161,257	8,973,115	3,804,452	17,938,824

6) Disclosures prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of assets and liabilities of the Company (New Taiwan dollars)

	December 31, 2023						
	Total	0 to 10 Days	11 to 30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 649,997,101	$ 55,130,889	$ 25,405,677	$ 36,181,065	$ 58,340,412	$ 103,015,751	$ 371,923,307
Main capital outflow on maturity	747,120,727	40,360,036	43,294,857	100,505,248	109,970,122	224,324,852	228,665,612
Gap	(97,123,626)	14,770,853	(17,889,180)	(64,324,183)	(51,629,710)	(121,309,101)	143,257,695

	December 31, 2022						
	Total	0 to 10 Days	11 to 30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 613,035,344	$ 50,443,477	$ 30,340,519	$ 34,117,964	$ 47,007,122	$ 105,726,511	$ 345,399,751
Main capital outflow on maturity	700,422,987	38,251,799	36,817,381	99,119,637	104,633,766	211,704,037	209,896,367
Gap	(87,387,643)	12,191,678	(6,476,862)	(65,001,673)	(57,626,644)	(105,977,526)	135,503,384

Note: The amounts shown in this table are the Company's position denominated in NTD.

b) Maturity analysis of assets and liabilities of the Company (U.S. dollars)

	December 31, 2023					
	Total	**0-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days - 1 Year**	**Over 1 Year**
Main capital inflow on maturity	$ 1,925,322	$ 326,601	$ 134,527	$ 68,808	$ 103,068	$ 1,292,318
Main capital outflow on maturity	1,960,662	724,281	617,197	409,636	166,140	43,408
Gap	(35,340)	(397,680)	(482,670)	(340,828)	(63,072)	1,248,910

	December 31, 2022					
	Total	**0-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days - 1 Year**	**Over 1 Year**
Main capital inflow on maturity	$ 1,895,665	$ 469,751	$ 246,403	$ 139,919	$ 99,447	$ 940,145
Main capital outflow on maturity	1,944,039	843,819	407,893	302,583	348,064	41,680
Gap	(48,374)	(374,068)	(161,490)	(162,664)	(248,617)	898,465

Note: The amounts shown in this table are the Company's position denominated in USD.

e. Market risk

1) The Company

a) Definition of market risk

Market risk arises when changes in market price (such as those referring to interest rates, exchange rates, equity securities and commodity prices) which may cause the fluctuation of a financial instrument's fair value or future cash flow. The Company's net revenue and investment portfolio value may fluctuate when risk factors change.

b) Management strategies

In accordance with the risk management policies approved by the board of directors, the Company sets loss limit and position and conducts credit evaluation and operation stress testing, and submits reports to the risk management committee and the board for reference in making management decisions.

c) Management procedures

i. Identification and measurement

The operating and risk management department identifies the resources and risk factors of market risks, including position line, stop loss line and concentration market risk, by operation and production analysis periodically. Appropriate market risk valuation methods for different risk factors included principal limit, bond limit, securities limit, PVBP and duration.

ii. Supervision and reporting

The Company's market risk management department prepares risk management reports such as those on daily market valuations, value at risk and risk limits. If the risk is over the limit, the department should report the situation to the board of directors. The department should also collect and organize bank market risk exposure information, risk value, risk limit rules, and information on situations in which limits are exceeded, analyze security investments, and submit regularly to the board of directors reports on the collected information and security investment analysis.

d) Trading book risk management policies

i. Identification and measurement

The trading book is an accounting book of the financial instruments and physical commodities held for trading or hedged by the Company. Held-for-trading position refers to commodities which gain from the fluctuation of price. Positions that should not be recorded in the trading book are recorded in the banking book.

ii. Procedures

Traders may autonomously operate and manage positions within the range of authorized limits and the approved trading strategy. The market risk management department supervises trading positions based on market information and evaluates market information which is factored into the pricing model.

e) Trading book interest rate risk management

Interest rate risk refers to a decrease in earnings and value of financial instruments due to adverse interest rate fluctuations. Major instruments with interest rate risk include securities and derivative instruments.

i. Strategies

Interest rate risk management enhances resilience of the Company and prevents loss from changes in interest rates.

ii. Procedures

When trading in interest-linked business, the Company should identify various sources of interest rate risk as well as assess possible impacts on profit and economic value due to interest rate fluctuation. For the purpose of stabilizing long-term profitability and business growth, the Company developed an interest rate sensitivity index monitoring system based on main periods and implements stress tests. The monitoring results of interest rate risk limits are reported to the risk management committee and the board of directors regularly.

f) Exchange rate risk management

i. Definitions

Exchange rate risk refers to the incurrence of loss from the exchange of currencies on different dates. The Company's major financial instruments exposed to exchange rate risk are spot contracts and forward contracts.

ii. Policies, procedures and measurements

To control the exchange rate risk, the Company sets trading limit and stop-loss limit and requires the dealing room, dealers, etc., to observe these limits.

g) Equity securities price management

i. Definitions

Market risk of equity securities is the risk that stock or stock index prices and/or their implied volatility will change (specific risk) or the general market will give rise to conditions that will negatively affect security prices.

ii. Purposes

To avoid the price of equity securities suffering from severe fluctuations that result in the Company's loss; to enhance the operating efficiency and strengthen the business.

iii. Procedures

To control investment risk, the Company sets investment position limits and stop-loss limits. The limits are approved by the board of directors. Within the limit of authority, the Company sets investment position limits and stop-loss limits for each dealer.

h) Market risk measurement technique

The Company uses stress testing to measure its investment portfolio risk and uses several hypotheses about market conditions to measure market risk and expected maximum loss of holding positions. The Company's stress testing included risk factors, emerging markets and temporary markets, the result of testing would be reported to management and some of the testing would be adjusted to meet the need of a specific sector, and usually performed with scenario analysis.

December 31, 2023			
Main Risks	**Variation**	**Effected Amount**	
		Equity	**Profit**
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD increased 3%	$ -	$ 23,457
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD decreased 3%	-	(23,457)
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD increased 5%	-	551
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD dropped 5%	-	(551)
Interest rate risks	Yield curve increased 100 BPS	(583,441)	(10,691)
Interest rate risks	Yield curve decreased 100 BPS	606,459	10,729
Equity securities price risks	Domestic equity securities price increase 15%	-	36,237
Equity securities price risks	Foreign equity securities price increase 20%	-	8,798
Equity securities price risks	Domestic equity securities price decrease 15%	-	(36,237)
Equity securities price risks	Foreign equity securities price decrease 20%	-	(8,798)

December 31, 2022			
Main Risks	Variation	Effected Amount	
		Equity	Profit
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD increased 3%	$ -	$ 22,734
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD decreased 3%	-	(22,734)
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD increased 5%	-	121
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD dropped 5%	-	(121)
Interest rate risks	Yield curve increased 100 BPS	(358,795)	(13,840)
Interest rate risks	Yield curve decreased 100 BPS	491,509	13,917
Equity securities price risks	Domestic equity securities price increase 15%	-	72,108
Equity securities price risks	Foreign equity securities price increase 20%	-	13,693
Equity securities price risks	Domestic equity securities price decrease 15%	-	(72,108)
Equity securities price risks	Foreign equity securities price decrease 20%	-	(13,693)

The above analyses are based on the assumption that the trends and historical data of all equity instruments are the same.

i) Exchange rate risks

Exchange rate risks of holding net positions in foreign currencies are as below:

	December 31					
	2023			2022		
	Foreign Currency	Exchange Rate	Converted to NTD	Foreign Currency	Exchange Rate	Converted to NTD
Financial assets						
USD	$ 1,914,008	30.735	$ 58,827,023	$ 1,915,364	30.708	$ 58,816,999
RMB	1,327,425	4.331	5,749,077	1,499,648	4.408	6,610,447
AUD	31,069	21.01	652,754	31,463	20.83	655,373
JPY	7,523,970	0.217	1,635,711	4,625,357	0.232	1,074,933
EUR	6,333	34.01	215,395	7,919	32.71	259,015
HKD	77,750	3.934	305,869	82,688	3.938	325,627
NZD	3,493	19.498	68,106	6,362	19.429	123,609
SGD	7,009	23.31	163,380	8,000	22.87	182,951
CAD	2,311	23.22	53,671	8,419	22.66	190,770
Financial liabilities						
USD	1,889,991	30.735	58,088,872	1,894,650	30.708	58,180,903
RMB	1,209,737	4.331	5,239,370	1,275,235	4.408	5,621,235
AUD	30,928	21.01	649,804	31,422	20.83	654,526
JPY	7,518,622	0.217	1,634,548	4,623,554	0.232	1,074,514
EUR	6,326	34.01	215,136	7,892	32.71	258,145
HKD	38,259	3.934	150,509	82,166	3.938	323,571
NZD	5,503	19.498	107,300	6,327	19.429	122,931
SGD	7,013	23.31	163,468	13,422	22.87	306,967
ZAR	314,320	1.66	521,772	324,357	1.81	587,086

j) Effect of interest rate benchmark reform

The Group is exposed to USD LIBOR, EUR LIBOR, GBP LIBOR and JPY LIBOR, which are subject to interest rate benchmark reform. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR; Euro Short-Term Rate (ESTER) is expected to replace Sterling Over Night Index Average (EUR LIBOR, SONIA), and Tokyo Overnight Average Rate (GBP LIBOR and TONAR) is expected to replace JPY LIBOR. There are key differences between alternative rates and LIBOR. LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. Each alternative rate is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference LIBOR to alternative rates, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group established a LIBOR transition project plan. This transition project changes required to IT systems and internal processes have been identified, and the updates have been completed.

k) Disclosures prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks

i. Interest rate sensitivity information (New Taiwan dollars)

December 31, 2023

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 485,776,873	$ 21,450,455	$ 2,715,387	$ 95,257,540	$ 605,200,255
Interest rate-sensitive liabilities	280,234,378	215,535,170	75,907,390	17,944,980	589,621,918
Interest rate-sensitive gap	205,542,495	(194,084,715)	(73,192,003)	77,312,560	15,578,337
Net worth					46,187,526
Ratio of interest rate-sensitive assets to liabilities (%)					102.64%
Ratio of interest rate-sensitive gap to net worth (%)					33.73%

December 31, 2022

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 460,595,231	$ 19,553,563	$ 2,521,187	$ 87,580,966	$ 570,250,947
Interest rate-sensitive liabilities	276,439,216	207,189,498	60,033,592	14,654,857	558,317,163
Interest rate-sensitive gap	184,156,015	(187,635,935)	(57,512,405)	72,926,109	11,933,784
Net worth					41,943,589
Ratio of interest rate-sensitive assets to liabilities (%)					102.14%
Ratio of interest rate-sensitive gap to net worth (%)					28.45%

Note 1: The above amounts include only New Taiwan dollars held by the Company, and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate-sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

ii. Interest rate sensitivity information (U.S. dollars)

December 31, 2023

Unit: USD in Thousands

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 713,421	$ 90,233	$ 42,117	$ 1,014,580	$ 1,860,351
Interest rate-sensitive liabilities	1,283,920	403,103	165,862	-	1,852,885
Interest rate-sensitive gap	(570,499)	(312,870)	(123,745)	1,014,580	7,466
Net worth					(21,990)
Ratio of interest rate-sensitive assets to liabilities (%)					100.40%
Ratio of interest rate-sensitive gap to net worth (%)					(33.95%)

December 31, 2022

Unit: USD in Thousands

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 998,346	$ 132,829	$ 28,047	$ 706,906	$ 1,866,128
Interest rate-sensitive liabilities	1,223,315	302,141	347,506	-	1,872,962
Interest rate-sensitive gap	(224,969)	(169,312)	(319,459)	706,906	(6,834)
Net worth					(36,556)
Ratio of interest rate-sensitive assets to liabilities (%)					99.64%
Ratio of interest rate-sensitive gap to net worth (%)					18.69%

Note 1: The above amounts include only USD held by the Company and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities are affected by interest-rate changes.

Note 3: Interest rate-sensitive gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars)

2) Sunny Securities Co.

Market risk refers to the possible loss due to the change in market price of a financial product as a result of change in such factors as market interest rates, exchange rates, share prices and consumer goods.

The sensitivity analysis below was determined based on the exposure to the price risks of the fair value of financial assets at FVTPL at the end of the year. The Company will adjust the sensitivity rate after assessing interest rate risk and considering the impact of the volatile financial market conditions during the current year. The sensitivity rate used represents management’s assessment of the reasonably possible change in interest rates.

If equity prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would both have increased/decreased by $0 thousand, as a result of the changes in fair value of financial assets at FVTPL.

f. Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety during the normal operations of the Group, are mainly securities sold under agreements to repurchase. In such transactions, the risk and reward of the financial assets are transferred when the proceeds of the sale and associated liability are recognized on the date of sale; the liability is paid when the securities are repurchased back in the future. The Group cannot use, sell or pledge such transferred financial assets during the effective term of the transaction; however, the financial assets are not derecognized in their entirety because the Group still bears related interest rate risk and credit risk. Information regarding these transferred financial assets and liabilities not derecognized entirely are summarized as below:

Financial Asset Categories	December 31, 2023				
	Book value of Transferred Financial Asset	Book Value of Associated Liability	Fair Value of Transferred Financial Asset	Fair Value of Associated Liability	Fair Value, Net
Repurchase agreements					
The investment of debt instruments measured at amortized cost	$ 6,700,740	$ 6,364,147	$ 6,644,088	$ 6,364,147	$ 279,941

Financial Asset Categories	December 31, 2022				
	Book value of Transferred Financial Asset	Book Value of Associated Liability	Fair Value of Transferred Financial Asset	Fair Value of Associated Liability	Fair Value, Net
Repurchase agreements					
The investment of debt instruments measured at amortized cost	$ 3,338,459	$ 3,203,990	$ 3,383,842	$ 3,203,990	$ 179,582

g. Offsetting financial assets and financial liabilities

The Group has no financial assets or liabilities meeting the criteria of IAS 32 and 42 endorsed by FSC. There is no enforceable master netting arrangements or other similar arrangements; the proceeds would be settled in full amounts. However, if one party showed signs of default, the other party may choose to settle in net amounts.

Related information regarding the netting of financial asset and financial liability are shown is as follows:

December 31, 2023

Financial Asset	Total Amount of Recognized Financial Asset	Total Amount of Offset Financial Liability Recognized on Balance Sheet	Net Amount of Financial Asset Shown on Balance Sheet	Amounts not Offset on Balance Sheet		Net Amount
				Financial Instrument (Note)	Received Cash Collaterals	
Derivative financial instruments	$ 8,960	$ -	$ 8,960	$ -	$ -	$ 8,960

Financial Liability	Total Amount of Recognized Financial Liability	Total Amount of Offset Financial Asset Recognized on Balance Sheet	Net Amount of Financial Liability Shown on Balance Sheet	Amounts not Offset on Balance Sheet		Net Amount
				Financial Instrument (Note)	Pledged Cash Collaterals	
Derivative financial instruments	$ 2,701	$ -	$ 2,701	$ -	$ -	$ 2,701
Securities under agreement to repurchase	6,364,147	-	6,364,147	6,364,147	-	-

Note: Included master netting arrangements and non-cash financial collateral.

December 31, 2022

Financial Asset	Total Amount of Recognized Financial Asset	Total Amount of Offset Financial Liability Recognized on Balance Sheet	Net Amount of Financial Asset Shown on Balance Sheet	Amounts not Offset on Balance Sheet		Net Amount
				Financial Instrument (Note)	Received Cash Collaterals	
Derivative financial instruments	$ 15,229	$ -	$ 15,229	$ -	$ 16,582	$ (1,353)

Financial Liability	Total Amount of Recognized Financial Liability	Total Amount of Offset Financial Asset Recognized on Balance Sheet	Net Amount of Financial Liability Shown on Balance Sheet	Amounts not Offset on Balance Sheet		Net Amount
				Financial Instrument (Note)	Pledged Cash Collaterals	
Securities under agreement to repurchase	$ 3,203,990	$ -	$ 3,203,990	$ 3,203,990	$ -	$ -

Note: Included master netting arrangements and non-cash financial collateral.

45. CAPITAL MANAGEMENT

a. Overview

The Group's capital management goals are as follows:

As a basic target, the Group's eligible capital should be sufficient to meet needs for operation needs and to meet minimum requirements of the capital adequacy ratio. Eligible capital and legal capital are calculated under the regulations announced by the authority.

The Group should have adequate capital to bear the risks; measure capital demand according to risk combination and risk characteristics; fulfill the optimization of resources and capital allocation by risk management.

b. Capital management procedures

The Group's capital is managed by the planning department in the administrative division under the Group's Capital Adequacy Management Policy. Regulatory capital is calculated according to "Regulations Governing the Capital Adequacy and Capital Category of Banks," and reported to the authority quarterly. Regulatory capital is classified into net Tier 1 Capital (the aggregate amount of net common equity Tier 1 and net additional Tier 1 Capital) and net Tier 2 Capital.

1) Net Tier 1 capital

a) Net common equity Tier 1 capital: Common equity mainly includes common shares, capital surplus, retained earnings, other equity and non-controlling interests, with the total less the following items: Intangible assets, unrealized gains on available-for-sale financial assets, material investments of financial institutions, deferred tax assets and other deduction items of Net Tier 1 and Tier 2 capitals.

b) Net additional Tier 1 capital: Additional items included perpetual non-cumulative preferred shares and non-cumulative subordinated bonds with no due dates.

2) Net Tier 2 capital

This capital base comprises of perpetual cumulative preferred shares, cumulative subordinated bonds with no due dates, revaluation gain, convertible bonds, operation reserves and allowance for accounts receivable.

The Group performs the evaluation of capital adequacy quarterly, and also evaluates the demand of capital in the future, and raises the capital if needed to maintain capital adequacy.

c. Statement of capital adequacy

The calculations of eligible capital, risk-weighted assets and capital adequacy ratio are as follows:

Capital management of the Group for the years ended December 31, 2023 and 2022 both meet the standards and regulations as required by the authority.

Analysis Items \ Year			December 31, 2023	
			Standalone	Consolidated
Eligible capital	Ordinary shares equity		$ 44,028,425	$ 43,988,796
	Other Tier 1 capital		9,360,000	9,360,000
	Tier 2 capital		9,079,741	9,057,732
	Eligible capital		62,468,166	62,406,528
Risk-weighted assets	Credit risk	Standardized approach	434,076,303	432,315,624
		Internal rating-based approach	-	-
		Securitization	-	-
	Operating risk	Basic indicator approach	16,970,488	17,057,825
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	14,648,950	14,648,950
		Internal model approach	-	-
	Total risk-weighted assets		465,695,741	464,022,399
Capital adequacy ratio			13.41%	13.45%
Ordinary shares equity risk-based capital ratio			9.45%	9.48%
Tier 1 risk-based capital ratio			11.46%	11.50%
Leverage ratio			7.37%	7.34%

Analysis Items \ Year			December 31, 2022	
			Standalone	Consolidated
Eligible capital	Ordinary shares equity		$ 39,552,296	$ 39,522,315
	Other Tier 1 capital		9,360,000	9,360,000
	Tier 2 capital		7,343,005	7,312,086
	Eligible capital		56,255,301	56,194,401
Risk-weighted assets	Credit risk	Standardized approach	407,555,424	405,081,912
		Internal rating-based approach	-	-
		Securitization	-	-
	Operating risk	Basic indicator approach	15,580,688	15,722,250
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	10,581,838	10,581,838
		Internal model approach	-	-
	Total risk-weighted assets		433,717,950	431,386,000
Capital adequacy ratio			12.97%	13.03%
Ordinary shares equity risk-based capital ratio			9.12%	9.16%
Tier 1 risk-based capital ratio			11.28%	11.33%
Leverage ratio			7.11%	7.08%

Note 1: These tables were filled according to the "Regulations Governing the Capital Adequacy Ratio of Banks" and related calculation tables.

Note 2: The Group shall disclose the capital adequacy ratio for the current and previous periods in annual financial reports. For semiannual financial report, the Group shall disclose the capital adequacy ratio for the current period, previous period, and previous year end.

Note 3: The formulas are as follows:

1) Eligible capital = Ordinary shares equity + Other Tier 1 capital + Tier 2 capital

2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) x 12.5

3) Ratio of capital adequacy = Eligible capital ÷ Total risk-weighted assets

4) Ordinary shares equity risk-based capital ratio = Common shares equity ÷ Total risk-weighted assets

5) Tier 1 risk-based capital ratio = (Common shares equity + Other Tier 1 capital) ÷ Total risk-weighted assets

6) Leverage ratio = Tier 1 capital ÷ Total exposure risk

46. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheets of Trust Accounts
December 31, 2023 and 2022

	2023	2022
Trust assets		
Cash and bank deposits	$ 12,775,196	$ 15,094,615
Short term investments		
Funds	19,619,134	20,336,744
Bonds	8,001,807	5,703,136
Stocks	92,262	409,602
Real estate		
Land	25,138,254	29,526,985
Buildings	7,033	7,033
Securities under custody	4,721,142	5,369,358
	$ 70,354,828	$ 76,447,473
Trust liabilities		
Payable on securities under custody	$ 4,721,142	$ 5,369,358
Trust capital		
Money	37,179,278	38,181,834
Real estate	28,719,675	32,748,178
Monetary bonds and collaterals	-	108,422
Securities	92,542	409,882
Accumulated loss	(1,007,810)	(787,260)
Profit for current year	650,001	417,059
	$ 70,354,828	$ 76,447,473

Trust Properties of Trust Accounts
December 31, 2023 and 2022

Investment Portfolio	2023	2022
Cash and bank deposits	$ 12,775,196	$ 15,094,615
Short term investments		
Funds - NTD	8,376,724	8,701,085
Funds - other currencies	11,242,410	11,635,659
Bonds - other currencies	8,001,807	5,703,136
Stocks	92,262	409,602
Real estate		
Land	25,138,254	29,526,985
Buildings	7,033	7,033
Securities under custody	4,721,142	5,369,358
	$ 70,354,828	$ 76,447,473

Income Statements of Trust Accounts
Years Ended December 31, 2023 and 2022

	2023	2022
Trust income		
Interest income	$ 40,898	$ 18,533
Dividends	878,499	842,242
Gains from properties trading	186,425	167,931
Realized capital gains	257,495	152,686
	1,363,317	1,181,392
Trust expense		
Trust administrative expenses	23,324	31,148
Commission and fee expenses	19,763	17,654
Loss from property trading	667,427	714,987
Others	2,802	544
	713,316	764,333
	$ 650,001	$ 417,059

Note: The above income statement of trust account is not included in consolidated income statement.

47. PROFITABILITY

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.52%	0.77%
	After income tax	0.42%	0.62%
Return on net worth	Before income tax	8.34%	12.98%
	After income tax	6.80%	10.38%
Profit margin		30.76%	46.65%

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 net worth

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

Note 4: Income before (after) income tax represents income for the years ended December 31, 2023 and 2022.

48. ADDITIONAL DISCLOSURES

There are no other additional disclosures except for Table 1 to Table 6.

49. SEGMENTS INFORMATION

Based on IFRS 8, the operating results of the operating segments should be approved by the Group's Board of Directors (those charged with governance) and serve as the basis for resource allocation and performance evaluation decisions. All of the Group's operating segments meet the definition under IFRS 8.

The Group's operating segments are identified on the basis of their industry characteristics, and consist of the banking, securities, and other segments.

Other operations of the Group, including the management of funds and trusts, do not fall under the IFRS 8 definition of an individual reportable segment.

The major revenue streams of the Group's operating segments come from interest revenue, and the Group's Board of Directors evaluates the operating segments' performance based on net interest. The operating results of all operating segments are expressed at their net amounts, i.e., total interest revenue less total interest expense.

Adjustments of internal pricing and transfer pricing have been reflected in the segments' performance evaluation. Revenues generated from external customers are amortized on a reasonable basis as agreed upon by all segments.

Transactions between operating segments are treated as regular transactions. Revenues generated from external customers submitted to and approved by the Board of Directors is measured on the same basis as that used for the consolidated statement of comprehensive income.

The Group's internal management report is based on net operating profit, which includes net interest, allowance for doubtful accounts and guarantees, commission and other fee revenues, net gains (losses) on financial products and other operating profit (loss). The evaluation excludes nonrecurring items such as litigation expenses.

Inter-segment analysis is prepared on the basis of internal management reports provided to and approved by the board of directors on segment profit (loss) and segment assets, liabilities and information.

Operating assets and liabilities refer to all operating departments are the main components of the consolidated balance sheet. However, some items such as the tax expenses are excluded from this balance sheet.

a. Segment revenue and operating results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	2023				
	Banking	Securities	Other	Internal Elimination	Total
Net interest	$ 7,773,258	$ 29,966	$ 168,622	$ 720	$ 7,972,566
Commission and fee revenues, net	1,220,180	-	11,541	(1,331)	1,230,390
Other noninterest net revenues	550,817	128,182	141,116	(143,448)	676,667
Net revenues	9,544,255	158,148	321,279	(144,059)	9,879,623
Allowance for doubtful accounts, commitment and guarantees	(1,484,512)	-	(77,375)	-	(1,561,887)
Operating expenses	4,460,333	124,538	125,505	(27,306)	4,683,070
Income before income tax	$ 3,599,410	$ 33,610	$ 118,399	$ (116,753)	$ 3,634,666

	2022				
	Banking	Securities	Other	Internal Elimination	Total
Net interest	$ 7,861,349	$ 33,526	$ 171,096	$ 739	$ 8,066,710
Commission and fee revenues, net	1,156,216	-	9,081	(2,576)	1,162,721
Other noninterest net revenues	(190,733)	110,091	185,625	(264,318)	(159,335)
Net revenues	8,826,832	143,617	365,802	(266,155)	9,070,096
Allowance for doubtful accounts, commitment and guarantees	494,624	126	8,799	-	503,549
Operating expenses	4,173,805	112,146	109,417	(34,994)	4,360,374
Income before income tax	$ 5,147,651	$ 31,597	$ 265,184	$ (231,161)	$ 5,213,271

Segment income include capital transfer pricing between segments and the expenses and costs allocated via appropriate cost drivers. In addition, segment profit represented the profit before tax earned by each segment without allocation of income tax expense.

b. Segment information

	2023				
Item	**Domestic and Others**	**Hong Kong and Macau**	**China**	**Elimination**	**Total**
External revenue	$ 9,811,090	$ 217	$ 68,316	$ -	$ 9,879,623
Internal revenue	110,409	33,650	-	(144,059)	-
Net revenue	$ 9,921,499	$ 33,867	$ 68,316	$ (144,059)	$ 9,879,623
Income before income tax	$ 3,589,361	$ 116	$ 45,189	$ -	$ 3,634,666
Identifiable assets	$ 712,882,348	$ 61	$ 939,804	$ -	$ 713,822,213

	2022				
Item	**Domestic and Others**	**Hong Kong and Macau**	**China**	**Elimination**	**Total**
External revenue	$ 8,992,448	$ 107	$ 77,541	$ -	$ 9,070,096
Internal revenue	217,624	48,531	-	(266,155)	-
Net revenue	$ 9,210,072	$ 48,638	$ 77,541	$ (266,155)	$ 9,070,096
Income before income tax	$ 5,148,366	$ 3	$ 64,902	$ -	$ 5,213,271
Identifiable assets	$ 676,356,074	$ 20	$ 996,339	$ -	$ 677,352,433

c. Main customers information

There is no single individual customer from whom the revenue received is higher than 10% of the net revenue for the years ended December 31, 2023 and 2022.

SUNNY BANK AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
1	Sunny Finance and Leasing (China) Co., Ltd.	Shanghai New Feihong Industrial Ltd.	Other receivables - entrusted loans	No	$ 31,150 (RMB 7,200,000)	$ 31,150 (RMB 7,200,000)	$ 31,150 (RMB 7,200,000)	10.00	Trade transaction	$ 31,150 (RMB 7,200,000)	-	$ 15,575 (RMB 3,600,000)	Mortgage of real property	$ 281,217 (RMB 6,500,160)	$ 278,890 (RMB 64,463,379)	$ 929,634 (RMB 214,877,930)	
2	Sunny Finance and Leasing (China) Co., Ltd.	Kunshan Lily Textile Ltd.	Other receivables - entrusted loans	No	86,527 (RMB 20,000,000)	86,527 (RMB 20,000,000)	86,527 (RMB 20,000,000)	5.75	Trade transaction	86,527 (RMB 20,000,000)	-	870 (RMB 200,996)	Certificate of deposit	86,527 (RMB 20,000,000)	278,890 (RMB 64,463,379)	929,634 (RMB 214,877,930)	
3	King Sunny Assets Management Co., Ltd.	Zuoer Development and Construction Co., Ltd.	Other receivables	No	80,000	80,000	80,000	5.39	Trade transaction	80,000	-	-	Mortgage of real property	96,305	200,000	1,314,431	
		Yiru Asset Management Co.	Other receivables	No	10,000	10,000	10,000	6.28	Trade transaction	10,000	-	-	Mortgage of real property	27,450	200,000	1,314,431	

Note 1: The accumulated total loans of Sunny Finance and Leasing (China) Co., Ltd. (including business transaction and the need for short-term financing), shall not exceed net value of the Company's latest audited financial statements. For loans provided due to short-term financing needs, the financing limit should not exceed 40% of the Company's net worth. The accumulated total loans of the individual company including business transaction and the need for short-term financing, should not exceed 30% of the Company's net worth.

Note 2: The total loans of King Sunny Asset Management Co. shall not exceed 7 times of net value of the Company's latest audited financial statements. The loans of the individual company shall not exceed $200 million.

SUNNY BANK AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Note 2)	Consolidated Investment (Note 1)				Note
						Shares (In Thousands)	Virtual Shares (In Thousands)	Total		
								Shares (In Thousands)	Percentage of Ownership	
Sunny Securities Co., Ltd.	Taipei	Investment securities business	100.00	$ 649,857	$ 26,892	50,200	-	50,200	100.00	Subsidiary
King Sunny Assets Management Co., Ltd.	Taipei	Evaluating, auctioning and managing for financial institutions' loan	100.00	187,780	20,239	15,000	-	15,000	100.00	Subsidiary
Sunny International Leasing Co., Ltd.	Taipei	Leasing business	100.00	1,510,753	12,969	152,500	-	152,500	100.00	Subsidiary
Sunny E-Commercial Co., Ltd.	Taipei	Mobile payment and business	100.00	71,817	(7,481)	7,929	-	7,929	100.00	Subsidiary
Sunny Microfinance PLC.	Cambodia	Financial business	100.00	430,595	4,024	1,480	-	1,480	100.00	Subsidiary
Financial Information Service Co., Ltd.	Taipei	Planning and developing the information system of banking institutions and managing the information web system	2.64	603,429	37,835	13,758	-	13,758	2.64	
Taiwan Financial Asset Service Co., Ltd.	Taipei	Auction	2.94	41,450	725	5,000	-	5,000	2.94	
Taiwan Depository and Clearing Co., Ltd.	Taipei	Business related to the depository and book-entry system of TOCC	0.29	240,074	4,918	1,899	-	1,899	0.29	
Sunny Asset Management Co., Ltd.	Taipei	Purchasing of financial institutions' loan assets	1.11	1,569	90	67	-	67	1.11	
Taiwan Mobile Payment Co., Ltd.	Taipei	Mobile payment and business	1.00	3,828	-	600	-	600	1.00	

Note 1: All of the existing shares of investees or fictional shareholdings which are held by the Company and subsidiaries' directors, supervisors, managers and affiliates which conform to the definition of the Company Act have been reported.

Note 2: The investment gain (loss) recognized was recognized by using the equity method and realized gain on financial assets measured at FVTOCI.

SUNNY BANK AND SUBSIDIARIES

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

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sunny International Leasing Co., Ltd.	Stock Sunny Finance Lease (HK) Limited	Subsidiary	Investments accounted for using the equity method	30,000	$ 929,695	100.00	$ 929,695	
Sunny Finance Lease (HK) Limited	Stock Sunny Finance and Leasing (China) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	929,634	100.00	929,634	

SUNNY BANK AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Sunny Bank Ltd.	Real estate	2019.4.16	$ 7,903,644	$7,903,644 thousand had been paid as of December 31, 2023	Just Land Development Co., Ltd.	NA	-	-	-	$ -	Hong Bong Real Estate Appraiser Firm: $7,594,166 thousand Euro Asia Assets Evaluation Group: $7,453,600 thousand Honda Real Estate Group: $7,305,085 thousand	As the headquarters	NA

SUNNY BANK AND SUBSIDIARIES

INFORMATION ON THE INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Thousands of Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward (Note 1)	Inward						
Sunny Finance and Leasing (China) Co., Ltd.	Leasing	$ 921,150 (US$ 30,000)	Investment in mainland China companies through an existing company established in a third region.	$ 830,286 (US$ 27,041)	$ -	$ 64,004 (US$ 2,085)	$ 766,282 (US$ 24,956)	$ 33,650 (RMB 7,660)	100	$ 33,650 (RMB 7,660)	$ 929,634	$ 157,250 (RMB 5,044)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Limit on the Amount of Investment, as Stipulated by the Investment Commission, MOEA
$766,282 (US$24,956)	$921,150 (US$30,000)	$906,442

Note 1: Based on Rule No. 102000005490 approved by the Investment commission, MOEA on January 18, 2013, the authorized investment amount is US$10,000 thousand; on Rule No. 10400025930 and Rule No. 10400089230 approved by the Investment commission, MOEA on February 25, 2015 and on May 11, 2015, the authorized investment amount is US$7,000 thousand; on Rule No. 10500137350 approved by the Investment commission, MOEA on June 27, 2016, the authorized investment amount is US$1,500 thousand; on Rule No. 10600290020 approved by the Investment commission, MOEA on December 1, 2017, the authorized investment amount is US$3,500 thousand; on Rule No. 10700118050 approved by the Investment commission, MOEA on May 24, 2018, the authorized investment amount is US$8,000 thousand; on Rule No. 11100215110 approved by the Investment commission, MOEA on December 23, 2022, the authorized Surplus repatriation is US$2,959 thousand; on Rule No. 11256105890 approved by the Investment commission, MOEA on October 20, 2023, the authorized Surplus repatriation is US$2,085 thousand.

Note 2: Foreign currencies are converted into New Taiwan dollars at the exchange rate as of the balance sheet date.

SUNNY BANK LTD. AND SUBSIDIARIES

TRANSACTIONS WITH RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Transaction Company	Counterparty	Flow of Transaction	Description of Transactions			Percentage to Consolidated Revenue/Assets
				Financial Statement Account	Transaction Amount	Transaction Item	
0	Sunny Bank Ltd.	Sunny Securities Co., Ltd.	From parent company to subsidiary	Deposits and remittances	$ 155,966	Interest is calculated based on annual deposit interest rate from 0% to 1.57%	-
		King Sunny Asset Management Co., Ltd.	From parent company to subsidiary	Deposits and remittances	94,497	Interest is calculated based on annual deposit interest rate from 0% to 0.51%	-
		Sunny E-Commercial Co., Ltd.	From parent company to subsidiary	Deposits and remittances	41,470	Interest is calculated based on annual deposit interest rate from 0.51% to 1.595%	-

Note 1: All intra-group transactions, balances, income and expenses have been eliminated in full upon consolidation.

Note 2: This table includes transactions for amounts over $10 million.

Annex.II Sunny Bank Ltd.

Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditor's Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Sunny Bank Ltd.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended, in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks and the guidelines issued by the authority.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Impairment of Discounts and Loans

As of December 31, 2023, the net discounts and loans of the Group amounted to $468,790,871 thousand, which was significant to the consolidated financial statements as a whole. Besides assessing the expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of the Company complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (the "Regulations") when evaluating the classification of credit assets and recognizing allowance for possible losses. Refer to Note 4 to the accompanying consolidated financial statements for the Group's accounting policies related to impairment of discounts and loans; refer to Note 5 for critical accounting judgments and key sources of estimation uncertainty, and Notes 14 and 44 for more details and disclosures.

We determined the assessment of allowance for possible losses on loans as a key audit matter for the year ended December 31, 2023 because the Group's assessment regarding classification of credit assets and allowance for possible losses involves critical estimates and judgments.

In response to the abovementioned key audit matter, we obtained an understanding and performed tests on the relevant internal controls in respect of the Group's loan impairment assessments for compliance with the Regulations and performed sampling on the classification of credit assets. We also considered related regulations and guidelines issued by the authorities and verified that the classification and recognition of impairment of discounts and loans, receivables and loan commitments complied with such regulations and guidelines.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yu-Hong Kuo and Dong-Ru Xie.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2024

Notice to Readers

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

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

SUNNY BANK LTD.

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 9,027,776	1	$ 8,706,632	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Note 7)	36,909,618	5	43,630,078	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	13,691,980	2	11,794,427	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11 and 41)	100,608,959	14	92,711,076	14
FINANCIAL ASSETS AT AMORTIZED COST (Notes 4, 10, 11 and 41)	39,199,039	6	36,724,967	6
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 12)	4,062,226	1	6,539,858	1
RECEIVABLES, NET (Notes 4 and 13)	2,829,928	-	2,425,112	-
DISCOUNTS AND LOANS, NET (Notes 4, 14 and 40)	476,328,831	67	445,649,819	66
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Notes 4 and 15)	2,850,802	-	2,885,962	-
OTHER FINANCIAL ASSETS, NET (Notes 4 and 16)	4,811,387	1	6,485,547	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 17)	19,111,753	3	15,938,911	2
RIGHT-OF-USE ASSETS, NET (Notes 4, 18 and 40)	161,044	-	167,561	-
INTANGIBLE ASSETS, NET (Notes 4 and 19)	1,127,528	-	1,158,178	-
DEFERRED TAX ASSETS (Notes 4 and 38)	316,588	-	318,978	-
OTHER ASSETS, NET (Notes 20 and 41)	116,580	-	170,234	-
TOTAL	$ 711,154,039	100	$ 675,307,340	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK (Note 21)	$ 6,294,606	1	$ 5,874,606	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	2,701	-	-	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 4, 9, 10 and 22)	6,364,147	1	3,203,990	-
PAYABLES (Note 23)	4,851,075	1	4,226,643	1
CURRENT TAX LIABILITIES (Notes 4 and 38)	145,947	-	502,080	-
DEPOSITS AND REMITTANCES (Notes 24 and 40)	633,203,378	89	604,884,498	90
BANK DEBENTURES (Note 25)	13,960,000	2	15,060,000	2
PROVISIONS (Notes 4 and 26)	48,111	-	58,694	-
LEASE LIABILITIES (Notes 4, 18 and 40)	159,407	-	165,612	-
DEFERRED TAX LIABILITIES (Notes 4 and 38)	109,136	-	131,145	-
OTHER LIABILITIES (Note 28)	515,534	-	380,573	-
Total liabilities	665,654,042	94	634,487,841	94
EQUITY (Notes 4 and 29)				
Ordinary shares	34,007,060	5	33,007,060	5
Capital surplus	104,517	-	77,067	-
Retained earnings				
Legal reserve	6,989,539	1	5,733,740	1
Special reserve	2,441,242	-	58,254	-
Unappropriated earnings	3,019,171	-	4,341,965	-
Total retained earnings	12,449,952	1	10,133,959	1
Other equity	(1,061,532)	-	(2,398,587)	-
Total equity	45,499,997	6	40,819,499	6
TOTAL	$ 711,154,039	100	$ 675,307,340	100

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

SUNNY BANK LTD.

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE	$ 17,239,053	180	$ 12,527,834	142	38
LESS: INTEREST EXPENSE	9,465,795	99	4,666,485	53	103
NET INTEREST (Notes 4, 30 and 40)	7,773,258	81	7,861,349	89	(1)
NET REVENUES OTHER THAN INTEREST (Note 4)					
Commission and fee revenues, net (Notes 31 and 40)	1,220,180	13	1,156,216	13	6
Gains on financial assets and liabilities at fair value through profit or loss (Note 32)	227,350	2	96,386	1	136
Realized gains (loss) on financial assets at fair value through other comprehensive income (Note 33)	75,914	1	(645,729)	(7)	112
Gain on disposal of financial assets at amortized cost	164	-	106	-	55
Foreign exchange gain	121,612	1	143,542	1	(15)
Impairment loss on assets	(21,677)	-	(3,887)	-	458
Share of profit of subsidiaries	56,643	1	144,142	2	(61)
Rental income (Note 40)	74,330	1	66,919	1	11
Other noninterest net revenue (Note 34)	16,481	-	7,788	-	112
Total net revenues other than interest	1,770,997	19	965,483	11	83
TOTAL NET REVENUE	9,544,255	100	8,826,832	100	8
ALLOWANCE FOR DOUBTFUL ACCOUNTS AND GUARANTEES REVERSED (RECOGNIZED) (Notes 4 and 14)	(1,484,512)	(15)	494,624	5	(400)

(Continued)

SUNNY BANK LTD.

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits (Notes 4, 27, 29, 35 and 40)	$ 2,658,691	28	$ 2,579,966	29	3
Depreciation and amortization (Notes 4 and 36)	301,001	3	311,081	3	(3)
Others (Notes 37 and 40)	1,500,641	16	1,282,758	15	17
Total operating expenses	4,460,333	47	4,173,805	47	7
INCOME BEFORE INCOME TAX	3,599,410	38	5,147,651	58	(30)
INCOME TAX EXPENSE (Notes 4 and 38)	663,414	7	1,030,290	11	(36)
NET INCOME	2,935,996	31	4,117,361	47	(29)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation (Notes 4 and 27)	(57,808)	-	82,685	1	(170)
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	510,459	5	(335,474)	(4)	252
Share of other comprehensive income (loss) of subsidiaries	(2,502)	-	5,106	-	(149)
Income tax expense (benefit) relating to items that will not be reclassified subsequently (Notes 4 and 38)	11,562	-	(16,537)	-	170
	461,711	5	(264,220)	(3)	275

(Continued)

SUNNY BANK LTD.

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	$ (18,257)	(1)	$ 24,747	-	(174)
Share of other comprehensive income (loss) of subsidiaries	(14,363)	-	44,321	-	(132)
Gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	948,102	10	(2,491,985)	(28)	138
	915,482	9	(2,422,917)	(28)	138
Other comprehensive income (loss) for the year, net of income tax	1,377,193	14	(2,687,137)	(31)	151
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 4,313,189	45	$ 1,430,224	16	202
EARNINGS PER SHARE (Note 39)					
Basic	$ 0.88		$ 1.29		
Diluted	$ 0.88		$ 1.29		

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

SUNNY BANK LTD.

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

	Share Capital			Retained Earnings						
	Shares in Thousand	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	3,029,525	$ 30,295,250	$ 66,943	$ 4,915,387	$ 58,254	$ 2,792,036	$ 7,765,677	$ (98,731)	$ 455,917	$ 38,485,056
Appropriation of the 2021 earnings										
Legal reserve	-	-	-	818,353	-	(818,353)	-	-	-	-
Cash dividends	-	-	-	-	-	(605,905)	(605,905)	-	-	(605,905)
Share dividends	121,181	1,211,810	-	-	-	(1,211,810)	(1,211,810)	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	4,117,361	4,117,361	-	-	4,117,361
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	-	71,254	71,254	69,068	(2,827,459)	(2,687,137)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	4,188,615	4,188,615	69,068	(2,827,459)	1,430,224
Issue of ordinary shares for cash	150,000	1,500,000	-	-	-	-	-	-	-	1,500,000
Value of share-based payment under employee share options	-	-	10,124	-	-	-	-	-	-	10,124
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(2,618)	(2,618)	-	2,618	-
BALANCE AT DECEMBER 31, 2022	3,300,706	33,007,060	77,067	5,733,740	58,254	4,341,965	10,133,959	(29,663)	(2,368,924)	40,819,499
Appropriation of the 2022 earnings										
Legal reserve	-	-	-	1,255,799	-	(1,255,799)	-	-	-	-
Special reserve	-	-	-	-	2,382,988	(2,382,988)	-	-	-	-
Cash dividends	-	-	-	-	-	(660,141)	(660,141)	-	-	(660,141)
Net income for the year ended December 31, 2023	-	-	-	-	-	2,935,996	2,935,996	-	-	2,935,996
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(48,748)	(48,748)	(32,620)	1,458,561	1,377,193
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	2,887,248	2,887,248	(32,620)	1,458,561	4,313,189
Issue of ordinary shares for cash	100,000	1,000,000	-	-	-	-	-	-	-	1,000,000
Value of share-based payment under employee share options	-	-	27,450	-	-	-	-	-	-	27,450
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	88,886	88,886	-	(88,886)	-
BALANCE AT DECEMBER 31, 2023	3,400,706	$ 34,007,060	$ 104,517	$ 6,989,539	$ 2,441,242	$ 3,019,171	$ 12,449,952	$ (62,283)	$ (999,249)	$ 45,499,997

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

SUNNY BANK LTD.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,599,410	$ 5,147,651
Adjustments for:		
Depreciation expense	236,988	239,891
Amortization expense	64,013	71,190
Allowance for doubtful accounts and guarantees recognized (reversed)	1,484,512	(494,624)
Interest expense	9,465,795	4,666,485
Interest revenue	(17,239,053)	(12,527,834)
Dividend income	(185,892)	(134,418)
Share-based payments	27,450	10,124
Share of profit of subsidiaries	(56,643)	(144,142)
Gain on disposal of property and equipment	(560)	(858)
Loss (gain) on other leasings	(393)	28
Realized loss on financial assets at fair value through other comprehensive income	109,490	779,124
Impairment loss on financial assets	21,677	3,887
Changes in operating assets and liabilities		
Decrease in due from the Central Bank and call loans to other banks	149,972	1,576,134
Decrease (increase) in financial assets at fair value through profit or loss	(1,897,553)	12,092,305
Decrease (increase) in financial assets at fair value through other comprehensive income	(6,566,676)	13,343,589
Increase in financial assets at amortized cost	(2,576,084)	(7,602,550)
Decrease (increase) in receivables	(68,817)	29,655
Increase in discounts and loans	(32,240,837)	(37,117,013)
Increase (decrease) in due to the central bank and banks	420,000	(2,960,000)
Increase (decrease) in financial liabilities at fair value through profit or loss	2,701	(3,568)
Increase (decrease) in securities sold under agreements to repurchase	3,160,157	(5,553,267)
Increase (decrease) in payables	121,034	(65,102)
Increase in deposits and remittances	28,318,880	30,555,697
Increase (decrease) in provision	(1,346)	33,727
Net cash generated from (used in) operations	(13,651,775)	1,946,111
Interest received	17,070,131	12,286,172
Dividends received	309,540	258,874
Interest paid	(8,962,397)	(4,289,453)
Income tax paid	(1,027,604)	(769,828)
Net cash generated from (used in) operating activities	(6,262,105)	9,431,876
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(50,000)	(147,190)
Acquisition of property and equipment	(3,358,872)	(1,052,929)
Proceeds from disposal of property and equipment	625	858

(Continued)

SUNNY BANK LTD.

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

	2023	2022
Acquisition of intangible assets	$ (24,188)	$ (48,805)
Decrease in other financial assets	1,674,900	817,400
Increase in other assets	(4,207)	(4,004)
Net cash used in investing activities	(1,761,742)	(434,670)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and other banks	-	(5,214,580)
Issue of bank debentures	1,500,000	2,100,000
Repayment of bank debentures on maturity	(2,600,000)	(900,000)
Repayment of the principal portion of lease liabilities	(59,440)	(63,358)
Increase in other liabilities	134,961	29,518
Cash dividends paid	(660,141)	(605,905)
Proceeds from issue of ordinary shares	1,000,000	1,500,000
Net cash used in financing activities	(684,620)	(3,154,325)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(18,509)	39,272
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,726,976)	5,882,153
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	26,223,798	20,341,645
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 17,496,822	$ 26,223,798

Reconciliation of the amounts in the statement of cash flows with the equivalent items reported in the balance sheets at December 31, 2023 and 2022:

	December 31	
	2023	2022
Cash and cash equivalents in balance sheets	$ 9,027,776	$ 8,706,632
Due from the Central Bank and call loans to other banks reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	4,406,820	10,977,308
Securities purchased under agreements to resell reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	4,062,226	6,539,858
Cash and cash equivalents at the end of the year	$ 17,496,822	$ 26,223,798

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

陽信銀行
SUNNY BANK