O-Bank and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2024 and 2023 and Independent Auditors' Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2024, December 31, 2023 and June 30, 2023, the consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and related 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 June 30, 2024, December 31, 2023 and June 30, 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Accounting Standard 34 "Interim Financial Reporting" 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 six months ended June 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the six months ended June 30, 2024 are as follows:

Allowance for Credit Losses of Loans

The Bank is principally engaged in providing loans to customers. The Bank's management performed a loan impairment assessment in accordance with the requirements of International Financial Reporting Standard 9 "Financial Instruments". In addition, the allowance for credit losses of loans was calculated and classified in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" (referred to as "Banking Institutions Regulations Governing the Procedures for Bad Debt").

For details on the accounting policy on the allowance for credit losses, refer to Note 4 to the accompanying consolidated financial statements; for details on the material accounting judgments, estimations and assumptions of loan impairment, refer to Note 5 to the accompanying consolidated financial statements; and for details on the allowance for credit losses, refer to Note 14 to the accompanying consolidated financial statements.

The Bank shall assess the classification of credit-granting assets and recognize allowance for credit losses on loans in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". As the assessment and recognition of loss allowance involve subjective judgments, material estimations and assumptions of the management, we have included the assessment of allowance for credit losses of loans as a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

- We obtained an understanding and performed testing on the internal controls with respect to the Bank's loan impairment assessment.

- We examined the classifications of loans and determined that they were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked and confirmed that the allowance has met the requirements of the regulation.

Assessment of Reserve for Losses on Guarantee Contracts

China Bills Finance Corporation sets aside reserves for guarantee liabilities. It is required to comply, with both the International Financial Reporting Standard 9, "Financial Instruments", whereby the expected losses on guarantee obligations generated by financial guarantee contracts are assessed, and the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" (referred to as the "Bills Finance Companies Regulations for Evaluating Bad Debt"), whereby the reserves for guarantee liabilities are classified and made.

For details on the accounting policy on the reserve for guarantee liabilities, refer to Note 4 to the accompanying consolidated financial statements; for details on the material accounting judgments, estimations and assumptions of the reserve for guarantee liabilities, refer to Note 5 to the accompanying consolidated financial statements; and for details on the reserve for guarantee liabilities, refer to Note 14 to the accompanying consolidated financial statements.

China Bills Finance Corporation assessment of the reserve for guarantee contracts which involve subjective judgments, material estimations and assumptions of the management. The classification of credit-granting assets and recognition of the reserve for guarantee contracts in accordance with the "Bills Finance Companies Regulations for Evaluating Bad Debt" influence the amounts of the reserve for guarantee contracts. Thus, we considered the assessment of reserve losses on guarantee contracts as a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts, and we tested the effectiveness of the operation of the controls.

- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of the amount of credit-granting assets in the schedule and the rationality of the classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked and confirmed that the reserve has met the requirements of the "Bills Finance Companies Regulations for Evaluating Bad Debt" or not.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the six months ended June 30, 2024 and 2023 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, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Accounting Standard 34 "Interim Financial Reporting" 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 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 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 six months ended June 30, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Wei-Chun Ma.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 30, 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 accepted and 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.

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2024 Amount	%	December 31, 2023 Amount	%	June 30, 2023 Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	$ 9,878,222	2	$ 5,555,800	1	$ 7,958,646	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	27,109,090	4	23,520,359	4	20,328,940	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 42)	170,609,695	25	154,882,250	25	145,240,730	24
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 42 and 46)	173,035,649	26	170,682,918	27	160,447,332	27
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 42 and 46)	25,505,719	4	25,859,398	4	26,870,632	5
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	6,488,166	1	2,865,025	1	2,182,640	-
RECEIVABLES, NET (Notes 12 and 14)	3,993,125	1	4,605,691	1	5,817,657	1
CURRENT TAX ASSETS	664,241	-	625,032	-	294,367	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 41 and 42)	240,170,227	36	222,933,448	36	218,849,687	36
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 16)	7,010,830	1	6,994,838	1	6,944,807	1
OTHER FINANCIAL ASSETS (Notes 17 and 42)	1,099,458	-	1,059,166	-	1,102,503	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 43)	2,346,828	-	2,389,637	-	2,401,188	1
RIGHT-OF-USE ASSETS, NET (Note 19)	444,529	-	446,591	-	436,864	-
INTANGIBLE ASSETS, NET (Note 20)	1,676,347	-	1,675,179	-	1,737,331	-
DEFERRED TAX ASSETS (Note 39)	999,504	-	959,517	-	986,018	-
OTHER ASSETS (Notes 19 and 21)	1,713,618	-	1,694,152	-	1,537,634	-
TOTAL	$ 672,745,248	100	$ 626,749,001	100	$ 603,136,976	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and other banks (Note 22)	$ 34,997,706	5	$ 30,339,249	5	$ 30,681,675	5
Financial liabilities at fair value through profit or loss (Note 8)	1,032,414	-	1,401,705	-	894,063	-
Bills and bonds sold under repurchase agreements (Note 23)	207,281,562	31	194,087,268	31	173,441,555	29
Payables (Note 24)	11,646,571	2	5,232,200	1	6,019,358	1
Current tax liabilities	342,483	-	302,271	-	293,104	-
Deposits and remittances (Notes 25 and 41)	331,228,946	49	316,562,298	51	316,788,594	53
Bank debentures payable (Note 26)	15,450,000	3	12,950,000	2	12,250,000	2
Other financial liabilities (Note 27)	7,861,238	1	3,736,137	1	3,410,872	1
Provisions (Notes 14, 28 and 29)	1,989,757	-	1,979,779	-	2,023,832	-
Lease liabilities (Note 19)	463,486	-	463,732	-	453,834	-
Deferred tax liabilities	842,902	-	715,671	-	699,017	-
Other liabilities (Note 30)	768,614	-	460,945	-	670,888	-
Total liabilities	613,905,679	91	568,231,255	91	547,626,792	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital						
Common stock	27,419,753	4	27,339,923	4	27,339,923	5
Preferred stock	2,910,310	-	2,990,140	1	2,990,140	-
Total capital	30,330,063	4	30,330,063	5	30,330,063	5
Capital surplus	26,377	-	19,624	-	14,897	-
Retained earnings						
Legal reserve	6,527,632	1	5,789,200	1	5,789,200	1
Special reserve	1,970,247	-	3,197,011	1	3,197,011	1
Unappropriated earnings	3,924,412	1	2,756,051	-	1,915,046	-
Total retained earnings	12,422,291	2	11,742,262	2	10,901,257	2
Other equity	(1,949,780)	-	(1,828,393)	(1)	(2,556,825)	(1)
Treasury stock	(73,183)	-	(161,521)	-	(16,837)	-
Total equity attributable to owners of the Bank	40,755,768	6	40,102,035	6	38,672,555	6
NON-CONTROLLING INTERESTS	18,083,801	3	18,415,711	3	16,837,629	3
Total equity (Note 31)	58,839,569	9	58,517,746	9	55,510,184	9
TOTAL	$ 672,745,248	100	$ 626,749,001	100	$ 603,136,976	100

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 41)	$ 4,009,407	157	$ 3,370,094	135	$ 7,876,442	143	$ 6,417,552	126
INTEREST EXPENSE (Notes 32 and 41)	(3,541,957)	(139)	(2,852,685)	(114)	(6,956,523)	(126)	(5,385,021)	(106)
NET INTEREST	467,450	18	517,409	21	919,919	17	1,032,531	20
NET REVENUE OTHER THAN INTEREST REVENUE								
Service fee income, net (Notes 33 and 41)	575,495	23	508,777	20	1,399,314	25	1,171,049	23
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 34)	1,544,687	60	1,685,881	67	4,387,208	79	2,989,406	59
Realized gains on financial assets at fair value through other comprehensive income (Note 35)	82,703	3	299,720	12	246,101	4	313,065	6
Foreign exchange loss, net	(179,693)	(7)	(599,912)	(24)	(1,517,908)	(27)	(588,675)	(12)
Impairment loss on assets	(3,890)	-	(945)	-	(9,840)	-	(5,781)	-
Share of profit of associates accounted for using equity method (Note 16)	44,082	2	76,330	3	63,873	1	142,660	3
Other net revenue other than interest	20,180	1	15,261	1	42,747	1	31,799	1
Total net revenue other than interest revenue	2,083,564	82	1,985,112	79	4,611,495	83	4,053,523	80
NET REVENUE	2,551,014	100	2,502,521	100	5,531,414	100	5,086,054	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 14)	(214,472)	(9)	(142,096)	(5)	(317,802)	(6)	(215,643)	(4)
OPERATING EXPENSES								
Employee benefits expenses (Notes 29, 36 and 41)	740,953	29	718,605	29	1,538,935	28	1,409,065	28
Depreciation and amortization expenses (Note 37)	156,696	6	147,412	6	309,873	6	291,768	6
Other general and administrative expenses (Notes 38 and 41)	331,824	13	306,462	12	696,237	12	617,491	12
Total operating expenses	1,229,473	48	1,172,479	47	2,545,045	46	2,318,324	46

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	$ 1,107,069	43	$ 1,187,946	48	$ 2,668,567	48	$ 2,552,087	50
INCOME TAX EXPENSE (Note 39)	243,974	9	226,822	9	534,094	10	481,297	9
NET PROFIT FOR THE PERIOD	863,095	34	961,124	39	2,134,473	38	2,070,790	41
OTHER COMPREHENSIVE INCOME (LOSS)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:								
Gains (losses) on remeasurements of defined benefit plans	-	-	-	-	560	-	(3,482)	-
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	168,553	7	31,124	1	776,976	14	156,240	3
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	2,148	-	(2,281)	-	10,623	-	(767)	-
Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss (Note 39)	-	-	-	-	(112)	-	697	-
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax	170,701	7	28,843	1	788,047	14	152,688	3

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
Exchange differences on translation of financial statements of foreign operations	$ 19,336	1	$ 148,998	6	$ 494,833	9	$ 63,844	1
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(666,461)	(26)	(67,802)	(3)	(1,123,970)	(20)	892,839	18
Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss (Note 39)	(7,908)	(1)	24,118	1	(11,706)	-	(36,037)	(1)
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	(655,033)	(26)	105,314	4	(640,843)	(11)	920,646	18
Other comprehensive income (loss) for the period, net of income tax	(484,332)	(19)	134,157	5	147,204	3	1,073,334	21
TOTAL COMPREHENSIVE INCOME	$ 378,763	15	$ 1,095,281	44	$ 2,281,677	41	$ 3,144,124	62
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	$ 681,229	27	$ 759,419	31	$ 1,634,702	29	$ 1,497,880	30
Non-controlling interests	181,866	7	201,705	8	499,771	9	572,910	11
	$ 863,095	34	$ 961,124	39	$ 2,134,473	38	$ 2,070,790	41
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	$ 375,434	15	$ 851,490	34	$ 1,912,572	34	$ 2,114,111	42
Non-controlling interests	3,329	-	243,791	10	369,105	7	1,030,013	20
	$ 378,763	15	$ 1,095,281	44	$ 2,281,677	41	$ 3,144,124	62
EARNINGS PER SHARE (Note 40)								
Basic	$0.20		$0.23		$0.55		$0.50	
Diluted	$0.18		$0.21		$0.50		$0.45	

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank (Notes 9 and 31)													
	Capital Stock				Retained Earnings				Other Equity					
	Common Stock	Preferred Stock	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Owners of the Bank	Non-controlling Interests (Note 31)	Total Equity
BALANCE AT JANUARY 1, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 13,652	$ 4,341,816	$ 634,610	$ 5,469,437	$ 10,445,863	$ 165,887	$ (3,216,389)	$ (16,837)	$ 37,722,239	$ 16,287,325	$ 54,009,564
Reversal of special reserve	-	-	-	-	-	(2,622)	2,622	-	-	-	-	-	-	-
Appropriation and distribution of 2022 earnings														
Legal reserve	-	-	-	-	1,447,384	-	(1,447,384)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	2,565,023	(2,565,023)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,037,959)	(1,037,959)	-	-	-	(1,037,959)	-	(1,037,959)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,081)	(127,081)	-	-	-	(127,081)	-	(127,081)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	507	-	-	-	-	-	-	-	507	-	507
Unclaimed dividends	-	-	-	738	-	-	-	-	-	-	-	738	1,280	2,018
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(480,989)	(480,989)
Net profit for the six months ended June 30, 2023	-	-	-	-	-	-	1,497,880	1,497,880	-	-	-	1,497,880	572,910	2,070,790
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	(640)	(640)	43,464	573,407	-	616,231	457,103	1,073,334
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	1,497,240	1,497,240	43,464	573,407	-	2,114,111	1,030,013	3,144,124
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	123,194	123,194	-	(123,194)	-	-	-	-
BALANCE AT JUNE 30, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 14,897	$ 5,789,200	$ 3,197,011	$ 1,915,046	$ 10,901,257	$ 209,351	$ (2,766,176)	$ (16,837)	$ 38,672,555	$ 16,837,629	$ 55,510,184
BALANCE AT JANUARY 1, 2024	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 19,624	$ 5,789,200	$ 3,197,011	$ 2,756,051	$ 11,742,262	$ 109,410	$ (1,937,803)	$ (161,521)	$ 40,102,035	$ 18,415,711	$ 58,517,746
Reversal of special reserve	-	-	-	-	-	(1,226,764)	1,226,764	-	-	-	-	-	-	-
Appropriation and distribution of 2023 earnings														
Legal reserve	-	-	-	-	738,432	-	(738,432)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,228,974)	(1,228,974)	-	-	-	(1,228,974)	-	(1,228,974)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(124,956)	(124,956)	-	-	-	(124,956)	-	(124,956)
Changes in capital surplus from investments in subsidiaries accounted for using equity method	-	-	-	4,479	-	-	-	-	-	-	-	4,479	-	4,479
Unclaimed dividends	-	-	-	589	-	-	-	-	-	-	-	589	1,229	1,818
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(702,244)	(702,244)
Net profit for the six months ended June 30, 2024	-	-	-	-	-	-	1,634,702	1,634,702	-	-	-	1,634,702	499,771	2,134,473
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	-	(452)	(452)	384,210	(105,888)	-	277,870	(130,666)	147,204
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	1,634,250	1,634,250	384,210	(105,888)	-	1,912,572	369,105	2,281,677
Common shares converted from convertible preferred shares	79,830	(79,830)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	1,685	-	-	-	-	-	-	88,338	90,023	-	90,023
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	399,709	399,709	-	(399,709)	-	-	-	-
BALANCE AT JUNE 30, 2024	$ 27,419,753	$ 2,910,310	$ 30,330,063	$ 26,377	$ 6,527,632	$ 1,970,247	$ 3,924,412	$ 12,422,291	$ 493,620	$ (2,443,400)	$ (73,183)	$ 40,755,768	$ 18,083,891	$ 58,839,569

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	$ 2,668,567	$ 2,552,087
Adjustments for:		
Depreciation expense	150,065	150,115
Amortization expense	159,808	141,653
Expected credit losses/recognition of provisions	327,642	221,424
Net gain on financial assets or liabilities at fair value through profit or loss	(4,387,208)	(2,989,406)
Interest expense	6,956,523	5,385,021
Interest revenue	(7,876,442)	(6,417,552)
Dividends income	(83,058)	(319,132)
Share-based payment arrangements	7,253	-
Share of profit of associates accounted for using equity method	(63,873)	(142,660)
Loss (gain) on disposal of property and equipment	47	(2,561)
Loss (gain) on disposal of investments	(163,043)	6,067
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(432,567)	(337,212)
Financial assets at fair value through profit or loss	(11,841,691)	1,982,793
Financial assets at fair value through other comprehensive income	(1,981,978)	(3,612,450)
Investment in debt instruments at amortized cost	353,091	(1,202,160)
Bills and bonds purchased under resell agreements	(546,141)	1,769,359
Receivables	1,065,386	(1,354,751)
Discounts and loans	(17,545,331)	(14,606,122)
Deposits from the Central Bank and other banks	4,658,457	7,254,031
Financial liabilities at fair value through profit or loss	(369,291)	(114,102)
Bills and bonds sold under repurchase agreements	13,194,294	(6,715,202)
Payables	4,100,159	586,773
Deposits and remittances	14,666,648	23,623,608
Provisions	1,302	724
Cash generated from operations	3,018,619	5,860,345
Interest received	7,617,200	5,954,155
Dividends received	50,056	340,748
Interest paid	(6,689,090)	(4,828,569)
Income taxes paid	(445,184)	(117,757)
Net cash generated from operating activities	3,551,601	7,208,922
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using equity method	-	26,657
Acquisition of property and equipment	(77,427)	(84,550)
Proceeds from disposal of property and equipment	468	2,703
Increase in refundable deposits	-	(141,751)
Decrease in refundable deposits	110,439	-
Acquisitions of intangible assets	(49,904)	(49,777)

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	**2023**
Decrease in other financial assets	$ 11,049	$ 3,272
Increase in other assets	(129,905)	(36,907)
Net cash used in investing activities	(135,280)	(280,353)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	28,000
Decrease in commercial papers	(202,580)	(2,015,075)
Proceeds from issuing bank debentures	2,500,000	900,000
Repayments of bank debentures	-	(2,250,000)
Repayments of the principal portion of lease liabilities	(79,588)	(67,157)
Increase in other financial liabilities	4,327,681	240,306
Increase in other liabilities	307,669	170,528
Transfer of treasury stock to employees	82,770	-
Net cash generated from (used in) financing activities	6,935,952	(2,993,398)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	254,654	134,541
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,606,927	4,069,712
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	18,767,399	15,225,156
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 29,374,326	$ 19,294,868

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2024 and 2023:

	June 30	
	2024	**2023**
Cash and cash equivalents reported in the consolidated balance sheets	$ 9,878,222	$ 7,958,646
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	15,445,165	10,401,662
Bills and bonds purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	3,077,000	-
Other items qualifying for cash and cash equivalents under the definition of IAS 7	973,939	934,560
Cash and cash equivalents at the end of the period	$ 29,374,326	$ 19,294,868

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

O-BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Industrial Bank of Taiwan started its preparation for incorporation on March 2, 1998, was authorized for incorporation by the Ministry of Finance on July 27, 1999, and began its business operations on September 2, 1999.

To be in coordination with the government's financial liberation policy and to increase the operating efficiency, on August 14, 2015, the Industrial Bank of Taiwan's board of directors approved of the application for a change of registration to a commercial bank and for a change of name to "O-Bank Co., Ltd." ("O-Bank" or the "Bank"). The Financial Supervisory Commission (FSC) accepted the application on December 15, 2016 and required the Bank to submit its proposed adjustment plan to comply with the Banking Act of the Republic of China. On January 1, 2017, the Banking Bureau approved and issued the operating license for the Bank to operate a commercial banking business. The Bank's name was changed from "Industrial Bank of Taiwan" to "O-Bank Co., Ltd." on January 1, 2017.

The Bank's operations include the following: (a) accepting various deposits; (b) issuing bank debentures; (c) providing loans, discounts, and acceptance business; (d) providing domestic and foreign exchange and guarantee business; (e) issuing letters of credit at home and abroad; (f) making receipts and payments by agents; (g) investing in and underwriting offering of securities; (h) dealing in bonds; (i) factoring; (j) providing financial advisory services to financing and non-financing business; (k) wealth management business; (l) providing personal insurance and property insurance agent business; (m) dealing with debit card business; (n) providing foreign exchange services for client's imports or exports, overseas remittances, foreign currency deposits, and foreign currency loans and guarantees; (o) overseeing trust business under the Trust Business Law and regulations; and (p) dealing in derivative financial instruments and participating in other operations authorized by the central authorities.

As of June 30, 2024, the Bank has ten main department - Financial Business Department, Financial Market Department, Overseas Business Department, Risk Control Department, Operation Management Department, Science and Technology Financial Department, Legal Affairs and Legal Compliance Department, Strategic Development Department, Internal Audit Department and Corporate Sustainability and Communications Department. It also has Operating Segment, Nanjing Fuxing branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, and Tianjin representative office.

The Bank's stocks were listed on the Emerging Stock Market of the Taipei Exchange ("TPEx") starting in August 2004. The TWSE approved the Bank's application for listing on November 28, 2016 and transferred the listing from the TPEx to the TWSE on May 5, 2017.

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

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Bank and its subsidiaries (the "Group") had 1,477, 1,466 and 1,388 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 30, 2024.

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

a. Initial application of the amendments to the 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 FSC

   Initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the above amendments would not have a material impact on the 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)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
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
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

1) IFRS 18 "Presentation and Disclosure in Financial Statements"

   IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

   - Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

The amendments mainly amend the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and

- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

The amendments also stipulate that, when settling a financial liability in cash using an electronic payment system, an entity can choose to derecognize the financial liability before the settlement date if, and only if, the entity has initiated a payment instruction that resulted in:

- The entity having no practical ability to withdraw, stop or cancel the payment instruction;

- The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

- The settlement risk associated with the electronic payment system being insignificant.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations 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 Publicly Held Bills Finance Companies, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC.

Disclosure information included in these interim consolidated financial statements is less than the IFRS Accounting Standards disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values and the net defined benefit liabilities (assets) recognized at the fair value of the assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry could not be clearly identified, accounts included in the consolidated financial statements of the Group were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Refer to Note 46 for the maturity analysis of liabilities.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries shall be attributed to the owners of the Bank and to the non-controlling interests, even if the balance becomes negative or loss is incurred.

Refer to Note 15, Tables 4 and 5 for the list of main business activities and ownership percentages of subsidiaries.

Other Material Accounting and Reporting Policies

Except as described in the following paragraphs, other material accounting policies used in the preparation of these consolidated financial statements are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2023.

a. Retirement benefits

   Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

b. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

c. Impairment of financial assets

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

The Group's policy is to always recognize lifetime expected credit losses (ECLs) on trade receivables and lease receivables. For all other financial instruments, the Group will recognize lifetime ECL 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 will measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses calculated by using 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.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the group):

1) Internal or external information show that the debtor is unlikely to pay its creditors.

2) When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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.

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the FSC, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as noteworthy, substandard, having highly doubtful collectability and uncollectable, on the basis of the customers' financial position, a valuation of the respective collateral and the length of time in which the principal repayments or interest payments have become overdue.

The Bank made minimum provisions of 1%, 2%, 10%, 50% and 100% for credit assets deemed to be uncollectable, to have highly doubtful collectability, to be substandard, to be noteworthy and to have sound credit (excluding assets that represent claims against an ROC government agency), respectively.

Furthermore, the Bank should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

In addition to valuating impairment loss of receivables and recognizing allowance or bad debts under IFRS 9, China Bills Finance Corporation (CBF) will evaluate impairment loss, under the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-Performing Credit, Non-Accrual Loans, and Bad Debt" issued by the authorities and the CBF's provision procedures, and recognize the higher of allowance of and debts between the above regulations expect.

The Group shall determine the unrecoverable claims and write them off after reporting them to the Board for approval.

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, estimations, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimated Impairment of Loans and Financial Guarantee Contract

The impairment of loans and financial guarantee contracts is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs of the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and petty cash	$ 141,534	$ 147,882	$ 107,270
Checking for clearing	5,434,330	1,353,302	181,558
Due from banks	4,302,358	4,054,616	7,669,818
	$ 9,878,222	$ 5,555,800	$ 7,958,646

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets on December 31, 2023 are as follows. The adjustments as of June 30, 2024 and 2023, refer to the consolidated statements of cash flows.

	December 31, 2023
Cash and cash equivalents in the consolidated balance sheets	$ 5,555,800
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	12,289,001
Other items qualifying for cash and cash equivalents under the definition of IAS 7	922,598
Cash and cash equivalents in the consolidated statements of cash flows	$ 18,767,399

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

	June 30, 2024	December 31, 2023	June 30, 2023
Reserves for deposits - Type A	$ 4,099,599	$ 3,331,764	$ 2,442,704
Reserves for deposits - Type B	5,993,791	5,837,376	5,917,118
Due from Central Bank - Financial	1,505,606	2,000,712	1,505,153
Call loans to banks	15,445,165	12,289,001	10,401,662
Others	64,929	61,506	62,303
	$ 27,109,090	$ 23,520,359	$ 20,328,940

Under a directive issued by the Central Bank, deposit reserves are determined monthly at prescribed rates on average balances of customers' deposits. Type B deposit reserves are subject to withdrawal restrictions.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible bonds - domestic (include assets swap contracts)	$ 7,757,009	$ 6,157,388	$ 6,389,696
Derivative financial assets			
Currency swap contracts	1,235,802	717,198	1,202,967
Forward contracts	39,115	31,052	188,695
Interest rate swap contracts	203,486	36,605	49,193
Currency option contracts - call	91,502	23,461	45,455
Future exchange margins	59,910	49,686	68,834
Promised purchase contracts	24	664	10,223
	1,629,839	858,666	1,565,367

(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
Non-derivative financial assets			
Commercial paper	$ 127,698,340	$ 112,290,378	$ 104,264,836
Commercial paper contracts	257,310	236,866	189,336
Negotiable certificates of deposit	29,007,636	32,528,876	27,521,126
Stocks and beneficiary certificates	2,345,612	1,389,794	1,545,395
Government bonds	508,388	402,002	2,249,937
Corporate bonds	1,405,561	1,018,280	1,022,092
Bank debentures	-	-	492,945
	161,222,847	147,866,196	137,285,667
	$ 170,609,695	$ 154,882,250	$ 145,240,730
Held-for-trading financial liabilities			
Derivative financial instruments			
Currency swap contracts	$ 651,183	$ 1,116,259	$ 616,151
Forward contracts	45,884	199,566	61,238
Interest rate swap contracts	204,366	36,755	49,402
Currency option contracts - put	88,916	14,897	35,604
Promised purchase contracts	15,976	12,826	3,443
	1,006,325	1,380,303	765,838
Non-derivative financial liabilities			
Commercial paper contracts	26,089	21,402	128,225
	$ 1,032,414	$ 1,401,705	$ 894,063

(Concluded)

The Group engages in derivative transactions, including forward contracts, currency swap contracts and currency option contracts, mainly for accommodating customers' needs and managing the exposure positions. As for the engagement in interest rate swap contracts and cross-currency swap contracts, its purpose is to hedge risk of cash flow and risk of market value caused by the change of interest rates or exchange rates. The Group strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a high negative correlation with the changes in the market of the exposures being hedged.

The contract amounts (or notional amounts) of outstanding derivative transactions as of June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Interest rate swap contracts	$ 19,162,607	$ 9,109,905	$ 9,399,721
Currency swap contracts	170,468,779	136,153,362	137,305,077
Forward contracts	20,424,926	23,920,817	16,627,196
Currency option contracts			
Buy	5,924,814	1,977,359	3,063,490
Sell	3,046,159	704,187	1,908,723
Promised purchase contracts	6,450,000	6,450,000	10,250,000
Futures contract	240,218	-	31,135

As of June 30, 2024, December 31, 2023 and June 30, 2023, financial assets at fair value through profit and loss under agreement to repurchase were in the face amounts of $99,739,800 thousand, $92,833,500 thousand and $81,089,705 thousand, respectively.

Refer to Note 42 for information relating to financial assets at fair value through profit or loss pledged as security.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in equity instruments at FVTOCI	$ 6,379,312	$ 2,910,766	$ 6,001,481
Investments in debt instruments at FVTOCI			
Government bonds	19,194,931	22,665,893	19,263,617
Bank debentures	28,324,314	27,848,639	27,658,666
Corporate bonds	87,939,769	87,533,071	78,241,144
Overseas government bonds	2,729,827	2,352,438	2,930,393
Commercial papers	4,444,005	3,447,154	4,666,810
Negotiable certificates of deposit	21,554,315	21,467,288	19,183,239
Mortgage-backed securities	2,469,176	2,457,669	2,501,982
	$ 173,035,649	$ 170,682,918	$ 160,447,332

a. Investments in equity instruments at FVTOCI

These investments in listed, unlisted and emerging stocks are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group disposed stock classified as at FVTOCI for invested management purpose for the six months ended June 30, 2024 and 2023. The fair value of stocks classified as at FVTOCI which had to be disposed of were $4,595,253 thousand and $4,976,211 thousand and the accumulated gain related to the sold assets of $399,709 thousand and $123,194 thousand, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $83,058 thousand and $319,132 thousand were recognized in profit or loss for the six months ended June 30, 2024 and 2023. The dividends related to investments held at the end of the reporting period were $50,941 thousand and $314,079 thousand, respectively.

In accordance with the Q&A issued by the FSC, for the investments in the limited partnership held before June 30, 2023 in which the investment contract stipulates that the limited partnership has a limited duration and whether the duration can be extended is subject to the resolution of partners in the partners' meeting, the Group elected not to retrospectively apply the Q&A "Classification of Investments in a Limited Partnership" issued by the Accounting Research and Development Foundation (ARDF), and therefore the abovementioned investments are still classified as investments in equity instruments at FVTOCI.

b. Investments in debt instruments at FVTOCI

Refer to Note 42 for information relating to investments in debt instruments at FVTOCI pledged as security.

Refer to Note 46 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

Investments in debt instruments at FVTOCI under agreement to replacement to repurchase were in the face amount of $99,177,645 thousand, $92,107,406 thousand and $87,083,055 thousand, on June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	June 30, 2024	December 31, 2023	June 30, 2023
Government bonds	$ 13,207,442	$ 13,215,986	$ 12,204,134
Bank debentures	6,350,915	5,417,533	5,425,097
Corporate bonds	5,467,770	5,311,804	5,317,453
Overseas government bonds	484,453	918,376	928,254
Negotiable certificates of deposit	-	1,000,000	3,000,000
	25,510,580	25,863,699	26,874,938
Less: Allowance for impairment loss	(4,861)	(4,301)	(4,306)
	$ 25,505,719	$ 25,859,398	$ 26,870,632

Refer to Note 42 for information relating to investments in debt instruments at amortized cost pledged as security.

Refer to Note 46 for information relating to the credit risk management and impairment assessment of investments in debt instruments at amortized cost.

Investments in debt instruments at amortized cost under agreement to repurchase was in the face amount of $4,511,627 thousand, $6,490,252 thousand and $2,638,377 thousand, as of June 30, 2024, December 31, 2023 and June 30, 2023.

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of June 30, 2024, December 31, 2023 and June 30, 2023, bonds and bills in the amounts of $6,488,166 thousand, $2,865,025 thousand and $2,182,640 thousand, respectively, had been purchased under resell agreements would subsequently be sold for $6,506,181 thousand, $2,867,919 thousand and $2,184,317 thousand before September 2024, February 2024 and August 2023, respectively. As of June 30, 2024, December 31, 2023 and June 30, 2023, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of $3,408,000 thousand, $2,410,000 thousand and $2,184,317 thousand, respectively.

12. RECEIVABLES, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Factored receivable	$ 499,033	$ 837,215	$ 1,201,323
Interest receivable	2,528,308	2,263,845	2,034,197
Accounts receivable	334,562	266,448	240,485
Investment settlements receivable	71,015	828,701	1,358,269
Acceptances receivable	306,149	205,561	46,913
Dividends receivable	202,819	5,203	742,096
Others	71,353	218,326	216,994
	4,013,239	4,625,299	5,840,277
Less: Allowance for credit losses	20,114	19,608	22,620
Receivables, net	$ 3,993,125	$ 4,605,691	$ 5,817,657

The changes in gross carrying amount on receivables for the six months ended June 30, 2024 and 2023 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2024	$ 4,563,763	$ 53,458	$ 8,078	$ 4,625,299
Transfers				
To 12-month ECLs	119	(118)	(1)	-
To lifetime ECLs	(13,055)	13,711	(656)	-
To credit-impaired financial assets	(2,099)	(52)	2,151	-
New financial assets purchased or originated	1,157,422	44,281	10,417	1,212,120
Derecognition of financial assets in the reporting period	(1,827,572)	(24,998)	(417)	(1,852,987)
Exchange rate or other changes	29,514	(3,254)	2,547	28,807
Balance at June 30, 2024	$ 3,908,092	$ 83,028	$ 22,119	$ 4,013,239
Balance at January 1, 2023	$ 3,023,921	$ 676,888	$ 37,299	$ 3,738,108
Transfers				
To 12-month ECLs	1,527	(1,527)	-	-
To lifetime ECLs	(4,598)	4,598	-	-
To credit-impaired financial assets	(419)	(16)	435	-
New financial assets purchased or originated	3,421,566	416,981	11,058	3,849,605
Derecognition of financial assets in the reporting period	(1,178,463)	(661,288)	(689)	(1,840,440)
Write-offs	-	-	(22,693)	(22,693)
Exchange rate or other changes	113,931	1,455	311	115,697
Balance at June 30, 2023	$ 5,377,465	$ 437,091	$ 25,721	$ 5,840,277

The Group provides an appropriate allowance for doubtful debts for the assessment of receivables. Refer to Note 14 for the details and changes in the allowance for doubtful debts of receivables.

Refer to Note 46 for the impairment loss analysis of receivables.

13. DISCOUNTS AND LOANS, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Short-term	$ 94,194,849	$ 90,885,058	$ 88,855,923
Medium-term	120,403,788	107,744,707	107,677,869
Long-term	28,451,201	27,278,469	24,887,003
Export bill negotiated	258,789	525,546	-
Overdue loans	354,341	195,554	622,319
	243,662,968	226,629,334	222,043,114
Less: Allowance for credit losses	3,492,741	3,695,886	3,193,427
	$ 240,170,227	$ 222,933,448	$ 218,849,687

The changes in gross carrying amount on discount and loans for the six months ended June 30, 2024 and 2023 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2024	$ 215,289,947	$ 10,080,624	$ 1,258,763	$ 226,629,334
Transfers				
To 12-month ECLs	33,831	(33,776)	(55)	-
To lifetime ECLs	(3,774,767)	3,965,776	(191,009)	-
To credit-impaired financial assets	(485,700)	(828,469)	1,314,169	-
New financial assets purchased or originated	104,783,909	9,006,195	280,746	114,070,850
Derecognition of financial assets in the reporting period	(93,706,252)	(5,637,062)	(101,519)	(99,444,833)
Write-offs	-	-	(623,777)	(623,777)
Exchange rate or other changes	2,764,865	233,861	32,668	3,031,394
Balance at June 30, 2024	$ 224,905,833	$ 16,787,149	$ 1,969,986	$ 243,662,968
Balance at January 1, 2023	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ 207,497,268
Transfers				
To 12-month ECLs	222,046	(222,046)	-	-
To lifetime ECLs	(2,382,028)	2,382,028	-	-
To credit-impaired financial assets	(100,346)	(1,597)	101,943	-
New financial assets purchased or originated	94,431,475	13,874,383	115,570	108,421,428
Derecognition of financial assets in the reporting period	(81,426,170)	(12,720,097)	(244,410)	(94,390,677)
Write-offs	-	-	(80,960)	(80,960)
Exchange rate or other changes	556,011	37,171	2,873	596,055
Balance at June 30, 2023	$ 199,943,280	$ 20,788,050	$ 1,311,784	$ 222,043,114

The balance of the overdue loans of the Group as of June 30, 2024, December 31, 2023 and June 30, 2023 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $3,450 thousand and $8,588 thousand for the six months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024 and 2023, the Group wrote off credits only upon completing the required legal procedures.

Refer to Note 42 for information relating to discounts and loan assets pledged as security.

The Group provides an appropriate allowance for doubtful debts based on the assessment of discounts and loans. Refer to Note 14 for the details and changes in the allowance for doubtful debts of discounts and loans.

Refer to Note 46 for the impairment loss analysis of discounts and loans.

14. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The changes in allowance for credit losses and provisions for six months ended June 30, 2024 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2024	$ 4,043	$ 201	$ 1,608	$ 5,852	$ 13,756	$ 19,608
Transfers						
To lifetime ECLs	(75)	108	(33)	-	-	-
To credit-impaired financial assets	(367)	(41)	408	-	-	-
New financial assets purchased or originated	1,559	38	2,285	3,882	-	3,882
Derecognition of financial assets in the reporting period	(2,553)	(120)	(388)	(3,061)	-	(3,061)
Change in model or risk parameters	349	6	(4)	351	-	351
Difference between IFRS 9 and local requirements	-	-	-	-	(1,047)	(1,047)
Exchange rate or other changes	(790)	-	830	40	341	381
Balance at June 30, 2024	$ 2,166	$ 192	$ 4,706	$ 7,064	$ 13,050	$ 20,114

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2024	$ 556,255	$ 200,184	$ 289,738	$ 1,046,177	$ 2,649,709	$ 3,695,886
Transfers						
To 12-month ECLs	1,182	(1,181)	(1)	-	-	-
To lifetime ECLs	(34,668)	64,342	(29,674)	-	-	-
To credit-impaired financial assets	(42,318)	(3,970)	46,288	-	-	-
New financial assets purchased or originated	180,098	40,061	246,428	466,587	-	466,587
Derecognition of financial assets in the reporting period	(157,030)	(12,613)	(99,187)	(268,830)	-	(268,830)
Change in model or risk parameters	(34,437)	7,457	(48,638)	(75,618)	-	(75,618)
Difference between IFRS 9 and local requirements	-	-	555,923	555,923	(369,509)	186,414
Write-offs	-	-	(623,777)	(623,777)	-	(623,777)
Withdrawal after write-offs	-	-	31,271	31,271	-	31,271
Exchange rate or other changes	11,320	3,785	1,106	16,211	64,597	80,808
Balance at June 30, 2024	$ 480,402	$ 298,065	$ 369,477	$ 1,147,944	$ 2,344,797	$ 3,492,741

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2024	$ 116,948	$ 15,780	$ -	$ 132,728	$ 1,696,070	$ 1,828,798
Transfers						
To lifetime ECLs	(326)	326	-	-	-	-
New financial assets purchased or originated	44,471	2,170	-	46,641	-	46,641
Derecognition of financial assets in the reporting period	(62,202)	(9,042)	-	(71,244)	-	(71,244)
Change in model or risk parameters	(14,382)	1,890	-	(12,492)	-	(12,492)
Difference between IFRS 9 and local requirements	-	-	-	-	46,219	46,219
Withdrawal after write-offs	-	-	-	-	699	699
Exchange rate or other changes	461	11	-	472	1,134	1,606
Balance at June 30, 2024	$ 84,970	$ 11,135	$ -	$ 96,105	$ 1,744,122	$ 1,840,227

The changes in allowance for credit losses and provisions for the six months ended June 30, 2023 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551
Transfers						
To 12-month ECLs	-	-	-	-	-	-
To lifetime ECLs	(90)	90	-	-	-	-
To credit-impaired financial assets	(255)	(10)	265	-	-	-
New financial assets purchased or originated	2,162	603	1,517	4,282	-	4,282
Derecognition of financial assets in the reporting period	(2,067)	(1,085)	(176)	(3,328)	-	(3,328)
Change in model or risk parameters	391	(3)	5	393	-	393
Difference between IFRS 9 and local requirements	-	-	-	-	(2,796)	(2,796)
Write-offs	-	-	(22,693)	(22,693)	-	(22,693)
Exchange rate or other changes	1	-	169	170	41	211
Balance at June 30, 2023	$ 3,364	$ 700	$ 4,146	$ 8,210	$ 14,410	$ 22,620

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 467,051	$ 90,549	$ 297,981	$ 855,581	$ 2,328,715	$ 3,184,296
Transfers						
To 12-month ECLs	215	(215)	-	-	-	-
To lifetime ECLs	(22,343)	22,343	-	-	-	-
To credit-impaired financial assets	(45,698)	(1,003)	46,701	-	-	-
New financial assets purchased or originated	184,658	31,626	49,831	266,115	-	266,115
Derecognition of financial assets in the reporting period	(182,168)	(28,780)	(51,613)	(262,561)	-	(262,561)
Change in model or risk parameters	91,870	130,579	54,479	276,928	-	276,928
Difference between IFRS 9 and local requirements	-	-	-	-	(211,075)	(211,075)
Write-offs	-	-	(80,960)	(80,960)	-	(80,960)
Withdrawal after write-offs	-	-	9,139	9,139	-	9,139
Exchange rate or other changes	1,614	752	254	2,620	8,925	11,545
Balance at June 30, 2023	$ 495,199	$ 245,851	$ 325,812	$ 1,066,862	$ 2,126,565	$ 3,193,427

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 103,759	$ 8,528	$ -	$ 112,287	$ 1,595,732	$ 1,708,019
Transfers						
To 12-month ECLs	34	(34)	-	-	-	-
To lifetime ECLs	(3,569)	3,569	-	-	-	-
New financial assets purchased or originated	52,703	36,446	-	89,149	-	89,149
Derecognition of financial assets in the reporting period	(45,233)	(2,993)	-	(48,226)	-	(48,226)
Change in model or risk parameters	16	3,231	-	3,247	-	3,247
Difference between IFRS 9 and local requirements	-	-	-	-	103,514	103,514
Withdrawal after write-offs	-	-	-	-	207	207
Exchange rate or other changes	149	38	-	187	251	438
Balance at June 30, 2023	$ 107,859	$ 48,785	$ -	$ 156,644	$ 1,699,704	$ 1,856,348

15. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

			% of Ownership				
Investor	**Investee**	**Main Business**	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**	**Remark**	**Audited by CPA**
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	28.37	Founded in 1978	Yes
	IBT Holding Corp. (IBTH)	Holding company	100.00	100.00	100.00	Founded in 2006 in California	Yes
	IBTM	Investment consulting	100.00	100.00	100.00	Founded in 2000	Yes
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	Founded in 2014	Yes
IBTH	EverTrust Bank	Banking	91.78	91.78	91.78	Founded in 1994 in California	Yes

b. Details of subsidiaries that have material non-controlling interests

		Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
Name of Subsidiary	**Principal Place of Business**	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**
CBF	Taipei	71.63%	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
CBF			
Equity attributable to:			
Owners of CBF	$ 6,923,439	$ 7,073,256	$ 6,443,535
Non-controlling interests of CBF	17,481,682	17,859,968	16,269,923
	$ 24,405,121	$ 24,933,224	$ 22,713,458

	For the Six Months Ended June 30	
	2024	**2023**
Net revenue	$ 1,099,416	$ 1,188,162
Net profit from continuing operations	$ 677,331	$ 774,853
Other comprehensive income (loss) for the period	(226,788)	630,297
Total comprehensive income for the period	$ 450,543	$ 1,405,150
Profit attributable to:		
Owners of CBF	$ 192,151	$ 219,816
Non-controlling interests of CBF	485,180	555,037
	$ 677,331	$ 774,853

(Continued)

	For the Six Months Ended June 30	
	2024	2023
Total comprehensive income attributable to:		
Owners of CBF	$ 127,814	$ 398,624
Non-controlling interests of CBF	322,729	1,006,526
	$ 450,543	$ 1,405,150
Net cash inflow (outflow) from:		
Operating activities	$ (426,041)	$ (1,757,580)
Investing activities	(29,138)	(7,645)
Financing activities	477,380	2,318,062
Net cash inflow	$ 22,201	$ 552,837
Dividends paid to non-controlling interests of CBF	$ -	$ -

(Concluded)

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

Investments in Associates

	June 30, 2024	December 31, 2023	June 30, 2023
Associates - Infinite Finance Co., Ltd.	$ 5,777,242	$ 5,850,311	$ 5,873,451
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	1,233,588	1,144,527	1,071,356
	$ 7,010,830	$ 6,994,838	$ 6,944,807

The Bank was jointly invested in Beijing Sunshine Consumer Finance Co., Ltd., with China Everbright Bank and China CYT Holdings Co. The Bank's investment amounted to RMB200,000 thousand with the shareholding ratio of 20%, and Beijing Sunshine Consumer Finance Co., Ltd. has begun operation since August 17, 2020.

On July 21, 2022, the Bank's board of directors resolved to merge IBT Leasing with Jih Sun International Leasing & Finance Co., Ltd. (referred to as "Jih Sun Leasing"). In this merger, Jih Sun Leasing is the surviving company and is renamed Jih Sun IBT International Leasing Co., Ltd. The share exchange ratio is one IBT Leasing ordinary share for 0.5834 Jih Sun Leasing shares, with Jih Sun Leasing anticipating issuing 156,193 thousand shares to the Bank. Merged conversion amounted to NT$6,198,618 thousand. The record date of the merger is December 1, 2022. After the merger, the Bank will hold 44.48% shares of the surviving company and has no control over it.

On June 19, 2023, the Bank disposed 713 thousand shares of Infinite Finance for NT$26,738 thousand. After the disposal, the bank's shareholding ratio was 44.27%.

Refer to Table 4 "Name, locations and other information of investees on which the Bank exercises significant influence" and Table 5 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associate.

17. OTHER FINANCIAL ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits with original maturities more than 3 months	$ 65,903	$ 77,190	$ 85,357
Call loans to securities firms	973,939	922,598	934,560
Repurchase agreement margins	59,616	59,378	82,586
	$ 1,099,458	$ 1,059,166	$ 1,102,503

18. PROPERTY AND EQUIPMENT

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amounts of each class of			
Land	$ 781,970	$ 781,970	$ 781,970
Buildings	1,131,208	1,153,883	1,172,347
Machinery and computer equipment	268,456	259,555	246,124
Transportation equipment	22,520	20,645	24,307
Office and other equipment	31,077	28,756	30,770
Lease improvement	75,712	68,671	68,836
Construction in progress and prepayments for equipment	35,885	76,157	76,834
	$ 2,346,828	$ 2,389,637	$ 2,401,188

The movements of property and equipment for the six months ended June 30, 2024 and 2023 are summarized as follows:

	Freehold Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2024	$ 781,970	$ 1,913,782	$ 814,516	$ 56,887	$ 287,586	$ 396,050	$ 76,157	$ 4,326,948
Additions	-	849	31,114	5,365	3,304	411	36,384	77,427
Disposals and scrapped	-	(125)	(9,681)	(1,554)	(3,407)	-	-	(14,767)
Reclassification	-	-	10,036	-	5,051	15,943	(77,197)	(46,167)
Effect of foreign currency exchange differences	-	-	1,427	474	2,994	8,202	541	13,638
Balance at June 30, 2024	$ 781,970	$ 1,914,506	$ 847,412	$ 61,172	$ 295,528	$ 420,606	$ 35,885	$ 4,357,079
Accumulated depreciation and impairment								
Balance at January 1, 2024	$ -	$ 759,899	$ 554,961	$ 36,242	$ 258,830	$ 327,379	$ -	$ 1,937,311
Disposals and scrapped	-	(75)	(9,673)	(1,295)	(3,209)	-	-	(14,252)
Depreciation expense	-	23,474	32,739	3,307	6,143	10,976	-	76,639
Effect of foreign currency exchange differences	-	-	929	398	2,687	6,539	-	10,553
Balance at June 30, 2024	$ -	$ 783,298	$ 578,956	$ 38,652	$ 264,451	$ 344,894	$ -	$ 2,010,251
Carrying amounts								
Balance at June 30, 2024	$ 781,970	$ 1,131,208	$ 268,456	$ 22,520	$ 31,077	$ 75,712	$ 35,885	$ 2,346,828

(Continued)

	Freehold Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2023	$ 781,970	$ 1,906,456	$ 804,110	$ 68,166	$ 284,522	$ 384,711	$ 29,930	$ 4,259,865
Additions	-	2,173	24,930	-	1,497	284	55,666	84,550
Disposals and scrapped	-	-	(8,793)	(11,329)	(435)	-	-	(20,557)
Reclassification	-	294	2,240	2,980	-	-	(8,783)	(3,269)
Effect of foreign currency exchange differences	-	-	209	91	698	1,880	21	2,899
Balance at June 30, 2023	$ 781,970	$ 1,908,923	$ 822,696	$ 59,908	$ 286,282	$ 386,875	$ 76,834	$ 4,323,488
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ -	$ 713,346	$ 552,103	$ 43,020	$ 247,051	$ 299,210	$ -	$ 1,854,730
Disposals and scrapped	-	-	(8,728)	(11,262)	(425)	-	-	(20,415)
Depreciation expense	-	23,230	33,016	3,773	8,269	17,420	-	85,708
Effect of foreign currency exchange differences	-	-	181	70	617	1,409	-	2,277
Balance at June 30, 2023	$ -	$ 736,576	$ 576,572	$ 35,601	$ 255,512	$ 318,039	$ -	$ 1,922,300
Carrying amounts								
Balance at June 30, 2023	$ 781,970	$ 1,172,347	$ 246,124	$ 24,307	$ 30,770	$ 68,836	$ 76,834	$ 2,401,188

(Concluded)

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5-55 years
Machinery and computer equipment	3-25 years
Transportation equipment	3-5 years
Office and other equipment	3-15 years
Lease improvement	5-8 years

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amounts			
Buildings	$ 430,642	$ 431,604	$ 420,887
Machinery	147	294	441
Transportation equipment	12,090	12,672	13,034
Office equipment	1,650	2,021	2,502
	$ 444,529	$ 446,591	$ 436,864

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Additions to right-of-use assets	$ 39,410	$ 61,618	$ 69,024	$ 77,368
Depreciation charge for right-of-use assets				
Buildings	$ 35,411	$ 31,536	$ 70,623	$ 61,838
Machinery	73	73	147	147
Transportation equipment	1,075	952	2,181	1,850
Office equipment	242	232	475	572
	$ 36,801	$ 32,793	$ 73,426	$ 64,407

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2024 and 2023.

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amounts	$ 463,486	$ 463,732	$ 453,834

Range of discount rates for lease liabilities was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	1.35%-5.88%	1.35%-5.63%	1.35%-5.63%
Machinery	1.36%	1.36%	1.36%
Transportation equipment	1.85%-2.76%	1.85%-2.62%	1.85%-2.62%
Office equipment	1.08%-4.48%	1.08%-4.48%	1.08%-4.48%

c. Material lease-in activities

Due to the rental of buildings, the Group had entered into various leasehold contracts with others, respectively. These contracts are gradually expiring before the end of March 2033. As of June 30, 2024, December 31, 2023 and June 30, 2023, refundable deposits paid under operating lease amounted to $33,116 thousand, $32,198 thousand and $28,310 thousand, respectively.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	$ 1,249	$ 747	$ 2,673	$ 1,353
Expenses relating to low-value asset leases	$ 1,674	$ 1,512	$ 3,079	$ 2,062
Total cash outflow for leases			$ (85,340)	$ (70,572)

20. INTANGIBLE ASSETS, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amounts of each class of			
Computer software	$ 444,900	$ 508,134	$ 555,280
Goodwill	1,231,447	1,167,045	1,182,051
	$ 1,676,347	$ 1,675,179	$ 1,737,331

The changes in of intangible assets for the six months ended June 30, 2024 and 2023 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2024	$ 2,538,244	$ 1,167,045	$ 7,508	$ 3,712,797
Additions	49,904	-	-	49,904
Scrapped	(310)	-	-	(310)
Reclassification	46,167	-	-	46,167
Effect of foreign currency exchange differences	4,377	64,402	418	69,197
Balance at June 30, 2024	$ 2,638,382	$ 1,231,447	$ 7,926	$ 3,877,755
Accumulated amortization and impairment				
Balance at January 1, 2024	$ 2,030,110	$ -	$ 7,508	$ 2,037,618
Amortization	159,808	-	-	159,808
Scrapped	(310)	-	-	(310)
Effect of foreign currency exchange differences	3,874	-	418	4,292
Balance at June 30, 2024	$ 2,193,482	$ -	$ 7,926	$ 2,201,408
Carrying amounts				
Balance at June 30, 2024	$ 444,900	$ 1,231,447	$ -	$ 1,676,347
Cost				
Balance at January 1, 2023	$ 2,410,275	$ 1,165,895	$ 7,500	$ 3,583,670
Additions	49,777	-	-	49,777
Scrapped	(4,144)	-	-	(4,144)
Reclassification	3,269	-	-	3,269
Effect of foreign currency exchange differences	796	16,156	105	17,057
Balance at June 30, 2023	$ 2,459,973	$ 1,182,051	$ 7,605	$ 3,649,629

(Continued)

	Computer Software	Goodwill	Others	Total
Accumulated amortization and impairment				
Balance at January 1, 2023	$ 1,766,506	$ -	$ 7,500	$ 1,774,006
Amortization	141,653	-	-	141,653
Scrapped	(4,144)	-	-	(4,144)
Effect of foreign currency exchange differences	678	-	105	783
Balance at June 30, 2023	$ 1,904,693	$ -	$ 7,605	$ 1,912,298
Carrying amounts				
Balance at June 30, 2023	$ 555,280	$ 1,182,051	$ -	$ 1,737,331

(Concluded)

The goodwill was recognized from IBT Holding Corp.'s purchase of 100% of the stocks of Ever Trust Bank on March 30, 2007. The investment cost exceeded the fair value of net identifiable assets.

When the Group executes the goodwill impairment test, Ever Trust Bank was used as a cash-generating unit, and the recoverable amount is assessed by the value in use of the cash-generating unit. The key assumptions base the expected future cash flows on the actual profit conditions of the cash-generating units. On the assumption of sustainable operations, the Group discounts the net cash flows from those of the operations of the cash-generating units in the next five years in order to calculate the value in use. Under the estimation of the Group, there is no occurrence of impairment.

The computer software and other intangible assets are amortized on a straight-line basis of 1 to 15 years.

21. OTHER ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Refundable deposits	$ 959,393	$ 1,069,832	$ 900,757
Life insurance cash surrender value	360,305	339,929	345,547
Prepayments	186,455	98,378	102,244
Others	207,465	186,013	189,086
	$ 1,713,618	$ 1,694,152	$ 1,537,634

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2024	December 31, 2023	June 30, 2023
Call loans from banks	$ 27,075,889	$ 22,571,455	$ 22,566,474
Deposits from Chunghwa Post Co., Ltd.	5,000,000	5,000,000	5,000,000
Call loans from the Central Bank	2,921,817	2,767,794	3,115,201
	$ 34,997,706	$ 30,339,249	$ 30,681,675

23. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Bills	$ 97,617,507	$ 90,136,887	$ 79,416,353
Government bonds	17,250,199	17,107,445	16,022,263
Corporate bonds	69,263,703	64,867,239	56,627,224
Bank debentures	22,650,153	21,975,697	21,065,033
Beneficiary securities	500,000	-	310,682
	$ 207,281,562	$ 194,087,268	$ 173,441,555
Date of agreements to repurchase	Before April 2025	Before December 2024	Before May 2024
Amount of agreements to repurchase	$ 203,279,842	$ 189,761,652	$ 169,243,418

The Bank and its subsidiaries have repurchase bills and bond liabilities with an unspecified maturity date as of June 30, 2024, December 31, 2023 and June 30, 2023, with a face value of $5,036,650 thousand, $5,358,766 thousand and $5,150,025 thousand, respectively.

24. PAYABLES

	June 30, 2024	December 31, 2023	June 30, 2023
Checks for clearing payables	$ 5,434,330	$ 1,353,302	$ 181,558
Investment settlements payable	153,734	73,344	1,079,346
Accrued interest	2,079,514	1,819,835	1,543,050
Accrued expenses	1,047,330	1,324,896	1,068,865
Collections payable	172,006	144,514	140,133
Factored payables	167,018	141,338	129,925
Acceptances	337,313	205,561	46,913
Accounts payable	105,793	66,196	68,814
Dividends payable	2,056,762	611	1,646,623
Others	92,771	102,603	114,131
	$ 11,646,571	$ 5,232,200	$ 6,019,358

25. DEPOSITS AND REMITTANCES

	June 30, 2024	December 31, 2023	June 30, 2023
Deposits			
Checking	$ 5,145,638	$ 5,051,462	$ 6,010,622
Demand	46,802,571	48,807,145	46,114,671
Time	253,749,184	245,022,291	248,367,877
Savings deposits	25,524,834	17,671,769	16,291,785
Export remittances	6,719	9,631	3,639
	$ 331,228,946	$ 316,562,298	$ 316,788,594

26. BANK DEBENTURES PAYABLE

	June 30, 2024	December 31, 2023	June 30, 2023
Subordinate bonds type B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repayment of the principal at maturity	$ 1,500,000	$ 1,500,000	$ 1,500,000
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repayment of the principal at maturity	2,000,000	2,000,000	2,000,000
Subordinate bonds type B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000	1,000,000
Subordinate bonds type A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	700,000	700,000	700,000
Subordinate bonds type B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repayment of the principal at maturity	1,050,000	1,050,000	1,050,000
Subordinate bonds first issued in 2019; fixed 1.50% interest rate; maturity: June 6, 2026; interest paid annually and repayment of the principal at maturity	2,500,000	2,500,000	2,500,000
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000	1,000,000
Bonds second issued in 2021; fixed 0.65% interest rate; maturity: December 22, 2024; interest paid annually and repay the principal at maturity	500,000	500,000	500,000
Subordinate bonds first issued in 2022; fixed 2.30% interest rate; maturity: September 27, 2029; interest paid annually and repayment of the principal at maturity	1,100,000	1,100,000	1,100,000
Subordinate bonds first issued in 2023; fixed 2.00% interest rate; maturity: April 27, 2030; interest paid annually and repayment of the principal at maturity	900,000	900,000	900,000
Subordinate bonds second issued in 2023; fixed 2.20% interest rate; maturity: September 27, 2030; interest paid annually and repayment of the principal at maturity	700,000	700,000	-

(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
Subordinate bonds first issued in 2024; fixed 2.30% interest rate; maturity: March 27, 2031; interest paid annually and repayment of the principal at maturity	$ 1,500,000	$ -	$ -
Subordinate bonds second issued in 2024; fixed 2.50% interest rate; maturity: June 27, 2031; interest paid annually and repayment of the principal at maturity	1,000,000	-	-
	$ 15,450,000	$ 12,950,000	$ 12,250,000

(Concluded)

27. OTHER FINANCIAL LIABILITIES

	June 30, 2024	December 31, 2023	June 30, 2023
Bank borrowings	$ 64,000	$ 64,000	$ 80,000
Commercial papers payable	88,883	291,463	207,413
Structured products	5,924,375	1,664,753	1,635,713
Funds obtained from the government - intended for specific types of loans	1,783,980	1,715,921	1,487,746
	$ 7,861,238	$ 3,736,137	$ 3,410,872

a. Bank borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Short-term borrowings	$ 64,000	$ 64,000	$ 80,000
Interest rate interval			
New Taiwan dollars	2.19%-2.20%	1.95%-2.07%	1.94%-2.07%

b. Commercial papers payable

	June 30, 2024	December 31, 2023	June 30, 2023
Commercial papers payable	$ 89,000	$ 292,000	$ 208,000
Less: Unamortized discount	(117)	(537)	(587)
	$ 88,883	$ 291,463	$ 207,413
Interest rate interval	2.19%-2.22%	2.08%-2.14%	2.11%-2.12%

c. Funds obtained from the government - intended for specific types of loans

	June 30, 2024	December 31, 2023	June 30, 2023
Funds obtained from the government - intended for specific types of loans	$ 1,783,980	$ 1,715,921	$ 1,487,746

The Lending Fund is a development fund established by the Executive Yuan to promote the development of the financial market economy. The Bank applied for the quota and appointed Export-Import Bank of the Republic of China, China Trust Commercial Bank, and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

28. PROVISIONS

	June 30, 2024	December 31, 2023	June 30, 2023
Provisions for employee benefits	$ 149,530	$ 150,981	$ 167,484
Provisions for losses on guarantees contracts	1,729,006	1,720,577	1,750,126
Provision for losses on financing commitments	111,221	108,221	106,222
	$ 1,989,757	$ 1,979,779	$ 2,023,832

Refer to Note 14 for the details and changes in the provision for losses on guarantees contracts and financing commitments.

29. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The pension system under the "Labor Pensions Ordinance" applicable to the Bank and its subsidiaries is the required retirement plan stipulated by the government, except that of Ever Trust Bank which is not more than 10% of the annual salary of the respective employees. A pension of 6% of an employee's monthly salary is paid to the Labor Insurance Bureau under each individual's account.

The amount to be paid in accordance with the percentage specified in the proposed plan for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023 was recognized in the consolidated statements of comprehensive income in the total amounts of $22,087 thousand, $19,068 thousand, $44,505 thousand and $39,404 thousand, respectively.

Defined Benefit Plan

The retirement benefit expenses recognized under defined benefit plans for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023 were calculated using the respective 2023 and 2022 annually determined discount rates as of December 31, 2023 and 2022 and amounted to $3,488 thousand, $3,260 thousand, $6,795 thousand and $6,217 thousand, respectively.

30. OTHER LIABILITIES

	June 30, 2024	December 31, 2023	June 30, 2023
Guarantee deposits received	$ 255,553	$ 179,345	$ 330,266
Advance receipts	47,564	51,076	59,735
Payable for custody	20,045	8,137	14,005
Receipts in suspense and pending settlement	368,214	119,241	155,780
Deferred revenue	68,457	95,976	103,613
Others	8,781	7,170	7,489
	$ 768,614	$ 460,945	$ 670,888

31. EQUITY

a. Capital stock

	June 30, 2024	December 31, 2023	June 30, 2023
Number of stock authorized (in thousands)	3,500,000	3,500,000	3,500,000
Amount of capital stock authorized	$ 35,000,000	$ 35,000,000	$ 35,000,000
Number of stocks issued and fully paid (in thousands)			
Common stock	2,741,975	2,733,992	2,733,992
Preferred stock	291,031	299,014	299,014
Amount of stocks issued	$ 30,330,063	$ 30,330,063	$ 30,330,063

Fully paid common stock, which have a par value of $10, carry one vote per share and carry a right to dividends.

On June 27, 2018, the Bank's board of directors resolved to issue 300,000 thousand Series A preferred stock, with a par value of $10. The subscription date was November 29, 2018, and finished the registration on December 21, 2018. The rights and obligations of Series A preferred stockholders are as follows:

1) The interest rate of Series A preferred stock shall be based on the 5-year Interest Rate Swap (IRS) rate on the pricing date and the interest shall be calculated on the issue price per share; the interest rate is initially set at 0.94375% plus 3.30625% (total 4.25%) per annum. The interest Rate Swap issued price per share. Interest rate per annum will be reset on the day after the 5.5-year anniversary of the issue date and the day after each subsequent period of 5.5 years thereafter. Dividends for the Series A preferred stock shall be declared once every year in cash. After the stockholders' approval of the Bank's financial statements at its annual stockholders' meeting, the board of directors may set a record date for the distribution of dividends declared from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.

2) The Bank has sole discretion on dividend issuance of Series A preferred stock including, but not limited to, its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred stock dividends, or preferred stock dividend declaration would render the Bank of International Settlement (BIS) ratio below the level required by the law or relevant authorities, or due other necessary consideration. The Series A preferred stockholders shall not have any objection towards the Bank's cancellation of preferred stock dividend declaration. Undeclared or under declared dividends are not cumulative and are not paid in subsequent years with profit.

3) Unless the authorities take over the Bank, order the Bank to suspend, terminate or liquidate its business in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", Series A preferred stockholders shall have the same priority as the common stockholders in the event of liquidation, both second to tier 2 capital instrument holder, depositor, and common creditor, but will be capped at the value of issuance.

4) Series A preferred stockholders have no voting rights at the annual stockholders' meeting and cannot elect directors. However, the preferred stockholders should have voting rights at the preferred stockholders' meeting and also at the stockholders' meeting when it involves the rights and obligations of the preferred stockholders, and the aforesaid stockholders are eligible for director candidacy. Series A preferred stockholders have voting rights at Series A stockholders' meeting.

5) The preferred stock issued by the Bank shall not be converted within one year from the date of issuance. Starting from the day after the expiration of one year, stockholders of convertible preferred stock may apply for the conversion of part or all of the preferred stock held, from preferred stock to common stock during the conversion period (conversion ratio 1:1). After the convertible preferred stock are converted into common stock, their rights and obligations are the same as the common stock. The issuance of annual dividends for the convertible preferred stock is based on the ratio of the actual number of issued days in the current year to the number of days within the whole year. However, stockholders who converted their preferred stock into common stock before the date of distribution of dividends (interests) in each year shall not participate in the distribution in that year but may participate in the distribution of common stock surplus and additional paid in capital.

6) After five and a half years from the issue date, the Bank may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the Bank's board of directors approves the distribution of dividends in the year the Bank redeems the outstanding shares of preferred stock - A, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

7) When the Bank issues new shares for cash, Series A preferred stockholders have the same subscription rights as the common stockholders.

As of June 30, 2024, 8,969 thousand of preferred Series A shares has been converted into common stock.

On June 27, 2024, the Bank's board of directors resolved to process the early withdrawal of all outstanding shares of Series A convertible preferred stock, this repurchase has been approved by the FSC, since the nature of Series A convertible preferred stock, the final number of shares repurchased can only be determined on the final conversion date, with an estimated capital reduction date of October 17, 2024.

The Bank's board of directors resolved to issue 250,000 thousand shares of Series B convertible preferred stock with a par value of $10 on May 2, 2024. The issuance price is $12, the total issued amount is $3,000,000 thousand, and the capital increase has been reported to the FSC, with an estimated capital increase date of September 25, 2024.

b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)			
Treasury share transactions	$ 10,746	$ 9,061	$ 9,061
Must be used to offset a deficit			
Exercised disgorgement	10	10	10
Unclaimed dividends	3,261	2,672	2,695
	3,271	2,682	2,705
May not be used for any purpose			
Share of changes in capital surplus of subsidiaries associates or joint ventures	12,360	7,881	3,131
	$ 26,377	$ 19,624	$ 14,897

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

c. Special reserves

	June 30, 2024	December 31, 2023	June 30, 2023
Trading loss and default loss reserve	$ 133,955	$ 133,955	$ 133,955
Employee transfer or placement expenditure arising from financial technology development	7,899	12,554	12,554
Other equity deductions special reserves	1,828,393	3,050,502	3,050,502
	$ 1,970,247	$ 3,197,011	$ 3,197,011

The Bank reclassified reserve for trading loss and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

In addition, according to Rule No. 10510001510 issued by the FSC on May 25, 2016, a public bank shall appropriate to special reserve an amount in the range of 0.5% to 1% of net profit after tax from 2016 to 2018; from 2017, the same amount of employee transfer or placement expenditure arising from financial technology development shall be reversed from the balance of the special reserve. The above order was repealed by the FSC Rule No. 10802714560 on May 15, 2019, which stipulates that in 2019, a public bank shall no longer continue to provide a special reserve for the purpose of protecting the interests of domestic bank practitioners in the development of financial technology. The Bank is allowed to reverse the special reserve appropriated in 2016 to 2018 at the amounts of the following expenses.

1) Expenses for staff transfer or placement, including the related expenses for assisting employees to transfer between departments or groups, and the payment of retirement and severance benefits to employees that are superior to labor-related laws and regulations.

2) Expenses for financial technology or banking business development, i.e., expenditure for education and training to enhance or develop employee functions.

Under related regulations, the Bank should appropriate or reverse to a special reserve according to the net debit balance of other equity. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

d. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Bank made 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 until the accumulated legal reserve equals the Bank's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders.

In the event of a shortfall in "other previously accumulated net deductions from shareholders' equity" when the Bank sets aside a portion of distributable earnings for special reserve, it shall first set aside an equal amount of special reserve from undistributed earnings from the previous period. If any shortfall remains, the Bank shall make an allocation from the undistributed earnings of the current period that also take account of net profit plus other items of the current period.

In principle, common stock dividends shall not be less than 20% of the available for distribution retained earnings minus the amount for preferred stock dividends and the reversal of special reserve for the current year. Cash dividend shall not be less than 20% of the total dividend for the current year. When the amount of legal reserve has not reached the Bank's total capital, the amount of cash dividends cannot exceed 15% of the Bank's paid-in capital.

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders' meeting.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 36.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital.

The appropriations of earnings for 2023 and 2022 have been proposed by the Bank's board of directors and approved in the stockholders' meetings on June 14, 2024 and June 16, 2023, respectively. The appropriations and dividends per share were as follows:

	2023	2022
Legal reserve	$ 738,432	$ 1,447,384
Special reserve appropriated (reversed)	(1,226,764)	2,562,401
Cash dividends - common stock	1,228,974	1,037,959
Cash dividends - preferred stock	124,956	127,081

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30	
	2024	**2023**
Balance at January 1	$ 109,410	$ 165,887
Exchange differences arising on translating the financial statements of foreign operations	463,640	55,930
Income tax related to gains arising on translating the financial statements of foreign operations	(79,430)	(12,466)
Balance at June 30	$ 493,620	$ 209,351

2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2024	**2023**
Balance at January 1	$ (1,937,803)	$ (3,216,389)
Recognized during the period		
Unrealized gain (loss)		
Debt instruments	(720,479)	485,452
Equity instruments	584,921	91,117
Tax effects	25,121	(8,360)
Loss allowance of debt instruments	4,549	5,198
Other comprehensive income (loss) recognized in the period	(105,888)	573,407
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(399,709)	(123,194)
Balance at June 30	$ (2,443,400)	$ (2,766,176)

f. Non-controlling interests

	For the Six Months Ended June 30	
	2024	**2023**
Balance at January 1	$ 18,415,711	$ 16,287,325
Attributed to non-controlling interests		
Share of profit for the year	499,771	572,910
Capital surplus	1,229	1,280
Other comprehensive income		
Exchange differences arising on translation of foreign entities	31,193	7,915
Unrealized valuation gain or loss on FVTOCI		
Debt instruments	(408,040)	402,189
Equity instruments	203,257	64,206
Tax effects	42,603	(15,211)
Actuarial profit and loss of defined benefit plan	321	(1,996)
Cash dividends paid by subsidiaries	(702,244)	(480,989)
Balance at June 30	$ 18,083,801	$ 16,837,629

g. Treasury stocks

Unit: In Thousands of Shares

	For the Six Months Ended June 30	
	2024	**2023**
Number of shares at January 1	17,522	2,522
Decrease during the period	(9,583)	-
Number of shares at June 30	7,939	2,522

On March 19, 2020, the Bank's board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period is from March 20, 2020 to May 19, 2020. As of May 19, 2020, the Bank had acquired 5,737 thousand shares of treasury stocks for $38,304 thousand. The Bank had transferred 3,215 thousand shares to employees at the price of $5.9 per share in February 2022. As a result, treasury shares decreased by $21,467 thousand.

On August 21, 2023, the board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from August 22, 2023 to October 21, 2023. As of October 20, 2023, the Bank had acquiring 15,000 thousand shares of treasury stocks for $144,684 thousand. The Bank had transferred 7,061 thousand and 2,522 thousand shares to employees at the price of $9.65 and $5.90 per share in February 2024, respectively. As a result, treasury shares decreased by $88,338 thousand.

Under the Securities and Exchange Act, the Bank shall neither pledge treasury shares nor exercise stockholders' rights on these shares, such as the rights to receive dividends or to vote.

32. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	**2023**	**2024**	**2023**
Interest revenue				
Discounts and loans	$ 2,744,760	$ 2,322,032	$ 5,406,485	$ 4,408,880
Investments in securities	1,010,748	832,886	1,973,775	1,587,983
Due from the Central Bank and call loans to other banks	203,532	169,025	402,456	328,252
Others	50,367	46,151	93,726	92,437
	4,009,407	3,370,094	7,876,442	6,417,552
Interest expense				
Deposits	2,331,982	1,869,901	4,577,650	3,524,122
Deposits from the Central Bank and other banks	194,309	149,485	385,897	276,084
Bank debentures	68,274	65,703	128,276	130,188
Bills and bonds sold under repurchase agreements	931,856	744,968	1,831,992	1,416,037
Others	15,536	22,628	32,708	38,590
	3,541,957	2,852,685	6,956,523	5,385,021
	$ 467,450	$ 517,409	$ 919,919	$ 1,032,531

33. SERVICE FEE REVENUE, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Service fee				
Guarantee business	$ 249,799	$ 237,143	$ 495,454	$ 478,323
Loan business	152,571	90,102	434,787	237,088
Underwrite business	120,177	142,179	250,460	310,933
Trust business	19,770	10,668	36,378	19,823
Credit examining business	20,551	20,794	87,539	101,132
Import and export business	4,998	5,688	10,216	11,119
Factoring business	2,015	4,115	3,452	8,958
Insurance agent business	6,298	10,704	23,777	16,079
Others	38,736	14,896	128,752	42,687
	614,915	536,289	1,470,815	1,226,142
Service charge				
Others	39,420	27,512	71,501	55,093
	$ 575,495	$ 508,777	$ 1,399,314	$ 1,171,049

34. GAINS ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Realized gains or losses				
Bills	$ 3,536	$ 1,959	$ 14,360	$ 14
Stocks and beneficiary certificates	72,968	37,769	391,522	50,758
Bonds	90,471	24,981	166,231	66,580
Derivatives	821,693	547,897	1,427,924	902,945
	988,668	612,606	2,000,037	1,020,297
Gains (losses) on valuation				
Bills	(17,738)	33,660	10,640	290,204
Stocks and beneficiary certificates	67,035	31,657	43,356	128,653
Bonds	(3,842)	2,449	8,425	32,521
Derivatives	(82,036)	522,925	1,148,784	582,716
	(36,581)	590,691	1,211,205	1,034,094
Interest revenue	592,600	482,584	1,175,966	935,015
	$ 1,544,687	$ 1,685,881	$ 4,387,208	$ 2,989,406

35. REALIZED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Realized gain (loss) - debt instruments	$ 15,197	$ (12,963)	$ 163,043	$ (6,067)
Dividend income	67,506	312,683	83,058	319,132
	$ 82,703	$ 299,720	$ 246,101	$ 313,065

36. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits				
Salaries and wages	$ 615,043	$ 589,257	$ 1,264,797	$ 1,130,523
Labor insurance and national health insurance	39,328	30,229	78,918	66,816
Others	60,954	76,772	143,848	164,111
Post-employment benefits				
Pension expenses	25,575	22,347	51,300	45,621
Pension benefits	53	-	72	1,994
	$ 740,953	$ 718,605	$ 1,538,935	$ 1,409,065

The shareholders of the Bank held their regular meeting on June 16, 2023 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, the Bank accrued employees' compensation and remuneration of directors at the rates no lower than 0.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. Before the amendment, the Bank accrued employees' compensation and remuneration of directors at rates between 1% to 2.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The amounts and accrual rates of employees' compensation and remuneration of directors for the six months ended June 30, 2024 and 2023 were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2024	2023
Compensation of employees	1.50%	1.25%
Remuneration of directors	1.50%	2.50%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Employees' compensation	$ 12,780	$ 11,600	$ 29,910	$ 22,475
Remuneration of directors	$ 12,780	$ 23,200	$ 29,910	$ 44,950

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 by next year.

The employees' compensation and remuneration of directors for 2023 and 2022, which were approved by the Bank's board of director on April 9, 2024 and March 14, 2023, respectively, were as follows:

	2023	2022
	Cash	Cash
Employees' compensation	$ 43,314	$ 53,625
Remuneration of directors	43,314	67,031

There are no differences between 2023 and 2022 the actual amounts of compensation of employees and remuneration of directors paid and 2023 and 2022 the amounts recognized in the annual consolidated financial statement.

Information for the compensation of employees and remuneration of directors proposed by the Board is available at the Market Observation Post System website of the Taiwan Stock Exchange.

37. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Property and equipment	$ 38,412	$ 42,336	$ 76,639	$ 85,708
Right-of-use assets	36,801	32,793	73,426	64,407
Intangible assets	81,483	72,283	159,808	141,653
	$ 156,696	$ 147,412	$ 309,873	$ 291,768

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Taxation	$ 93,862	$ 80,911	$ 191,525	$ 163,201
Rental	2,924	2,258	5,753	3,414
Management fees	10,723	10,283	22,570	21,780
Computer operating and consulting fees	104,491	97,914	209,977	185,721
Entertainment fees	5,975	6,683	17,213	18,440
Professional services fees	14,956	21,219	36,144	40,134
Advertisement fees	15,500	12,402	25,407	20,675
Postage fees	17,479	24,392	37,975	40,177
Others	65,914	50,400	149,673	123,949
	$ 331,824	$ 306,462	$ 696,237	$ 617,491

39. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	$ 186,567	$ 153,294	$ 411,205	$ 295,256
Income tax on unappropriated earnings	36,589	4,941	36,589	4,941
Adjustment of prior period	(111)	3,833	(111)	3,833
	223,045	162,068	447,683	304,030
Deferred tax				
In respect of the current period	20,929	64,754	86,411	177,267
Income tax expense recognized in profit or loss	$ 243,974	$ 226,822	$ 534,094	$ 481,297

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Deferred tax				
Translation of foreign operations	$ 21,574	$ 21,855	$ 79,430	$ 12,466
Loss on remeasurements of defined benefit plans	-	-	112	(697)
Unrealized gain (loss) on financial assets at FVTOCI	(13,666)	(45,973)	(67,724)	23,571
Income tax expense (benefit) recognized in other comprehensive income	$ 7,908	$ (24,118)	$ 11,818	$ 35,340

c. Assessment of the income tax returns

The income tax returns of the Bank through 2022, except 2021, have been examined by the tax authorities. The Bank's subsidiaries CBF through 2020 have been assessed by the tax authorities. The income tax returns of the Bank's subsidiaries IBT Management Corp. and IBT VII Venture Capital Co., Ltd. through 2022 have been assessed by the tax authorities.

40. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Basic earnings per share	$ 0.20	$ 0.23	$ 0.55	$ 0.50
Diluted earnings per share	$ 0.18	$ 0.21	$ 0.50	$ 0.45

Earnings used in calculating earnings per share and weighted average number of common stocks are as follows:

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Profit for the period attributable to owners of the Bank	$ 681,229	$ 759,419	$ 1,634,702	$ 1,497,880
Less: Declared preferred stock dividend	123,688	127,081	123,688	127,081
Net profit attributable to calculate basic and diluted earning per shares	$ 557,541	$ 632,338	$ 1,511,014	$ 1,370,799

Stock (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Weighted average number of common stocks in computation of basic earnings per share	2,730,805	2,731,470	2,725,796	2,731,470
Effect of potentially dilutive common stocks:				
Employees' compensation issued to employees	3,230	2,203	5,205	4,398
Convertible preferred stock	294,262	299,014	296,639	299,014
Weighted average number of common stocks in the computation of diluted earnings per share	3,028,297	3,032,687	3,027,640	3,034,882

If the Bank offered to settle compensation paid to employees in cash or stocks, then the Bank will assume the entire amount of the compensation will be settled in stocks and the dilutive effect of the resulting potential stocks will be included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential stocks will be included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

41. RELATED PARTY TRANSACTIONS

The transactions, account balances, income and loss of the Bank and its subsidiaries (which are the related parties of the Bank) are all eliminated upon consolidation, so they are not disclosed in this note. Except for other transactions disclosed in other notes, the transactions between the Group and other related parties are as follows:

a. The related parties and their relationships with the Group are summarized as follows:

Related Party	Relationship with the Bank
Beijing Sunshine Consumer Finance Co., Ltd.	Associates
Infinite Finance Co., Ltd. (Infinite Finance)	Associates
Jih Sun International Leasing Co. (Suzhou Jih Sun)	Subsidiary of associate
Yi Chang Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Group's legal director
Taixuan Investment Co., Ltd.	The Bank's legal director
TCC Chemical Corporation (TCC)	Other related party (Note)
Others	The Group's management and their other related party

Note: On June 16, 2023, a board of directors election was conducted, effective from the 2024, excluding related parties from the consolidated financial statements.

b. The significant transactions and balances with the related parties are summarized as follows:

1) Deposits (part of deposits and remittances)

	Ending Balance	Interest Expense	Rate (%)
For the six months ended June 30, 2024			
Associates	$ 30,229	$ 72	0.71-1.45
Others	3,381,167	79,153	0.00-8.00
	$ 3,411,396	$ 79,225	
For the six months ended June 30, 2023			
Associates	$ 32,342	$ 71	0.05-1.35
Others	8,499,565	98,668	0.00-7.05
	$ 8,531,907	$ 98,739	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the six months ended June 30, 2024				
Associates	$ 41,940	$ -	$ 32	2.56
Others	102,987	80,047	845	2.05-2.65
	$ 144,927	$ 80,047	$ 877	
For the six months ended June 30, 2023				
Associates	$ 238,496	$ 138,496	$ 3,711	2.50-5.01
Others	691,800	691,800	7,468	1.84-2.43
	$ 930,296	$ 830,296	$ 11,179	

June 30, 2024

Category	Account Volume or Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Consumer loans	4	$ 3,121	$ 2,846	$ 2,846	$ -	None	None
Self-used residential mortgage	3	$ 99,866	$ 77,201	$ 77,201	$ -	Real estate	None
Other loans	Infinite Finance	$ 41,940	$ -	$ -	$ -	Real estate	None

June 30, 2023							
Category	**Account Volume or Name**	**Maximum Balance (Note)**	**Ending Balance**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference of Terms of the Trans-actions with Unrelated Parties**
Other loans	Infinite Finance	$ 146,600	$ 46,600	$ 46,600	$ -	Real estate	None
Other loans	Suzhou Jih Sun	$ 91,896	$ 91,896	$ 91,896	$ -	None	None
Other loans	Ming Shan Investment	$ 64,000	$ 64,000	$ 64,000	$ -	Certificates of deposit	None
Other loans	Yi Chang Investment	$ 73,800	$ 73,800	$ 73,800	$ -	Certificates of deposit	None
Other loans	Taixuan Investment	$ 124,000	$ 124,000	$ 124,000	$ -	Certificates of deposit	None
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

Note: The maximum balance of daily total for each category of loan.

3) Dividend receivable (part of account receivable)

Related Party Categories	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**
Associates	$ 155,480	$ -	$ -

4) Service fees income (part of service fee income, net)

	For the Three Months Ended June 30		**For the Six Months Ended June 30**	
	2024	**2023**	**2024**	**2023**
Others	$ 6	$ 2	$ 8	$ 3

Service fee income is earned by providing authentication, custody and fund purchase services.

5) Other expenses (part of other general and administrative expense)

	For the Three Months Ended June 30		**For the Six Months Ended June 30**	
	2024	**2023**	**2024**	**2023**
Others	$ -	$ -	$ 13,450	$ 10,450

Other expenses are donations.

c. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the three months and six months ended June 30, 2024 and 2023 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	$ 53,579	$ 49,393	$ 106,756	$ 101,821
Post-employment benefits	1,005	1,223	2,041	2,453
Dividend-based benefits	-	-	4,157	-
	$ 54,584	$ 50,616	$ 112,954	$ 104,274

The remuneration of directors and other key management personnel is reviewed by the remuneration committee and determined by the Bank's board of director or chairman.

The terms of the transactions with related parties are similar to those for third parties, except for the preferential interest rates given to employees for savings and loans. These rates should be within certain limits.

Under the Banking Law Article 32 and 33, except for consumer loans and government loans, credits extended by the Bank to any related parties should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

42. PLEDGED ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at FVTPL	$ 10,012,121	$ 8,603,214	$ 8,316,181
Financial assets at FVTOCI	5,708,946	9,237,138	6,770,802
Investment in debt instruments at amortized cost	2,188,290	3,061,641	2,685,171
Discounts and loans	7,807,057	6,922,749	6,850,654
	$ 25,716,414	$ 27,824,742	$ 24,622,808

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided negotiable certificates of deposits (part of financial assets at FVTPL, financial assets at FVTOCI and investment in debt instruments at amortized cost) as collateral for day-term overdrafts. The pledged amount is adjustable based on the respective overdraft amount, and at the end of the day, the unused part can be used for liquidity reserves. The above financial assets were debt and were mainly provided as collateral for exchange clearing, interest rate swap contracts, trust compensation, and for EverTrust Bank to issue certificates of deposit in the United States. Besides, the above loans were provided as collateral for EverTrust Bank to apply for credit limits with the Federal Home Loan Bank of San Francisco.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, as of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had commitments as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Office decorating and contracts of computer software			
Amount of contracts	$ 86,192	$ 137,893	$ 112,298
Payments for construction in progress and prepayments for equipment	35,885	76,157	76,834

44. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	June 30, 2024	December 31, 2023	June 30, 2023
Trust assets			
Petty cash	$ 100	$ 100	$ 100
Bank deposits	1,469,049	1,783,562	2,125,990
Financial assets	3,454,607	4,335,703	4,268,501
Receivables	40	53	72
Prepayments	409	1,278	407
Real estate	7,818,544	5,935,723	6,960,590
Intangible assets	52,813	18,078	-
Structured products	144,843	141,605	99,022
Other assets	155	160	44
Total trust assets	$ 12,940,560	$ 12,216,262	$ 13,454,726
Trust capital and liabilities			
Payables	$ 2,948	$ 2,695	$ 3,521
Unearned receipts	1,377	1,171	1,416
Taxes payable	2,988	4,086	2,979
Guarantee deposits received	18,405	18,421	25,714
Other liabilities	922	879	1,003
Trust capital	12,721,780	11,998,878	13,231,235
Provisions and accumulated profit and loss	192,140	190,132	188,858
Total trust capital and liabilities	$ 12,940,560	$ 12,216,262	$ 13,454,726

Income Statements of Trust Accounts

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Trust revenue				
Interest revenue	$ 2,593	$ 2,194	$ 8,029	$ 11,067
Rent revenue	27,588	28,363	55,214	57,655
Other revenue	-	1,163	-	1,602
	30,181	31,720	63,243	70,324
Trust expenses				
Management fees	(1,187)	(815)	(2,613)	(1,510)
Service charge	(987)	(1,493)	(2,594)	(3,584)
Other expenses	(3,271)	(3,164)	(6,451)	(7,118)
Tax	(3,439)	(3,446)	(6,954)	(6,957)
Income tax expense	(208)	-	(675)	(838)
	(9,092)	(8,918)	(19,287)	(20,007)
	$ 21,089	$ 22,802	$ 43,956	$ 50,317

Note: The above income accounts of the trust business were not included in the Group's income statement.

Trust Property List

	June 30, 2024	December 31, 2023	June 30, 2023
Petty cash	$ 100	$ 100	$ 100
Bank deposits	1,469,049	1,783,562	2,125,990
Stocks	236,936	532,777	375,516
Funds	2,016,128	2,575,975	2,663,007
Bonds	1,201,543	1,226,951	1,229,978
Land	7,006,432	5,124,240	6,134,471
Buildings	812,112	811,483	826,119
Right of superficies	52,813	18,078	-
Receivables	40	53	72
Prepayments	409	1,278	407
Investment of structured products	144,843	141,605	99,022
Other	155	160	44
	$ 12,940,560	$ 12,216,262	$ 13,454,726

45. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

1) Financial instruments significant difference between carrying amount and fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values cannot be reliably measured.

	June 30, 2024		December 31, 2023		June 30, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments at amortized cost	$ 25,505,719	$ 24,852,526	$ 25,859,398	$ 25,864,895	$ 26,870,632	$ 26,773,955
Financial liabilities						
Bank debentures payable	15,450,000	15,526,310	12,950,000	13,037,986	12,250,000	12,348,970

2) The fair value hierarchy

Financial Instrument Items at Fair Value	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 24,852,526	$ 9,408,526	$ 15,444,000	$ -
Financial liabilities				
Bank debentures payable	15,526,310	-	15,526,310	-

Financial Instrument Items at Fair Value	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 25,864,895	$ 8,835,398	$ 17,029,497	$ -
Financial liabilities				
Bank debentures payable	13,037,986	-	13,037,986	-

Financial Instrument Items at Fair Value	June 30, 2023 Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 26,773,955	$ 8,747,921	$ 18,026,034	$ -
Financial liabilities				
Bank debentures payable	12,348,970	-	12,348,970	-

Refer to quoted market prices for fair value if there are public quotations on bank debentures payable with active market. If quoted market prices are not available, the fair value is determined by using a valuation technique or counterparty quotation.

b. Fair value information - financial instruments measured at fair value on a recurring basis

1) The fair value hierarchy of the financial instruments as of June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

Item	June 30, 2024 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 2,345,612	$ 1,523,676	$ 495,340	$ 326,596
Bonds	127,955,650	-	127,955,650	-
Bills	1,913,949	-	1,913,949	-
Hybrid financial assets	7,757,009	381,663	25,224	7,350,122
Negotiable certificates of deposit	29,007,636	-	29,007,636	-
Financial assets at FVTOCI				
Equity instruments	6,379,312	5,438,640	156,407	784,265
Bills	4,444,005	-	4,444,005	-
Debt instruments	140,658,017	18,009,086	122,648,931	-
Negotiable certificates of deposit	21,554,315	-	21,554,315	-
Liabilities				
Financial liabilities at FVTPL	26,089	-	26,089	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,629,839	59,910	1,569,929	-
Liabilities				
Financial liabilities at FVTPL	1,006,325	-	1,006,325	-

Item	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,389,794	$ 618,482	$ 496,030	$ 275,282
Bonds	112,527,244	-	112,527,244	-
Bills	1,420,282	-	1,420,282	-
Hybrid financial assets	6,157,388	373,088	796,312	4,987,988
Negotiable certificates of deposit	32,528,876	-	32,528,876	-
Financial assets at FVTOCI				
Equity instruments	2,910,766	1,901,962	129,437	879,367
Bills	3,447,154	-	3,447,154	-
Debt instruments	142,857,710	17,995,040	124,862,670	-
Negotiable certificates of deposit	21,467,288	-	21,467,288	-
Liabilities				
Financial liabilities at FVTPL	21,402	-	21,402	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	858,666	49,686	808,980	-
Liabilities				
Financial liabilities at FVTPL	1,380,303	-	1,380,303	-

Item	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,545,395	$ 738,118	$ 580,060	$ 227,217
Bonds	3,764,974	-	3,764,974	-
Bills	104,454,172	-	104,454,172	-
Hybrid financial assets	6,389,696	229,555	1,203,874	4,956,267
Negotiable certificates of deposit	27,521,126	-	27,521,126	-
Financial assets at FVTOCI				
Equity instruments	6,001,481	5,011,285	140,640	849,556
Bills	4,666,810	-	4,666,810	-
Debt instruments	130,595,802	19,763,938	110,831,864	-
Negotiable certificates of deposit	19,183,239	-	19,183,239	-
Liabilities				
Financial liabilities at FVTPL	128,225	-	128,225	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,565,367	68,834	1,496,533	-
Liabilities				
Financial liabilities at FVTPL	765,838	-	765,838	-

2) Valuation techniques and assumptions applied for the purpose of measuring the fair values

In a fair deal, the transaction is fully understood and there is willingness to achieve by the two sides, in exchange of assets or settle of liabilities, fair value is the amount settled. Financial instruments at fair value through profit or loss and available-for-sale financial assets refer to quoted market prices for fair value. If quoted market prices are not available, then fair value is determined by using a valuation technique.

a) Marking-to-market

This measurement should be used first. Following are the factors that should be considered when using marking-to-market:

i. Ensure the consistency and completeness of market data.

ii. The source of market data should be transparent, easy to access, and should come from independent resources.

iii. Listed securities with high liquidity and representative closing prices should be valued at closing prices.

iv. Unlisted securities which lack tradable closing prices should use quoted middle prices from independent brokers and follow the guidelines required by regulatory authorities.

b) Marking-to-model

The marking-to-model is used if marking-to-market is infeasible. This valuation methodology is based upon the market parameters to derive the value of the positions and incorporate estimates, as well as assumptions consistent with acquirable information generally used by other market participants to price financial instruments.

Fair values of forward contracts used by the Group are estimated based on the forward rates provided by Reuters. Fair values of interest rate swap and cross-currency swap contracts are based on counterparties' quotation, using the Murex^{+} information system to capture market data from Reuters for calculating the fair value assessment of individual contracts. Option trading instruments use option pricing model commonly used in the market (ex: Black-Scholes model) to calculate the fair value.

i. Level 1 - quoted prices in active markets for identical assets or liabilities. Active markets are markets with all of the following conditions: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.

ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

iii. Level 3 - inputs not based on observable market data (unobservable inputs. i.e., option pricing model of historical volatility, due to historical volatility could not represent the overall market participants' volatility expectations of the future).

3) Reconciliation of the financial instruments classified in Level 3

For the six months ended June 30, 2024

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 4,987,988	$ 275,282	$ 879,367	$ 6,142,637
Recognition in profit or loss - gains (losses) on financial assets at fair value through profit or loss	8,734	82,683	-	91,417
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	-	(26,415)	(26,415)
Purchases	5,576,800	37,850	6,000	5,620,650
Disposals	(3,223,400)	(93,432)	(74,687)	(3,391,519)
Transferred into Level 3 (Note 1)	-	24,213	-	24,213
Ending balance	$ 7,350,122	$ 326,596	$ 784,265	$ 8,460,983

For the six months ended June 30, 2023

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 7,508,377	$ 192,744	$ 843,274	$ 8,544,395
Recognition in profit or loss - gains (losses) on financial assets at fair value through profit or loss	50,290	9,877	-	60,167
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	-	6,282	6,282
Purchases	-	57,832	-	57,832
Disposals	(2,602,400)	-	-	(2,602,400)
Transferred out of Level 3 (Note 2)	-	(33,236)	-	(33,236)
Ending balance	$ 4,956,267	$ 227,217	$ 849,556	$ 6,033,040

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the six months ended June 30, 2024 and 2023, were consisted of $23,104 thousand in gain and $30,393 thousand in loss, respectively.

Note 1: The stock transferred into Level 3 since the quoted price in active markets is unavailable.

Note 2: The stock transferred into Level 1 since the quoted price in active markets is available.

4) Transfers between Level 1 and Level 2

The Group had no significant transfers between Level 1 and Level 2 for the six months period ended June 30, 2024 and 2023.

5) Sensitivity to using reasonable alternative in assumption against Level 3 fair value

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the three months ended June 30, 2024 and 2023 periods would be as follows:

For the six months ended June 30, 2024

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,105	$ (1,105)	$ -	$ -
Equity instruments	10%	32,660	(32,660)	87,291	(87,291)

For the six months ended June 30, 2023

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 520	$ (520)	$ -	$ -
Equity instruments	10%	22,722	(22,722)	93,000	(93,000)

c. Transfer of financial assets

Transferred financial assets not derecognized

Most of the transferred financial assets of the Group that were not fully derecognized were securities sold under repurchase agreements. Under the terms of these transfers, the right to the cash flows of the transferred financial assets would be transferred to other entities, and the associated liabilities of the Group's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. Since the Group is restricted from using, selling, or pledging the transferred financial assets within the transaction period, and is still exposed to interest rate risks and credit risks on these assets, the transferred financial assets were not fully derecognized.

June 30, 2024

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTPL		
Bills sold under repurchase agreements	$ 97,528,068	$ 97,617,507
Bonds sold under repurchase agreements	1,934,088	1,941,606
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	98,011,817	100,082,103
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	3,868,390	4,150,950
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	3,411,166	3,489,396

December 31, 2023

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTPL		
Bills sold under repurchase agreements	$ 90,057,852	$ 90,136,887
Bonds sold under repurchase agreements	2,550,201	2,533,422
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	91,546,140	93,306,462
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	6,569,060	5,956,942
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	2,415,025	2,153,555

June 30, 2023

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTPL		
Bills sold under repurchase agreements	$ 79,325,461	$ 79,416,353
Bonds sold under repurchase agreements	1,520,756	1,510,889
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	84,940,415	88,105,204
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	2,304,487	2,086,181
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	2,181,640	2,322,928

d. Offsetting financial assets and financial liabilities

Certain transactions of the Bank and its subsidiaries are covered by enforceable master netting agreements or similar agreements, or under similar repurchase agreements may not meet all offsetting criteria under IFRS Accounting Standards. However, in these transactions, financial liabilities are allowed to be offset against financial assets when any of the counterparties specifies to settle at net amounts. If no counterparty specifies to settle at net amounts, the transactions will be settled at gross amounts instead. One of the counterparties can decide to settle at net amounts if the other party of the transaction defaults.

The tables below present the quantitative information of financial assets and financial liabilities on the balance sheets that had been offset or are covered by enforceable master netting arrangements or similar agreements.

June 30, 2024

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 1,629,815	$ -	$ 1,629,815	$ (339,336)	$ (213,640)	$ 1,076,839
Resell agreements	3,077,000	-	3,077,000	(3,077,000)	-	-
	$ 4,706,815	$ -	$ 4,706,815	$ (3,416,336)	$ (213,640)	$ 1,076,839

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 990,349	$ -	$ 990,349	$ (339,336)	$ (127,309)	$ 523,704
Repurchase agreements	207,281,562	-	207,281,562	(204,634,377)	-	2,647,185
	$ 208,271,911	$ -	$ 208,271,911	$ (204,973,713)	$ (127,309)	$ 3,170,889

December 31, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 858,002	$ -	$ 858,002	$ (257,141)	$ (145,530)	$ 455,331

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 1,367,477	$ -	$ 1,367,477	$ (257,141)	$ (294,050)	$ 816,286
Repurchase agreements	194,087,268	-	194,087,268	(191,912,910)	-	2,174,358
	$ 195,454,745	$ -	$ 195,454,745	$ (192,170,051)	$ (294,050)	$ 2,990,644

June 30, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 1,555,144	$ -	$ 1,555,144	$ (305,064)	$ (331,353)	$ 918,727

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 762,395	$ -	$ 762,395	$ (305,064)	$ (105,098)	$ 352,233
Repurchase agreements	173,441,555	-	173,441,555	(169,370,442)	-	4,071,113
	$ 174,203,950	$ -	$ 174,203,950	$ (169,675,506)	$ (105,098)	$ 4,423,346

Note: Included non-cash financial collaterals.

46. FINANCIAL RISK MANAGEMENT

a. Overview

For the potential expected and unexpected risk, the Group establishes a comprehensive risk management system to distribute resource effectively and enhance competitiveness by ensuring that all operating risks are controlled to an acceptable extent. The Group continues to engage actively in the capital adequacy ratio with in the accordance to the regulator's requirements and monitors to meet the international requirement of the Basel Commission.

b. Risk management framework

Ultimate responsibility for setting the Bank's risk appetite rests with the board of director. The Auditing Department, Audit Committee and Compensation Committee report to the board of director. Risk Management Committee, which is under the board of director, deliberate the bank risk management mechanism and the risk management proposals of the board of directors, the chairman serves as the chairman, and the committee members include at least two directors with risk management or financial business expertise assigned by the board of directors, the general manager and supervisors at various levels and supervising the risk management of each risk and review the implementation effect and review the risk management mechanism for new business application or start-up. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold the meetings for discussing and considering risk management proposals regularly. The Risk Management Department is responsible for establishing a total scheme of risk management and monitoring the execution of such management scheme.

China Bills Finance Corporation's (CBF) board of directors has the ultimate responsibility for risk framework decision making and oversees the implementation of risk management. Business risk management which is headed by the President is comprised of Financial Assets and Liabilities Management Committee, Business Committee and the Investment Commission for the joint implementation of market risk, credit risk, operational risk control, and other set of business and oversight of the audit office, and the business risk control management unit case. To effectively manage the overall risk and risks associated with integration of information, CBF has defined risk assessment methods and has summarized risk positions for the risk management group responsible for implementing the risk management operations.

c. Credit risk

1) Sources and definition of credit risk

Credit risk is the potential loss due to the failure of counterparty to meet its obligations to pay the Group in accordance with agreed terms. The source of credit risks includes the subjects in the balance sheet and off-balance sheet items.

2) Strategy/objectives/policies and procedures

a) Credit risk management strategy: The Bank implements the relevant provisions of the principles of credit risk management requirement and establish the Bank's credit risk management mechanism to ensure that credit risk control is within effective but affordable range, and maintain adequate capital, and execute sound management of the Bank credit risk, and achieve operational and management objectives.

b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, the Bank's credit risk management, to minimize potential financial losses and optimized risk and rewards.

Sound risk management systems and control processes, strengthened information integration, analysis and early warning validation, bring out credit management and monitoring functions to ensure compliance with laws, regulations and group standards so as to maintain high credit standards and asset quality.

c) Credit risk management policy: In order to establish the Bank's risk management system and ensure the development and sound operations of the Bank, and serve as the basis of business risk management and compliance, the Bank stipulated its "Risk Management Policy" in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued by the FSC. The Bank maintains an adequate amount of capital within the Bank's acceptable range of credit risk to achieve the objectives of credit risk strategy and create maximum risk-adjusted returns.

d) Credit risk management process:

i. Risk identification

Credit risk management process begins with the identification of existing and potential risks, including all the transactions in banking book and trading book, balance sheet and off-balance sheet transactions. With financial innovation, as new credit businesses become increasingly complex; business executives in order do existing and new credit businesses, should be fully aware of the complexity involved in the business of re-order business and other cases or transactions to be able to identify any possibility of having an event of default.

ii. Risk measurement

i) The Bank manages asset portfolios by the risk rating scale.

The risk rating scale qualifies the default possibilities of debtors and operation difficulty possibilities of investees in the next year. Risk ratings must actually be scaled when the individual credit and investment accounts are approved. The continual change of the market gives rise to the change in credit or investment household. Therefore, risk ratings must be reevaluated and updated often to adjust the risk rating scale when it is verified.

ii) Portfolio management:

- It is used to ensure the risk of loan is within the tolerable scope.
- "Concentrative risks" are concentration-limited, avoiding the risks to be overly centralized to sufficiently diversify the risk.
- It achieves the optimal profits.

iii. Risk communication

i) Internal reporting: Risk management position shall establish appropriate credit risk reporting mechanism for regular statistical reporting and the preparation of a variety of business risk management reports which contain correct, consistent, and real-time credit risk reporting information to ensure any exceptions can be acted on immediately, and as a reference for decision-making. The above communication may include asset quality, portfolio rating classification status, and all kinds of exception reports.

ii) External disclosure: To comply with the requirements for capital adequacy supervisory review and market discipline principles, the business director of credit risk level should prepare reports in the format specified by the competent authority showing contents, methods and frequency to provide information on the credit risk of the Bank's quantitative, qualitative indicators to illustrate the self-assessment and credit risk management system and disclose information about capital and other capital adequacy matters.

iv. Risk monitoring

i) The Bank shall establish monitoring system to assess the changes in credit risk of borrower or counterparty or issuer (e.g., bonds issuer and guarantor of issuers of equity related products, derivatives counterparties' credit rating information and credit information), to serve timely detection of problems on assets or transactions, and take immediate action to cope with the possible breach.

ii) Besides monitoring the individual credit risk, the Bank also deal with credit portfolio monitoring and management.

iii) Establish stringent credit processes, credit standards and loan management; the project includes the credit factors that should be considered for new credit and credit transfer period, commitment to the periodic review of credit, maintenance of credit records and the proportion of various types of loans in the credit portfolio.

iv) Establish quota management system to avoid excessive concentration of credit risk to nationality, industry types, same group, same relations, etc.

v) Establish collateral management system to ensure that collaterals can be effectively managed.

3) Credit risk management and framework

a) Board of Directors: Responsible for authorizing and reviewing the credit risk management strategies and approving the credit risk management framework. The strategy reflects the level of risk that the Bank can tolerate and the level of profitability that the Bank expects to achieve under various credit risks.

b) Audit Committee: Responsible for the stipulation and amendment on issues relating to internal control framework, effectiveness of internal control framework, assessment of the effectiveness of the information security system, acquisition or disposal of assets or derivatives, monitoring of directors' self-interest issues, appointment or dismissal of the CPA and internal auditors, and other important issues ruled by the FSC.

c) Risk Management Committee: Responsible for the risk management policies, various risk management regulations, annual risk appetites, limits, risk management proposals for the board of directors' approval and various risk management mechanisms, supervise and review credit, market, operations, liquidity, information security, AML, personal data protection, climate changes, emergencies and other risk management, improve the Bank's risk management mechanism to ensure the effective implementation of the Bank's risk management procedures.

d) Assets and Liabilities Committee: Holds asset/liability management meeting to inspect asset/liability management, liquidity risk, interest rate sensitivity risk management, market risk, BIS management and in charge of making decisions on policies.

e) Loan Evaluation Subcommittee: Reviews the loan cases rendered by the corporate credit management department and retail credit management department. After passing the provisions, the cases still required to be submitted to the relevant management for review.

f) Loan Assets Quality Evaluation Meeting: In charge of making policies and strategies for identifying the possibilities of loss on credit assets. The Bank evaluates the adequacy of the allowance for credit assets.

g) Risk Management Department: Independent risk management unit which is in charge of risk management and responsible for the related operations of credit risks. It ensures the Bank follows the BASEL regulations and is also responsible for the preparation of risk management reports presented to the appropriate management, and plans to establish monitoring tools for credit risk measurement.

h) Corporate Credit Management Department: Supervises the establishment of corporate finance risk identification, measurement, monitoring and management, preparation of regulatory review of credit grading, devising and enhancement of deed lists, deed for credit and guarantee amount control, proper release and other release matters.

i) Retail Credit Management Department: Manages personal financial risk, identifies, measures, monitors the allowance for bad debts, and prepares for bad debts presentation, loss assessment and post-loan management.

4) The scope and characteristics of credit risk reports and measurement system

For the credit risks implicated in all products and business activities, new products and business, the Bank regularly monitors the credit risk management and is authorized by the board of directors or appropriate committee.

Credit risk measurement and control procedures include credit review, rating scoring, credit control, post-loan management and collection operations. The risk management units regularly provide analysis reports of various types of credit risk and asset quality in addition to the above operational procedures for management indicators. In addition, the Bank also actively controls and periodically reports the monitoring results to the board of directors to grasp the risk situations faced by the state, the group, the industry, the same related parties and the related enterprise risks.

In order to understand the risk appetite and its changes in the financial environment and the impact on capital adequacy, the Bank handles its credit according to the "Bank Credit Risk Stress Test Guidelines" issued by the FSC, as an important basis for credit risk management, and continues to adjust the direction of business development, credit policy and credit evaluation procedures.

5) Mitigation of risks or hedging of credit risk and monitoring the risk avoidance

The Bank primarily applies the following risk mitigation tools to reduce extent of credit risk exposures: (1) by requiring the counterparty or third parties to provide collateral, (2) the balance sheet netting: Credit is backed by the counterparty's bank deposits (on-balance sheet netting), (3) third party guarantees.

Credit risk mitigation tools can reduce or transfer credit risk, but may give rise to other residual risks, including: Legal risk, operational risk, liquidity risk and market risk. The Bank adopted stringent procedures necessary to control these risks, such as policy formulation, development of operating procedures to conduct credit checks and evaluation, system implementation, contract control and so on.

The Bank has developed collateral management policies and operating procedures, and conducted recognition of all collateral data. The Bank uses a computing platform for mitigation of complex risk and completes the required collateral to offset data field collection and analysis, and links credit systems and collateral management system information to build up capital provision.

6) Maximum exposure to credit risk

The maximum credit risk exposure amount of financial assets is the book value of the specific asset on the balance sheet date. The analysis of the maximum credit exposure amount (excluding the fair value of collateral) of each off-balance sheet financial instrument held by the Bank and its subsidiaries is as follows:

Off-balance Sheet Item	Maximum Exposure Amount		
	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Financial guarantees and irrevocable documentary letter of credit			
Contract amounts	$ 135,955,657	$ 131,572,860	$ 128,494,378
Maximum exposure amounts	135,955,657	131,572,860	128,494,378
Loan commitments	63,163,321	60,940,557	60,949,861

7) Concentration of credit risk exposure

Concentration of credit risk exist when the counterparty includes only one specific person or include many people who engage in similar business which are similar in economic characteristics. The Group does not concentrate on single customer or counterparty in trading but have similar counterparty, industry and geographic region on the loan business (including loan commitments and guarantees and commercial bond issuing commitments).

On June 30, 2024, December 31, 2023 and June 30, 2023, the Group's significant concentration of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Financial and insurance	$ 98,727,121	28	$ 95,367,896	29	$ 93,432,778	29
Real estate	71,547,499	20	68,325,909	21	62,901,992	20
Manufacturing	52,265,322	15	53,601,696	16	56,212,025	18

b) By counterparty

Credit Risk Profile by Counterparty Sector	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
Private sector	$ 191,029,362	78	$ 180,798,779	80	$ 179,054,334	81
Natural person	52,633,606	22	45,830,555	20	42,988,780	19

c) By geographical area

Credit Risk Profile by Geographical Sector	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
Domestic	$ 145,545,717	60	$ 135,046,203	60	$ 133,142,850	60
Other Asia area	50,622,158	21	48,691,961	22	47,661,561	21
America	40,444,553	17	37,474,918	17	35,906,704	16

8) Credit quality and impairment assessment of financial assets

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to other banks, financial asset at fair value through profit or loss, bills and bonds purchased under resell agreements, refundable deposits, operating deposits and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

On each reporting date, the Group assesses the change in the default risk of financial assets and considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situations, credit investigation results, announcements of dishonored checks and negotiations of the debts from other financial institutions, or information that the debtor has reorganized or is likely to reorganize, to determine whether the credit risk has increased significantly.

The Group adopts the 12-month ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has not increased significantly since initial recognition and adopts the lifetime ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or which are credit-impaired.

The Group considers both the 12-month and lifetime probability of default ("PD") of the borrower together with the loss given default ("LGD"), multiplied by the exposure at default ("EAD"), and considers the impact of the time value of money in order to calculate the 12-month ECLs and lifetime ECLs, respectively.

The PD refers to the borrower's probability to default, and the LGD refers to losses caused by such default. The Group applies the PD and LGD for the impairment assessment of the credit business according to each group entity's historical information (such as credit loss experience) from internal statistical data and adjusts such historical data based on the current observable and forward-looking macroeconomic information. It then calculates the respective impairment by applying the progressive one factor model.

The Group estimates the balance of each account based on the method of amortization and considers the possible survival rate in order to calculate the EAD. In addition, the Group estimates the 12-month ECLs and lifetime ECLs of loan commitments based on the guidelines issued by the Bank's Association and Basel Accords. The Group calculates the EAD of expected credit losses by considering the portion of the loan commitments expected to be used within 12 months after the reporting date as compared with the expected lifetime of the loan commitments.

The Group uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days or the credit investigation appears to be abnormal, then the Group determines that the financial assets have defaulted and are credit-impaired.

Credit assets are classified into five categories. In addition to the first category of credit assets, which are normal credit assets classified as sound assets, the remaining credit assets are classified as unsound assets and assessed according to the respective collateral and the length of time in which the respective payments become overdue. Such unsound credit assets are then categorized within the second category if they should only be noted; within the third category if they have substandard expected recovery; within the fourth category if their collectability is highly doubtful; and within the fifth category if they are considered uncollectable. The Group also sets up policies for the management of provisions for doubtful credit assets and the collection and settlement of overdue debts in order to deal with collection problems.

b) Credit risk management for investments in debt instruments

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Bank and its subsidiaries' exposure and the external credit ratings are continuously monitored. The Bank and its subsidiaries review change in bonds yields other public information and make an assessment as to whether there has been a significant increase in credit risk since the last period to the current reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts 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 (ECLs)**
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECLs - credit-impaired

The Group's gross carrying amounts of investments in debt instruments by credit category was as follows:

Category	June 30, 2024	December 31, 2023	June 30, 2023
Performing	$ 195,630,587	$ 196,265,696	$ 185,617,773
Doubtful	301,256	-	400,000
In default	-	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost is reconciled are summarized as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Total
Balance at January 1, 2024	$ 42,321	$ -	$ 42,321
Credit level changed			
From performing to doubtful	(236)	236	-
New financial assets purchased	11,513	-	11,513
Derecognition of financial assets	(7,233)	-	(7,233)
Change in model or risk parameters	4,167	776	4,943
Exchange rates or others	1,095	-	1,095
Balance at June 30, 2024	$ 51,627	$ 1,012	$ 52,639
Balance at January 1, 2023	$ 38,906	$ 1,481	$ 40,387
New financial assets purchased	10,724	-	10,724
Derecognition of financial assets	(5,669)	-	(5,669)
Change in model or risk parameters	564	(14)	550
Exchange rates or others	254	-	254
Balance at June 30, 2023	$ 44,779	$ 1,467	$ 46,246

In addition to the above, the credit quality analysis of the remaining financial assets of the Bank and subsidiaries is as follows:

a) Credit analysis for receivables and discounts and loans

June 30, 2024

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 3,908,092	$ 83,028	$ 22,119	$ -	$ 4,013,239
Allowance for credit losses	(2,166)	(192)	(4,706)	-	(7,064)
Difference of impairment loss under regulations	-	-	-	(13,050)	(13,050)
Net total	$ 3,905,926	$ 82,836	$ 17,413	$ (13,050)	$ 3,993,125
Discounts and loans	$ 224,905,833	$ 16,787,149	$ 1,969,986	$ -	$ 243,662,968
Allowance for credit losses	(480,402)	(298,065)	(369,477)	-	(1,147,944)
Difference of impairment loss under regulations	-	-	-	(2,344,797)	(2,344,797)
Net total	$ 224,425,431	$ 16,489,084	$ 1,600,509	$ (2,344,797)	$ 240,170,227

December 31, 2023

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 4,563,763	$ 53,458	$ 8,078	$ -	$ 4,625,299
Allowance for credit losses	(4,043)	(201)	(1,608)	-	(5,852)
Difference of impairment loss under regulations	-	-	-	(13,756)	(13,756)
Net total	$ 4,559,720	$ 53,257	$ 6,470	$ (13,756)	$ 4,605,691
Discounts and loans	$ 215,289,947	$ 10,080,624	$ 1,258,763	$ -	$ 226,629,334
Allowance for credit losses	(556,255)	(200,184)	(289,738)	-	(1,046,177)
Difference of impairment loss under regulations	-	-	-	(2,649,709)	(2,649,709)
Net total	$ 214,733,692	$ 9,880,440	$ 969,025	$ (2,649,709)	$ 222,933,448

June 30, 2023

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 5,377,465	$ 437,091	$ 25,721	$ -	$ 5,840,277
Allowance for credit losses	(3,364)	(700)	(4,146)	-	(8,210)
Difference of impairment loss under regulations	-	-	-	(14,410)	(14,410)
Net total	$ 5,374,101	$ 436,391	$ 21,575	$ (14,410)	$ 5,817,657
Discounts and loans	$ 199,943,280	$ 20,788,050	$ 1,311,784	$ -	$ 222,043,114
Allowance for credit losses	(495,199)	(245,851)	(325,812)	-	(1,066,862)
Difference of impairment loss under regulations	-	-	-	(2,126,565)	(2,126,565)
Net total	$ 199,448,081	$ 20,542,199	$ 985,972	$ (2,126,565)	$ 218,849,687

b) Credit analysis for marketable securities

June 30, 2024

	At FVTOCI - Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 170,421,263	$ 25,510,580	$ 195,931,843
Allowance for impairment loss	(47,778)	(4,861)	(52,639)
Amortized cost	170,373,485	$ 25,505,719	195,879,204
Fair value adjustment	(3,717,148)		(3,717,148)
	$ 166,656,337		$ 192,162,056

December 31, 2023

	At FVTOCI - Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 170,401,997	$ 25,863,699	$ 196,265,696
Allowance for impairment loss	(38,020)	(4,301)	(42,321)
Amortized cost	170,363,977	$ 25,859,398	196,223,375
Fair value adjustment	(2,591,825)		(2,591,825)
	$ 167,772,152		$ 193,631,550

June 30, 2023

	At FVTOCI - Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 159,142,835	$ 26,874,938	$ 186,017,773
Allowance for impairment loss	(41,940)	(4,306)	(46,246)
Amortized cost	159,100,895	$ 26,870,632	185,971,527
Fair value adjustment	(4,655,044)		(4,655,044)
	$ 154,445,851		$ 181,316,483

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had no financial assets which were overdue but not impaired.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity is the Group's capacity to realize assets, obtain financing or funds to meet obligations at maturity, including deposits and off-balance sheet guarantees.

Liquidity risk is the risk that the Group's fund is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles of liquidity risk

a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Group's liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

b) Manage current assets to ensure that the Group have enough instantly-realized assets to deal with currency risks.

c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure that the Group's liquidity.

d) To establish an appropriate information system to measure, monitor and report liquidity risk.

e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.

f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

g) In addition to the monitoring of the capital requirements, under normal business conditions, the Group should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are in line with the Bank's operating environment and conditions, and can continue to play its role effectively.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the liquidity reserve ratio was 43.14%, 45.46% and 47.21%, respectively.

3) The analysis of cash outflow of non-derivative financial liabilities held was prepared according to the remaining periods from reporting date to contractual maturity date. The maturity analysis of non-derivative financial liabilities was as follows:

June 30, 2024	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 29,166,131	$ 2,831,576	$ -	$ -	$ 2,999,999	$ 34,997,706
Financial liabilities at fair value through profit or loss	-	-	-	17,116	8,973	26,089
Bills and bonds sold under repurchase agreements	161,944,266	39,519,346	2,059,259	229,350	4,066,472	207,818,693
Payables	9,056,003	280,496	812,190	1,077,940	97,466	11,324,095
Deposits and remittances	100,719,387	106,594,216	49,880,113	20,266,119	53,769,111	331,228,946
Bank debentures payable	1,500,000	-	1,200,000	-	12,750,000	15,450,000
Other financial liabilities	16,232	122,222	74,479	237,369	7,410,936	7,861,238
Lease liabilities	12,553	25,950	39,155	74,782	350,462	502,902
	$ 302,414,572	$ 149,373,806	$ 54,065,196	$ 21,902,676	$ 81,453,419	$ 609,209,669

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 24,768,214	$ 571,036	$ -	$ 2,000,000	$ 2,999,999	$ 30,339,249
Financial liabilities at fair value through profit or loss	-	117	12	-	21,273	21,402
Bills and bonds sold under repurchase agreements	147,036,014	40,412,203	2,150,158	460,049	4,440,931	194,499,355
Payables	2,449,471	739,768	528,173	1,198,899	41,069	4,957,380
Deposits and remittances	79,109,128	69,216,208	52,502,375	63,049,571	52,685,016	316,562,298
Bank debentures payable	-	-	-	2,700,000	10,250,000	12,950,000
Other financial liabilities	27,678	326,078	174,444	22,508	3,185,429	3,736,137
Lease liabilities	11,999	24,886	33,441	65,011	368,056	503,393
	$ 253,402,504	$ 111,290,296	$ 55,388,603	$ 69,496,038	$ 73,991,773	$ 563,569,214

June 30, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 20,345,274	$ 8,336,400	$ -	$ -	$ 2,000,001	$ 30,681,675
Financial liabilities at fair value through profit or loss	-	-	4,819	17,423	105,983	128,225
Bills and bonds sold under repurchase agreements	130,048,568	37,141,528	1,978,924	380,496	4,248,747	173,798,263
Payables	2,925,167	1,389,657	371,937	1,064,508	68,687	5,819,956
Deposits and remittances	81,321,776	107,041,943	49,871,838	24,893,353	53,659,684	316,788,594
Bank debentures payable	-	-	700,000	1,500,000	10,050,000	12,250,000
Other financial liabilities	31,152	274,668	128,977	107,436	2,868,639	3,410,872
Lease liabilities	11,743	24,395	34,051	62,437	363,846	496,472
	$ 234,683,680	$ 154,208,591	$ 53,090,546	$ 28,025,653	$ 73,365,587	$ 543,374,057

4) The Group assessed based contractual maturities at the balance sheet to understand all the basic elements of derivative financial instruments. The maturity analysis of derivative financial liabilities was as follows:

June 30, 2024	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 20,005	$ 1,248	$ 2,771	$ 6,259	$ 15,601	$ 45,884
Currency swap contracts	231,927	89,881	77,971	250,674	730	651,183
Others	1,289	18,916	63,439	6,055	15,193	104,892
	253,221	110,045	144,181	262,988	31,524	801,959
Non-deliverable						
Interest rate swap contracts	-	376	173	930	202,887	204,366
	$ 253,221	$ 110,421	$ 144,354	$ 263,918	$ 234,411	$ 1,006,325

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 173,813	$ 19,060	$ 6,214	$ 479	$ -	$ 199,566
Currency swap contracts	426,512	432,763	171,838	85,146	-	1,116,259
Others	1,765	8,014	1,734	3,611	12,599	27,723
	602,090	459,837	179,786	89,236	12,599	1,343,548
Non-deliverable						
Interest rate swap contracts	82	58	-	-	36,615	36,755
	$ 602,172	$ 459,895	$ 179,786	$ 89,236	$ 49,214	$ 1,380,303

June 30, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 7,726	$ 13,227	$ 22,151	$ 18,134	$ -	$ 61,238
Currency swap contracts	378,880	160,735	44,872	31,664	-	616,151
Others	7,143	9,765	12,989	5,860	3,290	39,047
	393,749	183,727	80,012	55,658	3,290	716,436
Non-deliverable						
Interest rate swap contracts	-	43	152	219	48,988	49,402
	$ 393,749	$ 183,770	$ 80,164	$ 55,877	$ 52,278	$ 765,838

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

June 30, 2024	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 1,342,206	$ 812,016	$ 178,026	$ 1,996	$ -	$ 2,334,244
Other guarantees	49,293,200	80,083,442	2,111,122	1,413,090	720,559	133,621,413
Loan commitments	5,893,138	11,786,276	17,679,413	27,804,494	-	63,163,321
	$ 56,528,544	$ 92,681,734	$ 19,968,561	$ 29,219,580	$ 720,559	$ 199,118,978

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 339,802	$ 1,530,567	$ 134,495	$ 91,857	$ -	$ 2,096,721
Other guarantees	48,007,188	75,775,900	4,201,539	585,975	905,537	129,476,139
Loan commitments	5,685,754	11,371,508	17,057,262	26,826,033	-	60,940,557
	$ 54,032,744	$ 88,677,975	$ 21,393,296	$ 27,503,865	$ 905,537	$ 192,513,417

June 30, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 623,207	$ 1,352,480	$ 156,297	$ 307,676	$ -	$ 2,439,660
Other guarantees	52,710,260	69,828,104	1,788,430	1,021,508	706,416	126,054,718
Loan commitments	5,686,622	11,373,244	17,059,866	26,830,129	-	60,949,861
	$ 59,020,089	$ 82,553,828	$ 19,004,593	$ 28,159,313	$ 706,416	$ 189,444,239

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices and commodity prices) which may cause financial instruments classified in trading book a potential loss on or off the balance sheet.

2) Market risk management strategy and process

The Bank manage the market risk with active, careful attitude.

The Bank makes the profit mainly from doing trading business through knowing how market risk factors fluctuate. (e.g., market price, exchange rate, and interest rate). More violent the market risk factors fluctuate, the bigger the opportunity for profit or loss. When preparing the Annual Trading Budget Report of the trading business, the Bank will refer to the overall economic and industrial analysis of the Bank itself and also the other similar business. After discussions by the president, the trading department and the market risk management department, it is submitted to the Assets and Liabilities Committee and the board of directors with the plan of loss quotas and product parts quotas to avoid setting up the goal in an impracticable way that leads the dealer to take more risk on operating.

The Bank sets up definite management rules and risk management indicators for different trading business and its risk attribute, and stipulates exposure amount, submission of expiration, authorizing management and ways of disposure. Implement certainly and ensure the trading department to abide by the discipline to control the market risk exposure extent in a safe range.

3) Market risk management organization and framework

a) The Board of Directors: It is the top market risk supervising organization. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank, approved by the board of directors, are the top stipulation in market risk management.

b) Risk Management Committee: Responsible for the risk management policies, various risk management regulations, annual risk appetites, limits, risk management proposals for the board of directors' approval and various risk management mechanisms, supervise and review credit, market, operations, liquidity, information security, AML, personal data protection, climate changes, emergencies and other risk management, improve the Bank's risk management mechanism to ensure the effective implementation of the Bank's risk management procedures.

c) Risk Management Department: In charge of market risk management. According to the Bank's regulation, the department is in charge of every operation related to market risk management, including planning of market risk limit, statistics, reporting and monitoring.

4) Market risk report and evaluation system

The Bank setup the risk index, exposure amount and authority levels by products' type (e.g. equity, interest rate, currency exchange rate).

The Bank setup the limit amount of trading and loss, and other index including VaR, MAT limit, 20-Day average liquidity and FS sensitivity limit to enhance the risk control system.

The Bank calculates the risk exposure amount of the trade department and traders based on authorized amount, and submits risk report, monitors the limits and executes the following measures.

The Bank sets up the index of stop loss to control the risk of transaction including bonds, Forex, securities and derivative by building the risk evaluation module, and monitor the loss caused by the fluctuation of stock market, exchange rate and interest rates.

5) Value at Risk

The Bank adopts Value at Risk to evaluate trading book products such as rate financial instruments, TWD interest products and market risks of trading assets IPO stocks. When market factors happen negative changes, Value at Risk reveals the potential losses of holding financial instruments during a certain period and in a confidence interval. The bank adopts Monte Carlo method to estimate Value at Risk, the confidence interval is 99%, the sample interval of rate and stock products is the past year, the sample interval of interest products is the past three years, simulation times is 5,000 times, simulation path is GBM.

The following table illustrates the Value at Risk of the Bank, this risk value is based on confidence interval, estimated in one day potential losses and assumed unfavorable interest and rate changes can cover all possible fluctuation in one day. Based on this assumption, the Value at Risk of financial assets and liabilities in the table have one in hundred days possibility more than the amount in the table due to the fluctuation of interest, rate and stock prices. Annual average value, maximum value and minimum value are calculated based on daily Value at Risk. The total market risk value of the bank is less than the sum of the fair value risk value, rate risk value and price risk value of interest changes.

O-Bank

	June 30, 2024			December 31, 2023			June 30, 2023		
	Average	High	Low	Average	High	Low	Average	High	Low
Currency exchange rate risk	$ 3,490	$ 12,560	$ 500	$ 14,150	$ 23,128	$ 667	$ 13,896	$ 20,074	$ 9,104
Fair value risk resulting from interest rate	1,451	3,134	198	1,478	3,643	574	1,569	3,643	617
Fair value resulting from stock price	16,008	35,439	2,609	3,369	10,961	-	2,750	5,543	424

6) Effect of interest rate benchmark reform

The Group is exposed to USD LIBOR which are subject to interest rate benchmark reform. The exposures arise on non-derivative financial assets. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences among these benchmarks. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR 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 USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Bank has completed the USD LIBOR transition plans, and all the affected financial instruments were transitioned to SOFR.

The subsidiary, China Bills Finance Corporation, will update the basic information on bonds according to the supplementary agreements based on the benchmark interest rates linked to the floating-rate foreign currency bonds for each period. These transition projects are considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Group’s counterparties are not successfully concluded before the cessation of USD LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The following table contains details of all of the financial instruments held by the Group at June 30, 2024 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Book Value Not Transitioned to Alternative Benchmark Rates	Transition Progress
USD LIBOR financial assets		
Financial assets at fair value through other comprehensive income	$ 162,688	This subsidiary and the counterparty of the financial instrument agree to set the subsequent interest rate based on the quotation of USD LIBOR before exit and adopt the synthetic USD LIBOR as the unfinished interest indicator.

7) Foreign currency rate risk information

The information of significant foreign financial assets and liabilities is as follows:

Unit: Foreign Currencies (Thousands)/NT$(Thousands)

	June 30, 2024		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 3,421,038	32.4646	$ 111,062,749
JPY	14,590,130	0.2016	2,941,023
HKD	11,841,721	4.1579	49,236,455
EUR	23,696	34.7097	822,495
AUD	489,882	21.5433	10,553,660
RMB	1,013,051	4.4673/4.4453	4,503,371
Investments accounted for using equity method			
RMB	276,140	4.4673	1,233,588
Financial liabilities			
Monetary item			
USD	5,697,100	32.4646	156,702,774
JPY	4,028,613	0.2016	812,073
HKD	7,572,317	4.1579	31,484,786
EUR	9,826	34.7097	341,060
AUD	188,767	21.5433	4,066,662
RMB	571,800	4.4453	2,541,843

	December 31, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 3,286,167	30.7533	$ 101,060,395
JPY	8,301,798	0.2172	1,803,101
HKD	11,977,009	3.9382	47,167,618
EUR	26,300	34.0476	895,451
AUD	466,153	20.9960	9,787,331
RMB	844,097	4.3347/4.3289	3,654,001
Investments accounted for using equity method			
RMB	264,036	4.3347	1,144,527
Financial liabilities			
Monetary item			
USD	4,761,685	30.7533	146,437,392
JPY	2,927,936	0.2172	635,931
HKD	6,077,037	3.9382	23,932,465
EUR	10,437	34.0476	355,363
AUD	282,432	20.9960	5,929,928
RMB	519,183	4.3289	2,247,480

	June 30, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 3,319,330	31.1520	$ 103,403,809
JPY	3,341,219	0.2149	717,919
HKD	11,038,207	3.9764	43,892,215
EUR	33,450	33.7702	1,129,611
AUD	471,394	20.6100	9,715,417
RMB	762,682	4.2774/4.2880	3,262,320
Investments accounted for using equity method			
RMB	249,850	4.2880	1,071,356
Financial liabilities			
Monetary item			
USD	4,727,388	31.1520	147,267,635
JPY	3,529,104	0.2149	758,290
HKD	5,293,526	3.9764	21,049,124
EUR	13,300	33.7702	449,137
AUD	304,178	20.6100	6,269,104
RMB	604,546	4.2774	2,585,898

f. Banking book interest rate risk

1) Source and definition of interest rate risk of banking book

   Banking book's interest rate risk means the probably loss of non-trading book's position within balance sheet and off-balance sheet arise from interest change.

2) Management strategy and process of interest rate risk of banking book

   The Bank controls this interest rate risk with a positive and strict attitude. The Bank hopes to pursue the stability and growth of surplus without liquidity flaws.

   The Bank set the clear management methods and risk management indicators with different trading, investment and risk, and set the report of risk amount and over limit, approved level and reaction plan. The Bank executes the procedures clearly, establishes a trading discipline that upholds the discipline of investment, and controls the interest rate risk of banking book within the limit.

3) Management organization and framework of interest rate risk of banking book

   a) The Board of Directors: It is the top organization to supervise interest rate risk of banking book. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank and approved by the board of director are the top stipulation in bank book interest risk.

   b) Assets and Liabilities Committee: In charge of stipulating risk management policy of interest rate risk of banking book and monitoring the risk management operating of interest rate risk of banking book. The Bank assembles related departments to hold an assets-and-liabilities assessment meeting to review the risk management conditions of interest rate risk of banking book and the result of interest rate pressure test once a month.

   c) Risk Management Department: In charge of risk management of interest rate risk of banking book. According to the Bank's regulation, the department is in charge of every operation related to management of interest rate risk of banking book, including planning limits, statistics, reporting and monitoring.

4) The extent and characteristics of interest rate risk report and evaluation system of banking book

   The Risk Management Department set the regulation with interest rate risk of banking book as follow, limit of position, limit of annual loss, FS sensitivity limit, duration limit, Individual Investment Target Warning Limits, Individual Investment Target stop buying limit, Tier I Capital Interest Rate Sensitivity Warning Limit-Rising/falling interest rates by 1bp, net income interest rate sensitivity warning limit: Interest rate rise/fall 25bps, 50bps, 75bps, 100bps.

   In summary, it is intended to enhance the risk control framework of interest rate risk of banking book.

   Besides, the Risk Management Department executes the following tests to assess the impact to the Bank's net income in special situation pressure test, and reports the result to the Assets and Liabilities Committee.

   The Risk Management Department calculates the exposure amount of each trading departments and traders, and it also reports the risk reports, monitors over-limits, and performs follow-up actions under the regulations.

g. Climate risk

1) Source and definition of climate risk

Due to the continuous emission of greenhouse gases from various economic activities, the earth is warming up and generating extreme climate, thus creating climate risk. Climate risk is mainly categorized as: Transformation risk due to the impact of external policies and regulations, technological transformation, market preference and reputation in order to achieve the goal of a low-carbon economy, and physical risk due to the impact of climate change or extreme climate.

2) Management strategy and principles of climate risk

The Bank has established climate risk management policies and monitoring indicators to ensure the effectiveness of implementation and the resilience to different climate scenarios, and conducts annual scenario analyses of physical and transformational risks to assess the impact of climate risk on business and finance.

h. Average amount and average interest rate of interest-earning assets and interest-bearing liabilities

Interest rate fluctuations affect the earning assets and interest-bearing liabilities, and current average interest rates are as follows:

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

O-Bank

	For the Six Months Ended June 30			
	2024		2023	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 2,006,614	2.18	$ 1,234,804	1.70
Call loans to other banks	11,570,806	5.10	10,532,948	4.44
Due from the Central Bank	6,027,324	1.20	5,875,191	1.11
Financial assets at FVTPL	33,535,427	1.35	37,395,817	1.17
Bills and bonds purchased under resell agreements	581,970	1.86	-	-
Discounts and loans	215,228,592	4.33	192,815,283	3.92
Financial assets at FVTOCI	74,147,436	1.73	67,724,414	1.57
Financial assets at amortized cost	24,094,960	2.86	27,028,546	2.31
Accounts receivables from acquisition	228,380	3.90	1,046,238	3.73
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	16,638,411	2.83	14,384,964	2.74
Demand deposits	63,496,356	1.77	50,152,915	1.05
Time deposits	236,387,063	3.07	236,284,764	2.57
Bills and bonds sold under repurchase agreements	15,142,947	3.19	12,608,654	3.29
Bank debentures payable	13,763,187	1.86	13,778,177	1.89
Appropriation for loans	1,847,621	0.26	1,687,019	0.14

China Bills Finance Corporation (CBF)

	For the Six Months Ended June 30			
	2024		2023	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents (and other assets-refundable deposits)	$ 833,196	0.62	$ 819,566	0.42
Call loans to banks	175,385	1.12	364,475	1.04
Financial assets at FVTPL - bonds and bills	117,308,447	1.48	106,711,363	1.29
FVTOCI - debt instruments	94,321,497	2.00	91,045,984	1.55
Financial assets at FVTPL - hybrid financial assets	7,069,239	2.48	6,382,991	1.42
Investments in debt instruments measured at amortized cost	2,187,431	1.41	1,678,811	1.45
Securities purchased under resell agreements	3,757,611	0.88	3,681,689	0.71
Interest-bearing liabilities				
Call loans from other banks	20,191,509	1.90	13,829,079	1.71
Bank overdrafts	1,484	2.40	1,838	2.10
Securities sold under repurchase agreement	181,050,766	1.76	170,751,706	1.42
Commercial paper payable	-	-	1,198,895	1.41

47. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Group's common equity ratio of Tier I capital ratio and capital adequacy ratio required by the competent authority shall comply with the minimum capital ratio for each year; leverage ratio measurement basis is subject to the competent authorities. The calculation of the ratio mentioned above by competent authority regulations.

b. Capital assessment program

Measures are taken when capital ratio and leverage ratio deteriorates such as regular calculation, analysis, monitoring and reporting, the annual allocation of each business's capital adequacy ratio targets and regularly tracking the target achievement rate in the capital.

c. Capital adequacy ratio

O-Bank

(In Thousands of New Taiwan Dollars or in %)

Items		Year	June 30, 2024	
			Own Capital Adequacy Ratio	**Consolidated Capital Adequacy Ratio**
Eligible capital	Common stocks equity		$ 30,745,649	$ 30,745,649
	Other Tier 1 capital		290,138	290,138
	Tier 2 capital		5,177,469	5,177,469
	Eligible capital		36,213,256	36,213,256
Risk-weighted assets	Credit risk	Standardized approach	242,240,738	242,240,738
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	11,403,825	11,403,825
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	11,078,000	11,078,000
		Internal model approach	-	-
	Total risk-weighted assets		264,722,563	264,722,563
Capital adequacy ratio			13.68%	13.68%
Ratio of common stockholders' equity to risk-weighted assets			11.61%	11.61%
Ratio of Tier 1 capital to risk-weighted assets			11.72%	11.72%
Leverage ratio			7.16%	7.16%

(In Thousands of New Taiwan Dollars or in %)

Items		Year	December 31, 2023	
			Own Capital Adequacy Ratio	**Consolidated Capital Adequacy Ratio**
Eligible capital	Common stocks equity		$ 29,970,378	$ 29,970,378
	Other Tier 1 capital		437,750	437,750
	Tier 2 capital		3,478,357	3,478,357
	Eligible capital		33,886,485	33,886,485
Risk-weighted assets	Credit risk	Standardized approach	223,784,585	223,784,585
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	11,403,825	11,403,825
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	7,343,600	7,343,600
		Internal model approach	-	-
	Total risk-weighted assets		242,532,010	242,532,010
Capital adequacy ratio			13.97%	13.97%
Ratio of common stockholders' equity to risk-weighted assets			12.36%	12.36%
Ratio of Tier 1 capital to risk-weighted assets			12.54%	12.54%
Leverage ratio			7.56%	7.56%

(In Thousands of New Taiwan Dollars or in %)

Items		Year	June 30, 2023 Own Capital Adequacy Ratio	June 30, 2023 Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks equity		$ 28,514,369	$ 28,514,369
	Other Tier 1 capital		568,982	568,982
	Tier 2 capital		3,763,196	3,763,196
	Eligible capital		32,846,547	32,846,547
Risk-weighted assets	Credit risk	Standardized approach	233,679,587	233,679,587
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	9,922,725	9,922,725
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	7,041,700	7,041,700
		Internal model approach	-	-
	Total risk-weighted assets		250,644,012	250,644,012
Capital adequacy ratio			13.10%	13.10%
Ratio of common stockholders' equity to risk-weighted assets			11.38%	11.38%
Ratio of Tier 1 capital to risk-weighted assets			11.60%	11.60%
Leverage ratio			7.22%	7.22%

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

Note 2: Formulas used were as follows:

a) Eligible capital = Common stocks equity Tier 1 + Other Tier 1 capital + Tier 2 capital.

b) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

c) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

d) Ratio of common stockholders' equity to risk-weighted assets = Common stocks equity Tier 1 ÷ Risk-weighted assets.

e) Ratio of Tier 1 capital to risk-weighted assets = (Common stocks equity Tier 1 + Other Tier 1 capital) ÷ Risk-weighted assets.

f) Leverage ratio = Tier 1 capital ÷ Exposure amount.

According to the Banking Law and other related regulations, in order to improve the financial foundation of banks, the Bank's stand-alone and consolidated capital adequacy ratio shall not be lower than 10.5%. The ratio of Tier 1 capital shall not be lower than 8.5%. The ratio of common stockholders' equity shall not be lower than 7.0%. Should any actual ratios be lower than the requirements, the central competent authority has the right to constrain the earnings distribution.

China Bills Finance Corporation

(Unit: In Thousands of New Taiwan Dollars or in %)

Items	Year	June 30, 2024	June 30, 2023
Eligible capital	Tier 1 capital	$ 23,622,472	$ 21,907,092
	Tier 2 capital	201,325	295,108
	Tier 3 capital	275,700	225,938
	Eligible capital	24,099,497	22,428,138
Risk-weighted assets	Credit risk	122,036,283	110,575,348
	Operational risk	4,071,121	4,374,960
	Market risk	56,785,287	54,692,545
	Total risk-weighted assets	182,892,691	169,642,853
Capital adequacy ratio (Note)		13.18%	13.22%
Ratio of Tier 1 capital to risk-weighted assets (Note)		12.92%	12.91%
Ratio of Tier 2 capital to risk-weighted assets (Note)		0.11%	0.18%
Ratio of Tier 3 capital to risk-weighted assets (Note)		0.15%	0.13%
Ratio of common stockholders' equity to total assets (Note)		5.66%	6.70%

Note:

1) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

2) The amount of total assets used in the calculation refers to all assets in the balance sheets.

3) The capital adequacy ratios (CARs) should be computed at the end of June and December. In the reports of the first-quarter and the third-quarter the CARs disclosed are based on the data of the last preceding period, i.e., the end of December and the end of June, respectively.

4) Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Bills Finance Companies" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Bills Finance Companies."

48. ASSET QUALITY, CONCENTRATION OF LOANS EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND DISCLOSURE OF RELATED INFORMATION OF INDUSTRY REGULATIONS OF MATURITY ANALYSIS OF ASSETS AND LIABILITIES

O-Bank

Credit risk

a. Asset quality of loans: Refer to Table 3.

b. Concentration of credit extensions

June 30, 2024

(In Thousands of New Taiwan Dollars or in %)

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (telecommunications)	$ 9,574,955	23.49
2	B Group (real estate development)	3,388,824	8.31
3	C Group (real estate leasing and rental)	3,108,973	7.63
4	D Group (other holding company)	2,918,976	7.16
5	E Group (real estate development)	2,668,868	6.55
6	F Group (glass and glass made products manufacturing)	2,484,114	6.10
7	G Group (unclassified other financial service)	2,470,000	6.06
8	H Group (real estate development)	2,334,830	5.73
9	I Group (wire and cable manufacturing)	2,329,048	5.71
10	J Group (other holding company)	2,177,865	5.34

June 30, 2023

(In Thousands of New Taiwan Dollars or in %)

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	K Group (unclassified other financial service)	$ 6,744,235	17.44
2	A Group (real estate development)	6,726,443	17.39
3	B Group (real estate development)	4,076,036	10.54
4	E Group (real estate development)	3,548,500	9.18
5	L Group (other holding company)	2,969,117	7.68
6	D Group (unclassified other financial service)	2,932,929	7.58
7	F Group (unclassified other financial service)	2,886,110	7.46
8	I Group (wire and cable manufacturing)	2,458,712	6.36
9	G Group (unclassified other financial service)	2,432,400	6.29
10	J Group (other holding company)	2,272,117	5.88

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)

June 30, 2024

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 189,302,860	$ 13,134,438	$ 10,707,887	$ 45,482,667	$ 258,627,852
Interest rate-sensitive liabilities	123,627,737	63,712,763	16,040,879	36,758,292	240,139,671
Interest rate-sensitive gap	65,675,123	(50,578,325)	(5,332,992)	8,724,375	18,488,181
Net worth					40,255,749
Ratio of interest rate-sensitive assets to liabilities					107.70%
Ratio of interest rate sensitivity gap to net worth					45.93%

June 30, 2023

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 173,227,834	$ 13,868,934	$ 11,404,661	$ 42,359,080	$ 240,860,509
Interest rate-sensitive liabilities	114,330,576	58,805,499	19,218,738	39,502,663	231,857,476
Interest rate-sensitive gap	58,897,258	(44,936,565)	(7,814,077)	2,856,417	9,003,033
Net worth					34,571,611
Ratio of interest rate-sensitive assets to liabilities					103.88%
Ratio of interest rate sensitivity gap to net worth					26.04%

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities 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).

Interest Rate Sensitivity Balance Sheet (In U.S. Dollars)

June 30, 2024

(In Thousands of U.S. Dollars or in %)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,248,256	$ 25,156	$ 51,131	$ 2,019,592	$ 3,344,135
Interest rate-sensitive liabilities	2,337,649	843,743	117,694	279	3,299,365
Interest rate-sensitive gap	(1,089,393)	(818,587)	(66,563)	2,019,313	44,770
Net worth					9,038
Ratio of interest rate-sensitive assets to liabilities					101.36%
Ratio of interest rate sensitivity gap to net worth					495.35%

June 30, 2023

(In Thousands of U.S. Dollars or in %)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,166,562	$ 42,279	$ 61,382	$ 2,188,511	$ 3,458,734
Interest rate-sensitive liabilities	2,247,458	863,007	190,602	610	3,301,677
Interest rate-sensitive gap	(1,080,896)	(820,728)	(129,220)	2,187,901	157,057
Net worth					126,039
Ratio of interest rate-sensitive assets to liabilities					104.76%
Ratio of interest rate sensitivity gap to net worth					124.61%

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded 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 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 U.S. dollars).

d. Profitability

(In %)

Items		For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Return on total assets	Before income tax	0.48	0.47
	After income tax	0.40	0.40
Return on equity	Before income tax	4.79	4.53
	After income tax	4.04	3.92
Net income ratio		38.60	39.93

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

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

Note 3: Net income ratio = Income after income tax ÷ Total net revenue.

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2024 and 2023.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (In New Taiwan Dollars)

June 30, 2024

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 303,490,969	$ 49,835,990	$ 28,825,234	$ 37,369,222	$ 20,550,198	$ 21,563,643	$ 145,346,682
Main capital outflow on maturity	349,781,984	37,588,030	38,075,417	85,533,105	45,932,804	49,868,347	92,784,281
Gap	(46,291,015)	12,247,960	(9,250,183)	(48,163,883)	(25,382,606)	(28,304,704)	52,562,401

June 30, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 286,477,836	$ 57,730,034	$ 23,310,221	$ 30,737,819	$ 25,014,003	$ 22,753,904	$ 126,931,855
Main capital outflow on maturity	329,156,002	22,688,925	40,141,012	97,282,080	45,284,185	43,120,791	80,639,009
Gap	(42,678,166)	35,041,109	(16,830,791)	(66,544,261)	(20,270,182)	(20,366,887)	46,292,846

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (In U.S. Dollars)

June 30, 2024

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 6,083,972	$ 3,558,999	$ 572,625	$ 339,097	$ 525,933	$ 1,087,318
Main capital outflow on maturity	6,202,346	3,381,489	1,209,250	482,661	439,775	689,171
Gap	(118,374)	177,510	(636,625)	(143,564)	86,158	398,147

June 30, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,527,427	$ 2,606,912	$ 1,306,515	$ 303,587	$ 300,786	$ 1,009,627
Main capital outflow on maturity	5,754,776	2,418,151	1,616,179	488,554	443,962	787,930
Gap	(227,349)	188,761	(309,664)	(184,967)	(143,176)	221,697

Note 1: The above amounts included only U.S. dollar amounts held by the Bank.

Note 2: If the overseas assets are at least 10% of the total assets, there should be additional disclosures.

Maturity Analysis of Overseas Branch's Assets and Liabilities (In U.S. Dollars)

June 30, 2024

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 2,028,760	$ 1,662,965	$ 142,244	$ 8,460	$ 8,025	$ 207,066
Main capital outflow on maturity	1,946,940	985,346	510,934	145,279	75,827	229,554
Gap	81,820	677,619	(368,690)	(136,819)	(67,802)	(22,488)

June 30, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,771,965	$ 1,264,265	$ 329,733	$ 34,675	$ 53,187	$ 90,105
Main capital outflow on maturity	1,781,242	777,404	425,929	161,341	130,009	286,559
Gap	(9,277)	486,861	(96,196)	(126,666)	(76,822)	(196,454)

China Bills Finance Corporation

a. Asset quality

Item \ Period	June 30, 2024	June 30, 2023
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-
Credits under observation	-	-
Overdue receivables	-	-
Ratio of non-performing debts	0.00%	0.00%
Ratio of non-performing debts and credits under observation	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	1,307,285	1,218,833
Actual provision for credit losses and reserve for losses on guarantees	1,371,077	1,382,077

b. The principal operation

Item \ Period	June 30, 2024	June 30, 2023
Balance of guarantees and endorsement securities	$ 107,475,300	$ 98,749,900
Multiple of guarantees and endorsement securities to net worth	4.55	4.71
Short-term bills and bonds sold under repurchase agreement	191,496,768	160,866,219
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	8.11	7.67

c. The provision policy and allowance for doubtful accounts, refer to Note 14.

d. Concentrations of credit extensions

(In %)

Item \ Period	June 30, 2024		June 30, 2023	
Credit of the common interested party	$ -		$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	22.01		18.52	
Loan concentration by industry (ratio of top three industries to which credit line issued to credit extension balance)	**Type of Industry**	**%**	**Type of Industry**	**%**
	Finance and insurance industry	31.71	Finance and insurance industry	31.41
	Manufacturing industry	18.28	Manufacturing industry	18.10
	Real estate industry	26.23	Real estate industry	27.48

Note 1: Ratio of credit extensions to common interest related parties: Credit to common interest related party ÷ Total credit.

Note 2: Ratio of credit extensions secured by pledged stocks: Credit with stocks pledged ÷ Total credit.

Note 3: Total credit included guarantees, endorsement notes and overdue credit (including overdue receivables, accounts receivable, and notes receivable).

e. Interest rate sensitivity information of the balance sheet

June 30, 2024

(In Millions of New Taiwan Dollars or in %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 122,303	$ 10,556	$ 7,469	$ 91,560	$ 231,888
Interest rate-sensitive liabilities	207,375	2,039	61	-	209,475
Interest rate-sensitive gap	(85,072)	8,517	7,408	91,560	22,413
Net worth					24,405
Ratio of interest rate-sensitive assets to liabilities (%)					110.70
Ratio of interest rate sensitivity gap to net worth (%)					91.84

June 30, 2023

(In Millions of New Taiwan Dollars or in %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 94,476	$ 9,057	$ 11,030	$ 81,104	$ 195,667
Interest rate-sensitive liabilities	172,300	1,868	233	-	174,401
Interest rate-sensitive gap	(77,824)	7,189	10,797	81,104	21,266
Net worth					22,713
Ratio of interest rate-sensitive assets to liabilities (%)					112.19
Ratio of interest rate sensitivity gap to net worth (%)					93.63

Note 1: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 2: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

f. The use of funding sources table

June 30, 2024

(In Millions of New Taiwan Dollars)

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 63,146	$ 54,568	$ 5,840	$ 1,966	$ -
	Bonds	297	591	4,716	5,503	91,560
	Due from banks	290	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	2,820	591	-	-	-
	Total	66,553	55,750	10,556	7,469	91,560
Cash provided by	Borrowing	18,389	-	-	-	-
	Securities sold under repurchase agreements	152,695	36,291	2,039	61	-
	Eligible capital	-	-	-	-	24,405
	Total	171,084	36,291	2,039	61	24,405
Net cash flows		(104,531)	19,459	8,517	7,408	67,155
Accumulated cash flows		(104,531)	(85,072)	(76,555)	(69,147)	(1,992)

June 30, 2023

(In Millions of New Taiwan Dollars)

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 36,578	$ 53,056	$ 5,730	$ 4,118	$ -
	Bonds	363	1,186	3,327	6,912	81,104
	Due from banks	1,110	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	1,783	400	-	-	-
	Total	39,834	54,642	9,057	11,030	81,104
Cash provided by	Borrowing	13,834	-	-	-	-
	Securities sold under repurchase agreements	126,265	32,201	1,868	233	-
	Eligible capital	-	-	-	-	22,713
	Total	140,099	32,201	1,868	233	22,713
Net cash flows		(100,265)	22,441	7,189	10,797	58,391
Accumulated cash flows		(100,265)	(77,824)	(70,635)	(59,838)	(1,447)

g. Matters requiring special notation

Causes	June 30, 2024	June 30, 2023
Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor	None	None
Within the past year, a fine was levied on for violations of the Act Governing Bills Finance Business and the other laws	None	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance's imposing strict corrective measures	None	None
Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the "Guidelines for Maintenance of Soundness of Financial Institutions" which exceeded NT$50 million dollars	None	None
Other	None	None

Note: The term "within the past year" means one year before the balance sheet date.

49. CASH FLOWS INFORMATION

a. None cash flow activities

The cash dividends allotted by the Bank as determined by the stockholders' meeting were not paid on June 30, 2024 and 2023, refer to Notes 24 and 31 d.

b. Changes in liabilities from financing activities

For the six months ended June 30, 2024

	January 1, 2024	Cash Inflow (Outflow)	Non-cash Changes New Leases	Non-cash Changes Other	June 30, 2024
Bank debentures payable	$ 12,950,000	$ 2,500,000	$ -	$ -	$ 15,450,000
Lease liabilities	463,732	(79,588)	69,024	10,318	463,486
Other financial liabilities	3,736,137	4,125,101	-	-	7,861,238
Other liabilities	460,945	307,669	-	-	768,614
	$ 17,610,814	$ 6,853,182	$ 69,024	$ 10,318	$ 24,543,338

For the six months ended June 30, 2023

	January 1, 2023	Cash Inflow (Outflow)	Non-cash Changes New Leases	Non-cash Changes Other	June 30, 2023
Bank debentures payable	$ 13,600,000	$ (1,350,000)	$ -	$ -	$ 12,250,000
Lease liabilities	432,826	(67,157)	77,368	10,797	453,834
Other financial liabilities	5,156,808	(1,746,769)	-	833	3,410,872
Other liabilities	500,360	170,528	-	-	670,888
	$ 19,689,994	$ (2,993,398)	$ 77,368	$ 11,630	$ 16,785,594

50. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and b. Names, locations, and other information of investees over which the Bank exercises significant influence.

1) Financing provided: The Group - not applicable; investees - None

2) Endorsement/guarantee provided: The Group - not applicable; investees - None

3) Marketable securities held: The Group - not applicable; investees - Table 1 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None

6) Disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None

7) Allowance of service fees to related parties amounting to at least NT$5 million: None

8) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: Table 2 (attached)

9) Sale of nonperforming loans: None

10) Information of applying for authorization of securitized product type according to the "Regulations of Financial Assets Securitization or Regulations of Real Estate Securitization": None

11) Other significant transactions which may affect the decisions of users of individual financial reports: None

12) Related information and total stockholding circumstances of "Name, locations and other information of investees on which the Group exercises significant influence": Table 4 (attached)

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 5 (attached)

d. Business relationships and significant transactions among the group: Table 6 (attached)

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7 (attached)

51. OPERATING SEGMENT FINANCIAL INFORMATION

The Group provides CODM to assess segment performance, focusing on the nature of business operations, assets and profit and loss. The accounting policies of each operating segment are described in Note 4. the same significant accounting policies. The Group shall be reported to the operating divisions are as follows:

a. Bank: Business ruled by Banking Law Article 71.

b. Overseas: Overseas banking business.

c. Leasing: Leasing business.

d. Bills: Bills-related business approved by the competent authority.

e. Others: Other non-core businesses.

The following was an analysis of the Group's revenue and results by reportable segment.

	Bank	Overseas	Bills	Others	Eliminations	Consolidated
For the six months ended June 30, 2024						
Net interest						
From unaffiliated segment	$ 1,209,876	$ 510,094	$ (797,643)	$ (2,498)	$ 90	$ 919,919
From other segment	(139)	-	-	139	-	-
	$ 1,209,737	$ 510,094	$ (797,643)	$ (2,359)	$ 90	$ 919,919
Net revenue other than interest						
From unaffiliated segment	$ 3,010,407	$ 32,719	$ 1,911,551	$ 209,927	$ -	$ 5,164,604
From other segment	15,120	-	(14,492)	(333)	(553,404)	(553,109)
	$ 3,025,527	$ 32,719	$ 1,897,059	$ 209,594	$ (553,404)	$ 4,611,495
Income from continuing operation	$ 1,634,702	$ 177,208	$ 677,331	$ 163,956	$ (518,724)	$ 2,134,473
Identifiable assets	$ 405,301,174	$ 28,914,408	$ 237,361,400	$ 1,578,810	$ (410,544)	$ 672,745,248
Depreciation and amortization	$ 280,543	$ 22,878	$ 12,588	$ 704	$ (6,840)	$ 309,873
Capital expenditures	$ 69,850	$ 601	$ 6,864	$ 112	$ -	$ 77,427
For the six months ended June 30, 2023						
Net interest						
From unaffiliated segment	$ 1,084,640	$ 543,726	$ (593,065)	$ (2,954)	$ 184	$ 1,032,531
From other segment	(19)	-	-	19	-	-
	$ 1,084,621	$ 543,726	$ (593,065)	$ (2,935)	$ 184	$ 1,032,531
Net revenue other than interest						
From unaffiliated segment	$ 2,653,113	$ 18,422	$ 1,793,984	$ 179,325	$ -	$ 4,644,844
From other segment	13,472	-	(12,757)	(346)	(591,690)	(591,321)
	$ 2,666,585	$ 18,422	$ 1,781,227	$ 178,979	$ (591,690)	$ 4,053,523
Income from continuing operation	$ 1,497,880	$ 217,244	$ 774,838	$ 149,055	$ (568,227)	$ 2,070,790
Identifiable assets	$ 373,262,060	$ 28,293,949	$ 200,338,211	$ 1,535,459	$ (292,703)	$ 603,136,976
Depreciation and amortization	$ 262,069	$ 23,513	$ 12,638	$ 388	$ (6,840)	$ 291,768
Capital expenditures	$ 81,565	$ 1,354	$ 1,631	$ -	$ -	$ 84,550

TABLE 1

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2024				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 207,477	91.78	US$ 207,477	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	23,983	1.02	23,983	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,703	33,689	7.08	33,689	Note 2
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	433	17,310	0.39	17,310	Note 2
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	19,682	125,508	0.46	125,508	Notes 1 and 2
	Beauty essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	20,956	2.44	20,956	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	6,794	2.17	6,794	Note 2
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	160	11,408	0.12	11,408	
	Obigen Pharma, Inc.	-	Financial asset at FVTPL	400	36,111	0.38	36,111	
	Brain Navi Biotechnology Co., Ltd.	-	Financial asset at FVTPL	325	19,136	0.74	19,136	
	High Performance Information Co., Ltd.	-	Financial asset at FVTPL	720	39,371	2.82	39,371	
	Mercuries F&B Co., Ltd.	-	Financial asset at FVTPL	350	31,416	0.58	31,416	
	Anxo Pharmaceutical Co., Ltd.	-	Financial asset at FVTPL	500	21,490	0.90	21,490	
	Foxtron Vehicle Technologies Co., Ltd.	-	Financial asset at FVTPL	600	28,770	0.03	28,770	
	CALIWAY BIOPHARMACEUTICALS CO., LTD.	-	Financial asset at FVTPL	26	15,628	0.02	15,628	
	Creative Life Science Co., Ltd.	-	Financial asset at FVTPL	294	19,992	1.39	19,992	
	Andra Capital Fund LP Class U Side Pocket (Series B, xAI)	-	Financial asset at FVTPL	500	17,858	3.82	17,858	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	109,760	4.67	109,760	
	Stocks							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	137,373	3.12	137,373	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	250	5,229	0.55	5,229	
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	41,635	265,501	0.96	265,501	Notes 1 and 2
	Advanced Echem Materials Company Limited	-	Financial asset at FVTPL	265	155,592	0.32	155,592	Note 2
	Chipwell tech Corporation	-	Financial asset at FVTPL	348	9,270	1.30	9,270	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2024				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	THEVAX GENET ICS Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	$ 963	0.98	$ 963	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,956	0.93	4,956	Note 2
	Kaohsiung Rapid Transit Corporation All Rights Reserved.	-	Financial asset at FVTPL	3,845	52,327	1.38	52,327	
	Evergreen Aviation Technologies Corp.	-	Financial asset at FVTPL	395	44,438	0.11	44,438	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	16,609	1.26	16,609	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	180	7,189	0.34	7,189	
	Chenfeng Optronics Corporation	-	Financial asset at FVTPL	1,000	32,851	0.99	32,851	
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	107	25,627	0.14	25,627	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	131	9,346	0.10	9,346	
	Handa Pharmaceuticals, Inc.	-	Financial asset at FVTPL	124	12,982	0.09	12,982	
	Energenesis Biomedical Co., Ltd.	-	Financial asset at FVTPL	25	1,400	0.03	1,400	
	Hua Hsu Silicon Materials Co., Ltd.	-	Financial asset at FVTPL	18	10,819	0.01	10,819	
	Coremax Corporation	-	Financial asset at FVTPL	100	6,920	0.08	6,920	
	Teclison Corporation	-	Financial asset at FVTPL	125	28,857	0.00	28,857	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	30,000	28,993	3.08	28,993	

Note 1: The holding company is registered in Hong Kong. The registered capital stock and number of stocks are in Hong Kong dollars and Hong Kong stocks.

Note 2: The securities are transferred within the group and are listed in the financial asset at FVTOCI when they are combined.

(Concluded)

TABLE 2

O-BANK AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Bank	China Bills Finance Corp.	Subsidiary	$ 278,116 (Notes 1 and 2)	-	$ -	-	$ 278,116	$ -
	Infinite Finance Co., Ltd.	Associates	155,480 (Note 1)	-	-	-	155,480	-

Note 1: Receivables are mainly dividends receivable.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

O-BANK AND SUBSIDIARIES

NON-PERFORMING LOANS AND ACCOUNTS RECEIVABLE
JUNE 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars or in %)

Period			June 30, 2024					June 30, 2023				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 293,069	$ 102,664,811	0.29%	$ 1,454,631	496.34%	$ 395,974	$ 93,386,433	0.42%	$ 1,333,483	336.76%
	Unsecured		5,084	83,725,749	0.01%	1,266,921	24,919.77%	185,969	79,371,095	0.23%	1,153,597	620.32%
Consumer banking	Housing mortgage (Note 4)		12,384	10,722,046	0.12%	161,379	1,303.13%	18,941	10,628,386	0.18%	161,211	851.12%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	3,276,313	-	48,021	-	-	2,827,907	-	32,324	-
	Other (Note 6)	Secured	1,773	6,059,977	0.03%	61,281	3,456.35%	2,823	4,726,433	0.06%	49,368	1,748.78%
		Unsecured	42,031	15,665,951	0.27%	260,776	620.44%	18,612	12,519,251	0.15%	180,742	971.10%
Total			354,341	222,114,847	0.16%	3,253,009	918.04%	622,319	203,459,505	0.31%	2,910,725	467.72%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	499,033	-	5,416	-	-	1,201,323	-	12,552	-

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 8)	$ -	$ -	$ -	$ -
Debt settlement plan and rehabilitative program (Note 9)	135,864	-	121,910	-
Total	135,864	-	121,910	-

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

Note 2: Ratio of Nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of Nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans. Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Small-amount pure credit loans that must be governed by the Bank of China Ref. No. 09440010950 dated December 19, 2005 and are not credit cards or cash cards.

Note 6: "Others" in consumer finance refers to other secured or unsecured consumer loans that are not "residential property mortgage", "cash cards", "small amount pure credit loans", excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), factored accounts receivable without recourse are reported as non-performing receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 8: According to the letter of the Bank of China Ref. No. 09510001270 dated April 25, 2006, the letters of credit and the information disclosure requirements as required by the "Unsecured Debt Negotiation Mechanism for Consumer Financial Cases of the Republic of China Banking Association" should include supplemental disclosures of related matters.

Note 9: According to the letter of the Bank of China Ref. No. 09700318940 dated September 15, 2008 and the letter of the Bank of China Ref. No. 10500134790 date September 20, 2016 regarding the "Consumer Debt Clearance Regulations" for pre-negotiation, rehabilitation and liquidation cases, credit reporting and the information disclosure requirements should include supplemental disclosures of related matters.

TABLE 4

O-BANK AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
Financial institution										
Investments accounted for using the equity method										
Infinite Finance Co,. Ltd.	Taipei City, Taiwan	Leasing	44.27	$ 5,777,242	$ 10,337	155,480	-	155,480	44.27	
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	1,233,588	53,536	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	6,856,541	192,085	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	6,790,606	162,617	10,869	-	10,869	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	360,084	43,746	13,400	-	13,400	100.00	
IBT VII Venture Capital Co., Ltd	Taipei City, Taiwan	Investment	100.00	1,044,746	113,899	65,000	-	65,000	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information software services industry	0.50	1,668	-	300	-	300	0.50	
Non-financial institution										
Financial assets at FVTOCI										
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.18	3	-	244	-	244	2.18	

TABLE 5

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2024
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 470,445 (US$ 14,491)	Note 2 a.	$ 64,929 (US$ 2,000)	$ -	$ 64,929 (US$ 2,000)	$ -	-	$ -	$ -	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	44,673 (RMB 10,000)	Note 2 a.	16,232 (US$ 500)	-	16,232 (US$ 500)	-	-	-	-	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	242,572 (RMB 54,300)	Note 2 a.	64,929 (US$ 2,000)	-	-	64,929 (US$ 2,000)	2.18	-	3	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,467,250 (RMB 1,000,000)	Note 2 b.	893,450 (RMB 200,000)	-	-	893,450 (RMB 200,000)	20.00	53,536	1,233,588	-

Accumulated Investment in Mainland China as of June 30, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$64,929 (US$2,000) $893,450 (RMB200,000)	$64,929 (US$2,000) $893,450 (RMB200,000)	Note 3

(Continued)

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Notes 1 and 9)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2024
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 154,532 (US$ 4,760)	Note 2 a.	$ 2,630 (US$ 81)	$ -	$ -	$ 2,630 (US$ 81)	2.17	$ -	$ 978	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	245,248 (US$ 7,554)	Note 2 a.	15,421 (US$ 475)	-	-	15,421 (US$ 475)	2.17	-	5,732	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,493 (US$ 200)	Note 2 a.	227 (US$ 7)	-	-	227 (US$ 7)	2.17	-	84	-
Beauty Essential International, Ltd.	Cosmetic retailing	32,465 (US$ 1,000)	Note 2 a.	22,336 (US$ 688)	-	-	22,336 (US$ 688)	2.44	-	20,108	-
Meike information technology	Cosmetic retailing information technology	87,655 (US$ 2,700)	Note 2 a.	941 (US$ 29)	-	-	941 (US$ 29)	0.44	-	848	-
Shinlien Chemical Industrial Jiangsu Co.	Production of glass materials	25,971,704 (US$ 800,000)	Note 2 a.	87,622 (US$ 2,699)	-	-	87,622 (US$ 2,699)	0.40	-	115,692	-
Shinlien Brine Huaian Co.	Production of glass materials	1,038,868 (US$ 32,000)	Note 2 a.	7,434 (US$ 229)	-	-	7,434 (US$ 229)	0.46	-	9,816	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	867,942 (RMB 194,290)	Note 2 a.	10,519 (US$ 324)	-	10,519 (US$ 324)	-	-	-	-	-

Accumulated Investment in Mainland China as of June 30, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$136,611 (US$4,208)	$153,915 (US$4,741)	$216,029 (Note 4)

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2024
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 25,971,704 (US$ 800,000)	Note 2 a.	$ 151,058 (US$ 4,653)	$ -	$ -	$ 151,058 (US$ 4,653)	0.66	$ -	$ 194,812	$ -
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	1,038,868 (US$ 32,000)	Note 2 a.	10,486 (US$ 323)	-	-	10,486 (US$ 323)	0.75	-	12,435	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	867,942 (RMB 194,290)	Note 2 a.	10,356 (US$ 319)	-	1,623 (US$ 50)	8,733 (US$ 269)	0.14	-	25,627	-

Accumulated Investment in Mainland China as of June 30, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$170,277 (US$5,245)	$178,848 (US$5,509)	$626,847 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the year ended June 30, 2024.

Note 2: There were three investment approaches stated as follows:

a. Indirect investment in mainland China via investing in a current company in a third country. (Dio Investment, Ltd., Shengzhuang Holding, Ltd., Shihlien China Holding Co., Limited, Topping Cusine International Holding, Ltd., Beauty Essential International, Ltd., Arizon RFID Technology (Cayman) Co., Ltd., and YFY RFID CO. LIMITED (HK)).

b. Direct investment in mainland China.

c. Others.

Note 3: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in March 2023, so the Bank is not under "the regulation of investing or technology-cooperation in China".

Note 4: The original investment is within the limit.

Note 5: The Bank has completed the release of shares in June 2024 and will submit the relevant information to the Department of Investment Review, MOEA for approval in the future.

Note 6: IBT Management Corp. and IBT VII Venture Capital Co., Ltd. has obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Concluded)

TABLE 6

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
0	The Bank	IBTM and IBTVC7	a	Deposits	$ 66,380	Note 3	0.01
0	The Bank	IBTM and IBTVC7	a	Interest expense	139	Note 3	-
0	The Bank	IBTM and CBF	a	Other net revenue other than interest	15,120	Note 3	0.27
0	The Bank	IBTM and IBTVC7	a	Payables	38	Note 3	-
0	The Bank	CBF	a	Dividend receivable	278,116	Note 3	0.04
1	IBTM	The Bank	b	Cash and cash equivalents	28,513	Note 3	-
1	IBTM	The Bank	b	Accounts receivable	12	Note 3	-
1	IBTM	The Bank	b	Interest revenue	39	Note 3	-
1	IBTM	The Bank	b	Other operating and administrative expenses	368	Note 3	0.01
1	IBTM	The Bank	b	Lease interest expense	20	Note 3	-
1	IBTM	IBTVC7	c	Consultancy service income	19,621	Note 3	0.35
2	CBF	The Bank	b	Other operating and administrative expenses	14,601	Note 3	0.26
2	CBF	The Bank	b	Lease interest expense	70	Note 3	-
2	CBF	The Bank	b	Dividend payable	278,116	Note 3	0.04
3	IBTVC7	The Bank	b	Cash and cash equivalents	37,867	Note 3	0.01
3	IBTVC7	The Bank	b	Interest revenue	100	Note 3	-
3	IBTVC7	The Bank	b	Accounts receivable	26	Note 3	-
3	IBTVC7	IBTM	c	Other operating and administrative expenses	19,621	Note 3	0.35

(Continued)

Note 1: Information about the business transactions between the Bank and its subsidiaries were classified as follows:

a. 0 for the Bank.
b. Subsidiaries are numbered sequentially starting from the number 1.

Note 2: The types of transactions with related parties were classified as follows:

a. Parent company to subsidiaries.
b. Subsidiaries to parent company.
c. Subsidiaries to subsidiaries.

Note 3: The terms for the transactions between the Bank and related parties are similar to those with unrelated parties.

(Concluded)

TABLE 7

O-BANK AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2024

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ming Shan Investment Co., Ltd.	386,271,554	12.74
Yi Chang Investment Co., Ltd.	292,340,997	9.64
Taixuan Investment Co., Ltd.	287,135,501	9.47

Note 1: The major shareholder's information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank's consolidated financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

Note 2: If shareholders transfer the shareholding to a trust, the trustee will open the trust account to separate the account. Shareholders' handling of insider shareholdings with more than 10% of their shares shall be in accordance with the Securities Exchange Act. However, their shareholdings include their own shares plus their delivery to the trust and the use of decision-making shares in the trust property. Information on insider equity declaration refers to the Public Information Observatory.

Note 3: The number of shares are the total number of common stocks and preferred stocks.

Note 4: Shareholding ratio (%) = The total number of shares held by the shareholder ÷ The total number of shares that have been delivered without physical registration. It is calculated to the second decimal place and rounded off after the third decimal place.