

O-Bank and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
O-Bank

Introduction

We have reviewed the accompanying consolidated financial statements of O-Bank and its subsidiaries (collectively referred to as the "Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended September 30, 2024 and 2023, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 15 and 16 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investment accounted for using the equity method included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2024 and 2023, combined total assets of these non-significant subsidiaries were NT\$1,545,227 thousand and NT\$1,555,478 thousand, respectively, representing 0.23% and 0.25%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$206,191 thousand and NT\$371,213 thousand, respectively, representing 0.03% and 0.07%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(17,500) thousand and NT\$(6,211) thousand, NT\$136,607 thousand and NT\$307,410 thousand, respectively, representing (1.08%), (0.48%), 3.49% and 6.93%, respectively, of the consolidated total comprehensive income

(loss). As of September 30, 2024 and 2023, the amount of investment accounted for using the equity method was NT\$1,191,239 thousand and NT\$1,152,736 thousand, respectively, representing 0.18% and 0.19%, respectively, of the consolidated total assets; for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the amount of share of comprehensive income of associate accounted for using the equity method was NT\$11,951 thousand, NT\$81,380 thousand, NT\$101,012 thousand and NT\$141,694 thousand, respectively, representing 0.73%, 6.31%, 2.58% and 3.20%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the investment accounted for using the equity method described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months ended September 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 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.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 12, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 6,907,028	1	\$ 5,555,800	1	\$ 7,777,593	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	18,226,220	3	23,520,359	4	20,248,101	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 42)	188,614,668	28	154,882,250	25	151,203,755	25
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 42 and 46)	168,842,040	25	170,682,918	27	167,482,826	27
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 42 and 46)	25,386,799	4	25,859,398	4	25,321,815	4
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	6,090,247	1	2,865,025	1	3,525,729	1
RECEIVABLES, NET (Notes 12 and 14)	3,648,516	1	4,605,691	1	5,095,851	1
CURRENT TAX ASSETS	633,287	-	625,032	-	530,665	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 41 and 42)	244,928,763	36	222,933,448	36	224,044,809	36
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 16)	7,069,168	1	6,994,838	1	7,092,525	1
OTHER FINANCIAL ASSETS (Notes 17 and 42)	1,056,760	-	1,059,166	-	1,153,810	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 43)	2,349,235	-	2,389,637	-	2,387,019	1
RIGHT-OF-USE ASSETS, NET (Note 19)	437,786	-	446,591	-	413,686	-
INTANGIBLE ASSETS, NET (Note 20)	1,670,508	-	1,675,179	-	1,751,674	-
DEFERRED TAX ASSETS	724,700	-	959,517	-	1,121,110	-
OTHER ASSETS (Notes 19 and 21)	<u>1,861,619</u>	<u>-</u>	<u>1,694,152</u>	<u>-</u>	<u>1,475,909</u>	<u>-</u>
TOTAL	<u>\$ 678,447,344</u>	<u>100</u>	<u>\$ 626,749,001</u>	<u>100</u>	<u>\$ 620,626,877</u>	<u>100</u>
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and other banks (Note 22)	\$ 65,982,225	10	\$ 30,339,249	5	\$ 36,744,811	6
Financial liabilities at fair value through profit or loss (Note 8)	1,409,847	-	1,401,705	-	786,270	-
Bills and bonds sold under repurchase agreements (Note 23)	188,875,503	28	194,087,268	31	186,676,164	30
Payables (Note 24)	5,888,797	1	5,232,200	1	4,328,203	1
Current tax liabilities	298,541	-	302,271	-	416,211	-
Deposits and remittances (Notes 25 and 41)	324,356,104	48	316,562,298	51	314,203,891	51
Bank debentures payable (Note 26)	13,950,000	2	12,950,000	2	12,950,000	2
Other financial liabilities (Note 27)	10,147,675	2	3,736,137	1	4,211,280	1
Provisions (Notes 14, 28 and 29)	2,013,476	-	1,979,779	-	2,020,760	-
Lease liabilities (Note 19)	456,929	-	463,732	-	431,258	-
Deferred tax liabilities	846,185	-	715,671	-	810,078	-
Other liabilities (Note 30)	<u>691,781</u>	<u>-</u>	<u>460,945</u>	<u>-</u>	<u>343,924</u>	<u>-</u>
Total liabilities	<u>614,917,063</u>	<u>91</u>	<u>568,231,255</u>	<u>91</u>	<u>563,922,850</u>	<u>91</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital						
Common stock	28,052,812	4	27,339,923	4	27,339,923	4
Preferred stock	<u>4,777,251</u>	<u>1</u>	<u>2,990,140</u>	<u>1</u>	<u>2,990,140</u>	<u>1</u>
Total capital	<u>32,830,063</u>	<u>5</u>	<u>30,330,063</u>	<u>5</u>	<u>30,330,063</u>	<u>5</u>
Capital surplus	<u>567,541</u>	<u>-</u>	<u>19,624</u>	<u>-</u>	<u>18,814</u>	<u>-</u>
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	<u>4,308,231</u>	<u>1</u>	<u>2,756,051</u>	<u>-</u>	<u>2,417,084</u>	<u>-</u>
Total retained earnings	<u>12,806,110</u>	<u>2</u>	<u>11,742,262</u>	<u>2</u>	<u>11,403,295</u>	<u>2</u>
Other equity	<u>(1,391,920)</u>	<u>(1)</u>	<u>(1,828,393)</u>	<u>(1)</u>	<u>(2,271,715)</u>	<u>(1)</u>
Treasury stock	<u>(73,183)</u>	<u>-</u>	<u>(161,521)</u>	<u>-</u>	<u>(116,128)</u>	<u>-</u>
Total equity attributable to owners of the Bank	<u>44,738,611</u>	<u>6</u>	<u>40,102,035</u>	<u>6</u>	<u>39,364,329</u>	<u>6</u>
NON-CONTROLLING INTERESTS	<u>18,791,670</u>	<u>3</u>	<u>18,415,711</u>	<u>3</u>	<u>17,339,698</u>	<u>3</u>
Total equity (Note 31)	<u>63,530,281</u>	<u>9</u>	<u>58,517,746</u>	<u>9</u>	<u>56,704,027</u>	<u>9</u>
TOTAL	<u>\$ 678,447,344</u>	<u>100</u>	<u>\$ 626,749,001</u>	<u>100</u>	<u>\$ 620,626,877</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 12, 2024)

O-BANK AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 41)	\$ 3,980,071	149	\$ 3,923,367	162	\$ 11,856,513	145	\$ 10,340,919	138
INTEREST EXPENSE (Notes 32 and 41)	<u>(3,582,122)</u>	<u>(134)</u>	<u>(3,306,421)</u>	<u>(137)</u>	<u>(10,538,645)</u>	<u>(129)</u>	<u>(8,691,442)</u>	<u>(116)</u>
NET INTEREST	<u>397,949</u>	<u>15</u>	<u>616,946</u>	<u>25</u>	<u>1,317,868</u>	<u>16</u>	<u>1,649,477</u>	<u>22</u>
NET REVENUE OTHER THAN INTEREST REVENUE								
Service fee income, net (Notes 33 and 41)	565,965	21	555,644	23	1,965,279	24	1,726,693	23
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 34)	388,828	15	2,148,297	89	4,776,036	58	5,137,703	68
Realized gains on financial assets at fair value through other comprehensive income (Note 35)	398,427	15	123,391	5	644,528	8	436,456	6
Foreign exchange gain (loss), net	882,548	33	(1,082,096)	(45)	(635,360)	(8)	(1,670,771)	(22)
Reversal of (losses on) impairment of assets	3,632	-	(199)	-	(6,208)	-	(5,980)	-
Share of profit of associates accounted for using equity method (Note 16)	14,608	-	47,101	2	78,481	1	189,761	2
Other net revenue other than interest	<u>15,243</u>	<u>1</u>	<u>11,886</u>	<u>1</u>	<u>57,990</u>	<u>1</u>	<u>43,685</u>	<u>1</u>
Total net revenue other than interest revenue	<u>2,269,251</u>	<u>85</u>	<u>1,804,024</u>	<u>75</u>	<u>6,880,746</u>	<u>84</u>	<u>5,857,547</u>	<u>78</u>
NET REVENUE	<u>2,667,200</u>	<u>100</u>	<u>2,420,970</u>	<u>100</u>	<u>8,198,614</u>	<u>100</u>	<u>7,507,024</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 14)	<u>(203,921)</u>	<u>(8)</u>	<u>(177,693)</u>	<u>(7)</u>	<u>(521,723)</u>	<u>(6)</u>	<u>(393,336)</u>	<u>(5)</u>
OPERATING EXPENSES								
Employee benefits expenses (Notes 29, 36 and 41)	795,881	30	725,113	30	2,334,816	29	2,134,178	28
Depreciation and amortization expenses (Note 37)	107,998	4	144,182	6	417,871	5	435,950	6
Other general and administrative expenses (Notes 38 and 41)	<u>400,621</u>	<u>15</u>	<u>328,148</u>	<u>14</u>	<u>1,096,858</u>	<u>13</u>	<u>945,639</u>	<u>13</u>
Total operating expenses	<u>1,304,500</u>	<u>49</u>	<u>1,197,443</u>	<u>50</u>	<u>3,849,545</u>	<u>47</u>	<u>3,515,767</u>	<u>47</u>
PROFIT BEFORE INCOME TAX	1,158,779	43	1,045,834	43	3,827,346	47	3,597,921	48
INCOME TAX EXPENSE (Note 39)	<u>215,542</u>	<u>8</u>	<u>166,240</u>	<u>7</u>	<u>749,636</u>	<u>9</u>	<u>647,537</u>	<u>9</u>
NET PROFIT FOR THE PERIOD	<u>943,237</u>	<u>35</u>	<u>879,594</u>	<u>36</u>	<u>3,077,710</u>	<u>38</u>	<u>2,950,384</u>	<u>39</u>

(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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
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 losses on investments in equity instruments measured at fair value through other comprehensive income	(849,349)	(32)	(162,126)	(7)	(72,373)	(1)	(5,886)	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6,106	1	(807)	-	16,729	-	(1,574)	-
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 loss that will not be reclassified to profit or loss, net of tax	(843,243)	(31)	(162,933)	(7)	(55,196)	(1)	(10,245)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
Exchange differences on translation of financial statements of foreign operations	(176,634)	(7)	490,012	20	318,199	4	553,856	7
Gains from investments in debt instruments measured at fair value through other comprehensive income	1,874,260	70	38,680	2	750,290	9	931,519	13
Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss (Note 39)	(170,508)	(6)	43,868	2	(182,214)	(2)	7,831	-
Components of other comprehensive income that will be reclassified to profit or loss, net of tax	1,527,118	57	572,560	24	886,275	11	1,493,206	20
Other comprehensive income for the period, net of tax	683,875	26	409,627	17	831,079	10	1,482,961	20
TOTAL COMPREHENSIVE INCOME	\$ 1,627,112	61	\$ 1,289,221	53	\$ 3,908,789	48	\$ 4,433,345	59

(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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Bank	\$ 640,102	24	\$ 645,077	26	\$ 2,274,804	28	\$ 2,142,957	28
Non-controlling interests	<u>303,135</u>	<u>11</u>	<u>234,517</u>	<u>10</u>	<u>802,906</u>	<u>10</u>	<u>807,427</u>	<u>11</u>
	<u>\$ 943,237</u>	<u>35</u>	<u>\$ 879,594</u>	<u>36</u>	<u>\$ 3,077,710</u>	<u>38</u>	<u>\$ 2,950,384</u>	<u>39</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Bank	\$ 919,243	34	\$ 787,148	32	\$ 2,831,815	35	\$ 2,901,259	39
Non-controlling interests	<u>707,869</u>	<u>27</u>	<u>502,073</u>	<u>21</u>	<u>1,076,974</u>	<u>13</u>	<u>1,532,086</u>	<u>20</u>
	<u>\$ 1,627,112</u>	<u>61</u>	<u>\$ 1,289,221</u>	<u>53</u>	<u>\$ 3,908,789</u>	<u>48</u>	<u>\$ 4,433,345</u>	<u>59</u>
EARNINGS PER SHARE (Note 40)								
Basic	<u>\$0.23</u>		<u>\$0.24</u>		<u>\$0.79</u>		<u>\$0.74</u>	
Diluted	<u>\$0.21</u>		<u>\$0.21</u>		<u>\$0.72</u>		<u>\$0.66</u>	

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

(With Deloitte & Touche auditors' review report dated November 12, 2024)

(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)								Other Equity					
	Capital Stock			Capital Surplus	Retained Earnings				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
	Common Stock	Preferred Stock	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
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 and associates accounted for using the equity method	-	-	-	4,442	-	-	-	-	-	-	-	4,442	-	4,442
Unclaimed dividends	-	-	-	720	-	-	-	-	-	-	-	720	1,276	1,996
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(99,291)	(99,291)	-	(99,291)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(480,989)	(480,989)
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	-	2,142,957	2,142,957	-	-	-	2,142,957	807,427	2,950,384
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	(640)	(640)	457,789	301,153	-	758,302	724,659	1,482,961
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	2,142,317	2,142,317	457,789	301,153	-	2,901,259	1,532,086	4,433,345
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(19,845)	(19,845)	-	19,845	-	-	-	-
BALANCE AT SEPTEMBER 30, 2023	\$ 27,339,923	\$ 2,990,140	\$ 30,330,063	\$ 18,814	\$ 5,789,200	\$ 3,197,011	\$ 2,417,084	\$ 11,403,295	\$ 623,676	\$ (2,895,391)	\$ (116,128)	\$ 39,364,329	\$ 17,339,698	\$ 56,704,027
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	-	-	-	-	-	-	(101,904)	(101,904)	-	-	-	(101,904)	-	(101,904)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	-	-	6,314	-	-	-	-	-	-	-	6,314	-	6,314
Unclaimed dividends	-	-	-	589	-	-	-	-	-	-	-	589	1,229	1,818
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(702,244)	(702,244)
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	-	2,274,804	2,274,804	-	-	-	2,274,804	802,906	3,077,710
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	(452)	(452)	255,376	302,087	-	557,011	274,068	831,079
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	-	2,274,352	2,274,352	255,376	302,087	-	2,831,815	1,076,974	3,908,789
Issuance of shares for cash	-	2,500,000	2,500,000	500,000	-	-	-	-	-	-	-	3,000,000	-	3,000,000
Common shares converted from convertible preferred shares	712,889	(712,889)	-	-	-	-	-	-	-	-	-	-	-	-
Changes in percentage of ownership interests in associates	-	-	-	39,329	-	-	(616)	(616)	-	-	-	38,713	-	38,713
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	-	-	-	-	-	-	120,990	120,990	-	(120,990)	-	-	-	-
BALANCE AT SEPTEMBER 30, 2024	\$ 28,052,812	\$ 4,777,251	\$ 32,830,063	\$ 567,541	\$ 6,527,632	\$ 1,970,247	\$ 4,308,231	\$ 12,806,110	\$ 364,786	\$ (1,756,706)	\$ (73,183)	\$ 44,738,611	\$ 18,791,670	\$ 63,530,281

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

(With Deloitte & Touche auditors' review report dated November 12, 2024)

O-BANK AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	\$ 3,827,346	\$ 3,597,921
Adjustments for:		
Depreciation expense	224,398	226,043
Amortization expense	193,473	209,907
Expected credit losses/recognition of provisions	527,931	399,316
Net gain on financial assets or liabilities at fair value through profit or loss	(4,776,036)	(5,137,703)
Interest expense	10,538,645	8,691,442
Interest revenue	(11,856,513)	(10,340,919)
Dividends income	(437,248)	(498,805)
Share-based payment arrangements	7,253	-
Share of profit of associates accounted for using equity method	(78,481)	(189,761)
Loss (gain) on disposal of property and equipment	235	(2,538)
Loss (gain) on disposal of investments	(207,280)	62,349
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(1,940,478)	(402,456)
Financial assets at fair value through profit or loss	(29,445,570)	(1,845,083)
Financial assets at fair value through other comprehensive income	3,072,358	(10,718,770)
Investment in debt instruments at amortized cost	474,120	345,291
Bills and bonds purchased under resell agreements	(2,577,695)	426,270
Receivables	947,073	(868,918)
Discounts and loans	(22,488,241)	(19,980,717)
Deposits from the Central Bank and other banks	35,642,976	13,317,167
Financial liabilities at fair value through profit or loss	8,142	(221,895)
Bills and bonds sold under repurchase agreements	(5,211,765)	6,519,407
Payables	1,005,458	328,801
Deposits and remittances	7,793,806	21,038,905
Provisions	2,173	4,748
Cash generated from (used in) operations	(14,753,920)	4,960,002
Interest received	11,831,308	9,750,256
Dividends received	685,291	882,459
Interest paid	(10,693,126)	(7,960,388)
Income taxes paid	(576,871)	(379,420)
Net cash generated from (used in) operating activities	<u>(13,507,318)</u>	<u>7,252,909</u>

(Continued)

O-BANK AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using equity method	\$ -	\$ 26,657
Acquisition of property and equipment	(129,154)	(117,533)
Proceeds from disposal of property and equipment	468	2,710
Increase in refundable deposits	(23,988)	(56,392)
Acquisition of intangible assets	(98,322)	(81,941)
Increase in other financial assets	-	(13,991)
Decrease in other financial assets	29,510	-
Increase in other assets	(143,479)	(60,541)
Net cash used in investing activities	<u>(364,965)</u>	<u>(301,031)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	42,000
Decrease in short-term borrowings	(200)	-
Decrease in commercial papers	(187,597)	(1,960,984)
Proceeds from issuing bank debentures	2,500,000	1,600,000
Repayments of bank debentures	(1,500,000)	(2,250,000)
Repayments of the principal portion of lease liabilities	(118,790)	(104,525)
Increase in other financial liabilities	6,599,335	972,623
Increase in other liabilities	230,836	-
Decrease in other liabilities	-	(156,436)
Dividends paid to owners of the Bank	(1,330,878)	(1,165,040)
Proceeds from issuing shares	3,000,000	-
Payments to acquire treasury stock	-	(99,291)
Transfer of treasury stock to employees	82,770	-
Dividends paid to non-controlling interests	(702,244)	(480,989)
Net cash generated from (used in) financing activities	<u>8,573,232</u>	<u>(3,602,642)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>90,293</u>	<u>427,384</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,208,758)	3,776,620
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>18,767,399</u>	<u>15,225,156</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 13,558,641</u>	<u>\$ 19,001,776</u>

(Continued)

O-BANK AND SUBSIDIARIES

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

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

	<u>September 30</u>	
	2024	2023
Cash and cash equivalents reported in the consolidated balance sheets	\$ 6,907,028	\$ 7,777,593
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	5,054,384	10,255,579
Bills and bonds purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	647,527	-
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>949,702</u>	<u>968,604</u>
Cash and cash equivalents at the end of the period	<u>\$ 13,558,641</u>	<u>\$ 19,001,776</u>

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

(With Deloitte & Touche auditors' review report dated November 12, 2024)

(Concluded)

O-BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2024, the Bank has ten main departments - 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 September 30, 2024, December 31, 2023 and September 30, 2023, the Bank and its subsidiaries (the "Group") had 1,505, 1,466 and 1,443 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on November 12, 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, Table 3, 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.

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 by the Group. 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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and petty cash	\$ 146,492	\$ 147,882	\$ 128,725
Checking for clearing	1,720,451	1,353,302	580,760
Due from banks	<u>5,040,085</u>	<u>4,054,616</u>	<u>7,068,108</u>
	<u>\$ 6,907,028</u>	<u>\$ 5,555,800</u>	<u>\$ 7,777,593</u>

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 September 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	<u>922,598</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 18,767,399</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Reserves for deposits - Type A	\$ 4,128,642	\$ 3,331,764	\$ 1,577,758
Reserves for deposits - Type B	6,474,669	5,837,376	5,849,498
Due from Central Bank - Financial	2,505,212	2,000,712	2,500,692
Call loans to banks	5,054,384	12,289,001	10,255,579
Others	<u>63,313</u>	<u>61,506</u>	<u>64,574</u>
	<u>\$ 18,226,220</u>	<u>\$ 23,520,359</u>	<u>\$ 20,248,101</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily classified as at <u>FVTPL</u>			
Hybrid financial assets			
Convertible bonds - domestic (include assets swap contracts)	<u>\$ 8,058,234</u>	<u>\$ 6,157,388</u>	<u>\$ 5,510,822</u>
Derivative financial assets			
Currency swap contracts	920,073	717,198	1,358,974
Forward contracts	187,511	31,052	109,948
Interest rate swap contracts	159,395	36,605	73,784
Currency option contracts - call	165,821	23,461	31,688
Future exchange margins	57,858	49,686	60,702
Promised purchase contracts	47	664	928
	<u>1,490,705</u>	<u>858,666</u>	<u>1,636,024</u>
Non-derivative financial assets			
Commercial paper	135,360,776	112,290,378	113,621,555
Commercial paper contracts	239,241	236,866	260,738
Negotiable certificates of deposit	37,684,951	32,528,876	27,121,732
Stocks and beneficiary certificates	2,206,434	1,389,794	1,428,140
Government bonds	2,357,239	402,002	603,678
Corporate bonds	1,207,367	1,018,280	1,021,066
Bank debentures	9,721	-	-
	<u>179,065,729</u>	<u>147,866,196</u>	<u>144,056,909</u>
	<u>\$ 188,614,668</u>	<u>\$ 154,882,250</u>	<u>\$ 151,203,755</u>

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Held-for-trading financial liabilities</u>			
Derivative financial instruments			
Currency swap contracts	\$ 996,304	\$ 1,116,259	\$ 548,529
Forward contracts	90,054	199,566	55,744
Interest rate swap contracts	160,368	36,755	74,097
Currency option contracts - put	127,922	14,897	25,864
Promised purchase contracts	<u>12,611</u>	<u>12,826</u>	<u>15,163</u>
	<u>1,387,259</u>	<u>1,380,303</u>	<u>719,397</u>
Non-derivative financial liabilities			
Commercial paper contracts	<u>22,588</u>	<u>21,402</u>	<u>66,873</u>
	<u>\$ 1,409,847</u>	<u>\$ 1,401,705</u>	<u>\$ 786,270</u>
			(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 September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate swap contracts	\$ 23,357,991	\$ 9,109,905	\$ 8,754,986
Currency swap contracts	212,482,022	136,153,362	120,642,350
Forward contracts	38,762,692	23,920,817	7,697,405
Currency option contracts			
Buy	7,596,606	1,977,359	1,865,074
Sell	4,528,741	704,187	1,297,865
Promised purchase contracts	6,450,000	6,450,000	7,700,000
Futures contract	595,096	-	338,814

As of September 30, 2024, December 31, 2023 and September 30, 2023, financial assets at fair value through profit and loss under agreement to repurchase were in the face amounts of \$88,747,500 thousand, \$92,833,500 thousand and \$83,816,522 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

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in equity instruments at FVTOCI	\$ 3,855,343	\$ 2,910,766	\$ 3,039,253
Investments in debt instruments at FVTOCI			
Government bonds	20,021,221	22,665,893	20,235,052
Bank debentures	28,560,805	27,848,639	27,600,437
Corporate bonds	87,565,285	87,533,071	85,817,873
Overseas government bonds	3,727,626	2,352,438	2,548,643
Commercial papers	2,857,140	3,447,154	5,146,116
Negotiable certificates of deposit	19,344,056	21,467,288	20,618,128
Mortgage-backed securities	2,662,574	2,457,669	2,477,324
When-issued government bonds	<u>247,990</u>	<u>-</u>	<u>-</u>
	<u>\$ 168,842,040</u>	<u>\$ 170,682,918</u>	<u>\$ 167,482,826</u>

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 nine months ended September 30, 2024 and 2023. The fair value of stocks classified as at FVTOCI which had to be disposed of were \$9,122,539 thousand and \$8,721,179 thousand and the accumulated gain or loss related to the sold assets of \$120,990 thousand and \$19,845 thousand loss, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of \$437,248 thousand and \$498,805 thousand were recognized in profit or loss for the nine months ended September 30, 2024 and 2023. The dividends related to investments held at the end of the reporting period were \$281,465 thousand and \$316,508 thousand, respectively.

In accordance with the Q&A issued by the FSC, for the investments in the limited partnership held before September 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 repurchase were in the face amount of \$91,808,108 thousand, \$92,107,406 thousand and \$93,689,121 thousand, on September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
Government bonds	\$ 13,203,080	\$ 13,215,986	\$ 12,413,464
Bank debentures	6,290,221	5,417,533	5,543,147
Corporate bonds	5,425,592	5,311,804	5,406,528
Overseas government bonds	472,812	918,376	963,099
Negotiable certificates of deposit	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
	25,391,705	25,863,699	25,326,238
Less: Allowance for impairment loss	<u>(4,906)</u>	<u>(4,301)</u>	<u>(4,423)</u>
	<u>\$ 25,386,799</u>	<u>\$ 25,859,398</u>	<u>\$ 25,321,815</u>

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 \$5,157,736 thousand, \$6,490,252 thousand and \$5,396,757 thousand, as of September 30, 2024, December 31, 2023 and September 30, 2023.

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of September 30, 2024, December 31, 2023 and September 30, 2023, bonds and bills in the amounts of \$6,090,247 thousand, \$2,865,025 thousand and \$3,525,729 thousand, respectively, had been purchased under resell agreements would subsequently be sold for \$6,111,644 thousand, \$2,867,919 thousand and \$3,529,300 thousand before December 2024, February 2024 and February 2024, respectively. As of September 30, 2024, December 31, 2023 and September 30, 2023, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of \$2,528,400 thousand, \$2,410,000 thousand and \$3,212,100 thousand, respectively.

12. RECEIVABLES, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Factored receivable	\$ 626,830	\$ 837,215	\$ 1,557,009
Interest receivable	2,288,787	2,263,845	2,165,579
Accounts receivable	297,633	266,448	251,068
Investment settlements receivable	321,739	828,701	909,708
Acceptances receivable	84,310	205,561	149,780
Dividends receivable	2,072	5,203	5,706
Others	<u>43,725</u>	<u>218,326</u>	<u>85,084</u>
	3,665,096	4,625,299	5,123,934
Less: Allowance for credit losses	<u>16,580</u>	<u>19,608</u>	<u>28,083</u>
Receivables, net	<u>\$ 3,648,516</u>	<u>\$ 4,605,691</u>	<u>\$ 5,095,851</u>

The changes in gross carrying amount on receivables for the nine months ended September 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	581	(581)	-	-
To lifetime ECLs	(20,819)	21,324	(505)	-
To credit-impaired financial assets	(2,661)	(1,791)	4,452	-
New financial assets purchased or originated	1,188,599	40,291	12,318	1,241,208
Derecognition of financial assets in the reporting period	(2,076,277)	(34,053)	(542)	(2,110,872)
Write-offs	-	-	(66)	(66)
Exchange rate or other changes	<u>(89,800)</u>	<u>213</u>	<u>(886)</u>	<u>(90,473)</u>
Balance at September 30, 2024	<u>\$ 3,563,386</u>	<u>\$ 78,861</u>	<u>\$ 22,849</u>	<u>\$ 3,665,096</u>
Balance at January 1, 2023	\$ 3,023,921	\$ 676,888	\$ 37,299	\$ 3,738,108
Transfers				
To 12-month ECLs	52	(52)	-	-
To lifetime ECLs	(18,305)	18,305	-	-
To credit-impaired financial assets	(593)	(12)	605	-
New financial assets purchased or originated	2,581,783	701,435	10,260	3,293,478
Derecognition of financial assets in the reporting period	(1,225,523)	(663,946)	(788)	(1,890,257)
Write-offs	-	-	(22,693)	(22,693)
Exchange rate or other changes	<u>15,971</u>	<u>(11,809)</u>	<u>1,136</u>	<u>5,298</u>
Balance at September 30, 2023	<u>\$ 4,377,306</u>	<u>\$ 720,809</u>	<u>\$ 25,819</u>	<u>\$ 5,123,934</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Short-term	\$ 102,548,738	\$ 90,885,058	\$ 90,313,032
Medium-term	114,853,047	107,744,707	111,158,855
Long-term	30,227,572	27,278,469	25,206,623
Export bill negotiated	246,102	525,546	57,353
Overdue loans	<u>474,902</u>	<u>195,554</u>	<u>704,355</u>
	248,350,361	226,629,334	227,440,218
Less: Allowance for credit losses	<u>3,421,598</u>	<u>3,695,886</u>	<u>3,395,409</u>
	<u>\$ 244,928,763</u>	<u>\$ 222,933,448</u>	<u>\$ 224,044,809</u>

The changes in gross carrying amount on discount and loans for the nine months ended September 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	77,244	(77,200)	(44)	-
To lifetime ECLs	(4,064,039)	4,235,330	(171,291)	-
To credit-impaired financial assets	(1,172,632)	(1,511,011)	2,683,643	-
New financial assets purchased or originated	128,829,749	10,417,514	586,614	139,833,877
Derecognition of financial assets in the reporting period	(112,476,260)	(5,915,799)	(202,388)	(118,594,447)
Write-offs	-	-	(862,211)	(862,211)
Exchange rate or other changes	<u>1,336,439</u>	<u>64,087</u>	<u>(56,718)</u>	<u>1,343,808</u>
Balance at September 30, 2024	<u>\$ 227,820,448</u>	<u>\$ 17,293,545</u>	<u>\$ 3,236,368</u>	<u>\$ 248,350,361</u>
Balance at January 1, 2023	\$ 188,642,292	\$ 17,438,208	\$ 1,416,768	\$ 207,497,268
Transfers				
To 12-month ECLs	64,247	(64,247)	-	-
To lifetime ECLs	(3,375,148)	3,375,148	-	-
To credit-impaired financial assets	(86,682)	(1,101)	87,783	-
New financial assets purchased or originated	115,366,075	14,642,383	79,486	130,087,944
Derecognition of financial assets in the reporting period	(97,993,070)	(13,706,170)	(383,730)	(112,082,970)
Write-offs	-	-	(100,821)	(100,821)
Exchange rate or other changes	<u>1,889,014</u>	<u>139,892</u>	<u>9,891</u>	<u>2,038,797</u>
Balance at September 30, 2023	<u>\$ 204,506,728</u>	<u>\$ 21,824,113</u>	<u>\$ 1,109,377</u>	<u>\$ 227,440,218</u>

The balance of the overdue loans of the Group as of September 30, 2024, December 31, 2023 and September 30, 2023 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to \$5,601 thousand and \$13,091 thousand for the nine months ended September 30, 2024 and 2023, respectively. For the nine months ended September 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 change in allowance for credit losses and provisions for the nine months ended September 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	(87)	110	(23)	-	-	-
To credit-impaired financial assets	(450)	(9)	459	-	-	-
New financial assets purchased or originated	1,451	47	1,722	3,220	-	3,220
Derecognition of financial assets in the reporting period	(2,654)	(148)	(403)	(3,205)	-	(3,205)
Change in model or risk parameters	430	(10)	(319)	101	-	101
Difference between IFRS 9 and local requirements	-	-	-	-	(3,292)	(3,292)
Write-offs	-	-	(66)	(66)	-	(66)
Exchange rate or other changes	(795)	1	819	25	189	214
Balance at September 30, 2024	<u>\$ 1,938</u>	<u>\$ 192</u>	<u>\$ 3,797</u>	<u>\$ 5,927</u>	<u>\$ 10,653</u>	<u>\$ 16,580</u>
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	2,226	(2,226)	-	-	-	-
To lifetime ECLs	(36,280)	60,874	(24,594)	-	-	-
To credit-impaired financial assets	(60,890)	(2,339)	63,229	-	-	-
New financial assets purchased or originated	226,607	45,741	179,232	451,580	-	451,580
Derecognition of financial assets in the reporting period	(205,253)	(14,646)	(113,548)	(333,447)	-	(333,447)
Change in model or risk parameters	34,708	(11,710)	173,728	196,726	-	196,726
Difference between IFRS 9 and local requirements	-	-	563,654	563,654	(385,587)	178,067
Write-offs	-	-	(862,211)	(862,211)	-	(862,211)
Withdrawal after write-offs	-	-	37,154	37,154	-	37,154
Exchange rate or other changes	7,535	2,285	(211)	9,609	48,234	57,843
Balance at September 30, 2024	<u>\$ 524,908</u>	<u>\$ 278,163</u>	<u>\$ 306,171</u>	<u>\$ 1,109,242</u>	<u>\$ 2,312,356</u>	<u>\$ 3,421,598</u>
Reserve for Losses on Guarantees Contracts and Financing Commitment	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	(376)	376	-	-	-	-
New financial assets purchased or originated	48,301	24,068	-	72,369	-	72,369
Derecognition of financial assets in the reporting period	(70,552)	(8,732)	-	(79,284)	-	(79,284)
Change in model or risk parameters	(6,665)	2,105	-	(4,560)	-	(4,560)
Difference between IFRS 9 and local requirements	-	-	-	-	43,448	43,448
Withdrawal after write-offs	-	-	-	-	1,958	1,958
Exchange rate or other changes	283	10	-	293	608	901
Balance at September 30, 2024	<u>\$ 87,939</u>	<u>\$ 33,607</u>	<u>\$ -</u>	<u>\$ 121,546</u>	<u>\$ 1,742,084</u>	<u>\$ 1,863,630</u>

The changes in allowance for credit losses and provisions for nine months ended September 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	(127)	127	-	-	-	-
To credit-impaired financial assets	(362)	(7)	369	-	-	-
New financial assets purchased or originated	2,896	1,137	1,862	5,895	-	5,895
Derecognition of financial assets in the reporting period	(2,072)	(1,090)	(205)	(3,367)	-	(3,367)
Change in model or risk parameters	463	(28)	36	471	-	471
Difference between IFRS 9 and local requirements	-	-	-	-	870	870
Write-offs	-	-	(22,693)	(22,693)	-	(22,693)
Exchange rate or other changes	<u>2</u>	<u>1</u>	<u>179</u>	<u>182</u>	<u>174</u>	<u>356</u>
Balance at September 30, 2023	<u>\$ 4,022</u>	<u>\$ 1,245</u>	<u>\$ 4,607</u>	<u>\$ 9,874</u>	<u>\$ 18,209</u>	<u>\$ 28,083</u>

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	1,956	(1,956)	-	-	-	-
To lifetime ECLs	(33,609)	33,609	-	-	-	-
To credit-impaired financial assets	(50,518)	(684)	51,202	-	-	-
New financial assets purchased or originated	248,682	48,637	128,554	425,873	-	425,873
Derecognition of financial assets in the reporting period	(219,565)	(37,322)	(63,875)	(320,762)	-	(320,762)
Change in model or risk parameters	119,406	104,951	52,203	276,560	-	276,560
Difference between IFRS 9 and local requirements	-	-	-	-	(132,791)	(132,791)
Write-offs	-	-	(100,821)	(100,821)	-	(100,821)
Withdrawal after write-offs	-	-	13,654	13,654	-	13,654
Exchange rate or other changes	<u>6,064</u>	<u>2,200</u>	<u>971</u>	<u>9,235</u>	<u>40,165</u>	<u>49,400</u>
Balance at September 30, 2023	<u>\$ 539,467</u>	<u>\$ 239,984</u>	<u>\$ 379,869</u>	<u>\$ 1,159,320</u>	<u>\$ 2,236,089</u>	<u>\$ 3,395,409</u>

Reserve for Losses on Guarantees Contracts and Financing Commitment	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	-	-	-	-	-	-
To lifetime ECLs	(4,324)	4,324	-	-	-	-
New financial assets purchased or originated	69,979	38,840	-	108,819	-	108,819
Derecognition of financial assets in the reporting period	(55,217)	(3,272)	-	(58,489)	-	(58,489)
Change in model or risk parameters	(1,261)	6,630	-	5,369	-	5,369
Difference between IFRS 9 and local requirements	-	-	-	-	84,887	84,887
Withdrawal after write-offs	-	-	-	-	6,797	6,797
Exchange rate or other changes	<u>479</u>	<u>128</u>	<u>-</u>	<u>607</u>	<u>701</u>	<u>1,308</u>
Balance at September 30, 2023	<u>\$ 113,415</u>	<u>\$ 55,178</u>	<u>\$ -</u>	<u>\$ 168,593</u>	<u>\$ 1,688,117</u>	<u>\$ 1,856,710</u>

15. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership			Remark	Reviewed by CPA
			September 30, 2024	December 31, 2023	September 30, 2023		
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	No
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	Founded in 2014	No
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

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

The summarized financial information below represents amounts before intragroup eliminations:

	September 30, 2024	December 31, 2023	September 30, 2023
CBF			
Equity attributable to:			
Owners of CBF	\$ 7,204,155	\$ 7,073,256	\$ 6,631,507
Non-controlling interests of CBF	<u>18,190,490</u>	<u>17,859,968</u>	<u>16,744,551</u>
	<u>\$ 25,394,645</u>	<u>\$ 24,933,224</u>	<u>\$ 23,376,058</u>
		For the Nine Months Ended September 30	
		2024	2023
Net revenue		<u>\$ 1,745,080</u>	<u>\$ 1,672,016</u>
Net profit from continuing operations		\$ 1,089,050	\$ 1,089,067
Other comprehensive income for the period		<u>351,017</u>	<u>978,689</u>
Total comprehensive income for the period		<u>\$ 1,440,067</u>	<u>\$ 2,067,756</u>
Profit attributable to:			
Owners of CBF		\$ 308,950	\$ 308,955
Non-controlling interests of CBF		<u>780,100</u>	<u>780,112</u>
		<u>\$ 1,089,050</u>	<u>\$ 1,089,067</u>

(Continued)

	For the Nine Months Ended September 30	
	2024	2023
Total comprehensive income attributable to:		
Owners of CBF	\$ 408,530	\$ 586,598
Non-controlling interests of CBF	<u>1,031,537</u>	<u>1,481,158</u>
	<u>\$ 1,440,067</u>	<u>\$ 2,067,756</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (29,612,522)	\$ (8,935,328)
Investing activities	(63,070)	(9,515)
Financing activities	<u>29,749,913</u>	<u>8,819,102</u>
Net cash inflow (outflow)	<u>\$ 74,321</u>	<u>\$ (125,741)</u>
Dividends paid to non-controlling interests of CBF	<u>\$ 702,244</u>	<u>\$ 480,989</u> (Concluded)

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

Investments in Associates

	September 30, 2024	December 31, 2023	September 30, 2023
Associates - Infinite Finance Co., Ltd.	\$ 5,877,929	\$ 5,850,311	\$ 5,939,789
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	<u>1,191,239</u>	<u>1,144,527</u>	<u>1,152,736</u>
	<u>\$ 7,069,168</u>	<u>\$ 6,994,838</u>	<u>\$ 7,092,525</u>

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%. The Bank did not subscribe to the additional shares issued by Infinite Finance on August 2024, resulting in a decrease in its ownership percentage from 44.27% to 41.64%.

Refer to Table 3 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associate.

Investment was accounted for using equity method, and the share of profit or loss and other comprehensive income of this investment were calculated based on financial statements which have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Beijing Sunshine Consumer Finance Co., Ltd., which have not been reviewed.

17. OTHER FINANCIAL ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits with original maturities more than 3 months	\$ 48,910	\$ 77,190	\$ 88,627
Call loans to securities firms	949,702	922,598	968,604
Repurchase agreement margins	<u>58,148</u>	<u>59,378</u>	<u>96,579</u>
	<u>\$ 1,056,760</u>	<u>\$ 1,059,166</u>	<u>\$ 1,153,810</u>

18. PROPERTY AND EQUIPMENT, NET

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts of each class of</u>			
Land	\$ 781,970	\$ 781,970	\$ 781,970
Buildings	1,122,520	1,153,883	1,160,721
Machinery and computer equipment	266,469	259,555	252,279
Transportation equipment	25,132	20,645	22,546
Office and other equipment	31,796	28,756	28,666
Lease improvement	70,509	68,671	64,289
Construction in progress and prepayments for equipment	<u>50,839</u>	<u>76,157</u>	<u>76,548</u>
	<u>\$ 2,349,235</u>	<u>\$ 2,389,637</u>	<u>\$ 2,387,019</u>

The movements of property and equipment for the nine months ended September 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
<u>Cost</u>								
Balance at January 1, 2024	\$ 781,970	\$ 1,913,782	\$ 814,516	\$ 56,887	\$ 287,586	\$ 396,050	\$ 76,157	\$ 4,326,948
Additions	-	2,175	46,633	9,655	6,263	980	63,448	129,154
Disposals and scrapped	-	(125)	(13,433)	(1,554)	(5,252)	(451)	-	(20,815)
Reclassification	-	1,732	10,019	-	5,477	15,667	(89,095)	(56,200)
Effect of foreign currency exchange differences	-	-	857	284	1,660	4,568	329	7,698
Balance at September 30, 2024	<u>\$ 781,970</u>	<u>\$ 1,917,564</u>	<u>\$ 858,592</u>	<u>\$ 65,272</u>	<u>\$ 295,734</u>	<u>\$ 416,814</u>	<u>\$ 50,839</u>	<u>\$ 4,386,785</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	\$ -	\$ 759,899	\$ 554,961	\$ 36,242	\$ 258,830	\$ 327,379	\$ -	\$ 1,937,311
Disposals and scrapped	-	(75)	(13,271)	(1,295)	(5,020)	(451)	-	(20,112)
Depreciation expense	-	35,220	49,888	4,957	8,655	15,792	-	114,512
Effect of foreign currency exchange differences	-	-	545	236	1,473	3,585	-	5,839
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 795,044</u>	<u>\$ 592,123</u>	<u>\$ 40,140</u>	<u>\$ 263,938</u>	<u>\$ 346,305</u>	<u>\$ -</u>	<u>\$ 2,037,550</u>
<u>Carrying amounts</u>								
Balance at September 30, 2024	<u>\$ 781,970</u>	<u>\$ 1,122,520</u>	<u>\$ 266,469</u>	<u>\$ 25,132</u>	<u>\$ 31,796</u>	<u>\$ 70,509</u>	<u>\$ 50,839</u>	<u>\$ 2,349,235</u>
<u>Cost</u>								
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	40,877	63	2,583	898	70,939	117,533
Disposals and scrapped	-	-	(48,629)	(11,404)	(2,588)	(1,610)	-	(64,231)
Reclassification	-	294	10,472	2,980	82	-	(24,321)	(10,493)
Effect of foreign currency exchange differences	-	-	923	413	2,675	7,337	-	11,348
Balance at September 30, 2023	<u>\$ 781,970</u>	<u>\$ 1,908,923</u>	<u>\$ 807,753</u>	<u>\$ 60,218</u>	<u>\$ 287,274</u>	<u>\$ 391,336</u>	<u>\$ 76,548</u>	<u>\$ 4,314,022</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 713,346	\$ 552,103	\$ 43,020	\$ 247,051	\$ 299,210	\$ -	\$ 1,854,730
Disposals and scrapped	-	-	(48,553)	(11,318)	(2,578)	(1,610)	-	(64,059)
Depreciation expense	-	34,856	51,154	5,668	11,812	23,867	-	127,357
Effect of foreign currency exchange differences	-	-	770	302	2,323	5,580	-	8,975
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 748,202</u>	<u>\$ 555,474</u>	<u>\$ 37,672</u>	<u>\$ 258,608</u>	<u>\$ 327,047</u>	<u>\$ -</u>	<u>\$ 1,927,003</u>
<u>Carrying amounts</u>								
Balance at September 30, 2023	<u>\$ 781,970</u>	<u>\$ 1,160,721</u>	<u>\$ 252,279</u>	<u>\$ 22,546</u>	<u>\$ 28,666</u>	<u>\$ 64,289</u>	<u>\$ 76,548</u>	<u>\$ 2,387,019</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023	
<u>Carrying amounts</u>				
Buildings	\$ 424,707	\$ 431,604	\$ 398,878	
Machinery	74	294	368	
Transportation equipment	11,357	12,672	12,082	
Office equipment	<u>1,648</u>	<u>2,021</u>	<u>2,358</u>	
	<u>\$ 437,786</u>	<u>\$ 446,591</u>	<u>\$ 413,686</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Additions to right-of-use assets	<u>\$ 24,183</u>	<u>\$ 293</u>	<u>\$ 93,207</u>	<u>\$ 77,661</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 35,151	\$ 33,022	\$ 105,774	\$ 94,860
Machinery	74	74	221	221
Transportation equipment	1,041	952	3,222	2,802
Office equipment	<u>194</u>	<u>231</u>	<u>669</u>	<u>803</u>
	<u>\$ 36,460</u>	<u>\$ 34,279</u>	<u>\$ 109,886</u>	<u>\$ 98,686</u>

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

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts	<u>\$ 456,929</u>	<u>\$ 463,732</u>	<u>\$ 431,258</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 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 September 30, 2024, December 31, 2023 and September 30, 2023, refundable deposits paid under operating lease amounted to \$32,495 thousand, \$32,198 thousand and \$28,734 thousand, respectively.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	<u>\$ 1,096</u>	<u>\$ 639</u>	<u>\$ 3,769</u>	<u>\$ 1,992</u>
Expenses relating to low-value asset leases	<u>\$ 1,374</u>	<u>\$ 1,419</u>	<u>\$ 4,453</u>	<u>\$ 3,481</u>
Total cash outflow for leases			<u>\$ (127,012)</u>	<u>\$ (109,998)</u>

20. INTANGIBLE ASSETS, NET

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts of each class of</u>			
Computer software	\$ 469,464	\$ 508,134	\$ 526,919
Goodwill	<u>1,201,044</u>	<u>1,167,045</u>	<u>1,224,755</u>
	<u>\$ 1,670,508</u>	<u>\$ 1,675,179</u>	<u>\$ 1,751,674</u>

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

	Computer Software	Goodwill	Others	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 2,538,244	\$ 1,167,045	\$ 7,508	\$ 3,712,797
Additions	98,322	-	-	98,322
Scrapped	(1,755)	-	-	(1,755)
Reclassification	56,157	-	-	56,157
Effect of foreign currency exchange differences	<u>2,645</u>	<u>33,999</u>	<u>221</u>	<u>36,865</u>
Balance at September 30, 2024	<u>\$ 2,693,613</u>	<u>\$ 1,201,044</u>	<u>\$ 7,729</u>	<u>\$ 3,902,386</u>

(Continued)

	Computer Software	Goodwill	Others	Total
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2024	\$ 2,030,110	\$ -	\$ 7,508	\$ 2,037,618
Amortization	193,473	-	-	193,473
Scrapped	(1,755)	-	-	(1,755)
Effect of foreign currency exchange differences	<u>2,321</u>	<u>-</u>	<u>221</u>	<u>2,542</u>
Balance at September 30, 2024	<u>\$ 2,224,149</u>	<u>\$ -</u>	<u>\$ 7,729</u>	<u>\$ 2,231,878</u>
<u>Carrying amounts</u>				
Balance at September 30, 2024	<u>\$ 469,464</u>	<u>\$ 1,201,044</u>	<u>\$ -</u>	<u>\$ 1,670,508</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 2,410,275	\$ 1,165,895	\$ 7,500	\$ 3,583,670
Additions	81,941	-	-	81,941
Disposals	(4,606)	-	-	(4,606)
Reclassification	10,493	-	-	10,493
Effect of foreign currency exchange differences	<u>3,731</u>	<u>58,860</u>	<u>382</u>	<u>62,973</u>
Balance at September 30, 2023	<u>\$ 2,501,834</u>	<u>\$ 1,224,755</u>	<u>\$ 7,882</u>	<u>\$ 3,734,471</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ 1,766,506	\$ -	\$ 7,500	\$ 1,774,006
Amortization	209,907	-	-	209,907
Disposals	(4,606)	-	-	(4,606)
Reclassification	-	-	-	-
Effect of foreign currency exchange differences	<u>3,108</u>	<u>-</u>	<u>382</u>	<u>3,490</u>
Balance at September 30, 2023	<u>\$ 1,974,915</u>	<u>\$ -</u>	<u>\$ 7,882</u>	<u>\$ 1,982,797</u>
<u>Carrying amounts</u>				
Balance at September 30, 2023	<u>\$ 526,919</u>	<u>\$ 1,224,755</u>	<u>\$ -</u>	<u>\$ 1,751,674</u>

(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, respectively.

21. OTHER ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Refundable deposits	\$ 1,093,820	\$ 1,069,832	\$ 815,398
Life insurance cash surrender value	352,189	339,929	358,597
Prepayments	228,855	98,378	114,718
Others	<u>186,755</u>	<u>186,013</u>	<u>187,196</u>
	<u>\$ 1,861,619</u>	<u>\$ 1,694,152</u>	<u>\$ 1,475,909</u>

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	September 30, 2024	December 31, 2023	September 30, 2023
Call loans from banks	\$ 58,133,120	\$ 22,571,455	\$ 28,516,131
Call loans from the Central Bank	2,849,105	2,767,794	3,228,680
Deposits from Chunghwa Post Co., Ltd.	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$ 65,982,225</u>	<u>\$ 30,339,249</u>	<u>\$ 36,744,811</u>

23. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Bills	\$ 87,396,048	\$ 90,136,887	\$ 81,353,388
Government bonds	12,362,299	17,107,445	17,224,621
Corporate bonds	65,199,097	64,867,239	64,791,127
Bank debentures	23,418,059	21,975,697	22,805,113
Beneficiary securities	<u>500,000</u>	<u>-</u>	<u>501,915</u>
	<u>\$ 188,875,503</u>	<u>\$ 194,087,268</u>	<u>\$ 186,676,164</u>
Date of agreements to repurchase	Before September 2025	Before December 2024	Before August 2024
Amount of agreements to repurchase	\$ 186,104,352	\$ 189,761,652	\$ 181,922,099

The Bank and its subsidiaries have repurchase bills and bond liabilities with an unspecified maturity date as of September 30, 2024, December 31, 2023 and September 30, 2023, with a face value of \$3,467,798 thousand, \$5,358,766 thousand and \$5,847,146 thousand, respectively.

24. PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Checks for clearing payables	\$ 1,720,451	\$ 1,353,302	\$ 580,760
Investment settlements payable	544,744	73,344	173,465
Accrued interest	1,652,293	1,819,835	1,714,074
Accrued expenses	1,258,791	1,324,896	1,243,729
Collections payable	163,454	144,514	130,279
Factored payables	234,049	141,338	167,752
Acceptances	84,310	205,561	149,780
Accounts payable	160,261	66,196	82,171
Others	<u>70,444</u>	<u>103,214</u>	<u>86,193</u>
	<u>\$ 5,888,797</u>	<u>\$ 5,232,200</u>	<u>\$ 4,328,203</u>

25. DEPOSITS AND REMITTANCES

	September 30, 2024	December 31, 2023	September 30, 2023
Deposits			
Checking	\$ 4,425,702	\$ 5,051,462	\$ 5,241,950
Demand	48,112,909	48,807,145	45,964,356
Time	246,925,249	245,022,291	241,632,661
Savings deposits	24,858,128	17,671,769	21,196,126
Export remittances	<u>34,116</u>	<u>9,631</u>	<u>168,798</u>
	<u>\$ 324,356,104</u>	<u>\$ 316,562,298</u>	<u>\$ 314,203,891</u>

26. BANK DEBENTURES PAYABLE

	September 30, 2024	December 31, 2023	September 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
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
			(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
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	700,000
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	<u>1,000,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,950,000</u>	<u>\$ 12,950,000</u>	<u>\$ 12,950,000</u> (Concluded)

27. OTHER FINANCIAL LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Bank borrowings	\$ 63,800	\$ 64,000	\$ 94,000
Commercial papers payable	103,866	291,463	261,504
Structured products	8,276,767	1,664,753	2,002,597
Funds obtained from the government - intended for specific types of loans	<u>1,703,242</u>	<u>1,715,921</u>	<u>1,853,179</u>
	<u>\$ 10,147,675</u>	<u>\$ 3,736,137</u>	<u>\$ 4,211,280</u>

a. Bank borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Short-term borrowings	<u>\$ 63,800</u>	<u>\$ 64,000</u>	<u>\$ 94,000</u>
Interest rate interval New Taiwan dollars	2.19%-2.20%	1.95%-2.07%	1.94%-2.07%

b. Commercial papers payable

	September 30, 2024	December 31, 2023	September 30, 2023
Commercial papers payable	\$ 104,000	\$ 292,000	\$ 262,000
Less: Unamortized discount	<u>(134)</u>	<u>(537)</u>	<u>(496)</u>
	<u>\$ 103,866</u>	<u>\$ 291,463</u>	<u>\$ 261,504</u>
Interest rate interval	2.19%-2.26%	2.08%-2.14%	2.11%-2.12%

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

	September 30, 2024	December 31, 2023	September 30, 2023
Funds obtained from the government - intended for specific types of loans	<u>\$ 1,703,242</u>	<u>\$ 1,715,921</u>	<u>\$ 1,853,179</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Provisions for employee benefits	\$ 149,846	\$ 150,981	\$ 164,050
Provisions for losses on guarantees contracts	1,752,409	1,720,577	1,732,488
Provisions for losses on financing commitments	<u>111,221</u>	<u>108,221</u>	<u>124,222</u>
	<u>\$ 2,013,476</u>	<u>\$ 1,979,779</u>	<u>\$ 2,020,760</u>

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 September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023 was recognized in the consolidated statements of comprehensive income in the total amounts of \$22,285 thousand, \$21,419 thousand, \$66,790 thousand and \$60,823 thousand, respectively.

Defined Benefit Plan

The retirement expense recognized under defined benefit plans for the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023 were calculated using the respective 2023 and 2022 annually determined discount rates as of December 31, 2024 and 2023 and amounted to \$3,227 thousand, \$3,494 thousand, \$10,022 thousand and \$9,711 thousand, respectively.

30. OTHER LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Guarantee deposits received	\$ 115,171	\$ 179,345	\$ 39,769
Advance receipts	43,330	51,076	62,741
Payable for custody	8,036	8,137	1,600
Receipts in suspense and pending settlement	436,424	119,241	133,531
Deferred revenue	81,210	95,976	97,241
Others	<u>7,610</u>	<u>7,170</u>	<u>9,042</u>
	<u>\$ 691,781</u>	<u>\$ 460,945</u>	<u>\$ 343,924</u>

31. EQUITY

a. Capital stock

	September 30, 2024	December 31, 2023	September 30, 2023
Number of stock authorized (in thousands)	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>
Amount of capital stock authorized	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>
Number of stocks issued and fully paid (in thousands)			
Common stock	<u>2,805,281</u>	<u>2,733,992</u>	<u>2,733,992</u>
Preferred stock	<u>477,725</u>	<u>299,014</u>	<u>299,014</u>
Amount of stocks issued	<u>\$ 32,830,063</u>	<u>\$ 30,330,063</u>	<u>\$ 30,330,063</u>

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.

The Bank's board of directors resolved to issue 250,000 thousand Series B convertible preferred stock, with a par value of \$10. The issue price was \$12 per share, and the total amount issued was \$3,000,000 thousand on May 2, 2024. This issuance was approved by the Financial Supervisory Commission. The capital increase base date was on September 25, 2024. The Bank has registered with Ministry of Economic Affairs before the date of approval of issuance of the consolidated financial statements.

- 1) The interest rate of Series B preferred stock shall be based on the 5-year NTD 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 1.7325% plus 2.7675% (total 4.5%) per annum. The NTD 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 B 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 B 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 B 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 B 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 B preferred stockholders have no voting rights 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 B preferred stockholders have voting rights at Series B stockholders' meeting.
- 5) The Series B convertible 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 - B, 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 B preferred stockholders have the same subscription rights as the common stockholders.

As of September 30, 2024, a total of 72,275 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, with an capital reduction date of October 17, 2024.

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note 1)			
Issuance of ordinary shares	\$ 500,000	\$ -	\$ -
Treasury share transactions	<u>10,746</u>	<u>9,061</u>	<u>9,061</u>
	<u>510,746</u>	<u>9,061</u>	<u>9,061</u>
Must be used to offset a deficit			
Exercised disgorgement	10	10	10
Unclaimed dividends	3,261	2,672	2,677
Share of changes in capital surplus of subsidiaries associates or joint ventures (Note 2)	<u>49,907</u>	<u>4,750</u>	<u>3,935</u>
	<u>53,178</u>	<u>7,432</u>	<u>6,622</u>
May not be used for any purpose			
Share of changes in capital surplus of subsidiaries associates or joint ventures	<u>3,617</u>	<u>3,131</u>	<u>3,131</u>
	<u>\$ 567,541</u>	<u>\$ 19,624</u>	<u>\$ 18,814</u>

Note 1: 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).

Note 2: Such capital reserves are either the effects of equity transactions recognized for changes in ownership interest in associates as a result of the Company's falling to subscribe to or dispose of associates' shares, or the adjustments of capital reserves of associates accounted for under the equity method.

c. Special reserves

	September 30, 2024	December 31, 2023	September 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	<u>1,828,393</u>	<u>3,050,502</u>	<u>3,050,502</u>
	<u>\$ 1,970,247</u>	<u>\$ 3,197,011</u>	<u>\$ 3,197,011</u>

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:

	<u>2023</u>	<u>2022</u>
	Appropriation of Earnings	Appropriation of Earnings
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 (Note)	124,956	127,081

Note: As of July 30, 2024, a total of 239,775 thousand preference shares of the Company had not been converted. Since the board of directors resolved to distribute preference share dividends of 0.425 per share, the Company distributed \$101,904 thousand for preference share dividends.

e. Other equity items

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

	For the Nine Months Ended September 30	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 109,410	\$ 165,887
Exchange differences arising on translating the financial statements of foreign operations	302,151	525,090
Income tax related to gains arising on translating the financial statements of foreign operations	<u>(46,775)</u>	<u>(67,301)</u>
Balance at September 30	<u>\$ 364,786</u>	<u>\$ 623,676</u>

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

	For the Nine Months Ended September 30	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ (1,937,803)	\$ (3,216,389)
Recognized during the period		
Unrealized gain (loss)		
Debt instruments	388,694	327,245
Equity instruments	(35,861)	(62,838)
Tax effects	(51,509)	30,663
Loss allowance of debt instruments	<u>763</u>	<u>6,083</u>
Other comprehensive income recognized in the period	<u>302,087</u>	<u>301,153</u>
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(120,990)</u>	<u>19,845</u>
Balance at September 30	<u>\$ (1,756,706)</u>	<u>\$ (2,895,391)</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	\$ 18,415,711	\$ 16,287,325
Attributed to non-controlling interests		
Share of profit for the year	802,906	807,427
Capital surplus	1,229	1,276
Exchange differences arising on translation of foreign entities	16,047	28,766
Unrealized valuation gain or loss on FVTOCI		
Debt instruments	360,833	598,191
Equity instruments	(19,203)	55,229
Tax effects	(83,930)	44,469
Actuarial profit and loss of defined benefit plan	321	(1,996)
Cash dividends paid by subsidiaries	<u>(702,244)</u>	<u>(480,989)</u>
Balance at September 30	<u>\$ 18,791,670</u>	<u>\$ 17,339,698</u>

g. Treasury stocks

	Unit: In Thousands of Shares	
	For the Nine Months Ended September 30	
	2024	2023
Number of shares at January 1	17,522	2,522
Increase (decrease) during the period	<u>(9,583)</u>	<u>10,291</u>
Number of shares at September 30	<u>7,939</u>	<u>12,813</u>

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Interest revenue</u>				
Discounts and loans	\$ 2,739,332	\$ 2,673,525	\$ 8,145,817	\$ 7,082,405
Investments in securities	986,165	919,490	2,959,940	2,507,473
Due from the Central Bank and call loans to other banks	202,797	256,340	605,253	584,592
Others	<u>51,777</u>	<u>74,012</u>	<u>145,503</u>	<u>166,449</u>
	<u>3,980,071</u>	<u>3,923,367</u>	<u>11,856,513</u>	<u>10,340,919</u>
<u>Interest expense</u>				
Deposits	2,253,773	2,218,815	6,831,423	5,742,937
Deposits from the Central Bank and other banks	241,155	161,314	627,052	437,398
Bills and bonds sold under repurchase agreements	1,034,467	825,331	2,866,459	2,241,368
Others	<u>52,727</u>	<u>100,961</u>	<u>213,711</u>	<u>269,739</u>
	<u>3,582,122</u>	<u>3,306,421</u>	<u>10,538,645</u>	<u>8,691,442</u>
	<u>\$ 397,949</u>	<u>\$ 616,946</u>	<u>\$ 1,317,868</u>	<u>\$ 1,649,477</u>

33. SERVICE FEE REVENUE, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Service fee</u>				
Guarantee business	\$ 258,629	\$ 239,435	\$ 754,083	\$ 717,758
Loan business	116,703	134,082	551,490	371,170
Underwrite business	141,891	136,112	392,351	447,045
Trust business	20,274	15,668	56,652	35,491
Credit examining business	16,916	21,714	104,455	122,846
Import and export business	4,509	4,936	14,725	16,055
Factoring business	2,672	4,919	6,124	13,877
Insurance agent business	4,778	9,124	28,555	25,203
Others	<u>39,706</u>	<u>29,571</u>	<u>168,458</u>	<u>72,258</u>
	606,078	595,561	2,076,893	1,821,703
<u>Service charge</u>				
Others	<u>40,113</u>	<u>39,917</u>	<u>111,614</u>	<u>95,010</u>
	<u>\$ 565,965</u>	<u>\$ 555,644</u>	<u>\$ 1,965,279</u>	<u>\$ 1,726,693</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Realized gains or losses				
Bills	\$ 16,425	\$ 4,370	\$ 30,785	\$ 4,384
Stocks and beneficiary certificates	(11,378)	3,044	380,144	53,802
Bonds	107,190	9,658	273,421	76,238
Derivatives	<u>145,778</u>	<u>1,391,914</u>	<u>1,573,702</u>	<u>2,294,859</u>
	<u>258,015</u>	<u>1,408,986</u>	<u>2,258,052</u>	<u>2,429,283</u>
Gains (losses) on valuation				
Bills	(10,180)	138,659	460	428,863
Stocks and beneficiary certificates	(76,579)	(35,352)	(33,223)	93,301
Bonds	(21,422)	21,412	(12,997)	53,933
Derivatives	<u>(511,979)</u>	<u>126,200</u>	<u>636,805</u>	<u>708,916</u>
	<u>(620,160)</u>	<u>250,919</u>	<u>591,045</u>	<u>1,285,013</u>
Interest revenue	<u>750,973</u>	<u>488,392</u>	<u>1,926,939</u>	<u>1,423,407</u>
	<u>\$ 388,828</u>	<u>\$ 2,148,297</u>	<u>\$ 4,776,036</u>	<u>\$ 5,137,703</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Realized gain (loss) - debt instruments	\$ 44,237	\$ (56,282)	\$ 207,280	\$ (62,349)
Dividend income	<u>354,190</u>	<u>179,673</u>	<u>437,248</u>	<u>498,805</u>
	<u>\$ 398,427</u>	<u>\$ 123,391</u>	<u>\$ 644,528</u>	<u>\$ 436,456</u>

36. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits				
Salaries and wages	\$ 659,905	\$ 592,068	\$ 1,924,702	\$ 1,722,591
Labor insurance and national health insurance	41,278	44,811	120,196	111,627
Others	68,975	65,276	212,823	229,387
Post-employment benefits				
Pension expenses	25,512	24,913	76,812	70,534
Pension benefits	<u>211</u>	<u>(1,955)</u>	<u>283</u>	<u>39</u>
	<u>\$ 795,881</u>	<u>\$ 725,113</u>	<u>\$ 2,334,816</u>	<u>\$ 2,134,178</u>

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 the 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 nine months ended September 30, 2024 and 2023 were as follows:

Accrual rate

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

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	<u>\$ 11,625</u>	<u>\$ 8,750</u>	<u>\$ 41,535</u>	<u>\$ 31,225</u>
Remuneration of directors	<u>\$ 11,625</u>	<u>\$ 17,500</u>	<u>\$ 41,535</u>	<u>\$ 62,450</u>

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
Compensation of employees	\$ 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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Property and equipment	\$ 37,873	\$ 41,649	\$ 114,512	\$ 127,357
Right-of-use assets	36,460	34,279	109,886	98,686
Intangible assets	<u>33,665</u>	<u>68,254</u>	<u>193,473</u>	<u>209,907</u>
	<u>\$ 107,998</u>	<u>\$ 144,182</u>	<u>\$ 417,871</u>	<u>\$ 435,950</u>

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Taxation	\$ 102,091	\$ 84,714	\$ 293,616	\$ 247,915
Rental	2,469	2,059	8,222	5,473
Management fees	10,726	10,169	33,296	31,949
Computer operating and consulting fees	119,727	93,864	329,704	279,585
Entertainment fees	10,545	9,137	27,758	27,577
Professional services fees	21,754	16,635	57,898	56,769
Advertisement fees	17,230	14,944	42,637	35,619
Postage fees	20,485	19,634	58,460	59,811
Others	<u>95,594</u>	<u>76,992</u>	<u>245,267</u>	<u>200,941</u>
	<u>\$ 400,621</u>	<u>\$ 328,148</u>	<u>\$ 1,096,858</u>	<u>\$ 945,639</u>

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 106,044	\$ 133,899	\$ 517,249	\$ 429,155
Income tax on unappropriated earnings	-	1,427	36,589	6,368
Adjustment of prior period	<u>4</u>	<u>-</u>	<u>(107)</u>	<u>3,833</u>
	<u>106,048</u>	<u>135,326</u>	<u>553,731</u>	<u>439,356</u>
Deferred tax				
In respect of the current period	<u>109,494</u>	<u>30,914</u>	<u>195,905</u>	<u>208,181</u>
Income tax expense recognized in profit or loss	<u>\$ 215,542</u>	<u>\$ 166,240</u>	<u>\$ 749,636</u>	<u>\$ 647,537</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
Translation of foreign operations	\$ (32,655)	\$ 54,835	\$ 46,775	\$ 67,301
Loss on remeasurements of defined benefit plans	-	-	112	(697)
Unrealized gain (loss) on financial assets at FVTOCI	<u>203,163</u>	<u>(98,703)</u>	<u>135,439</u>	<u>(75,132)</u>
Income tax expense (benefit) recognized in other comprehensive income	<u>\$ 170,508</u>	<u>\$ (43,868)</u>	<u>\$ 182,326</u>	<u>\$ (8,528)</u>

c. Assessment of the income tax returns

The income tax returns of the Bank through 2022. The Bank doubt about the tax authority's assessments of its tax returns and applied for a re-examination for 2022. 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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.23</u>	<u>\$ 0.24</u>	<u>\$ 0.79</u>	<u>\$ 0.74</u>
Diluted earnings per share	<u>\$ 0.21</u>	<u>\$ 0.21</u>	<u>\$ 0.72</u>	<u>\$ 0.66</u>

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit for the period attributable to owners of the Bank	\$ 640,102	\$ 645,077	\$ 2,274,804	\$ 2,142,957
Less: Declared preferred stock dividend	<u>-</u>	<u>-</u>	<u>101,904</u>	<u>127,081</u>
Net profit attributable to calculate basic and diluted earning per shares	<u>\$ 640,102</u>	<u>\$ 645,077</u>	<u>\$ 2,172,900</u>	<u>\$ 2,015,876</u>

Stock (In Thousand Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of common stocks in computation of basic earnings per share	2,787,814	2,729,009	2,746,618	2,730,643
Effect of potentially dilutive common stocks:				
Employees' compensation issued to employees	4,133	3,283	5,698	4,738
Convertible preferred stock	<u>253,557</u>	<u>299,014</u>	<u>282,170</u>	<u>299,014</u>
Weighted average number of common stocks in the computation of diluted earnings per share	<u>3,045,504</u>	<u>3,031,306</u>	<u>3,034,486</u>	<u>3,034,395</u>

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 :

<u>Related Party</u>	<u>Relationship with the Bank</u>
Beijing Sunshine Consumer Finance Co., Ltd.	Associates
Infinite Finance Co., Ltd. (Infinite Finance)	Associates
Jih Sun International Leasing Co. (Suzhou Jih Sun)	Subsidiaries of associate
Infinite Commercial Finance Co., Ltd.	Subsidiaries 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 (%)
<u>For the nine months ended September 30, 2024</u>			
Associates	\$ 9,047	\$ 107	0.71-1.15
Others	<u>3,353,708</u>	<u>115,465</u>	0.00-8.80
	<u>\$ 3,362,755</u>	<u>\$ 115,572</u>	
<u>For the nine months ended September 30, 2023</u>			
Associates	\$ 14,646	\$ 91	0.05-1.45
Others	<u>7,840,371</u>	<u>151,815</u>	0.00-7.05
	<u>\$ 7,855,017</u>	<u>\$ 151,906</u>	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
<u>For the nine months ended September 30, 2024</u>				
Associates	\$ 41,940	\$ -	\$ 32	2.56
Others	<u>112,640</u>	<u>88,919</u>	<u>1,298</u>	1.90-2.65
	<u>\$ 154,580</u>	<u>\$ 88,919</u>	<u>\$ 1,330</u>	
<u>For the nine months ended September 30, 2023</u>				
Associates	\$ 241,344	\$ 141,344	\$ 4,202	2.50-5.01
Others	<u>791,800</u>	<u>791,800</u>	<u>10,359</u>	1.84-2.43
	<u>\$ 1,033,144</u>	<u>\$ 933,144</u>	<u>\$ 14,561</u>	

September 30, 2024

Category	Account Volume or Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Transactions with Unrelated Parties
Consumer loans	15	<u>\$ 13,281</u>	<u>\$ 12,678</u>	<u>\$ 12,678</u>	<u>\$ -</u>	None	None
Self-used residential mortgage	3	<u>\$ 99,359</u>	<u>\$ 76,241</u>	<u>\$ 76,241</u>	<u>\$ -</u>	Real estate	None
Other loans	Infinite Finance	<u>\$ 41,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Real estate	None

September 30, 2023

Category	Account Volume or Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Transactions with Unrelated Parties
Others	Infinite Finance	\$ 146,600	\$ 46,600	\$ 46,600	\$ -	Real estate	None
Others	Suzhou Jih Sun	\$ 94,744	\$ 94,744	\$ 94,744	\$ -	None	None
Others	Ming Shan Investment	\$ 114,000	\$ 114,000	\$ 114,000	\$ -	Certificates of deposit	None
Others	Yi Chang Investment	\$ 73,800	\$ 73,800	\$ 73,800	\$ -	Certificates of deposit	None
Others	Taixuan Investment	\$ 174,000	\$ 174,000	\$ 174,000	\$ -	Certificates of deposit	None
Others	TCC	\$ 430,000	\$ 430,000	\$ 430,000	\$ -	Real estate	None

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

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Others	\$ 86	\$ 5	\$ 94	\$ 8

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

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Others	\$ 1,050	\$ 450	\$ 14,500	\$ 10,900

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 the nine months ended September 30, 2024 and 2023 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 53,345	\$ 49,916	\$ 160,101	\$ 151,737
Post-employment benefits	1,002	1,259	3,043	3,712
Dividend-based benefits	-	-	4,157	-
	<u>\$ 54,347</u>	<u>\$ 51,175</u>	<u>\$ 167,301</u>	<u>\$ 155,449</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at FVTPL	\$ 9,501,766	\$ 8,603,214	\$ 8,823,546
Financial assets at FVTOCI	6,197,728	9,237,138	7,258,039
Investment in debt instruments at amortized cost	2,189,155	3,061,641	2,686,035
Discounts and loans	<u>7,588,971</u>	<u>6,922,749</u>	<u>7,455,415</u>
	<u>\$ 25,477,620</u>	<u>\$ 27,824,742</u>	<u>\$ 26,223,035</u>

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. The above loans were provided as collateral for EverTrust Bank to apply for credit limits with the Federal Home Loan Bank of San Francisco. Besides, the Bank contracted for foreign currency call-loan to provide the negotiable certificates of deposits to the Department of Foreign Exchange of Central Bank.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	September 30, 2024	December 31, 2023	September 30, 2023
Office decorating and contracts of computer software			
Amount of contracts	\$ 141,198	\$ 137,893	\$ 123,496
Payments for construction in progress and prepayments for equipment	50,839	76,157	76,548

44. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	September 30, 2024	December 31, 2023	September 30, 2023
Trust assets			
Petty cash	\$ 100	\$ 100	\$ 100
Bank deposits	914,071	1,783,562	1,740,956
Financial assets	3,570,403	4,335,703	4,331,529
Receivables	320	53	112
Prepayments	2,058	1,278	2,046
Real estate	7,776,191	5,935,723	6,270,754
Intangible assets	52,813	18,078	-
Structured products	73,827	141,605	251,863
Other assets	<u>53</u>	<u>160</u>	<u>63</u>
Total trust assets	<u>\$ 12,389,836</u>	<u>\$ 12,216,262</u>	<u>\$ 12,597,423</u>
Trust capital and liabilities			
Payables	\$ 45,383	\$ 2,695	\$ 49,326
Unearned receipts	1,132	1,171	1,185
Taxes payable	6,528	4,086	6,537
Guarantee deposits received	18,703	18,421	18,397
Other liabilities	464	879	434
Trust capital	11,893,821	11,998,878	12,351,669
Provisions and accumulated profit and loss	<u>423,805</u>	<u>190,132</u>	<u>169,875</u>
Total trust capital and liabilities	<u>\$ 12,389,836</u>	<u>\$ 12,216,262</u>	<u>\$ 12,597,423</u>

Income Statements of Trust Accounts

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Trust revenue				
Interest revenue	\$ 3,171	\$ 16,088	\$ 11,200	\$ 27,155
Rent revenue	27,932	26,495	83,146	84,150
Other revenue	<u>-</u>	<u>506</u>	<u>-</u>	<u>2,108</u>
	<u>31,103</u>	<u>43,089</u>	<u>94,346</u>	<u>113,413</u>
Trust expenses				
Management fees	(1,247)	(1,035)	(3,860)	(2,545)
Service charge	(1,337)	(1,411)	(3,931)	(4,995)
Other expenses	(3,321)	(3,569)	(9,772)	(10,687)
Tax	(3,540)	(3,558)	(10,494)	(10,515)
Income tax expense	<u>(252)</u>	<u>(1,669)</u>	<u>(927)</u>	<u>(2,507)</u>
	<u>(9,697)</u>	<u>(11,242)</u>	<u>(28,984)</u>	<u>(31,249)</u>
	<u>\$ 21,406</u>	<u>\$ 31,847</u>	<u>\$ 65,362</u>	<u>\$ 82,164</u>

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

Trust Property List

	September 30, 2024	December 31, 2023	September 30, 2023
Petty cash	\$ 100	\$ 100	\$ 100
Bank deposits	914,071	1,783,562	1,740,956
Stocks	254,133	532,777	447,261
Funds	2,095,325	2,575,975	2,620,194
Bonds	1,220,945	1,226,951	1,264,074
Land	6,926,505	5,124,240	5,459,986
Buildings	849,686	811,483	810,768
Right of superficies	52,813	18,078	-
Receivables	320	53	112
Prepayments	2,058	1,278	2,046
Investment of structured products	73,827	141,605	251,863
Other	53	160	63
	<u>\$ 12,389,836</u>	<u>\$ 12,216,262</u>	<u>\$ 12,597,423</u>

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.

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Investments in debt instruments at amortized cost	\$ 25,386,799	\$ 25,255,995	\$ 25,859,398	\$ 25,864,895	\$ 25,321,815	\$ 24,984,011
<u>Financial liabilities</u>						
Bank debentures payable	13,950,000	14,020,223	12,950,000	13,037,986	12,950,000	13,043,955

2) The fair value hierarchy

Financial Instrument Items at Fair Value	<u>September 30, 2024</u>			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 25,255,995	\$ 9,493,195	\$ 15,762,800	\$ -
<u>Financial liabilities</u>				
Bank debentures payable	13,032,162	-	13,032,162	-

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

Financial Instrument Items at Fair Value	September 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 24,984,011	\$ 8,780,906	\$ 16,203,105	\$ -
<u>Financial liabilities</u>				
Bank debentures payable	13,043,955	-	13,043,955	-

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 September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

Item	September 30, 2024			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	\$ 2,206,434	\$ 1,338,472	\$ 496,134	\$ 371,828
Bonds	3,574,327	-	3,574,327	-
Bills	135,600,017	-	135,600,017	-
Hybrid financial assets	8,058,234	501,072	-	7,557,162
Negotiable certificates of deposit	37,684,951	-	37,684,951	-
Financial assets at FVTOCI				
Equity instruments	3,855,343	2,908,110	159,987	787,246
Bills	2,857,140	-	2,857,140	-
Bonds	142,785,501	17,503,919	125,281,582	-
Negotiable certificates of deposit	19,344,056	-	19,344,056	-
Liabilities				
Financial liabilities at FVTPL	22,588	-	22,588	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	1,490,705	57,858	1,432,847	-
Liabilities				
Financial liabilities at FVTPL	1,387,259	-	1,387,259	-

December 31, 2023				
Item	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	\$ 1,389,794	\$ 618,482	\$ 496,030	\$ 275,282
Bills	112,527,244	-	112,527,244	-
Bonds	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	-
Bonds	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	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	858,666	49,686	808,980	-
Liabilities				
Financial liabilities at FVTPL	1,380,303	-	1,380,303	-
September 30, 2023				
Item	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	\$ 1,428,140	\$ 662,847	\$ 495,743	\$ 269,550
Bonds	1,624,744	-	1,624,744	-
Bills	113,882,293	-	113,882,293	-
Hybrid financial assets	5,510,822	223,899	914,879	4,372,044
Negotiable certificates of deposit	27,121,732	-	27,121,732	-
Financial assets at FVTOCI				
Equity instruments	3,039,253	2,007,153	142,992	889,108
Bills	5,146,116	-	5,146,116	-
Bonds	138,679,329	18,840,696	119,838,633	-
Negotiable certificates of deposit	20,618,128	-	20,618,128	-
Liabilities				
Financial liabilities at FVTPL	66,873	-	66,873	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	1,636,024	60,702	1,575,322	-
Liabilities				
Financial liabilities at FVTPL	719,397	-	719,397	-

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 nine months ended September 30, 2024

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Comprehensive 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 on financial assets at fair value through profit or loss	16,774	93,275	-	110,049
Recognition in other comprehensive income - unrealized gains on financial assets at fair value through other comprehensive income	-	-	36,597	36,597
Purchases	8,608,100	84,490	6,000	8,698,590
Disposals	(6,055,700)	(93,432)	(134,718)	(6,283,850)
Transferred into Level 3 (Note 1)	-	24,213	-	24,213
Transferred out of Level 3 (Note 2)	-	(12,000)	-	(12,000)
Ending balance	<u>\$ 7,557,162</u>	<u>\$ 371,828</u>	<u>\$ 787,246</u>	<u>\$ 8,716,236</u>

For the nine months ended September 30, 2023

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Comprehensive 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 on financial assets at fair value through profit or loss	56,267	20,710	-	76,977
Recognition in other comprehensive income - unrealized gains on financial assets at fair value through other comprehensive income	-	-	39,834	39,834
Purchases	120,000	89,332	6,000	215,332
Disposals	(3,312,600)	-	-	(3,312,600)
Transferred out of Level 3 (Note 2)	-	(33,236)	-	(33,236)
Ending balance	<u>\$ 4,372,044</u>	<u>\$ 269,550</u>	<u>\$ 889,108</u>	<u>\$ 5,530,702</u>

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the nine months ended September 30, 2024 and 2023, were consisted of \$45,138 thousand in profit and \$17,555 thousand in profit, 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 nine months period ended September 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 nine months ended September 30, 2024 and 2023 periods would be as follows:

For the nine months ended September 30, 2024

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	\$ 1,153	\$ (1,153)	\$ -	\$ -
Equity instruments	10%	37,183	(37,183)	87,600	(87,600)

For the nine months ended September 30, 2023

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	\$ 375	\$ (375)	\$ -	\$ -
Equity instruments	10%	26,955	(26,955)	96,966	(96,966)

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.

September 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	\$ 87,289,691	\$ 87,396,048
Bonds sold under repurchase agreements	1,179,196	1,181,813
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	91,891,057	92,947,356
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	5,385,720	4,798,291
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	2,532,802	2,551,995

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	6,611,318	5,956,942
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	2,415,025	2,153,555

September 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	\$ 81,269,733	\$ 81,353,388
Bonds sold under repurchase agreements	2,323,728	2,313,988
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	91,969,844	95,105,326
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	5,554,006	4,996,754
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	3,217,246	2,906,708

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.

September 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		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	\$ 1,490,658	\$ -	\$ 1,490,658	\$ (577,974)	\$ (32,130)	\$ 880,554
Resell agreements	<u>3,397,445</u>	<u>-</u>	<u>3,397,445</u>	<u>(3,397,445)</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,888,103</u>	<u>\$ -</u>	<u>\$ 4,888,103</u>	<u>\$ (3,975,419)</u>	<u>\$ (32,130)</u>	<u>\$ 880,554</u>

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		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	\$ 1,374,648	\$ -	\$ 1,374,648	\$ (577,974)	\$ (269,627)	\$ 527,047
Repurchase agreements	<u>188,875,503</u>	<u>-</u>	<u>188,875,503</u>	<u>(187,227,471)</u>	<u>-</u>	<u>1,648,032</u>
	<u>\$ 190,250,151</u>	<u>\$ -</u>	<u>\$ 190,250,151</u>	<u>\$ (187,805,445)</u>	<u>\$ (269,627)</u>	<u>\$ 2,175,079</u>

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		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	<u>\$ 858,002</u>	<u>\$ -</u>	<u>\$ 858,002</u>	<u>\$ (257,141)</u>	<u>\$ (145,530)</u>	<u>\$ 455,331</u>

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		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	\$ 1,367,477	\$ -	\$ 1,367,477	\$ (257,141)	\$ (294,050)	\$ 816,286
Repurchase agreements	<u>194,087,268</u>	<u>-</u>	<u>194,087,268</u>	<u>(191,912,910)</u>	<u>-</u>	<u>2,174,358</u>
	<u>\$ 195,454,745</u>	<u>\$ -</u>	<u>\$ 195,454,745</u>	<u>\$ (192,170,051)</u>	<u>\$ (294,050)</u>	<u>\$ 2,990,644</u>

September 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		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	\$ 1,635,096	\$ -	\$ 1,635,096	\$ (281,904)	\$ (44,676)	\$ 1,308,516

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		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	\$ 704,234	\$ -	\$ 704,234	\$ (281,904)	\$ (82,215)	\$ 340,115
Repurchase agreements	186,676,164	-	186,676,164	(183,157,381)	-	3,518,783
	\$ 187,380,398	\$ -	\$ 187,380,398	\$ (183,439,285)	\$ (82,215)	\$ 3,858,898

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		
	September 30, 2024	December 31, 2023	September 30, 2023
Financial guarantees and irrevocable documentary letter of credit			
Contract amounts	\$ 139,209,116	\$ 131,572,860	\$ 128,875,567
Maximum exposure amounts	139,209,116	131,572,860	128,875,567
Loan commitments	60,873,095	60,940,557	67,745,768

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 September 30, 2024, December 31, 2023 and September 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	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
Financial and insurance	\$ 101,759,467	28	\$ 95,367,896	29	\$ 92,583,316	28
Real estate	72,420,177	20	68,325,909	21	65,126,499	20
Private	56,210,939	16	45,830,555	14	44,081,327	13

b) By counterparty

Credit Risk Profile by Industry Sector	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
Private sector	\$ 192,139,422	77	\$ 180,798,779	80	\$ 183,358,891	81
Natural person	56,210,939	23	45,830,555	20	44,081,327	19

c) By geographical area

Credit Risk Profile by Industry Sector	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 152,237,981	61	\$ 135,046,203	60	\$ 133,493,836	59
Other Asia area	48,980,474	20	48,691,961	22	49,725,366	22
America	39,199,670	16	37,474,918	17	38,465,133	17

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	September 30, 2024	December 31, 2023	September 30, 2023
Performing	\$ 191,963,982	\$ 196,265,696	\$ 194,029,567
Doubtful	300,560	-	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		Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	
Balance at January 1, 2024	\$ 42,321	\$ -	\$ 42,321
Credit level changed			
From performing to doubtful	(236)	236	-
New financial assets purchased	11,305	-	11,305
Derecognition of financial assets	(8,171)	-	(8,171)
Change in model or risk parameters	1,970	780	2,750
Exchange rates or others	<u>590</u>	<u>-</u>	<u>590</u>
Balance at September 30, 2024	<u>\$ 47,779</u>	<u>\$ 1,016</u>	<u>\$ 48,795</u>
Balance at January 1, 2023	\$ 38,906	\$ 1,481	\$ 40,387
New financial assets purchased	12,830	-	12,830
Derecognition of financial assets	(9,120)	-	(9,120)
Change in model or risk parameters	1,749	(10)	1,739
Exchange rates or others	<u>851</u>	<u>-</u>	<u>851</u>
Balance at September 30, 2023	<u>\$ 45,216</u>	<u>\$ 1,471</u>	<u>\$ 46,687</u>

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

September 30, 2024

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	\$ 3,563,386	\$ 78,861	\$ 22,849	\$ -	\$ 3,665,096
Allowance for credit losses	(1,938)	(192)	(3,797)	-	(5,927)
Difference of impairment loss under regulations	-	-	-	(10,653)	(10,653)
Net total	<u>\$ 3,561,448</u>	<u>\$ 78,669</u>	<u>\$ 19,052</u>	<u>\$ (10,653)</u>	<u>\$ 3,648,516</u>
Discounts and loans	\$ 227,820,448	\$ 17,293,545	\$ 3,236,368	\$ -	\$ 248,350,361
Allowance for credit losses	(524,908)	(278,163)	(306,171)	-	(1,109,242)
Difference of impairment loss under regulations	-	-	-	(2,312,356)	(2,312,356)
Net total	<u>\$ 227,295,540</u>	<u>\$ 17,015,382</u>	<u>\$ 2,930,197</u>	<u>\$ (2,312,356)</u>	<u>\$ 244,928,763</u>

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	<u>\$ 4,559,720</u>	<u>\$ 53,257</u>	<u>\$ 6,470</u>	<u>\$ (13,756)</u>	<u>\$ 4,605,691</u>
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	<u>\$ 214,733,692</u>	<u>\$ 9,880,440</u>	<u>\$ 969,025</u>	<u>\$ (2,649,709)</u>	<u>\$ 222,933,448</u>

September 30, 2023

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	\$ 4,377,306	\$ 720,809	\$ 25,819	\$ -	\$ 5,123,934
Allowance for credit losses	(4,022)	(1,245)	(4,607)	-	(9,874)
Difference of impairment loss under regulations	-	-	-	(18,209)	(18,209)
Net total	<u>\$ 4,373,284</u>	<u>\$ 719,564</u>	<u>\$ 21,212</u>	<u>\$ (18,209)</u>	<u>\$ 5,095,851</u>
Discounts and loans	\$ 204,506,728	\$ 21,824,113	\$ 1,109,377	\$ -	\$ 227,440,218
Allowance for credit losses	(539,467)	(239,984)	(379,869)	-	(1,159,320)
Difference of impairment loss under regulations	-	-	-	(2,236,089)	(2,236,089)
Net total	<u>\$ 203,967,261</u>	<u>\$ 21,584,129</u>	<u>\$ 729,508</u>	<u>\$ (2,236,089)</u>	<u>\$ 224,044,809</u>

b) Credit analysis for marketable securities

September 30, 2024

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	\$ 166,872,837	\$ 25,391,705	\$ 192,264,542
Allowance for impairment loss	<u>(43,889)</u>	<u>(4,906)</u>	<u>(48,795)</u>
Amortized cost	166,828,948	<u>\$ 25,386,799</u>	192,215,747
Fair value adjustment	<u>(1,842,251)</u>		<u>(1,842,251)</u>
	<u>\$ 164,986,697</u>		<u>\$ 190,373,496</u>

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	<u>(38,020)</u>	<u>(4,301)</u>	<u>(42,321)</u>
Amortized cost	170,363,977	<u>\$ 25,859,398</u>	196,223,375
Fair value adjustment	<u>(2,591,825)</u>		<u>(2,591,825)</u>
	<u>\$ 167,772,152</u>		<u>\$ 193,631,550</u>

September 30, 2023

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	\$ 169,103,329	\$ 25,326,238	\$ 194,429,567
Allowance for impairment loss	<u>(42,264)</u>	<u>(4,423)</u>	<u>(46,687)</u>
Amortized cost	169,061,065	<u>\$ 25,321,815</u>	194,382,880
Fair value adjustment	<u>(4,617,492)</u>		<u>(4,617,492)</u>
	<u>\$ 164,443,573</u>		<u>\$ 189,765,388</u>

9) As of September 30, 2024, December 31, 2023 and September 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 September 30, 2024, December 31, 2023 and September 30, 2023, the liquidity reserve ratio was 43.95%, 45.46% and 46.00%, 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:

September 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	\$ 60,166,794	\$ 815,429	\$ -	\$ 3,000,000	\$ 2,000,002	\$ 65,982,225
Financial liabilities at fair value through profit or loss	-	-	8,664	7,963	5,961	22,588
Bills and bonds sold under repurchase agreements	158,440,596	26,758,966	1,033,326	179,762	2,876,081	189,288,731
Payables	3,576,925	162,773	504,037	1,342,442	72,859	5,659,036
Deposits and remittances	82,922,973	77,104,111	65,320,463	45,847,234	53,161,323	324,356,104
Bank debentures payable	700,000	500,000	-	-	12,750,000	13,950,000
Other financial liabilities	377,169	177,163	91,804	266,748	9,234,791	10,147,675
Lease liabilities	13,126	27,295	39,900	69,283	344,375	493,979
	<u>\$ 306,197,583</u>	<u>\$ 105,545,737</u>	<u>\$ 66,998,194</u>	<u>\$ 50,713,432</u>	<u>\$ 80,445,392</u>	<u>\$ 609,900,338</u>

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
	<u>\$ 253,402,504</u>	<u>\$ 111,290,296</u>	<u>\$ 55,388,603</u>	<u>\$ 69,496,038</u>	<u>\$ 73,991,773</u>	<u>\$ 563,569,214</u>

September 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	\$ 9,747,687	\$ 21,997,013	\$ -	\$ 2,000,000	\$ 3,000,111	\$ 36,744,811
Financial liabilities at fair value through profit or loss	-	-	9,546	1,328	55,999	66,873
Bills and bonds sold under repurchase agreements	146,431,164	34,170,937	1,110,036	585,099	4,815,729	187,112,965
Payables	1,963,496	260,648	564,657	1,235,048	46,802	4,070,651
Deposits and remittances	76,462,869	87,987,737	43,303,426	54,551,969	51,897,890	314,203,891
Bank debentures payable	-	-	-	1,500,000	11,450,000	12,950,000
Other financial liabilities	284,193	333,041	124,429	171,678	3,297,939	4,211,280
Lease liabilities	11,902	22,761	37,106	55,766	344,314	471,849
	<u>\$ 234,901,311</u>	<u>\$ 144,772,137</u>	<u>\$ 45,149,200</u>	<u>\$ 60,100,888</u>	<u>\$ 74,908,784</u>	<u>\$ 559,832,320</u>

- 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:

September 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	\$ 59,360	\$ 9,167	\$ 1,512	\$ 12,881	\$ 7,134	\$ 90,054
Currency swap contracts	355,481	313,521	217,000	110,302	-	996,304
Others	77,181	43,463	4,791	4,737	10,361	140,533
	492,022	366,151	223,303	127,920	17,495	1,226,891
Non-deliverable						
Interest rate swap contracts	2,864	7,477	763	444	148,820	160,368
	<u>\$ 494,886</u>	<u>\$ 373,628</u>	<u>\$ 224,066</u>	<u>\$ 128,364</u>	<u>\$ 166,315</u>	<u>\$ 1,387,259</u>

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
	<u>\$ 602,172</u>	<u>\$ 459,895</u>	<u>\$ 179,786</u>	<u>\$ 89,236</u>	<u>\$ 49,214</u>	<u>\$ 1,380,303</u>

September 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	\$ 7,141	\$ 24,100	\$ 16,585	\$ 7,918	\$ -	\$ 55,744
Currency swap contracts	131,213	171,711	116,569	129,036	-	548,529
Others	761	13,573	9,514	2,585	14,594	41,027
	139,115	209,384	142,668	139,539	14,594	645,300
Non-deliverable						
Interest rate swap contracts	-	97	167	-	73,833	74,097
	<u>\$ 139,115</u>	<u>\$ 209,481</u>	<u>\$ 142,835</u>	<u>\$ 139,539</u>	<u>\$ 88,427</u>	<u>\$ 719,397</u>

- 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.

September 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	\$ 598,657	\$ 1,295,889	\$ 223,691	\$ -	\$ -	\$ 2,118,237
Other guarantees	51,970,947	79,099,995	3,674,900	1,677,301	667,736	137,090,879
Loan commitments	<u>5,058,554</u>	<u>10,117,108</u>	<u>15,175,663</u>	<u>30,351,325</u>	<u>170,445</u>	<u>60,873,095</u>
	<u>\$ 57,628,158</u>	<u>\$ 90,512,992</u>	<u>\$ 19,074,254</u>	<u>\$ 32,028,626</u>	<u>\$ 838,181</u>	<u>\$ 200,082,211</u>

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	<u>5,685,754</u>	<u>11,371,508</u>	<u>17,057,262</u>	<u>26,826,033</u>	<u>-</u>	<u>60,940,557</u>
	<u>\$ 54,032,744</u>	<u>\$ 88,677,975</u>	<u>\$ 21,393,296</u>	<u>\$ 27,503,865</u>	<u>\$ 905,537</u>	<u>\$ 192,513,417</u>

September 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	\$ 820,525	\$ 645,671	\$ 90,317	\$ 231,416	\$ -	\$ 1,787,929
Other guarantees	45,036,400	77,634,830	2,287,408	1,312,727	816,273	127,087,638
Loan commitments	<u>6,320,680</u>	<u>12,641,360</u>	<u>18,962,041</u>	<u>29,821,687</u>	<u>-</u>	<u>67,745,768</u>
	<u>\$ 52,177,605</u>	<u>\$ 90,921,861</u>	<u>\$ 21,339,766</u>	<u>\$ 31,365,830</u>	<u>\$ 816,273</u>	<u>\$ 196,621,335</u>

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 variance-covariance 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 and credit products is the past three years.

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.

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	September 30, 2024			December 31, 2023			September 30, 2023		
	Average	High	Low	Average	High	Low	Average	High	Low
Currency exchange rate risk	\$ 5,145	\$ 20,543	\$ 500	\$ 14,150	\$ 23,128	\$ 667	\$ 14,389	\$ 21,161	\$ 9,104
Fair value risk resulting from interest rate	1,379	3,134	198	1,478	3,643	574	1,470	3,643	574
Fair value resulting from stock price	16,107	35,439	2,609	3,369	10,961	-	2,914	6,178	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 September 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
<u>USD LIBOR financial assets</u>		
Financial assets at fair value through other comprehensive income	<u>\$ 158,492</u>	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)

	<u>September 30, 2024</u>		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary item			
USD	\$ 3,256,237	31.6567	\$ 103,081,801
JPY	12,610,870	0.2221	2,800,740
HKD	11,080,276	4.0771	45,174,838
EUR	24,861	35.4256	880,715
AUD	467,693	21.9198	10,251,741
RMB	993,483	4.5197/4.5120	4,490,206
Investments accounted for using equity method			
RMB	264,015	4.5120	1,191,239
<u>Financial liabilities</u>			
Monetary item			
USD	4,593,537	31.6567	145,416,325
JPY	27,463,205	0.2221	6,099,287
HKD	6,245,825	4.0771	25,464,541
EUR	15,184	35.4256	537,899
AUD	188,428	21.9198	4,130,305
RMB	589,890	4.5197	2,666,102

				December 31, 2023		
				Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
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		4.3289/4.3347		3,654,001
Investments accounted for using equity method						
RMB		264,036		4.3347		1,144,527
<u>Financial liabilities</u>						
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
				September 30, 2023		
				Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary item						
USD	\$	3,187,852		32.2868		\$ 102,925,543
JPY		4,691,362		0.2160		1,013,108
HKD		11,643,311		4.1267		48,048,686
EUR		26,800		33.9528		909,931
AUD		473,437		20.5731		9,740,065
RMB		1,101,028		4.4077/4.4209		4,853,029
Investments accounted for using equity method						
RMB		260,749		4.4209		1,152,736
<u>Financial liabilities</u>						
Monetary item						
USD		4,650,394		32.2868		150,146,327
JPY		2,790,796		0.2160		602,677
HKD		6,134,873		4.1267		25,316,905
EUR		11,047		33.9528		375,079
AUD		294,247		20.5731		6,053,577
RMB		633,819		4.4077/4.4209		2,793,697

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.

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	For the Nine Months Ended September 30			
	2024		2023	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks (part of cash and cash equivalents and other financial assets)	\$ 2,030,152	2.09	\$ 1,983,149	1.03
Call loans to other banks	11,676,886	5.16	11,921,826	4.69
Due from the Central Bank	6,122,599	1.21	5,900,296	1.13
Financial assets at FVTPL	33,504,921	1.39	36,596,376	1.21
Bills and bonds purchased under resell agreements	1,489,853	1.99	-	-
Discounts and loans	216,855,800	4.31	193,038,087	4.11
Financial assets at FVTOCI	73,892,916	1.73	69,531,110	1.64
Financial assets at amortized cost	23,708,921	2.88	26,028,142	2.50
Account receivables from acquisition	278,185	3.80	1,083,907	3.85
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	17,995,982	2.74	15,376,824	2.72
Demand deposits	62,642,984	1.78	52,526,883	1.21
Time deposits	236,862,621	3.05	240,146,995	2.71
Bills and bonds sold under repurchase agreements	14,639,447	3.27	12,983,214	3.55
Bank debentures payable	13,825,912	1.90	13,273,443	1.88
Appropriation for loans	1,810,028	0.28	1,704,091	0.16

China Bills Finance Corporation (CBF)

	For the Nine Months Ended September 30			
	2024		2023	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Cash and cash equivalents (and other assets-refundable deposits)	\$ 835,502	0.46	\$ 826,470	0.35
Call loans to banks	192,409	1.24	246,007	1.04
Financial assets at FVTPL - bonds and bills	124,986,082	1.53	106,202,207	1.33
FVTOCI - debt instruments	93,908,364	2.03	90,673,548	1.62
Financial assets at FVTPL - hybrid financial assets	7,216,158	2.58	5,779,463	1.40
Investments in debt instruments measured at amortized cost	2,187,866	1.41	1,681,102	1.46
Securities purchased under resell agreements	3,851,817	0.87	3,761,170	0.74
<u>Interest-bearing liabilities</u>				
Call loans from other banks	21,721,311	1.97	13,610,543	1.79
Bank overdrafts	3,039	2.38	2,465	2.18
Securities sold under repurchase agreement	186,960,721	1.78	169,969,906	1.49
Commercial paper payable	-	-	794,872	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.

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

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- a. Asset quality of loans: Refer to Table 2.
- b. Concentration of credit extensions

September 30, 2024

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (telecommunications)	\$ 9,113,552	20.37
2	B Group (unclassified other financial service)	3,575,000	7.99
3	C Group (real estate development)	3,290,691	7.36
4	D Group (real estate leasing and rental)	3,048,605	6.81
5	E Group (other holding company)	3,023,855	6.76
6	F Group (real estate development)	2,579,468	5.77
7	G Group (unclassified other financial service)	2,500,000	5.59
8	H Group (real estate development)	2,309,380	5.16
9	I Group (wire and cable manufacturing)	2,308,323	5.16
10	J Group (other holding company)	2,145,548	4.80

September 30, 2023

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	K Group (unclassified other financial service)	\$ 7,066,142	17.95
2	A Group (telecommunications)	6,101,075	15.50
3	C Group (real estate development)	3,858,036	9.80
4	D Group (real estate leasing and rental)	3,034,377	7.71
5	F Group (real estate development)	2,908,368	7.39
6	E Group (other holding company)	2,896,289	7.36
7	J Group (other holding company)	2,570,504	6.53
8	L Group (chemical materials manufacturing)	2,491,416	6.33
9	G Group (unclassified other financial service)	2,450,000	6.22
10	M Group (real estate development)	2,333,100	5.93

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)
September 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	\$ 197,217,668	\$ 10,230,590	\$ 9,067,762	\$ 47,640,249	\$ 264,156,269
Interest rate-sensitive liabilities	87,478,893	70,471,035	43,053,606	37,555,513	238,559,047
Interest rate-sensitive gap	109,738,775	(60,240,445)	(33,985,844)	10,084,736	25,597,222
Net worth					44,255,329
Ratio of interest rate-sensitive assets to liabilities					110.73%
Ratio of interest rate sensitivity gap to net worth					57.84%

September 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	\$ 174,156,904	\$ 10,363,798	\$ 12,074,370	\$ 43,233,742	\$ 239,828,814
Interest rate-sensitive liabilities	80,616,822	55,348,871	52,256,008	40,194,952	228,416,653
Interest rate-sensitive gap	93,540,082	(44,985,073)	(40,181,638)	3,038,790	11,412,161
Net worth					35,782,671
Ratio of interest rate-sensitive assets to liabilities					105.00%
Ratio of interest rate sensitivity gap to net worth					31.89%

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)
September 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	\$ 991,182	\$ 49,582	\$ 41,096	\$ 1,967,564	\$ 3,049,424
Interest rate-sensitive liabilities	2,037,715	900,732	79,184	203	3,017,834
Interest rate-sensitive gap	(1,046,533)	(851,150)	(38,088)	1,967,361	31,590
Net worth					(965)
Ratio of interest rate-sensitive assets to liabilities					101.05%
Ratio of interest rate sensitivity gap to net worth					(3,273.58%)

September 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	\$ 1,078,611	\$ 34,284	\$ 35,089	\$ 2,187,794	\$ 3,335,778
Interest rate-sensitive liabilities	2,222,149	879,615	99,948	400	3,202,112
Interest rate-sensitive gap	(1,143,538)	(845,331)	(64,859)	2,187,394	133,666
Net worth					98,599
Ratio of interest rate-sensitive assets to liabilities					104.17%
Ratio of interest rate sensitivity gap to net worth					135.57%

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 Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Return on total assets	Before income tax	0.67	0.65
	After income tax	0.57	0.58
Return on equity	Before income tax	6.33	6.31
	After income tax	5.36	5.56
Net income ratio		36.92	38.38

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 nine months ended September 30, 2024 and 2023.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (In New Taiwan Dollars)
September 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	\$ 304,130,948	\$ 55,367,168	\$ 27,267,024	\$ 35,490,772	\$ 23,132,222	\$ 16,602,926	\$ 146,270,836
Main capital outflow on maturity	344,986,354	21,341,370	37,121,205	72,543,306	59,923,876	60,996,110	93,060,487
Gap	(40,855,406)	34,025,798	(9,854,181)	(37,052,534)	(36,791,654)	(44,393,184)	53,210,349

September 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	\$ 281,059,326	\$ 49,838,501	\$ 28,331,827	\$ 33,586,346	\$ 20,585,377	\$ 20,452,287	\$ 128,264,988
Main capital outflow on maturity	329,142,543	21,690,145	33,749,046	67,739,945	41,371,721	81,403,894	83,187,792
Gap	(48,083,217)	28,148,356	(5,417,219)	(34,153,599)	(20,786,344)	(60,951,607)	45,077,196

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

**Maturity Analysis of Assets and Liabilities (In U.S. Dollars)
September 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	\$ 6,990,796	\$ 3,984,514	\$ 994,799	\$ 584,693	\$ 392,173	\$ 1,034,617
Main capital outflow on maturity	7,224,580	4,291,727	1,284,109	729,469	276,716	642,559
Gap	(233,784)	(307,213)	(289,310)	(144,776)	115,457	392,058

September 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	\$ 4,969,153	\$ 2,242,345	\$ 1,025,113	\$ 418,299	\$ 262,559	\$ 1,020,837
Main capital outflow on maturity	5,169,481	2,057,711	1,430,813	556,186	365,462	759,309
Gap	(200,328)	184,634	(405,700)	(137,887)	(102,903)	261,528

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)
September 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	\$ 2,392,487	\$ 1,807,528	\$ 336,538	\$ 17,785	\$ 13,619	\$ 217,017
Main capital outflow on maturity	2,284,633	1,371,750	421,057	212,652	55,694	223,480
Gap	107,854	435,778	(84,519)	(194,867)	(42,075)	(6,463)

September 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	\$ 1,719,262	\$ 1,361,540	\$ 172,606	\$ 73,465	\$ 32,854	\$ 78,797
Main capital outflow on maturity	1,698,049	723,846	415,972	225,844	60,342	272,045
Gap	21,213	637,694	(243,366)	(152,379)	(27,488)	(193,248)

China Bills Finance Corporation

a. Asset quality

Item	Period	September 30, 2024	September 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		1,342,522	1,221,254
Actual provision for credit losses and reserve for losses on guarantees		1,396,077	1,382,077

b. The principal operation

Item	Period	September 30, 2024	September 30, 2023
Balance of guarantees and endorsement securities		\$ 110,745,900	\$ 100,291,300
Multiple of guarantees and endorsement securities to net worth		4.69	4.78
Short-term bills and bonds sold under repurchase agreement		177,476,718	171,013,646
Multiple of short-term bills and bonds sold under repurchase agreement to net worth		7.52	8.15

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

d. Concentrations of credit extensions

(In %)

Item	Period	September 30, 2024		September 30, 2023	
Credit of the common interested party		\$ -		\$ -	
Ratio of credit extensions to common interest parties		-		-	
Ratio of credit extensions secured by pledged share		20.75		18.21	
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	31.51	Finance and insurance industry	29.95
		Manufacturing industry	17.16	Manufacturing industry	20.13
		Real estate industry	26.53	Real estate industry	25.19

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

September 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	\$ 132,864	\$ 12,554	\$ 13,347	\$ 90,924	\$ 249,689
Interest rate-sensitive liabilities	224,882	852	50	-	225,784
Interest rate-sensitive gap	(92,018)	11,702	13,297	90,924	23,905
Net worth					25,395
Ratio of interest rate-sensitive assets to liabilities (%)					110.59
Ratio of interest rate sensitivity gap to net worth (%)					94.13

September 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	\$ 108,694	\$ 10,611	\$ 5,451	\$ 87,731	\$ 212,487
Interest rate-sensitive liabilities	190,305	1,092	290	-	191,687
Interest rate-sensitive gap	(81,611)	9,519	5,161	87,731	20,800
Net worth					23,376
Ratio of interest rate-sensitive assets to liabilities (%)					110.85
Ratio of interest rate sensitivity gap to net worth (%)					88.98

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

September 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	\$ 56,548	\$ 68,841	\$ 11,662	\$ 3,862	\$ -
	Bonds	1,933	2,608	791	9,485	90,924
	Due from banks	342	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	2,081	511	101	-	-
	Total	60,904	71,960	12,554	13,347	90,924
Cash provided by	Borrowing	48,646	-	-	-	-
	Securities sold under repurchase agreements	152,131	24,105	852	50	-
	Eligible capital	-	-	-	-	25,395
	Total	200,777	24,105	852	50	25,395
Net cash flows		(139,873)	47,855	11,702	13,297	65,529
Accumulated cash flows		(139,873)	(92,018)	(80,316)	(67,019)	(1,490)

September 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	\$ 50,062	\$ 51,461	\$ 7,655	\$ 137	\$ -
	Bonds	1,938	1,375	2,856	5,314	87,731
	Due from banks	432	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	2,925	501	100	-	-
	Total	55,357	53,337	10,611	5,451	87,731
Cash provided by	Borrowing	21,010	-	-	-	-
	Securities sold under repurchase agreements	139,402	29,893	1,092	290	-
	Eligible capital	-	-	-	-	23,376
	Total	160,412	29,893	1,092	290	23,376
Net cash flows		(105,055)	23,444	9,519	5,161	64,355
Accumulated cash flows		(105,055)	(81,611)	(72,092)	(66,931)	(2,576)

g. Matters requiring special notation

Causes	September 30, 2024	September 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

Changes in liabilities from financing activities

For the nine months ended September 30, 2024

	January 1, 2024	Cash Inflow (Outflow)	None-cash Change		September 30, 2024
			Add Leasing	Other	
Bank debentures payable	\$ 12,950,000	\$ 1,000,000	\$ -	\$ -	\$ 13,950,000
Lease liabilities	463,732	(118,790)	93,207	18,780	456,929
Other financial liabilities	3,736,137	6,411,538	-	-	10,147,675
Other liabilities	<u>460,945</u>	<u>230,836</u>	<u>-</u>	<u>-</u>	<u>691,781</u>
	<u>\$ 17,610,814</u>	<u>\$ 7,523,584</u>	<u>\$ 93,207</u>	<u>\$ 18,780</u>	<u>\$ 25,246,385</u>

For the nine months ended September 30, 2023

	January 1, 2023	Cash Inflow (Outflow)	None-cash Change		September 30, 2023
			Add Leasing	Other	
Bank debentures payable	\$ 13,600,000	\$ (650,000)	\$ -	\$ -	\$ 12,950,000
Lease liabilities	432,826	(104,525)	77,661	25,296	431,258
Other financial liabilities	5,156,808	(946,361)	-	833	4,211,280
Other liabilities	<u>500,360</u>	<u>(156,436)</u>	<u>-</u>	<u>-</u>	<u>343,924</u>
	<u>\$ 19,689,994</u>	<u>\$ (1,857,322)</u>	<u>\$ 77,661</u>	<u>\$ 26,129</u>	<u>\$ 17,936,462</u>

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: None

- 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) Derivative instrument transactions: Note 8
- b. Investment in mainland China: Table 3 (attached)
- c. Business relationships and significant transactions among the group: Table 4 (attached)
- d. 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 5 (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. Bills: Bills-related business approved by the competent authority.
- d. 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 nine months ended <u>September 30, 2024</u>						
Net interest						
From unaffiliated segment	\$ 1,878,599	\$ 782,077	\$ (1,339,557)	\$ (3,369)	\$ 118	\$ 1,317,868
From other segment	<u>(276)</u>	<u>-</u>	<u>-</u>	<u>276</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,878,323</u>	<u>\$ 782,077</u>	<u>\$ (1,339,557)</u>	<u>\$ (3,093)</u>	<u>\$ 118</u>	<u>\$ 1,317,868</u>
Net revenue other than interest						
From unaffiliated segment	\$ 4,263,723	\$ 42,576	\$ 3,102,588	\$ 229,825	\$ -	\$ 7,638,712
From other segment	<u>18,788</u>	<u>-</u>	<u>(17,950)</u>	<u>(516)</u>	<u>(758,288)</u>	<u>(757,966)</u>
	<u>\$ 4,282,511</u>	<u>\$ 42,576</u>	<u>\$ 3,084,638</u>	<u>\$ 229,309</u>	<u>\$ (758,288)</u>	<u>\$ 6,880,746</u>
Income from continuing operation	<u>\$ 2,274,804</u>	<u>\$ 277,007</u>	<u>\$ 1,089,050</u>	<u>\$ 153,085</u>	<u>\$ (716,236)</u>	<u>\$ 3,077,710</u>
Identifiable assets	<u>\$ 394,591,414</u>	<u>\$ 28,296,395</u>	<u>\$ 254,074,812</u>	<u>\$ 1,596,945</u>	<u>\$ (112,222)</u>	<u>\$ 678,447,344</u>
Depreciation and amortization	<u>\$ 373,519</u>	<u>\$ 34,527</u>	<u>\$ 19,026</u>	<u>\$ 1,060</u>	<u>\$ (10,261)</u>	<u>\$ 417,871</u>
Capital expenditures	<u>\$ 118,975</u>	<u>\$ 2,039</u>	<u>\$ 8,028</u>	<u>\$ 112</u>	<u>\$ -</u>	<u>\$ 129,154</u>

(Continued)

	Bank	Overseas	Bills	Others	Eliminations	Consolidated
For the nine months ended <u>September 30, 2023</u>						
Net interest						
From unaffiliated segment	\$ 1,746,977	\$ 830,755	\$ (923,838)	\$ (4,675)	\$ 258	\$ 1,649,477
From other segment	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,746,926</u>	<u>\$ 830,755</u>	<u>\$ (923,838)</u>	<u>\$ (4,624)</u>	<u>\$ 258</u>	<u>\$ 1,649,477</u>
Net revenue other than interest						
From unaffiliated segment	\$ 3,819,100	\$ 25,978	\$ 2,612,031	\$ 181,679	\$ -	\$ 6,638,788
From other segment	<u>17,146</u>	<u>-</u>	<u>(16,177)</u>	<u>(526)</u>	<u>(781,684)</u>	<u>(781,241)</u>
	<u>\$ 3,836,246</u>	<u>\$ 25,978</u>	<u>\$ 2,595,854</u>	<u>\$ 181,153</u>	<u>\$ (781,684)</u>	<u>\$ 5,857,547</u>
Income from continuing operation	<u>\$ 2,142,957</u>	<u>\$ 331,956</u>	<u>\$ 1,089,051</u>	<u>\$ 137,248</u>	<u>\$ (750,828)</u>	<u>\$ 2,950,384</u>
Identifiable assets	<u>\$ 373,192,824</u>	<u>\$ 28,660,453</u>	<u>\$ 217,291,571</u>	<u>\$ 1,583,947</u>	<u>\$ (101,918)</u>	<u>\$ 620,626,877</u>
Depreciation and amortization	<u>\$ 392,039</u>	<u>\$ 34,754</u>	<u>\$ 18,835</u>	<u>\$ 582</u>	<u>\$ (10,260)</u>	<u>\$ 435,950</u>
Capital expenditures	<u>\$ 112,171</u>	<u>\$ 2,306</u>	<u>\$ 3,027</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 117,533</u>

(Concluded)

TABLE 1

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	<u>Stocks</u> EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US\$ 212,211	91.78	US\$ 212,211	
IBT Management Corp.	<u>Closed type beneficiary certificate</u> O-Bank Real Estate Investment Trust “Successful One”	-	Financial asset at FVTOCI	3,059	22,790	1.02	22,790	
	<u>Stocks</u> Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,703	36,789	7.08	36,789	Note 2
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	433	14,211	0.39	14,211	Note 2
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	19,682	128,107	0.46	128,107	Notes 1 and 2
	Beauty essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	18,648	2.44	18,648	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	5,861	2.17	5,861	Note 2
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	160	10,429	0.12	10,429	
	Obigen Pharma, Inc.	-	Financial asset at FVTPL	400	43,492	0.38	43,392	
	Brain Navi Biotechnology Co., Ltd.	-	Financial asset at FVTPL	325	18,192	0.74	18,192	
	High Performance Information Co., Ltd.	-	Financial asset at FVTPL	720	44,546	2.71	44,546	
	Mercuries F&B Co., Ltd.	-	Financial asset at FVTPL	350	31,210	0.58	31,210	
	Anxo Pharmaceutical Co., Ltd.	-	Financial asset at FVTPL	500	16,680	0.90	16,680	
	Foxtron Vehicle Technologies Co., Ltd.	-	Financial asset at FVTPL	600	27,720	0.03	27,720	
	CALIWAY BIOPHARMACEUTICALS CO., LTD.	-	Financial asset at FVTPL	10	5,891	0.01	5,891	
	Creative Life Science Co., Ltd.	-	Financial asset at FVTPL	294	18,688	1.39	18,688	
	Andra Capital Fund LP Class U Side Pocket (Series B, xAI)	-	Financial asset at FVTPL	500	17,859	3.92	17,859	
	Andra Capital Fund LP Class S Side Pocket (Series G, Cybereason)	-	Financial asset at FVTPL	1,000	35,134	7.93	35,134	
	ETERNAL PRECISION MECHANICS CO., LTD.	-	Financial asset at FVTPL	115	12,000	0.16	12,000	
	Shining Victory Motor Electronic Co., Ltd.	-	Financial asset at FVTPL	9	450	0.02	450	
	TA TUN ELECTRIC WIRE & CABLE CO., LTD.	-	Financial asset at FVTPL	1	248	0.00	248	
	MEGA UNION TECHNOLOGY INCORPORATED	-	Financial asset at FVTPL	4	1,411	0.01	1,411	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT VII Venture Capital Co., Ltd.	<u>Closed type beneficiary certificate</u> O-Bank Real Estate Investment Trust “Successful One”	-	Financial asset at FVTOCI	14,000	\$ 104,300	4.67	\$ 104,300	
	<u>Stocks</u>							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	112,778	3.11	127,778	Note 2
	Meridigen Biotech Co., Ltd.	-	Financial asset at FVTPL	250	6,096	0.55	6,096	
	Shihlien China Holding Corp., Limited	-	Financial asset at FVTPL	41,635	270,998	0.96	270,998	Notes 1 and 2
	Advanced Echem Materials Company Limited.	-	Financial asset at FVTPL	265	174,778	0.32	174,778	Note 2
	Chipwell tech Corporation	-	Financial asset at FVTPL	348	7,602	1.30	7,602	Note 2
	THEVAX GENETICS VACCINE CO., LTD.	-	Financial asset at FVTPL	1,008	643	0.98	643	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,415	0.93	4,415	Note 2
	Kaohsiung Rapid Transit Corporation Rights All Reserved	-	Financial asset at FVTPL	3,845	51,452	1.38	51,452	
	Evergreen Aviation Technologies Corp.	-	Financial asset at FVTPL	395	38,592	0.11	38,592	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	11,870	1.22	11,870	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	205	8,554	0.34	8,554	
	Chenfeng Optronics Corporation	-	Financial asset at FVTPL	1,000	32,681	0.99	32,681	
	Arizon RFID Technology (Cayman) Co., Ltd	-	Financial asset at FVTPL	107	30,816	0.14	30,816	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	131	8,544	0.10	8,544	
	Handa Pharmaceuticals, Inc.	-	Financial asset at FVTPL	124	8,358	0.09	8,358	
	Energenesis Biomedical CO., Ltd.	-	Financial asset at FVTPL	25	1,395	0.03	1,395	
	Caliway Biopharmaceuticals Co., Ltd.	-	Financial asset at FVTPL	10	5,891	0.01	5,891	
	Coremax Corporation	-	Financial asset at FVTPL	100	6,040	0.08	6,040	
	Teclison Corporation	-	Financial asset at FVTPL	125	32,227	0.88	32,227	
	TAIWAN SPECIALITY CHEMICALS CORPORATION	-	Financial asset at FVTPL	33	6,221	0.02	6,221	
	HONG-WEI ELECTRICAL INDUSTRY & CO., LTD.	-	Financial asset at FVTPL	5	514	0.01	514	
	TIGERAIR TAIWAN CO., LTD.	-	Financial asset at FVTPL	20	1,186	0.00	1,186	
	Foxwell Power Co., Ltd.	-	Financial asset at FVTPL	3	371	0.01	371	
	WIESON TECHNOLOGIES CO., LTD.	-	Financial asset at FVTPL	22	804	0.03	804	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	30,000	30,357	2.46	30,357	

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)

O-BANK AND SUBSIDIARIES

NONPERFORMING LOANS AND ACCOUNTS RECEIVABLE
SEPTEMBER 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars or in %)

Period		September 30, 2024					September 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	\$ 263,379	\$ 104,986,845	0.25%	\$ 1,485,841	564.15%	\$ 401,442	\$ 98,384,252	0.41%	\$ 1,452,150	361.73%
	Unsecured	133,501	84,065,540	0.16%	1,157,348	866.92%	263,874	78,058,607	0.34%	1,213,569	459.90%
Consumer banking	Housing mortgage (Note 4)	12,373	10,995,108	0.11%	166,179	1,343.08%	18,394	10,529,208	0.17%	159,766	868.58%
	Cash card	-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)	-	3,355,192	-	47,492	-	-	2,995,023	-	33,809	-
	Other (Note 6)	Secured	4,880	6,612,012	0.07%	67,048	1,373.93%	1,645	4,960,198	0.03%	51,669
Unsecured		60,768	16,742,708	0.36%	269,071	442.78%	20,458	13,361,596	0.15%	191,446	935.80%
Total		474,901	226,757,405	0.21%	3,192,979	672.35%	705,813	208,288,884	0.34%	3,102,409	439.55%
		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)		-	626,830	-	6,616	-	-	1,557,009	-	15,960	-

	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)	146,353	-	124,531	-
Total	146,353	-	124,531	-

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. 094000494), factored accounts receivable without recourse are reported as Nonperforming 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.

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(New Taiwan Dollars and U.S. Dollars in Thousands, Unless Stated Otherwise)

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 September 30, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2024
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	\$ 458,738 (US\$ 14,491)	Note 2 a.	\$ 63,313 (US\$ 2,000)	\$ -	\$ 63,313 (US\$ 2,000)	\$ -	-	\$ -	\$ -	\$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	45,120 (RMB 10,000)	Note 2 a.	15,828 (US\$ 500)	-	15,828 (US\$ 500)	-	-	-	-	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	245,003 (RMB 54,300)	Note 2 a.	63,313 (US\$ 2,000)	-	63,313 (US\$ 2,000)	-	-	-	-	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,512,020 (RMB 1,000,000)	Note 2 b.	902,404 (RMB 200,000)	-	-	902,404 (RMB 200,000)	20.00	53,353	1,191,239	54,300 (RMB 12,000)

Accumulated Investment in Mainland China as of September 30, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
\$902,404 (RMB200,000)	\$902,404 (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 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of September 30, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2024
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	\$ 150,686 (US\$ 4,760)	Note 2 a.	\$ 2,565 (US\$ 81)	\$ -	\$ -	\$ 2,565 (US\$ 81)	2.17	\$ -	\$ 843	\$ -
Topping Cuisine International Holding, Ltd.	Food retailing	239,144 (US\$ 7,554)	Note 2 a.	15,037 (US\$ 475)	-	-	15,037 (US\$ 475)	2.17	-	4,945	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,331 (US\$ 200)	Note 2 a.	222 (US\$ 7)	-	-	222 (US\$ 7)	2.17	-	73	-
Beauty Essential International, Ltd.	Cosmetic retailing	31,657 (US\$ 1,000)	Note 2 a.	21,780 (US\$ 688)	-	-	21,780 (US\$ 688)	2.44	-	17,894	-
Meike information technology	Cosmetic retailing information technology	37,988 (US\$ 1,200)	Note 2 a.	918 (US\$ 29)	-	-	918 (US\$ 29)	0.44	-	754	-
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	25,325,376 (US\$ 800,000)	Note 2 a.	85,441 (US\$ 2,699)	-	-	85,441 (US\$ 2,699)	0.40	-	118,087	-
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	1,013,015 (US\$ 32,000)	Note 2 a.	7,249 (US\$ 229)	-	-	7,249 (US\$ 229)	0.46	-	10,019	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	876,640 (RMB 194,290)	Note 2 a.	10,257 (US\$ 324)	-	10,257 (US\$ 324)	-	-	-	-	-

Accumulated Investment in Mainland China as of September 30, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
\$133,212 (US\$4,208)	\$133,212 (US\$4,208)	\$216,506 (Note 4)

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 September 30, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2024
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	\$ 25,325,376 (US\$ 800,000)	Note 2 a.	\$ 147,299 (US\$ 4,653)	\$ -	\$ -	\$ 147,299 (US\$ 4,653)	0.66	\$ -	\$ 198,845	\$ -
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	1,013,015 (US\$ 32,000)	Note 2 a.	10,225 (US\$ 323)	-	-	10,225 (US\$ 323)	0.75	-	12,692	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	876,640 (RMB 194,290)	Note 2 a.	10,098 (US\$ 319)	-	1,593 (US\$ 50)	8,505 (US\$ 269)	0.14	-	30,816	-

(Continued)

Accumulated Investment in Mainland China as of September 30, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
\$166,029 (US\$5,245)	\$174,397 (US\$5,509)	\$616,673 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the year ended September 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 Cuisine 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. have 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)

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 49,601	Note 3	0.01
0	The Bank	IBTM and IBTVC7.	a	Interest expense	276	Note 3	-
0	The Bank	IBTM and CBF	a	Other net revenue other than interest	18,788	Note 3	0.23
0	The Bank	IBTM and IBTVC7	a	Payables	33	Note 3	-
1	IBTM	The Bank	b	Cash and cash equivalents	24,672	Note 3	-
1	IBTM	The Bank	b	Accounts receivable	17	Note 3	-
1	IBTM	The Bank	b	Interest revenue	88	Note 3	-
1	IBTM	The Bank	b	Other operating and administrative expenses	552	Note 3	0.01
1	IBTM	The Bank	b	Lease interest expense	29	Note 3	-
1	IBTM	IBTVC7	c	Consultancy service income	23,372	Note 3	0.29
2	CBF	The Bank	b	Other operating and administrative expenses	18,010	Note 3	0.22
2	CBF	The Bank	b	Lease interest expense	89	Note 3	-
3	IBTVC7	The Bank	b	Cash and cash equivalents	24,929	Note 3	-
3	IBTVC7	The Bank	b	Interest revenue	188	Note 3	-
3	IBTVC7	The Bank	b	Accounts receivable	16	Note 3	-
3	IBTVC7	IBTM	c	Other operating and administrative expenses	23,372	Note 3	0.29

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.

(Continued)

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)

O-BANK AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2024**

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ming Shan Investment Co., Ltd.	386,271,554	11.77
Yi Chang Investment Co., Ltd.	293,990,997	8.96
Taixuan Investment Co., Ltd.	287,135,501	8.75

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.