

O-Bank and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2026 and 2025 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of June 30, 2026, December 31, 2025 and June 30, 2025, the consolidated statements of comprehensive income for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2026, December 31, 2025 and June 30, 2025, its consolidated financial performance for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, and its consolidated cash flows for the six months ended June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the six months ended June 30, 2026 are as follows:

Allowance for Credit Losses of Loans

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

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

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

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

- We obtained an understanding and performed testing on the internal controls with respect to the Bank's loan impairment assessment.
- We examined the classifications of loans and determined that they were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked and confirmed that the allowance has met the requirements of the regulation.

Assessment of Reserve for Losses on Guarantee Contracts

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

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

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

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

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts, and we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of the amount of credit-granting assets in the schedule and the rationality of the classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked and confirmed that the reserve has met the requirements of the “Bills Finance Companies Regulations for Evaluating Bad Debt” or not.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the six months ended June 30, 2026 and 2025 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the group audit work performed. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2026 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 25, 2026

Notice to Readers

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

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 7,929,187	1	\$ 6,378,883	1	\$ 7,070,303	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	31,123,057	4	27,572,813	4	15,648,020	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 42)	189,961,302	26	177,675,704	25	183,323,995	27
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 42 and 46)	165,051,116	22	166,608,850	24	167,303,488	24
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 42 and 46)	34,258,146	5	29,395,624	4	27,285,899	4
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	21,194,916	3	15,258,857	2	13,225,921	2
RECEIVABLES, NET (Notes 12 and 14)	5,582,472	1	4,053,276	1	4,700,342	1
CURRENT TAX ASSETS	148,351	-	357,959	-	347,911	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 41 and 42)	268,530,665	36	259,183,311	37	253,853,580	37
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 16)	6,456,919	1	6,352,298	1	6,438,543	1
OTHER FINANCIAL ASSETS (Note 17)	1,470,306	-	1,397,050	-	431,460	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 43)	2,576,655	1	2,623,501	1	2,606,782	1
RIGHT-OF-USE ASSETS, NET (Note 19)	324,636	-	396,226	-	361,095	-
INTANGIBLE ASSETS, NET (Note 20)	1,778,525	-	1,704,302	-	1,623,163	-
DEFERRED TAX ASSETS	779,188	-	662,306	-	748,374	-
OTHER ASSETS (Notes 19 and 21)	<u>1,597,374</u>	<u>-</u>	<u>1,678,137</u>	<u>-</u>	<u>2,113,540</u>	<u>-</u>
TOTAL	<u>\$ 738,762,815</u>	<u>100</u>	<u>\$ 701,299,097</u>	<u>100</u>	<u>\$ 687,082,416</u>	<u>100</u>
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and other banks (Note 22)	\$ 61,622,474	9	\$ 48,610,170	7	\$ 47,968,203	7
Financial liabilities at fair value through profit or loss (Note 8)	770,561	-	678,730	-	1,677,362	-
Bills and bonds sold under repurchase agreements (Note 23)	223,265,084	30	219,199,111	31	222,997,825	33
Payables (Note 24)	8,227,241	1	4,366,854	1	8,986,360	1
Current tax liabilities	237,342	-	85,784	-	362,300	-
Deposits and remittances (Notes 25 and 41)	342,198,371	46	328,825,447	47	312,979,972	46
Bank debentures payable (Note 26)	14,660,000	2	14,660,000	2	13,450,000	2
Other financial liabilities (Note 27)	17,706,790	3	15,085,857	2	13,335,644	2
Provisions (Notes 14 and 28)	2,305,226	-	2,198,222	1	2,003,762	-
Lease liabilities (Note 19)	343,676	-	414,349	-	379,230	-
Deferred tax liabilities	1,024,067	-	957,101	-	868,621	-
Other liabilities (Note 30)	<u>509,182</u>	<u>-</u>	<u>1,405,636</u>	<u>-</u>	<u>654,537</u>	<u>-</u>
Total liabilities	<u>672,870,014</u>	<u>91</u>	<u>636,487,261</u>	<u>91</u>	<u>625,663,816</u>	<u>91</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital						
Common stock	28,053,579	4	28,053,579	4	28,053,579	4
Preferred stock	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>-</u>
Total capital	<u>30,553,579</u>	<u>4</u>	<u>30,553,579</u>	<u>4</u>	<u>30,553,579</u>	<u>4</u>
Capital surplus	<u>581,102</u>	<u>-</u>	<u>574,734</u>	<u>-</u>	<u>572,019</u>	<u>-</u>
Retained earnings						
Legal reserve	7,896,809	1	7,370,243	1	7,370,243	1
Special reserve	293,013	-	1,587,188	-	1,587,188	-
Unappropriated earnings	<u>5,989,038</u>	<u>1</u>	<u>4,506,695</u>	<u>1</u>	<u>3,727,857</u>	<u>1</u>
Total retained earnings	<u>14,178,860</u>	<u>2</u>	<u>13,464,126</u>	<u>2</u>	<u>12,685,288</u>	<u>2</u>
Other equity	<u>148,168</u>	<u>-</u>	<u>(159,058)</u>	<u>-</u>	<u>(1,346,390)</u>	<u>-</u>
Treasury stock	<u>(221,695)</u>	<u>-</u>	<u>(221,695)</u>	<u>-</u>	<u>(221,695)</u>	<u>-</u>
Total equity attributable to owners of the Bank	45,240,014	6	44,211,686	6	42,242,801	6
NON-CONTROLLING INTERESTS	<u>20,652,787</u>	<u>3</u>	<u>20,600,150</u>	<u>3</u>	<u>19,175,799</u>	<u>3</u>
Total equity (Note 31)	<u>65,892,801</u>	<u>9</u>	<u>64,811,836</u>	<u>9</u>	<u>61,418,600</u>	<u>9</u>
TOTAL	<u>\$ 738,762,815</u>	<u>100</u>	<u>\$ 701,299,097</u>	<u>100</u>	<u>\$ 687,082,416</u>	<u>100</u>

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

O-BANK AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 41)	\$ 3,943,244	120	\$ 3,480,608	134	\$ 7,851,049	122	\$ 7,404,799	150
INTEREST EXPENSE (Notes 32 and 41)	<u>(3,086,075)</u>	<u>(94)</u>	<u>(2,983,968)</u>	<u>(115)</u>	<u>(6,155,258)</u>	<u>(96)</u>	<u>(6,330,780)</u>	<u>(128)</u>
NET INTEREST	<u>857,169</u>	<u>26</u>	<u>496,640</u>	<u>19</u>	<u>1,695,791</u>	<u>26</u>	<u>1,074,019</u>	<u>22</u>
NET REVENUE OTHER THAN INTEREST REVENUE								
Service fee income, net (Notes 33 and 41)	809,271	25	595,396	23	1,597,055	25	1,268,491	26
Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (Note 34)	1,086,750	33	(780,427)	(30)	2,744,704	42	571,838	11
Realized gains on financial assets at fair value through other comprehensive income (Note 35)	266,081	8	306,242	12	554,831	9	388,479	8
Foreign exchange gain (loss), net	262,681	8	2,096,757	81	(146,476)	(2)	1,833,614	37
Reversal of (losses on) impairment of assets	(1,876)	-	9,345	-	1,651	-	6,993	-
Share of loss of associates accounted for using equity method (Note 16)	(22,557)	(1)	(146,659)	(6)	(35,197)	(1)	(237,792)	(5)
Other net revenue other than interest	<u>26,678</u>	<u>1</u>	<u>23,068</u>	<u>1</u>	<u>42,053</u>	<u>1</u>	<u>45,685</u>	<u>1</u>
Total net revenue other than interest revenue	<u>2,427,028</u>	<u>74</u>	<u>2,103,722</u>	<u>81</u>	<u>4,758,621</u>	<u>74</u>	<u>3,877,308</u>	<u>78</u>
NET REVENUE	<u>3,284,197</u>	<u>100</u>	<u>2,600,362</u>	<u>100</u>	<u>6,454,412</u>	<u>100</u>	<u>4,951,327</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 14)	<u>(188,676)</u>	<u>(6)</u>	<u>(195,517)</u>	<u>(7)</u>	<u>(448,265)</u>	<u>(7)</u>	<u>(230,014)</u>	<u>(4)</u>
OPERATING EXPENSES								
Employee benefits expenses (Notes 29, 36 and 41)	871,599	26	729,429	28	1,710,997	27	1,448,324	29
Depreciation and amortization expenses (Note 37)	129,952	4	113,184	4	253,592	4	235,288	5
Other general and administrative expenses (Notes 38 and 41)	<u>397,573</u>	<u>12</u>	<u>400,769</u>	<u>16</u>	<u>804,445</u>	<u>12</u>	<u>782,525</u>	<u>16</u>
Total operating expenses	<u>1,399,124</u>	<u>42</u>	<u>1,243,382</u>	<u>48</u>	<u>2,769,034</u>	<u>43</u>	<u>2,466,137</u>	<u>50</u>
PROFIT BEFORE INCOME TAX	1,696,397	52	1,161,463	45	3,237,113	50	2,255,176	46
INCOME TAX EXPENSE (Note 39)	<u>259,221</u>	<u>8</u>	<u>258,700</u>	<u>10</u>	<u>567,787</u>	<u>8</u>	<u>523,821</u>	<u>11</u>
NET PROFIT FOR THE PERIOD	<u>1,437,176</u>	<u>44</u>	<u>902,763</u>	<u>35</u>	<u>2,669,326</u>	<u>42</u>	<u>1,731,355</u>	<u>35</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 June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:								
Gains on remeasurements of defined benefit plans	\$ -	-	\$ -	-	\$ -	-	\$ 321	-
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	1,801,643	55	12,851	1	1,529,391	23	(46,458)	(1)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	(395)	-	5,398	-	(7,232)	-	12,137	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	1,801,248	55	18,249	1	1,522,159	23	(34,000)	(1)
Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
Exchange differences on translation of financial statements of foreign operations	1,940	-	(1,151,153)	(44)	242,888	4	(1,004,478)	(20)
Gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(184,496)	(6)	948,253	36	(973,028)	(15)	1,594,838	32
Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss (Note 39)	(17,276)	-	107,233	4	59,590	1	5,011	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	(199,832)	(6)	(95,667)	(4)	(670,550)	(10)	595,371	12
Other comprehensive income (loss) for the period, net of income tax	1,601,416	49	(77,418)	(3)	851,609	13	561,371	11
TOTAL COMPREHENSIVE INCOME	\$ 3,038,592	93	\$ 825,345	32	\$ 3,520,935	55	\$ 2,292,726	46
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	\$ 859,425	26	\$ 485,724	19	\$ 1,625,874	25	\$ 1,022,819	21
Non-controlling interests	577,751	18	417,039	16	1,043,452	16	708,536	14
	\$ 1,437,176	44	\$ 902,763	35	\$ 2,669,326	41	\$ 1,731,355	35

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O-BANK AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	\$ 2,172,244	66	\$ 128,512	5	\$ 2,603,818	41	\$ 1,083,640	22
Non-controlling interests	<u>866,348</u>	<u>27</u>	<u>696,833</u>	<u>27</u>	<u>917,117</u>	<u>14</u>	<u>1,209,086</u>	<u>24</u>
	<u>\$ 3,038,592</u>	<u>93</u>	<u>\$ 825,345</u>	<u>32</u>	<u>\$ 3,520,935</u>	<u>55</u>	<u>\$ 2,292,726</u>	<u>46</u>
EARNINGS PER SHARE (Note 40)								
Basic	<u>\$0.26</u>		<u>\$0.13</u>		<u>\$0.54</u>		<u>\$0.32</u>	
Diluted	<u>\$0.24</u>		<u>\$0.12</u>		<u>\$0.49</u>		<u>\$0.30</u>	

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

(Concluded)

O-BANK AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank (Notes 9 and 31)								Other Equity					
					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	Capital Stock Preferred Stock	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE ON JANUARY 1, 2025	\$ 28,053,579	\$ 2,500,000	\$ 30,553,579	\$ 568,184	\$ 6,527,632	\$ 1,970,247	\$ 4,722,209	\$ 13,220,088	\$ 541,303	\$ (1,991,426)	\$ (87,267)	\$ 42,804,461	\$ 18,715,932	\$ 61,520,393
Reversal of special reserve	-	-	-	-	-	(383,059)	383,059	-	-	-	-	-	-	-
Appropriation and distribution of 2024 earnings														
Legal reserve	-	-	-	-	842,611	-	(842,611)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,391,209)	(1,391,209)	-	-	-	(1,391,209)	-	(1,391,209)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(119,972)	(119,972)	-	-	-	(119,972)	-	(119,972)
Changes in capital surplus from investments in subsidiaries and associates accounted for using equity method	-	-	-	3,422	-	-	-	-	-	-	-	3,422	-	3,422
Disgorgement exercised	-	-	-	3	-	-	-	-	-	-	-	3	-	3
Unclaimed dividends	-	-	-	410	-	-	-	-	-	-	-	410	1,124	1,534
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(750,343)	(750,343)
Net profit for the six months ended June 30, 2025	-	-	-	-	-	-	1,022,819	1,022,819	-	-	-	1,022,819	708,536	1,731,355
Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	-	337	337	(796,059)	856,543	-	60,821	500,550	561,371
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	-	1,023,156	1,023,156	(796,059)	856,543	-	1,083,640	1,209,086	2,292,726
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(134,428)	(134,428)	-	(134,428)
Actual acquisition of interests in subsidiaries	-	-	-	-	-	-	(3,526)	(3,526)	-	-	-	(3,526)	-	(3,526)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(43,249)	(43,249)	-	43,249	-	-	-	-
BALANCE ON JUNE 30, 2025	<u>\$ 28,053,579</u>	<u>\$ 2,500,000</u>	<u>\$ 30,553,579</u>	<u>\$ 572,019</u>	<u>\$ 7,370,243</u>	<u>\$ 1,587,188</u>	<u>\$ 3,727,857</u>	<u>\$ 12,685,288</u>	<u>\$ (254,756)</u>	<u>\$ (1,091,634)</u>	<u>\$ (221,695)</u>	<u>\$ 42,242,801</u>	<u>\$ 19,175,799</u>	<u>\$ 61,418,600</u>
BALANCE ON JANUARY 1, 2026	\$ 28,053,579	\$ 2,500,000	\$ 30,553,579	\$ 574,734	\$ 7,370,243	\$ 1,587,188	\$ 4,506,695	\$ 13,464,126	\$ 283,699	\$ (442,757)	\$ (221,695)	\$ 44,211,686	\$ 20,600,150	\$ 64,811,836
Reversal of special reserve	-	-	-	-	-	(1,294,175)	1,294,175	-	-	-	-	-	-	-
Appropriation and distribution of 2025 earnings														
Legal reserve	-	-	-	-	526,566	-	(526,566)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,446,858)	(1,446,858)	-	-	-	(1,446,858)	-	(1,446,858)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(135,000)	(135,000)	-	-	-	(135,000)	-	(135,000)
Changes in capital surplus from investments in subsidiaries and associates accounted for using equity method	-	-	-	3,510	-	-	-	-	-	-	-	3,510	-	3,510
Unclaimed dividends	-	-	-	(1,065)	-	-	-	-	-	-	-	(1,065)	1,301	236
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(865,781)	(865,781)
Net profit for the six months ended June 30, 2026	-	-	-	-	-	-	1,625,874	1,625,874	-	-	-	1,625,874	1,043,452	2,669,326
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	-	-	205,426	772,518	-	977,944	(126,335)	851,609
Total comprehensive income for the six months ended June 30, 2026	-	-	-	-	-	-	1,625,874	1,625,874	205,426	772,518	-	2,603,818	917,117	3,520,935
Changes in percentage of ownership interests in associates	-	-	-	3,923	-	-	-	-	-	-	-	3,923	-	3,923
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	670,718	670,718	-	(670,718)	-	-	-	-
BALANCE ON JUNE 30, 2026	<u>\$ 28,053,579</u>	<u>\$ 2,500,000</u>	<u>\$ 30,553,579</u>	<u>\$ 581,102</u>	<u>\$ 7,896,809</u>	<u>\$ 293,013</u>	<u>\$ 5,989,038</u>	<u>\$ 14,178,860</u>	<u>\$ 489,125</u>	<u>\$ (340,957)</u>	<u>\$ (221,695)</u>	<u>\$ 45,240,014</u>	<u>\$ 20,652,787</u>	<u>\$ 65,892,801</u>

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

O-BANK AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,237,113	\$ 2,255,176
Adjustments for:		
Depreciation expense	174,698	157,259
Amortization expense	78,894	78,029
Expected credit losses/recognition of provisions	446,614	223,021
Net gain on financial assets or liabilities at fair value through profit or loss	(2,744,704)	(571,838)
Interest expense	6,155,258	6,330,780
Interest revenue	(7,851,049)	(7,404,799)
Dividend income	(376,172)	(285,997)
Share of loss of associates accounted for using equity method	35,197	237,792
Loss on disposal of property and equipment	313	183
Gain on disposal of investments	(178,659)	(102,482)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(2,844,377)	2,987,140
Financial assets at fair value through profit or loss	(10,069,936)	1,666,939
Financial assets at fair value through other comprehensive income	2,913,534	2,549,841
Investment in debt instruments at amortized cost	(4,863,908)	(1,340,951)
Bills and bonds purchased under resell agreements	(4,788,370)	(5,361,144)
Receivables	(1,045,103)	(217,484)
Discounts and loans	(9,721,871)	(6,651,159)
Other assets	80,763	(304,166)
Deposits from the Central Bank and other banks	13,012,304	9,316,498
Financial liabilities at fair value through profit or loss	91,831	312,730
Bills and bonds sold under repurchase agreements	4,065,973	7,693,194
Payables	1,171,959	915,898
Deposits and remittances	13,372,924	(18,190,030)
Provisions	34,449	52,026
Other liabilities	(896,454)	(17,565)
Cash flows used in operations	(508,779)	(5,671,109)
Interest received	7,578,269	7,308,744
Dividend received	168,496	31,330
Interest paid	(5,982,423)	(6,518,928)
Income taxes refunded (paid)	(181,399)	52,044
Net cash generated from (used in) operating activities	<u>1,074,164</u>	<u>(4,797,919)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(120,368)	(332,740)
Proceeds from disposal of property and equipment	182	1,046
		(Continued)

O-BANK AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025
Acquisition of intangible assets	\$ (74,761)	\$ (55,417)
Increase in other financial assets	<u>(57,639)</u>	<u>(17,888)</u>
Net cash used in investing activities	<u>(252,586)</u>	<u>(404,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	40,000	100,000
Increase in commercial papers	4,982	-
Decrease in commercial papers	-	(11,848)
Proceeds from issuing bank debentures	2,500,000	-
Repayments of bank debentures	(2,500,000)	-
Repayment of the principal portion of lease liabilities	(81,540)	(78,909)
Increase in other financial liabilities	2,575,951	1,853,755
Payments to acquire treasury stock	<u>-</u>	<u>(134,428)</u>
Net cash generated from financing activities	<u>2,539,393</u>	<u>1,728,570</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>58,506</u>	<u>(459,717)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,419,477	(3,934,065)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>21,257,591</u>	<u>18,368,252</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 24,677,068</u>	<u>\$ 14,434,187</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2026 and 2025:

	June 30	
	2026	2025
Cash and cash equivalents reported in the consolidated balance sheets	\$ 7,929,187	\$ 7,070,303
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	13,962,153	4,544,315
Bills and bonds purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	1,512,100	2,520,500
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>1,273,628</u>	<u>299,069</u>
Cash and cash equivalents at the end of the period	<u>\$ 24,677,068</u>	<u>\$ 14,434,187</u>

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

(Concluded)

O-BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

As of June 30, 2026, 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 Shanghai and Sydney representative office.

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

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

As of June 30, 2026, December 31, 2025 and June 30, 2025, the Bank and its subsidiaries (the "Group") had 1,623, 1,554 and 1,523 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 19, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS 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

The 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 2027

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 1)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027
Amendments to IAS 28 “Amendments to the Fair Value Option for Investments in Associates and Joint Ventures”	January 1, 2027 (Note 2)

Note 1: IFRS 18 will take effect starting from January 1, 2028 for domestic entities. Earlier application is permitted.

Note 2: An entity shall apply the amendments when it applies IFRS 18.

IFRS 18 “Presentation and Disclosure in Financial Statements” and
consequential amendments and Amendments to IAS 28 “Amendments to the
Fair Value Option for Investments in Associates and Joint Ventures”

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- 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.

At the date of initial application of IFRS 18, an entity that is a venture capital organization, mutual fund, unit trust or similar entity is permitted to change its election from measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss. The amendments to IAS 28 clarify that aforementioned "similar entity" includes the entity that performs the assessments in accordance with the requirements of IFRS 18 and concludes that it has a main business activity of investing in particular types of assets. If eligible, the Group may apply the transition upon initial application.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

The Group has decided not to apply IFRS 18 and consequential amendments earlier.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
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 20 "Regulatory Assets and Regulatory Liabilities"	January 1, 2029

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the 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 4 and Table 5 for the list of main business activities and ownership percentages of subsidiaries.

Other Material Accounting and Reporting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2025.

a. Retirement benefits

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

b. Income tax expense

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

c. Impairment of financial assets

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

The Group's policy is to always recognize lifetime expected credit losses (ECLs) on trade receivables and lease receivables. For all other financial instruments, the Group will recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group will measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

- 1) Internal or external information show that the debtor is unlikely to pay its creditors.
- 2) When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

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

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

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

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

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated Impairment of Loans and Financial Guarantee Contract

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand and petty cash	\$ 129,979	\$ 150,928	\$ 141,000
Checking for clearing	1,041,287	41,836	2,153,532
Due from banks	<u>6,757,921</u>	<u>6,186,119</u>	<u>4,775,771</u>
	<u>\$ 7,929,187</u>	<u>\$ 6,378,883</u>	<u>\$ 7,070,303</u>

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets as of December 31, 2025 are as follows. The adjustments as June 30, 2026 and 2025, refer to the consolidated statements of cash flows.

	December 31, 2025
Cash and cash equivalents in the consolidated balance sheets	\$ 6,378,883
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	13,256,286
Bills and bonds purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	364,411
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>1,258,011</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 21,257,591</u>

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

	June 30, 2026	December 31, 2025	June 30, 2025
Reserves for deposits - Type A	\$ 4,510,513	\$ 3,382,230	\$ 1,611,628
Reserves for deposits - Type B	7,219,720	7,260,613	6,933,477
Due from Central Bank - Financial	1,507,895	3,006,939	2,513,740
Call loans to banks	17,846,720	13,885,291	4,544,315
Others	<u>38,209</u>	<u>37,740</u>	<u>44,860</u>
	<u>\$ 31,123,057</u>	<u>\$ 27,572,813</u>	<u>\$ 15,648,020</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

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets mandatorily classified as at FVTPL</u>			
Hybrid financial assets			
Convertible bonds - domestic (include assets swap contracts)	<u>\$ 14,984,752</u>	<u>\$ 13,098,472</u>	<u>\$ 11,508,312</u>
Derivative financial assets			
Currency swap contracts	569,083	532,897	457,396
Forward contracts	127,301	49,365	52,237
Interest rate swap contracts	246,312	206,878	104,307
Currency option contracts - call	100,931	47,843	222,879
Future exchange margins	72,081	74,294	66,599
Total return swap agreement	-	425,908	485,422
Interest rate swap margins	<u>41,459</u>	<u>-</u>	<u>-</u>
	<u>1,157,167</u>	<u>1,337,185</u>	<u>1,388,840</u>

(Continued)

	June 30, 2026	December 31, 2025	June 30, 2025
Non-derivative financial assets			
Commercial paper	\$ 145,090,234	\$ 137,744,656	\$ 126,477,941
Commercial paper contracts	215,929	175,482	192,883
Negotiable certificates of deposit	22,918,516	20,608,547	41,113,504
Stocks and beneficiary certificates	1,423,247	1,123,880	1,208,653
Government bonds	1,097,249	-	555,654
Corporate bonds	2,761,871	3,555,693	878,208
Bank debentures	-	31,789	-
Overseas government bonds	312,337	-	-
	<u>173,819,383</u>	<u>163,240,047</u>	<u>170,426,843</u>
	<u>\$ 189,961,302</u>	<u>\$ 177,675,704</u>	<u>\$ 183,323,995</u>

Held-for-trading financial liabilities

Derivative financial instruments			
Currency swap contracts	\$ 279,368	\$ 387,513	\$ 1,289,957
Forward contracts	127,395	33,455	49,941
Interest rate swap contracts	242,936	207,831	106,152
Currency option contracts - put	116,938	47,714	223,579
	<u>766,637</u>	<u>676,513</u>	<u>1,669,629</u>
Non-derivative financial liabilities			
Commercial paper contracts	<u>3,924</u>	<u>2,217</u>	<u>7,733</u>
	<u>\$ 770,561</u>	<u>\$ 678,730</u>	<u>\$ 1,677,362</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, its purpose is to hedge risk of cash flow and risk of market value caused by the change of interest rates or exchange rates. The Group strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a high negative correlation with the changes in the market of the exposures being hedged.

The contract amounts (or notional amounts) of outstanding derivative transactions as of June 30, 2026, December 31, 2025 and June 30, 2025 were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Interest rate swap contracts	\$ 47,238,920	\$ 35,995,464	\$ 32,681,943
Currency swap contracts	98,727,011	95,377,508	79,940,451
Forward contracts	39,950,821	26,824,616	14,192,881
Currency option contracts			
Buy	7,167,657	3,659,031	8,290,985
Sell	9,240,767	3,596,130	8,296,832
Futures contract	289,717	84,883	239,255
Total return swap agreement	-	2,200,000	2,603,771

As of June 30, 2026, December 31, 2025 and June 30, 2025, financial assets at fair value through profit and loss under agreement to repurchase were in the face amounts of \$117,094,000 thousand, \$114,625,200 thousand and \$120,043,300 thousand, respectively.

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

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in equity instruments at FVTOCI	\$ 11,900,034	\$ 3,112,551	\$ 6,083,511
Investments in debt instruments at FVTOCI			
Government bonds	14,304,066	18,532,909	19,864,577
Bank debentures	25,496,341	29,341,013	26,986,287
Corporate bonds	88,434,233	91,707,448	88,716,421
Overseas government bonds	5,101,805	4,660,741	3,527,416
Commercial paper	2,896,874	2,147,443	3,571,564
Negotiable certificates of deposit	14,281,542	14,834,346	16,332,624
Mortgage-backed securities	<u>2,636,221</u>	<u>2,272,399</u>	<u>2,221,088</u>
	<u>\$ 165,051,116</u>	<u>\$ 166,608,850</u>	<u>\$ 167,303,488</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 six months ended June 30, 2026 and 2025. The fair value of stocks classified as at FVTOCI which had to be disposed of were \$10,154,770 thousand and \$3,822,101 thousand and the accumulated gain or loss related to the sold assets of \$670,718 thousand gain and \$43,249 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 \$376,172 thousand and \$285,997 thousand were recognized in profit or loss for the six months ended June 30, 2026 and 2025. The dividends related to investments held at the end of the reporting period were \$204,148 thousand and \$71,545 thousand, respectively.

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

b. Investments in debt instruments at FVTOCI

- 1) Refer to Note 42 for information relating to investments in debt instruments at FVTOCI pledged as security.
- 2) Refer to Note 46 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.
- 3) Investments in debt instruments at FVTOCI under agreement to repurchase were in the face amount of \$93,920,782 thousand, \$92,821,611 thousand and \$93,800,212 thousand, on June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2026	December 31, 2025	June 30, 2025
Government bonds	\$ 14,087,516	\$ 13,896,849	\$ 13,906,005
Bank debentures	8,844,034	5,727,042	5,727,023
Corporate bonds	6,027,913	5,736,908	5,523,794
Overseas government bonds	158,755	156,621	148,730
Mortgage-backed securities	3,545,276	3,082,130	1,484,111
Principal of structured products	<u>1,600,000</u>	<u>800,000</u>	<u>500,000</u>
	34,263,494	29,399,550	27,289,663
Less: Allowance for impairment loss	<u>(5,348)</u>	<u>(3,926)</u>	<u>(3,764)</u>
	<u>\$ 34,258,146</u>	<u>\$ 29,395,624</u>	<u>\$ 27,285,899</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 \$6,625,725 thousand, \$7,941,028 thousand and \$4,986,143 thousand, as of June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of June 30, 2026, December 31, 2025 and June 30, 2025, bonds and bills in the amounts of \$21,194,916 thousand, \$15,258,857 thousand and \$13,225,921 thousand, respectively, had been purchased under resell agreements would subsequently be sold for \$21,285,741 thousand, \$15,327,544 thousand and \$13,280,842 thousand before January 2027, March 2026 and September 2025, respectively.

As of June 30, 2026, December 31, 2025 and June 30, 2025, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of \$5,814,800 thousand, \$3,684,000 thousand and \$4,252,300 thousand, respectively.

12. RECEIVABLES, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Factored receivable	\$ 371,126	\$ 567,097	\$ 661,176
Interest receivable	2,760,881	2,488,101	2,547,590
Accounts receivable	567,467	337,367	434,007
Investment settlements receivable	509,559	271,029	465,008
Acceptances receivable	104,500	331,727	229,723
Dividends receivable	214,371	823	290,599
Notes receivable	934,858	-	-
Others	142,059	78,219	94,344
	5,604,821	4,074,363	4,722,447
Less: Allowance for credit losses	22,349	21,087	22,105
Receivables, net	<u>\$ 5,582,472</u>	<u>\$ 4,053,276</u>	<u>\$ 4,700,342</u>

The changes in gross carrying amount on receivables for the six months ended June 30, 2026 and 2025 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit- impaired Financial Assets)	Total
Balance on January 1, 2026	\$ 3,925,326	\$ 85,678	\$ 63,359	\$ 4,074,363
Transfers				
To 12-month ECLs	2,043	(2,043)	-	-
To lifetime ECLs	(8,355)	8,474	(119)	-
To credit-impaired financial assets	(488)	(746)	1,234	-
New financial assets purchased or originated	2,775,400	141,812	24,086	2,941,298
Derecognition of financial assets in the reporting period	(1,367,890)	(55,041)	(5,466)	(1,428,397)
Exchange rate or other changes	17,578	(318)	297	17,557
Balance on June 30, 2026	<u>\$ 5,343,614</u>	<u>\$ 177,816</u>	<u>\$ 83,391</u>	<u>\$ 5,604,821</u>
Balance on January 1, 2025	\$ 3,888,297	\$ 186,309	\$ 37,779	\$ 4,112,385
Transfers				
To 12-month ECLs	3,854	(3,854)	-	-
To lifetime ECLs	(24,969)	24,989	(20)	-
To credit-impaired financial assets	(1,046)	(7,433)	8,479	-
New financial assets purchased or originated	2,426,266	48,549	22,995	2,497,810
Derecognition of financial assets in the reporting period	(1,703,284)	(122,696)	(5,694)	(1,831,674)
Exchange rate or other changes	(46,111)	(4,759)	(5,204)	(56,074)
Balance on June 30, 2025	<u>\$ 4,543,007</u>	<u>\$ 121,105</u>	<u>\$ 58,335</u>	<u>\$ 4,722,447</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

	June 30, 2026	December 31, 2025	June 30, 2025
Short-term	\$ 112,319,990	\$ 106,294,393	\$ 105,879,109
Medium-term	115,447,987	114,431,651	115,155,419
Long-term	42,773,532	40,175,255	35,882,776
Secured overdrafts	317,096	313,105	-
Export bill negotiated	-	60,305	97,100
Overdue loans	<u>1,211,374</u>	<u>1,272,537</u>	<u>271,229</u>
	272,069,979	262,547,246	257,285,633
Less: Allowance for credit losses	<u>3,539,314</u>	<u>3,363,935</u>	<u>3,432,053</u>
	<u>\$ 268,530,665</u>	<u>\$ 259,183,311</u>	<u>\$ 253,853,580</u>

The changes in gross carrying amount on discounts and loans for the six months ended June 30, 2026 and 2025 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance on January 1, 2026	\$ 232,239,868	\$ 27,103,452	\$ 3,203,926	\$ 262,547,246
Transfers				
To 12-month ECLs	1,606,339	(1,606,339)	-	-
To lifetime ECLs	(2,244,877)	2,261,248	(16,371)	-
To credit-impaired financial assets	(156,131)	(76,038)	232,169	-
New financial assets purchased or originated	129,361,010	7,104,143	647,233	137,112,386
Derecognition of financial assets in the reporting period	(109,562,864)	(18,301,854)	(218,248)	(128,082,966)
Write-offs	-	-	(234,081)	(234,081)
Exchange rate or other changes	<u>643,372</u>	<u>55,487</u>	<u>28,535</u>	<u>727,394</u>
Balance on June 30, 2026	<u>\$ 251,886,717</u>	<u>\$ 16,540,099</u>	<u>\$ 3,643,163</u>	<u>\$ 272,069,979</u>
Balance on January 1, 2025	\$ 229,270,483	\$ 18,338,346	\$ 3,210,384	\$ 250,819,213
Transfers				
To 12-month ECLs	1,097,528	(1,097,528)	-	-
To lifetime ECLs	(4,408,868)	4,412,515	(3,647)	-
To credit-impaired financial assets	(108,405)	(864,655)	973,060	-
New financial assets purchased or originated	114,542,746	10,958,811	127,032	125,628,589
Derecognition of financial assets in the reporting period	(105,596,208)	(7,376,973)	(825,230)	(113,798,411)
Write-offs	-	-	(90,226)	(90,226)
Exchange rate or other changes	<u>(4,416,339)</u>	<u>(579,946)</u>	<u>(277,247)</u>	<u>(5,273,532)</u>
Balance on June 30, 2025	<u>\$ 230,380,937</u>	<u>\$ 23,790,570</u>	<u>\$ 3,114,126</u>	<u>\$ 257,285,633</u>

The balance of the overdue loans of the Group as of June 30, 2026, December 31, 2025 and June 30, 2025 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to \$23,816 thousand and \$4,654 thousand for the six months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, the Group wrote off credits only upon completing the required legal procedures.

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

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

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

14. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The changes in allowance for credit losses and provisions for the six months ended June 30, 2026 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 on January 1, 2026	\$ 2,843	\$ 606	\$ 8,710	\$ 12,159	\$ 8,928	\$ 21,087
Transfers						
To 12-month ECLs	23	(23)	-	-	-	-
To lifetime ECLs	(7)	102	(95)	-	-	-
To credit-impaired financial assets	(3)	(67)	70	-	-	-
New financial assets purchased or originated	1,052	51	1,424	2,527	-	2,527
Derecognition of financial assets in the reporting period	(2,272)	(210)	(829)	(3,311)	-	(3,311)
Change in model or risk parameters	(75)	(63)	3,764	3,626	-	3,626
Difference between IFRS 9 and local requirements	-	-	-	-	(1,649)	(1,649)
Exchange rate or other changes	2	-	26	28	41	69
Balance on June 30, 2026	<u>\$ 1,563</u>	<u>\$ 396</u>	<u>\$ 13,070</u>	<u>\$ 15,029</u>	<u>\$ 7,320</u>	<u>\$ 22,349</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 on January 1, 2026	\$ 554,737	\$ 419,071	\$ 392,982	\$ 1,366,790	\$ 1,997,145	\$ 3,363,935
Transfers						
To 12-month ECLs	23,710	(23,710)	-	-	-	-
To lifetime ECLs	(4,270)	13,554	(9,284)	-	-	-
To credit-impaired financial assets	(645)	(15,156)	15,801	-	-	-
New financial assets purchased or originated	176,491	40,197	17,441	234,129	-	234,129
Derecognition of financial assets in the reporting period	(165,689)	(144,548)	(52,191)	(362,428)	-	(362,428)
Change in model or risk parameters	(67,352)	(18,018)	236,503	151,133	-	151,133
Difference between IFRS 9 and local requirements	-	-	-	-	351,683	351,683
Write-offs	-	-	(234,081)	(234,081)	-	(234,081)
Withdrawal after write-offs	-	-	24,306	24,306	-	24,306
Exchange rate or other changes	2,214	350	3,249	5,813	4,824	10,637
Balance on June 30, 2026	<u>\$ 519,196</u>	<u>\$ 271,740</u>	<u>\$ 394,726</u>	<u>\$ 1,185,662</u>	<u>\$ 2,353,652</u>	<u>\$ 3,539,314</u>

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance on January 1, 2026	\$ 94,276	\$ 14,825	\$ -	\$ 109,101	\$ 2,000,495	\$ 2,109,596
Transfers						
To 12-month ECLs	485	(485)	-	-	-	-
To lifetime ECLs	(1,709)	1,709	-	-	-	-
New financial assets purchased or originated	31,192	10,974	-	42,166	-	42,166
Derecognition of financial assets in the reporting period	(47,406)	(3,507)	-	(50,913)	-	(50,913)
Change in model or risk parameters	(15,932)	7,428	-	(8,504)	-	(8,504)
Difference between IFRS 9 and local requirements	-	-	-	-	89,806	89,806
Withdrawal after write-offs	-	-	-	-	355	355
Exchange rate or other changes	137	7	-	144	183	327
Balance on June 30, 2026	<u>\$ 61,043</u>	<u>\$ 30,951</u>	<u>\$ -</u>	<u>\$ 91,994</u>	<u>\$ 2,090,839</u>	<u>\$ 2,182,833</u>

The changes in allowance for credit losses and provisions for the six months ended June 30, 2025 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 on January 1, 2025	\$ 2,727	\$ 1,837	\$ 7,579	\$ 12,143	\$ 12,174	\$ 24,317
Transfers						
To 12-month ECLs	14	(14)	-	-	-	-
To lifetime ECLs	(184)	186	(2)	-	-	-
To credit-impaired financial assets	(812)	(212)	1,024	-	-	-
New financial assets purchased or originated	2,014	516	2,330	4,860	-	4,860
Derecognition of financial assets in the reporting period	(2,194)	(1,358)	(738)	(4,290)	-	(4,290)
Change in model or risk parameters	954	329	(924)	359	-	359
Difference between IFRS 9 and local requirements	-	-	-	-	(2,356)	(2,356)
Withdrawal after write-offs	-	-	4	4	-	4
Exchange rate or other changes	(7)	(14)	(631)	(652)	(137)	(789)
Balance on June 30, 2025	<u>\$ 2,512</u>	<u>\$ 1,270</u>	<u>\$ 8,642</u>	<u>\$ 12,424</u>	<u>\$ 9,681</u>	<u>\$ 22,105</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 on January 1, 2025	\$ 505,303	\$ 216,750	\$ 319,402	\$ 1,041,455	\$ 2,289,702	\$ 3,331,157
Transfers						
To 12-month ECLs	5,790	(5,790)	-	-	-	-
To lifetime ECLs	(46,755)	47,645	(890)	-	-	-
To credit-impaired financial assets	(75,846)	(22,018)	97,864	-	-	-
New financial assets purchased or originated	209,318	120,562	99,275	429,155	-	429,155
Derecognition of financial assets in the reporting period	(140,718)	(68,017)	(88,612)	(297,347)	-	(297,347)
Change in model or risk parameters	113,736	71,496	(21,584)	163,648	-	163,648
Difference between IFRS 9 and local requirements	-	-	-	-	(9,821)	(9,821)
Write-offs	-	-	(90,226)	(90,226)	-	(90,226)
Withdrawal after write-offs	-	-	23,495	23,495	-	23,495
Exchange rate or other changes	(11,317)	(4,716)	(11,370)	(27,403)	(90,605)	(118,008)
Balance on June 30, 2025	<u>\$ 559,511</u>	<u>\$ 355,912</u>	<u>\$ 327,354</u>	<u>\$ 1,242,777</u>	<u>\$ 2,189,276</u>	<u>\$ 3,432,053</u>

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance on January 1, 2025	\$ 108,679	\$ 24,415	\$ -	\$ 133,094	\$ 1,769,174	\$ 1,902,268
Transfers						
To 12-month ECLs	111	(111)	-	-	-	-
To lifetime ECLs	(674)	674	-	-	-	-
New financial assets purchased or originated	39,964	11,789	-	51,753	-	51,753
Derecognition of financial assets in the reporting period	(53,012)	(12,573)	-	(65,585)	-	(65,585)
Change in model or risk parameters	(14,214)	(5,203)	-	(19,417)	-	(19,417)
Difference between IFRS 9 and local requirements	-	-	-	-	(20,945)	(20,945)
Withdrawal after write-offs	-	-	-	-	76,362	76,362
Exchange rate or other changes	(982)	(64)	-	(1,046)	(2,003)	(3,049)
Balance on June 30, 2025	<u>\$ 79,872</u>	<u>\$ 18,927</u>	<u>\$ -</u>	<u>\$ 98,799</u>	<u>\$ 1,822,588</u>	<u>\$ 1,921,387</u>

15. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership			Remark
			June 30, 2026	December 31, 2025	June 30, 2025	
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	28.37	Founded in 1978
	IBT Holding Corp. (IBTH)	Holding company	100.00	100.00	100.00	Founded in 2006 in California
	IBTM	Investment consulting	100.00	100.00	100.00	Founded in 2000
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	Founded in 2014
IBTH	EverTrust Bank	Banking	91.78	91.78	91.78	Founded in 1994 in California
IBT VII Venture Capital Co., Ltd.	O-BANK CAPITAL ASIA PTE. LTD.	Market research and survey	100.00	100.00	-	Founded in 2025 in Singapore

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		
		June 30, 2026	December 31, 2025	June 30, 2025
CBF	Taipei	71.63%	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	June 30, 2026	December 31, 2025	June 30, 2025
<u>CBF</u>			
Equity attributable to:			
Owners of CBF	\$ 7,907,281	\$ 7,895,164	\$ 7,352,148
Non-controlling interests of CBF	<u>19,965,883</u>	<u>19,935,284</u>	<u>18,564,170</u>
	<u>\$ 27,873,164</u>	<u>\$ 27,830,448</u>	<u>\$ 25,916,318</u>

	For the Six Months Ended June 30	
	2026	2025
Net revenue	\$ 2,239,800	\$ 1,426,597
Net profit from continuing operations	\$ 1,436,196	\$ 967,431
Other comprehensive income for the period	<u>(186,633)</u>	<u>772,663</u>
Total comprehensive income for the period	<u>\$ 1,249,563</u>	<u>\$ 1,740,094</u>
Profit attributable to:		
Owners of CBF	\$ 407,432	\$ 274,449
Non-controlling interests of CBF	<u>1,028,764</u>	<u>692,982</u>
	<u>\$ 1,436,196</u>	<u>\$ 967,431</u>
Total comprehensive income attributable to:		
Owners of CBF	\$ 354,486	\$ 493,644
Non-controlling interests of CBF	<u>895,077</u>	<u>1,246,450</u>
	<u>\$ 1,249,563</u>	<u>\$ 1,740,094</u>
Net cash outflow from:		
Operating activities	\$ (4,748,159)	\$ (1,745,318)
Investing activities	(11,396)	188
Financing activities	<u>4,737,905</u>	<u>1,194,266</u>
Net cash outflow	<u>\$ (21,650)</u>	<u>\$ (550,864)</u>
Dividends paid to non-controlling interests of CBF	<u>\$ -</u>	<u>\$ -</u>

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

Investments in Associates

	June 30, 2026	December 31, 2025	June 30, 2025
Associates - Infinite Finance Co., Ltd.	\$ 5,191,617	\$ 5,135,273	\$ 5,325,202
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	<u>1,265,302</u>	<u>1,217,025</u>	<u>1,113,341</u>
	<u>\$ 6,456,919</u>	<u>\$ 6,352,298</u>	<u>\$ 6,438,543</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 Infinite Finance 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 of 713 thousand shares of Infinite Finance for NT\$26,738 thousand. After the disposal, the bank's shareholding ratio was 44.27%. The Bank subscribed for additional new shares issued of Infinite Finance at a percentage different from its existing ownership percentage in August 2024, and reduced its continuing interest from 44.27% to 41.64%.

The Board of Directors of Infinite Finance Co., Ltd. resolved on March 10, 2026 to purchase treasury shares during the period from March 11, 2026 to May 10, 2026. As of June 30, 2026, Infinite Finance Co., Ltd. had purchased 2,000 thousand shares, resulting in the Bank's shareholding ratio increasing from 41.64% to 41.84%

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

The investments accounted for using the equity method and the Group's share of profit or loss and other comprehensive income of the associates were recognized based on the audited financial statements of the respective associates for the corresponding periods, except for Beijing Sunshine Consumer Finance Co., Ltd., whose financial statements for the six months ended June 30, 2026 had not been audited by independent auditors. Management of the Bank and its subsidiaries believes that the use of the unaudited financial statements of Beijing Sunshine Consumer Finance Co., Ltd. would not have a material effect on the recognition of investments accounted for using the equity method or the Group's share of profit or loss and other comprehensive income.

17. OTHER FINANCIAL ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Time deposits with original maturities more than 3 months	\$ 30,567	\$ 18,242	\$ 17,496
Call loans to securities corporation limited	1,273,628	1,258,011	299,069
Repurchase agreement margins	<u>166,111</u>	<u>120,797</u>	<u>114,895</u>
	<u>\$ 1,470,306</u>	<u>\$ 1,397,050</u>	<u>\$ 431,460</u>

18. PROPERTY AND EQUIPMENT, NET

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Carrying amounts of each class of</u>			
Land	\$ 781,970	\$ 781,970	\$ 781,970
Buildings	1,041,578	1,064,640	1,088,534
Machinery and computer equipment	508,893	536,402	508,697
Transportation equipment	33,528	35,751	38,138
Office and other equipment	43,292	45,089	37,767
Lease improvement	44,094	50,461	57,155
Construction in progress and prepayments for equipment	<u>123,300</u>	<u>109,188</u>	<u>94,521</u>
	<u>\$ 2,576,655</u>	<u>\$ 2,623,501</u>	<u>\$ 2,606,782</u>

The movements of property and equipment for the six months ended June 30, 2026 and 2025 are summarized as follows:

	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 on January 1, 2026	\$ 781,970	\$ 1,914,008	\$ 1,237,759	\$ 62,259	\$ 304,472	\$ 418,457	\$ 109,188	\$ 4,828,113
Additions	-	486	25,362	2,530	3,711	1,550	86,729	120,368
Disposals and scrapped	-	-	(58,505)	(715)	(700)	(2,258)	-	(62,178)
Reclassification and others	-	-	3,779	-	109	307	(72,619)	(68,424)
Effect of foreign currency exchange differences	-	-	283	24	611	1,623	2	2,543
Balance on June 30, 2026	<u>\$ 781,970</u>	<u>\$ 1,914,494</u>	<u>\$ 1,208,678</u>	<u>\$ 64,098</u>	<u>\$ 308,203</u>	<u>\$ 419,679</u>	<u>\$ 123,300</u>	<u>\$ 4,820,422</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2026	\$ -	\$ 849,368	\$ 701,357	\$ 26,508	\$ 259,383	\$ 367,996	\$ -	\$ 2,204,612
Disposals and scrapped	-	-	(58,201)	(596)	(628)	(2,258)	-	(61,683)
Depreciation expense	-	23,548	56,465	4,655	5,678	8,481	-	98,827
Effect of foreign currency exchange differences	-	-	164	3	478	1,366	-	2,011
Balance on June 30, 2026	<u>\$ -</u>	<u>\$ 872,916</u>	<u>\$ 699,785</u>	<u>\$ 30,570</u>	<u>\$ 264,911</u>	<u>\$ 375,585</u>	<u>\$ -</u>	<u>\$ 2,243,767</u>
<u>Carrying amounts</u>								
Balance on June 30, 2026	<u>\$ 781,970</u>	<u>\$ 1,041,578</u>	<u>\$ 508,893</u>	<u>\$ 33,528</u>	<u>\$ 43,292</u>	<u>\$ 44,094</u>	<u>\$ 123,300</u>	<u>\$ 2,576,655</u>
<u>Cost</u>								
Balance on January 1, 2025	\$ 781,970	\$ 1,919,554	\$ 902,979	\$ 58,709	\$ 299,134	\$ 424,936	\$ 65,871	\$ 4,453,153
Additions	-	390	222,770	2,322	8,923	431	97,904	332,740
Disposals and scrapped	-	(1,507)	(911)	(16,291)	(12,339)	-	-	(31,048)
Reclassification and others	-	-	37,762	16,745	1,972	-	(68,943)	(12,464)
Effect of foreign currency exchange differences	-	-	(4,172)	(614)	(5,380)	(15,746)	(311)	(26,223)
Balance on June 30, 2025	<u>\$ 781,970</u>	<u>\$ 1,918,437</u>	<u>\$ 1,158,428</u>	<u>\$ 60,871</u>	<u>\$ 292,310</u>	<u>\$ 409,621</u>	<u>\$ 94,521</u>	<u>\$ 4,716,158</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2025	\$ -	\$ 806,872	\$ 608,943	\$ 35,359	\$ 267,207	\$ 355,632	\$ -	\$ 2,074,013
Disposals and scrapped	-	(603)	(906)	(15,986)	(12,324)	-	-	(29,819)
Depreciation expense	-	23,634	43,447	3,932	4,090	9,271	-	84,374
Reclassification and others	-	-	(1)	-	1	-	-	-
Effect of foreign currency exchange differences	-	-	(1,752)	(572)	(4,431)	(12,437)	-	(19,192)
Balance on June 30, 2025	<u>\$ -</u>	<u>\$ 829,903</u>	<u>\$ 649,731</u>	<u>\$ 22,733</u>	<u>\$ 254,543</u>	<u>\$ 352,466</u>	<u>\$ -</u>	<u>\$ 2,109,376</u>
<u>Carrying amounts</u>								
Balance on June 30, 2025	<u>\$ 781,970</u>	<u>\$ 1,088,534</u>	<u>\$ 508,697</u>	<u>\$ 38,138</u>	<u>\$ 37,767</u>	<u>\$ 57,155</u>	<u>\$ 94,521</u>	<u>\$ 2,606,782</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	5-10 years

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Carrying amounts</u>			
Buildings	\$ 319,220	\$ 388,374	\$ 352,081
Transportation equipment	3,859	5,842	7,924
Office equipment	<u>1,557</u>	<u>2,010</u>	<u>1,090</u>
	<u>\$ 324,636</u>	<u>\$ 396,226</u>	<u>\$ 361,095</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2026	2025	2026
			2025
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 27,290</u>	<u>\$ 3,963</u>
Depreciation charge for right-of-use assets			
Buildings	\$ 36,390	\$ 34,068	\$ 73,414
Transportation equipment	941	1,042	1,983
Office equipment	<u>238</u>	<u>235</u>	<u>474</u>
	<u>\$ 37,569</u>	<u>\$ 35,345</u>	<u>\$ 75,871</u>
			<u>\$ 72,885</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 six months ended June 30, 2026 and 2025.

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts	<u>\$ 343,676</u>	<u>\$ 414,349</u>	<u>\$ 379,230</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Buildings	1.35%-5.88%	1.35%-5.88%	1.35%-5.88%
Transportation equipment	1.85%-2.62%	1.85%-2.76%	1.85%-2.76%
Office equipment	3.70%-4.51%	3.70%-4.51%	1.08%-4.51%

c. Material lease-in activities

Due to the rental of buildings, the Group had entered into various leasehold contracts with others, respectively. These contracts are gradually expiring before the end of March 2033. As of June 30, 2026, December 31, 2025 and June 30, 2025, refundable deposits paid under operating lease amounted to \$32,020 thousand, \$32,691 thousand and \$31,467 thousand, respectively.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Expenses relating to short-term leases	<u>\$ 889</u>	<u>\$ 1,081</u>	<u>\$ 2,008</u>	<u>\$ 2,110</u>
Expenses relating to low-value asset leases	<u>\$ 1,969</u>	<u>\$ 1,751</u>	<u>\$ 4,125</u>	<u>\$ 3,340</u>
Total cash outflow for leases			<u>\$ (87,673)</u>	<u>\$ (84,359)</u>

20. INTANGIBLE ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Carrying amounts of each class of</u>			
Computer software	\$ 570,557	\$ 511,027	\$ 487,967
Goodwill	<u>1,207,968</u>	<u>1,193,275</u>	<u>1,135,196</u>
	<u>\$ 1,778,525</u>	<u>\$ 1,704,302</u>	<u>\$ 1,623,163</u>

The changes in of intangible assets for the six months ended June 30, 2026 and 2025 are summarized as follows:

	Computer Software	Goodwill	Others	Total
<u>Cost</u>				
Balance on January 1, 2026	\$ 2,919,705	\$ 1,193,275	\$ 7,678	\$ 4,120,658
Additions	74,761	-	-	74,761
Scrapped	(2,605)	-	-	(2,605)
Reclassification	63,594	-	-	63,594
Effect of foreign currency exchange differences	<u>617</u>	<u>14,693</u>	<u>95</u>	<u>15,405</u>
Balance on June 30, 2026	<u>\$ 3,056,072</u>	<u>\$ 1,207,968</u>	<u>\$ 7,773</u>	<u>\$ 4,271,813</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2026	\$ 2,408,678	\$ -	\$ 7,678	\$ 2,416,356
Amortization	78,894	-	-	78,894
Scrapped	(2,605)	-	-	(2,605)
Effect of foreign currency exchange differences	<u>548</u>	<u>-</u>	<u>95</u>	<u>643</u>
Balance on June 30, 2026	<u>\$ 2,485,515</u>	<u>\$ -</u>	<u>\$ 7,773</u>	<u>\$ 2,493,288</u>
<u>Carrying amounts</u>				
Balance on June 30, 2026	<u>\$ 570,557</u>	<u>\$ 1,207,968</u>	<u>\$ -</u>	<u>\$ 1,778,525</u>
<u>Cost</u>				
Balance on January 1, 2025	\$ 2,773,641	\$ 1,243,694	\$ 8,005	\$ 4,025,340
Additions	55,417	-	-	55,417
Scrapped	(2,860)	-	-	(2,860)
Reclassification	11,702	-	-	11,702
Effect of foreign currency exchange differences	<u>(8,695)</u>	<u>(108,498)</u>	<u>(704)</u>	<u>(117,897)</u>
Balance on June 30, 2025	<u>\$ 2,829,205</u>	<u>\$ 1,135,196</u>	<u>\$ 7,301</u>	<u>\$ 3,971,702</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2025	\$ 2,273,778	\$ -	\$ 8,005	\$ 2,281,783
Amortization	78,029	-	-	78,029
Scrapped	(2,860)	-	-	(2,860)
Effect of foreign currency exchange differences	<u>(7,709)</u>	<u>-</u>	<u>(704)</u>	<u>(8,413)</u>
Balance on June 30, 2025	<u>\$ 2,341,238</u>	<u>\$ -</u>	<u>\$ 7,301</u>	<u>\$ 2,348,539</u>
<u>Carrying amounts</u>				
Balance on June 30, 2025	<u>\$ 487,967</u>	<u>\$ 1,135,196</u>	<u>\$ -</u>	<u>\$ 1,623,163</u>

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

	June 30, 2026	December 31, 2025	June 30, 2025
Refundable deposits	\$ 885,442	\$ 1,051,518	\$ 1,464,759
Life insurance cash surrender value	359,256	353,426	334,795
Prepayments	116,715	95,848	129,539
Prepaid pension cost	39,582	-	-
Others	<u>196,379</u>	<u>177,345</u>	<u>184,447</u>
	<u>\$ 1,597,374</u>	<u>\$ 1,678,137</u>	<u>\$ 2,113,540</u>

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2026	December 31, 2025	June 30, 2025
Call loans from banks	\$ 46,756,810	\$ 33,779,646	\$ 33,276,579
Deposits from Chunghwa Post Co., Ltd.	12,000,000	12,000,000	12,000,000
Call loans from the Central Bank	<u>2,865,664</u>	<u>2,830,524</u>	<u>2,691,624</u>
	<u>\$ 61,622,474</u>	<u>\$ 48,610,170</u>	<u>\$ 47,968,203</u>

23. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Bills	\$ 113,153,201	\$ 112,474,231	\$ 118,474,353
Government bonds	18,873,928	17,094,295	17,209,351
Corporate bonds	73,425,059	68,255,154	67,631,309
Bank debentures	<u>17,812,896</u>	<u>21,375,431</u>	<u>19,682,812</u>
	<u>\$ 223,265,084</u>	<u>\$ 219,199,111</u>	<u>\$ 222,997,825</u>
Date of agreements to repurchase	Before April 2027	Before October 2026	Before April 2026
Amount of agreements to repurchase	\$ 218,192,839	\$ 214,280,604	\$ 217,631,934

The Group has repurchased bills and bond liabilities with an unspecified maturity date as of June 30, 2026, December 31, 2025 and June 30, 2025, with a face value of \$5,247,774 thousand, \$5,694,216 thousand and \$6,297,499 thousand, respectively.

24. PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Investment settlements payables	\$ 934,953	\$ 140,836	\$ 752,560
Acceptances	104,500	331,727	229,723
Accounts payables	236,742	176,697	181,167
Accrued interest	1,824,389	1,657,986	1,766,302
Accrued expenses	1,048,500	1,291,070	894,872
Collections payable	194,030	205,138	193,267
Factored payables	272,791	383,845	415,062
Checks for clearing payables	1,041,287	41,836	2,153,532
Dividends payable	2,447,777	-	2,262,133
Others	<u>122,272</u>	<u>137,719</u>	<u>137,742</u>
	<u>\$ 8,227,241</u>	<u>\$ 4,366,854</u>	<u>\$ 8,986,360</u>

25. DEPOSITS AND REMITTANCES

	June 30, 2026	December 31, 2025	June 30, 2025
Deposits			
Checking	\$ 5,876,140	\$ 6,231,375	\$ 5,306,394
Demand	47,008,885	44,829,231	43,961,687
Time	265,821,630	253,838,730	241,540,980
Savings deposits	23,480,222	23,892,327	22,148,651
Export remittances	<u>11,494</u>	<u>33,784</u>	<u>22,260</u>
	<u>\$ 342,198,371</u>	<u>\$ 328,825,447</u>	<u>\$ 312,979,972</u>

26. BANK DEBENTURES PAYABLE

	June 30, 2026	December 31, 2025	June 30, 2025
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repayment of the principal at maturity	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Subordinate bonds 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
			(Continued)

	June 30, 2026	December 31, 2025	June 30, 2025
Subordinate bonds A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	\$ 700,000	\$ 700,000	\$ 700,000
Subordinate bonds 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
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repay the principal at maturity	1,000,000	1,000,000	1,000,000
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	1,500,000	1,500,000
Subordinate bonds second issued in 2024; fixed 2.50% interest rate; maturity: June 27, 2031; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000	1,000,000
Subordinate bonds A first issued in 2025; fixed 2.55% interest rate; maturity: September 26, 2032; interest paid annually and repayment of the principal at maturity	200,000	200,000	-
Subordinate bonds B first issued in 2025; fixed 2.70% interest rate; maturity: September 26, 2035; interest paid annually and repayment of the principal at maturity	1,010,000	1,010,000	-
Subordinate bonds A first issued in 2026; fixed 2.55% interest rate; maturity: May 6, 2033; interest paid annually and repayment of the principal at maturity	550,000	-	-
			(Continued)

	June 30, 2026	December 31, 2025	June 30, 2025
Subordinate bonds B first issued in 2026; fixed 2.55% interest rate; maturity: May 6, 2033; interest paid annually and repayment of the principal at maturity	\$ 500,000	\$ -	\$ -
Subordinate bonds C first issued in 2026; fixed 2.70% interest rate; maturity: May 6, 2036; interest paid annually and repayment of the principal at maturity	<u>1,450,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,660,000</u>	<u>\$ 14,660,000</u>	<u>\$ 13,450,000</u> (Concluded)

27. OTHER FINANCIAL LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Bank borrowings	\$ 150,000	\$ 110,000	\$ 163,800
Commercial papers payable	134,655	129,673	91,825
Principal of structured products	15,240,647	12,803,363	10,820,672
Funds obtained from the government - intended for specific types of loans	<u>2,181,488</u>	<u>2,042,821</u>	<u>2,259,347</u>
	<u>\$ 17,706,790</u>	<u>\$ 15,085,857</u>	<u>\$ 13,335,644</u>

a. Bank borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Short-term borrowings	<u>\$ 150,000</u>	<u>\$ 110,000</u>	<u>\$ 163,800</u>
Interest rate interval (%) New Taiwan dollars	2.15%-2.21%	2.20%	2.20%-2.28%

b. Commercial papers payable

	June 30, 2026	December 31, 2025	June 30, 2025
Commercial papers payable	\$ 135,000	\$ 130,000	\$ 92,000
Less: Unamortized discount	<u>(345)</u>	<u>(327)</u>	<u>(175)</u>
	<u>\$ 134,655</u>	<u>\$ 129,673</u>	<u>\$ 91,825</u>
Interest rate interval (%)	2.22%	2.22%	2.22%-2.24%

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

	June 30, 2026	December 31, 2025	June 30, 2025
Funds obtained from the government - intended for specific types of loans	<u>\$ 2,181,488</u>	<u>\$ 2,042,821</u>	<u>\$ 2,259,347</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 and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

28. PROVISIONS

	June 30, 2026	December 31, 2025	June 30, 2025
Provisions for employee benefits	\$ 122,393	\$ 88,626	\$ 82,375
Provisions for losses on guarantees contracts	2,095,112	2,021,875	1,833,666
Provisions for losses on financing commitments	<u>87,721</u>	<u>87,721</u>	<u>87,721</u>
	<u>\$ 2,305,226</u>	<u>\$ 2,198,222</u>	<u>\$ 2,003,762</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 June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025 was recognized in the consolidated statements of comprehensive income in the total amounts of \$24,728 thousand, \$21,067 thousand, \$49,485 thousand and \$44,978 thousand, respectively.

Defined Benefit Plan

The retirement expenses recognized under defined benefit plans for the three months ended June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025 were calculated using the respective 2025 and 2024 annually determined discount rates as of December 31, 2025 and 2024 and amounted to \$2,703 thousand, \$3,028 thousand, \$5,491 thousand and \$5,920 thousand, respectively.

30. OTHER LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Guarantee deposits received	\$ 251,690	\$ 162,446	\$ 222,451
Advance revenue	50,344	60,076	53,637
Payable for custody	8,740	61,052	11,741
Receipts in suspense and pending settlement	107,383	1,033,049	277,447
Deferred revenue	83,568	81,408	82,144
Others	<u>7,457</u>	<u>7,605</u>	<u>7,117</u>
	<u>\$ 509,182</u>	<u>\$ 1,405,636</u>	<u>\$ 654,537</u>

31. EQUITY

a. Capital stock

	June 30, 2026	December 31, 2025	June 30, 2025
Number of stocks 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>2,805,358</u>	<u>2,805,358</u>	<u>2,805,358</u>
Preferred stock	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Amount of stocks issued	<u>\$ 30,553,579</u>	<u>\$ 30,553,579</u>	<u>\$ 30,553,579</u>

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

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 subscription date was September 25, 2024. The Bank finished the registration on October 29, 2024. The rights and obligations of Series B preferred stockholders are as follows:

- 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 toward 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 full 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 authorities' 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.

b. Capital surplus

	June 30, 2026	December 31, 2025	June 30, 2025
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note 1)			
Issuance of ordinary shares	\$ 500,000	\$ 500,000	\$ 500,000
Treasury share transactions	<u>10,746</u>	<u>10,746</u>	<u>10,746</u>
	<u>510,746</u>	<u>510,746</u>	<u>510,746</u>

(Continued)

	June 30, 2026	December 31, 2025	June 30, 2025
Must be used to offset a deficit			
Disgorgement exercised	\$ 13	\$ 13	\$ 13
Unclaimed dividends	2,606	3,671	3,671
Share of changes in capital surplus of subsidiaries associates or joint ventures (Note 2)	<u>63,175</u>	<u>56,258</u>	<u>53,527</u>
	<u>65,794</u>	<u>59,942</u>	<u>57,211</u>
May not be used for any purpose			
Share of changes in capital surplus of subsidiaries associates or joint ventures	<u>4,562</u>	<u>4,046</u>	<u>4,062</u>
	<u>\$ 581,102</u>	<u>\$ 574,734</u>	<u>\$ 572,019</u>
			(Concluded)

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 surplus arises from the effects of changes in ownership interests in associates resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of associates accounted for using equity method.

c. Special reserves

	June 30, 2026	December 31, 2025	June 30, 2025
Trading loss and default loss reserve	\$ 133,955	\$ 133,955	\$ 133,955
Employee transfer or placement expenditure related to financial technology development	-	3,110	3,110
Other equity deductions special reserves	<u>159,058</u>	<u>1,450,123</u>	<u>1,450,123</u>
	<u>\$ 293,013</u>	<u>\$ 1,587,188</u>	<u>\$ 1,587,188</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 dividends policy

- 1) The Bank's dividend policy approved by the stockholders' meeting of the Bank on June 13, 2025 is as follows:

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 the remaining profit is undistributed retained earnings. These earnings, combined with undistributed retained earnings at the beginning of the period, shall form the cumulative distributable earnings. Dividends for preferred shares shall be distributed with priority, followed by dividends and bonuses for common shares (collectively referred to as "dividends"). The Board of Directors shall prepare a proposal for the 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 stockholders' 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.

The distribution of common stock dividend shall not be lower than 20% of distributable earnings after deducting distributable but not yet distributed preferred stock dividends for the current year. The aforesaid distributable earnings refer to the outstanding balance derived from deducting preferred stock dividends and reverse of any special reserve from the year's undistributed earnings set forth in paragraph 1 of this article. In particular, the cash dividend payout shall account for not less than 20% of the total common stock dividend payout for any given year. Separately, before the legal reserve equals the total amount of capital stock, the maximum cash distribution of earnings shall not exceed 15% of the total amount of paid-in capital.

With regard to the foregoing distribution of common stock dividends, the Bank adopts a policy of stability and balance that takes into account capital budget planning, capital needs for business operations, and commitment to a sound financial structure. The aforesaid method of dividend distribution is intended only as a principle-based guideline; the Bank may consider actual needs and, via the Board of Directors, propose an amendment and seek stockholder approval in the form of a resolution adopted by a stockholders' meeting.

- 2) The dividend policy before June 13, 2025 is as follows:

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 stockholders’ 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 2025 and 2024 have been proposed by the Bank’s board of directors and approved in the stockholders’ meetings on June 12, 2026 and June 13, 2025, respectively. The appropriations and dividends per share were as follows:

	2025	2024
Legal reserve	\$ 526,566	\$ 842,611
Special reserve reversed	(1,294,175)	(383,059)
Cash dividends - common stock	1,446,858	1,391,209
Series A Preferred stock dividends	-	83,825
Series B Preferred stock dividends	135,000	36,147

e. Other equity items

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

	For the Six Months Ended June 30	
	2026	2025
Balance on January 1	\$ 283,699	\$ 541,303
Exchange differences arising on translating the financial statements of foreign operations	234,536	(946,449)
Income tax related to gains arising on translating the financial statements of foreign operations	<u>(29,110)</u>	<u>150,390</u>
Balance on June 30	<u>\$ 489,125</u>	<u>\$ (254,756)</u>

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

	For the Six Months Ended June 30	
	2026	2025
Balance on January 1	\$ (442,757)	\$ (1,991,426)
Recognized during the period		
Unrealized gains (losses) - debt instruments	(449,797)	929,488
Unrealized gains (losses) - equity instruments	1,197,674	(10,193)
Tax effects	27,340	(59,502)
Loss allowance of debt instruments	(2,699)	(3,250)
Other comprehensive income recognized in the period	<u>772,518</u>	<u>856,543</u>
Cumulative unrealized losses of equity instruments transferred to retained earnings due to disposal	<u>(670,718)</u>	<u>43,249</u>
Balance on June 30	<u>\$ (340,957)</u>	<u>\$ (1,091,634)</u>

f. Non-controlling interests

	For the Six Months Ended June 30	
	2026	2025
Balance on January 1	\$ 20,600,150	\$ 18,715,932
Attribute to non-controlling interests		
Shares of profit for the year	1,043,452	708,536
Capital surplus	1,301	1,124
Exchange differences arising on translation of foreign entities	8,352	(58,029)
Unrealized valuation gains or losses on FVTOCI		
Debt instruments	(520,532)	668,600
Equity instruments	324,485	(24,374)
Tax effects	61,360	(85,877)
Actuarial profit and loss of defined benefit plans	-	230
Cash dividends paid by subsidiaries	<u>(865,781)</u>	<u>(750,343)</u>
Balance on June 30	<u>\$ 20,652,787</u>	<u>\$ 19,175,799</u>

g. Treasury stocks

	Unit: In Thousands of Shares	
	For the Six Months Ended June 30	
	2026	2025
Number of shares on January 1	22,939	9,357
Increase during the year	<u>-</u>	<u>13,582</u>
Number of shares on June 30	<u>22,939</u>	<u>22,939</u>

On December 25, 2024, the board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from December 26, 2024 to February 25, 2025. As of February 25, 2025, the Bank had acquired 13,582 thousand shares of treasury stocks for \$134,428 thousand.

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

32. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Interest revenue</u>				
Discounts and loans	\$ 2,537,862	\$ 2,402,028	\$ 5,086,024	\$ 5,123,696
Investments in securities	1,082,071	941,023	2,149,892	1,942,774
Due from the Central Bank and call loans to banks	187,174	65,140	356,239	186,471
Others	<u>136,137</u>	<u>72,417</u>	<u>258,894</u>	<u>151,858</u>
	<u>3,943,244</u>	<u>3,480,608</u>	<u>7,851,049</u>	<u>7,404,799</u>
<u>Interest expense</u>				
Deposits	1,829,082	1,771,097	3,690,938	3,842,773
Deposits from the Central Bank and banks	241,067	196,871	457,271	403,727
Bills and bonds sold under repurchase agreements	906,223	976,565	1,795,862	1,963,263
Others	<u>109,703</u>	<u>39,435</u>	<u>211,187</u>	<u>121,017</u>
	<u>3,086,075</u>	<u>2,983,968</u>	<u>6,155,258</u>	<u>6,330,780</u>
	<u>\$ 857,169</u>	<u>\$ 496,640</u>	<u>\$ 1,695,791</u>	<u>\$ 1,074,019</u>

33. SERVICE FEE REVENUE, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Service fee income				
Guarantee business	\$ 306,549	\$ 284,668	\$ 608,829	\$ 569,559
Loan business	99,454	107,905	247,600	236,098
Underwrite business	338,266	155,565	497,783	296,489
Trust business	14,560	6,941	29,007	23,127
Credit examining business	26,849	15,493	97,342	76,258
Import and export business	5,633	4,831	12,999	9,432
Factoring business	2,856	2,160	5,015	6,158
Insurance agent business	15,215	8,830	26,363	18,929
Others	<u>52,533</u>	<u>62,044</u>	<u>167,976</u>	<u>130,954</u>
	861,915	648,437	1,692,914	1,367,004
Service charge				
Others	<u>52,644</u>	<u>53,041</u>	<u>95,859</u>	<u>98,513</u>
	<u>\$ 809,271</u>	<u>\$ 595,396</u>	<u>\$ 1,597,055</u>	<u>\$ 1,268,491</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Realized gains or losses				
Bills	\$ 22,682	\$ 24,445	\$ 54,208	\$ 36,424
Stocks and beneficiary certificates	92,031	(551)	101,102	33,708
Bonds	178,244	168,700	293,373	248,682
Derivatives	<u>87,169</u>	<u>(492,079)</u>	<u>416,711</u>	<u>163,936</u>
	<u>380,126</u>	<u>(299,485)</u>	<u>865,394</u>	<u>482,750</u>
Gains (losses) on valuation				
Bills	(27,460)	8,332	45,406	(35,502)
Stocks and beneficiary certificates	96,473	55,798	111,243	12,289
Bonds	29,203	9,572	50,256	11,235
Derivatives	<u>(213,467)</u>	<u>(1,337,169)</u>	<u>85,068</u>	<u>(1,461,186)</u>
	<u>(115,251)</u>	<u>(1,263,467)</u>	<u>291,973</u>	<u>(1,473,164)</u>
Interest revenue	<u>821,875</u>	<u>782,525</u>	<u>1,587,337</u>	<u>1,562,252</u>
	<u>\$ 1,086,750</u>	<u>\$ (780,427)</u>	<u>\$ 2,744,704</u>	<u>\$ 571,838</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Realized gain - debt instruments	\$ 232	\$ 29,740	\$ 178,659	\$ 102,482
Dividend income	<u>265,849</u>	<u>276,502</u>	<u>376,172</u>	<u>285,997</u>
	<u>\$ 266,081</u>	<u>\$ 306,242</u>	<u>\$ 554,831</u>	<u>\$ 388,479</u>

36. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits				
Salaries and wages	\$ 708,958	\$ 600,179	\$ 1,375,239	\$ 1,179,240
Labor insurance and national health insurance	44,522	41,974	88,976	84,317
Others	90,688	62,883	190,930	133,129
Post-employment benefits				
Pension expenses	27,431	24,095	54,976	50,898
Pension benefits	<u>-</u>	<u>298</u>	<u>876</u>	<u>740</u>
	<u>\$ 871,599</u>	<u>\$ 729,429</u>	<u>\$ 1,710,997</u>	<u>\$ 1,448,324</u>

According to the Company's Articles of Incorporation, 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. In accordance with the amendment to the Securities and Exchange Act in August 2024, the Bank revised its Articles of Incorporation at the stockholders' meeting held on June 13, 2025. The proposed revision will stipulate that among the total amount of employee compensation, the portion allocated to non-executive employees staff shall not be less than 20%.

The amounts and accrual rates of employees' compensation (including non-executive employees) and remuneration of directors for the six months ended June 30, 2026 and 2025 were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2026	2025
Compensation of employees	1.50%	1.50%
Remuneration of directors	1.25%	1.30%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Compensation of employees	<u>\$ 14,266</u>	<u>\$ 8,484</u>	<u>\$ 27,791</u>	<u>\$ 18,766</u>
Remuneration of directors	<u>\$ 11,888</u>	<u>\$ 7,353</u>	<u>\$ 23,159</u>	<u>\$ 16,264</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 compensation of employees and remuneration of directors for 2025 and 2024, which were approved by the Bank's board of director on March 11, 2026 and May 2, 2025 respectively, were as follows:

	2025	2024
	Cash	Cash
Compensation of employees	<u>\$ 33,822</u>	<u>\$ 52,586</u>
Remuneration of directors	<u>\$ 28,185</u>	<u>\$ 45,574</u>

There are no differences between 2025 and 2024 the actual amounts of compensation of employees and remuneration of directors paid and 2025 and 2024 the amounts recognized in the annual consolidated financial statement.

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

37. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Property and equipment	\$ 49,828	\$ 44,484	\$ 98,827	\$ 84,374
Right-of-use assets	37,569	35,345	75,871	72,885
Intangible assets	<u>42,555</u>	<u>33,355</u>	<u>78,894</u>	<u>78,029</u>
	<u>\$ 129,952</u>	<u>\$ 113,184</u>	<u>\$ 253,592</u>	<u>\$ 235,288</u>

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Taxation	\$ 119,320	\$ 111,497	\$ 235,301	\$ 217,985
Rental fees	2,857	2,832	6,133	5,450
Management fees	11,747	11,054	21,521	20,702
Computer operating and consulting fees	105,009	94,491	223,576	215,293
Entertainment fees	8,526	9,315	20,878	21,643
Professional services fees	24,061	27,782	48,541	43,951
Advertisement fees	19,190	15,549	29,571	26,736
Postage fees	22,311	20,805	45,812	40,937
Other fees	<u>84,552</u>	<u>107,444</u>	<u>173,112</u>	<u>189,828</u>
	<u>\$ 397,573</u>	<u>\$ 400,769</u>	<u>\$ 804,445</u>	<u>\$ 782,525</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 June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
In respect of the current period	\$ 207,387	\$ 226,504	\$ 521,433	\$ 516,979
Income tax on unappropriated earnings	39,270	28,989	39,270	28,989
Adjustment of prior years	<u>(4,719)</u>	<u>(16,840)</u>	<u>(4,719)</u>	<u>(15,047)</u>
	<u>241,938</u>	<u>238,653</u>	<u>555,984</u>	<u>530,921</u>
Deferred tax				
In respect of the current period	<u>17,283</u>	<u>20,047</u>	<u>11,803</u>	<u>(7,100)</u>
Income tax expense recognized in profit or loss	<u>\$ 259,221</u>	<u>\$ 258,700</u>	<u>\$ 567,787</u>	<u>\$ 523,821</u>

b. Income tax recognized in other comprehensive expense (benefit)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Deferred tax</u>				
Translation of foreign operations	\$ (3,531)	\$ (168,710)	\$ 29,110	\$ (150,390)
Unrealized gains or losses on financial assets at FVTOCI	<u>20,807</u>	<u>61,477</u>	<u>(88,700)</u>	<u>145,379</u>
Income tax expense (benefit) recognized in other comprehensive income	<u>\$ 17,276</u>	<u>\$ (107,233)</u>	<u>\$ (59,590)</u>	<u>\$ (5,011)</u>

c. Assessment of the income tax returns

The income tax returns of the Bank through 2023 have been assessed by the tax authorities. The Bank's subsidiaries IBT Management Corp. and IBT VII Venture Capital Co., Ltd through 2024 have been assessed by the tax authorities. The Bank's subsidiaries CBF through 2023, except 2021, have been assessed by the tax authorities.

40. EARNINGS PER SHARE

Unit: NTS Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Basic earnings per share	<u>\$ 0.26</u>	<u>\$ 0.13</u>	<u>\$ 0.54</u>	<u>\$ 0.32</u>
Diluted earnings per share	<u>\$ 0.24</u>	<u>\$ 0.12</u>	<u>\$ 0.49</u>	<u>\$ 0.30</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 June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Profit for the period attributable to owners of the Bank	\$ 859,425	\$ 485,724	\$ 1,625,874	\$ 1,022,819
Less: Declared preferred stock dividend	<u>135,000</u>	<u>119,972</u>	<u>135,000</u>	<u>119,972</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 724,425</u>	<u>\$ 365,752</u>	<u>\$ 1,490,874</u>	<u>\$ 902,847</u>

Stock (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Weighted average number of common stocks in computation of basic earnings per share	2,782,419	2,782,419	2,782,419	2,784,900
Effect of potentially dilutive common stocks:				
Compensation of employees	1,895	3,982	3,986	5,768
Convertible preferred stock	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Weighted average number of common stocks in the computation of diluted earnings per share	<u>3,034,314</u>	<u>3,036,401</u>	<u>3,036,405</u>	<u>3,040,668</u>

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

41. RELATED PARTY TRANSACTIONS

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

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

Related Party	Relationship with the Bank
Beijing Sunshine Consumer Finance Co., Ltd.	Associates
Infinite Finance Co., Ltd. (Infinite Finance)	Associates
IBT Education Foundation	The Bank is the major donor of the foundation
Yi Chang Investment Co., Ltd.	The Bank's legal director
Taixuan Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Group's legal director (Note)
Others	The Group's management and their other related party

Note: Upon the re-election of the Bank's directors on June 12, 2026, the Company ceased to serve as a corporate director of the Bank.

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 six months ended June 30, 2026</u>			
Associates	\$ 24,766	\$ 169	0.50-0.71
Others	<u>1,806,105</u>	<u>26,657</u>	0.00-8.80
	<u>\$ 1,830,871</u>	<u>\$ 26,826</u>	
<u>For the six months ended June 30, 2025</u>			
Associates	\$ 25,348	\$ 83	0.71-0.80
Others	<u>2,990,172</u>	<u>59,751</u>	0.00-10.00
	<u>\$ 3,015,520</u>	<u>\$ 59,834</u>	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
<u>For the six months ended June 30, 2026</u>				
Others	<u>\$ 97,697</u>	<u>\$ 90,847</u>	<u>\$ 1,005</u>	1.90-2.39
<u>For the six months ended June 30, 2025</u>				
Others	<u>\$ 109,264</u>	<u>\$ 93,810</u>	<u>\$ 980</u>	1.90-6.90

<u>June 30, 2026</u>							Difference of Terms of the Transactions with Unrelated Parties
Category	Account Volume or Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	
Consumer loans	15	<u>\$ 12,862</u>	<u>\$ 11,865</u>	<u>\$ 11,865</u>	<u>\$ -</u>	None	None
Self-used residential mortgage	5	<u>\$ 84,835</u>	<u>\$ 78,982</u>	<u>\$ 78,982</u>	<u>\$ -</u>	Real estate	None
<u>June 30, 2025</u>							Difference of Terms of the Transactions with Unrelated Parties
Category	Account Volume or Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	
Consumer loans	16	<u>\$ 14,546</u>	<u>\$ 13,477</u>	<u>\$ 13,477</u>	<u>\$ -</u>	None	None
Self-used residential mortgage	4	<u>\$ 94,718</u>	<u>\$ 80,333</u>	<u>\$ 80,333</u>	<u>\$ -</u>	Real estate	None

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

3) Dividend receivable (part of account receivable)

Related Party Categories	June 30, 2026	December 31, 2025	June 30, 2025
Associates	\$ <u>-</u>	\$ <u>-</u>	\$ <u>31,096</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Others	\$ <u>-</u>	\$ <u>-</u>	\$ <u>41</u>	\$ <u>4</u>

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

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Others	\$ <u>3,750</u>	\$ <u>4,350</u>	\$ <u>8,150</u>	\$ <u>8,550</u>

Other expenses are donations.

c. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the three months and six months ended June 30, 2026 and 2025 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	\$ 77,454	\$ 54,691	\$ 145,016	\$ 104,803
Post-employment benefits	<u>1,154</u>	<u>1,055</u>	<u>2,238</u>	<u>2,108</u>
	\$ <u>78,608</u>	\$ <u>55,746</u>	\$ <u>147,254</u>	\$ <u>106,911</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 party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

42. PLEDGED ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets at FVTPL	\$ 7,798,921	\$ 10,812,193	\$ 8,312,742
Financial assets at FVTOCI	9,060,164	6,581,048	9,703,006
Investment in debt instruments at amortized cost	2,903,369	2,702,159	2,690,071
Discounts and loans	<u>9,166,254</u>	<u>9,031,366</u>	<u>8,454,664</u>
	<u>\$ 28,928,708</u>	<u>\$ 29,126,766</u>	<u>\$ 29,160,483</u>

Pledged financial assets at FVPL are negotiable certificates of deposits, which are mainly collateral for participating in the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, bills finance businesses operating guarantee deposits, day-term overdrafts, foreign currency remittance and foreign currency call-loan transactions to the financial institutions and the Central Bank. 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 reserve. Pledged financial assets at FVOCI include government bonds, which are mainly trust compensation reserves, bond delivery settlement reserves, treasury custody deposits, operating guarantee deposits and issuing certificates of deposit by EverTrust Bank's and credit facilities. Besides, the Bank engaged in foreign currency remittance and foreign currency call-loan transactions to provide the negotiable certificates of deposits to the financial institutions and the Central Bank. Pledged investments in debt instruments at amortized cost are government bonds, which are mainly for treasury custody deposits, intraday overdrafts to the financial institutions, collateral for interbank borrowing facilities, reserves deposited with the Taipei Exchange for bond outright trading and the provision of operating guarantee deposits. Furthermore, Pledged EverTrust Bank's loans, which are mainly collateral for applying for credit limits with the Federal Home Loan Bank of San Francisco.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, as of June 30, 2026, December 31, 2025 and June 30, 2025, the Group had commitments as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Office decorating and contracts of computer software			
Amount of contracts	\$ 283,850	\$ 196,144	\$ 228,446
Payments for construction in progress and prepayments for equipment	123,300	109,188	94,521

44. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	June 30, 2026	December 31, 2025	June 30, 2025
Trust assets			
Petty cash	\$ 100	\$ 100	\$ 100
Bank deposits	406,499	682,698	960,719
Financial assets	3,318,425	3,395,056	3,736,904
Receivables	826	157	103
Prepayments	404	1,904	400
Real estate	7,824,258	8,143,198	8,435,793
Intangible assets	18,077	52,813	52,813
Structured products	322,406	260,109	218,767
Other assets	<u>65</u>	<u>182</u>	<u>86</u>
Total trust assets	<u>\$ 11,891,060</u>	<u>\$ 12,536,217</u>	<u>\$ 13,405,685</u>
Trust liabilities and capital			
Payables	\$ 2,204	\$ 969	\$ 1,149
Unearned receipts	1,120	1,085	1,680
Taxes payable	3,016	4,006	3,016
Guarantee deposits received	18,624	18,728	20,063
Other liabilities	1,198	865	912
Trust capital	11,391,142	12,036,902	12,932,856
Provisions and accumulated profit and loss	<u>473,756</u>	<u>473,662</u>	<u>446,009</u>
Total trust liabilities and capital	<u>\$ 11,891,060</u>	<u>\$ 12,536,217</u>	<u>\$ 13,405,685</u>

Income Statements of Trust Accounts

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Trust revenue				
Interest revenue	\$ 882	\$ 1,889	\$ 2,172	\$ 3,757
Rent revenue	27,642	28,070	54,206	58,112
Other revenue	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>
Total revenue	<u>28,524</u>	<u>29,959</u>	<u>56,382</u>	<u>61,869</u>
Trust expenses				
Tax	(3,396)	(3,419)	(6,855)	(6,904)
Other expenses	<u>(4,427)</u>	<u>(3,291)</u>	<u>(8,919)</u>	<u>(8,340)</u>
Total expenses	<u>(7,823)</u>	<u>(6,710)</u>	<u>(15,774)</u>	<u>(15,244)</u>
Profit before income tax	20,701	23,249	40,608	46,625
Income tax expense	<u>(40)</u>	<u>(139)</u>	<u>(121)</u>	<u>(272)</u>
Profit after income tax	<u>\$ 20,661</u>	<u>\$ 23,110</u>	<u>\$ 40,487</u>	<u>\$ 46,353</u>

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

Trust Property List

	June 30, 2026	December 31, 2025	June 30, 2025
Petty cash	\$ 100	\$ 100	\$ 100
Bank deposits	406,499	682,698	960,719
Stocks	26,007	19,300	259,555
Funds	2,214,245	2,114,330	2,227,231
Bonds	1,078,173	1,261,426	1,250,118
Land	7,056,832	7,394,404	7,585,392
Buildings	767,426	748,794	850,401
Right of superficies	18,077	52,813	52,813
Receivables	826	157	103
Prepayments	404	1,904	400
Structured products	322,406	260,109	218,767
Other	65	182	86
	<u>\$ 11,891,060</u>	<u>\$ 12,536,217</u>	<u>\$ 13,405,685</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 consolidated financial statements approximate their fair values.

	June 30, 2026		December 31, 2025		June 30, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Investments in debt instruments at amortized cost	\$ 34,258,146	\$ 33,816,417	\$ 29,395,624	\$ 29,384,489	\$ 27,285,899	\$ 27,151,098
<u>Financial liabilities</u>						
Bank debentures payable	14,660,000	14,688,411	14,660,000	14,700,412	13,450,000	13,502,477

2) The fair value hierarchy

Financial Instrument Items at Fair Value	June 30, 2026			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 33,816,417	\$ 12,839,315	\$ 20,977,102	\$ -
<u>Financial liabilities</u>				
Bank debentures payable	14,688,411	-	14,688,411	-

Financial Instrument Items at Fair Value	December 31, 2025			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 29,384,489	\$ 12,593,702	\$ 16,790,787	\$ -

Financial liabilities

Bank debentures payable	14,700,412	-	14,700,412	-
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Financial Instrument Items at Fair Value	June 30, 2025			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 27,151,098	\$ 10,536,102	\$ 16,614,996	\$ -

Financial liabilities

Bank debentures payable	13,502,477	-	13,502,477	-
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Refer to quoted market prices for fair value if there are public quotations on financial instrument with active market. If quoted market prices are not available, the fair value is determined by using a valuation technique or counterparty quotation.

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

- 1) The fair value hierarchy of the financial instruments as of June 30, 2026, December 31, 2025 and June 30, 2025 were as follows:

Item	June 30, 2026			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	\$ 1,423,247	\$ 754,033	\$ -	\$ 669,214
Bills	145,306,163	-	145,306,163	-
Bonds	4,171,457	312,337	3,859,120	-
Hybrid financial assets	14,984,752	572,459	1,224,602	13,187,691
Negotiable certificates of deposit	22,918,516	-	22,918,516	-
Financial assets at FVTOCI				
Equity instruments	11,900,034	10,719,977	214,255	965,802
Bills	2,896,874	-	2,896,874	-
Debt instruments	135,972,666	15,064,282	120,908,384	-
Negotiable certificates of deposit	14,281,542	-	14,281,542	-
Liabilities				
Financial liabilities at FVTPL	3,924	-	3,924	-

(Continued)

Item	June 30, 2026			
	Total	Level 1	Level 2	Level 3
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	\$ 1,157,167	\$ 113,540	\$ 1,043,627	\$ -
Liabilities				
Financial liabilities at FVTPL	766,637	-	766,637	-
				(Concluded)

Item	December 31, 2025			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	\$ 1,123,880	\$ 591,035	\$ 37,564	\$ 495,281
Bonds	3,587,482	-	3,587,482	-
Bills	137,920,138	-	137,920,138	-
Hybrid financial assets	13,098,472	361,688	344,004	12,392,780
Negotiable certificates of deposit	20,608,547	-	20,608,547	-
Financial assets at FVTOCI				
Equity instruments	3,112,551	2,019,162	195,810	897,579
Bills	2,147,443	-	2,147,443	-
Debt instruments	146,514,510	16,553,346	129,961,164	-
Negotiable certificates of deposit	14,834,346	-	14,834,346	-
Liabilities				
Financial liabilities at FVTPL	2,217	-	2,217	-

<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	1,337,185	74,294	1,262,891	-
Liabilities				
Financial liabilities at FVTPL	676,513	-	676,513	-

Item	June 30, 2025			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	\$ 1,208,653	\$ 508,851	\$ 296,583	\$ 403,219
Bills	126,670,824	-	126,670,824	-
Bonds	1,433,862	-	1,433,862	-
Hybrid financial assets	11,508,312	405,368	71,769	11,031,175
Negotiable certificates of deposit	41,113,504	-	41,113,504	-
Financial assets at FVTOCI				
Equity instruments	6,083,511	5,069,365	165,393	848,753
Bills	3,571,564	-	3,571,564	-
Debt instruments	141,315,789	15,575,576	125,740,213	-
Negotiable certificates of deposit	16,332,624	-	16,332,624	-
Liabilities				
Financial liabilities at FVTPL	7,733	-	7,733	-

<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	1,388,840	66,599	1,322,241	-
Liabilities				
Financial liabilities at FVTPL	1,669,629	-	1,669,629	-

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 at fair value through other comprehensive income 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 Bloomberg. 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 Bloomberg for calculating the fair value assessment of individual contracts. Option trading instruments use option pricing model commonly used in the market (ex: Black-Scholes model) to calculate the fair value.

- i. Level 1 - quoted prices in active markets for identical assets or liabilities. Active markets are markets with all of the following conditions: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.
- ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
- iii. Level 3 - inputs not based on observable market data (unobservable inputs. i.e., option pricing model of historical volatility, due to historical volatility could not represent the overall market participants' volatility expectations of the future).

3) Reconciliation of the financial instruments classified in Level 3

For the six months ended June 30, 2026

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	\$ 12,392,780	\$ 495,281	\$ 897,579	\$ 13,785,640
Recognition in profit or loss - financial assets at fair value through profit or loss	(12,289)	103,846	-	91,557
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	68,223	68,223
Purchases	6,445,100	93,921	-	6,539,021
Disposals	<u>(5,637,900)</u>	<u>(23,834)</u>	<u>-</u>	<u>(5,661,734)</u>
Ending balance	<u>\$ 13,187,691</u>	<u>\$ 669,214</u>	<u>\$ 965,802</u>	<u>\$ 14,822,707</u>

For the six months ended June 30, 2025

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	\$ 9,227,163	\$ 341,951	\$ 845,648	\$ 10,414,762
Recognition in profit or loss - financial assets at fair value through profit or loss	38,012	70,253	-	108,265
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	3,381	3,381
Purchases	4,267,800	79,148	-	4,346,948
Disposals	(2,501,800)	(35,134)	(276)	(2,537,210)
Transferred out of Level 3 (Note)	<u>-</u>	<u>(52,999)</u>	<u>-</u>	<u>(52,999)</u>
Ending balance	<u>\$ 11,031,175</u>	<u>\$ 403,219</u>	<u>\$ 848,753</u>	<u>\$ 12,283,147</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 six months ended June 30, 2026 and 2025, were consisted of \$124,449 thousand in gain and \$131,902 thousand in profit, respectively.

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

4) Transfers between Level 1 and Level 2

The Group had no significant transfers between Level 1 and Level 2 for the six months ended June 30, 2026 and 2025.

5) Quantitative information of Level 3 financial instruments

The financial instruments measured at fair value by the Group on a recurring basis are classified as Level 3 significant unobservable inputs as follows:

June 30, 2026

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range	The Relation Between Inputs and Fair Value
<u>Financial assets at FVTPL</u>					
Hybrid financial assets	\$ 13,187,691	Discounted cash flow method	a) Discount rate b) Liquidity risk premium	1. 2764%-2.0010% 84BP-285BP	The higher of discount rate, the lower of fair value. The higher of liquidity risk premium, the lower of fair value.
Unlisted shares	592,311	Market method	Lack of liquidity discount and control discount	10%-30%	The higher of liquidity and control discount, the lower of fair value.
Limited partnership	76,903	Asset method	Not applicable	-	Not applicable
<u>Financial assets at FVTOCI</u>					
Unlisted shares	472,286	Asset method	Lack of liquidity discount and control discount	10%	The higher of liquidity discount, the lower of fair value.
Unlisted shares	460,367	Market method	Lack of liquidity discount and control discount	10%-30%	The higher of liquidity and control discount, the lower of fair value.
Limited partnership	33,149	Asset method	Not applicable	-	Not applicable

December 31, 2025

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range	The Relation Between Inputs and Fair Value
<u>Financial assets at FVTPL</u>					
Hybrid financial assets	\$ 12,392,780	Discounted cash flow method	a) Discount rate b) Liquidity risk premium	1.4932%-1.8914% 78BP-307BP	The higher of discount rate, the lower of fair value. The higher of liquidity risk premium, the lower of fair value.
Unlisted shares	495,281	Market method	Lack of liquidity discount and control discount	10%-30%	The higher of liquidity and control discount, the lower of fair value.
<u>Financial assets at FVTOCI</u>					
Unlisted shares	428,669	Asset method	Lack of liquidity discount and control discount	10%	The higher of liquidity discount, the lower of fair value.
Unlisted shares	439,514	Market method	Lack of liquidity discount and control discount	10%-30%	The higher of liquidity and control discount, the lower of fair value.
Limited partnership	29,396	Asset method	Not applicable	-	Not applicable

June 30, 2025

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range	The Relation Between Inputs and Fair Value
<u>Financial assets at FVTPL</u>					
Hybrid financial assets	\$ 11,031,175	Discounted cash flow method	a) Discount rate b) Liquidity risk premium	1.4889%-1.8795% 66BP-307BP	The higher of discount rate, the lower of fair value. The higher of liquidity risk premium, the lower of fair value.
Unlisted shares	403,219	Market method	Lack of liquidity discount and control discount	10%-30%	The higher of liquidity and control discount, the lower of fair value.
<u>Financial assets at FVTOCI</u>					
Unlisted shares	410,626	Asset method	Lack of liquidity discount and control discount	10%	The higher of liquidity discount, the lower of fair value.
Unlisted shares	407,862	Market method	Lack of liquidity discount and control discount	10%-30%	The higher of liquidity and control discount, the lower of fair value.
Limited partnership	30,265	Asset method	Not applicable	-	Not applicable

6) 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; bonds and convertible bonds for asset swaps that have no quoted market prices 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 six months ended June 30, 2026 and 2025 periods would be as follows:

For the six months ended June 30, 2026

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	\$ 2,010	\$ (2,010)	\$ -	\$ -
Equity instruments	10%	66,921	(66,921)	107,615	(107,615)

For the six months ended June 30, 2025

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	\$ 1,788	\$ (1,788)	\$ -	\$ -
Equity instruments	10%	40,322	(40,322)	94,466	(94,466)

c. Transfer of financial assets

Transferred financial assets not derecognized

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

June 30, 2026

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	\$ 113,004,920	\$ 113,153,201
Bonds sold under repurchase agreements	3,742,078	3,691,040
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	94,893,102	94,199,444
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	6,987,375	6,323,676
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	5,678,323	5,897,723

December 31, 2025

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	\$ 112,285,644	\$ 112,474,231
Bonds sold under repurchase agreements	1,897,340	1,872,617
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	94,343,457	93,501,087
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	8,155,648	7,625,442
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	3,539,824	3,725,734

June 30, 2025

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	\$ 118,284,873	\$ 118,474,353
Bonds sold under repurchase agreements	1,378,853	1,340,865
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	93,950,000	93,922,279
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	5,273,313	4,677,509
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	4,095,668	4,582,819

d. Offsetting financial assets and financial liabilities

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

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

June 30, 2026

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	\$ 1,157,167	\$ -	\$ 1,157,167	\$ (159,449)	\$ (188,191)	\$ 809,527
Resell agreements	<u>13,436,395</u>	<u>-</u>	<u>13,436,395</u>	<u>(13,436,395)</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,593,562</u>	<u>\$ -</u>	<u>\$ 14,593,562</u>	<u>\$ (13,595,844)</u>	<u>\$ (188,191)</u>	<u>\$ 809,527</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	\$ 766,637	\$ -	\$ 766,637	\$ (159,449)	\$ (135,834)	\$ 471,354
Repurchase agreements	<u>223,265,084</u>	<u>-</u>	<u>223,265,084</u>	<u>(222,983,717)</u>	<u>-</u>	<u>281,367</u>
	<u>\$ 224,031,721</u>	<u>\$ -</u>	<u>\$ 224,031,721</u>	<u>\$ (223,143,166)</u>	<u>\$ (135,834)</u>	<u>\$ 752,721</u>

December 31, 2025

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	\$ 1,337,185	\$ -	\$ 1,337,185	\$ (162,294)	\$ (160,478)	\$ 1,014,413
Resell agreements	<u>10,952,720</u>	<u>-</u>	<u>10,952,720</u>	<u>(10,952,720)</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,289,905</u>	<u>\$ -</u>	<u>\$ 12,289,905</u>	<u>\$ (11,115,014)</u>	<u>\$ (160,478)</u>	<u>\$ 1,014,413</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	\$ 676,513	\$ -	\$ 676,513	\$ (162,294)	\$ (208,954)	\$ 305,265
Repurchase agreements	<u>219,199,111</u>	<u>-</u>	<u>219,199,111</u>	<u>(219,299,816)</u>	<u>-</u>	<u>(100,705)</u>
	<u>\$ 219,875,624</u>	<u>\$ -</u>	<u>\$ 219,875,624</u>	<u>\$ (219,462,110)</u>	<u>\$ (208,954)</u>	<u>\$ 204,560</u>

June 30, 2025

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	\$ 1,388,840	\$ -	\$ 1,388,840	\$ (268,132)	\$ (122,027)	\$ 998,681
Resell agreements	<u>9,078,148</u>	<u>-</u>	<u>9,078,148</u>	<u>(9,078,148)</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,466,988</u>	<u>\$ -</u>	<u>\$ 10,466,988</u>	<u>\$ (9,346,280)</u>	<u>\$ (122,027)</u>	<u>\$ 998,681</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	\$ 1,669,629	\$ -	\$ 1,669,629	\$ (268,132)	\$ (496,460)	\$ 905,037
Repurchase agreements	<u>222,997,825</u>	<u>-</u>	<u>222,997,825</u>	<u>(221,928,508)</u>	<u>-</u>	<u>1,069,317</u>
	<u>\$ 224,667,454</u>	<u>\$ -</u>	<u>\$ 224,667,454</u>	<u>\$ (222,196,640)</u>	<u>\$ (496,460)</u>	<u>\$ 1,974,354</u>

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 within 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 also authorized by the Chairman. The chairman serves as the chairman of the committee, and the members of the committee include at least 2 directors authored by the board of directors who own the background of risk management or finance, president, governance officer and designated senior supervisors at all levels under the Chairman, deliberate the bank risk management mechanism and the risk management proposals of the board of directors, supervising the risk management of each risk and review the implementation effect, new type business or setting up risk management. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold 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.

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 is carried out in accordance with the principle of risk diversification to minimize potential financial losses and optimize 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 quantifies 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 authorities 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 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 the internal control framework, effectiveness of the 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 is 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 are still required to be submitted to the relevant management for review.
- f) Loan Assets Quality Evaluation Meeting: In charge of formulating policies and strategies for identifying the possibilities of loss on credit assets. The Bank evaluates the adequacy of the allowance for credit assets.

- g) Risk Management Department: Independent risk management unit which is in charge of risk management and responsible for the related operations of credit risks. It ensures the Bank follows the BASEL regulations and is also responsible for the preparation of risk management reports presented to the appropriate management and plans to establish monitoring tools for credit risk measurement.
 - h) Corporate Credit Management Department: Supervises the establishment of corporate finance risk identification, measurement, monitoring and management, preparation of regulatory review of credit grading, devising and enhancement of deed lists, deed for credit and guarantee amount control, proper release, and other release matters.
 - i) Retail Credit Management Department: Manages personal financial risk, identifies, measures, monitors the allowance for bad debts, and prepares for bad debts presentation, loss assessment and post-loan management.
- 4) The scope and characteristics of credit risk reports and measurement system

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

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

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

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

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

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

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

6) Maximum exposure to credit risk

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

Off-balance Sheet Item	Maximum Exposure Amount		
	June 30, 2026	December 31, 2025	June 30, 2025
Financial guarantees and irrevocable documentary letter of credit			
Contract amounts	\$ 156,761,280	\$ 151,353,336	\$ 147,486,625
Maximum exposure amounts	156,761,280	151,353,336	147,486,625
Loan commitments	63,583,070	64,954,985	56,332,214

7) Concentrations of credit risk exposure

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

On June 30, 2026, December 31, 2025 and June 30, 2025, the Group's significant concentrations of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Financial and insurance	\$ 115,554,319	29	\$ 107,744,055	28	\$ 108,344,290	29
Real estate	75,617,620	19	75,382,967	20	75,841,787	20
Private	72,959,354	18	68,336,403	18	64,450,063	17

b) By counterparty

Credit Risk Profile by Counterparty Sector	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Private sector	\$ 199,110,625	73	\$ 194,210,843	74	\$ 192,835,570	75
Natural person	72,959,354	27	68,336,403	26	64,450,063	25

c) By geographical area

Credit Risk Profile by Geographical Sector	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 175,113,391	64	\$ 164,059,156	62	\$ 160,777,150	62
Other Asia area	45,341,342	17	42,855,183	16	40,864,997	16
America	40,205,202	15	43,300,444	16	47,349,434	18

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. 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. It follows the supervisory values of the Credit Conversion Factor (CCF) as stipulated in the Guidelines and Tables for the Calculation of Bank Capital and Risk-Weighted Assets - Standardized Approach for Credit Risk and Leverage Ratio.

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 changes in bond yields and 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	12-month 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 were as follows:

Category	June 30, 2026	December 31, 2025	June 30, 2025
Performing	\$ 188,214,455	\$ 192,625,940	\$ 189,761,782
Doubtful	-	99,595	99,524
In default	-	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and amortized cost for the six months ended June 30, 2026 and 2025, grouped by credit rating, is reconciled as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	Total
Balance on January 1, 2026	\$ 42,148	\$ 1,843	\$ 43,991
New financial assets purchased or originated	11,058	-	11,058
Derecognition of financial assets	(10,549)	(1,843)	(12,392)
Change in model or risk parameters	(442)	-	(442)
Exchange rates or others	<u>203</u>	<u>-</u>	<u>203</u>
Balance on June 30, 2026	<u>\$ 42,418</u>	<u>\$ -</u>	<u>\$ 42,418</u>
Balance on January 1, 2025	\$ 51,893	\$ -	\$ 51,893
Credit level changed			
From performing to doubtful	(203)	203	-
New financial assets purchased or originated	10,822	-	10,822
Derecognition of financial assets	(13,769)	-	(13,769)
Change in model or risk parameters	(4,654)	1,637	(3,017)
Exchange rates or others	<u>(1,817)</u>	<u>1</u>	<u>(1,816)</u>
Balance on June 30, 2025	<u>\$ 42,272</u>	<u>\$ 1,841</u>	<u>\$ 44,113</u>

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

a) Credit analysis for receivables and discounts and loans

June 30, 2026

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	\$ 5,343,614	\$ 177,816	\$ 83,391	\$ -	\$ 5,604,821
Allowance for credit losses	(1,563)	(396)	(13,070)	-	(15,029)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,320)</u>	<u>(7,320)</u>
Net total	<u>\$ 5,342,051</u>	<u>\$ 177,420</u>	<u>\$ 70,321</u>	<u>\$ (7,320)</u>	<u>\$ 5,582,472</u>
Discounts and loans	\$ 251,886,717	\$ 16,540,099	\$ 3,643,163	\$ -	\$ 272,069,979
Allowance for credit losses	(519,196)	(271,740)	(394,726)	-	(1,185,662)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,353,652)</u>	<u>(2,353,652)</u>
Net total	<u>\$ 251,367,521</u>	<u>\$ 16,268,359</u>	<u>\$ 3,248,437</u>	<u>\$ (2,353,652)</u>	<u>\$ 268,530,665</u>

December 31, 2025

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	\$ 3,925,326	\$ 85,678	\$ 63,359	\$ -	\$ 4,074,363
Allowance for credit losses	(2,843)	(606)	(8,710)	-	(12,159)
Difference of impairment loss under regulations	-	-	-	(8,928)	(8,928)
Net total	<u>\$ 3,922,483</u>	<u>\$ 85,072</u>	<u>\$ 54,649</u>	<u>\$ (8,928)</u>	<u>\$ 4,053,276</u>
Discounts and loans	\$ 232,239,868	\$ 27,103,452	\$ 3,203,926	\$ -	\$ 262,547,246
Allowance for credit losses	(554,737)	(419,071)	(392,982)	-	(1,366,790)
Difference of impairment loss under regulations	-	-	-	(1,997,145)	(1,997,145)
Net total	<u>\$ 231,685,131</u>	<u>\$ 26,684,381</u>	<u>\$ 2,810,944</u>	<u>\$ (1,997,145)</u>	<u>\$ 259,183,311</u>

June 30, 2025

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	\$ 4,543,007	\$ 121,105	\$ 58,335	\$ -	\$ 4,722,447
Allowance for credit losses	(2,512)	(1,270)	(8,642)	-	(12,424)
Difference of impairment loss under regulations	-	-	-	(9,681)	(9,681)
Net total	<u>\$ 4,540,495</u>	<u>\$ 119,835</u>	<u>\$ 49,693</u>	<u>\$ (9,681)</u>	<u>\$ 4,700,342</u>
Discounts and loans	\$ 230,380,937	\$ 23,790,570	\$ 3,114,126	\$ -	\$ 257,285,633
Allowance for credit losses	(559,511)	(355,912)	(327,354)	-	(1,242,777)
Difference of impairment loss under regulations	-	-	-	(2,189,276)	(2,189,276)
Net total	<u>\$ 229,821,426</u>	<u>\$ 23,434,658</u>	<u>\$ 2,786,772</u>	<u>\$ (2,189,276)</u>	<u>\$ 253,853,580</u>

b) Credit analysis for marketable securities

June 30, 2026

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	\$ 153,950,961	\$ 34,263,494	\$ 188,214,455
Allowance for impairment loss	<u>(37,070)</u>	<u>(5,348)</u>	<u>(42,418)</u>
Amortized cost	153,913,891	<u>\$ 34,258,146</u>	188,172,037
Fair value adjustment	<u>(762,809)</u>		<u>(762,809)</u>
	<u>\$ 153,151,082</u>		<u>\$ 187,409,228</u>

December 31, 2025

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	\$ 163,325,985	\$ 29,399,550	\$ 192,725,535
Allowance for impairment loss	<u>(40,065)</u>	<u>(3,926)</u>	<u>(43,991)</u>
Amortized cost	163,285,920	<u>\$ 29,395,624</u>	192,681,544
Fair value adjustment	<u>210,379</u>		<u>210,379</u>
	<u>\$ 163,496,299</u>		<u>\$ 192,891,923</u>

June 30, 2025

	At FVTOCI - Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	\$ 162,571,643	\$ 27,289,663	\$ 189,861,306
Allowance for impairment loss	<u>(40,349)</u>	<u>(3,764)</u>	<u>(44,113)</u>
Amortized cost	162,531,294	<u>\$ 27,285,899</u>	189,817,193
Fair value adjustment	<u>(1,311,317)</u>		<u>(1,311,317)</u>
	<u>\$ 161,219,977</u>		<u>\$ 188,505,876</u>

As of June 30, 2026, December 31, 2025 and June 30, 2025, 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 the Group's liquidity.

- d) To establish an appropriate information system to measure, monitor and report liquidity risk.
- e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.
- f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.
- g) In addition to the monitoring of the capital requirements, under normal business conditions, the Group should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.
- h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are in line with the Bank's operating environment and conditions and can continue to play its role effectively.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the liquidity reserve ratio was 30.89%, 35.27% and 37.51%, respectively.

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

June 30, 2026	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	\$ 49,622,474	\$ 2,000,000	\$ 5,000,000	\$ 2,000,000	\$ 3,000,000	\$ 61,622,474
Financial liabilities at fair value through profit or loss	-	-	-	1,534	2,390	3,924
Bills and bonds sold under repurchase agreements	198,947,179	16,588,176	2,707,458	369,246	5,014,067	223,626,126
Payables	5,782,467	305,399	672,958	1,103,536	146,709	8,011,069
Deposits and remittances	87,379,943	103,395,292	68,710,833	16,668,473	66,043,830	342,198,371
Bank debentures payable	-	-	700,000	-	13,960,000	14,660,000
Other financial liabilities	488,800	834,189	58,657	254,638	16,070,506	17,706,790
Lease liabilities	13,393	27,218	38,974	71,034	235,952	386,571
	<u>\$ 342,234,256</u>	<u>\$ 123,150,274</u>	<u>\$ 77,888,880</u>	<u>\$ 20,468,461</u>	<u>\$ 104,473,454</u>	<u>\$ 668,215,325</u>
December 31, 2025	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	\$ 36,610,170	\$ -	\$ -	\$ 9,000,000	\$ 3,000,000	\$ 48,610,170
Financial liabilities at fair value through profit or loss	-	195	404	35	1,583	2,217
Bills and bonds sold under repurchase agreements	180,297,575	32,823,661	2,420,950	372,339	3,669,502	219,584,027
Payables	1,355,602	692,513	776,031	1,276,690	57,346	4,158,182
Deposits and remittances	86,546,748	77,912,545	47,945,944	51,613,695	64,806,515	328,825,447
Bank debentures payable	-	-	2,500,000	700,000	11,460,000	14,660,000
Other financial liabilities	762,069	658,921	144,372	193,257	13,327,238	15,085,857
Lease liabilities	13,293	31,005	42,645	81,383	301,568	469,894
	<u>\$ 305,585,457</u>	<u>\$ 112,118,840</u>	<u>\$ 53,830,346</u>	<u>\$ 63,237,399</u>	<u>\$ 96,623,752</u>	<u>\$ 631,395,794</u>

June 30, 2025	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	\$ 35,968,203	\$ 3,000,000	\$ -	\$ -	\$ 9,000,000	\$ 47,968,203
Financial liabilities at fair value through profit or loss	-	148	-	2,359	5,226	7,733
Bills and bonds sold under repurchase agreements	196,095,843	19,526,998	1,904,862	1,207,949	4,679,103	223,414,755
Payables	4,999,541	1,759,814	964,829	866,059	145,877	8,736,120
Deposits and remittances	86,561,820	87,966,049	65,887,500	15,967,328	56,597,275	312,979,972
Bank debentures payable	-	-	700,000	2,500,000	10,250,000	13,450,000
Other financial liabilities	13,922	197,402	163,733	509,967	12,450,620	13,335,644
Lease liabilities	11,532	22,764	33,362	64,614	275,168	407,440
	<u>\$ 323,650,861</u>	<u>\$ 112,473,175</u>	<u>\$ 69,654,286</u>	<u>\$ 21,118,276</u>	<u>\$ 93,403,269</u>	<u>\$ 620,299,867</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:

June 30, 2026	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
<u>Deliverable</u>						
Forward contracts	\$ 25,150	\$ 14,899	\$ 73,254	\$ 13,613	\$ 479	\$ 127,395
Currency swap contracts	145,505	67,740	55,198	10,925	-	279,368
Others	17,540	28,666	37,273	33,459	-	116,938
	188,195	111,305	165,725	57,997	479	523,701
<u>Non-deliverable</u>						
Interest rate swap contracts	1,658	663	1,335	3,601	235,679	242,936
	<u>\$ 189,853</u>	<u>\$ 111,968</u>	<u>\$ 167,060</u>	<u>\$ 61,598</u>	<u>\$ 236,158</u>	<u>\$ 766,637</u>
December 31, 2025	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
<u>Deliverable</u>						
Forward contracts	\$ 4,409	\$ 18,311	\$ 6,234	\$ 4,501	\$ -	\$ 33,455
Currency swap contracts	258,749	74,852	13,725	40,187	-	387,513
Others	20,309	11,107	10,906	5,392	-	47,714
	283,467	104,270	30,865	50,080	-	468,682
<u>Non-deliverable</u>						
Interest rate swap contracts	79	-	2,376	2,593	202,783	207,831
	<u>\$ 283,546</u>	<u>\$ 104,270</u>	<u>\$ 33,241</u>	<u>\$ 52,673</u>	<u>\$ 202,783</u>	<u>\$ 676,513</u>
June 30, 2025	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
<u>Deliverable</u>						
Forward contracts	\$ 28,555	\$ 4,345	\$ 4,092	\$ 12,949	\$ -	\$ 49,941
Currency swap contracts	587,817	450,714	103,367	148,059	-	1,289,957
Others	33,918	57,509	122,159	9,993	-	223,579
	650,290	512,568	229,618	171,001	-	1,563,477
<u>Non-deliverable</u>						
Interest rate swap contracts	-	717	1,797	506	103,132	106,152
	<u>\$ 650,290</u>	<u>\$ 513,285</u>	<u>\$ 231,415</u>	<u>\$ 171,507</u>	<u>\$ 103,132</u>	<u>\$ 1,669,629</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.

June 30, 2026	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	\$ 1,259,815	\$ 664,018	\$ 302,755	\$ -	\$ -	\$ 2,226,588
Other guarantees	59,011,100	87,308,892	4,296,325	1,019,287	2,899,088	154,534,692
Loan commitments	<u>5,283,753</u>	<u>10,567,506</u>	<u>15,851,259</u>	<u>31,702,519</u>	<u>178,033</u>	<u>63,583,070</u>
	<u>\$ 65,554,668</u>	<u>\$ 98,540,416</u>	<u>\$ 20,450,339</u>	<u>\$ 32,721,806</u>	<u>\$ 3,077,121</u>	<u>\$ 220,344,350</u>

December 31, 2025	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	\$ 451,240	\$ 1,260,399	\$ 84,659	\$ -	\$ -	\$ 1,796,298
Other guarantees	46,959,851	92,084,459	6,455,571	875,999	3,181,158	149,557,038
Loan commitments	<u>5,397,759</u>	<u>10,795,518</u>	<u>16,193,278</u>	<u>32,386,556</u>	<u>181,874</u>	<u>64,954,985</u>
	<u>\$ 52,808,850</u>	<u>\$ 104,140,376</u>	<u>\$ 22,733,508</u>	<u>\$ 33,262,555</u>	<u>\$ 3,363,032</u>	<u>\$ 216,308,321</u>

June 30, 2025	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	\$ 510,815	\$ 713,445	\$ 199,134	\$ -	\$ -	\$ 1,423,394
Other guarantees	41,699,946	97,370,009	4,245,932	993,972	1,753,372	146,063,231
Loan commitments	<u>4,681,207</u>	<u>9,362,414</u>	<u>14,043,621</u>	<u>28,087,242</u>	<u>157,730</u>	<u>56,332,214</u>
	<u>\$ 46,891,968</u>	<u>\$ 107,445,868</u>	<u>\$ 18,488,687</u>	<u>\$ 29,081,214</u>	<u>\$ 1,911,102</u>	<u>\$ 203,818,839</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, commodity prices etc.) 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 manages the market risk with active, careful attitude.

The Bank makes the profit mainly from trading business through knowing how market risk factors fluctuate. (e.g., market price, exchange rate, 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 reported to the Risk Management Committee and the Board 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. It stipulates exposure amount, submission of expiration, authorization 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, are the top stipulation in market risk management.

- b) Risk Management Committee: In charge of stipulating risk management policy and monitoring the operation of market risk management. The Bank hold a risk management meeting per month to review the market risk limits and regulations, report various market risk limit control situations and market risk related matters.
- 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 foreign exchange 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 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.

O-Bank

	June 30, 2026			December 31, 2025			June 30, 2025		
	Average	High	Low	Average	High	Low	Average	High	Low
Currency exchange rate risk	\$ 5,149	\$ 14,416	\$ 1,437	\$ 4,281	\$ 19,871	\$ 197	\$ 6,088	\$ 19,871	\$ 726
Fair value risk resulting from interest rate	5,444	11,568	1,450	6,383	14,382	453	5,719	14,382	453
Fair value risk resulting from stock price	5,912	15,307	-	2,110	5,549	-	2,625	5,549	-

6) Foreign currency rate risk information

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

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

June 30, 2026			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary item			
USD	\$ 3,857,790	31.8407	\$ 122,834,783
JPY	1,705,910	0.1961	334,580
HKD	10,422,976	4.0600	42,317,179
EUR	23,149	36.2731	839,694
GBP	15,078	42.1269	635,205
AUD	474,945	21.9084	10,405,262
CHF	67,810	39.3361	2,667,400
RMB	1,470,585	4.6929/4.6843	6,888,726
Investments accounted for using equity method			
RMB	269,619	4.6929	1,265,302
<u>Financial liabilities</u>			
Monetary item			
USD	4,321,660	31.8407	137,604,698
JPY	25,978,354	0.1961	5,095,134
HKD	7,842,020	4.0600	31,838,522
EUR	25,264	36.2731	916,406
GBP	11,257	42.1269	474,228
AUD	145,318	21.9084	3,183,680
CHF	17,716	39.3361	696,889
RMB	438,222	4.6843	2,052,782
December 31, 2025			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary item			
USD	\$ 3,702,517	31.4503	\$ 116,445,148
JPY	11,304,012	0.2007	2,268,489
HKD	10,382,458	4.0405	41,949,802
EUR	23,648	36.8810	872,166
GBP	44,359	42.2892	1,875,887
AUD	466,913	21.0189	9,813,978
CHF	60,608	39.6091	2,400,636
RMB	1,166,397	4.5025/4.5008	5,249,712
Investments accounted for using equity method			
RMB	270,302	4.5025	1,217,025

(Continued)

December 31, 2025			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary item			
USD	\$ 4,611,725	31.4503	\$ 145,040,014
JPY	5,276,033	0.2007	1,058,794
HKD	6,782,443	4.0405	27,404,122
EUR	7,539	36.8810	278,032
GBP	20,430	42.2892	863,972
AUD	182,660	21.0189	3,839,305
CHF	19,733	39.6091	781,624
RMB	524,358	4.5008	2,360,026
			(Concluded)

June 30, 2025			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary item			
USD	\$ 3,459,343	29.9069	\$ 103,458,338
JPY	14,346,597	0.2074	2,975,654
HKD	10,651,702	3.8085	40,566,689
EUR	28,088	35.0463	984,367
GBP	9,096	40.9649	372,601
AUD	449,755	19.5481	8,791,878
CHF	45	37.4306	1,681
RMB	1,181,625	4.1728/4.1741	4,932,247
Investments accounted for using equity method			
RMB	266,806	4.1728	1,113,341

<u>Financial liabilities</u>			
Monetary item			
USD	5,741,977	29.9069	137,874,665
JPY	8,138,020	0.2074	1,687,921
HKD	6,046,155	3.8085	23,026,600
EUR	8,831	35.0463	309,486
GBP	21,606	40.9649	885,073
AUD	111,499	19.5481	2,179,600
CHF	14	37.4306	541
RMB	483,639	4.1741	2,018,768

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 probable loss of non-trading book's position within balance sheet and off-balance sheet arises 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 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) Risk Management 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 a risk management 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 banking book interest risk as follow, limit of position, Annual loss limit, FS Sensitivity limit, duration/maturity limit, Individual Investment Target Warning Limits, Individual Investment Target stop buying limit, Earnings View Interest Rate Sensitivity Warning Limit-Rising/falling interest rates by 1bp, First Class Capital 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 Risk Management 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: Transition 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.

47. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Group's common equity Tier 1 ratio, Tier 1 capital ratio and capital adequacy ratio required by the authorities shall comply with the minimum capital ratio for each year; leverage ratio measurement basis is subject to the authorities. The calculation of the ratio mentioned above by authorities regulations.

b. Capital assessment program

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

c. Capital adequacy ratio

O-Bank

(In Thousands of New Taiwan Dollars or in %)

Items \ Year			June 30, 2026	
			Standalone Capital Adequacy Ratio	Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks equity		\$ 35,016,430	\$ 35,016,430
	Other Tier 1 capital		-	-
	Tier 2 capital		4,288,015	4,288,015
	Eligible capital		39,304,445	39,304,445
Risk-weighted assets	Credit risk	Standardized approach	255,273,852	255,273,852
		Internal rating based approach	-	-
		Securitization exposure	-	-
	Operational risk	Standardized approach	10,594,222	10,594,222
	Market risk	Standardized approach	-	-
		Simplified standardized approach	13,604,688	13,604,688
		Internal model approach	-	-
Total risk-weighted assets		279,472,762	279,472,762	
Ratio of common stockholders' equity to risk-weighted assets			12.53%	12.53%
Ratio of Tier 1 capital to risk-weighted assets			12.53%	12.53%
Capital adequacy ratio			14.06%	14.06%
Leverage ratio			7.44%	7.44%

(In Thousands of New Taiwan Dollars or in %)

Items \ Year			December 31, 2025	
			Standalone Capital Adequacy Ratio	Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks equity		\$ 34,654,079	\$ 34,654,079
	Other Tier 1 capital		-	-
	Tier 2 capital		2,634,881	2,634,881
	Eligible capital		37,288,960	37,288,960
Risk-weighted assets	Credit risk	Standardized approach	238,992,445	238,992,445
		Internal rating based approach	-	-
		Securitization exposure	-	-
	Operational risk	Standardized approach	10,594,222	10,594,222
		Market risk	Standardized approach	-
	Simplified standardized approach		15,755,375	15,755,375
	Internal model approach		-	-
	Total risk-weighted assets		265,342,042	265,342,042
Ratio of common stockholders' equity to risk-weighted assets			13.06%	13.06%
Ratio of Tier 1 capital to risk-weighted assets			13.06%	13.06%
Capital adequacy ratio			14.05%	14.05%
Leverage ratio			7.79%	7.79%

(In Thousands of New Taiwan Dollars or in %)

Items \ Year			June 30, 2025	
			Standalone Capital Adequacy Ratio	Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks equity		\$ 32,648,503	\$ 32,648,503
	Other Tier 1 capital		235,615	235,615
	Tier 2 capital		2,920,835	2,920,835
	Eligible capital		35,804,953	35,804,953
Risk-weighted assets	Credit risk	Standardized approach	237,687,773	237,687,773
		Internal rating based approach	-	-
		Securitization exposure	-	-
	Operational risk	Standardized approach	10,120,738	10,120,738
	Market risk	Standardized approach	13,270,713	13,270,713
		Simplified standardized approach	-	-
		Internal model approach	-	-
Total risk-weighted assets		261,079,224	261,079,224	
Ratio of common stockholders' equity to risk-weighted assets			12.51%	12.51%
Ratio of Tier 1 capital to risk-weighted assets			12.60%	12.60%
Capital adequacy ratio			13.71%	13.71%
Leverage ratio			7.51%	7.51%

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

Note 2: Formulas used were as follows:

- a) Eligible capital = Common stocks equity Tier 1 + Other Tier 1 capital + Tier 2 capital.
- b) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- c) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- d) Ratio of common stockholders' equity to risk-weighted assets = Common stocks equity Tier 1 ÷ Risk-weighted assets.
- e) Ratio of Tier 1 capital to risk-weighted assets = (Common stocks equity Tier 1 + Other Tier 1 capital) ÷ Risk-weighted assets.
- f) Leverage ratio = Tier 1 capital ÷ Exposure amount.

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

China Bills Finance Corporation

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

Year		June 30, 2026	June 30, 2025
Items			
Eligible capital	Tier 1 capital	\$ 26,742,845	\$ 25,325,950
	Tier 2 capital	196,489	92,045
	Tier 3 capital	398,247	213,823
	Eligible capital	27,337,581	25,631,818
Risk-weighted assets	Credit risk	143,618,036	130,759,405
	Operational risk	4,524,291	3,690,727
	Market risk	58,731,323	56,834,093
	Total risk-weighted assets	206,873,650	191,284,225
Capital adequacy ratio (Note)		13.21%	13.40%
Ratio of Tier 1 capital to risk-weighted assets (Note)		12.93%	13.24%
Ratio of Tier 2 capital to risk-weighted assets (Note)		0.09%	0.05%
Ratio of Tier 3 capital to risk-weighted assets (Note)		0.19%	0.11%
Ratio of common stockholders' equity to total assets (Note)		4.92%	5.14%

Note:

- 1) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 2) The amount of total assets used in the calculation refers to all assets in the balance sheets.
- 3) The capital adequacy ratios (CARs) should be computed at the end of June and December. In the reports of the first-quarter and the third-quarter the CARs disclosed are based on the data of the last preceding period, i.e., the end of December and the end of June, respectively.

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

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

O-Bank

Credit risk

- a. Asset quality of loans: Refer to Table 3.
- b. Concentration of loans extensions

June 30, 2026

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Company (wired, wireless and satellite telecommunication)	\$ 9,191,645	20.32
2	B Company (the manufacture of other metal container)	5,017,681	11.09
3	C Company (unclassified other financial service)	4,561,653	10.08
4	D Company (real estate development)	3,756,949	8.30
5	E Company (other activities auxiliary to financial service activities not elsewhere classified)	3,333,654	7.37
6	F Company (other accommodation activities)	3,288,592	7.27
7	G Company (real estate development)	3,076,200	6.80
8	H Company (unclassified other financial service)	3,066,731	6.78
9	I Company (real estate development)	2,974,139	6.57
10	J Company (financial leasing industry)	2,681,696	5.93

June 30, 2025

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Company (wireless telecommunication)	\$ 8,826,625	20.89
2	E Company (unclassified other financial service)	3,612,000	8.55
3	C Company (building completion and finishing)	3,155,646	7.47
4	I Company (real estate development)	3,137,939	7.43
5	D Company (real estate development)	2,991,494	7.08
6	K Company (iron and steel rolling and extruding)	2,897,884	6.86
7	G Company (real estate development)	2,686,400	6.36
8	L Company (real estate broking)	2,609,392	6.18
9	M Company (unclassified other financial service)	2,400,031	5.68
10	N Company (glass and glass made products manufacturing)	2,118,709	5.02

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

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

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

c. Interest rate sensitivity

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)

June 30, 2026

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	\$ 224,257,914	\$ 8,279,197	\$ 9,326,586	\$ 38,497,361	\$ 280,361,058
Interest rate-sensitive liabilities	130,062,531	89,893,120	12,611,854	19,818,964	252,386,469
Interest rate-sensitive gap	94,195,383	(81,613,923)	(3,285,268)	18,678,397	27,974,589
Net worth					44,846,883
Ratio of interest rate-sensitive assets to liabilities					111.08%
Ratio of interest rate sensitivity gap to net worth					62.38%

June 30, 2025

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	\$ 199,660,139	\$ 10,373,137	\$ 14,855,427	\$ 42,542,116	\$ 267,430,819
Interest rate-sensitive liabilities	114,195,934	87,348,924	14,395,745	24,575,433	240,516,036
Interest rate-sensitive gap	85,464,205	(76,975,787)	459,682	17,966,683	26,914,783
Net worth					42,100,412
Ratio of interest rate-sensitive assets to liabilities					111.19%
Ratio of interest rate sensitivity gap to net worth					63.93%

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 (U.S. Dollars)

June 30, 2026

(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	\$ 1,246,600	\$ 40,443	\$ 38,095	\$ 1,380,685	\$ 2,705,823
Interest rate-sensitive liabilities	1,795,078	799,169	90,297	201	2,684,745
Interest rate-sensitive gap	(548,478)	(758,726)	(52,202)	1,380,484	21,078
Net worth					3,337
Ratio of interest rate-sensitive assets to liabilities					100.79%
Ratio of interest rate sensitivity gap to net worth					631.65%

June 30, 2025

(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	\$ 1,079,765	\$ 32,839	\$ 89,119	\$ 1,797,749	\$ 2,999,472
Interest rate-sensitive liabilities	2,151,888	742,424	103,135	246	2,997,693
Interest rate-sensitive gap	(1,072,123)	(709,585)	(14,016)	1,797,503	1,779
Net worth					(3,367)
Ratio of interest rate-sensitive assets to liabilities					100.06%
Ratio of interest rate sensitivity gap to net worth					(52.84%)

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

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

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

(In %)

Items		For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Return on total assets	Before income tax	0.42	0.30
	After income tax	0.38	0.25
Return on equity	Before income tax	4.03	2.86
	After income tax	3.64	2.41
Net income ratio		38.75	30.06

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

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

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

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2026 and 2025.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

June 30, 2026

	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	\$ 324,683,410	\$ 39,429,608	\$ 37,981,234	\$ 52,501,804	\$ 25,479,973	\$ 23,943,312	\$ 145,347,479
Main capital outflow on maturity	372,091,425	34,576,290	35,731,342	93,530,008	77,089,624	26,158,003	105,006,158
Gap	(47,408,015)	4,853,318	2,249,892	(41,028,204)	(51,609,651)	(2,214,691)	40,341,321

June 30, 2025

	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	\$ 304,393,411	\$ 45,445,345	\$ 32,032,476	\$ 31,831,312	\$ 24,201,388	\$ 27,226,719	\$ 143,656,171
Main capital outflow on maturity	345,503,409	25,644,493	40,970,208	86,183,505	66,624,859	25,107,960	100,972,384
Gap	(41,109,998)	19,800,852	(8,937,732)	(54,352,193)	(42,423,471)	2,118,759	42,683,787

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

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

June 30, 2026

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 5,209,718	\$ 2,746,987	\$ 600,006	\$ 520,889	\$ 350,548	\$ 991,288
Main capital outflow on maturity	5,496,409	2,757,881	1,110,717	710,498	292,833	624,480
Gap	(286,691)	(10,894)	(510,711)	(189,609)	57,715	366,808

June 30, 2025

(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	\$ 4,526,518	\$ 2,176,881	\$ 855,206	\$ 241,034	\$ 359,392	\$ 894,005
Main capital outflow on maturity	4,613,729	2,309,644	978,512	422,531	252,706	650,336
Gap	(87,211)	(132,763)	(123,306)	(181,497)	106,686	243,669

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 (U.S. Dollars)

June 30, 2026

(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	\$ 2,763,656	\$ 1,843,933	\$ 198,385	\$ 284,898	\$ 204,499	\$ 231,941
Main capital outflow on maturity	2,749,549	1,352,653	566,354	434,953	136,447	259,142
Gap	14,107	491,280	(367,969)	(150,055)	68,052	(27,201)

June 30, 2025

(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	\$ 2,067,589	\$ 1,491,092	\$ 328,898	\$ 28,896	\$ 87,841	\$ 130,862
Main capital outflow on maturity	1,943,352	1,124,571	438,466	137,915	89,021	153,379
Gap	124,237	366,521	(109,568)	(109,019)	(1,180)	(22,517)

China Bills Finance Corporation

a. Asset quality

Item	Period	June 30, 2026	June 30, 2025
Balance of guarantees and endorsement credits overdue within 3 months		\$ -	\$ -
Nonperforming debts (include overdue receivables)		134,000	-
Credits under observation		327,400	-
Overdue receivables		-	-
Ratio of non-performing debts		0.11%	0.00%
Ratio of non-performing debts and credits under observation		0.37%	0.00%
Required provision for credit losses and reserve for losses on guarantees		1,501,627	1,396,580
Actual provision for credit losses and reserve for losses on guarantees		1,696,500	1,414,077

b. The principal operation

Item	Period	June 30, 2026	June 30, 2025
Balance of guarantees and endorsement securities		\$ 124,850,900	\$ 114,760,600
Multiple of guarantees and endorsement securities to net worth		4.72	4.82
Short-term bills and bonds sold under repurchase agreement		206,628,800	209,517,392
Multiple of short-term bills and bonds sold under repurchase agreement to net worth		7.81	8.81

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

d. Concentrations of credit extensions

(In %)

Item \ Period	June 30, 2026		June 30, 2025	
Credit of the common interested party	\$ -		\$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	20.95		20.38	
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	33.78	Finance and insurance industry	31.85
	Real estate industry	26.86	Manufacturing industry	14.54
	Manufacturing industry	12.41	Real estate industry	28.10

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

	For the Six Months Ended June 30			
	2026		2025	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Cash and cash equivalents, other assets - refundable deposits	\$ 898,424	0.53	\$ 879,495	0.56
Due from the central bank and call loans to banks	9,724	0.83	1,823	0.80
Financial assets at FVTPL - bonds and bills	139,403,087	1.64	140,482,229	1.67
Financial assets at FVTOCI - debt instruments	94,623,076	2.35	94,425,428	2.15
Financial assets at FVTPL - hybrid financial assets	13,270,848	3.39	9,965,168	3.23
Investments in debt instruments measured at amortized cost	2,778,961	1.43	2,488,810	1.42
Bills and bonds purchased under resell agreements	7,960,366	1.31	4,149,113	1.08
<u>Interest-bearing liabilities</u>				
Call loans from other banks	33,366,266	1.58	20,057,289	1.95
Bank overdraft	25,797	2.38	5,317	2.38
Securities sold under repurchase agreements	199,204,421	1.63	206,526,076	1.75

f. Interest rate sensitivity information of the balance sheet

June 30, 2026

(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	\$ 147,587	\$ 10,537	\$ 10,688	\$ 97,256	\$ 266,068
Interest rate-sensitive liabilities	238,213	2,683	161	-	241,057
Interest rate-sensitive gap	(90,626)	7,854	10,527	97,256	25,011
Net worth					27,873
Ratio of interest rate-sensitive assets to liabilities (%)					110.38
Ratio of interest rate sensitivity gap to net worth (%)					89.73

June 30, 2025

(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	\$ 136,633	\$ 6,582	\$ 13,047	\$ 99,865	\$ 256,127
Interest rate-sensitive liabilities	229,505	1,892	102	-	231,499
Interest rate-sensitive gap	(92,872)	4,690	12,945	99,865	24,628
Net worth					25,916
Ratio of interest rate-sensitive assets to liabilities (%)					110.64
Ratio of interest rate sensitivity gap to net worth (%)					95.03

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.

g. The use of funding sources table

June 30, 2026

(In Millions of New Taiwan Dollars)

Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Items						
Cash used in	Bills	\$ 82,261	\$ 52,010	\$ 5,427	\$ 4,813	\$ -
	Bonds	1,532	3,878	5,010	5,775	97,256
	Due from banks	347	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	6,424	1,135	100	100	-
	Total	90,564	57,023	10,537	10,688	97,256
Cash provided by	Borrowing	34,711	-	-	-	-
	Securities sold under repurchase agreements	189,128	14,374	2,683	161	-
	Eligible capital	-	-	-	-	27,873
	Total	223,839	14,374	2,683	161	27,873
Net cash flows		(133,275)	42,649	7,854	10,527	69,383
Accumulated cash flows		(133,275)	(90,626)	(82,772)	(72,245)	(2,862)

June 30, 2025

(In Millions of New Taiwan Dollars)

Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Items						
Cash used in	Bills	\$ 63,873	\$ 65,098	\$ 4,344	\$ 7,315	\$ -
	Bonds	2,550	637	2,238	5,732	99,865
	Due from banks	327	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	3,129	1,019	-	-	-
	Total	69,879	66,754	6,582	13,047	99,865
Cash provided by	Borrowing	22,308	-	-	-	-
	Securities sold under repurchase agreements	189,182	18,015	1,892	102	-
	Eligible capital	-	-	-	-	25,916
	Total	211,490	18,015	1,892	102	25,916
Net cash flows		(141,611)	48,739	4,690	12,945	73,949
Accumulated cash flows		(141,611)	(92,872)	(88,182)	(75,237)	(1,288)

h. Matters requiring special notation

Causes	June 30, 2026	June 30, 2025
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	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 six months ended June 30, 2026

	January 1, 2026	Cash Inflow (Outflow)	Non-cash Changes		June 30, 2026
			New Leases	Other	
Bank debentures payable	\$ 14,660,000	\$ -	\$ -	\$ -	\$ 14,660,000
Lease liabilities	414,349	(81,540)	3,963	6,904	343,676
Other financial liabilities	<u>15,085,857</u>	<u>2,620,933</u>	<u>-</u>	<u>-</u>	<u>17,706,790</u>
	<u>\$ 30,160,206</u>	<u>\$ 2,539,393</u>	<u>\$ 3,963</u>	<u>\$ 6,904</u>	<u>\$ 32,710,466</u>

For the six months ended June 30, 2025

	January 1, 2025	Cash Inflow (Outflow)	Non-cash Changes		June 30, 2025
			New Leases	Other	
Bank debentures payable	\$ 13,450,000	\$ -	\$ -	\$ -	\$ 13,450,000
Lease liabilities	428,616	(78,909)	44,448	(14,925)	379,230
Other financial liabilities	<u>11,393,737</u>	<u>1,941,907</u>	<u>-</u>	<u>-</u>	<u>13,335,644</u>
	<u>\$ 25,272,353</u>	<u>\$ 1,862,998</u>	<u>\$ 44,448</u>	<u>\$ (14,925)</u>	<u>\$ 27,164,874</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: None
 - 2) Endorsement/guarantee provided: None
 - 3) Significant marketable securities held: The Bank and its financial industry subsidiaries - not applicable; other investees - Table 1 (attached)
 - 4) Allowance of service fees to related parties amounting to at least NT\$5 million: None
 - 5) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 2 (attached)
 - 6) Sale of non-performing loans: None
 - 7) Information of applying for authorization of securitized product type according to the "Regulations of Financial Assets Securitization or Regulations of Real Estate Securitization": None
 - 8) Other significant transactions which may affect the decisions of users of financial statements: None
 - 9) Related information and total stockholding circumstances of "Name, locations and other information of investees on which the Group exercises significant influence.": Table 4 (attached)

- c. Investment in mainland China: Table 5 (attached)
- d. Business relationships and significant transactions among the Group: Table 6 (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 the same as the material accounting policies described in Note 4. The Group shall be reported to the operating divisions are as follows:

- a. Bank: Business ruled by in Low of Bank Law Article 71.
- b. Overseas: Overseas banking business.
- c. Bills: Bills-related business approved by the authorities.
- 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 six months ended June 30, 2026						
Net interest						
From unaffiliated segment	\$ 1,838,834	\$ 565,226	\$ (705,547)	\$ (2,986)	\$ 264	\$ 1,695,791
From other segment	(384)	-	-	384	-	-
	<u>\$ 1,838,450</u>	<u>\$ 565,226</u>	<u>\$ (705,547)</u>	<u>\$ (2,602)</u>	<u>\$ 264</u>	<u>\$ 1,695,791</u>
Net revenue other than interest						
From unaffiliated segment	\$ 2,332,807	\$ 21,326	\$ 2,969,470	\$ 141,019	\$ -	\$ 5,464,622
From other segment	24,762	-	(24,123)	(343)	(706,297)	(706,001)
	<u>\$ 2,357,569</u>	<u>\$ 21,326</u>	<u>\$ 2,945,347</u>	<u>\$ 140,676</u>	<u>\$ (706,297)</u>	<u>\$ 4,758,621</u>
Income from continuing operation	<u>\$ 1,625,874</u>	<u>\$ 177,718</u>	<u>\$ 1,436,196</u>	<u>\$ 91,034</u>	<u>\$ (661,496)</u>	<u>\$ 2,669,326</u>
Identifiable assets	<u>\$ 428,357,317</u>	<u>\$ 35,892,975</u>	<u>\$ 273,028,361</u>	<u>\$ 1,929,506</u>	<u>\$ (445,344)</u>	<u>\$ 738,762,815</u>
Depreciation and amortization	<u>\$ 222,494</u>	<u>\$ 23,595</u>	<u>\$ 13,545</u>	<u>\$ 714</u>	<u>\$ (6,756)</u>	<u>\$ 253,592</u>
Capital expenditures	<u>\$ 113,358</u>	<u>\$ 1,744</u>	<u>\$ 5,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,368</u>
For the six months ended June 30, 2025						
Net interest						
From unaffiliated segment	\$ 1,490,489	\$ 537,160	\$ (952,034)	\$ (2,005)	\$ 409	\$ 1,074,019
From other segment	(329)	-	-	329	-	-
	<u>\$ 1,490,160</u>	<u>\$ 537,160</u>	<u>\$ (952,034)</u>	<u>\$ (1,676)</u>	<u>\$ 409</u>	<u>\$ 1,074,019</u>
Net revenue other than interest						
From unaffiliated segment	\$ 1,894,309	\$ 17,721	\$ 2,395,772	\$ 97,576	\$ -	\$ 4,405,378
From other segment	17,919	-	(17,141)	(332)	(528,516)	(528,070)
	<u>\$ 1,912,228</u>	<u>\$ 17,721</u>	<u>\$ 2,378,631</u>	<u>\$ 97,244</u>	<u>\$ (528,516)</u>	<u>\$ 3,877,308</u>
Income from continuing operation	<u>\$ 1,022,819</u>	<u>\$ 188,106</u>	<u>\$ 967,431</u>	<u>\$ 21,842</u>	<u>\$ (468,843)</u>	<u>\$ 1,731,355</u>
Identifiable assets	<u>\$ 394,317,707</u>	<u>\$ 30,195,839</u>	<u>\$ 261,395,497</u>	<u>\$ 1,712,809</u>	<u>\$ (539,436)</u>	<u>\$ 687,082,416</u>
Depreciation and amortization	<u>\$ 205,599</u>	<u>\$ 22,679</u>	<u>\$ 13,061</u>	<u>\$ 705</u>	<u>\$ (6,756)</u>	<u>\$ 235,288</u>
Capital expenditures	<u>\$ 324,624</u>	<u>\$ 4,101</u>	<u>\$ 3,954</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 332,740</u>

TABLE 1

O-BANK AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2026				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Management Corp.	<u>Stocks</u> Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	19,682	\$ 156,836	0.46	\$ 156,836	Notes 1 and 2
	Andra Capital Fund LP Class U Side Pocket (Series B, xAI)	-	Financial asset at FVTPL	500	118,986	3.77	118,986	
	Eternal Precision Mechanics Co., Ltd.	-	Financial asset at FVTPL	115	63,940	0.15	63,940	
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	79,660	4.67	79,660	Notes 1 and 2 Note 2
	<u>Stocks</u> Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	41,635	331,771	0.96	331,771	
	Advanced Echem Materials Company Limited	-	Financial asset at FVTPL	161	140,875	0.17	140,875	
	Kaohsiung Rapid Transit Corporation	-	Financial asset at FVTPL	3,845	54,841	1.38	54,841	
	Evergreen Aviation Technologies Corp.	-	Financial asset at FVTPL	325	60,288	0.09	60,288	
	GRAID Technology Inc	-	Financial asset at FVTPL	314	87,926	0.80	87,926	
	AppWorks Fund IV L.P.	-	Financial asset at FVTPL	90,750	76,903	4.01	76,903	

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.

O-BANK AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars or in %)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
O-BANK and subsidiaries	China Bills Finance Corporation	Subsidiary	\$ 342,884 (Note 2)	-	\$ -	-	\$ 342,884	\$ -

Note 1: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 2: Receivables are mainly dividends receivable.

TABLE 3

O-BANK AND SUBSIDIARIES

NON-PERFORMING LOANS AND ACCOUNTS RECEIVABLE
JUNE 30, 2026 AND 2025
(In Thousands of New Taiwan Dollars or in %)

Period			June 30, 2026					June 30, 2025				
Items			Non-performing Loans (Note 1)	Outstanding Loan Balance	Ratio of Non-performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Loans (Note 1)	Outstanding Loan Balance	Ratio of Non-performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 1,063,792	\$ 109,002,093	0.98%	\$ 1,384,885	130.18%	\$ 138,561	\$ 107,880,749	0.13%	\$ 1,467,672	1,059.22%
	Unsecured		51,052	86,933,022	0.06%	1,066,804	2,089.64%	50,886	82,373,367	0.06%	1,012,488	1,989.72%
Consumer banking	Housing mortgage (Note 4)		22,021	18,505,101	0.12%	278,594	1,265.13%	3,220	13,081,379	0.02%	196,681	6,108.11%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		702	3,311,457	0.02%	58,009	8,263.39%	-	3,455,068	-	53,005	-
	Other (Note 6)	Secured	27,316	8,911,383	0.31%	91,292	334.21%	6,967	7,789,958	0.09%	78,823	1,131.38%
		Unsecured	47,193	19,391,786	0.24%	368,801	781.47%	71,595	18,836,371	0.38%	332,692	464.69%
Total lending business			1,212,076	246,054,842	0.49%	3,248,385	268.00%	271,229	233,416,892	0.12%	3,141,361	1,158.20%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Non-performing Receivables	Outstanding Receivable Balance	Ratio of Non-performing Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	371,126	-	4,011	-	-	661,176	-	6,807	-

	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)	243,480	-	186,960	-
Total	243,480	-	186,960	-

- 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 loans ÷ Nonperforming loans. Coverage ratio of credit card receivables: Allowance 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 Banking Bureau’s letter 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’s letter in its letter dated July 19, 2005 (Ref. No. 0945000494), factored accounts receivable without recourse are reported as non-performing receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.
- Note 8: According to the letter of the Banking Bureau’s letter 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 Banking Bureau’s letter Ref. No. 09700318940 dated September 15, 2008 and the letter of the Banking Bureau’s letter Ref. No. 10500134790 date September 20, 2016 regarding the “Consumer Debt Clearance Regulations” for pre-negotiation, rehabilitation and liquidation cases, credit reporting and the information disclosure requirements should include supplemental disclosures of related matters.

TABLE 4

O-BANK AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
<u>Financial institution</u>										
Investments accounted for using the equity method										
Infinite Finance Co., Ltd.	Taipei City, Taiwan	Leasing	41.84	\$ 5,191,617	\$ (32,405)	167,918	-	167,918	41.84	
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	1,265,302	(2,792)	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	7,840,591	407,468	381,022	-	381,022	28.37	
IBT Holdings Corp.	California, America	Holding company	100.00	7,732,345	163,031	10,869	-	10,869	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	528,466	87,872	13,400	-	13,400	100.00	
IBT VII Venture Capital Co., Ltd	Taipei City, Taiwan	Investment	100.00	1,080,816	(5,357)	65,000	-	65,000	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information software services industry	0.50	1,825	-	300	-	300	0.50	

TABLE 5

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2026 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2026 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2026 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2026
					Outflow	Inflow					
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	\$ 4,692,920 (RMB 1,000,000)	Note 2 b.	\$ 938,584 (RMB 200,000)	\$ -	\$ -	\$ 938,584 (RMB 200,000)	20.00	\$ (2,792)	\$ 1,265,302	\$ -

Accumulated Investment in Mainland China as of June 30, 2026 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
\$938,584 (RMB200,000)	\$938,584 (RMB200,000)	Note 3

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, 2026 (Notes 1 and 9)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2026 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2026 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2026
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	\$ 151,562 (USD 4,760)	Note 2 a.	\$ 2,579 (USD 81)	\$ -	\$ -	\$ 2,579 (USD 81)	2.17	\$ -	\$ 899	\$ -
Topping Cuisine International Holding, Ltd.	Food retailing	240,534 (USD 7,554)	Note 2 a.	15,124 (USD 475)	-	-	15,124 (USD 475)	2.17	-	5,269	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,368 (USD 200)	Note 2 a.	223 (USD 7)	-	-	223 (USD 7)	2.17	-	78	-
Beauty Essential International, Ltd.	Cosmetic retailing	31,841 (USD 1,000)	Note 2 a.	21,906 (USD 688)	-	1,528 (USD 48)	20,378 (USD 640)	2.44	-	18,212	-
Meike information technology	Cosmetic retailing information technology	38,209 (USD 1,200)	Note 2 a.	700 (USD 22)	-	-	700 (USD 22)	0.44	-	626	-
Shinlien Chemical Industrial Jiangsu Co.	Production of glass materials	25,472,568 (USD 800,000)	Note 2 a.	85,938 (USD 2,699)	-	-	85,938 (USD 2,699)	0.40	-	144,569	-
Shinlien Brine Huaian Co.	Production of glass materials	1,018,903 (USD 32,000)	Note 2 a.	7,292 (USD 229)	-	-	7,292 (USD 229)	0.46	-	12,266	-

Accumulated Investment in Mainland China as of June 30, 2026 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
\$132,234 (USD4,153)	\$132,234 (USD4,153)	\$317,065 (Note 4)

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2026 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2026 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2026 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2026
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	\$ 25,472,568 (USD 800,000)	Note 2 a.	\$ 148,155 (USD 4,653)	\$ -	\$ -	\$ 148,155 (USD 4,653)	0.66	\$ -	\$ 242,165	\$ -
Shihlien Brine Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	1,018,903 (USD 32,000)	Note 2 a.	10,285 (USD 323)	-	-	10,285 (USD 323)	0.75	-	16,811	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	911,787 (RMB 194,290)	Note 2 a.	5,986 (USD 188)	-	-	5,986 (USD 188)	0.10	-	6,885	-
SkyroamTechnology Co., Limited	Development of electronic products and computer software technology	401,193 (USD 12,600)	Note 2 a.	- (USD -)	4,681 (USD 147)	-	4,681 (USD 147)	0.69	-	5,515	-

Accumulated Investment in Mainland China as of June 30, 2026 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
\$169,107 (USD5,311)	\$180,091 (USD5,656)	\$648,489 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the six months ended June 30, 2026.

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. (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) and SIMO Holding INC.).
- 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 2026, 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: IBT Management Corp. and IBT VII Venture Capital Co., Ltd. has obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Concluded)

TABLE 6

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(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	\$ 12,029	Note 3	-
0	The Bank	IBTM and IBTVC7	a	Interest expense	384	Note 3	0.01%
0	The Bank	IBTM and CBF	a	Other net revenue other than interest	24,762	Note 3	0.38%
0	The Bank	IBTM and IBTVC7	a	Payables	4	Note 3	-
0	The Bank	CBF	a	Dividend receivable	342,884	Note 3	0.05%
1	IBTM	The Bank	b	Cash and cash equivalents	5,975	Note 3	-
1	IBTM	The Bank	b	Receivables	3	Note 3	-
1	IBTM	The Bank	b	Interest revenue	362	Note 3	0.01%
1	IBTM	The Bank	b	Other operating and administrative expenses	368	Note 3	0.01%
1	IBTM	The Bank	b	Lease interest expense	8	Note 3	-
1	IBTM	IBTVC7	c	Consultancy service income	20,009	Note 3	0.31%
1	IBTM	IBTVC7	c	Receivables	13,197	Note 3	-
2	CBF	The Bank	b	Other operating and administrative expenses	24,160	Note 3	0.37%
2	CBF	The Bank	b	Lease interest expense	256	Note 3	-
2	CBF	The Bank	b	Dividend payable	342,884	Note 3	0.05%

(Continued)

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
3	IBTVC7	The Bank	b	Cash and cash equivalents	\$ 6,054	Note 3	-
3	IBTVC7	The Bank	b	Interest revenue	22	Note 3	-
3	IBTVC7	The Bank	b	Receivables	1	Note 3	-
3	IBTVC7	IBTM	c	Other operating and administrative expenses	20,009	Note 3	0.31%
3	IBTVC7	IBTM	c	Payables	13,197	Note 3	-

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

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

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

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

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

(Concluded)