Chang Hwa Commercial Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chang Hwa Commercial Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Chang Hwa Commercial Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, and the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2023, December 31, 2022 and June 30, 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of generally accepted in 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following is the description for the key audit matter in the audit of the consolidated financial statements of the Group for the six months ended June 30, 2023.

Impairment Assessment of Loans

Loans are the most important assets of the Group. As of June 30, 2023, the balance of the Group's loans totaled $1,679,635,220 thousand, accounting for 62% of the Group's total consolidated assets. The Group assessed the impairment on loans in accordance with IFRS 9 and recognized the allowance for impairment of loans in compliance with the relevant regulations. Since the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter. Refer to Notes 4, 5 and 12 to the Group's consolidated financial statements for related information.

Our main audit procedures performed in response to the key audit matter described above were as follows:

When assessing the appropriateness of the impairment on loans, we obtained an understanding of and tested the internal controls relevant to the lending process and assessment of loan impairment. We tested whether the expected credit loss was calculated by loans grouped by borrowers and credit risk characteristics. We further verified whether the parameters utilized in the impairment loss model (including probability of default adjusted for forward-looking factors, loss given default, and exposure at default) reflect the actual situation, and assessed the loan provisions in compliance with relevant regulations.

Other Matter

We have also audited the financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the years ended June 30, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei Hui Wu and Tza Li Gung .

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 17, 2023

<u>Notice to Readers</u>

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.

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Notes 4, 6 and 35)	$ 36,176,439	1	$ 51,758,581	2	$ 32,044,197	1
Due from the Central Bank and call loans to banks (Notes 4, 6 and 35)	138,072,106	5	149,988,138	6	165,091,085	6
Financial assets at fair value through profit or loss (Notes 4, 7, 33, 35 and 36)	70,679,890	3	31,485,681	1	48,638,801	2
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 33 and 36)	230,520,115	8	214,615,957	8	226,441,341	9
Investments in debt instruments at amortized cost (Notes 4, 5, 9, 10, 33 and 36)	484,786,265	18	485,011,259	18	427,282,739	16
Receivables, net (Notes 4, 11 and 12)	25,636,366	1	22,446,573	1	22,943,600	1
Current tax assets (Notes 4 and 30)	87,550	-	44,675	-	52,528	-
Discounts and loans, net (Notes 4, 5, 12, 33, 34 and 35)	1,679,635,220	62	1,685,320,445	63	1,682,443,374	63
Other financial assets, net (Notes 4, 13 and 36)	1,517,142	-	1,768,723	-	2,853,427	-
Property and equipment, net (Notes 4 and 15)	21,059,355	1	21,030,975	1	21,096,328	1
Right-of-use assets, net (Notes 4 and 16)	1,881,864	-	1,954,493	-	1,912,016	-
Investment property, net (Notes 4 and 17)	13,842,966	1	13,845,593	-	13,848,818	1
Intangible assets, net (Notes 4 and 18)	1,081,266	-	1,121,815	-	1,089,149	-
Deferred tax assets (Notes 4 and 30)	3,386,615	-	3,390,756	-	4,985,108	-
Other assets, net (Notes 19 and 36)	1,170,878	-	1,068,655	-	737,430	-
TOTAL	$ 2,709,534,037	100	$ 2,684,852,319	100	$ 2,651,459,941	100
LIABILITIES AND EQUITY						
Deposits from the Central Bank and banks (Notes 4, 20 and 35)	$ 66,607,161	3	$ 52,877,055	2	$ 91,012,918	4
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 33)	2,859,398	-	6,920,062	-	8,237,001	-
Securities sold under repurchase agreements (Note 4)	1,481,268	-	941,013	-	1,078,302	-
Payables (Notes 4, 21 and 28)	32,216,972	1	31,965,424	1	49,327,106	2
Current tax liabilities (Notes 4 and 30)	1,335,161	-	896,855	-	509,816	-
Deposits and remittances (Notes 4, 22 and 35)	2,355,457,500	87	2,349,882,620	88	2,254,840,695	85
Bank notes payable (Notes 4, 23 and 33)	52,190,030	2	51,219,465	2	51,248,900	2
Other financial liabilities (Notes 4 and 24)	871,807	-	858,883	-	944,223	-
Reserve for liabilities (Notes 4, 5, 26 and 27)	3,191,727	-	3,023,164	-	4,642,663	-
Lease liabilities (Notes 4 and 16)	1,714,334	-	1,794,804	-	1,736,390	-
Deferred tax liabilities (Notes 4 and 30)	9,642,666	1	9,430,267	1	10,451,680	-
Other liabilities (Notes 4, 15 and 25)	6,236,442	-	6,014,489	-	11,663,512	1
Total liabilities	2,533,804,466	94	2,515,824,101	94	2,485,693,206	94
EQUITY (Notes 4, 28 and 30)						
Capital stock						
Common stock	105,934,566	4	105,934,566	4	104,885,708	4
Reserve for capitalization	2,648,364	-	-	-	1,048,857	-
Retained earnings						
Legal reserve	46,674,889	2	43,043,607	2	43,043,607	2
Special reserve	12,201,590	-	12,201,590	-	12,201,590	-
Unappropriated earnings	7,317,127	-	12,218,872	-	5,502,822	-
Other equity	953,035	-	(4,370,417)	-	(915,849)	-
Total equity	175,729,571	6	169,028,218	6	165,766,735	6
TOTAL	$ 2,709,534,037	100	$ 2,684,852,319	100	$ 2,651,459,941	100

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

CHANG HWA COMMERCIAL BANK, LTD. 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			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME (Notes 4, 29 and 35)	$ 15,897,825	160	$ 9,024,795	106	$ 30,443,098	154	$ 16,329,655	102
INTEREST EXPENSE (Notes 29 and 35)	(10,412,050)	(105)	(2,799,365)	(33)	(19,325,593)	(98)	(4,652,973)	(29)
NET INCOME OF INTEREST	5,485,775	55	6,225,430	73	11,117,505	56	11,676,682	73
NET NON-INTEREST INCOME								
Net service fee income (Notes 4 and 29)	1,245,186	13	1,128,288	13	2,546,683	13	2,315,753	15
Gain on financial assets or liabilities measured at fair value through profit or loss (Notes 4, 7 and 29)	2,177,836	22	404,447	5	4,686,622	24	664,453	4
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 29)	710,328	7	241,928	3	928,437	5	383,562	2
Gain (loss) arising from derecognition of financial assets at amortized cost	(703)	-	(37)	-	(42,797)	-	(1,645)	-
Foreign exchange gain (Notes 4 and 33)	235,831	2	448,343	5	321,159	1	781,165	5
Net other non-interest income (Note 13)	81,559	1	83,792	1	159,273	1	141,911	1
Net non-interest income	4,450,037	45	2,306,761	27	8,599,377	44	4,285,199	27
NET REVENUE AND GAINS	9,935,812	100	8,532,191	100	19,716,882	100	15,961,881	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 12)	(549,309)	(6)	(823,944)	(9)	(1,452,973)	(7)	(1,381,250)	(9)
OPERATING EXPENSES								
Employee benefits expenses (Notes 4 and 29)	(3,333,730)	(33)	(2,865,150)	(33)	(6,431,559)	(33)	(5,537,628)	(35)
Depreciation and amortization expenses (Notes 4 and 29)	(414,135)	(4)	(402,142)	(5)	(823,972)	(4)	(768,378)	(5)
Other general and administrative expenses	(1,270,876)	(13)	(1,089,595)	(13)	(2,408,661)	(12)	(2,104,869)	(13)
Total operating expenses	(5,018,741)	(50)	(4,356,887)	(51)	(9,664,192)	(49)	(8,410,875)	(53)
INCOME BEFORE INCOME TAX	4,367,762	44	3,351,360	40	8,599,717	44	6,169,756	38
INCOME TAX EXPENSE (Notes 4 and 30)	(809,447)	(8)	(408,645)	(5)	(1,589,469)	(8)	(849,899)	(5)
NET INCOME	3,558,315	36	2,942,715	35	7,010,248	36	5,319,857	33

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. 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			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified to profit or loss, net of tax:								
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	$ 3,592,564	36	$ (2,594,404)	(31)	$ 4,984,815	25	$ (1,497,536)	(9)
Items that will be reclassified to profit or loss, net of tax:								
Exchange differences on translation (Note 4)	44,372	-	567,339	7	(78,842)	-	1,724,030	11
Revaluation (losses) gains on investments in debt instruments measured at fair value through other comprehensive income	(424,282)	(4)	(2,978,624)	(35)	639,254	3	(6,021,198)	(38)
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	1,252	-	(1,444)	-	(513)	-	651	-
Income tax related to items that will be reclassified to profit or loss (Notes 4 and 30)	(32,860)	-	10,159	-	(27,208)	-	32,761	-
Other comprehensive income (loss), net of tax	3,181,046	32	(4,996,974)	(59)	5,517,506	28	(5,761,292)	(36)
TOTAL COMPREHENSIVE INCOME	$ 6,739,361	68	$ (2,054,259)	(24)	$ 12,527,754	64	$ (441,435)	(3)
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	$ 3,558,315	36	$ 2,942,715	35	$ 7,010,248	36	$ 5,319,857	33
Non-controlling interests	$ -	-	$ -	-	$ -	-	$ -	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	$ 6,739,361	68	$ (2,054,259)	(24)	$ 12,527,754	64	$ (441,435)	(3)
Non-controlling interests	$ -	-	$ -	-	$ -	-	$ -	-
EARNINGS PER SHARE (Note 31)								
Basic	$ 0.33		$ 0.27		$ 0.65		$ 0.49	
Diluted	$ 0.33		$ 0.27		$ 0.64		$ 0.49	

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank								
	Capital Stock			Retained Earnings			Other Equity		
	Common Stock (In Thousand)	Amount	Reserve for Capitalization	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	10,488,571	$ 104,885,708	$ -	$ 40,320,456	$ 12,201,590	$ 9,130,892	$ (3,313,666)	$ 8,227,475	$ 171,452,455
Appropriation of 2021 earnings									
Legal reserve appropriated	-	-	-	2,723,151	-	(2,723,151)	-	-	-
Cash dividends	-	-	-	-	-	(5,244,285)	-	-	(5,244,285)
Stock dividends	-	-	1,048,857	-	-	(1,048,857)	-	-	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	5,319,857	-	-	5,319,857
Other comprehensive income (loss) for the six months ended June 30, 2022, net of tax	-	-	-	-	-	-	1,645,880	(7,407,172)	(5,761,292)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	5,319,857	1,645,880	(7,407,172)	(441,435)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	68,366	-	(68,366)	-
BALANCE AT JUNE 30, 2022	10,488,571	$ 104,885,708	$ 1,048,857	$ 43,043,607	$ 12,201,590	$ 5,502,822	$ (1,667,786)	$ 751,937	$ 165,766,735
BALANCE AT JANUARY 1, 2023	10,593,457	$ 105,934,566	$ -	$ 43,043,607	$ 12,201,590	$ 12,218,872	$ (916,214)	$ (3,454,203)	$ 169,028,218
Appropriation of 2022 earnings									
Legal reserve appropriated	-	-	-	3,631,282	-	(3,631,282)	-	-	-
Cash dividends	-	-	-	-	-	(5,826,401)	-	-	(5,826,401)
Stock dividends	-	-	2,648,364	-	-	(2,648,364)	-	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	7,010,248	-	-	7,010,248
Other comprehensive (loss) income for the six months ended June 30, 2023, net of tax	-	-	-	-	-	-	(95,434)	5,612,940	5,517,506
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	7,010,248	(95,434)	5,612,940	12,527,754
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	194,054	-	(194,054)	-
BALANCE AT JUNE 30, 2023	10,593,457	$ 105,934,566	$ 2,648,364	$ 46,674,889	$ 12,201,590	$ 7,317,127	$ (1,011,648)	$ 1,964,683	$ 175,729,571

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 8,599,717	$ 6,169,756
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	1,452,973	1,381,250
Depreciation expense	613,047	604,944
Amortization expense	210,925	163,434
Interest income	(30,443,098)	(16,329,655)
Dividend income	(819,425)	(569,815)
Interest expense	19,325,593	4,652,973
Net gain on financial assets or liabilities at fair value through profit	(7,807,935)	(11,373,402)
(Gain) loss on disposal of investments	(75,113)	186,769
Unrealized foreign exchange losses	3,121,313	10,708,949
Other adjustments	(68,560)	422,747
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank	(6,023,535)	3,001,928
(Increase) decrease in financial assets at fair value through profit or loss	(39,631,931)	23,646,713
(Increase) decrease in receivables	(1,917,219)	806,838
Decrease (increase) in discounts and loans	4,390,625	(128,825,232)
Increase in financial assets at fair value through other comprehensive income	(10,162,691)	(59,949,545)
Decrease (increase) in investments in debt instruments at amortized cost	225,050	(22,026,368)
Decrease in other financial assets	247,414	1,003,417
(Increase) decrease in other assets	(101,516)	731,387
Increase in deposits from the Central Bank and banks	430	18,164
Increase in deposits and remittances	5,574,880	87,399,463
(Decrease) increase in payables	(7,411,818)	6,781,150
Increase (decrease) in financial liabilities at fair value through profit or loss	662,534	(10,088,964)
Decrease in reserve for liabilities	(28,221)	(188,387)
Increase (decrease) in other financial liabilities	12,924	(57,679)
Increase in other liabilities	226,739	8,507,528
Cash flows used in operations	(59,826,898)	(93,221,637)
Interest received	30,191,721	15,949,707
Dividends received	194,312	213,552
Interest paid	(17,519,029)	(4,155,142)
Income taxes paid	(961,831)	(521,611)
Net cash flows used in operating activities	(47,921,725)	(81,735,131)

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CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (322,797)	$ (406,746)
Proceeds from disposal of property and equipment	3	-
Acquisition of intangible assets	(158,837)	(602,511)
Acquisition of investment properties	(559)	-
Net cash flows used in investing activities	(482,190)	(1,009,257)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and banks	13,729,676	(8,894,614)
Proceeds from issuing bank notes	1,000,000	-
Increase (decrease) in securities sold under repurchase agreement	540,255	(294,558)
Repayments of the principal portion of lease liabilities	(308,883)	(355,199)
Net cash flows generated from (used in) financing activities	14,961,048	(9,544,371)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(78,842)	1,724,030
NET DECREASE IN CASH AND CASH EQUIVALENTS	(33,521,709)	(90,564,729)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	104,820,099	194,506,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 71,298,390	$ 103,941,946

	June 30	
	2023	**2022**
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	$ 36,176,439	$ 32,044,197
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	35,121,951	71,897,749
Cash and cash equivalents at end of period	$ 71,298,390	$ 103,941,946

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

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

1. ORGANIZATION AND BUSINESS SCOPE

Chang Hwa Commercial Bank, Ltd. (the "Bank") was incorporated under Banking Law, Securities and Exchange Law and Taiwan Company Law on March 1, 1947 and obtained its banking license from the Ministry of Economic Affairs in July 1950. The Bank's shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since February 1962.

The Bank mainly engages in the following business:

a. All commercial banking operations allowed by the Banking Law;
b. Trust operations;
c. International banking operations;
d. Overseas branch operations authorized by the respective foreign governments; and
e. Other operations authorized by the central authority.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on August 17, 2023.

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 "IFRSs") endorsed and issued into effect by FSC

   The initial application of the IFRSs endorsed and issued into effect by the FSC and the application of other standards and interpretations did not have a material impact on the Group's accounting policies, and the application of other standards and interpretations did not have impact.

b. The IFRSs endorsed by the FSC for application starting from 2024

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

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

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

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks 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 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 which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

Basis of Consolidation

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 14 and Table 1 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Other Material Accounting Policies

Except for the following, for the summary of other significant accounting policies, refer to the Group's consolidated financial statements for the year ended December 31, 2022.

a. Retirement benefits

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

b. Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the summary of material accounting judgements and key sources of estimation uncertainty in the Group's consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS/DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

a. Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$ 13,529,517	$ 22,729,933	$ 13,164,052
Checks for clearing	3,171,206	13,974,453	2,763,046
Due from banks	17,877,779	13,382,702	14,543,014
Foreign currencies on hand	1,597,937	1,671,493	1,574,085
	$ 36,176,439	$ 51,758,581	$ 32,044,197

Refer to the consolidated statements of cash flows for the cash and cash equivalents reconciliation information as of June 30, 2023 and 2022. Cash and cash equivalents as of December 31, 2022 as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated balance sheets as follows:

	December 31, 2022
Cash and cash equivalents	$ 51,758,581
Call loans to banks	53,061,518
	$ 104,820,099

b. Due from the Central Bank and call loans to banks

	June 30, 2023	December 31, 2022	June 30, 2022
Call loans to banks	$ 35,121,951	$ 53,061,518	$ 71,897,749
Reserve for checking accounts	23,876,484	14,710,869	24,575,656
Reserve for demand accounts	63,412,549	62,702,031	56,865,731
Reserve for foreign deposits	684,060	680,352	633,948
Others	14,977,062	18,833,368	11,118,001
	$ 138,072,106	$ 149,988,138	$ 165,091,085

Cash and cash equivalents and due from the Central Bank and call loans to banks are assessed for impairment using an approach similar to those used for investments in debt instruments (refer to Note 10). The Group considers its cash and cash equivalents to have low credit risk so its credit loss evaluation is on a 12-month expected credit loss basis.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial Assets at Fair Value through Profit or Loss (FVTPL)

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily classified at FVTPL			
Derivative financial assets (not under hedge accounting)			
Futures	$ 1,094,599	$ 1,099,905	$ 904,517
Forward exchange contracts	104,944	133,047	155,600
Interest rate swaps	250,970	240,578	326,273
Currency swaps	7,457,166	7,782,948	16,999,252
Currency call option premiums	33,098	46,904	60,505
Non-derivative financial assets			
Investment in bills	58,902,855	15,170,225	26,967,952
Domestic listed stock	469,383	97,948	44,363
Domestic unquoted stock	667,801	474,967	505,945
Funds	109,347	53,708	19,450
Bank notes	434,740	-	-
Government bonds	1,000,710	3,621,274	4,905
Corporate bonds	154,277	2,764,177	2,650,039
	$ 70,679,890	$ 31,485,681	$ 48,638,801

The par values of notes provided for transactions with repurchase agreements were $20,100 thousand and $71,800 thousand as of June 30, 2023 and 2022, respectively.

Financial Liabilities at FVTPL

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities held for trading			
Derivative financial liabilities (not applying hedge accounting)			
Forward exchange contracts	$ 70,074	$ 75,175	$ 179,779
Interest rate swaps	218,000	213,693	325,979
Currency swaps	2,538,221	6,584,287	7,670,735
Currency put option premiums	33,103	46,907	60,508
	$ 2,859,398	$ 6,920,062	$ 8,237,001

The Group entered into derivative contracts during the six months ended June 30, 2023 and 2022 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Group is to minimize risks due to changes in fair value and cash flows.

The nominal principal amounts of outstanding derivative contracts as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Currency swaps	$ 482,473,275	$ 539,973,723	$ 717,025,552
Currency options	17,371,368	16,582,846	21,797,535
Forward exchange contracts	8,362,624	10,225,060	14,730,007
Interest rate swaps	55,575,790	62,923,726	85,699,236

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in equity instruments at FVTOCI			
Domestic listed stock	$ 20,128,827	$ 13,905,929	$ 17,217,692
Domestic unquoted stock	9,871,535	8,438,981	10,845,275
Beneficiary and asset-based securities	225,675	232,875	230,625
	30,226,037	22,577,785	28,293,592
Investments in debt instruments at FVTOCI			
Government bonds	46,606,905	51,802,752	52,824,965
Corporate bonds	69,637,792	70,619,681	69,544,134
Bank notes	60,979,130	61,770,611	65,867,956
Bonds issued by international organizations	9,722,105	2,845,119	4,694,489
Beneficiary and asset-based securities	13,100,313	3,831,173	4,081,040
Investments in bills	247,833	1,168,836	1,135,165
	200,294,078	192,038,172	198,147,749
	$ 230,520,115	$ 214,615,957	$ 226,441,341

A portion of investments in equity instruments is for strategic instruments and are not held for trading, the management designated these investments as at FVTOCI.

a. Refer to Note 10 for information relating to their credit risk management and impairment.

b. The par values of bonds provided for transactions with repurchase agreement were $1,320,600 thousand, $852,800 thousand and $911,400 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

c. Government bonds placed as deposits in courts amounted to $321,500 thousand, $237,600 thousand and $221,100 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively. Government bonds placed as operating deposits amounted to $330,000 thousand; government bonds placed a reserve fund for trust compensation amounted to $220,000 thousand; overseas branches’ bonds provided as collateral for operations were $430,365 thousand, $420,637 thousand and $419,431 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively. Refer to Note 36 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in bills	$ 353,804,955	$ 363,113,218	$ 360,719,119
Bank notes	57,662,772	45,936,665	31,604,465
Corporate bonds	7,745,445	7,908,926	4,303,415
Government bonds	34,763,752	40,542,330	10,703,140
Bonds issued by international organizations	11,733,609	11,583,998	5,685,547
Beneficiary and asset-based securities	19,075,732	15,926,122	14,267,053
	$ 484,786,265	$ 485,011,259	$ 427,282,739

a. Refer to Note 10 for information relating to their credit risk management and impairment.

b. The amounts of the overseas branches' bonds provided as collateral for operations were $155,700 thousand, $153,625 thousand and $148,675 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

c. Certificates of deposit placed as reserves for clearing at the Central Bank amounted to $36,000,000 thousand; certificates of deposit which were issued by Central Bank and pledged for call loans from banks amounted to $5,300,000 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022.

d. Refer to Note 36 for information relating to investments in debt instruments at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

June 30, 2023

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 207,527,228	$ 484,803,012	$ 692,330,240
Less: Allowance for impairment loss	(51,106)	(16,747)	(67,853)
Amortized cost	207,476,122	$ 484,786,265	692,262,387
Adjustment to fair value	(7,182,044)		(7,182,044)
	$ 200,294,078		$ 685,080,343

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 199,910,577	$ 485,024,340	$ 684,934,917
Less: Allowance for impairment loss	(51,619)	(13,081)	(64,700)
Amortized cost	199,858,958	$ 485,011,259	684,870,217
Adjustment to fair value	(7,820,786)		(7,820,786)
	$ 192,038,172		$ 677,049,431

June 30, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 204,928,725	$ 427,290,929	$ 632,219,654
Less: Allowance for impairment loss	(54,307)	(8,190)	(62,497)
Amortized cost	204,874,418	$ 427,282,739	632,157,157
Adjustment to fair value	(6,726,669)		(6,726,669)
	$ 198,147,749		$ 625,430,488

The Group only invests in debt instruments that are rated as investment grade or higher and are assessed as having low credit impairment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
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
Defaulted	There is evidence indicating that the asset is credit impaired.	Lifetime ECLs - credit impaired

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

June 30, 2023

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3076%	$ 207,527,228	$ 484,803,012

December 31, 2022

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3076%	$ 199,910,577	$ 485,024,340

June 30, 2022

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3076%	$ 204,928,725	$ 427,290,929

At FVTOCI

Allowance for Impairment Loss	Credit Rating: Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	Total
Balance at January 1, 2023	$ 51,619	$ -	$ -	$ 51,619
Purchase of investments in debt instruments	2,929	-	-	2,929
Derecognition	(3,884)	-	-	(3,884)
Change in exchange rates or others	442	-	-	442
Balance at June 30, 2023	$ 51,106	$ -	$ -	$ 51,106
Balance at January 1, 2022	$ 53,656	$ -	$ -	$ 53,656
Purchase of investments in debt instruments	8,202	-	-	8,202
Derecognition	(2,718)	-	-	(2,718)
Change in exchange rates or others	(4,833)	-	-	(4,833)
Balance at June 30, 2022	$ 54,307	$ -	$ -	$ 54,307

At amortized cost

Allowance for Impairment Loss	Credit Rating: Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	Total
Balance at January 1, 2023	$ 13,081	$ -	$ -	$ 13,081
Purchase of investments in debt instruments	3,159	-	-	3,159
Derecognition	(5)	-	-	(5)
Change in exchange rates or others	512	-	-	512
Balance at June 30, 2023	$ 16,747	$ -	$ -	$ 16,747
Balance at January 1, 2022	$ 4,596	$ -	$ -	$ 4,596
Purchase of investments in debt instruments	4,825	-	-	4,825
Change in exchange rates or others	(1,231)	-	-	(1,231)
Balance at June 30, 2022	$ 8,190	$ -	$ -	$ 8,190

11. RECEIVABLES, NET

a. Details of receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	$ 8,718,295	$ 7,972,996	$ 8,794,639
Accrued incomes	2,963	9,408	6,592
Interests receivable	6,497,337	5,849,600	3,541,581
Acceptances receivable	2,993,780	4,665,622	4,417,242
Credit cards accounts receivable	4,160,707	2,919,757	4,237,811
Settlement price	1,536,009	475,381	648,742
Accounts receivable for settlement	1,211,630	674,056	1,022,688
Other receivables	870,686	280,392	671,658
	25,991,407	22,847,212	23,340,953
Less: Allowance for bad debts, receivables	(355,041)	(400,639)	(397,353)
	$ 25,636,366	$ 22,446,573	$ 22,943,600

b. Allowance for receivables

1) Movements in the allowance for receivables

	For the Six Months Ended June 30, 2023					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Receivables						
Beginning balance	$ 11,730	$ 3,064	$ 139,149	$ 153,943	$ 246,696	$ 400,639
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(493)	1,372	(879)	-	-	-
Transfers to credit-impaired financial assets	(1,486)	(8)	1,494	-	-	-
Transfers to 12-month expected credit losses	490	(95)	(395)	-	-	-
Financial assets derecognized for the period	(8,489)	(923)	10,654	1,242	-	1,242
Purchase or originated financial assets	14,952	981	14,485	30,418	-	30,418

(Continued)

	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	$ -	$ -	$ -	$ -	$ (61,891)	$ (61,891)
Doubtful debts written off	-	-	(17,466)	(17,466)	-	(17,466)
Changes in exchange rates or others	5	4	2,090	2,099	-	2,099
Ending balance	$ 16,709	$ 4,395	$ 149,132	$ 170,236	$ 184,805	$ 355,041

(Concluded)

	For the Six Months Ended June 30, 2022					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Receivables						
Beginning balance	$ 10,978	$ 2,223	$ 153,817	$ 167,018	$ 140,235	$ 307,253
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,558)	1,565	(7)	-	-	-
Transfers to credit-impaired financial assets	(171)	(22)	193	-	-	-
Transfers to 12-month expected credit losses	210	(65)	(145)	-	-	-
Financial assets derecognized for the period	(9,143)	(860)	(138,828)	(148,831)	-	(148,831)
Purchase or originated financial assets	9,423	1,005	126,312	136,740	-	136,740

(Continued)

	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	$ -	$ -	$ -	$ -	$ 110,865	$ 110,865
Doubtful debts written off	-	-	(8,914)	(8,914)	-	(8,914)
Changes in exchange rates or others	25	5	210	240	-	240
Ending balance	$ 9,764	$ 3,851	$ 132,638	$ 146,253	$ 251,100	$ 397,353

(Concluded)

2) Movements in the total carrying amount of receivables

	For the Six Months Ended June 30, 2023			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 22,452,048	$ 144,216	$ 250,948	$ 22,847,212
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(10,740)	13,535	(2,795)	-
Transfers to credit-impaired financial assets	(4,032)	(780)	4,812	-
Transfers to 12-month expected credit losses	8,697	(7,185)	(1,512)	-
Purchase or originated financial assets	14,884,483	58,463	23,829	14,966,775
Derecognized	(11,716,649)	(68,085)	(10,402)	(11,795,136)
Doubtful debts written off	-	-	(17,466)	(17,466)
Changes in exchange rates or others	(13,355)	265	3,112	(9,978)
Ending balance	$ 25,600,452	$ 140,429	$ 250,526	$ 25,991,407

	For the Six Months Ended June 30, 2022			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 22,630,646	$ 172,155	$ 433,188	$ 23,235,989
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(24,668)	24,856	(188)	-
Transfers to credit-impaired financial assets	(4,899)	(941)	5,840	-
Transfers to 12-month expected credit losses	6,094	(3,444)	(2,650)	-
Purchase or originated financial assets	11,978,158	98,183	196,944	12,273,285
Derecognized	(11,645,128)	(135,885)	(392,356)	(12,173,369)
Doubtful debts written off	-	-	(8,914)	(8,914)
Changes in exchange rates or others	13,107	539	316	13,962
Ending balance	$ 22,953,310	$ 155,463	$ 232,180	$ 23,340,953

12. DISCOUNTS AND LOANS, NET

a. Details of discounts and loans

	June 30, 2023	December 31, 2022	June 30, 2022
Negotiated and discounted	$ 1,503,169	$ 2,043,136	$ 2,845,027
Overdrafts	979,958	1,140,736	1,198,415
Short-term loans	380,784,178	371,217,024	407,557,087
Margin loans receivable	283,547	203,307	244,761
Medium-term loans	556,235,198	571,256,827	535,932,847
Long-term loans	758,412,225	758,023,442	751,295,438
Overdue loans	2,859,543	3,473,480	3,640,239
	1,701,057,818	1,707,357,952	1,702,713,814
Less: Allowance for loan losses	(21,422,598)	(22,037,507)	(20,270,440)
	$ 1,679,635,220	$ 1,685,320,445	$ 1,682,443,374

Loans of which the accrual of interest income was ceased internally as of June 30, 2023, December 31, 2022 and June 30, 2022 were $2,859,543 thousand, $3,473,480 thousand and $3,640,239 thousand, respectively. The amounts of interest income that would have been accrued on these loans for the six months ended June 30, 2023 and 2022 were $45,467 thousand and $48,597 thousand, respectively.

The Group did not write off any loans without legal claims process during the six months ended June 30, 2023 and 2022.

b. Allowance for discounts and loans

1) Movements in the allowance for discounts and loans

	For the Six Months Ended June 30, 2023					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Loans						
Beginning balance	$ 2,721,069	$ 2,861,328	$ 4,089,850	$ 9,672,247	$ 12,365,260	$ 22,037,507
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(27,550)	30,641	(3,091)	-	-	-
Transfers to credit impaired financial assets	(690)	(18,338)	19,028	-	-	-
Transfers to 12-month expected credit losses	154,000	(149,805)	(4,195)	-	-	-
Financial assets derecognized for the period	(908,477)	(599,611)	808,461	(699,627)	-	(699,627)
Purchased or originated financial assets	929,724	969,284	751,679	2,650,687	-	2,650,687
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	-	-	-	-	(250,124)	(250,124)
Doubtful debts written off	-	-	(2,351,585)	(2,351,585)	-	(2,351,585)
Change in exchange rates or others	2,052	79	33,609	35,740	-	35,740
Ending balance	$ 2,870,128	$ 3,093,578	$ 3,343,756	$ 9,307,462	$ 12,115,136	$ 21,422,598

	For the Six Months Ended June 30, 2022					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Loans						
Beginning balance	$ 2,104,357	$ 2,116,708	$ 5,294,105	$ 9,515,170	$ 10,780,875	$ 20,296,045
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(42,585)	43,324	(739)	-	-	-
Transfers to credit impaired financial assets	(280)	(10,325)	10,605	-	-	-
Transfers to 12-month expected credit losses	101,450	(97,126)	(4,324)	-	-	-
Financial assets derecognized for the period	(542,081)	(755,634)	(674,795)	(1,972,510)	-	(1,972,510)
Purchased or originated financial assets	632,752	1,120,208	865,678	2,618,638	-	2,618,638

(Continued)

	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	$ -	$ -	$ -	$ -	$ 978,033	$ 978,033
Doubtful debts written off	-	-	(1,756,360)	(1,756,360)	-	(1,756,360)
Change in exchange rates or others	13,305	7,037	86,252	106,594	-	106,594
Ending balance	$ 2,266,918	$ 2,424,192	$ 3,820,422	$ 8,511,532	$ 11,758,908	$ 20,270,440

(Concluded)

2) Movements in the total carrying amount of discounts and loans

	For the Six Months Ended June 30, 2023			
	12-month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 1,622,309,002	$ 73,035,057	$ 12,013,893	$ 1,707,357,952
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(4,641,972)	4,672,796	(30,824)	-
Transfers to credit-impaired financial assets	(577,818)	(508,958)	1,086,776	-
Transfers to 12-month expected credit losses	2,837,904	(2,800,272)	(37,632)	-
Financial assets derecognized for the period	(475,346,788)	(26,384,334)	(3,151,535)	(504,882,657)
Purchase or originated financial assets	475,987,282	21,292,168	2,096,694	499,376,144
Doubtful debts written off	-	-	(2,351,585)	(2,351,585)
Changes in exchange rates or others	1,444,663	51,180	62,121	1,557,964
Ending balance	$ 1,622,012,273	$ 69,357,637	$ 9,687,908	$ 1,701,057,818

	For the Six Months Ended June 30, 2022			
	12-month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 1,500,208,565	$ 60,475,732	$ 14,386,835	$ 1,575,071,132
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(12,102,341)	12,110,108	(7,767)	-
Transfers to credit-impaired financial assets	(421,089)	(559,254)	980,343	-
Transfers to 12-month expected credit losses	2,734,491	(2,705,492)	(28,999)	-
Financial assets derecognized for the period	(453,273,037)	(24,351,442)	(4,114,468)	(481,738,947)
Purchase or originated financial assets	575,820,566	27,785,356	1,646,403	605,252,325
Doubtful debts written off	-	-	(1,756,360)	(1,756,360)
Changes in exchange rates or others	5,378,785	369,193	137,686	5,885,664
Ending balance	$ 1,618,345,940	$ 73,124,201	$ 11,243,673	$ 1,702,713,814

c. Details of provision for bad debts expense, commitment and guarantee for the three months and the six months ended June 30, 2023 and 2022

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Provision for receivable and loan (including overdue loan) losses	$ 377,436	$ 773,491	$ 1,256,189	$ 1,244,326
Provision for loan commitment	145,724	48,089	156,270	68,115
Provision (reversal) for guarantee liability	27,393	(2,853)	35,037	68,694
(Reversal) provision for others	(1,244)	5,217	5,477	115
	$ 549,309	$ 823,944	$ 1,452,973	$ 1,381,250

13. OTHER FINANCIAL ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits with original maturities of more than 3 months	$ 1,499,750	$ 1,764,400	$ 2,662,200
Exchange bills negotiated	17,568	3,863	41,264
Overdue receivables	3,479	4,932	4,958
Call loan to security brokers	-	-	148,675
Less: Allowance for bad debts	(3,655)	(4,472)	(3,670)
	$ 1,517,142	$ 1,768,723	$ 2,853,427

The market rates of time deposits with original maturities of more than 3 months were ranging from 2.90%-3.00% and 2.35%-3.15% for the six months ended June 30, 2023 and 2022, respectively.

14. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

			% of Ownership		
Investor	**Investee**	**Main Business**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
The Bank	Chang Hua Commercial Bank, Ltd.	Banking	100	100	100
The Bank	Chang Hwa Bank Venture Capital Co., Ltd.	Investing	100	100	100

15. PROPERTY AND EQUIPMENT

	June 30, 2023	December 31, 2022	June 30, 2022
Assets used by the Group	$ 20,844,667	$ 20,828,724	$ 20,890,329
Assets leased under operating leases	214,688	202,251	205,999
	$ 21,059,355	$ 21,030,975	$ 21,096,328

a. Asset used by the Group

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Buildings and Equipment	Total
Cost								
Balance at January 1, 2023	$ 14,817,873	$ 9,195,918	$ 4,589,291	$ 745,549	$ 1,547,661	$ 1,031,721	$ 528,825	$ 32,456,838
Additions	-	15,517	32,043	13,252	21,801	9,762	230,422	322,797
Disposals	-	-	(45,488)	(13,955)	(44,412)	-	-	(103,855)
Transfers to assets leased under operating leases	-	(32,405)	-	-	-	-	-	(32,405)
Reclassification	-	1,587	3,569	2,895	983	13,048	(34,743)	(12,661)
Effect of foreign currency exchange differences	-	(20,913)	(3,778)	(204)	(483)	(1,222)	(1,156)	(27,756)
Balance at June 30, 2023	$ 14,817,873	$ 9,159,704	$ 4,575,637	$ 747,537	$ 1,525,550	$ 1,053,309	$ 723,348	$ 32,602,958
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ -	$ 4,850,449	$ 3,793,778	$ 659,648	$ 1,396,546	$ 927,693	$ -	$ 11,628,114
Disposals	-	-	(45,166)	(13,887)	(44,299)	-	-	(103,352)
Depreciation expense	-	92,306	114,609	12,618	20,985	15,555	-	256,073
Transfers to assets leased under operating leases	-	(15,767)	-	-	-	-	-	(15,767)
Effect of foreign currency exchange differences	-	(3,253)	(2,405)	(159)	(336)	(624)	-	(6,777)
Balance at June 30, 2023	$ -	$ 4,923,735	$ 3,860,816	$ 658,220	$ 1,372,896	$ 942,624	$ -	$ 11,758,291
Carrying amount at June 30, 2023	$ 14,817,873	$ 4,235,969	$ 714,821	$ 89,317	$ 152,654	$ 110,685	$ 723,348	$ 20,844,667
Carrying amount at December 31, 2022 and January 1, 2023	$ 14,817,873	$ 4,345,469	$ 795,513	$ 85,901	$ 151,115	$ 104,028	$ 528,825	$ 20,828,724
Cost								
Balance at January 1, 2022	$ 14,817,873	$ 9,335,623	$ 4,810,890	$ 738,067	$ 1,521,271	$ 991,535	$ 349,782	$ 32,565,041
Additions	-	5,567	224,681	10,250	16,403	4,830	145,015	406,746
Disposals	-	-	(34,885)	(6,067)	(13,567)	-	-	(54,519)
Reclassification	-	640	20,445	-	131	6,317	(81,198)	(53,665)
Effect of foreign currency exchange differences	-	15,935	2,989	490	1,532	3,302	564	24,812
Balance at June 30, 2022	$ 14,817,873	$ 9,357,765	$ 5,024,120	$ 742,740	$ 1,525,770	$ 1,005,984	$ 414,163	$ 32,888,415
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ -	$ 4,768,940	$ 4,109,168	$ 648,891	$ 1,374,975	$ 893,748	$ -	$ 11,795,722
Disposals	-	-	(34,805)	(6,067)	(13,520)	-	-	(54,392)
Depreciation expense	-	93,433	105,728	12,407	21,831	14,626	-	248,025
Effect of foreign currency exchange differences	-	1,869	1,906	355	1,412	3,189	-	8,731
Balance at June 30, 2022	$ -	$ 4,864,242	$ 4,181,997	$ 655,586	$ 1,384,698	$ 911,563	$ -	$ 11,998,086
Carrying amount at June 30, 2022	$ 14,817,873	$ 4,493,523	$ 842,123	$ 87,154	$ 141,072	$ 94,421	$ 414,163	$ 20,890,329
Carrying amount at December 31, 2021 and January 1, 2022	$ 14,817,873	$ 4,566,683	$ 701,722	$ 89,176	$ 146,296	$ 97,787	$ 349,782	$ 20,769,319

b. Assets leased under operating leases

	Buildings
Cost	
Balance at January 1, 2023	$ 426,505
Transfers from assets used by the Group	32,405
Balance at June 30, 2023	$ 458,910
Accumulated depreciation and impairment	
Balance at January 1, 2023	$ 224,254
Depreciation expense	4,201
Transfers from assets used by the Group	15,767
Balance at June 30, 2023	$ 244,222
Carrying amounts at June 30, 2023	$ 214,688
Carrying amounts at December 31, 2022 and January 1, 2023	$ 202,251
Cost	
Balance at January 1, 2022 and June 30, 2022	$ 426,505
Accumulated depreciation and impairment	
Balance at January 1, 2022	$ 216,444
Depreciation expense	4,062
Balance at June 30, 2022	$ 220,506
Carrying amounts at June 30, 2022	$ 205,999
Carrying amounts at December 31, 2021 and January 1, 2022	$ 210,061

Operating leases relate to buildings owned by the Group with lease terms between 1 and 20 years without an option to extend lease terms. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments for property used by the Group was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Year 1	$ 58,512	$ 63,842	$ 59,436
Year 2	38,276	58,972	52,465
Year 3	30,023	28,000	19,389
Year 4	13,293	14,279	12,594
Year 5	6,531	7,659	8,400
Year 5 onwards	4,354	7,619	10,700
	$ 150,989	$ 180,371	$ 162,984

The above items of property and equipment leased under operating leases are depreciated on a straight-line basis over the estimated useful lives of the assets:

Buildings	
Main buildings	20-60 years
Air-conditioning units	5-10 years
Machinery equipment	4-16 years
Transportation equipment	2-10 years
Miscellaneous equipment	3-10 years
Leasehold improvements	5 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts			
Land	$ 1,250	$ 1,694	$ 2,307
Buildings	1,793,470	1,867,689	1,823,957
Machinery equipment	368	-	-
Transportation equipment	77,096	74,353	72,697
Miscellaneous equipment	9,680	10,757	13,055
	$ 1,881,864	$ 1,954,493	$ 1,912,016

	For the Six Months Ended June 30	
	2023	2022
Additions to right-of-use assets	$ 228,571	$ 306,931

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Depreciation charge for right-of-use assets				
Land	$ 222	$ 196	$ 444	$ 393
Buildings	162,847	162,942	326,697	325,722
Machinery equipment	74	-	74	-
Transportation equipment	9,096	9,365	18,528	19,122
Miscellaneous equipment	1,993	2,139	3,844	4,342
	$ 174,232	$ 174,642	$ 349,587	$ 349,579

In addition to the additions and recognition of depreciation expenses mentioned above, the Group's right-of-use assets did not have significant sublease and impairment during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts	$ 1,714,334	$ 1,794,804	$ 1,736,390

Range of discount rate for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	0.30%-1.23%	0.30%-1.23%	0.30%-1.23%
Buildings	0.20%-5.05%	0.20%-4.82%	0.20%-3.53%
Machinery equipment	0.31%-2.89%	0.31%-2.89%	0.31%-2.89%
Transportation equipment	0.26%-3.53%	0.26%-3.53%	0.26%-3.53%
Miscellaneous equipment	0.23%-3.60%	0.23%-3.54%	0.26%-3.54%

c. Material lease-in activities and terms

The Group leases certain buildings for operations of branches with lease terms from 3 to 15 years. The lease contract for offices located in New York specifies that lease payments are subject to 4 modifications during the lease terms and the Group can sublease the underlying assets. The lease contracts for offices located in Hong Kong and Taiwan specify that the premium for lease was $48,425 thousand and lease payments will be adjusted each year. In addition, the Group was prohibited from subleasing all or any portion of the underlying assets.

The Group did not have significant acquisition of lease contracts during the six months ended June 30, 2023 and 2022.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Notes 15 and 17.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 15,016	$ 8,070	$ 28,559	$ 20,088
Expenses relating to low-value asset leases	$ 2,092	$ 4,741	$ 12,972	$ 9,764
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 48,102	$ 44,629	$ 95,338	$ 90,792
Total cash outflow for leases			$ (136,869)	$ (120,644)

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

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Lease commitments	$ 28,964	$ 32,827	$ 27,524

17. INVESTMENT PROPERTY

	June 30, 2023	December 31, 2022	June 30, 2022
Completed investment property	$ 13,842,966	$ 13,845,593	$ 13,848,818

Except for depreciation recognized, the Group had no significant additions, disposals, and impairment of investment property during the six months ended June 30, 2023 and 2022.

Operating leases relate to the investment property owned by the Group with lease terms between 1 and 20 years with no option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiration of the lease period.

The maturity analysis of lease payments receivable under operating lease of investment properties as of June 30, 2023, December 31, 2022 and June 30, 2022 was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Year 1	$ 171,243	$ 176,307	$ 175,118
Year 2	155,828	160,873	166,837
Year 3	116,734	115,011	119,003
Year 4	73,990	98,794	98,816
Year 5	38,994	92,461	93,789
Year 5 onwards	134,693	130,232	63,994
	$ 691,482	$ 773,678	$ 717,557

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	20-60 years
Air-conditioning units	5-10 years

The investment properties are measured and stated at cost in the consolidated balance sheets. For management's purpose, the Group periodically measures the fair value of investment properties in accordance with the Group's internal rules and procedures. The Group conducts valuation process regularly, which is measured by level 3 inputs. The fair values were $30,390,299 thousand, $30,390,299 thousand and $30,164,147 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

All investment properties are own right and interest.

Rental income and direct operating expenses generated by the investment property for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Rental incomes	$ 41,124	$ 38,109	$ 80,905	$ 74,699
Direct operating expenses	$ 25,171	$ 30,369	$ 50,723	$ 60,798

18. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 1,121,815
Additions	158,837
Amortization expense	(210,666)
Reclassification	12,661
Effect of foreign currency exchange differences and others	(1,381)
Balance at June 30, 2023	$ 1,081,266

(Continued)

	Computer Software
Cost	
Balance at January 1, 2022	$ 595,639
Additions	602,511
Amortization expense	(163,199)
Reclassification	53,003
Effect of foreign currency exchange differences and others	1,195
Balance at June 30, 2022	$ 1,089,149

(Concluded)

The intangible asset mentioned above is amortized on a straight-line basis over the estimated useful life of 3 to 5 years.

19. OTHER ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits	$ 971,573	$ 917,270	$ 537,167
Assumed collateral and residuals	23,418	23,418	23,418
Less: Accumulated impairment	(23,418)	(23,418)	(23,418)
Prepayments	198,457	150,261	198,894
Others	848	1,124	1,369
	$ 1,170,878	$ 1,068,655	$ 737,430

20. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits from the Central Bank	$ 24,929	$ 28,790	$ 28,076
Deposits from banks	306,115	275,336	379,303
Overdrafts on banks	246,436	335,724	67,259
Call loans from banks	65,855,355	52,036,391	90,312,677
Deposits transferred from Chunghwa Post Co., Ltd.	174,326	200,814	225,603
	$ 66,607,161	$ 52,877,055	$ 91,012,918

21. PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Checks issued to payees for clearing	$ 6,760,655	$ 14,700,835	$ 6,933,982
Accounts payable	1,764,266	1,769,376	11,877,841
Accrued expenses	2,714,289	2,726,462	1,779,731
Accrued interests	5,043,236	3,206,271	1,948,175
Acceptances	3,231,292	4,821,600	4,727,236
Others	12,703,234	4,740,880	22,060,141
	$ 32,216,972	$ 31,965,424	$ 49,327,106

22. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022	June 30, 2022
Checking account deposits	$ 36,226,656	$ 50,326,098	$ 38,071,197
Demand deposits	544,315,229	577,033,413	607,184,121
Time deposits	685,112,385	658,000,012	589,648,573
Negotiable certificates of deposit	3,929,144	3,993,710	3,388,460
Savings account deposits	1,084,511,655	1,058,786,678	1,015,001,840
Remittances	1,362,431	1,742,709	1,546,504
	$ 2,355,457,500	$ 2,349,882,620	$ 2,254,840,695

23. BANK NOTES PAYABLE

The Group has issued bank notes to enhance its capital adequacy ratio and raise medium-to long-term operating funds. The information of the Bank notes is as follows:

The Group issued $2,200 million subordinated bank notes A 103-1 with 7-year term on April 16, 2014. The Bank notes had been redeemed on April 16, 2021.

The Group issued $5,300 million subordinated bank notes B 103-1 with 10-year term on April 16, 2014.

The Group issued $2,500 million subordinated bank notes C 103-1 with 10-year term on April 16, 2014.

The Group issued $3,000 million subordinated bank notes A 105-1 with 7-year term on September 27, 2016.

The Group issued $3,300 million subordinated bank notes B 105-1 with 10-year term on September 27, 2016.

The Group issued $1,530 million subordinated bank notes A 106-1 with 7-year term on March 29, 2017.

The Group issued $8,670 million subordinated bank notes B 106-1 with 10-year term on March 29, 2017.

The Group issued $7,000 million perpetual subordinated bank notes 107-1 on April 26, 2018. Callable 5 years and 3 months after issue date.

The Group issued $3,000 million perpetual subordinated bank notes 107-2 on November 8, 2018. Callable 5 years and 1 month after issue date.

The Group issued $5,960 million perpetual subordinated bank notes 108-1 on June 27, 2019. Callable 5 years and 1 month after issue date.

The Group issued $4,040 million perpetual subordinated bank notes 109-1 on May 27, 2020. Callable 5 years and 1 month after issue date.

The Group issued $6,800 million perpetual subordinated bank notes 109-2 on December 25, 2020. Callable 5 years and 1 month after issue date.

The Group issued $1,000 million primary bank notes 112-1 with 5-year term on February 22, 2023.

The outstanding balance and details of bank notes are as follows:

Bank Note, Interest Rate and Maturity Date	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
Non-hedged bank notes payable			
103-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: April 16, 2024	$ 5,300,000	$ 5,300,000	$ 5,300,000
103-1 Note C, 10-year term, interest payable annually, floating rate, maturity date: April 16, 2024	2,500,000	2,500,000	2,500,000
105-1 Note A, 7-year term, interest payable annually, interest rate 1.09%, maturity date: September 27, 2023	3,000,000	3,000,000	3,000,000
105-1 Note B, 10-year term, interest payable annually, interest rate 1.20%, maturity date: September 27, 2026	3,300,000	3,300,000	3,300,000
106-1 Note A, 7-year term, interest payable annually, interest rate 1.50%, maturity date: March 29, 2024	1,530,000	1,530,000	1,530,000
106-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: March 29, 2027	8,670,000	8,670,000	8,670,000
107-1, no maturity date, interest payable annually, interest rate 2.66%	7,000,000	7,000,000	7,000,000
107-2, no maturity date, interest payable annually, interest rate 2.30%	3,000,000	3,000,000	3,000,000
108-1, no maturity date, interest payable annually, interest rate 1.90%	5,960,000	5,960,000	5,960,000
109-1, no maturity date, interest payable annually, interest rate 1.40%	4,040,000	4,040,000	4,040,000
109-2, no maturity date, interest payable annually, interest rate 1.25%	6,800,000	6,800,000	6,800,000
112-1, 5-year term, interest payable annually, interest rate 1.40%, maturity date: February 22, 2028	1,000,000	-	-
Valuation adjustment	90,030	119,465	148,900
	$ 52,190,030	$ 51,219,465	$ 51,248,900

24. OTHER FINANCIAL LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Principal received on structured notes	$ 660,431	$ 592,873	$ 608,032
Appropriations for loans	211,376	266,010	336,191
	$ 871,807	$ 858,883	$ 944,223

The principal as received on structured notes were the hybrid instruments issued at fixed income. The related income of structured notes was determined by the interest rates linked to targets.

25. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Advance receipts	$ 819,807	$ 798,263	$ 803,130
Guarantee deposits	5,405,459	5,207,067	10,849,380
Deferred revenue	11,176	9,159	11,002
	$ 6,236,442	$ 6,014,489	$ 11,663,512

26. RESERVE FOR LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Reserve for employee benefits	$ 2,090,498	$ 2,100,080	$ 3,589,255
Reserve for guarantee liabilities	677,426	654,446	747,075
Reserve for loan commitments	347,702	191,042	223,823
Reserve for decommissioning restoration and rehabilitation costs	44,218	45,944	50,777
Reserve for contingencies	-	-	92
Others	31,883	31,652	31,641
	$ 3,191,727	$ 3,023,164	$ 4,642,663

Movements in reserve for guarantee liabilities, reserve for loans commitments and reserve for others were as follows:

	For the Six Months Ended June 30, 2023					
	12-month Expected Credit Losses	**Lifetime Expected Credit Losses**	**Realized Credit Impairment**	**Loss Recognized Based on IFRS 9**	**Recognized Impairment Difference Based on the Laws**	**Total**
Beginning balance	$ 352,104	$ 39,279	$ 22,256	$ 413,639	$ 463,501	$ 877,140
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(760)	760	-	-	-	-
Transfers to 12-month expected credit losses	3,241	(2,157)	(1,084)	-	-	-
Financial assets derecognize for the period	(100,332)	(6,428)	(428)	(107,188)	-	(107,188)
Purchase or originated financial assets	222,492	25,323	128	247,943	-	247,943
Recognized impairment difference based on the laws	-	-	-	-	38,370	38,370
Changes in exchange rates or others	531	215	-	746	-	746
Ending balance	$ 477,276	$ 56,992	$ 20,872	$ 555,140	$ 501,871	$ 1,057,011

	For the Six Months Ended June 30, 2022					
	12-month Expected Credit Losses	**Lifetime Expected Credit Losses**	**Realized Credit Impairment**	**Loss Recognized Based on IFRS 9**	**Recognized Impairment Difference Based on the Laws**	**Total**
Beginning balance	$ 361,875	$ 13,495	$ 23,531	$ 398,901	$ 475,545	$ 874,446
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(5,005)	5,005	-	-	-	-
Transfers to credit-impaired financial assets	(1)	-	1	-	-	-
Transfers to 12-month expected credit losses	92	(92)	-	-	-	-
Financial assets derecognize for the period	(108,051)	(9,707)	(2,702)	(120,460)	-	(120,460)
Purchase or originated financial assets	153,239	21,281	101	174,621	-	174,621
Recognized impairment difference based on the laws	-	-	-	-	73,254	73,254
Changes in exchange rates or others	665	13	-	678	-	678
Ending balance	$ 402,814	$ 29,995	$ 20,931	$ 453,740	$ 548,799	$ 1,002,539

27. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group’s defined benefit retirement plans was calculated using the prior year’s actuarially determined pension cost discount rate as of December 31, 2022 and 2021, and the amounts were $66,757 thousand, $76,450 thousand, $156,890 thousand and $154,389 thousand for the three months ended and for the six months ended June 30, 2023 and 2022, respectively.

28. EQUITY

a. Capital

Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Shares granted (in thousands)	12,000,000	12,000,000	12,000,000
Capital stock granted	$ 120,000,000	$ 120,000,000	$ 120,000,000
Shares issued and fully paid (in thousands)	10,593,457	10,593,457	10,488,571
Capital stock issued	$ 105,934,566	$ 105,934,566	$ 104,885,708

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

As of January 1, 2022, the Bank's authorized and registered capital was $120,000,000 thousand divided into 12,000,000 thousand shares at $10 par value; the total paid-in capital was $104,885,708 thousand. The Bank's authorized capital was increased by $1,048,857 thousand in August 2022; As of December 31, 2022, the Bank's authorized and registered capital was $120,000,000 thousand divided into 12,000,000 thousand shares and, also on that date, the total amounts of paid-in capital amounted to $105,934,566 thousand divided into 10,593,457 thousand outstanding shares at $10 par value.

The Bank approved of capitalization of earnings as new stocks be issued in the stockholders' meeting. Capitalization of earnings in the amounts of $2,648,364 thousand and $1,048,857 thousand, divided into 264,836 thousand and 104,886 thousand shares on June 16, 2023 and June 17, 2022.

b. Distribution of earnings and dividend policy

Under the dividend policy as set forth in the Bank's amended Articles of Incorporation, where the Bank generates profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit, setting aside or reversing 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 Bank's board of directors as the basis for proposing distribution plan, and 30% to 100% of the basis for proposing distribution plan should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. For the policies on distribution compensation of employees and remuneration of directors after amendment, refer to Note 29 (g) "compensation of employees and remuneration of directors".

To ensure the Bank has sufficient cash for present and future expansion plans and to enhance the profitability, the Bank prefers to distribute more stock dividends, but cash dividends shall not be less than 10% of total dividends distributed. If the cash dividends are less than $0.1 per share, the Bank will not distribute any cash dividends, unless otherwise adopted in the stockholders' meeting.

Appropriation of earnings to legal reserve shall be made until the balance of legal reserve reaches 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.

The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient. Before the amendment of the Articles, the special reserve is appropriated from the prior unappropriated earnings.

Under Rule No. 10510001510 issued by the FSC on May 25, 2016, the Bank should appropriate 0.5%-1.0% net income as a special reserve when distributing surplus earnings for 2016, 2017 and 2018. Since 2017, the Bank should reverse an amount which is the same as the distributed surplus earnings mentioned above for the expense of employees' bridging-over arrangements and settlements caused by the development of financial technology.

The Bank cannot distribute cash dividends or purchase treasury stocks if the Bank has any of the situations cited in Item 1, Section 1, Article 44 of the Banking Law.

The maximum amount of cash dividends cannot exceed 15% of the Bank's total capital if the Bank's capital surplus is less than the capital based on Section 1.

The restriction of the cash dividends stated above does not apply if the Bank's capital surplus exceeds the capital or the Bank's financial position satisfied the criteria from the authority and also the Bank appropriates the legal reserve based on the Banking Law.

The appropriations of earnings for 2022 and 2021 were approved in the stockholders' meeting on June 16, 2023 and June 17, 2022, respectively. The appropriations of earnings and dividends per share were as follows:

	Appropriation of Earnings	
	2022	**2021**
Legal reserve	$ 3,631,282	$ 2,723,151
Cash dividends	$ 5,826,401	$ 5,244,285
Share dividends	$ 2,648,364	$ 1,048,857
Cash dividends per share (NT$)	$0.55	$0.50
Share dividends per share (NT$)	$0.25	$0.10

c. Special reserve

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Initial application of IFRSs	$ 12,201,590	$ 12,201,590	$ 12,201,590

The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

29. NET INCOME

a. Net income of interest

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest income				
Loans	$ 11,903,333	$ 7,236,706	$ 22,925,272	$ 13,302,759
Due from and call loans to banks	928,782	252,451	1,735,593	426,843
Investments in marketable securities	2,983,932	1,504,221	5,623,017	2,543,693
Others	81,778	31,417	159,216	56,360
	15,897,825	9,024,795	30,443,098	16,329,655
Interest expense				
Deposits	(9,084,319)	(2,373,473)	(16,979,120)	(3,955,112)
Due to Central Bank and call loans from banks	(1,071,975)	(195,335)	(1,841,644)	(249,800)
Others	(255,756)	(230,557)	(504,829)	(448,061)
	(10,412,050)	(2,799,365)	(19,325,593)	(4,652,973)
Net income of interest	$ 5,485,775	$ 6,225,430	$ 11,117,505	$ 11,676,682

b. Net service fee income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Service fee income				
Fees from import and export	$ 52,426	$ 63,582	$ 110,328	$ 130,664
Remittance fees	84,908	84,432	169,081	171,587
Loan fees	214,052	248,601	399,932	429,477
Fees from trust	256,475	203,829	475,325	426,801
Fees from trust business	109,573	108,340	211,508	218,789
Fees from insurance agency	526,290	382,831	1,158,472	882,035
Others	328,338	333,279	660,742	669,995
	1,572,062	1,424,894	3,185,388	2,929,348
Service charge				
Interbank fees	(44,256)	(39,749)	(88,963)	(80,827)
Charges from trust	(298)	(560)	(469)	(1,558)
Custodian fees	(29,084)	(32,525)	(56,331)	(63,284)
Charges from insurance agency	(62,823)	(56,467)	(106,755)	(98,717)
Others	(190,415)	(167,305)	(386,187)	(369,209)
	(326,876)	(296,606)	(638,705)	(613,595)
Net service fee income	$ 1,245,186	$ 1,128,288	$ 2,546,683	$ 2,315,753

c. Gain (loss) on financial assets or liabilities measured at FVTPL

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Realized gain (loss) on financial assets or liabilities measured at FVTPL				
Stock	$ 13,185	$ (5,021)	$ 26,476	$ (6,288)
Bonds	2,279	9,803	8,097	(4,045)
Bills	-	4	-	(12)
Derivative financial instruments	2,028,805	442,825	3,756,472	724,716
Net interest gain	257,707	88,903	401,146	166,324
Stock dividends and bonus	8,899	1,130	8,899	1,130
	2,310,875	537,644	4,201,090	881,825
Valuation gain (loss) on financial assets or liabilities measured at FVTPL				
Stock and mutual funds	41,997	67,055	160,905	80,427
Bonds	(141,877)	27,943	(159,117)	60,085
Bills	4,693	27,953	(3,146)	8,719
Derivative financial instruments	(37,852)	(256,148)	486,890	(366,603)
	(133,039)	(133,197)	485,532	(217,372)
	$ 2,177,836	$ 404,447	$ 4,686,622	$ 664,453

d. Realized gain (loss) on financial assets at FVTOCI

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Stock dividends and bonus	$ 750,520	$ 517,294	$ 810,526	$ 568,686
Disposal gains				
Bonds	24,630	25,758	185,810	176,349
Disposal losses				
Bonds	(64,822)	(301,124)	(67,899)	(361,473)
	$ 710,328	$ 241,928	$ 928,437	$ 383,562

e. Depreciation and amortization expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property and equipment	$ 130,296	$ 129,491	$ 260,274	$ 252,087
Investment property	1,604	1,637	3,186	3,278
Right-of-use assets	174,232	174,642	349,587	349,579
Intangible assets and other deferred assets	108,003	96,372	210,925	163,434
	$ 414,135	$ 402,142	$ 823,972	$ 768,378

f. Employee benefits expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	$ 3,026,602	$ 2,557,573	$ 5,796,494	$ 4,913,828
Post-employment benefits				
Defined contribution plans	69,471	58,216	126,639	121,712
Defined benefit plans (Note 27)	66,757	76,450	156,890	154,389
High-yield savings account for employees	145,209	144,686	288,697	286,480
Other post-employment benefits	20,329	28,225	57,459	56,428
Termination benefits	5,362	-	5,380	4,791
	$ 3,333,730	$ 2,865,150	$ 6,431,559	$ 5,537,628

g. Compensation of employee and remuneration of directors

The Bank accrued compensation of employees and remuneration of directors at the rates of 1%-6% and no higher than 0.8%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the three months and the six months ended June 30, 2023 and 2022 are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2023	2022
Employees' compensation	5.00%	5.00%
Remuneration of directors	0.40%	0.40%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
	Cash	Cash	Cash	Cash
Employees' compensation	$ 234,500	$ 185,000	$ 458,500	$ 324,500
Remuneration of directors	$ 18,500	$ 15,000	$ 36,500	$ 26,400

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.

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021, which were approved by the board of directors on March 25, 2023 and March 29, 2022, respectively, were as below:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Employees' compensation	$ 689,611	$ 534,849
Remuneration of directors	55,169	42,788

Due to changes in accounting estimates, the actual amount of compensation of employees and remuneration of directors, which was resolved by the board of directors in their meetings dated on March 25, 2023 and March 29, 2022, differs from what was accrued in the consolidated financial statements. The difference was then adjusted to profit and loss for 2023 and 2022, respectively.

	For the Year Ended December 31			
	2022		2021	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	$ 689,611	$ 55,169	$ 534,849	$ 42,788
Amounts recognized in the annual consolidated financial statements	$ 692,192	$ 55,000	$ 537,415	$ 42,707
Differences	$ (2,581)	$ 169	$ (2,566)	$ 81

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

30. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current income tax				
In respect of the current period	$ 779,292	$ 428,666	$ 1,409,235	$ 708,833
Income tax on unappropriated earnings	-	650	-	3,044
Deferred income tax				
In respect of the current period	30,155	(20,671)	180,234	138,022
Income tax expense recognized in profit or loss	$ 809,447	$ 408,645	$ 1,589,469	$ 849,899

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Deferred tax				
In respect of the current year:				
Exchange differences on translation	$ 29,690	$ 30,081	$ 16,593	$ 78,150
Unrealized (losses) gains of financial assets at FVTOCI	3,170	(40,240)	10,615	(110,911)
Total income tax benefit (loss) recognized in other comprehensive income	$ 32,860	$ (10,159)	$ 27,208	$ (32,761)

c. Income tax assessments

The Bank's income tax returns through 2019 had been examined and cleared by the tax authority.

The income tax returns of Chang Hwa Bank Venture Capital Co., Ltd. through 2020 had been examined and cleared by the tax authority.

31. EARNINGS PER SHARE

The computation of earnings per share was retrospectively adjusted for the effects of adjustments resulting from bonus stock issues on August 17, 2022. The basic and diluted after-tax earnings per stock of three months and six months ended June 30, 2022 were adjusted retrospectively as follows:

Unit: NT$ Per Share

	Before Adjusted Retrospectively		After Adjusted Retrospectively	
	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Basic earnings per stock	$ 0.28	$ 0.50	$ 0.27	$ 0.49
Diluted earnings per stock	$ 0.28	$ 0.50	$ 0.27	$ 0.49

The earnings and weighted average number of common stock outstanding in the computation of earnings per stock were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net profit for the period	$ 3,558,315	$ 2,942,715	$ 7,010,248	$ 5,319,857

The weighted average number of common stocks outstanding (in thousands of stock) is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of common stock used in computation of basic earnings per stock	10,858,293	10,858,293	10,858,293	10,858,293
Effect of potentially dilutive common stock:				
Compensation of employees issued	24,584	18,703	43,039	32,407
Weighted average number of common stock used in the computation of diluted earnings per stock	10,882,877	10,876,996	10,901,332	10,890,700

The Group may settle compensation or bonuses paid to employees in cash or stock; therefore, the Group assumes that entire amount of the compensation or bonus will be settled in stocks and the resulting potential stocks will be included in the weighted average number of stocks outstanding used in the computation of diluted earnings per stock, as the effect is dilutive. Such dilutive effect of the potential stock is included in the computation of diluted earnings per stock until the number of stocks to be distributed to employees is resolved in the following year.

32. CAPITAL RISK MANAGEMENT

The description of the goals and procedures of the capital risk management of the Group is the same as the description in the Group's consolidated financial statements for the year ended December 31, 2022.

The following table illustrates the Group's self-owned capital, risk-weighted assets and calculated capital adequacy. The Bank has conformed to the capital management regulation in the local authority for the six months ended June 30, 2023 and 2022.

Item / Period (Note 2)			June 30, 2023	December 31, 2022	June 30, 2022
Self-owned capital	Common equity Tier I		$ 154,899,661	$ 151,058,270	$ 146,405,979
	Other Tier I capital		26,800,000	26,800,000	26,800,000
	Tier II capital		42,589,006	44,588,149	45,965,591
	Self-owned capital		224,288,667	222,446,419	219,171.570
Risk-weighted assets	Credit risk	Standardized approach	1,486,839,438	1,465,675,556	1,497,062,597
		IRB	-	-	-
		Securitization	6,534,447	4,048,285	3,767,672
	Operation risk	Basic indicator approach	-	-	-
		Standardized approach/optional standard	54,322,617	54,322,617	51,808,367
		Advanced internal rating based approach	-	-	-
	Market price risk	Standardized approach	25,606,429	24,075,092	30,094,842
		Internal model approach	-	-	-
	Total		1,573,302,931	1,548,121,550	1,582,733,478
Capital adequacy ratio			14.26%	14.37%	13.85%
Common equity Tier I to risk-weighted assets ratio			9.85%	9.76%	9.25%
Tier I capital to risk-weighted assets ratio			11.55%	11.49%	10.94%
Leverage ratio			6.32%	6.23%	6.10%

Note 1: The ratios are calculated in accordance with the Regulations Governing the Capital Adequacy and Capital Category of Banks.

Note 2: Annual financial statements should include the capital adequacy ratio in current and previous period. Besides, semiannual report should disclose the ratio as of the end of last year.

Note 3: Formula:

a. Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital

b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5

c. Capital adequacy = Self-owned capital ÷ Risk-weighted assets

d. Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets

e. Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets

f. Leverage ratio = Tier I capital ÷ Adjusted average assets

33. FINANCIAL INSTRUMENTS

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

Fair value of financial instruments not measured at fair value

June 30, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 484,786,265	$ 97,564,199	$ 376,677,251	$ -	$ 474,241,450
Financial liabilities					
Bank notes payable	52,190,030	-	90,030	51,614,721	51,704,751

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 485,011,259	$ 91,016,207	$ 384,038,310	$ -	$ 475,054,517
Financial liabilities					
Bank notes payable	51,219,465	-	119,465	51,169,917	51,289,382

June 30, 2022

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Financial assets					
Financial assets at amortized cost	$ 427,282,739	$ 49,110,963	$ 370,410,155	$ -	$ 419,521,118
Financial liabilities					
Bank notes payable	51,248,900	-	148,900	51,551,087	51,699,987

b. Fair values of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2023

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ 1,461,552	$ 59,872,499	$ 405,062	$ 61,739,113
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	627,505	213,964	405,062	1,246,531
Bond investments	834,047	755,680	-	1,589,727
Others	-	58,902,855	-	58,902,855
Financial assets at FVTOCI	128,565,593	92,082,987	9,871,535	230,520,115
Stock investments	20,128,827	-	9,871,535	30,000,362
Bond investments	94,862,945	92,082,987	-	186,945,932
Others	13,573,821	-	-	13,573,821
Derivative financial products				
Assets				
Financial assets at FVTPL	1,094,599	7,846,178	-	8,940,777
Liabilities				
Financial liabilities at FVTPL	-	2,859,398	-	2,859,398

December 31, 2022

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ 3,736,003	$ 18,050,242	$ 396,054	$ 22,182,299
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	119,587	110,982	396,054	626,623
Bond investments	3,616,416	2,769,035	-	6,385,451
Others	-	15,170,225	-	15,170,225
Financial assets at FVTOCI	116,929,758	89,288,691	8,397,508	214,615,957
Stock investments	13,947,402	-	8,397,508	22,344,910
Bond investments	97,749,472	89,288,691	-	187,038,163
Others	5,232,884	-	-	5,232,884
Derivative financial products				
Assets				
Financial assets at FVTPL	1,099,905	8,203,477	-	9,303,382
Liabilities				
Financial liabilities at FVTPL	-	6,920,062	-	6,920,062

June 30, 2022

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ 51,513	$ 29,914,897	$ 226,244	$ 30,192,654
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	51,513	292,001	226,244	569,758
Bond investments	-	2,654,944	-	2,654,944
Others	-	26,967,952	-	26,967,952
Financial assets at FVTOCI	137,581,985	78,067,306	10,792,050	226,441,341
Stock investments	17,270,917	-	10,792,050	28,062,967
Bond investments	114,864,238	78,067,306	-	192,931,544
Others	5,446,830	-	-	5,446,830
Derivative financial products				
Assets				
Financial assets at FVTPL	904,517	17,541,630	-	18,446,147
Liabilities				
Financial liabilities at FVTPL	-	8,237,001	-	8,237,001

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2023

Financial Assets	Financial Assets at FVTPL Equity Instrument	Financial Assets at FVTOCI Equity Instrument
Beginning balance	$ 396,054	$ 8,397,508
Recognized in profit or loss (gain on financial assets or liabilities at FVTPL)	(16,220)	-
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	-	1,464,027
Purchase	161,394	10,000
Sell	(18,809)	-
Transfer out of Level 3	(151,670)	-
Transfer to Level 3	34,313	-
Ending balance	$ 405,062	$ 9,871,535

For the six months ended June 30, 2022

Financial Assets	Financial Assets at FVTPL Equity Instrument	Financial Assets at FVTOCI Equity Instrument
Beginning balance	$ 231,515	$ 11,452,856
Recognized in profit or loss (gain on financial assets or liabilities at FVTPL)	6,974	-
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	-	(640,266)
Purchase	93,755	-
Sell	-	(20,540)
Transfer out of Level 3	(106,000)	-
Ending balance	$ 226,244	$ 10,792,050

3) Definition for the hierarchy classifications of fair value measurements

a) Level 1

Level 1 inputs are quoted prices unadjusted in active markets for identical financial instruments. An active market indicates the market that is in conformity with all of the following conditions: The products in the market are identical; it is easy to find a knowledgeable and willing transaction counterparty; and price information is available to the public.

The fair values of the Group investments in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices are included in Level 1.

b) Level 2

Level 2 inputs are inputs other than quoted prices with reference to an active market that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair values of the Group's investments in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative bank debentures issued by the Group are included in Level 2.

c) Level 3

The input parameters used are not based on observable market data (unobservable input parameters are those such as option pricing models using historical volatility which cannot represent the expected value of all market participants). The fair values of the Group's investments in derivatives and equity investments without an active market are included in Level 3.

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

a) Determination of fair value

A quoted market price is used as the fair value when a financial instrument has an active market. Such market prices are provided by the Stock Exchange Corporation, Bloomberg and Reuters, which are all the foundation of fair values for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from the Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently and readily obtained and the price represents actual and frequent at arm's length transactions, then a financial instrument is deemed to have an active market. If the above conditions are not met, the market is deemed inactive. In general, a significant price variance between the purchase price and selling price or a significantly increasing price variance are both indicators of an inactive market.

In addition to the above financial instruments with an active market, other financial instruments at fair value are assessed by valuation techniques or by referencing counterparties with other financial instruments at fair value with similar conditions and characteristics in actual practice, including market information obtained by exercising valuation models at the balance sheet date (such as yield curves used by TPEx and TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation).

When a financial instrument has no standardized valuation and has a greater level of complexity, such as interest rate swaps, currency swaps and options, the Group usually adopts the valuation generally accepted by market users. The inputs used for these financial instruments' valuations are usually observable information in the market.

For financial instruments with greater complexity, the fair value is assessed through the valuation model developed by valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments without quoted market price (including debt instruments of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Group need to make appropriate estimates based on assumptions.

b) The types and nature of the valuation methods for financial instruments used by the Bank and its subsidiaries are as follows:

i. NTD central government bonds: The bond market rate and theoretical interest rate are price-per-hundred conversions announced by TPEx.

ii. NTD corporate bonds and bank notes: The corporate bond reference rate is announced by TPEx, and the Group uses the appropriate credit rate and the remaining period to calculate the yield rate and convert it to price-per-hundred.

iii. NTD convertible corporate bonds: The closing prices of outright purchase/sale trading are listed on TPEx on the valuation day. If the price is not available, the price is referenced from the outright purchase/sale trading information listed on TPEx.

iv. Securitization instruments: Prices are those quoted from Bloomberg.

v. NTD short-term bills: The TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation are discounted from future cash flows.

vi. Foreign securities: The latest prices quoted from Bloomberg, Reuters or other systems on the valuation day are used, if there is no available price or valuation, then the price used is that which is quoted from counterparties.

vii. Listed stock, call/put warrants and depositary receipts: The closing price listed on TWSE or TPEx is adopted.

viii. Unlisted stock: The fair value is referenced from related financial information or estimated using the price and parameters of listed companies which have similar service attributes.

ix. Beneficiary certificates: Closed-end funds use the closing price in an active market as the fair value and open-end funds use the net asset value of the fund as the fair value.

x. Derivatives:

i) Call/put warrants and stock index futures: Prices quoted from an active market are deemed the fair values.

ii) Foreign currency forward contracts, currency swaps, interest rate swaps, cross currency swaps and operating deposits of transactions: Discounted future cash flows are adopted.

iii) Options: The Black-Scholes model, binomial tree model and Monte Carlo method are mainly adopted for valuation.

iv) Certain derivatives use the quoted price from counterparties.

xi. Mixing Tools: The price from the active market, deal brokers and valuation models is used.

c) Adjustments for credit risks and the definitions are as follows:

Credit valuation adjustment (CVA) is a measurement for derivatives which are not transacted through the stock market, or for over-the-counter derivatives. CVA reflects the fair value should a counterparty default and the possibility of not collecting the derivative’s full market value.

CVA is calculated by applying the loss given default (LGD) to the exposure at default (EAD), along with the consideration of the counterparty’s probability of default (PD) assuming the condition that the Group does not default.

c. The impact of the interest rate benchmark reform

The financial instruments of the Group affected by the interest rate benchmark reform include loan, floating-rate bonds and asset exchanges. The link of interest rate benchmark is London Interbank Offered Rate (LIBOR).It is expected that LIBOR will be replaced by the alternative interest rate recommended by the interest rate reform group of various countries; the differences of the two rates are discussed in the next paragraph.

LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-bank credit discounts. The alternative interest rate recommended by the interest rate reform group of various countries is Overnight Financing Rate (secured or unsecured), which is a retrospective interest rate indicator calculated using actual transaction data, and does not include credit discounts. Therefore, when an existing contract is modified from a linked LIBOR to a linked Overnight Financing Rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

The Group has formulated a plan for LIBOR conversion and exit and has handled risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to match the interest benchmark reform. The Group has identified all the information systems and internal processes that need to be updated, and has updated some of them. For affected financial instrument contracts, the Group has completed amendments with most contract counterparties, and some of them are still in the process of agreement amendments.

Due to the interest benchmark reform, the Group faces interest rate basis risks. If the Group fails to complete the negotiation with the counterparty in the financial instrument, it will bring about material uncertainty, and trigger exposure to interest rate risk that the Group had not expected.

<u>June 30, 2023</u>

	Projects Affected by Interest Rate Benchmark Reform Indicators							
	USD LIBOR		GBP LIBOR		JPY LIBOR		EUR LIBOR	
	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts
Non-derivative financial assets								
Loans - syndicated loans	$ 31,111,845	71	$ -	-	$ -	-	$ -	-
Loans - other loans	5,332,021	4	-	-	-	-	-	-
Holding bonds	5,889,992	24	-	-	-	-	-	-

<u>June 30, 2022</u>

	Projects Affected by Interest Rate Benchmark Reform Indicators							
	USD LIBOR		GBP LIBOR		JPY LIBOR		EUR LIBOR	
	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts
Non-derivative financial assets								
Loans - syndicated loans	$ 125,982,734	283	$ -	-	$ -	-	$ -	-
Loans - other loans	15,291,149	37	-	-	-	-	-	-
Holding bonds	6,404,713	28	-	-	-	-	-	-
Derivative financial assets								
ECB asset exchange and structured products	2,378,800	1	-	-	-	-	-	-

d. Financial risk management objectives and policies

1) Market risk

a) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of on- and off-balance sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Group are equity securities price risks, interest rate risks, and exchange rate risks. The majority of equity securities risk includes domestic public stock and domestic and overseas fund The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Group's investments denominated in foreign currencies, such as foreign currency spots, currency futures and foreign currency options.

b) Market risk management policy

The Group classifies the financial instruments held by the Group as trading book and banking book, and determines the market risk as interest rate risk, exchange rate risk, and equity security price risk. The Group establishes "Market Risk Management Regulation", "Derivative Financial Trading Process" and various financial instrument related regulations to manage the market risk of overall foreign exchange position, normal position, interest rate position of trading book and equity security position. The overall interest rate risk management of banking book belongs to assets and liabilities management committee.

The market risk management regulations are as follows:

i. Establish the market risk management process to ensure the risk would be identified, measured, monitored and reported.

ii. Measure and monitor the market risk and keep it under the risk limit and minimize unexpected loss from market risk.

iii. Follow the regulations of Basel Accord.

iv. Establish the market risk management system and economic capital allocation process.

v. Monitor the credit line management of financial instrument, sensitivity analysis, stress testing and the calculation of VaR and report the result of market risk monitoring to risk management committee periodically and board of director quarterly.

c) Market risk management procedures

According to "Whole Risk Management Policy", risk management department is the second line of defense against the market risk. Risk management department performs the market risk management, establishes related management process, and reports to the appropriate level of the management. Besides, risk management department establishes independent risk management process and ensures its effectiveness.

i. Identifying and measuring

The effective market risk management process begins with identifying the inherent risk of operating activities and financial instruments. The Group reviews the risk identifying method timely when the market environment changes and makes necessary adjustment to ensure the effective operation of the market risk management process. The Group's risk management department identifies market risk factors and measures the market risk. The market risk factors refer to the factors which affect the interest rate, exchange rate or the fair value of equity instruments. The market risk factors include the position, profits and loss, loss from stress testing, PVO1, Delta, VaR, etc.

ii. Monitoring and reporting

The Group controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the board of directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the board of directors and prepares reports to the high-level management and the board of directors periodically for their sufficient understanding of the implementation of the market risk management and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the Risk Management Committee in order to improve the effectiveness of the market risk management.

iii. Stress testing

The stress testing is one of the important tools for risk management. It is used for verifying effects on the investment portfolio due to some extremely disadvantageous but possible stressful events and for analyzing exposure level and risk tolerance in such situations and furthermore evaluating the portfolio loss or the impact on the capital. The Group performs stress testing for forecasting risk and for assessment and reinforcement of statistical models or historical data limitations.

d) Trading book market risk management

The trading book refers to the position of financial instruments held for trading or hedging. The position of financial instruments held for trading refers to the position which earns profits from actual or expected short-term price fluctuations.

i. Strategy

The Group determines the risk limitation of the investment portfolio of trading book by evaluating trading strategy, trading category, and annual performance.

ii. Management policy and procedures

The Group follows "Market Risk Management Rules", "Derivative Financial Trading Process" and various financial instrument related regulations as the important management rules of trading book.

iii. Valuation policy

The trading positions are valued on a real time or daily basis. The hedging derivatives are valued at least twice a month. The resources of fair value of financial instruments are categorized as: (1) those derived from quoted prices in active markets; (2) the latest price without active market; (3) valuation without active market.

iv. Risk measuring methods

i) The sensitivity of the interest rate changes of investment portfolio is measured by DVO1. The sensitivity of the foreign exchange derivatives is measured by the sensitivity factors (Delta, Gamma, and Vega).

ii) With regard to the Group's Value at Risk assumptions and calculation methods, refer to item i.

iii) The Group performs the stress test quarterly and report the result to Risk Management Committee periodically.

e) Trading book interest rate risk management

i. Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Group due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

ii. Management procedures on trading book interest rate risk

The Group defines the trading limit of trading book and the stop-loss limit of different financial instruments by assessing the credit and the financial position of the issuers.

iii. Measuring methods

The interest rate factor sensitivity of debt securities and interest rate derivatives is measured by DVO1. With regard to the Group's Value at Risk assumptions and calculation methods, refer to item i.

f) Banking book interest rate risk management

i. Definition of banking book interest rate risk

The Group's banking book interest rate risk means the unfavorable change of interest rate in its non-trading-book interest rate position which changes the present value of revenue and costs or assets and liabilities and causes decrease in earnings or impairment of economic value.

ii. Management strategy on banking book interest rate risk

According to the Group's interest rate risk management policy, the Group has set various measurement indicators and limits on banking book interest rate risk. To pursue profits and steady growth of stockholder value without exposure to extreme loss risks, the Group applies appropriate management strategy including on- and off-balance sheet adjustments and maintains appropriate amounts of assets and liabilities.

iii. Banking book interest rate risk report/range of measuring system

The Group mainly applies standard method for interest rate risk sensitivity gap analysis to measure banking book interest rate risks. The responsible department periodically measures banking book interest rate risks and reports to related departments and to the asset and liability management committee in order to adopt appropriate strategies for adjusting banking book interest rate risk combinations. Assessment information of banking book interest rate risk would be presented to the board of directors periodically to let the high-level management controls such risks.

g) Exchange rate risk management

i. Definition of exchange rate risk

Every financial derivative listed in the trading book is affected by changes in exchange rate risk factors that affect the profit and loss of the commodity, and all foreign exchange positions of the Bank must be included in the measurement. The exchange rate risk of the Bank is mainly due to the derivatives business, which includes spot and forward foreign exchange and exchange rate options. Most of the foreign exchange transactions that the Bank engages in are based on the principle of leveling customer positions on the same day. The exchange rate option is based on back-to-back transactions, so the exchange rate risk assumed is relatively small.

ii. Exchange rate risk management policy, procedures and measuring methods

To control exchange rate risk, the Bank has set operating limits and stop-loss limits for the trading rooms and traders of each unit and keeps losses within an acceptable range.

Exchange rate derivatives use Delta, Gamma, Vega, and other sensitivity factors to measure the sensitivity of such commodities to exchange rates and their volatility.

The exchange rate risk is mainly based on the risk value control basis; refer to item i.

h) Equity security price risk management

i. Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Group when the equity security price changes. The Group's equity security price risk mainly comes from public and over-the-counter stock, index futures and options.

ii. Equity security price risk management purpose

Avoid drastic fluctuations in the price of equity securities, which may adversely affect the Bank's financial position or suffer loss of earnings and hope to improves the efficiency of capital utilization and business operations.

iii. Equity security price risk management procedures

The Group sets restrictions on credit extensions with the same person, the same concerned party or the same affiliate to control the risk concentration. Risk management department monitors unrealized gain or loss of the holding position daily. If unrealized loss is over the stop-loss threshold, risk management department would notice the department which holds the position to subject to the related regulations. The department which holds the position should report to risk management committee if unrealized loss is over the stop-loss threshold but the department still holds the position.

iv. Measuring methods

The equity security price risk of trading book is monitored and controlled by VaR, please refer to item i.

The Group would perform stress testing for the equity security price risk of non-trading position and report the result to risk management committee.

i) Market risk measuring method

i. Value at Risk, “VaR”

The Group uses VaR model and stress testing to evaluate the risk of trading portfolio the market risk and the maximum expected loss of positions held through assumptions of changing market situation. VaR is the statistical estimation of potential losses of existing positions arising from unfavorable market changes. VaR refers to the maximum potential loss that the Group might be exposed to within the confidence interval (99%), which means there is a certain probability (1%) that the actual loss would exceed VaR. Significant loss caused by excessive market volatility could not be avoided by using VaR.

The Group has been using historical simulation method to calculate VaR since January 27, 2014. The historical simulation method is based on historical data to estimate the future cash flow and assess the market risk of financial instrument. There are more and more financial institutions using the historical simulation method. However, there are some limitations for using the method. One of the limitations is that the assumption used in the method may not reflect the real situation. Besides, the simulation result may not be representative if the historical data used are too small. The Group would use proxy to respond to the limitations mentioned above.

According to the Group’s “Risk Management Committee Establishment Points”, the risk appetite of trading book market risk, operating limits and VaR limits should be approved by the risk management committee. VaR is an important internal risk control in the Group. The VaR limits of investment portfolio are approved annually by the risk management committee and reported to the board of directors. In addition, the daily actual VaR is monitored by the Group’s risk management department.

ii. As of June 30, 2023 and 2022, the Group’s VaR factors based on historical simulation method were as follows:

	For the Six Months Ended June 30, 2023			
	Average	**Highest**	**Lowest**	**Ending Balance**
Exchange VaR	$ 385,993	$ 420,268	$ 349,085	$ 396,726
Interest rate VaR	133,330	333,834	11,737	325,295
Equity securities VaR	4,696	12,077	1,550	10,347
Value at risk	$ 524,019	$ 766,179	$ 362,372	$ 732,368

	For the Six Months Ended June 30, 2022			
	Average	**Highest**	**Lowest**	**Ending Balance**
Exchange VaR	$ 133,892	$ 194,006	$ 109,264	$ 186,062
Interest rate VaR	8,398	18,405	3,583	5,441
Equity securities VaR	2,639	3,865	952	952
Value at risk	$ 144,929	$ 216,276	$ 113,799	$ 192,455

2) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2023		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 8,908,132	31.1400	$ 277,399,230
GBP	86,380	39.2900	3,393,870
AUD	2,526,090	20.5900	52,012,193
HKD	870,133	3.9730	3,457,038
CAD	47,920	23.5000	1,126,120
ZAR	4,335,219	1.6580	7,187,793
JPY	120,232,553	0.2150	25,849,999
EUR	1,135,748	33.8300	38,422,355
NZD	158,615	18.9200	3,000,996
RMB	9,046,195	4.2850	38,762,946
Financial liabilities			
Monetary items			
USD	15,116,854	31.1400	470,738,834
GBP	71,282	39.2900	2,800,670
AUD	1,798,891	20.5900	37,039,166
HKD	544,891	3.9730	2,164,852
CAD	63,031	23.5000	1,481,229
ZAR	4,181,487	1.6580	6,932,905
JPY	151,441,672	0.2150	32,559,959
EUR	1,011,200	33.8300	34,208,896
NZD	124,505	18.9200	2,355,635
RMB	9,435,141	4.2850	40,429,579

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 8,280,071	30.7250	$ 254,405,181
GBP	356,134	37.0700	13,201,887
AUD	2,423,383	20.7800	50,357,899
HKD	1,028,074	3.9400	4,050,612
CAD	43,921	22.6800	996,128
ZAR	4,280,300	1.8090	7,743,063
JPY	81,087,365	0.2321	18,820,377
EUR	1,370,384	32.7600	44,893,780
NZD	230,290	19.4500	4,479,141
RMB	10,994,419	4.4110	48,496,382
Financial liabilities			
Monetary items			
USD	15,267,081	30.7250	469,081,064
GBP	211,420	37.0700	7,837,339
AUD	1,614,432	20.7800	33,547,897
HKD	672,184	3.9400	2,648,405
CAD	64,088	22.6800	1,453,516
ZAR	4,003,323	1.8090	7,242,011
JPY	121,847,302	0.2321	28,280,759
EUR	1,150,183	32.7600	37,679,995
NZD	172,095	19.4500	3,347,248
RMB	10,545,234	4.4110	46,515,027

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2022		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 8,274,656	29.7350	$ 246,046,896
GBP	92,981	36.0500	3,351,965
AUD	2,495,117	20.4500	51,025,143
HKD	951,678	3.7890	3,605,908
CAD	147,882	23.0600	3,410,159
ZAR	4,397,588	1.8280	8,038,791
JPY	93,755,882	0.2177	20,410,656
EUR	909,907	31.0400	28,243,513
NZD	229,122	18.4800	4,234,175
RMB	10,682,208	4.4370	47,396,957

(Continued)

	June 30, 2022		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary items			
USD	$ 15,841,999	29.7350	$ 471,061,840
GBP	81,440	36.0500	2,935,912
AUD	1,460,403	20.4500	29,865,241
HKD	750,336	3.7890	2,843,023
CAD	118,300	23.0600	2,727,998
ZAR	4,141,222	1.8280	7,570,154
JPY	120,644,071	0.2177	26,264,214
EUR	1,000,312	31.0400	31,049,684
NZD	155,650	18.4800	2,876,412
RMB	11,240,629	4.4370	49,874,671

(Concluded)

For the three months ended June 30, 2023 and 2022, net foreign exchange gains were $235,831 thousand and $448,343 thousand, respectively. For the six months ended June 30, 2023 and 2022, net foreign exchange gains were $321,159 thousand and $781,165 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Bank and entities under its control.

3) Credit risk

a) Credit risk source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability to fulfill contractual obligations is impaired. Credit risk of the Group arises from the operation, on- and off-balance sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility of the collateral and market liquidity risk of the collateral.

b) Credit risk management policy

The related mechanism and procedures for monitoring credit risk includes:

i. The Group continuously improves its credit risk management technology and its efficiency to meet the requirements of internal operations, business scale and management objectives and buildup the risk management system that fits the requirement of accuracy and completeness of the Group’s risk management technology.

ii. The Group is building a complete monitoring mechanism, setting up a loan early warning system to track down bad indications and risk changes of high-risk credits, setting up “corporate clients’ risk exposure and credit risk quick-search system” to understand the negative reporting and transactions with the Group in order to enhance the credit risk’s identification, measurement and monitoring and improve the quality of risk management.

iii. “Chang Hwa Bank Customer Credit Define Notice and Control Index Notice” has been developed to strengthen the control of customer credit risk and prevent the Bank’s debts from being damaged.

iv. To control concentration risk, the Group sets limits for statutory single creditors, related companies, stakeholders, industries, real estate, and high-risk industries in mainland China to monitor and control the overall credit risk. In addition, in order to effectively control the credit risk limit control of the Group’s credit, securities investment and derivative financial product transactions with customers, the credit risk limit of the same legal person and group companies is distinguished according to the risk rating, so as to strengthen the Group’s management on credit, investment and derivative financial product transactions.

v. The Group actively utilizes the database system and related risk quantification tools to identify, measure and monitor risks. The Group also adjusts risk management policies and procedures in a timely manner to implement an independent and professional risk management mechanism, which enhances risk management effectiveness.

vi. The Group implements strict and forward-looking credit risk stress testing to respond to the events or changes that may be unfavorable to the Group, in compliance with the requirements of the competent authority supervising risk management and to improve the effectiveness of the Group’s risk management.

vii. The Group is holding sessions and training in risk management to strengthen risk management intelligence and increase the Group’s financial institution of loan.

viii. Information on credit risk would be presented to the high-level management periodically.

The Group’s expected credit loss and measuring methods for major business operations are described as follows:

i. Credit business (including loan commitments and guarantees)

The various types of credit assets of the Group are classified as follows based on credit quality and internal and external ratings.

i) A determined significant increase in credit risk since initial recognition.

At the end of every reporting period, the Group evaluates the risk of default on credit assets occurring over their expected lifetime to determine whether the credit risk has increased significantly since their initial recognition.

For this credit risk evaluation, the Group considers corroborative information (including forward-looking information) that indicates a significant increase in credit risk since the initial recognition of the credit assets. The key indicators include:

- Quantitative indicators

<u>A change in internal credit rating</u>

A financial instrument is determined as having a significant increase in credit risk since initial recognition if its internal credit rating is at the level of 16-18 or if the scoring of a housing loan debtor is lower than 340.

- Qualitative indicators

  A credit account is rated as ordinary-overdue in accordance with the Group's "Detailed Rules for the Processing of Ordinary-overdue Accounts".

  The result of the credit review shows that the credit application and the loan application are inconsistent.

  A list of early warning accounts and the latest financial statements show a net worth of less than three-fourths of the share capital.

ii) Definition of the credit-impaired financial assets

A credit account that meets one of the following conditions is classified under Stage 3 (Credit impaired):

- The debtor's payment of the principal or interest is past due for more than 3 months from the end of the credit term; or the Group has already petitioned or withdrawn the debtor's collateral.

- The case has been agreed to be repaid in installments and is exempt from being listed as an overdue loan.

- The case was negotiated and adopted in accordance with the debt negotiation mechanism set by the Association of Banks in 2006.

- The case has been negotiated and agreed upon in accordance with "The Statute for Consumer Debt Clearance" (excluding secured debt fulfilled under the original contractual conditions).

- The case is ruled to undergo restructuring or liquidation by the court.

- The case is ruled to be restricted by the court.

- The case is declared bankrupt by the court.

- The case involves credit accounts of a debtor, excluding credit card accounts, which is partly transferred to class A and B non-performing loans (excluding the sixth item of class B: The credit account is totally guaranteed and the interest payment is not past due during the inheritance period after the death of the debtor and the collateral provider), as well as overdue loans or bad debt loans.

- Enterprises apply to Ministry of Economic Affairs for credit and debt negotiation in accordance with the "Operating Guidelines for Assisting Enterprises in Bank Credit and Debt Negotiation by the Ministry of Economic Affairs".

- The case involves a credit account which has an internal credit rating at the level of 19-21.

- The case is a mortgage loan credit account of the Group which has no rating score.

- The case is a credit account which is determined as Stage 3 by the internal or external auditors, or the risk management department of the Group.

iii) Expected credit loss measurement

The Group classifies credit assets into the following nine categories by the credit risk characteristics of the debtor's industry and organization size:

Business	Combination
Corporate banking loans	Government
	Large enterprise
	Small enterprise
	Legal person/group
	Overseas credit account
	Other groups
Individual banking loans	Individual-residential loan group
	Individual-other groups (unsecured)
	Individual-other groups (secured)

The Group measures the expected credit loss as follows:

- Stage 1, no significant increase in credit risk

  The Group measures the loss allowance for Stage 1 financial instruments at an amount equal to the 12-month ECLs based on past loss experience. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its estimated future cash flows, estimated at the forward-looking adjusted PD and discounted at the effective interest rate.

- Stage 2, significant increase in credit risk

  The Group measures the loss allowance for Stage 2 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its computed outcome which is discounted at the effective interest rate. The computed outcome is the product of the unpaid principal for each year end over instruments expected lifetime, the forward-looking adjusted PD, and the LGD.

- Stage 3, credit impairment

  The Group measures the loss allowance for Stage 3 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the asset's EAD carrying amount and the present value of its estimated future cash flows, estimated assuming the credit impairment situation is given and discounted at effective interest rate.

The PD and EAD and LGD are used to measure the impairment loss for financial assets in the credit business:

- PD is meaning of using past credit-impaired situations to predict the probability of credit impairment in normal situation in a year. The PD for Stage 3 financial instruments is determined as 100%. The PD for Stages 1 and 2 are based on the categories and the remaining lifetime for each credit account. The credit accounts are divided into groups by remaining lifetimes. The PD of each group is determined as the PD of each credit quality stage. The Group shall update the probability of default at least once a year.

- The EAD is the total expected exposure amount of default which includes the unsecured line of credit.

- The exposure amount of impairment-tested off-balance sheet assets (i.e., guarantees, letters of credit issued yet unused, irrevocable loan commitments issued, and revocable loan commitments issued) is converted into the equivalent exposure amount of on-balance sheet assets through a credit conversion factor (CCF). The CCF is determined according to credit risk the standardized approach of the Capital Adequacy Ratio as either 0%, 20%, 50% or 100% by referring to the respective off-balance sheet item's characteristics.

- The LGD is one minus the present value of the annual recovery rate. The annual recovery rate refers to the annual recovery amount of principal (including litigation expenses) and interest over non-performing loans plus accrued interest and litigation expenses.

iv) Forward-looking information

The Group classifies credit assets as either corporate banking - domestic, corporate banking - overseas, and individual banking business. Macroeconomic indicators for each the above categories are estimated using the domestic economic growth rate, global economic growth rate and the domestic unemployment rate, respectively, and are updated at least once a year.

Macroeconomic indicators include the actual statistical value of the past five years and predicted value of the current year and the next five years at the time of calculation. The forward-looking adjusted PD is adjusted based on the reasonableness of each value's predicted trend.

The total amount of undiscounted ECLs at the time of initial recognition of the credit impaired financial assets - loans which were purchased or originated is as follows:

	June 30	
	2023	**2022**
Discounts and loans	$ 2,096,694	$ 1,646,403

ii. Call loans to banks

The Group evaluates the credit status of counterparties before deals are closed. The Group grants different limits to counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating agencies. The Group efficiently manages counterparties' credit risks through regular and special reviews, monitoring and reporting. Additionally, in accordance with the application of IFRS 9, the Group performs credit impairment assessments for call loans to banks, transfers the related credit losses to each of the three stages of credit impairment, and measures the related expected credit loss, so as to ensure adequate allowance for losses, in accordance with regulations.

iii. Debt instruments

The Group identifies and manages the credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparty risks.

A change in an external credit rating announced by international credit rating institutions (e.g. S&P and Moody's) is one of the quantitative indicators for judging a significant increase in the credit risk of financial assets at amortized cost and investments in debt instruments at FVTOCI. The measurement of ECLs is calculated using the PD and LGD announced periodically by international credit rating institutions. The international credit rating institutions consider forward-looking information when establishing credit ratings. Thus, when the Group measures ECLs using such credit ratings it holds that an adequate evaluation of the forward-looking information, which was used by the institutions for establishing such credit rating, is inherent therein.

c) Credit risk hedging or mitigation policies

i. Collateral

The Group has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collateral from the borrowers. To secure the loans, the Group manages and assesses the collateral following the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposition. In credit contracts, the Group stipulates the security mechanism for loans and the conditions and terms for collateral offsetting to state clearly that the Group reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in the Group in order to reduce the Group's credit risks.

ii. Credit line credit risks and control over concentration of credit risks

To avoid the concentration of credit risks, the Group has included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, and the Group has set credit limits by industry, conglomerate, real estate loan, and high-risk industries in China. In accordance with risk ratings, differentiate between the credit risk limits of the same legal entity and the Group's enterprises in order to supervise the concentration of credit risk in these categories, and control single counterparties, related companies, industries, and the ultimate risk concentration of various types of credit risk by country. Various credit limits are regularly evaluated and revised in a timely manner based on the economic circumstances, financial environment, business development strategies, etc.

The table below analyzes the collateral held as security and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Group's consolidated balance sheets:

June 30, 2023

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	**Collateral**	**Master Netting Arrangement**	**Other Credit Enhancements**	**Total**
Discounts and loans	$ 1,701,057,818	$ 1,199,611,660	$ -	$ -	$ 1,199,611,660
Financial assets at FVTPL	70,679,890	4,980,895	-	-	4,980,895
Investments in debt instruments at FVTOCI	200,294,078	7,046,981	-	-	7,046,981
Investments in debt instruments at amortized cost	484,786,265	-	-	-	-

December 31, 2022

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	**Collateral**	**Master Netting Arrangement**	**Other Credit Enhancements**	**Total**
Discounts and loans	$ 1,707,357,952	$ 1,189,007,672	$ -	$ -	$ 1,189,007,672
Financial assets at FVTPL	31,485,681	5,204,239	-	-	5,204,239
Investments in debt instruments at FVTOCI	192,038,172	6,554,790	-	-	6,554,790
Investments in debt instruments at amortized cost	485,011,259	-	-	-	-

June 30, 2022

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Discounts and loans	$ 1,702,713,814	$ 1,171,279,544	$ -	$ -	$ 1,171,279,544
Financial assets at FVTPL	48,638,801	10,690,535	-	-	10,690,535
Investments in debt instruments at FVTOCI	198,147,749	6,361,037	-	-	6,361,037
Investments in debt instruments at amortized cost	427,282,739	-	-	-	-

The carrying amount of financial assets with maximum exposure is as follows:

	Discounts and Loans June 30, 2023 Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Credit rating				
Levels 1-15	$ 993,570,456	$ 26,657,193	$ 13,350	$ 1,020,240,999
Levels 16-18	-	40,991,803	1,778,577	42,770,380
Levels 19-21	-	-	6,605,890	6,605,890
No rating	628,441,817	1,708,641	1,290,091	631,440,549
Total carrying amount	$ 1,622,012,273	$ 69,357,637	$ 9,687,908	$ 1,701,057,818
Expected credit losses	$ 2,870,128	$ 3,093,578	$ 3,343,756	$ 9,307,462
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				12,115,136
				$ 21,422,598

	Discounts and Loans December 31, 2022 Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Credit rating				
Levels 1-15	$ 962,089,541	$ 25,207,139	$ 5,101	$ 987,301,781
Levels 16-18	-	45,900,624	1,359,402	47,260,026
Levels 19-21	-	-	8,816,887	8,816,887
No rating	660,219,461	1,927,294	1,832,503	663,979,258
Total carrying amount	$ 1,622,309,002	$ 73,035,057	$ 12,013,893	$ 1,707,357,952
Expected credit losses	$ 2,721,069	$ 2,861,328	$ 4,089,850	$ 9,672,247
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				12,365,260
				$ 22,037,507

	Discounts and Loans June 30, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Credit rating				
Levels 1-15	$ 950,565,555	$ 15,823,548	$ 3,137	$ 966,392,240
Levels 16-18	-	53,722,200	1,318,106	55,040,306
Levels 19-21	-	-	7,862,820	7,862,820
No rating	667,780,385	3,578,453	2,059,610	673,418,448
Total carrying amount	$ 1,618,345,940	$ 73,124,201	$ 11,243,673	$ 1,702,713,814
Expected credit losses	$ 2,266,918	$ 2,424,192	$ 3,820,422	$ 8,511,532
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				11,758,908
				$ 20,270,440

	Guarantees in Guarantee Business June 30, 2023			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	$ 57,884,658	$ 812,290	$ 86,825	$ 58,783,773
Expected credit losses	180,194	7,104	20,744	208,042

	Guarantees in Guarantee Business December 31, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	$ 54,986,451	$ 170,792	$ 102,548	$ 55,259,791
Expected credit losses	194,481	3,714	22,132	220,327

	Guarantees in Guarantee Business June 30, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	$ 63,511,212	$ 869,204	$ 87,114	$ 64,467,530
Expected credit losses	195,052	5,124	20,831	221,007

	Loan Commitments June 30, 2023			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	$ 86,509,034	$ 3,830,292	$ 1	$ 90,339,327
Carry amount - cancellable	630,721,591	13,573,694	87,254	644,382,539
	$ 717,230,625	$ 17,403,986	$ 87,255	$ 734,721,866
Expected credit losses - non-cancellable	$ 86,591	$ 48,581	$ 1	$ 135,173
Expected credit losses - cancellable	201,648	382	90	202,120
	$ 288,239	$ 48,963	$ 91	$ 337,293

	Loan Commitments			
	December 31, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	$ 73,162,104	$ 4,007,305	$ 366	$ 77,169,775
Carry amount - cancellable	717,503,378	16,350,083	51,776	733,905,237
	$ 790,665,482	$ 20,357,388	$ 52,142	$ 811,075,012
Expected credit losses - non-cancellable	$ 65,088	$ 35,368	$ 102	$ 100,558
Expected credit losses - cancellable	89,059	215	105	89,379
	$ 154,147	$ 35,583	$ 207	$ 189,937

	Loan Commitments			
	June 30, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	$ 85,857,511	$ 4,734,195	$ 366	$ 90,592,072
Carry amount - cancellable	610,816,084	14,613,518	57,985	625,487,587
	$ 696,673,595	$ 19,347,713	$ 58,351	$ 716,079,659
Expected credit losses - non-cancellable	$ 68,915	$ 24,261	$ 100	$ 93,276
Expected credit losses - cancellable	128,740	576	120	129,436
	$ 197,655	$ 24,837	$ 220	$ 222,712

d) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Refer to the notes to the consolidated financial statements.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the maximum exposures to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrepealably maximum amount of exposure) were as follows:

Financial Instrument Type	June 30, 2023	December 31, 2022	June 30, 2022
Unused loan commitments (excluding credit card)	$ 90,339,327	$ 77,169,775	$ 90,592,072
Credit card commitments	326,957	197,579	340,184
Unused issued letters of credit	20,740,433	20,282,544	32,566,779
Guarantees in guarantee business	58,783,773	55,259,791	64,467,530

e) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Group's information on prominent concentration of credit risk was as follows:

Industry Type	June 30, 2023 Carrying Amount	June 30, 2023 Percentage of Item (%)
Financial and insurance	$ 108,809,803	6
Manufacturing	444,298,694	26
Wholesale and retail	155,166,364	9
Real estate and leasing	153,276,675	9
Service	41,632,580	3
Individuals	612,391,419	36
Others	185,482,283	11
	$ 1,701,057,818	

Industry Type	December 31, 2022 Carrying Amount	December 31, 2022 Percentage of Item (%)
Financial and insurance	$ 104,954,569	6
Manufacturing	428,945,845	25
Wholesale and retail	157,616,620	9
Real estate and leasing	148,200,505	9
Service	40,961,368	3
Individuals	617,202,084	36
Others	209,476,961	12
	$ 1,707,357,952	

Industry Type	June 30, 2022 Carrying Amount	June 30, 2022 Percentage of Item (%)
Financial and insurance	$ 96,832,078	6
Manufacturing	439,124,445	26
Wholesale and retail	154,281,895	9
Real estate and leasing	131,065,795	8
Service	39,923,287	2
Individuals	617,674,993	36
Others	223,811,321	13
	$ 1,702,713,814	

Geographic Location	June 30, 2023	
	Carrying Amount	Percentage of Item (%)
Asia	$ 1,577,193,083	93
America	71,530,100	4
Europe	29,812,543	2
Others	22,522,092	1
	$ 1,701,057,818	

Geographic Location	December 31, 2022	
	Carrying Amount	Percentage of Item (%)
Asia	$ 1,583,399,082	93
America	72,040,281	4
Europe	29,883,525	2
Others	22,035,064	1
	$ 1,707,357,952	

Geographic Location	June 30, 2022	
	Carrying Amount	Percentage of Item (%)
Asia	$ 1,593,245,619	94
America	66,547,885	4
Europe	25,114,287	1
Others	17,806,023	1
	$ 1,702,713,814	

Securities Type	June 30, 2023	
	Carrying Amount	Percentage of Item (%)
Unsecured	$ 501,446,158	30
Secured		
Properties	1,031,719,850	60
Others	167,891,810	10
	$ 1,701,057,818	

Securities Type	December 31, 2022 Carrying Amount	Percentage of Item (%)
Unsecured	$ 518,350,280	30
Secured		
Properties	1,021,856,695	60
Others	167,150,977	10
	$ 1,707,357,952	

Securities Type	June 30, 2022 Carrying Amount	Percentage of Item (%)
Unsecured	$ 531,434,270	31
Secured		
Properties	1,004,598,542	59
Others	166,681,002	10
	$ 1,702,713,814	

f) Financial assets credit quality and non-performing impairment analysis

A portion of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities investments purchased under resell agreements, refundable deposits, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

4) Liquidity risk management

a) The definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth.

b) Liquidity risk management procedures

According to the Group's liquidity risk management policy, the Group clearly sets various indicators and limits for liquidity risk. The responsible department should implement operation procedures for funding liquidity, monitor and prepare maturity analysis periodically to assess liquidity risk. In addition, the responsible department should also report to related departments and asset and liability committee to enable them to make appropriate adjustments to meet the needs of liquidity. Related information about the liquidity risk assessment should be reported to the board of directors to let the high-level management understand the Group's funding liquidity.

As of June 30, 2023 and 2022, the ratios of the liquidity reserve were 27.23% and 25.06%, respectively. Since the capital and working funds are deemed sufficient to meet the cash flow needs for performance of all contracted obligations, liquidity risk is not considered to be significant.

c) Maturity analysis of non-derivative financial assets and liabilities

The Group adopted appropriate grouping methods, which are based on the nature of non-derivative financial assets and liabilities, to do maturity analysis in order to assess liquidity. The maturity analysis is presented as follows:

(In Thousands of New Taiwan Dollars)

Item	June 30, 2023					
	0-30 Days	**31-90 Days**	**91-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Major maturity fund inflows						
Cash and cash equivalents	$ 16,875,575	$ -	$ -	$ -	$ -	$ 16,875,575
Due from the Central Bank and call loans to banks	50,384,407	5,639,532	6,384,572	10,877,968	34,128,383	107,414,862
Financial assets at FVTPL	61,077,421	-	-	-	72,676	61,150,097
Receivables	16,495,165	1,136,374	869,363	803,128	70,597	19,374,627
Discounts and loans	64,538,516	143,423,762	157,402,660	218,096,852	862,616,756	1,446,078,546
Investments in equity instruments designated at FVTOCI	-	-	-	-	30,226,037	30,226,037
Investments in debt instruments at FVTOCI	-	-	199,908	3,143,257	88,471,996	91,815,161
Investments in debt instruments at amortized cost	218,449,928	10,135,000	42,100,022	37,746,011	26,886,211	335,317,172
Other maturity funds inflow items	-	-	-	-	14,277,939	14,277,939
	427,821,012	160,334,668	206,956,525	270,667,216	1,056,750,595	2,122,530,016
Major maturity fund outflows						
Deposits from the Central Bank and banks	318,183	52,720	106,421	24,970	-	502,294
Due to the Central Bank and banks	15,000	15,000	-	-	-	30,000
Securities sold under repurchase agreements	608,890	872,378	-	-	-	1,481,268
Payables	22,173,008	6,992,211	881,592	1,377,561	2,324,406	33,748,778
Deposits and remittances	174,488,827	153,343,475	174,064,400	296,569,640	930,055,695	1,728,522,037
Bank notes payable	-	3,000,000	-	9,330,000	39,770,000	52,100,000
Other maturity fund outflow items	14,744	18,983	67,101	223,073	3,374,826	3,698,727
	197,618,652	164,294,767	175,119,514	307,525,244	975,524,927	1,820,083,104
Gap	$ 230,202,360	$ (3,960,099)	$ 31,837,011	$ (36,858,028)	$ 81,225,668	$ 302,446,912

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of New Taiwan Dollars)

Item	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 36,810,790	$ -	$ -	$ -	$ -	$ 36,810,790
Due from the Central Bank and call loans to banks	52,332,478	6,785,046	5,523,061	10,018,270	34,693,445	109,352,300
Financial assets at FVTPL	19,418,123	-	-	-	-	19,418,123
Receivables	18,079,086	890,733	729,658	399,852	80,787	20,180,116
Discounts and loans	59,366,288	136,351,436	149,994,206	244,601,248	858,856,067	1,449,169,245
Investments in equity instruments designated at FVTOCI	-	-	-	-	22,577,785	22,577,785
Investments in debt instruments at FVTOCI	-	-	-	199,525	96,263,206	96,462,731
Investments in debt instruments at amortized cost	218,200,000	25,760,000	15,230,000	43,384,513	42,201,947	344,776,460
Other maturity funds inflow items	-	-	-	-	14,296,436	14,296,436
	404,206,765	169,787,215	171,476,925	298,603,408	1,068,969,673	2,113,043,986
Major maturity fund outflows						
Deposits from the Central Bank and banks	286,172	60,616	5,064	149,356	-	501,208
Due to the Central Bank and banks	3,005,000	25,000	-	-	-	3,030,000
Securities sold under repurchase agreements	496,182	444,831	-	-	-	941,013
Payables	28,892,160	2,058,487	488,913	1,501,902	1,507,816	34,449,278
Deposits and remittances	157,361,662	185,078,800	151,457,310	274,727,862	950,415,489	1,719,041,123
Bank notes payable	-	-	-	13,000,000	38,100,000	51,100,000
Other maturity fund outflow items	29,629	49,670	38,606	359,464	3,379,692	3,857,061
	190,070,805	187,717,404	151,989,893	289,738,584	993,402,997	1,812,919,683
Gap	$ 214,135,960	$ (17,930,189)	$ 19,487,032	$ 8,864,824	$ 75,566,676	$ 300,124,303

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of New Taiwan Dollars)

Item	June 30, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 16,036,198	$ -	$ -	$ -	$ -	$ 16,036,198
Due from the Central Bank and call loans to banks	41,445,727	5,575,525	5,240,992	8,903,140	32,022,556	93,187,940
Financial assets at FVTPL	27,542,616	-	-	-	-	27,542,616
Receivables	20,927,830	742,226	509,560	303,606	72,345	22,555,567
Discounts and loans	92,594,794	127,640,069	146,025,207	195,779,114	867,881,147	1,429,920,331
Investments in equity instruments designated at FVTOCI	-	-	-	-	28,293,592	28,293,592
Investments in debt instruments at FVTOCI	-	434,950	299,660	-	84,517,433	85,252,043
Investments in debt instruments at amortized cost	251,745,000	21,954,062	6,130,000	30,990,000	18,605,506	329,424,568
Other maturity funds inflow items	-	-	-	-	14,116,104	14,116,104
	450,292,165	156,346,832	158,205,419	235,975,860	1,045,508,683	2,046,328,959
Major maturity fund outflows						
Deposits from the Central Bank and banks	283,795	79,444	108,571	51,458	-	523,268
Due to the Central Bank and banks	2,310,000	20,000	-	-	-	2,330,000
Securities sold under repurchase agreements	743,011	325,065	10,226	-	-	1,078,302
Payables	38,508,399	6,277,671	867,081	586,480	1,555,727	47,795,358
Deposits and remittances	149,273,967	160,615,255	151,804,828	257,878,600	927,070,345	1,646,642,995
Bank notes payable	-	-	-	-	51,100,000	51,100,000
Other maturity fund outflow items	20,463	162,905	45,606	335,563	4,963,425	5,527,962
	191,139,635	167,480,340	152,836,312	258,852,101	984,689,497	1,754,997,885
Gap	$ 259,152,530	$ (11,133,508)	$ 5,369,107	$ (22,876,241)	$ 60,819,186	$ 291,331,074

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of United States Dollars)

Item	June 30, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 234,283	$ -	$ -	$ -	$ -	$ 234,283
Due from the Central Bank and call loans to banks	369,125	181,022	103,247	12,923	26,629	692,946
Financial assets at FVTPL	4,954	-	-	-	-	4,954
Receivables	559,825	111,986	122,051	28,245	6,955	829,062
Discounts and loans	408,013	365,679	317,540	322,029	4,320,794	5,734,055
Investments in debt instruments at FVTOCI	26,987	28,166	62,497	424,531	2,147,060	2,689,241
Investments in debt instruments at amortized cost	-	224,919	99,637	201,118	2,469,085	2,994,759
Other maturity fund inflow items	-	-	-	-	14,158	14,158
	1,603,187	911,772	704,972	988,846	8,984,681	13,193,458
Major maturity fund outflows						
Deposits from the Central Bank and banks	13,913	-	-	-	67	13,980
Due to the Central Bank and banks	1,020,280	425,000	13,520	-	-	1,458,800
Payables	455,164	100,529	20,493	14,087	943	591,216
Deposits and remittances	3,837,033	5,153,448	2,798,545	2,481,472	2,798,044	17,068,542
Other maturity fund outflow items	49,025	2,200	-	1,710	118,230	171,165
	5,375,415	5,681,177	2,832,558	2,497,269	2,917,284	19,303,703
Gap	$ (3,772,228)	$ (4,769,405)	$ (2,127,586)	$ (1,508,423)	$ 6,067,397	$ (6,110,245)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

(In Thousands of United States Dollars)

Item	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 115,098	$ -	$ -	$ -	$ -	$ 115,098
Due from the Central Bank and call loans to banks	872,693	42,966	42,625	82,630	28,253	1,069,167
Financial assets at FVTPL	89,965	-	-	-	-	89,965
Receivables	498,265	110,170	150,996	19,334	7,313	786,078
Discounts and loans	649,228	514,054	325,789	332,298	4,139,821	5,961,190
Investments in debt instruments at FVTOCI	12,973	15,508	117,836	131,499	1,920,155	2,197,971
Investments in debt instruments at amortized cost	-	-	213,859	322,732	2,213,833	2,750,424
Other maturity fund inflow items	-	-	-	-	14,055	14,055
	2,238,222	682,698	851,105	888,493	8,323,430	12,983,948
Major maturity fund outflows						
Deposits from the Central Bank and banks	6,030	-	-	-	67	6,097
Due to the Central Bank and banks	770,306	584,000	45,000	-	-	1,399,306
Payables	582,619	77,070	11,395	7,742	5	678,831
Deposits and remittances	4,377,154	4,419,470	2,421,743	2,481,751	3,674,591	17,374,709
Other maturity fund outflow items	56,061	2,000	-	2,500	105,590	166,151
	5,792,170	5,082,540	2,478,138	2,491,993	3,780,253	19,625,094
Gap	$ (3,553,948)	$ (4,399,842)	$ (1,627,033)	$ (1,603,500)	$ 4,543,177	$ (6,641,146)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

(In Thousands of United States Dollars)

Item	June 30, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 148,513	$ -	$ -	$ -	$ -	$ 148,513
Due from the Central Bank and call loans to banks	1,581,599	278,732	128,061	90,657	19,757	2,098,806
Financial assets at FVTPL	89,122	-	-	-	-	89,122
Receivables	465,032	84,337	136,393	20,430	4,412	710,604
Discounts and loans	1,143,738	980,824	754,569	311,191	3,718,758	6,909,080
Investments in debt instruments at FVTOCI	7,981	45,988	37,996	146,628	2,355,971	2,594,564
Investments in debt instruments at amortized cost	-	-	-	15,377	1,434,811	1,450,188
Other maturity fund inflow items	5,000	-	-	-	7,985	12,985
	3,440,985	1,389,881	1,057,019	584,283	7,541,694	14,013,862
Major maturity fund outflows						
Deposits from the Central Bank and banks	28,416	547	820	1,640	340	31,763
Due to the Central Bank and banks	2,027,067	310,000	38,000	-	-	2,375,067
Payables	717,012	59,790	4,967	2,973	230	784,972
Deposits and remittances	4,497,387	4,459,365	1,860,060	1,945,636	4,313,735	17,076,183
Other maturity fund outflow items	49,154	57	29	10	284,736	333,986
	7,319,036	4,829,759	1,903,876	1,950,259	4,599,041	20,601,971
Gap	$ (3,878,051)	$ (3,439,878)	$ (846,857)	$ (1,365,976)	$ 2,942,653	$ (6,588,109)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

d) Maturity analysis of derivative financial assets and liabilities

The derivative instruments held by the Group, except for interest rate swaps with leveraging effects, have very little probabilities of failing to be sold with reasonable prices in the market, and thus have very low liquidity risks.

(New Taiwan Dollars and Foreign Currencies Combined In Thousands of New Taiwan Dollars)

Item	June 30, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 120,907,872	$ 198,853,165	$ 115,432,159	$ 36,074,194	$ 103,536	$ 471,370,926
Inflows	121,633,030	201,309,447	118,510,770	36,864,229	101,490	478,418,966
Interest rate derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	1,084,960	-	-	-	-	1,084,960
Others						
Outflows	-	-	-	-	-	-
Inflows	24,193	-	-	-	-	24,193
Total outflows	$ 120,907,872	$ 198,853,165	$ 115,432,159	$ 36,074,194	$ 103,536	$ 471,370,926
Total inflows	$ 122,742,183	$ 201,309,447	$ 118,510,770	$ 36,864,229	$ 101,490	$ 479,528,119

(New Taiwan Dollars and Foreign Currencies Combined In Thousands of New Taiwan Dollars)

Item	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 150,244,270	$ 241,318,607	$ 100,107,030	$ 36,591,391	$ -	$ 528,261,298
Inflows	150,002,889	244,262,189	100,651,970	36,571,312	-	531,488,360
Interest rate derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	1,088,772	-	-	-	-	1,088,772
Others						
Outflows	-	-	-	-	-	-
Inflows	17,251	-	-	-	-	17,251
Total outflows	$ 150,244,270	$ 241,318,607	$ 100,107,030	$ 36,591,391	$ -	$ 528,261,298
Total inflows	$ 151,108,912	$ 244,262,189	$ 100,651,970	$ 36,571,312	$ -	$ 532,594,383

(New Taiwan Dollars and Foreign Currencies Combined In Thousands of New Taiwan Dollars)

Item	June 30, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 157,746,286	$ 226,653,962	$ 188,587,361	$ 125,186,507	$ 191,498	$ 698,365,614
Inflows	159,469,355	229,438,897	192,525,463	127,244,543	192,225	708,870,483
Interest rate derivative instruments						
Outflows	-	-	-	-	148,900	148,900
Inflows	864,998	-	-	-	-	864,998
Others						
Outflows	-	-	-	-	-	-
Inflows	18,124	-	-	-	-	18,124
Total outflows	$ 157,746,286	$ 226,653,962	$ 188,587,361	$ 125,186,507	$ 340,398	$ 698,514,514
Total inflows	$ 160,352,477	$ 229,438,897	$ 192,525,463	$ 127,244,543	$ 192,225	$ 709,753,605

e) Maturity analysis of off-balance sheet items

Bank’s off-balance sheet items - irrevocable loans, guarantees, and letters of credit presented based on the residual time from the balance sheet date to the maturity date were as follows:

(In Thousands of New Taiwan Dollars)

Item	June 30, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	$ 76,788,900	$ 48,589	$ 868,875	$ 2,729,646	$ 9,903,317	$ 90,339,327
Credit card commitments	10	91	104	382	326,370	326,957
Unused issued letters of credit	20,650,780	89,653	-	-	-	20,740,433
Guarantees in guarantee business	58,582,590	42,850	26,873	108,460	23,000	58,783,773
	$ 156,022,280	$ 181,183	$ 895,852	$ 2,838,488	$ 10,252,687	$ 170,190,490

(In Thousands of New Taiwan Dollars)

Item	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	$ 61,360,301	$ 86,635	$ 4,489,537	$ 1,845,786	$ 9,387,516	$ 77,169,775
Credit card commitments	10	91	104	501	196,873	197,579
Unused issued letters of credit	20,034,174	248,370	-	-	-	20,282,544
Guarantees in guarantee business	54,992,186	46,687	62,545	71,734	86,639	55,259,791
	$ 136,386,671	$ 381,783	$ 4,552,186	$ 1,918,021	$ 9,671,028	$ 152,909,689

(In Thousands of New Taiwan Dollars)

Item	June 30, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	$ 78,226,637	$ 697,323	$ 585,022	$ 3,201,607	$ 7,881,483	$ 90,592,072
Credit card commitments	12	92	105	543	339,432	340,184
Unused issued letters of credit	31,855,394	334,570	209,999	166,816	-	32,566,779
Guarantees in guarantee business	64,178,060	-	115,766	109,160	64,544	64,467,530
	$ 174,260,103	$ 1,031,985	$ 910,892	$ 3,478,126	$ 8,285,459	$ 187,966,565

34. OTHER DISCLOSURES OF FINANCIAL INSTITUTION

a. Asset quality

Business Type			June 30, 2023 Non-performing Loans (Note a)	June 30, 2023 Loans	June 30, 2023 Non-performing Loans Ratio (Note b)	June 30, 2023 Allowance for Loan Losses	June 30, 2023 Coverage Ratio (Note c)	June 30, 2022 Non-performing Loans (Note a)	June 30, 2022 Loans	June 30, 2022 Non-performing Loans Ratio (Note b)	June 30, 2022 Allowance for Loan Losses	June 30, 2022 Coverage Ratio (Note c)
Corporate finance	Secured		$ 1,977,693	$ 587,384,828	0.34%	$ 7,198,233	363.97%	$ 2,775,501	$ 554,052,142	0.50%	$ 6,170,581	222.32%
	Unsecured		110,914	484,418,093	0.02%	5,853,253	5,277.29%	220,141	511,940,857	0.04%	5,607,852	2,547.39%
Consumer finance	Mortgage loans (Note d)		291,415	384,663,667	0.08%	5,797,088	1,989.29%	395,288	390,408,971	0.10%	5,885,165	1,488.83%
	Cash cards (Note h)		-	-	-	-	-	-	-	-	-	-
	Credit loans (Note e)		6,118	3,845,756	0.16%	49,278	805.46%	2,385	3,458,085	0.07%	39,996	1,676.98%
	Others (Note f)	Secured	538,772	222,452,877	0.24%	2,254,922	418.53%	561,974	222,311,337	0.25%	2,265,369	403.11%
		Unsecured	220	1,429,119	0.02%	16,872	7,669.09%	159	1,496,601	0.01%	15,790	9,930.82%
Total			2,925,132	1,684,194,340	0.17%	21,169,646	723.72%	3,955,448	1,683,667,993	0.23%	19,984,753	505.25%

Business Type	June 30, 2023 Non-performing Loans (Note a)	June 30, 2023 Loans	June 30, 2023 Non-performing Loans Ratio (Note b)	June 30, 2023 Allowance for Loan Losses	June 30, 2023 Coverage Ratio (Note c)	June 30, 2022 Non-performing Loans (Note a)	June 30, 2022 Loans	June 30, 2022 Non-performing Loans Ratio (Note b)	June 30, 2022 Allowance for Loan Losses	June 30, 2022 Coverage Ratio (Note c)
Credit card	$ 5,700	$ 4,025,520	0.14%	$ 21,065	369.56%	$ 4,773	$ 2,219,313	0.22%	$ 21,814	457.03%
No recourse receivable factoring (Note g)	-	6,460,588	-	114,606	-	-	7,196,830	-	121,968	-

Note a: Non-performing loans are classified in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by the MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Non-performing loans ratio = Non-performing loan ÷ Loans
Non-performing loans of credit card ratio = Non-performing loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Non-performing loans
Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Non-performing loans of credit cards

Note d: Mortgage loans are for borrowers to build or repair buildings, allowing the borrowers, their spouses or their minor children to fully use their buildings as collateral and to mortgage their rights to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The other consumer financial businesses are defined as secured or unsecured consumer financial businesses, excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000494) non-recourse receivable factorings are not defined as non-performing loans until compensation from factors or insurance companies are ascertained to be non-recoverable.

Note h: The Bank does not engage in cash cards business.

Business Type \ Item	June 30, 2023		June 30, 2022	
	Non-performing Loans Exempted from Reporting	**Non-performing Receivables Exempted from Reporting**	**Non-performing Loans Exempted from Reporting**	**Non-performing Receivables Exempted from Reporting**
Negotiated loans transacted in accordance with the agreement and exempted from reporting as non-performing loans (Note a)	$ -	$ 207	$ -	$ 355
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note b)	967	22,229	421	19,273
Total	967	22,436	421	19,628

Note a: Negotiated loans and accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing loans are disclosed in accordance with the Letter issued by Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Loans and receivables transacted in accordance with debt clearance and renewal regulation and exempted from reporting as non-performing loans or receivables are disclosed in accordance with the Letter issued by Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

b. Concentration of credit risk

June 30, 2023			
Rank (Note a)	**Transaction Party (Note b)**	**Loans (Note c)**	**As Proportion of Net Equity (%) (Note d)**
1	A Corporation (railway transportation industry)	$ 19,467,764	11.08
2	B Group (uncategorized other financial service)	16,707,109	9.51
3	C Group (other holdings industry)	12,266,015	6.98
4	D Group (steel smelting industry)	12,219,203	6.95
5	E Group (liquid crystal panel and components manufacturing industry)	10,840,894	6.17
6	F Group (integrated circuit manufacturing)	9,122,547	5.19
7	G Group (chemical materials industry)	8,708,590	4.96
8	H Group (steel manufacturing industry)	8,062,178	4.59
9	I Group (computer manufacturing industry)	7,926,550	4.51
10	J Group (liquid crystal panel and components manufacturing industry)	7,913,420	4.50

June 30, 2022			
Rank (Note a)	**Transaction Party (Note b)**	**Loans (Note c)**	**As Proportion of Net Equity (%) (Note d)**
1	A Corporation (railway transportation industry)	$ 20,367,758	12.29
2	D Group (steel smelting industry)	18,094,291	10.92
3	B Group (uncategorized other financial service)	17,510,000	10.56
4	C Group (other holdings industry)	17,002,444	10.26
5	K Group (airline industry)	16,173,993	9.76
6	G Group (chemical materials industry)	11,305,497	6.82
7	J Group (uncategorized other electronic components industry)	9,147,104	5.52
8	F Group (integrated circuit manufacturing)	8,726,590	5.26
9	I Group (computer manufacturing industry)	8,199,373	4.95
10	H Group (steel manufacturing industry)	7,889,794	4.76

Note a: Sorted by the balance of loans on June 30, 2023 and 2022, excluding government or state-run business. The number of transaction party which belongs to a group business was included in the balance of group business.

Note b: Transaction party is in accordance with article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, accounts receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Note d: The percentage of loans to equity for the period: Domestic banks should use bank equity to calculate; the Taiwan branch of foreign banks should use branch’s equity to calculate.

c. Interest rate sensitivity

(In Thousands of New Taiwan Dollars; %)

Item	June 30, 2023				
	1-90 Days	**91-180 Days**	**181 Days-1 Year**	**More Than 1 Year**	**Total**
Interest-sensitive assets	$ 1,737,436,332	$ 59,847,403	$ 53,444,269	$ 193,523,839	$ 2,044,251,843
Interest-sensitive liabilities	463,587,998	1,147,440,860	89,462,757	46,817,369	1,747,308,984
Interest sensitivity gap	1,273,848,334	(1,087,593,457)	(36,018,488)	146,706,470	296,942,859
Net equity					151,441,601
Ratio of interest-sensitive assets to liabilities					116.99%
Ratio of interest sensitivity gap to net equity					196.08%

(In Thousands of New Taiwan Dollars; %)

Item	June 30, 2022				
	1-90 Days	**91-180 Days**	**181 Days-1 Year**	**More Than 1 Year**	**Total**
Interest-sensitive assets	$ 1,714,989,483	$ 22,753,213	$ 48,408,235	$ 185,103,460	$ 1,971,254,391
Interest-sensitive liabilities	402,181,348	1,129,160,253	78,444,967	54,996,556	1,664,783,124
Interest sensitivity gap	1,312,808,135	(1,106,407,040)	(30,036,732)	130,106,904	306,471,267
Net equity					143,483,107
Ratio of interest-sensitive assets to liabilities					118.41%
Ratio of interest sensitivity gap to net equity					213.59%

Note a: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$ (N.T. dollars only)

(In Thousands of U.S. Dollars; %)

Item	June 30, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 13,973,219	$ 748,965	$ 549,083	$ 3,876,721	$ 19,147,988
Interest-sensitive liabilities	20,878,388	2,613,203	1,929,411	10,431	25,431,433
Interest sensitivity gap	(6,905,169)	(1,864,238)	(1,380,328)	3,866,290	(6,283,445)
Net equity					586,115
Ratio of interest-sensitive assets to liabilities					75.29%
Ratio of interest sensitivity gap to net equity					(1,072.05%)

(In Thousands of U.S. Dollars; %)

Item	June 30, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 13,028,306	$ 937,352	$ 164,458	$ 3,308,212	$ 17,438,328
Interest-sensitive liabilities	20,771,131	1,555,881	1,347,177	-	23,674,189
Interest sensitivity gap	(7,742,825)	(618,529)	(1,182,719)	3,308,212	(6,235,861)
Net equity					580,385
Ratio of interest-sensitive assets to liabilities					73.66%
Ratio of interest sensitivity gap to net equity					(1,074.44%)

Note a: The amounts listed above include accounts in U.S. dollars only for domestic branches, offshore banking unit (OBU), and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$ (U.S. dollars only)

d. Profitability

Item		June 30, 2023	June 30, 2022
Return on total assets	Pretax	0.32%	0.24%
	After tax	0.26%	0.20%
Return on net equity	Pretax	4.99%	3.66%
	After tax	4.07%	3.16%
Profit margin		35.55%	33.33%

Note a: Return on total assets = $\dfrac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\dfrac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\dfrac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2023 and 2022, respectively.

e. Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	June 30, 2023					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 2,290,586,573	$ 283,513,765	$ 175,644,404	$ 237,872,905	$ 220,911,493	$ 280,797,318	$ 1,091,846,688
Major maturity cash outflows	2,860,410,190	124,544,384	186,822,986	398,476,348	412,042,623	607,030,206	1,131,493,643
Gap	(569,823,617)	158,969,381	(11,178,582)	(160,603,443)	(191,131,130)	(326,232,888)	(39,646,955)

(In Thousands of New Taiwan Dollars)

	Total	June 30, 2022					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 2,324,830,280	$ 258,340,697	$ 233,318,867	$ 265,591,463	$ 218,472,371	$ 268,257,258	$ 1,080,849,624
Major maturity cash outflows	2,886,497,482	124,650,281	208,489,121	399,872,401	402,505,886	607,710,944	1,143,268,849
Gap	(561,667,202)	133,690,416	24,829,746	(134,280,938)	(184,033,515)	(339,453,686)	(62,419,225)

Note: The amounts listed above include accounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	June 30, 2023				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 30,533,734	$ 10,870,495	$ 4,684,575	$ 4,056,336	$ 1,844,838	$ 9,077,490
Major maturity cash outflows	35,765,137	13,744,803	8,024,638	4,369,860	4,939,110	4,686,726
Gap	(5,231,403)	(2,874,308)	(3,340,063)	(313,524)	(3,094,272)	4,390,764

(In Thousands of U.S. Dollars)

	Total	June 30, 2022				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 33,072,143	$ 11,026,224	$ 5,153,912	$ 5,375,727	$ 3,987,186	$ 7,529,094
Major maturity cash outflows	38,301,120	13,249,546	7,795,189	5,124,592	5,490,491	6,641,302
Gap	(5,228,977)	(2,223,322)	(2,641,277)	251,135	(1,503,305)	887,792

Note: The amounts listed above include accounts in U.S. dollars for head office, domestic branches, and OBU.

f. Non-performing loan selling information

June 30, 2023							
Transaction Date	**Trading Partners**	**Non-Perform Loan Composition**	**Book Value**	**Price**	**Distribution Profit**	**Accompanying**	**Relationship**
2021.12.8 sign up, 2022.1.30 settlement completed and strike a balance	SC Lowy Primary Investments, Ltd.	International lending (foreign currencies secured loan)	$ -	$ 91,482	$ 91,482	None	None

g. Trust accounts

Under Article 3 of the Trust Law, the Bank can offer trust services. The items and amounts of trust accounts as of June 30, 2023 and 2022 were as follows:

	June 30	
	2023	**2022**
Special purpose trust accounts - domestic	$ 36,674,867	$ 36,821,680
Special purpose trust accounts - foreign	79,222,340	71,896,326
Insurance trust	9,907	9,816
Retirement and breeds trust	837,155	529,203
Umbilical cord blood trust	15,272,091	14,103,435
Money claim and guarantee trust	51,800	51,800
Marketable securities trust	1,837,466	3,777,840
Real estate trust	34,347,859	22,682,709
Securities under custody	291,543,858	284,791,200
Other money trust	2,553,237	3,685,996
	$ 462,350,580	$ 438,350,005

h. Disclosures on trust assets and liabilities and assets register as required by Enforcement Rules of ROC Trust Law Article 17 were as follows:

Balance Sheet of Trust

Trust Assets	June 30 2023	June 30 2022	**Trust Liabilities**	June 30 2023	June 30 2022
Bank deposits	$ 5,667,059	$ 6,123,220	Trust capital		
Insurance claims	51,800	51,800	Money trust	$ 134,038,505	$ 126,641,705
Financial assets			Insurance claims	51,800	51,800
Common stock	5,704,614	7,229,428	Marketable securities trust	1,823,675	3,765,659
Mutual funds	127,928,342	117,249,815	Real estate trust	34,344,433	22,683,470
Bonds	4,663,912	3,048,389	Securities under custody payable	291,543,858	284,791,200
Interest receivable	1,585	440	Withholding tax	151	44
Land	16,543,230	13,820,428	Profit and loss	177,358	78,194
Buildings	522,690	543,815	Unappropriated retained earnings - realized capital gain/loss	(401)	(8,470)
Construction in progress	9,723,490	5,491,470	Unappropriated retained earnings - gain on revenue/expense investment	1,601,275	1,387,632
Securities under custody	291,543,858	284,791,200	Unappropriated retained earning	(1,230,074)	(1,041,229)
Total trust assets	$ 462,350,580	$ 438,350,005	Total trust liabilities	$ 462,350,580	$ 438,350,005

Trust Assets Register

Investments	June 30 2023	June 30 2022
Bank deposits	$ 5,667,059	$ 6,123,220
Insurance claims	51,800	51,800
Financial assets		
Common stock	5,704,614	7,229,428
Mutual funds	127,928,342	117,249,815
Bonds	4,663,912	3,048,389
Land	16,543,230	13,820,428
Buildings	522,690	543,815
Construction in progress	9,723,490	5,491,470
Others	1,585	440
Securities under custody	291,543,858	284,791,200
Total trust assets	$ 462,350,580	$ 438,350,005

Income Statement of Trust

Investments	For the Six Months Ended June 30 2023	For the Six Months Ended June 30 2022
Revenue		
Interest income	$ 47,183	$ 22,829
Dividends	41,405	33,119
Gain on mutual funds	17,913	12,586
Foreign exchange gains	955,614	911,553
Realized capital gain - mutual funds	710	4,653
	1,062,825	984,740
Expense		
Maintenance	(1,939)	(1,569)
Tax expense	(4,593)	(2,109)
Others	(17)	(64)
Foreign exchange losses	(874,329)	(901,118)
Realized capital loss - bonds	(2,850)	(1,554)
Realized capital loss - mutual funds	(990)	(132)
Realized capital losses - quoted stock	(749)	-
	(885,467)	(906,546)
	$ 177,358	$ 78,194

35. RELATED-PARTY TRANSACTIONS

a. Related parties and their relationships with the Bank

Name	Relationship
Director and managers	The Bank's director and managers
Taishin Financial Holding	The Bank's related party in substance (before June 16, 2023)
Taishin International Bank	The subsidiary of Bank's related party in substance (before June 16, 2023)
Chunghwa Post Co., Ltd.	The Bank's corporate director
The Export-Import Bank	Its director is the Bank's corporate director
Land Bank	Its director is the Bank's corporate director
Taiwan Business Bank	Its director is the Bank's corporate director
Taiwan High Speed Rail Corporation	Its director is the Bank's corporate director
Yang Ming Marine Transport Corporation	Its director is the Bank's corporate director
CSBC Corporation	Its director is the Bank's corporate director
China Airlines, Ltd.	Its director is the Bank's corporate director
Unity OPTO Technology Co., Ltd.	Its director is the Bank's corporate director
Lungteh Shipbuilding Co., Ltd.	Its director is the Bank's corporate director
Kaohsiung Rapid Transit Corporation	Its director is the Bank's corporate director
TSEC Corporation	Its director is the Bank's corporate director
Yulon Motor Co., Ltd.	Its director is the spouse of the Bank's director
Quaser Machine Tools, Inc.	Its director is the Bank's corporate director
Other	Other related parties (IAS 24 "Related Party Disclosures)

b. Significant transactions with related parties

1) Loans

	Balance	Percentage of Loans (%)
Balance as of June 30, 2023	$ 24,257,947	1.44
Balance as of December 31, 2022	24,136,655	1.43
Balance as of June 30, 2022	24,932,212	1.48

For the six months ended June 30, 2023 and 2022, interest rates ranged from 1.46% to 6.33% and from 0.88% to 3.66%, and interest income was $290,059 thousand and $235,860 thousand, respectively.

For the three months ended June 30, 2023 and 2022, interest income was $146,756 thousand and $122,776 thousand, respectively.

	June 30, 2023					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
Consumer loans						
36 accounts	$ 17,109	$ 18,143	$ 17,109	$ -	Credit	None
Self-use residential mortgage loans						
234 accounts	1,527,683	1,603,487	1,527,683	-	Real estate	None
Others						
Taiwan High Speed Rail Corporation	19,308,161	20,237,161	19,308,161	-	Credit and station equipment	None
CSBC Corporation	1,399,088	3,518,825	1,399,088	-	Credit	None
TSEC Corporation	681,624	686,424	681,624	-	Credit and land and plant	None
Yulon Motor Co., Ltd.	500,000	1,400,000	500,000	-	Credit	None
China Airlines, Ltd.	400,000	550,000	400,000	-	Credit and fund guarantee	None
Lungteh Shipbuilding Co., Ltd.	122,247	163,524	122,247	-	Credit	None
Other - corporation 11 accounts (Note 1)	299,388	2,195,621	299,388	-	Credit and fund guarantee and real estate	None
Other - individual 3 accounts (Note 2)	2,648	2,769	2,648	-	Deposit	None

	December 31, 2022					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
Consumer loans						
42 accounts	$ 19,774	$ 21,246	$ 19,774	$ -	Credit	None
Self-use residential mortgage loans						
246 accounts	1,586,783	1,671,988	1,586,783	-	Real estate	None
Others						
Taiwan High Speed Rail Corporation	20,237,161	20,318,882	20,237,161	-	Credit and station equipment	None
China Airlines, Ltd.	750,000	750,000	750,000	-	Credit and fund guarantee	None
Unity OPTO Technology Co., Ltd.	633,239	635,886	633,239	-	Credit and land and plant	None
CSBC Corporation	365,795	2,007,292	365,795	-	Credit	None
Lungteh Shipbuilding Co., Ltd.	203,326	286,782	203,326	-	Credit and land and plant	None
Other - corporation 9 accounts (Note 1)	333,610	3,599,491	333,610	-	Credit and fund guarantee and real estate	None
Other - individual 6 accounts (Note 2)	6,967	8,451	6,967	-	Foreign Currency and deposit	None

	June 30, 2022					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
Consumer loans						
51 accounts	$ 24,614	$ 26,174	$ 24,614	$ -	Credit	None
Self-use residential mortgage loans						
253 accounts	1,677,403	1,815,188	1,677,403	-	Real estate	None
Others						
Taiwan High Speed Rail Corporation	20,237,161	22,629,035	20,237,161	-	Credit and station equipment	None
CSBC Corporation	1,157,792	2,757,763	1,157,792	-	Credit	None
China Airlines, Ltd.	750,000	750,000	750,000	-	Credit and fund guarantee	None
Unity OPTO Technology Co., Ltd.	631,187	631,833	631,187	-	Credit and land and plant	None
Lungteh Shipbuilding Co., Ltd.	154,282	157,059	154,282	-	Credit and land and plant	None
Other - corporation 9 accounts (Note 1)	299,755	646,210	289,755	10,000	Credit and fund guarantee and real estate	None
Other - individual 6 accounts (Note 2)	18	1,383	18	-	Deposit	None

Note 1: The balance of each corporate entity does not exceed $0.1 billion.

Note 2: The balance of each single entity does not exceed 1% of the total ending balance.

Mortgage loans to managers within $8,000 thousand and credit loans within $800 thousand per person all bore interests were 1.76%, 1.64% and 1.39% on June 30, 2023, December 31, 2022 and June 30, 2022, respectively. The interest rates and other terms provided to the other related parties are the same as those offered to the public.

2) Guaranteed loans

	June 30, 2023				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum%)	Collateral
CSBC Corporation	$ 2,044,149	$ 2,082,149	$ 20,441	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,514,475	1,514,475	15,145	0.80-1.00	None
Lungteh Shipbuilding Co., Ltd.	52,442	102,347	524	1.00	None
Kaohsiung Rapid Transit Corporation	6,000	6,000	60	0.50	None

	December 31, 2022				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	$ 2,082,149	$ 2,236,261	$ 20,821	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,514,475	1,514,475	15,145	0.80-1.00	None
Lungteh Shipbuilding Co., Ltd.	102,347	127,162	1,023	1.00	None
Kaohsiung Rapid Transit Corporation	6,000	6,000	60	0.50	None

	June 30, 2022				
	Ending Balance	**Highest Amount**	**Reserve for Guarantee Liabilities**	**Interest Rate (Per Annum %)**	**Collateral**
CSBC Corporation	$ 2,116,261	$ 2,116,261	$ 21,163	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,514,475	1,514,475	15,145	0.80-1.00	None
Lungteh Shipbuilding Co., Ltd.	127,162	127,162	1,272	1.00	None
Kaohsiung Rapid Transit Corporation	6,000	6,000	60	0.50	None

3) Deposits

	Balance	Percentage of Loans (%)
Balance as of June 30, 2023	$ 44,460,918	1.89
Balance as of December 31, 2022	31,117,406	1.32
Balance as of June 30, 2022	58,144,394	2.58

For the six months ended June 30, 2023 and 2022, the interest rates intervals were both between 0.00 % to 13.00%; the interest expense was $325,905 thousand and $156,765 thousand, respectively. For the three months ended June 30, 2023, and 2022, the interest expense was $174,193 thousand and $109,122 thousand, respectively.

The interest rate for managers' deposits amounting to $480 thousand per person was 13% per annum. The part of deposit exceeding $480 thousand will earn interest calculated at the demand savings rate. The interest rates and other terms provided to the other related parties are the same as those offered to general public.

4) Transactions of derivative financial products

(In Thousands of New Taiwan Dollars)

	June 30, 2023				Balance Sheet	
Name	**Contract**	**Duration**	**Nominal Principle Amount**	**Current Valuation Gain (Loss)**	**Subject**	**Amount**
Chunghwa Post Co., Ltd.	Currency swaps	2023.2.10-2024.3.29	$ 20,801,520	$ 563,146	Financial assets at fair value through profit or loss	$ 563,146
Quaser Machine Tools, Inc.	Currency forward	2023.6.21-2023.8.23	12,207	106	Financial assets at fair value through profit or loss	106

(In Thousands of New Taiwan Dollars)

	December 31, 2022				Balance Sheet	
Name	**Contract**	**Duration**	**Nominal Principle Amount**	**Current Valuation Gain (Loss)**	**Subject**	**Amount**
Chunghwa Post Co., Ltd.	Currency swaps	2022.4.7-2023.5.22	$ 20,524,300	$ 320,947	Financial assets at fair value through profit or loss	$ 320,947

(In Thousands of New Taiwan Dollars)

	June 30, 2022				Balance Sheet	
Name	**Contract**	**Duration**	**Nominal Principle Amount**	**Current Valuation Gain (Loss)**	**Subject**	**Amount**
Chunghwa Post Co., Ltd.	Currency swaps	2021.7.22-2023.2.24	$ 17,246,300	$ 294,948	Financial assets at fair value through profit or loss	$ 274,277

5) Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

	June 30, 2023					
Name	**Department**	**Currency**	**Ending Balance**	**Interest Rate (Per Annum %)**	**For the Three Months Ended June 30, 2023 Interest Income**	**For the Six Months Ended June 30, 2023 Interest Income**
The Export-Import Bank	DBU	NTD	$ 1,000,000	1.17-1.33	$ 1,577	$ 2,258
Land Bank	DBU	NTD	25,000	0.56-1.50	2,345	8,514
	Hong Kong Branch	USD	40,000	4.32-5.35	614	746

	December 31, 2022				
Name	**Department**	**Currency**	**Ending Balance**	**Interest Rate (Per Annum %)**	**Interest Income**
Land Bank	DBU	NTD	$ 25,000	0.08-1.30	$ 8,198
	OBU	USD	30,000	0.05-4.28	1,339
	Hong Kong Branch	USD	26,000	0.23-4.32	1,008
	Singapore Branch	USD	10,000	4.25	105

	June 30, 2022					
Name	**Department**	**Currency**	**Ending Balance**	**Interest Rate (Per Annum %)**	**For the Three Months Ended June 30, 2022 Interest Income**	**For the Six Months Ended June 30, 2022 Interest Income**
Chunghwa Post Co., Ltd.	DBU	NTD	$ 15,000	0.08-0.78	$ 26	$ 103
Land Bank	DBU	NTD	10,000	0.08-0.87	1,431	1,847
	OBU	USD	167,000	0.05-1.57	41	149
	OBU	AUD	45,000	0.70-1.38	63	63
	Hong Kong Branch	USD	75,000	0.23-1.52	188	238
Taiwan Business Bank	Tokyo Branch	USD	15,000	0.13-1.74	32	39
	London Branch	USD	20,000	2.35	13	13
	Hong Kong Branch	USD	20,000	1.05-2.58	74	75

Call loans from banks

(In Thousands of Original Currencies)

	June 30, 2023					
Name	**Department**	**Currency**	**Ending Balance**	**Interest Rate (Per Annum %)**	**For the Three Months Ended June 30, 2023 Interest Expense**	**For the Six Months Ended June 30, 2023 Interest Expense**
Land Bank	DBU	NTD	$ 5,000	0.56-1.50	$ 19	$ 118
	Los Angeles Branch	USD	20,000	4.27-5.46	227	263

	December 31, 2022				
Name	**Department**	**Currency**	**Ending Balance**	**Interest Rate (Per Annum %)**	**Interest Expense**
Land Bank	DBU	NTD	$ 5,000	0.08-1.22	$ 85

Name	Department	Currency	June 30, 2022 Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended June 30, 2022 Interest Expense	For the Six Months Ended June 30, 2022 Interest Expense
Land Bank	DBU	NTD	$ 5,000	0.08-0.73	$ 8	$ 20
	New York Branch	USD	20,000	0.09-1.57	11	14
	Los Angeles Branch	USD	20,000	0.10-1.85	10	10
Taiwan Business Bank	Singapore Branch	SGD	8,500	0.28-1.05	9	14

6) Due from banks and deposits from banks

Due from banks

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	June 30, 2023 Ending Balance	December 31, 2022 Ending Balance	June 30, 2022 Ending Balance
Land Bank	DBU	NTD	$ 9	$ 4	$ 4
Taiwan Business Bank	DBU	NTD	30	7	4
Chunghwa Post Co., Ltd.	DBU	NTD	119	113	140

Deposits from banks

(In Thousands of Original Currencies)

Name	Department	Currency	June 30, 2023 Ending Balance	December 31, 2022 Ending Balance	June 30, 2022 Ending Balance
Land Bank	DBU	NTD	$ 277	$ 277	$ 277
The Export-Import Bank	DBU	NTD	3,006	2,388	2,258
Chunghwa Post Co., Ltd.	DBU	NTD	211,084	275,361	290,793
Taishin International Bank	New York Branch	USD	67	67	68

c. Compensation of directors and management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	$ 10,469	$ 10,427	$ 24,057	$ 24,430
Post-employment benefits	407	435	844	11,505
	$ 10,876	$ 10,862	$ 24,901	$ 35,935

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

d. Others

The Bank signed two-year information system service contracts in the amounts of $2,000 thousand and $46 thousand each on April 8, 2020 and April 30, 2020, with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hwa Bank Venture Capital Co., Ltd. respectively.

The Bank signed three-year legal advice service contract with its subsidiary, Chang Hwa Bank Venture Capital Co., Ltd., on November 26, 2020. Under the contract, the annual service fee is $68 thousand.

The Bank signed three-year information system service contracts in the amounts of $4,410 thousand and $68 thousand each on April 6, 2022 and February 15, 2022, with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hwa Bank Venture Capital Co., Ltd. In 2023, the Bank recognized other income according to the former contract in the amount of $1,300 thousand.

36. PLEDGED ASSETS

The summary of the Group’s pledged assets as of June 30, 2023, December 31, 2022 and June 30, 2022 is as follows:

Pledged Assets	Description	June 30, 2023	December 31, 2022	June 30, 2022
Investments in debt instruments at FVTOCI	Bonds	$ 1,301,865	$ 1,208,237	$ 1,190,531
Investments in debt instruments at amortized cost	Bonds and certificates of deposits	41,455,700	41,453,625	41,448,675
Refundable deposits	Cash	971,573	917,270	537,167

37. CONTINGENT LIABILITIES AND COMMITMENTS

a. In addition to those mentioned in Note 7, the Group had the following contingent liabilities and commitments as of June 30, 2023, December 31, 2022 and June 30, 2022:

	June 30, 2023	December 31, 2022	June 30, 2022
Trust liabilities	$ 462,350,580	$ 437,291,046	$ 438,350,005
Unused loan commitments (excluding credit cards)	90,339,327	77,169,775	90,592,072
Credit card commitments	326,957	197,579	340,184
Unused issued letters of credit	20,740,433	20,282,544	32,566,779
Guarantees issued in guarantee business	58,783,773	55,259,791	64,467,530
Repayment notes and times deposit held for custody	19,202,736	18,843,464	18,256,157
Liabilities on joint loans	216,998	271,744	344,772

The unrecognized commitments for the acquisition of equipment and intangible assets, as well as the commitments for construction, appointment and security service as of June 30, 2023 were $707,096 thousand, $205,464 thousand, $770,956 thousand and $70,543 thousand, respectively.

b. TDK Corporation filed a legal proceeding against the Bank for damages in the amount of $45,794 thousand. On April 19, 2017, the Taiwan Superior Court passed a verdict partially in favor of and partially against the Bank, and the Bank shall compensate the damages in the amount of $11,448 thousand. The Bank appealed to the Supreme Court. The Supreme Court held hearings on September 3, 2019, November 4, 2019, January 14, 2020, May 11, 2020, July 16, 2020, September 30, 2020, November 25, 2020, January 25, 2021, April 12, 2021 and July 26, 2021. On September 7, 2021, the Taiwan Superior Court ruled in favor of the Bank without damages, but on October 26, 2021, TDK Corporation appealed to the Taiwan Superior Court. The Supreme Court convened a mediation court for TDK Corporation on February 8, 2022 and the Court rendered a judgment in favor of the Bank in the form of Supreme Court Judgment No. 1307 of 2022 on July 7, 2022.

c. The Bank's North Taichung branch was fined due to the misappropriation of customers' deposits. The customer filed a lawsuit against the Bank at the Taiwan Taichung District Court. The hearings were held on July 22, 2023.

38. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Material transactions

No.	Item	Explanation
1	Accumulated purchases and sales balance of specific investees' marketable security over NT$300 million or 10% of outstanding capital for the six months ended June 30, 2023	None
2	Acquisition of fixed assets over NT$300 million or 10% of outstanding capital for the six months ended June 30, 2023	None
3	Disposal of fixed assets over NT$300 million or 10% of outstanding capital for the six months ended June 30, 2023	None
4	Discount on fees income from related parties over NT$5 million	None
5	Receivables from related parties over NT$300 million or 10% of outstanding capital as of June 30, 2023	None
6	Sale of NPL	Note 34
7	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
8	Other significant transactions which may affect decisions of the users of the financial statements	None

b. Information on the Bank's Investees

No.	Item	Explanation
1	Investees' names, locations, etc.	Table 1
2	Capital lending to another party	None
3	Endorsement for another party	None
4	Marketable securities held as of June 30, 2023	Table 2
5	Accumulated purchases and sales balance of specific marketable security over NT$300 million or 10% of outstanding capital for the six months ended June 30, 2023	None
6	Acquisition of property, plant and equipment over NT$300 million or 10% of outstanding capital for the six months ended June 30, 2023	None
7	Disposal of property, plant and equipment over NT$300 million or 10% of outstanding capital for the six months ended June 30, 2023	None
8	Receivables from related parties over NT$300 million or 10% of outstanding capital as of June 30, 2023	None
9	Derivative instrument	None
10	Discount on fees income from related parties over NT$5 million	None
11	Sale of NPL by subsidiary	None
12	Other significant transactions which may affect decisions of the users of the financial statements	None

c. Investment in mainland China: Table 3.

d. Intercompany relationships and significant intercompany transactions: Table 4.

e. Information of major shareholders: The name of the shareholder, shareholding amount and ratio of shareholders with a shareholding ratio more than 5%. (Table 5)

39. INFORMATION ON THE BANK'S INVESTEES

Investees' Names (Note a)	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Carrying Amount	Recognized Investment Income (Loss) of Current Period	Sum of Ownership (Note a)			
						Current Stock	Imputed Stock (Note b)	Stock	Ownership Interest (%)
Asia Pacific Broadband Telecom Co.	Taipei City	Type I & type II telecommunications business	0.23	$ 65,773	$ -	$ 9,831,471	$ -	$ 9,831,471	0.23
Taiwan High Speed Rail Corporation	Taipei City	High speed rail road	0.79	1,430,675	-	44,500,000	-	44,500,000	0.79
Taiwan Stock Exchange Co.	Taipei City	Securities brokerage, margin lending, and underwriting financial products	3.39	3,677,352	-	34,764,152	-	34,764,152	3.39
Taiwan Sugar Co.	Tainan City	Manufacture correlative products of sugar and crop	0.41	1,765,313	-	23,246,159	-	23,246,159	0.41
Taiwan Power Co.	Taipei City	Generate electric power, power distribution, and cable assemble	0.49	1,246,993	-	235,726,532	-	235,726,532	0.49
Taipei Foreign Exchange Inc.	Taipei City	Exchange trading, DEPOS, and Swap	3.53	35,616	-	700,000	-	700,000	3.53
Lieu-An Service Co., Ltd.	Taipei City	ATM purchase, rental, and repair or maintenance	5.00	1,729	-	125,000	-	125,000	5.00
CDIB & Partners Investment Holding Co.	Taipei City	Investment	4.95	515,160	-	54,000,000	-	54,000,000	4.95
Nomura Asset Management Taiwan Ltd.	Taipei City	Securities investment trust	4.09	83,042	-	1,413,725	-	1,413,725	4.09
Financial Information Service Co., Ltd.	Taipei City	Type II telecommunications business	1.26	201,301	-	6,589,242	-	6,589,242	1.26
Taiwan Futures Exchange	Taipei City	Futures exchange	1.14	511,443	-	5,456,551	-	5,456,551	1.14
Taiwan Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	11.35	1,629,600	-	120,000,000	-	120,000,000	11.35
Taiwan Financial Asset Service Co.	Taipei City	Auction assets of the recognition of an impartial third party	2.94	48,500	-	5,000,000	-	5,000,000	2.94
Financial Esolution Co., Ltd.	Taipei City	Financial information systems development	4.12	8,602	-	905,475	-	905,475	4.12
Taiwan Depository & Clearing Corporation	Taipei City	Provide book-entry of securities transactions	0.09	76,737	-	542,696	-	542,696	0.09
Sunlight Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	0.70	536	-	41,768	-	41,768	0.70
Taiwan Mobile Payment Corporation	Taipei City	Electronic Information provider	3.00	9,630	-	1,800,000	-	1,800,000	3.00
Taiwan Urban Regeneration & Financial Services Co., Ltd.	Taipei City	Urban renewal and reconstruction industry	5.00	12,700	-	2,500,000	-	2,500,000	5.00

Note a: The investees' voting shares, and imputed stock were owned by the Bank and related parties.

Note b: 1) Imputed stock refers to the purchase of securities with equity or derivative commodity contracts (not yet converted into equity holding), which is linked to the equity of the reinvestment business according to the agreed transaction conditions and the bank's commitment to be used as Article 74 of The Banking Act of The Republic of China stipulates that for the purpose of reinvestment, under the assumption of conversion, the shares acquired as a result of the conversion.

2) The above-mentioned "securities with equity" refers to the securities stipulated in the first paragraph of Article 11 of Securities and Exchange Act Enforcement Rules, such as convertible corporate bonds and call warrants.

3) The above-mentioned "derivative commodity contract" refers to those who meet the definition of derivative instruments in IAS 39, such as stock options.

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided.

a. Segment revenue and results

	For the Six Months Ended June 30, 2023						
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiaries	Others	Total
Net income of interest	$ 6,302,743	$ 8,079,360	$ (5,182,910)	$ -	$ 1,929,201	$ (10,889)	$ 11,117,505
Net service fee income	760,537	82,388	(19,299)	1,663,610	59,447	-	2,546,683
Net income on financial instrument	-	-	5,605,327	-	285,386	-	5,890,713
Others	6,188	-	2,072	-	4,292	149,429	161,981
Net revenue and gains	7,069,468	8,161,748	405,190	1,663,610	2,278,326	138,540	19,716,882
Bad debts expense and commitment and guarantee liability provision	(1,057,226)	-	(14)	-	(395,733)	-	(1,452,973)
Operating expense	-	-	-	-	-	-	(9,664,192)
Income before income tax	$ 6,012,242	$ 8,161,748	$ 405,176	$ 1,663,610	$ 1,882,593	$ 138,540	$ 8,599,717

	For the Six Months Ended June 30, 2022						
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiaries	Others	Total
Net income of interest	$ 6,825,159	$ 3,612,451	$ (241,036)	$ -	$ 1,487,714	$ (7,606)	$ 11,676,682
Net service fee income	816,547	130,223	(20,071)	1,339,434	49,620	-	2,315,753
Net income on financial instrument	-	-	1,646,532	-	178,332	-	1,824,864
Others	4,911	-	2,251	-	2,453	134,967	144,582
Net revenue and gains	7,646,617	3,742,674	1,387,676	1,339,434	1,718,119	127,361	15,961,881
Bad debts expense and commitment and guarantee liability provision	(687,730)	-	17	-	(693,537)	-	(1,381,250)
Operating expense	-	-	-	-	-	-	(8,410,875)
Income before income tax	$ 6,958,887	$ 3,742,674	$ 1,387,693	$ 1,339,434	$ 1,024,582	$ 127,361	$ 6,169,756

The reported revenue and results on the segment information did not include inter-segment revenue for the six months ended June 30, 2023 and 2022.

This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	June 30, 2023						
	Loans	**Deposits**	**Financial Instruments and Investments**	**Wealth Management**	**Overseas Branches and Subsidiary**	**Others**	**Total**
Assets	$ 1,554,091,194	$ -	$ 860,478,262	$ -	$ 206,980,983	$ 87,983,598	$2,709,534,037
Liabilities	$ 2,345,319	$ 2,288,554,708	$ 75,412,243	$ -	$ 116,415,572	$ 51,076,624	$ 2,533,804,466

	December 31, 2022						
	Loans	**Deposits**	**Financial Instruments and Investments**	**Wealth Management**	**Overseas Branches and Subsidiary**	**Others**	**Total**
Assets	$ 1,564,105,867	$ -	$ 825,050,218	$ -	$ 190,053,146	$ 105,643,088	$ 2,684,852,319
Liabilities	$ 2,026,743	$ 2,272,707,202	$ 82,300,885	$ -	$ 107,674,166	$ 51,115,105	$ 2,515,824,101

	June 30, 2022						
	Loans	**Deposits**	**Financial Instruments and Investments**	**Wealth Management**	**Overseas Branches and Subsidiary**	**Others**	**Total**
Assets	$ 1,573,305,049	$ -	$ 792,501,896	$ -	$ 200,079,826	$ 85,573,170	$2,651,459,941
Liabilities	$ 2,526,366	$ 2,191,676,843	$ 85,168,816	$ -	$ 130,505,758	$ 75,815,423	$ 2,485,693,206

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES' NAMES AND LOCATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Except for Percentage and Shares)

Investor	Investees' Names	Investees' Location	Line of Business	Original Investment Amount		Ending Balance			Net Income (Loss) of Current Period	Recognized Income (Loss) of Current Period	Note
				End of June 30, 2023	End of December 31, 2022	Number of Shares	Percentage of Ownership (%)	Book Value			
Chang Hwa Bank	Chang Hua Commercial Bank, Ltd.	China	Banking	$ 12,117,288	$ 12,117,288	Note	100	$ 13,354,853	$ 134,469	$ 134,469	
	Chang Hwa Bank Venture Capital Co., Ltd.	Taiwan	Venture capital	1,042,686	1,042,686	104,268,647	100	1,254,805	184,257	184,257	

Note: Limited company organization.

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	June 30, 2023				Note
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Chang Hwa Bank Venture Capital Co., Ltd. (CHBVC)	Jada International Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,919,378	$ 37,280	8.5	$ 37,280	
	Package Plus Sustainable Integration Co., Ltd	-	Financial assets at fair value through other comprehensive income	256,411	10,000	6.0	10,000	
	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	611,764	35,629	2.1	35,629	
	Acer E-enabling Service Business Inc.	-	Financial assets at fair value through profit or loss	405,813	96,178	1.0	96,178	
	Advanced Wireless & Antenna Inc.	-	Financial assets at fair value through profit or loss	250,000	6,000	1.0	6,000	
	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	2,000,000	43,760	1.0	43,760	
	Imedtac Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	14,385	2.1	14,385	
	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	2,777,000	104,915	1.4	104,915	
	Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss	365,318	33,635	0.6	33,635	
	MegaPro Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	250,000	7,680	0.4	7,680	
	Ace Medical Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	12,130	4.8	12,130	
	Mesh Cooperative Ventures, Inc.	-	Financial assets at fair value through profit or loss	-	16,673	-	16,673	
	Minima Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	570,000	13,401	1.4	13,401	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	485,000	54,320	0.6	54,320	
	PlayNitride Display Co., Ltd.	-	Financial assets at fair value through profit or loss	330,000	39,105	0.3	39,105	
	Sunpower Energy Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,112,456	27,244	4.1	27,244	
	Outstanding Management Consultants Co., Ltd.	CHBVC is its director	Financial assets at fair value through profit or loss	117,040	1,170	19.0	1,170	
	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	7,998	-	7,998	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	June 30, 2023				Note
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
	Hongde Energy Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	39,000	$ 4,680	-	$ 4,680	
	Glory Wheel Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	371,800	33,000	1.0	33,000	
	Red Sunrise Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200,000	30,000	8.6	30,000	
	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	7,275,205	213,964	0.3	213,964	
	P-Waver Inc.	-	Financial assets at fair value through profit or loss	588,000	9,996	3.9	9,996	
	Champ-Ray Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	600,000	30,000	2.4	30,000	
	Formosa Pharmaceuticals, Inc.	-	Financial assets at fair value through profit or loss	100,000	5,892	0.1	5,892	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	1,500,000	45,000	1.7	45,000	
	Forward BioT Venture Capital	-	Financial assets at fair value through profit or loss	-	12,000	-	12,000	

Note 1: The securities referred to in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, this column is exempt.

Note 3: As measured by fair value, fill in the balance of book value after adjustment of the fair value and deduct the allowance loss. If not measured by fair value, fill in the amortized cost (after allowance loss has been deducted) of the book balance.

(Concluded)

TABLE 3

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee (Note 2)	% of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023	Note
					Outflow	Inflow							
Chang Hua Commercial Bank, Ltd.	Banking	$ 12,117,288 (US$ 399,558)	Note 1.c.	$ 12,117,288 (US$ 399,558)	$ -	$ -	$ 12,117,288 (US$ 399,558)	$ 134,469	100	$ 134,469	$ 13,354,853	$ -	

2.

Accumulated Outward Remittance for Investment in Mainland China June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$ 12,117,288 (US$ 399,558)	$ 12,117,288 (US$ 399,433)	$ 26,359,436

Note 1: The three methods of investment are as follows:

a. Direct investment in mainland China.
b. Investment in mainland China through reinvestment in existing enterprise in a third area.
c. Others.

Note 2: Equity in the profit (loss):

a. If the entity is still in the preparation stage and there is no equity in profit (loss), the condition should be noted.

b. The basis of recognizing equity in profit (loss) is categorized in the following three types and each entity should be noted according to its condition.

1) Financial statements audited (reviewed) by international accounting firms that cooperate with the accounting firms in the ROC.
2) Financial statements audited (reviewed) by the Taiwan-based parent company's CPA.
3) Others.

Note 3: In accordance with the "Bank, Financial Holding Corporation and Related Party Invest China Business Rules" announced by the FSC, the accumulated outflow of operating funds and investment from the following parties may not exceed 15% of net assets while they applied:

a. Banks in Taiwan (or subsidiaries in a third area) which establish branches, establish/acquire subsidiaries or acquire stock or capital contributions from local stockholders in mainland China.
b. The subsidiaries whose issued stocks with voting rights or more than 50% of capital held by banks in Taiwan that have investments in mainland China.

TABLE 4

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Except for Percentage)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	The Bank	Chang Hua Commercial Bank, Ltd.	a.	Due from the Central Bank and banks	$ 57,891	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Cash and cash equivalents	79,338	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Receivables	222,679	Same as normal customers	0.01
		Chang Hua Commercial Bank, Ltd.	a.	Other financial assets	6,427,500	Same as normal customers	0.24
		Chang Hua Commercial Bank, Ltd.	a.	Interest income	89,102	Same as normal customers	0.45
		Chang Hua Commercial Bank, Ltd.	a.	Net non-interest income	1,300	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Deposits and remittances	315,274	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Other liabilities	5	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Interest expense	1,676	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Net non-interest income	1,230	Same as normal customers	0.01

Note 1: Transaction details: Methods of numbering are as follows:

a. 0 for parent company.
b. In accordance with subsidiary number starts from 1.

Note 2: Relationships are as follows:

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Subsidiary to subsidiary.

Note 3: Transactions amounts are calculated as percentage of accrued amounts of total income or ending balance of total assets.

TABLE 5

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2023

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Finance	1,291,658,617	12.19
Chunghwa Post Co., Ltd.	794,554,300	7.50
Taishin Financial Holdings Co., Ltd.	777,539,849	7.33
National Development Fund, Executive Yuan	574,468,579	5.42

Note: The main shareholder information in this table is calculated by the insurance company on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of without physical registration (including treasury shares) is more than 5%. The share capital recorded in the Bank's consolidated financial statement and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.