

**Chang Hwa Commercial Bank, Ltd. and
Subsidiaries**

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Chang Hwa Commercial Bank, Ltd. (the "Bank") and its subsidiaries (collectively the "Group") as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 11, 2024

Notice to Readers

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

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 36,834,051	1	\$ 59,446,777	2	\$ 46,871,267	2
Due from the Central Bank and call loans to banks (Notes 4, 6 and 35)	243,708,190	8	183,833,192	6	149,185,869	5
Financial assets at fair value through profit or loss (Notes 4, 7, 33, 35 and 36)	79,914,026	3	73,576,072	3	70,659,697	3
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 33, 35 and 36)	300,212,671	9	261,736,003	9	259,633,178	9
Investments in debt instruments at amortized cost (Notes 4, 5, 9, 10, 33 and 36)	472,944,365	15	453,142,979	16	442,350,214	16
Receivables, net (Notes 4, 11 and 12)	28,225,791	1	20,991,624	1	21,253,194	1
Current tax assets (Notes 4 and 30)	173,463	-	135,733	-	114,084	-
Discounts and loans, net (Notes 4, 5, 12, 33, 34 and 35)	1,963,575,712	62	1,802,524,696	62	1,751,222,737	63
Other financial assets, net (Notes 4, 13 and 36)	457,625	-	1,235,692	-	1,271,216	-
Property and equipment, net (Notes 4 and 15)	21,162,532	1	21,047,700	1	21,080,949	1
Right-of-use assets, net (Notes 4 and 16)	1,861,189	-	1,938,304	-	1,981,520	-
Investment property, net (Notes 4 and 17)	13,926,451	-	13,872,697	-	13,841,371	-
Intangible assets, net (Notes 4 and 18)	929,564	-	996,476	-	1,020,276	-
Deferred tax assets (Notes 4 and 30)	1,777,835	-	3,361,545	-	4,294,851	-
Other assets, net (Notes 19 and 36)	<u>1,426,214</u>	<u>-</u>	<u>3,034,649</u>	<u>-</u>	<u>902,786</u>	<u>-</u>
TOTAL	<u>\$ 3,167,129,679</u>	<u>100</u>	<u>\$ 2,900,874,139</u>	<u>100</u>	<u>\$ 2,785,683,209</u>	<u>100</u>
LIABILITIES AND EQUITY						
Deposits from the Central Bank and banks (Notes 4, 20 and 35)	\$ 184,578,811	6	\$ 113,218,248	4	\$ 104,295,032	4
Financial liabilities at fair value through profit or loss (Notes 4, 7, 33 and 35)	4,406,705	-	6,594,822	-	2,642,949	-
Securities sold under repurchase agreements (Note 4)	1,568,755	-	11,138,326	1	17,545,187	1
Payables (Notes 4, 21 and 28)	52,865,983	2	36,498,738	1	44,702,477	2
Current tax liabilities (Notes 4 and 30)	1,371,950	-	1,795,507	-	1,326,225	-
Deposits and remittances (Notes 4, 22 and 35)	2,663,849,515	84	2,475,788,955	86	2,358,249,476	85
Bank notes payable (Notes 4, 23 and 33)	40,810,469	2	49,163,511	2	49,175,313	2
Other financial liabilities (Notes 4 and 24)	1,075,908	-	1,234,258	-	1,058,654	-
Reserve for liabilities (Notes 4, 5, 26 and 27)	3,079,163	-	3,306,843	-	3,229,937	-
Lease liabilities (Notes 4 and 16)	1,729,314	-	1,783,082	-	1,830,662	-
Deferred tax liabilities (Notes 4 and 30)	8,427,951	-	9,874,181	-	10,811,746	-
Other liabilities (Notes 4, 15 and 25)	<u>3,547,313</u>	<u>-</u>	<u>2,479,612</u>	<u>-</u>	<u>9,901,237</u>	<u>-</u>
Total liabilities	<u>2,967,311,837</u>	<u>94</u>	<u>2,712,876,083</u>	<u>94</u>	<u>2,604,768,895</u>	<u>94</u>
EQUITY (Notes 4, 28 and 30)						
Capital stock						
Common stock	112,057,583	4	108,582,930	4	108,582,930	4
Capital surplus	24	-	-	-	-	-
Retained earnings						
Legal reserve	50,685,866	2	46,674,889	2	46,674,889	2
Special reserve	12,201,590	-	12,201,590	-	12,201,590	-
Unappropriated earnings	11,889,386	-	13,482,750	-	10,959,580	-
Other equity	<u>12,983,393</u>	<u>-</u>	<u>7,055,897</u>	<u>-</u>	<u>2,495,325</u>	<u>-</u>
Total equity	<u>199,817,842</u>	<u>6</u>	<u>187,998,056</u>	<u>6</u>	<u>180,914,314</u>	<u>6</u>
TOTAL	<u>\$ 3,167,129,679</u>	<u>100</u>	<u>\$ 2,900,874,139</u>	<u>100</u>	<u>\$ 2,785,683,209</u>	<u>100</u>

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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME (Notes 4, 29 and 35)	\$ 19,719,640	174	\$ 16,847,842	175	\$ 56,959,341	177	\$ 47,290,940	161
INTEREST EXPENSE (Notes 29 and 35)	<u>(13,960,037)</u>	<u>(123)</u>	<u>(11,292,385)</u>	<u>(117)</u>	<u>(40,136,431)</u>	<u>(125)</u>	<u>(30,617,978)</u>	<u>(104)</u>
NET INCOME OF INTEREST	<u>5,759,603</u>	<u>51</u>	<u>5,555,457</u>	<u>58</u>	<u>16,822,910</u>	<u>52</u>	<u>16,672,962</u>	<u>57</u>
NET NON-INTEREST INCOME								
Net service fee income (Notes 4 and 29)	1,597,514	14	1,332,755	14	5,434,679	17	3,879,438	13
Gain on financial assets or liabilities measured at fair value through profit or loss (Notes 4, 7 and 29)	2,895,172	26	2,062,925	21	7,389,832	23	6,749,547	23
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 29)	866,279	8	457,715	5	1,473,099	5	1,386,152	5
Loss arising from derecognition of financial assets at amortized cost	(316)	-	(189,859)	(2)	(40,129)	-	(232,656)	(1)
Foreign exchange gain (Notes 4 and 33)	150,084	1	360,120	3	798,813	2	681,279	2
Net other non-interest income (Note 13)	<u>48,835</u>	<u>-</u>	<u>75,235</u>	<u>1</u>	<u>192,114</u>	<u>1</u>	<u>234,508</u>	<u>1</u>
Net non-interest income	<u>5,557,568</u>	<u>49</u>	<u>4,098,891</u>	<u>42</u>	<u>15,248,408</u>	<u>48</u>	<u>12,698,268</u>	<u>43</u>
NET REVENUE AND GAINS	<u>11,317,171</u>	<u>100</u>	<u>9,654,348</u>	<u>100</u>	<u>32,071,318</u>	<u>100</u>	<u>29,371,230</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 12)	<u>(1,408,253)</u>	<u>(13)</u>	<u>(855,103)</u>	<u>(9)</u>	<u>(2,947,215)</u>	<u>(9)</u>	<u>(2,308,076)</u>	<u>(8)</u>
OPERATING EXPENSE								
Employee benefits expenses (Notes 4 and 29)	(3,544,441)	(31)	(2,957,684)	(31)	(9,788,475)	(30)	(9,389,243)	(32)
Depreciation and amortization expense (Notes 4 and 29)	(409,947)	(4)	(416,135)	(4)	(1,211,296)	(4)	(1,240,107)	(4)
Other general and administrative expense	<u>(1,386,476)</u>	<u>(12)</u>	<u>(1,262,027)</u>	<u>(13)</u>	<u>(4,126,846)</u>	<u>(13)</u>	<u>(3,670,688)</u>	<u>(12)</u>
Total operating expense	<u>(5,340,864)</u>	<u>(47)</u>	<u>(4,635,846)</u>	<u>(48)</u>	<u>(15,126,617)</u>	<u>(47)</u>	<u>(14,300,038)</u>	<u>(48)</u>
INCOME BEFORE INCOME TAX	4,568,054	40	4,163,399	43	13,997,486	44	12,763,116	44
INCOME TAX EXPENSE (Notes 4 and 30)	<u>(763,093)</u>	<u>(7)</u>	<u>(937,025)</u>	<u>(10)</u>	<u>(2,748,528)</u>	<u>(9)</u>	<u>(2,526,494)</u>	<u>(9)</u>
NET INCOME	<u>3,804,961</u>	<u>33</u>	<u>3,226,374</u>	<u>33</u>	<u>11,248,958</u>	<u>35</u>	<u>10,236,622</u>	<u>35</u>

(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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	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	\$ (1,774,829)	(16)	\$ 1,741,641	18	\$ 2,757,983	8	\$ 6,726,456	23
Items that will be reclassified to profit or loss, net of tax:								
Exchange differences on translation (Note 4)	(443,480)	(4)	1,387,159	15	1,509,599	5	1,308,317	4
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	4,634,605	41	(1,120,880)	(12)	2,476,917	8	(481,626)	(2)
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(2,099)	-	6,627	-	(2,467)	-	6,114	-
Income tax related to items that will be reclassified to profit or loss (Notes 4 and 30)	(65,422)	-	(56,178)	-	(199,167)	(1)	(83,386)	-
Other comprehensive income, net of tax	2,348,775	21	1,958,369	21	6,542,865	20	7,475,875	25
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,153,736</u>	<u>54</u>	<u>\$ 5,184,743</u>	<u>54</u>	<u>\$ 17,791,823</u>	<u>55</u>	<u>\$ 17,712,497</u>	<u>60</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	<u>\$ 3,804,961</u>	<u>33</u>	<u>\$ 3,226,374</u>	<u>33</u>	<u>\$ 11,248,958</u>	<u>35</u>	<u>\$ 10,236,622</u>	<u>35</u>
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	<u>\$ 6,153,736</u>	<u>54</u>	<u>\$ 5,184,743</u>	<u>54</u>	<u>\$ 17,791,823</u>	<u>55</u>	<u>\$ 17,712,497</u>	<u>60</u>
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
EARNINGS PER SHARE (Note 31)								
Basic	<u>\$ 0.34</u>		<u>\$ 0.29</u>		<u>\$ 1.00</u>		<u>\$ 0.91</u>	
Diluted	<u>\$ 0.34</u>		<u>\$ 0.29</u>		<u>\$ 1.00</u>		<u>\$ 0.91</u>	

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, Except Shares of Capital Stock)

	Equity Attributable to Owners of the Bank								
	Capital Stock			Retained Earnings			Other Equity		Total Equity
							Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	
	Common Stock (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE, 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	264,836	2,648,364	-	-	-	(2,648,364)	-	-	-
Net income for the nine months ended September 30, 2023	-	-	-	-	-	10,236,622	-	-	10,236,622
Other comprehensive income for the nine months ended September 30, 2023, net of tax	-	-	-	-	-	-	1,216,414	6,259,461	7,475,875
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	10,236,622	1,216,414	6,259,461	17,712,497
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	610,133	-	(610,133)	-
BALANCE, SEPTEMBER 30, 2023	10,858,293	\$ 108,582,930	\$ -	\$ 46,674,889	\$ 12,201,590	\$ 10,959,580	\$ 300,200	\$ 2,195,125	\$ 180,914,314
BALANCE, JANUARY 1, 2024	10,858,293	\$ 108,582,930	\$ -	\$ 46,674,889	\$ 12,201,590	\$ 13,482,750	\$ (1,211,214)	\$ 8,267,111	\$ 187,998,056
Appropriation of 2023 earnings:									
Legal reserve appropriated	-	-	-	4,010,977	-	(4,010,977)	-	-	-
Cash dividends	-	-	-	-	-	(5,972,061)	-	-	(5,972,061)
Stock dividends	347,465	3,474,653	-	-	-	(3,474,653)	-	-	-
Other changes in capital surplus:									
Due to donated assets received	-	-	13	-	-	-	-	-	13
Additional paid-in capital	-	-	11	-	-	-	-	-	11
Net income for the nine months ended September 30, 2024	-	-	-	-	-	11,248,958	-	-	11,248,958
Other comprehensive income for the nine months ended September 30, 2024, net of tax	-	-	-	-	-	-	1,423,426	5,119,439	6,542,865
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	11,248,958	1,423,426	5,119,439	17,791,823
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	615,369	-	(615,369)	-
BALANCE, SEPTEMBER 30, 2024	11,205,758	\$ 112,057,583	\$ 24	\$ 50,685,866	\$ 12,201,590	\$ 11,889,386	\$ 212,212	\$ 12,771,181	\$ 199,817,842

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 Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 13,997,486	\$ 12,763,116
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	2,947,215	2,308,076
Depreciation expense	941,782	922,925
Amortization expense	269,514	317,182
Interest income	(56,959,341)	(47,290,940)
Dividend income	(1,800,467)	(1,546,729)
Interest expense	40,136,431	30,617,978
Net gain on financial assets or liabilities at fair value through profit or loss	(10,328,301)	(15,046,433)
Loss on disposal of investments	349,761	373,897
Unrealized foreign exchange loss	2,938,469	8,296,886
Other adjustments	(35,036)	(90,578)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank	(35,721,654)	4,094,583
Increase in financial assets at fair value through profit or loss	(5,016,232)	(34,605,314)
(Increase) decrease in receivables	(5,896,863)	2,776,187
Increase in discounts and loans	(164,240,282)	(68,206,359)
Increase in financial assets at fair value through other comprehensive income	(33,553,866)	(38,907,517)
(Increase) decrease in investments in debt instruments at amortized cost	(19,801,321)	42,661,142
Decrease in other financial assets	774,288	491,821
Decrease in other assets	1,653,440	170,917
Increase (decrease) in deposits from the Central Bank and banks	54,956,852	(113,317)
Increase in deposits and remittances	188,060,560	8,366,856
Increase in payables	13,292,892	8,022,289
Increase (decrease) in financial liabilities at fair value through profit or loss	3,059,462	(2,716,592)
Decrease in reserve for liabilities	(12,284)	(28,122)
(Decrease) increase in other financial liabilities	(158,350)	199,771
Increase in other liabilities	1,085,083	3,894,295
Cash flows used in operations	(9,060,762)	(82,273,980)
Interest received	56,429,716	46,434,510
Dividends received	1,786,176	1,436,946
Interest paid	(37,126,694)	(25,952,795)
Income taxes paid	(3,233,772)	(1,703,126)
Net cash flows generated from (used in) operating activities	8,794,664	(62,058,445)

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CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (664,253)	\$ (455,765)
Proceeds from disposal of property and equipment	2,351	-
Acquisition of intangible assets	(85,317)	(200,086)
Acquisition of investment properties	<u>(95)</u>	<u>(559)</u>
Net cash flows used in investing activities	<u>(747,314)</u>	<u>(656,410)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	16,403,711	51,531,294
Proceeds from issuing bank notes	1,000,000	1,000,000
Repayments of bank notes	(9,330,000)	(3,000,000)
(Decrease) increase in securities sold under repurchase agreements	(9,569,571)	16,604,174
Repayments of the principal portion of lease liabilities	(548,410)	(497,529)
Cash dividends paid	<u>(5,972,061)</u>	<u>(5,826,401)</u>
Net cash flows (used in) generated from financing activities	<u>(8,016,331)</u>	<u>59,811,538</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,509,599</u>	<u>1,308,317</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,540,618	(1,595,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>135,031,401</u>	<u>104,820,099</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 136,572,019</u>	<u>\$ 103,225,099</u>
	September 30	
	2024	2023
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	\$ 36,834,051	\$ 46,871,267
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>99,737,968</u>	<u>56,353,832</u>
Cash and cash equivalents at end of period	<u>\$ 136,572,019</u>	<u>\$ 103,225,099</u>

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

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

1. 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 FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank’s board of directors on November 11, 2024.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRSs Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

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

Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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, please refer to the consolidated financial statements for the year ended December 31, 2023.

a. Retirement benefits

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

b. Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the summary of material accounting judgments and key sources of estimation uncertainty in the Group's consolidated financial statements for the year ended December 31, 2023.

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

a. Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 13,008,916	\$ 19,941,543	\$ 13,549,829
Checks for clearing	2,931,101	14,679,275	16,017,509
Due from banks	19,108,443	23,081,134	15,540,249
Foreign currencies on hand	<u>1,785,591</u>	<u>1,744,825</u>	<u>1,763,680</u>
	<u>\$ 36,834,051</u>	<u>\$ 59,446,777</u>	<u>\$ 46,871,267</u>

Refer to the consolidated statements of cash flows for the cash and cash equivalents reconciliation information as of September 30, 2024 and 2023. Cash and cash equivalents as of December 31, 2023 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, 2023
Cash and cash equivalents	\$ 59,446,777
Call loans to banks	<u>75,584,624</u>
	<u>\$ 135,031,401</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Call loans to banks	\$ 99,737,968	\$ 75,584,624	\$ 56,353,832
Reserve for checking accounts	49,337,792	25,607,848	12,011,228
Reserve for demand accounts	73,330,547	64,658,913	62,609,214
Reserve for foreign deposits	695,840	676,187	706,718
Others	<u>20,606,043</u>	<u>17,305,620</u>	<u>17,504,877</u>
	<u>\$ 243,708,190</u>	<u>\$ 183,833,192</u>	<u>\$ 149,185,869</u>

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)

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily classified at FVTPL			
Derivative financial assets (not under hedge accounting)			
Futures	\$ 1,077,327	\$ 1,023,769	\$ 1,225,973
Forward exchange contracts	82,298	176,094	54,837
Interest rate swaps	324,095	200,356	322,558
Currency swaps	3,021,718	1,740,656	12,604,470
Currency call option premiums	53,277	65,979	61,037
Non-derivative financial assets			
Investments in bills	72,733,060	69,041,699	54,428,324
Domestic listed stock	171,550	39,660	221,354
Domestic unquoted stock	759,012	653,961	614,594
Funds	214,701	121,129	118,286
Government bonds	4,769	4,825	402,996
Corporate bonds	1,472,219	507,944	157,972
Bank notes	<u>-</u>	<u>-</u>	<u>447,296</u>
	<u>\$ 79,914,026</u>	<u>\$ 73,576,072</u>	<u>\$ 70,659,697</u>

The par values of notes provided for transactions with repurchase agreements were \$20,100 thousand as of September 30, 2023.

Financial Liabilities at FVTPL

	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities held for trading			
Derivative financial liabilities (not applying hedge accounting)			
Forward exchange contracts	\$ 48,659	\$ 89,201	\$ 95,814
Interest rate swaps	305,397	163,452	288,528
Currency swaps	3,999,359	6,276,172	2,197,557
Currency put option premiums	<u>53,290</u>	<u>65,997</u>	<u>61,050</u>
	<u>\$ 4,406,705</u>	<u>\$ 6,594,822</u>	<u>\$ 2,642,949</u>

The Group entered into derivative contracts during the nine months ended September 30, 2024 and 2023 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 September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Currency swaps	\$ 448,481,719	\$ 357,121,116	\$ 406,654,966
Currency options	22,765,140	16,876,937	20,016,182
Forward exchange contracts	7,161,597	10,503,383	8,522,555
Interest rate swaps	107,191,071	67,850,100	52,747,426

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in equity instruments at FVTOCI			
Domestic listed stock	\$ 22,255,659	\$ 20,287,125	\$ 17,958,631
Domestic unquoted stock	13,480,756	12,040,323	11,269,112
Beneficiary and asset-based securities	<u>225,000</u>	<u>226,125</u>	<u>225,225</u>
	<u>35,961,415</u>	<u>32,553,573</u>	<u>29,452,968</u>
Investments in debt instruments at FVTOCI			
Government bonds	116,471,989	56,332,006	55,767,784
Corporate bonds	58,480,249	70,915,762	73,782,806
Bank notes	71,046,689	70,502,254	68,487,724
Bonds issued by international organizations	8,778,097	17,025,855	18,982,584
Beneficiary and asset-based securities	9,474,232	14,160,870	12,900,866
Investments in bills	<u>-</u>	<u>245,683</u>	<u>258,446</u>
	<u>264,251,256</u>	<u>229,182,430</u>	<u>230,180,210</u>
	<u>\$ 300,212,671</u>	<u>\$ 261,736,003</u>	<u>\$ 259,633,178</u>

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 agreements were \$1,417,200 thousand, \$11,698,975 thousand and \$18,594,675 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- c. Government bonds placed as deposits in courts amounted to \$529,434 thousand, \$385,100 thousand and \$373,900 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Government bonds placed as operating deposits amounted to \$330,428 thousand, \$330,000 thousand and \$330,000 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Government bonds placed a reserve fund for trust compensation amounted to \$279,999 thousand, \$220,000 thousand and \$220,000 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Overseas branches' bonds provided as collateral for operations were \$466,444 thousand, \$438,649 thousand and \$449,713 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, 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

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in bills	\$ 325,354,058	\$ 318,855,112	\$ 309,007,742
Bank notes	89,306,383	65,053,492	66,065,196
Corporate bonds	7,399,836	7,588,197	7,614,355
Government bonds	26,089,360	31,778,216	27,980,368
Bonds issued by international organizations	7,525,820	11,628,878	12,187,986
Beneficiary and asset-based securities	<u>17,268,908</u>	<u>18,239,084</u>	<u>19,494,567</u>
	<u>\$ 472,944,365</u>	<u>\$ 453,142,979</u>	<u>\$ 442,350,214</u>

- 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 \$158,000 thousand, \$153,525 thousand and \$161,425 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, 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 September 30, 2024, December 31, 2023 and September 30, 2023.
- 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.

September 30, 2024

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 266,648,534	\$ 472,973,277
Less: Allowance for impairment loss	<u>(55,993)</u>	<u>(28,912)</u>
Amortized cost	266,592,541	<u>\$ 472,944,365</u>
Adjustment to fair value	<u>(2,341,285)</u>	
	<u>\$ 264,251,256</u>	

December 31, 2023

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 234,056,625	\$ 453,162,202
Less: Allowance for impairment loss	<u>(58,460)</u>	<u>(19,223)</u>
Amortized cost	233,998,165	<u>\$ 453,142,979</u>
Adjustment to fair value	<u>(4,815,735)</u>	
	<u>\$ 229,182,430</u>	

September 30, 2023

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 238,534,241	\$ 442,370,029
Less: Allowance for impairment loss	<u>(57,733)</u>	<u>(19,815)</u>
Amortized cost	238,476,508	<u>\$ 442,350,214</u>
Adjustment to fair value	<u>(8,296,298)</u>	
	<u>\$ 230,180,210</u>	

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:

September 30, 2024

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.4204%	<u>\$ 266,648,534</u>	<u>\$ 472,973,277</u>

December 31, 2023

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.4012%	<u>\$ 234,056,625</u>	<u>\$ 453,162,202</u>

September 30, 2023

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.4012%	<u>\$ 238,534,241</u>	<u>\$ 442,370,029</u>

At FVTOCI

Allowance for Impairment Loss	Credit Rating			Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	Defaulted (Lifetime ECLs - Credit- impaired)	
Balance at January 1, 2024	\$ 58,460	\$ -	\$ -	\$ 58,460
Purchase of investments in debt instruments	7,879	-	-	7,879
Derecognition	(12,771)	-	-	(12,771)
Change in exchange rates or others	<u>2,425</u>	<u>-</u>	<u>-</u>	<u>2,425</u>
Balance at September 30, 2024	<u>\$ 55,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,993</u>
Balance at January 1, 2023	\$ 51,619	\$ -	\$ -	\$ 51,619
Purchase of investments in debt instruments	5,657	-	-	5,657
Derecognition	(4,725)	-	-	(4,725)
Change in exchange rates or others	<u>5,182</u>	<u>-</u>	<u>-</u>	<u>5,182</u>
Balance at September 30, 2023	<u>\$ 57,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,733</u>

At amortized cost

Allowance for Impairment Loss	Credit Rating			Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	Defaulted (Lifetime ECLs - Credit- impaired)	
Balance at January 1, 2024	\$ 19,223	\$ -	\$ -	\$ 19,223
Purchase of investments in debt instruments	9,238	-	-	9,238
Derecognition	(858)	-	-	(858)
Change in exchange rates or others	<u>1,309</u>	<u>-</u>	<u>-</u>	<u>1,309</u>
Balance at September 30, 2024	<u>\$ 28,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,912</u>
Balance at January 1, 2023	\$ 13,081	\$ -	\$ -	\$ 13,081
Purchase of investments in debt instruments	5,777	-	-	5,777
Derecognition	(5)	-	-	(5)
Change in exchange rates or others	<u>962</u>	<u>-</u>	<u>-</u>	<u>962</u>
Balance at September 30, 2023	<u>\$ 19,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,815</u>

11. RECEIVABLES, NET

a. Details of receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 6,762,663	\$ 3,800,883	\$ 5,594,074
Accrued incomes	729	5,689	3,129
Interests receivable	9,249,224	7,916,450	7,318,807
Acceptances receivable	4,321,076	4,185,423	3,458,151
Credit cards accounts receivable	4,998,335	3,117,085	3,245,164
Settlement price	1,618,580	1,060,929	618,162
Accounts receivable for settlement	1,346,221	993,648	641,791
Other receivables	<u>292,995</u>	<u>250,392</u>	<u>723,252</u>
	28,589,823	21,330,499	21,602,530
Less: Allowance for bad debts, receivables	<u>(364,032)</u>	<u>(338,875)</u>	<u>(349,336)</u>
	<u>\$ 28,225,791</u>	<u>\$ 20,991,624</u>	<u>\$ 21,253,194</u>

b. Allowance for receivables

1) Movements in the allowance for receivables

For the Nine Months Ended September 30, 2024						
	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	\$ 15,977	\$ 3,874	\$ 141,807	\$ 161,658	\$ 177,217	\$ 338,875
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,814)	1,893	(79)	-	-	-
Transfers to credit-impaired financial assets	(950)	(12)	962	-	-	-
Transfers to 12-month expected credit losses	621	(397)	(224)	-	-	-
Financial assets derecognized for the period	(15,412)	(1,764)	6,518	(10,658)	-	(10,658)
Purchase or originated financial assets	13,113	1,111	13,702	27,926	-	27,926

(Continued)

For the Nine Months Ended September 30, 2024

	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	\$ -	\$ -	\$ -	\$ -	\$ 20,940	\$ 20,940
Doubtful debts written off	-	-	(17,219)	(17,219)	-	(17,219)
Changes in exchange rates or others	<u>104</u>	<u>10</u>	<u>4,054</u>	<u>4,168</u>	<u>-</u>	<u>4,168</u>
Ending balance	<u>\$ 11,639</u>	<u>\$ 4,715</u>	<u>\$ 149,521</u>	<u>\$ 165,875</u>	<u>\$ 198,157</u>	<u>\$ 364,032</u>

(Concluded)

For the Nine Months Ended September 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	(669)	1,079	(410)	-	-	-
Transfers to credit-impaired financial assets	(698)	(276)	974	-	-	-
Transfers to 12-month expected credit losses	735	(509)	(226)	-	-	-
Financial assets derecognized for the period	(9,629)	(1,044)	2,484	(8,189)	-	(8,189)
Purchase or originated financial assets	15,184	1,639	17,973	34,796	-	34,796

(Continued)

For the Nine Months Ended September 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
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	\$ -	\$ -	\$ -	\$ -	\$ (65,275)	\$ (65,275)
Doubtful debts written off	-	-	(19,633)	(19,633)	-	(19,633)
Changes in exchange rates or others	<u>172</u>	<u>8</u>	<u>6,818</u>	<u>6,998</u>	<u>-</u>	<u>6,998</u>
Ending balance	<u>\$ 16,825</u>	<u>\$ 3,961</u>	<u>\$ 147,129</u>	<u>\$ 167,915</u>	<u>\$ 181,421</u>	<u>\$ 349,336</u>

(Concluded)

2) Movements in the total carrying amount of receivables

For the Nine Months Ended September 30, 2024				
	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	\$ 20,868,783	\$ 215,948	\$ 245,768	\$ 21,330,499
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(25,000)	25,550	(550)	-
Transfers to credit-impaired financial assets	(8,477)	(426)	8,903	-
Transfers to 12-month expected credit losses	16,501	(11,664)	(4,837)	-
Purchase or originated financial assets	15,287,255	75,387	30,668	15,393,310
Derecognized	(8,028,371)	(143,870)	(9,691)	(8,181,932)
Doubtful debts written off	-	-	(17,219)	(17,219)
Changes in exchange rates or others	<u>58,084</u>	<u>1,064</u>	<u>6,017</u>	<u>65,165</u>
Ending balance	<u>\$ 28,168,775</u>	<u>\$ 161,989</u>	<u>\$ 259,059</u>	<u>\$ 28,589,823</u>

	For the Nine Months Ended September 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	(19,304)	21,377	(2,073)	-
Transfers to credit-impaired financial assets	(2,778)	(690)	3,468	-
Transfers to 12-month expected credit losses	14,224	(12,580)	(1,644)	-
Purchase or originated financial assets	11,592,839	121,082	34,199	11,748,120
Derecognized	(12,957,598)	(77,226)	(24,767)	(13,059,591)
Doubtful debts written off	-	-	(19,633)	(19,633)
Changes in exchange rates or others	75,129	1,149	10,144	86,422
Ending balance	<u>\$ 21,154,560</u>	<u>\$ 197,328</u>	<u>\$ 250,642</u>	<u>\$ 21,602,530</u>

12. DISCOUNTS AND LOANS, NET

a. Details of discounts and loans

	September 30, 2024	December 31, 2023	September 30, 2023
Negotiated and discounted	\$ 1,747,455	\$ 1,417,246	\$ 1,057,182
Overdrafts	1,138,219	1,062,889	1,038,271
Short-term loans	446,057,968	410,978,127	403,628,956
Margin loans receivable	409,244	330,535	302,585
Medium-term loans	663,078,691	606,562,892	586,770,125
Long-term loans	873,081,449	801,602,862	777,119,796
Overdue loans	<u>2,889,600</u>	<u>2,916,414</u>	<u>2,839,485</u>
	1,988,402,626	1,824,870,965	1,772,756,400
Less: Allowance for loan losses	<u>(24,826,914)</u>	<u>(22,346,269)</u>	<u>(21,533,663)</u>
	<u>\$ 1,963,575,712</u>	<u>\$ 1,802,524,696</u>	<u>\$ 1,751,222,737</u>

Loans of which the accrual of interest income was ceased internally as of September 30, 2024, December 31, 2023 and September 30, 2023 were \$2,889,600 thousand, \$2,916,414 thousand and \$2,839,485 thousand, respectively. The amounts of interest income that would have been accrued on these loans for the nine months ended September 30, 2024 and 2023 were \$71,734 thousand and \$67,509 thousand, respectively.

The Group did not write off any loans without legal claims process during the nine months ended September 30, 2024 and 2023.

b. Allowance for discounts and loans

1) Movements in the allowance for discounts and loans

For the Nine Months Ended September 30, 2024						
	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	\$ 2,937,671	\$ 2,907,188	\$ 2,371,543	\$ 8,216,402	\$ 14,129,867	\$ 22,346,269
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(38,896)	228,330	(189,434)	-	-	-
Transfers to credit impaired financial assets	(1,211)	(41,245)	42,456	-	-	-
Transfers to 12-month expected credit losses	568,023	(560,439)	(7,584)	-	-	-
Financial assets derecognized for the period	(1,777,996)	(1,252,828)	156,261	(2,874,563)	-	(2,874,563)
Purchased or originated financial assets	884,859	1,398,404	865,699	3,148,962	-	3,148,962
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	-	-	-	-	3,793,698	3,793,698
Doubtful debts written off	-	-	(1,617,199)	(1,617,199)	-	(1,617,199)
Change in exchange rates or others	12,004	5,358	12,385	29,747	-	29,747
Ending balance	<u>\$ 2,584,454</u>	<u>\$ 2,684,768</u>	<u>\$ 1,634,127</u>	<u>\$ 6,903,349</u>	<u>\$ 17,923,565</u>	<u>\$ 24,826,914</u>

For the Nine Months Ended September 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	(88,579)	92,571	(3,992)	-	-	-
Transfers to credit impaired financial assets	(1,168)	(19,899)	21,067	-	-	-
Transfers to 12-month expected credit losses	478,765	(466,770)	(11,995)	-	-	-
Financial assets derecognized for the period	(1,418,823)	(847,535)	697,117	(1,569,241)	-	(1,569,241)
Purchased or originated financial assets	1,227,340	1,305,100	1,105,758	3,638,198	-	3,638,198
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	-	-	-	-	608,933	608,933
Doubtful debts written off	-	-	(3,253,259)	(3,253,259)	-	(3,253,259)
Change in exchange rates or others	13,013	4,207	54,305	71,525	-	71,525
Ending balance	<u>\$ 2,931,617</u>	<u>\$ 2,929,002</u>	<u>\$ 2,698,851</u>	<u>\$ 8,559,470</u>	<u>\$ 12,974,193</u>	<u>\$ 21,533,663</u>

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

For the Nine Months Ended September 30, 2024				
	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	\$ 1,741,258,692	\$ 75,225,471	\$ 8,386,802	\$ 1,824,870,965
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(14,051,059)	15,176,526	(1,125,467)	-
Transfers to credit-impaired financial assets	(754,270)	(861,514)	1,615,784	-
Transfers to 12-month expected credit losses	8,922,917	(8,869,247)	(53,670)	-
Financial assets derecognized for the period	(619,012,620)	(32,343,166)	(2,693,944)	(654,049,730)
Purchase or originated financial assets	780,755,450	31,560,222	1,805,389	814,121,061
Doubtful debts written off	-	-	(1,617,199)	(1,617,199)
Changes in exchange rates or others	4,783,699	267,670	26,160	5,077,529
Ending balance	<u>\$ 1,901,902,809</u>	<u>\$ 80,155,962</u>	<u>\$ 6,343,855</u>	<u>\$ 1,988,402,626</u>

	For the Nine Months Ended September 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	(10,613,023)	10,650,964	(37,941)	-
Transfers to credit-impaired financial assets	(921,768)	(575,705)	1,497,473	-
Transfers to 12-month expected credit losses	8,708,457	(8,651,109)	(57,348)	-
Financial assets derecognized for the period	(585,815,638)	(32,812,725)	(4,755,631)	(623,383,994)
Purchase or originated financial assets	649,532,146	33,188,042	3,186,240	685,906,428
Doubtful debts written off	-	-	(3,253,259)	(3,253,259)
Changes in exchange rates or others	5,810,858	226,774	91,641	6,129,273
Ending balance	<u>\$ 1,689,010,034</u>	<u>\$ 75,061,298</u>	<u>\$ 8,685,068</u>	<u>\$ 1,772,756,400</u>

- c. Details of provision for bad debts expense, commitment and guarantee for the three months and the nine months ended September 30, 2024 and 2023

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Provision for receivable and loan (including overdue loan) losses	\$ 1,426,487	\$ 816,993	\$ 3,162,611	\$ 2,073,182
Provision (reversal) for loan commitment	4,922	38,981	(201,248)	195,251
(Reversal) provision for guarantee liability	(20,348)	(87)	(12,043)	34,950
(Reversal) provision for others	<u>(2,808)</u>	<u>(784)</u>	<u>(2,105)</u>	<u>4,693</u>
	<u>\$ 1,408,253</u>	<u>\$ 855,103</u>	<u>\$ 2,947,215</u>	<u>\$ 2,308,076</u>

13. OTHER FINANCIAL ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits with original maturities of more than 3 months	\$ 452,000	\$ 1,082,000	\$ 1,103,000
Exchange bills negotiated	5,682	169	6,859
Overdue receivables	3,131	3,475	3,481
Call loan to security brokers	-	153,525	161,425
Less: Allowance for bad debts	<u>(3,188)</u>	<u>(3,477)</u>	<u>(3,549)</u>
	<u>\$ 457,625</u>	<u>\$ 1,235,692</u>	<u>\$ 1,271,216</u>

The market rates of time deposits with original maturities of more than 3 months were 2.75% and 2.90%-3.00% for the nine months ended September 30, 2024 and 2023, respectively.

14. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership		
			September 30, 2024	December 31, 2023	September 30, 2023
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

	September 30, 2024	December 31, 2023	September 30, 2023
Assets used by the Group	\$ 20,939,530	\$ 20,836,888	\$ 20,868,358
Assets leased under operating leases	<u>223,002</u>	<u>210,812</u>	<u>212,591</u>
	<u>\$ 21,162,532</u>	<u>\$ 21,047,700</u>	<u>\$ 21,080,949</u>

a. Asset used by the Group

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Construction in Progress and Prepayments for Buildings and Equipment	Total
Cost								
Balance at January 1, 2024	\$ 14,962,032	\$ 8,922,794	\$ 4,673,136	\$ 757,083	\$ 1,558,793	\$ 1,062,832	\$ 671,004	\$ 32,607,674
Additions	-	36,658	240,531	27,265	40,777	12,092	306,930	664,253
Disposals	-	-	(84,712)	(29,603)	(21,423)	(5,926)	-	(141,664)
Transfers to assets leased under operating leases	-	(32,820)	-	-	-	-	-	(32,820)
Reclassification	(47,485)	(6,463)	8,303	832	691	-	(150,155)	(194,277)
Effect of foreign currency exchange differences	-	31,870	7,651	1,213	2,053	4,059	1,034	47,880
Balance at September 30, 2024	<u>\$ 14,914,547</u>	<u>\$ 8,952,039</u>	<u>\$ 4,844,909</u>	<u>\$ 756,790</u>	<u>\$ 1,580,891</u>	<u>\$ 1,073,057</u>	<u>\$ 828,813</u>	<u>\$ 32,951,046</u>
Accumulated depreciation and impairment								
Balance at January 1, 2024	\$ -	\$ 4,843,480	\$ 3,938,365	\$ 658,708	\$ 1,374,974	\$ 955,259	\$ -	\$ 11,770,786
Disposals	-	-	(84,293)	(29,482)	(21,423)	(5,926)	-	(141,124)
Depreciation expense	-	141,237	182,110	19,340	35,361	19,341	-	397,389
Transfers to assets leased under operating leases	-	(13,767)	-	-	-	-	-	(13,767)
Reclassification	-	(17,939)	-	-	-	-	-	(17,939)
Effect of foreign currency exchange differences	-	5,728	5,015	738	1,612	3,078	-	16,171
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 4,958,739</u>	<u>\$ 4,041,197</u>	<u>\$ 649,304</u>	<u>\$ 1,390,524</u>	<u>\$ 971,752</u>	<u>\$ -</u>	<u>\$ 12,011,516</u>
Carrying amount at September 30, 2024	<u>\$ 14,914,547</u>	<u>\$ 3,993,300</u>	<u>\$ 803,712</u>	<u>\$ 107,486</u>	<u>\$ 190,367</u>	<u>\$ 101,305</u>	<u>\$ 828,813</u>	<u>\$ 20,939,530</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 14,962,032</u>	<u>\$ 4,079,314</u>	<u>\$ 734,771</u>	<u>\$ 98,375</u>	<u>\$ 183,819</u>	<u>\$ 107,573</u>	<u>\$ 671,004</u>	<u>\$ 20,836,888</u>
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	76,346	173,455	79,733	25,137	47,715	11,562	127,435	541,383
Disposals	-	-	(54,378)	(18,585)	(57,030)	-	-	(129,993)
Transfers to assets leased under operating leases	-	(32,405)	-	-	-	-	-	(32,405)
Reclassification	-	1,587	14,185	2,981	983	13,048	(47,984)	(15,200)
Effect of foreign currency exchange differences	-	166	884	458	999	1,876	71	4,454
Balance at September 30, 2023	<u>\$ 14,894,219</u>	<u>\$ 9,338,721</u>	<u>\$ 4,629,715</u>	<u>\$ 755,540</u>	<u>\$ 1,540,328</u>	<u>\$ 1,058,207</u>	<u>\$ 608,347</u>	<u>\$ 32,825,077</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Construction in Progress and Prepayments for Buildings and Equipment	Total
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	-	-	(54,034)	(18,498)	(56,915)	-	-	(129,447)
Depreciation expense	-	139,276	171,957	19,205	31,502	22,064	-	384,004
Transfers to assets leased under operating leases	-	(15,768)	-	-	-	-	-	(15,768)
Reclassification	-	85,619	-	-	-	-	-	85,619
Effect of foreign currency exchange differences	-	105	765	330	946	2,051	-	4,197
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 5,059,681</u>	<u>\$ 3,912,466</u>	<u>\$ 660,685</u>	<u>\$ 1,372,079</u>	<u>\$ 951,808</u>	<u>\$ -</u>	<u>\$ 11,956,719</u>
Carrying amount at September 30, 2023	<u>\$ 14,894,219</u>	<u>\$ 4,279,040</u>	<u>\$ 717,249</u>	<u>\$ 94,855</u>	<u>\$ 168,249</u>	<u>\$ 106,399</u>	<u>\$ 608,347</u>	<u>\$ 20,868,358</u>

(Concluded)

b. Assets leased under operating leases

Buildings

Cost

Balance at January 1, 2024	\$ 459,229
Transfers from assets used by the Group	<u>32,820</u>
Balance at September 30, 2024	<u>\$ 492,049</u>

Accumulated depreciation and impairment

Balance at January 1, 2024	\$ 248,417
Depreciation expense	6,863
Transfers from assets used by the Group	<u>13,767</u>
Balance at September 30, 2024	<u>\$ 269,047</u>
Carrying amounts at September 30, 2024	<u>\$ 223,002</u>

Cost

Balance at January 1, 2023	\$ 426,505
Transfers from assets used by the Group	<u>32,405</u>
Balance at September 30, 2023	<u>\$ 458,910</u>

Accumulated depreciation and impairment

Balance at January 1, 2023	\$ 224,254
Depreciation expense	6,297
Transfers from assets used by the Group	<u>15,768</u>
Balance at September 30, 2023	<u>\$ 246,319</u>
Carrying amounts at September 30, 2023	<u>\$ 212,591</u>

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Year 1	\$ 43,789	\$ 46,782	\$ 52,804
Year 2	41,278	41,684	40,454
Year 3	17,643	25,435	28,197
Year 4	8,538	11,315	11,817
Year 5	6,892	6,723	6,531
Year 5 onwards	<u>2,871</u>	<u>1,121</u>	<u>2,721</u>
	<u>\$ 121,011</u>	<u>\$ 133,060</u>	<u>\$ 142,524</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts</u>			
Land	\$ 1,321	\$ 807	\$ 1,028
Buildings	1,744,419	1,827,048	1,883,009
Machinery equipment	6,025	9,683	11,037
Transportation equipment	89,452	90,324	76,483
Miscellaneous equipment	<u>19,972</u>	<u>10,442</u>	<u>9,963</u>
	<u>\$ 1,861,189</u>	<u>\$ 1,938,304</u>	<u>\$ 1,981,520</u>
		For the Nine Months Ended September 30	
		2024	2023
Additions to right-of-use assets		<u>\$ 420,111</u>	<u>\$ 529,469</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Depreciation charge for right-of-use assets				
Land	\$ 223	\$ 221	\$ 667	\$ 665
Buildings	165,392	162,427	489,675	489,124
Machinery equipment	1,354	4,256	4,099	4,330
Transportation equipment	10,597	9,394	31,206	27,922
Miscellaneous equipment	<u>2,178</u>	<u>1,957</u>	<u>6,378</u>	<u>5,801</u>
	<u>\$ 179,744</u>	<u>\$ 178,255</u>	<u>\$ 532,025</u>	<u>\$ 527,842</u>

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 nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts	<u>\$ 1,729,314</u>	<u>\$ 1,783,082</u>	<u>\$ 1,830,662</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	0.31%-1.24%	0.31%-1.24%	0.31%-1.23%
Buildings	0.20%-5.52%	0.20%-5.52%	0.20%-5.52%
Machinery equipment	0.31%-2.89%	0.31%-4.49%	0.31%-2.89%
Transportation equipment	0.22%-3.53%	0.26%-3.53%	0.26%-3.53%
Miscellaneous equipment	0.17%-3.60%	0.23%-3.60%	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 \$65,643 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 nine months ended September 30, 2024 and 2023.

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	<u>\$ 8,121</u>	<u>\$ 5,133</u>	<u>\$ 32,383</u>	<u>\$ 33,692</u>
Expenses relating to low-value asset leases	<u>\$ 7,258</u>	<u>\$ 2,457</u>	<u>\$ 21,564</u>	<u>\$ 15,429</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 67,660</u>	<u>\$ 74,006</u>	<u>\$ 207,639</u>	<u>\$ 169,344</u>
Total cash outflow for leases			<u>\$ (261,586)</u>	<u>\$ (218,465)</u>

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Lease commitments	<u>\$ 39,500</u>	<u>\$ 35,967</u>	<u>\$ 49,504</u>

17. INVESTMENT PROPERTY

	September 30, 2024	December 31, 2023	September 30, 2023
Completed investment property	<u>\$ 13,926,451</u>	<u>\$ 13,872,697</u>	<u>\$ 13,841,371</u>

Except for depreciation recognized, the Group had no significant additions, disposals, and impairment of investment property during the nine months ended September 30, 2024 and 2023.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Year 1	\$ 176,210	\$ 175,029	\$ 162,534
Year 2	174,324	164,680	144,635
Year 3	105,261	138,029	112,932
Year 4	57,998	61,992	57,559
Year 5	44,090	43,692	38,910
Year 5 onwards	<u>148,951</u>	<u>159,654</u>	<u>127,767</u>
	<u>\$ 706,834</u>	<u>\$ 743,076</u>	<u>\$ 644,337</u>

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 \$34,017,161 thousand, \$30,640,227 thousand and \$30,581,572 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, 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 September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Rental incomes	<u>\$ 43,765</u>	<u>\$ 39,984</u>	<u>\$ 125,686</u>	<u>\$ 120,889</u>
Direct operating expenses	<u>\$ 26,835</u>	<u>\$ 26,957</u>	<u>\$ 79,533</u>	<u>\$ 77,680</u>

18. INTANGIBLE ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Computer software	<u>\$ 929,564</u>	<u>\$ 996,476</u>	<u>\$ 1,020,276</u>

	Computer Software
Balance at January 1, 2024	\$ 996,476
Additions	85,317
Amortization expense	(269,316)
Reclassification	113,325
Effect of foreign currency exchange differences and others	<u>3,762</u>
Balance at September 30, 2024	<u>\$ 929,564</u>
Balance at January 1, 2023	\$ 1,121,815
Additions	200,086
Amortization expense	(316,801)
Reclassification	15,200
Effect of foreign currency exchange differences and others	<u>(24)</u>
Balance at September 30, 2023	<u>\$ 1,020,276</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Refundable deposits	\$ 917,214	\$ 2,681,539	\$ 570,413
Assumed collateral and residuals	202,097	195,720	23,418
Less: Accumulated impairment	(136,007)	(23,418)	(23,418)
Prepayments	436,915	180,199	331,649
Others	<u>5,995</u>	<u>609</u>	<u>724</u>
	<u>\$ 1,426,214</u>	<u>\$ 3,034,649</u>	<u>\$ 902,786</u>

20. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	September 30, 2024	December 31, 2023	September 30, 2023
Deposits from the Central Bank	\$ 24,139	\$ 24,839	\$ 25,128
Deposits from banks	226,986	245,260	207,074
Overdrafts on banks	413,947	371,766	425,602
Call loans from banks	128,780,315	112,418,784	103,477,807
Deposits transferred from Chunghwa Post Co., Ltd.	<u>55,133,424</u>	<u>157,599</u>	<u>159,421</u>
	<u>\$ 184,578,811</u>	<u>\$ 113,218,248</u>	<u>\$ 104,295,032</u>

21. PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Checks issued to payees for clearing	\$ 6,465,113	\$ 14,927,967	\$ 16,281,960
Accounts payable	2,574,397	2,245,901	5,970,748
Accrued expenses	2,820,130	3,143,270	2,530,712
Accrued interests	9,184,843	6,110,490	7,921,035
Acceptances	4,553,167	4,273,042	3,467,023
Others	<u>27,268,333</u>	<u>5,798,068</u>	<u>8,530,999</u>
	<u>\$ 52,865,983</u>	<u>\$ 36,498,738</u>	<u>\$ 44,702,477</u>

22. DEPOSITS AND REMITTANCES

	September 30, 2024	December 31, 2023	September 30, 2023
Checking account deposits	\$ 37,597,862	\$ 52,061,653	\$ 39,746,127
Demand deposits	569,003,158	554,579,944	543,576,022
Time deposits	829,837,877	727,209,815	662,273,863
Negotiable certificates of deposit	3,593,427	3,985,498	3,995,433
Savings account deposits	1,222,371,153	1,136,359,002	1,107,791,933
Remittances	<u>1,446,038</u>	<u>1,593,043</u>	<u>866,098</u>
	<u>\$ 2,663,849,515</u>	<u>\$ 2,475,788,955</u>	<u>\$ 2,358,249,476</u>

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 \$5,300 million subordinated bank notes B 103-1 with 10-year term on April 16, 2014. The Bank notes had been redeemed on April 16, 2024.

The Group issued \$2,500 million subordinated bank notes C 103-1 with 10-year term on April 16, 2014. The Bank notes had been redeemed on April 16, 2024.

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 Group issued \$1,000 million primary bank notes 113-1 with 5-year term on February 5, 2024.

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

Bank Note, Interest Rate and Maturity Date	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-hedged bank notes payable</u>			
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
103-1 Note C, 10-year term, interest payable annually, floating rate, maturity date: April 16, 2024	-	2,500,000	2,500,000
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
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	1,000,000	1,000,000
			(Continued)

Bank Note, Interest Rate and Maturity Date	September 30, 2024	December 31, 2023	September 30, 2023
113-1 5-year term, interest payable annually, interest rate 1.50%, maturity date: February 5, 2029	\$ 1,000,000	\$ -	\$ -
Valuation adjustment	<u>40,469</u>	<u>63,511</u>	<u>75,313</u>
	<u>\$ 40,810,469</u>	<u>\$ 49,163,511</u>	<u>\$ 49,175,313</u> (Concluded)

24. OTHER FINANCIAL LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Principal received on structured notes	\$ 1,002,178	\$ 1,072,471	\$ 872,811
Appropriations for loans	<u>73,730</u>	<u>161,787</u>	<u>185,843</u>
	<u>\$ 1,075,908</u>	<u>\$ 1,234,258</u>	<u>\$ 1,058,654</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Advance receipts	\$ 918,309	\$ 845,384	\$ 882,580
Guarantee deposits	2,614,033	1,624,381	9,006,823
Deferred revenue	13,099	9,847	11,834
Business tax received	<u>1,872</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,547,313</u>	<u>\$ 2,479,612</u>	<u>\$ 9,901,237</u>

26. RESERVE FOR LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Reserve for employee benefits (Note 27)	\$ 2,194,828	\$ 2,210,264	\$ 2,087,607
Reserve for guarantee liabilities	646,677	658,161	677,441
Reserve for loan commitments	168,951	369,385	387,130
Reserve for decommissioning restoration and rehabilitation costs	35,580	37,368	45,166
Reserve for contingencies	1,096	-	845
Others	<u>32,031</u>	<u>31,665</u>	<u>31,748</u>
	<u>\$ 3,079,163</u>	<u>\$ 3,306,843</u>	<u>\$ 3,229,937</u>

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

For the Nine Months Ended September 30, 2024						
	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	\$ 530,377	\$ 53,099	\$ 19,642	\$ 603,118	\$ 456,093	\$ 1,059,211
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(3,745)	3,745	-	-	-	-
Transfers to credit-impaired financial asset	(1)	-	1	-	-	-
Transfers to 12-month expected credit losses	2,504	(2,504)	-	-	-	-
Financial assets derecognize for the period	(383,637)	(48,977)	(54)	(432,668)	-	(432,668)
Purchase or originated financial assets	132,127	4,862	86	137,075	-	137,075
Recognized impairment difference based on the laws	-	-	-	-	83,357	83,357
Changes in exchange rates or others	678	6	-	684	-	684
Ending balance	<u>\$ 278,303</u>	<u>\$ 10,231</u>	<u>\$ 19,675</u>	<u>\$ 308,209</u>	<u>\$ 539,450</u>	<u>\$ 847,659</u>
For the Nine Months Ended September 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	(1,875)	1,875	-	-	-	-
Transfers to 12-month expected credit losses	13,556	(12,595)	(961)	-	-	-
Financial assets derecognize for the period	(130,866)	(3,745)	(551)	(135,162)	-	(135,162)
Purchase or originated financial assets	308,791	27,700	-	336,491	-	336,491
Recognized impairment difference based on the laws	-	-	-	-	15,978	15,978
Changes in exchange rates or others	1,244	628	-	1,872	-	1,872
Ending balance	<u>\$ 542,954</u>	<u>\$ 53,142</u>	<u>\$ 20,744</u>	<u>\$ 616,840</u>	<u>\$ 479,479</u>	<u>\$ 1,096,319</u>

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, 2023 and 2022, and the amounts were \$74,767 thousand, \$74,635 thousand, \$231,932 thousand and \$231,525 thousand for the three months ended and for the nine months ended September 30, 2024 and 2023, respectively.

28. EQUITY

a. Capital

Common stock

	September 30, 2024	December 31, 2023	September 30, 2023
Shares granted (in thousands)	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
Capital stock granted	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>
Shares issued and fully paid (in thousands)	<u>11,205,758</u>	<u>10,858,293</u>	<u>10,858,293</u>
Capital stock issued	<u>\$ 112,057,583</u>	<u>\$ 108,582,930</u>	<u>\$ 108,582,930</u>

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, 2023, 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 \$105,934,566 thousand. The paid-in capital increased by \$3,474,653 thousand and \$2,648,364 thousand out of retained earnings in August 2024 and August 2023, respectively. As of September 30, 2024 and 2023, the Bank's authorized and registered capital were both \$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 \$112,057,583 thousand and \$108,582,930 thousand divided into 11,205,758 thousand and 10,858,293 thousand outstanding shares at \$10 par value, respectively.

b. Distribution of earnings and dividends policy

Under the dividends 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 2023 and 2022 were approved in the stockholders' meeting on June 21, 2024 and June 16, 2023, respectively. The appropriations of earnings and dividends per share were as follows:

	Appropriation of Earnings	
	2023	2022
Legal reserve	\$ 4,010,977	\$ 3,631,282
Cash dividends	\$ 5,972,061	\$ 5,826,401
Share dividends	\$ 3,474,653	\$ 2,648,364
Cash dividends per share (NT\$)	\$0.55	\$0.55
Share dividends per share (NT\$)	\$0.32	\$0.25

c. Special reserve

	September 30, 2024	December 31, 2023	September 30, 2023
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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest income				
Loans	\$ 14,112,179	\$ 12,381,909	\$ 40,515,783	\$ 35,307,181
Due from and call loans to banks	1,262,317	1,000,304	4,023,301	2,735,897
Investments in marketable securities	4,267,375	3,384,914	12,215,025	9,007,931
Others	<u>77,769</u>	<u>80,715</u>	<u>205,232</u>	<u>239,931</u>
	<u>19,719,640</u>	<u>16,847,842</u>	<u>56,959,341</u>	<u>47,290,940</u>
Interest expense				
Deposits	(11,767,041)	(9,491,350)	(33,465,737)	(26,470,470)
Due to Central Bank and call loans from banks	(1,863,765)	(1,390,948)	(5,378,293)	(3,232,592)
Others	<u>(329,231)</u>	<u>(410,087)</u>	<u>(1,292,401)</u>	<u>(914,916)</u>
	<u>(13,960,037)</u>	<u>(11,292,385)</u>	<u>(40,136,431)</u>	<u>(30,617,978)</u>
Net income of interest	<u>\$ 5,759,603</u>	<u>\$ 5,555,457</u>	<u>\$ 16,822,910</u>	<u>\$ 16,672,962</u>

b. Net service fee income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Service fee income				
Fees from import and export	\$ 53,703	\$ 55,113	\$ 178,038	\$ 165,441
Remittance fees	90,237	88,031	263,001	257,112
Loan fees	160,525	181,040	1,069,095	580,972
Fees from trust	476,147	319,963	1,315,715	795,288
Fees from trust business	155,356	111,385	422,775	322,893
Fees from insurance agency	776,276	603,028	2,381,684	1,761,500
Others	<u>350,650</u>	<u>333,573</u>	<u>1,060,822</u>	<u>994,315</u>
	<u>2,062,894</u>	<u>1,692,133</u>	<u>6,691,130</u>	<u>4,877,521</u>
Service charge				
Interbank fees	(49,550)	(45,322)	(144,838)	(134,285)
Charges from trust	(600)	(594)	(1,881)	(1,063)
Custodian fees	(43,854)	(28,925)	(111,907)	(85,256)
Charges from insurance agency	(93,047)	(72,077)	(257,325)	(178,832)
Others	<u>(278,329)</u>	<u>(212,460)</u>	<u>(740,500)</u>	<u>(598,647)</u>
	<u>(465,380)</u>	<u>(359,378)</u>	<u>(1,256,451)</u>	<u>(998,083)</u>
Net service fee income	<u>\$ 1,597,514</u>	<u>\$ 1,332,755</u>	<u>\$ 5,434,679</u>	<u>\$ 3,879,438</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Realized gain (loss) on financial assets or liabilities measured at FVTPL				
Stock and mutual funds	\$ (12,220)	\$ 103,527	\$ 51,465	\$ 130,003
Bonds	677	(3,407)	(3,870)	4,690
Bills	1	(30)	(1)	(30)
Derivative financial instruments	2,202,270	1,675,037	5,890,621	5,431,509
Net interest gain	291,547	219,178	820,531	620,324
Stock dividends and bonus	<u>3,540</u>	<u>10,438</u>	<u>17,736</u>	<u>19,337</u>
	<u>2,485,815</u>	<u>2,004,743</u>	<u>6,776,482</u>	<u>6,205,833</u>
Valuation gain (loss) on financial assets or liabilities measured at FVTPL				
Stock and mutual funds	(6,949)	(209,177)	31,411	(48,272)
Bonds	(2,941)	(4,284)	1,436	(163,401)
Bills	(518)	(85)	3,881	(3,231)
Derivative financial instruments	<u>419,765</u>	<u>271,728</u>	<u>576,622</u>	<u>758,618</u>
	<u>409,357</u>	<u>58,182</u>	<u>613,350</u>	<u>543,714</u>
	<u>\$ 2,895,172</u>	<u>\$ 2,062,925</u>	<u>\$ 7,389,832</u>	<u>\$ 6,749,547</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Stock dividends and bonus	\$ 1,026,078	\$ 716,866	\$ 1,782,730	\$ 1,527,392
Disposal gains				
Bonds	19,170	24,890	257,042	210,700
Disposal losses				
Bonds	(178,809)	(284,041)	(325,718)	(351,940)
Beneficiary certificates	<u>(160)</u>	<u>-</u>	<u>(240,955)</u>	<u>-</u>
	<u>\$ 866,279</u>	<u>\$ 457,715</u>	<u>\$ 1,473,099</u>	<u>\$ 1,386,152</u>

e. Depreciation and amortization expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Property and equipment	\$ 137,461	\$ 130,027	\$ 404,252	\$ 390,301
Investment property	1,854	1,596	5,505	4,782
Right-of-use assets	179,744	178,255	532,025	527,842
Intangible assets and other deferred assets	<u>90,888</u>	<u>106,257</u>	<u>269,514</u>	<u>317,182</u>
	<u>\$ 409,947</u>	<u>\$ 416,135</u>	<u>\$ 1,211,296</u>	<u>\$ 1,240,107</u>

f. Employee benefits expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 3,213,251	\$ 2,634,416	\$ 8,800,504	\$ 8,430,910
Post-employment benefits				
Defined contribution plans	69,434	62,316	204,605	188,955
Defined benefit plans (Note 27)	74,767	74,635	231,932	231,525
High-yield savings account for employees	150,104	146,394	446,604	435,091
Other post-employment benefits	29,337	28,875	87,800	86,334
Termination benefits	<u>7,548</u>	<u>11,048</u>	<u>17,030</u>	<u>16,428</u>
	<u>\$ 3,544,441</u>	<u>\$ 2,957,684</u>	<u>\$ 9,788,475</u>	<u>\$ 9,389,243</u>

g. Employees' compensation and remuneration of directors

The Bank accrued employees' compensation and remuneration of directors at the rates of 1%-6% and no higher than 0.8%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three months and the nine months ended September 30, 2024 and 2023 are as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2024	2023
Employees' compensation	5.00%	5.00%
Remuneration of directors	0.40%	0.40%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
	Cash	Cash	Cash	Cash
Employees' compensation	<u>\$ 249,557</u>	<u>\$ 224,809</u>	<u>\$ 748,557</u>	<u>\$ 683,309</u>
Remuneration of directors	<u>\$ 19,000</u>	<u>\$ 17,900</u>	<u>\$ 59,000</u>	<u>\$ 54,400</u>

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

The appropriations of compensation of employees and remuneration of directors for 2023 and 2022, which were approved by the board of directors on March 20, 2024 and March 25, 2023, respectively, were as below:

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Employees' compensation	\$ 858,114	\$ 689,611
Remuneration of directors	68,649	55,169

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 20, 2024 and March 25, 2023, differs from what was accrued in the consolidated financial statements. The difference was then adjusted to profit and loss for 2024 and 2023, respectively.

	For the Year Ended December 31			
	2023		2022	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	<u>\$ 858,114</u>	<u>\$ 68,649</u>	<u>\$ 689,611</u>	<u>\$ 55,169</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 864,242</u>	<u>\$ 69,400</u>	<u>\$ 692,192</u>	<u>\$ 55,000</u>
Differences	<u>\$ (6,128)</u>	<u>\$ (751)</u>	<u>\$ (2,581)</u>	<u>\$ 169</u>

Information on the employees' compensation 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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current income tax				
In respect of the current period	\$ 868,881	\$ 752,941	\$ 2,806,786	\$ 2,162,176
Deferred income tax				
In respect of the current period	<u>(105,788)</u>	<u>184,084</u>	<u>(58,258)</u>	<u>364,318</u>
Income tax expense recognized in profit or loss	<u>\$ 763,093</u>	<u>\$ 937,025</u>	<u>\$ 2,748,528</u>	<u>\$ 2,526,494</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current year:				
Exchange differences on translation	\$ (23,146)	\$ 75,309	\$ 86,173	\$ 91,902
Unrealized (losses) gains of financial assets at FVTOCI	<u>88,568</u>	<u>(19,131)</u>	<u>112,994</u>	<u>(8,516)</u>
Total income tax loss recognized in other comprehensive income	<u>\$ 65,422</u>	<u>\$ 56,178</u>	<u>\$ 199,167</u>	<u>\$ 83,386</u>

c. Income tax assessments

The Bank's income tax returns through 2021 had been examined and cleared by the tax authority.

The income tax returns of Chang Hwa Bank Venture Capital Co., Ltd. through 2022 had been examined and cleared by the tax authority.

d. Pillar Two income tax legislation

The government of Japan and United Kingdom, where the Company some overseas branches is incorporated, substantively enacted the Pillar Two income tax legislation effective from January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

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 21, 2024. The basic and diluted after-tax earnings per stock of three months and nine months ended September 30, 2023 were adjusted retrospectively as follows:

Unit: NT\$ Per Share

	Before Adjusted Retrospectively		After Adjusted Retrospectively	
	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023
Basic earnings per stock	\$ <u>0.30</u>	\$ <u>0.94</u>	\$ <u>0.29</u>	\$ <u>0.91</u>
Diluted earnings per stock	\$ <u>0.30</u>	\$ <u>0.94</u>	\$ <u>0.29</u>	\$ <u>0.91</u>

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net profit for the period	\$ <u>3,804,961</u>	\$ <u>3,226,374</u>	\$ <u>11,248,958</u>	\$ <u>10,236,622</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of common stock used in computation of basic earnings per stock	11,205,758	11,205,758	11,205,758	11,205,758
Effect of potentially dilutive common stock:				
Compensation of employees issued	<u>41,819</u>	<u>39,612</u>	<u>55,586</u>	<u>51,847</u>
Weighted average number of common stock used in the computation of diluted earnings per stock	<u>11,247,577</u>	<u>11,245,370</u>	<u>11,261,344</u>	<u>11,257,605</u>

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, 2023.

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

September 30, 2024

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 472,944,365	\$ 105,706,863	\$ 360,917,069	\$ -	\$ 466,623,932
<u>Financial liabilities</u>					
Bank notes payable	40,810,469	-	40,469	39,448,674	39,489,143

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 453,142,979	\$ 96,672,645	\$ 348,033,766	\$ -	\$ 444,706,411
<u>Financial liabilities</u>					
Bank notes payable	49,163,511	-	63,511	48,576,924	48,640,435

September 30, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 442,350,214	\$ 98,152,379	\$ 331,345,843	\$ -	\$ 429,498,222
<u>Financial liabilities</u>					
Bank notes payable	49,175,313	-	75,313	48,607,378	48,682,691

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

1) Fair value hierarchy

September 30, 2024

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
Assets				
Financial assets at FVTPL	\$ 435,866	\$ 74,331,293	\$ 588,152	\$ 75,355,311
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	435,866	121,245	588,152	1,145,263
Bond investments	-	1,476,988	-	1,476,988
Others	-	72,733,060	-	72,733,060
Financial assets at FVTOCI	161,546,726	125,185,189	13,480,756	300,212,671
Stock investments	22,255,659	-	13,480,756	35,736,415
Bond investments	129,591,835	125,185,189	-	254,777,024
Others	9,699,232	-	-	9,699,232
<u>Derivative financial products</u>				
Assets				
Financial assets at FVTPL	1,077,327	3,481,388	-	4,558,715
Liabilities				
Financial liabilities at FVTPL	-	4,406,705	-	4,406,705

December 31, 2023

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
Assets				
Financial assets at FVTPL	\$ 262,475	\$ 69,683,368	\$ 423,375	\$ 70,369,218
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	262,475	128,900	423,375	814,750
Bond investments	-	512,769	-	512,769
Others	-	69,041,699	-	69,041,699
Financial assets at FVTOCI	149,781,194	99,914,486	12,040,323	261,736,003
Stock investments	20,287,125	-	12,040,323	32,327,448
Bond investments	114,861,391	99,914,486	-	214,775,877
Others	14,632,678	-	-	14,632,678
<u>Derivative financial products</u>				
Assets				
Financial assets at FVTPL	1,023,769	2,183,085	-	3,206,854
Liabilities				
Financial liabilities at FVTPL	-	6,594,822	-	6,594,822

September 30, 2023

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
Assets				
Financial assets at FVTPL	\$ 927,078	\$ 55,019,319	\$ 444,425	\$ 56,390,822
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	479,781	30,028	444,425	954,234
Bond investments	447,297	560,967	-	1,008,264
Others	-	54,428,324	-	54,428,324
Financial assets at FVTOCI	152,862,183	95,501,883	11,269,112	259,633,178
Stock investments	17,958,631	-	11,269,112	29,227,743
Bond investments	121,519,015	95,501,883	-	217,020,898
Others	13,384,537	-	-	13,384,537
<u>Derivative financial products</u>				
Assets				
Financial assets at FVTPL	1,225,973	13,042,902	-	14,268,875
Liabilities				
Financial liabilities at FVTPL	-	2,642,949	-	2,642,949

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 nine months ended September 30, 2024

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instrument	Equity Instrument
Beginning balance	\$ 423,375	\$ 12,040,323
Recognized in profit or loss (gain on financial assets or liabilities measured at FVTPL)	60,927	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	1,440,433
Purchase	179,480	-
Sell	(9,218)	-
Transfer out of Level 3	(66,412)	-
Ending balance	<u>\$ 588,152</u>	<u>\$ 13,480,756</u>

For the nine months ended September 30, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets	Equity Instrument	Equity Instrument
Beginning balance	\$ 396,054	\$ 8,397,508
Recognized in profit or loss (loss on financial assets or liabilities measured at FVTPL)	(60,327)	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	2,851,605
Purchase	244,864	19,999
Sell	(18,809)	-
Transfer out of Level 3	(151,670)	-
Transfer to Level 3	34,313	-
Ending balance	<u>\$ 444,425</u>	<u>\$ 11,269,112</u>

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.

September 30, 2024

	Projects Affected by Interest Rate Benchmark Reform Indicators	
	USD LIBOR	
	Adjusted Average Assets	Number of Contracts
Financial Assets		
Non-derivative financial assets		
Holding bonds	\$ 158,000	\$ 1

September 30, 2023

	Projects Affected by Interest Rate Benchmark Reform Indicators	
	USD LIBOR	
	Adjusted Average Assets	Number of Contracts
Financial Assets		
Non-derivative financial assets		
Loans - syndicated loans	\$ 729,318	\$ 1
Holding bonds	2,018,657	6

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 stocks and unlisted stocks and foreign currency bond funds. 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 improve 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 September 30, 2024 and 2023, the Group's VaR factors based on historical simulation method were as follows:

For the Nine Months Ended September 30, 2024				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 212,781	\$ 338,284	\$ 122,842	\$ 137,988
Interest rate VaR	14,994	68,533	1,670	23,080
Equity securities VaR	<u>5,209</u>	<u>8,782</u>	<u>3,466</u>	<u>7,223</u>
Value at risk	<u>\$ 232,984</u>	<u>\$ 415,599</u>	<u>\$ 127,978</u>	<u>\$ 168,291</u>

For the Nine Months Ended September 30, 2023				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 419,843	\$ 460,220	\$ 385,586	\$ 449,029
Interest rate VaR	146,848	304,597	13,439	73,437
Equity securities VaR	<u>6,200</u>	<u>12,170</u>	<u>1,263</u>	<u>4,958</u>
Value at risk	<u>\$ 572,891</u>	<u>\$ 776,987</u>	<u>\$ 400,288</u>	<u>\$ 527,424</u>

2) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

September 30, 2024			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,934,920	31.6000	\$ 313,943,472
GBP	156,117	42.3000	6,603,749
AUD	2,431,584	21.8700	53,178,742
HKD	482,309	4.0650	1,960,586
SGD	52,990	24.6800	1,307,793
CAD	69,045	23.3900	1,614,963

(Continued)

	September 30, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
CHF	\$ 86,316	37.5550	\$ 3,241,597
ZAR	2,289,466	1.8460	4,226,354
JPY	226,208,862	0.2218	50,173,126
EUR	1,173,027	35.2800	41,384,393
NZD	114,717	20.110	2,306,959
RMB	7,238,681	4.5200	32,718,838

Financial liabilities

Monetary items

USD	16,772,377	31.6000	530,007,113
GBP	99,820	42.3000	4,222,386
AUD	1,750,720	21.8700	38,288,246
HKD	808,918	4.0650	3,288,252
CAD	69,314	23.3900	1,621,254
CHF	45,252	37.5550	1,699,439
ZAR	2,995,405	1.8460	5,529,518
JPY	235,681,101	0.2218	52,274,068
EUR	1,075,610	35.2800	37,947,521
NZD	92,737	20.1100	1,864,941
RMB	7,310,856	4.5200	33,045,069

(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
USD	\$ 9,489,335	30.7050	\$ 291,370,031
GBP	56,182	39.1200	2,197,840
AUD	2,653,052	21.0000	55,714,092
HKD	487,490	3.9290	1,915,348
CAD	79,666	23.2200	1,849,845
ZAR	4,088,106	1.6570	6,773,992
JPY	126,452,868	0.2171	27,452,918
EUR	975,948	34.0200	33,201,751
NZD	148,439	19.5000	2,894,561
RMB	8,922,290	4.3280	38,615,671

(Continued)

December 31, 2023			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 15,774,112	30.7050	\$ 484,344,109
GBP	53,758	39.1200	2,103,013
AUD	1,653,326	21.0000	34,719,846
HKD	470,228	3.9290	1,847,526
CAD	80,739	23.2200	1,874,760
ZAR	4,162,367	1.6570	6,897,042
JPY	174,082,266	0.2171	37,793,260
EUR	979,984	34.0200	33,339,056
NZD	111,055	19.5000	2,165,573
RMB	9,311,936	4.3280	40,302,059
			(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

September 30, 2023			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,373,944	32.2850	\$ 270,352,782
GBP	57,973	39.2200	2,273,701
AUD	2,622,633	20.5700	53,947,561
HKD	483,238	4.1250	1,993,357
CAD	79,303	23.9400	1,898,514
ZAR	4,227,142	1.6820	7,110,053
JPY	122,964,565	0.2161	26,572,642
EUR	1,028,256	33.9400	34,899,009
NZD	153,726	19.1900	2,950,002
RMB	9,169,527	4.4120	40,455,953

Financial liabilities

Monetary items			
USD	15,083,146	32.2850	486,959,369
GBP	56,031	39.2200	2,197,536
AUD	1,647,144	20.5700	33,881,752
HKD	470,421	4.1250	1,940,487
CAD	79,832	23.9400	1,911,178
ZAR	4,184,280	1.6820	7,037,959
JPY	158,022,091	0.2161	34,148,574
EUR	1,007,138	33.9400	34,182,264
NZD	117,541	19.1900	2,255,612
RMB	9,181,797	4.4120	40,510,088

For the three months ended September 30, 2024 and 2023, net foreign exchange gains were \$150,084 thousand and \$360,120 thousand, respectively. For the nine months ended September 30, 2024 and 2023, net foreign exchange gains were \$798,813 thousand and \$681,279 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

A change in internal credit rating

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 segments credit assets as either domestic banking, overseas corporate banking - overseas, and individual banking business. Macroeconomic indicators for segment are estimated using the domestic economic growth rate, global economic growth rate, economic growth rate in Southeast Asia 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:

	September 30	
	2024	2023
Discounts and loans	<u>\$ 1,805,389</u>	<u>\$ 3,186,240</u>

ii. Call loans to banks

The Group evaluates the credit status of counterparties before deals are closed. The Group grants different limits to counterparties in the foreign exchange market and New Taiwan Dollar call loans to banks limit based on their respective credit ratings as suggested by domestic and foreign credit rating agencies. The Group efficiently manages the financial 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:

September 30, 2024

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangement	Other Credit Enhancements	
Discounts and loans	\$ 1,988,402,626	\$ 1,377,060,855	\$ -	\$ -	\$ 1,377,060,855
Financial assets at FVTPL	79,914,026	5,095,607	-	-	5,095,607
Investments in debt instruments at FVTOCI	264,251,256	9,822,581	-	-	9,822,581
Investments in debt instruments at amortized cost	472,944,365	-	-	-	-

December 31, 2023

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangement	Other Credit Enhancements	
Discounts and loans	\$ 1,824,870,965	\$ 1,282,876,605	\$ -	\$ -	\$ 1,282,876,605
Financial assets at FVTPL	73,576,072	4,774,473	-	-	4,774,473
Investments in debt instruments at FVTOCI	229,182,430	8,241,920	-	-	8,241,920
Investments in debt instruments at amortized cost	453,142,979	-	-	-	-

September 30, 2023

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangement	Other Credit Enhancements	
Discounts and loans	\$ 1,772,756,400	\$ 1,229,355,678	\$ -	\$ -	\$ 1,229,355,678
Financial assets at FVTPL	70,659,697	4,917,154	-	-	4,917,154
Investments in debt instruments at FVTOCI	230,180,210	8,442,153	-	-	8,442,153
Investments in debt instruments at amortized cost	442,350,214	-	-	-	-

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

Discounts and Loans				
September 30, 2024				
	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 (Note)	\$ 1,166,624,463	\$ 33,648,681	\$ 40,437	\$ 1,200,313,581
Levels 16-18	-	44,792,180	705,762	45,497,942
Levels 19-21	-	-	3,991,172	3,991,172
No rating	<u>735,278,346</u>	<u>1,715,101</u>	<u>1,606,484</u>	<u>738,599,931</u>
Total carrying amount	<u>\$ 1,901,902,809</u>	<u>\$ 80,155,962</u>	<u>\$ 6,343,855</u>	<u>\$ 1,988,402,626</u>

(Continued)

Discounts and Loans				
September 30, 2024				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Expected credit losses	\$ 2,584,454	\$ 2,684,768	\$ 1,634,127	\$ 6,903,349
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				<u>17,923,565</u>
				<u>\$ 24,826,914</u>
				(Concluded)

Note: In addition to quantitative indicators, the Group takes qualitative indicators into consideration as well.

Discounts and Loans				
December 31, 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 (Note)	\$ 1,071,180,336	\$ 25,797,508	\$ 73,166	\$ 1,097,051,010
Levels 16-18	-	47,634,455	1,203,973	48,838,428
Levels 19-21	-	-	5,734,718	5,734,718
No rating	<u>670,078,356</u>	<u>1,793,508</u>	<u>1,374,945</u>	<u>673,246,809</u>
Total carrying amount	<u>\$ 1,741,258,692</u>	<u>\$ 75,225,471</u>	<u>\$ 8,386,802</u>	<u>\$ 1,824,870,965</u>
Expected credit losses	\$ 2,937,671	\$ 2,907,188	\$ 2,371,543	\$ 8,216,402
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				<u>14,129,867</u>
				<u>\$ 22,346,269</u>

Note: In addition to quantitative indicators, the Group takes qualitative indicators into consideration as well.

Discounts and Loans				
September 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 (Note)	\$ 1,053,476,882	\$ 26,999,627	\$ 39,987	\$ 1,080,516,496
Levels 16-18	-	46,123,057	1,095,443	47,218,500
Levels 19-21	-	-	6,335,537	6,335,537
No rating	<u>635,533,152</u>	<u>1,938,614</u>	<u>1,214,101</u>	<u>638,685,867</u>
Total carrying amount	<u>\$ 1,689,010,034</u>	<u>\$ 75,061,298</u>	<u>\$ 8,685,068</u>	<u>\$ 1,772,756,400</u>
				(Continued)

Discounts and Loans				
September 30, 2023				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Expected credit losses	\$ 2,931,873	\$ 2,929,003	\$ 2,698,851	\$ 8,559,727
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				12,973,936
				<u>\$ 21,533,663</u>
				(Concluded)

Note: In addition to quantitative indicators, the Group takes qualitative indicators into consideration as well.

Guarantees in Guarantee Business				
September 30, 2024				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 53,899,656	\$ 701,024	\$ 76,135	\$ 54,676,815
Expected credit losses	117,868	3,757	19,589	141,214

Guarantees in Guarantee Business				
December 31, 2023				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 55,858,895	\$ 911,922	\$ 76,135	\$ 56,846,952
Expected credit losses	205,163	12,082	19,641	236,886

Guarantees in Guarantee Business				
September 30, 2023				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 57,696,005	\$ 991,193	\$ 86,825	\$ 58,774,023
Expected credit losses	196,514	13,071	20,744	230,329

Loan Commitments				
September 30, 2024				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	\$ 120,570,523	\$ 3,204,260	\$ 279	\$ 123,775,062
Carry amount - cancellable	<u>591,072,053</u>	<u>15,698,104</u>	<u>14,879</u>	<u>606,785,036</u>
	<u>\$ 711,642,576</u>	<u>\$ 18,902,364</u>	<u>\$ 15,158</u>	<u>\$ 730,560,098</u>
Expected credit losses - non-cancellable	\$ 74,574	\$ 6,002	\$ 87	\$ 80,663
Expected credit losses - cancellable	<u>82,826</u>	<u>403</u>	<u>115</u>	<u>83,344</u>
	<u>\$ 157,400</u>	<u>\$ 6,405</u>	<u>\$ 202</u>	<u>\$ 164,007</u>
Loan Commitments				
December 31, 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	\$ 109,569,122	\$ 3,240,939	\$ 1	\$ 112,810,062
Carry amount - cancellable	<u>703,385,792</u>	<u>19,153,303</u>	<u>87,385</u>	<u>722,626,480</u>
	<u>\$ 812,954,914</u>	<u>\$ 22,394,242</u>	<u>\$ 87,386</u>	<u>\$ 835,436,542</u>
Expected credit losses - non-cancellable	\$ 84,566	\$ 40,120	\$ -	\$ 124,686
Expected credit losses - cancellable	<u>231,633</u>	<u>238</u>	<u>96</u>	<u>231,967</u>
	<u>\$ 316,199</u>	<u>\$ 40,358</u>	<u>\$ 96</u>	<u>\$ 356,653</u>
Loan Commitments				
September 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	\$ 116,119,396	\$ 3,643,968	\$ 1	\$ 119,763,365
Carry amount - cancellable	<u>665,704,395</u>	<u>15,828,468</u>	<u>59,320</u>	<u>681,592,183</u>
	<u>\$ 781,823,791</u>	<u>\$ 19,472,436</u>	<u>\$ 59,321</u>	<u>\$ 801,355,548</u>
Expected credit losses - non-cancellable	\$ 94,052	\$ 39,161	\$ -	\$ 133,213
Expected credit losses - cancellable	<u>242,021</u>	<u>178</u>	<u>95</u>	<u>242,294</u>
	<u>\$ 336,073</u>	<u>\$ 39,339</u>	<u>\$ 95</u>	<u>\$ 375,507</u>

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 September 30, 2024, December 31, 2023 and September 30, 2023, the maximum exposures to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrevocably maximum amount of exposure) were as follows:

Financial Instrument Type	September 30, 2024	December 31, 2023	September 30, 2023
Unused loan commitments (excluding credit card)	\$ 123,775,062	\$ 112,810,062	\$ 119,763,365
Credit card commitments	349,895	204,468	200,356
Unused issued letters of credit	21,543,478	19,808,486	23,850,050
Guarantees in guarantee business	54,676,815	56,846,952	58,774,023

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	September 30, 2024	
	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 140,183,104	7
Manufacturing	484,799,955	24
Wholesale and retail	178,356,737	9
Real estate and leasing	172,086,340	9
Service	42,666,322	2
Individuals	707,480,317	36
Others	<u>262,829,851</u>	13
	<u>\$ 1,988,402,626</u>	

Industry Type	December 31, 2023	
	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 121,523,713	7
Manufacturing	476,203,769	26
Wholesale and retail	161,794,217	9
Real estate and leasing	158,847,934	9
Service	42,551,790	2
Individuals	645,838,552	35
Others	<u>218,110,990</u>	12
	<u>\$ 1,824,870,965</u>	

Industry Type	September 30, 2023	
	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 118,191,300	7
Manufacturing	474,562,091	27
Wholesale and retail	160,129,893	9
Real estate and leasing	153,663,149	9
Service	44,021,885	2
Individuals	619,855,031	35
Others	<u>202,333,051</u>	11

\$ 1,772,756,400

Geographic Location	September 30, 2024	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,849,987,620	93
America	72,521,943	4
Europe	34,651,877	2
Others	<u>31,241,186</u>	1

\$ 1,988,402,626

Geographic Location	December 31, 2023	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,703,844,510	93
America	65,670,773	4
Europe	29,602,142	2
Others	<u>25,753,540</u>	1

\$ 1,824,870,965

Geographic Location	September 30, 2023	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,641,069,919	93
America	75,877,682	4
Europe	30,640,251	2
Others	<u>25,168,548</u>	1

\$ 1,772,756,400

Securities Type	September 30, 2024	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 611,341,771	31
Secured		
Properties	1,172,550,536	59
Others	<u>204,510,319</u>	10
	<u>\$ 1,988,402,626</u>	

Securities Type	December 31, 2023	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 541,994,360	30
Secured		
Properties	1,092,075,849	60
Others	<u>190,800,756</u>	10
	<u>\$ 1,824,870,965</u>	

Securities Type	September 30, 2023	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 543,400,722	31
Secured		
Properties	1,051,914,041	59
Others	<u>177,441,637</u>	10
	<u>\$ 1,772,756,400</u>	

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 refers to the risk that a bank may not be able to obtain sufficient funds in a timely manner at an acceptable cost to meet current or upcoming payment obligations (such as customer withdrawals, repayment of maturing debt, credit disbursements, or other cash outflows from interest, fees, or off-balance sheet transactions).

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 September 30, 2024 and 2023, the ratios of the liquidity reserve were 26.75% and 24.22%, 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	September 30, 2024					
	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	\$ 16,119,932	\$ -	\$ -	\$ -	\$ -	\$ 16,119,932
Due from the Central Bank and call loans to banks	98,796,310	8,164,672	8,542,358	14,020,249	35,858,230	165,381,819
Financial assets at FVTPL	73,767,342	-	-	-	115,750	73,883,092
Receivables	18,076,397	1,707,019	1,226,337	1,483,316	130,640	22,623,709
Discounts and loans	99,908,688	178,409,988	186,674,606	251,038,244	985,452,329	1,701,483,855
Investments in equity instruments designated at FVTOCI	-	-	-	-	35,961,415	35,961,415
Investments in debt instruments at FVTOCI	-	549,024	1,393,292	5,439,025	118,376,226	125,757,567
Investments in debt instruments at amortized cost	167,800,000	26,370,000	10,180,312	76,247,073	39,013,253	319,610,638
Other maturity funds inflow items	-	-	-	-	14,358,455	14,358,455
	<u>474,468,669</u>	<u>215,200,703</u>	<u>208,016,905</u>	<u>348,227,907</u>	<u>1,229,266,298</u>	<u>2,475,180,482</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	246,930	106,304	-	55,028,825	-	55,382,059
Due to the Central Bank and banks	10,000	20,000	-	-	-	30,000
Securities sold under repurchase agreements	574,084	903,719	90,952	-	-	1,568,755
Payables	44,301,498	3,670,425	513,047	2,803,769	1,904,196	53,192,935
Deposits and remittances	183,813,138	220,633,789	231,406,831	379,799,281	970,491,056	1,986,144,095
Bank notes payable	-	-	-	-	40,770,000	40,770,000
Other maturity fund outflow items	15,565	52,212	39,114	262,014	3,252,563	3,621,468
	<u>228,961,215</u>	<u>225,386,449</u>	<u>232,049,944</u>	<u>437,893,889</u>	<u>1,016,417,815</u>	<u>2,140,709,312</u>
Gap	<u>\$ 245,507,454</u>	<u>\$ (10,185,746)</u>	<u>\$ (24,033,039)</u>	<u>\$ (89,665,982)</u>	<u>\$ 212,848,483</u>	<u>\$ 334,471,170</u>

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

(In Thousands of New Taiwan Dollars)

Item	December 31, 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	\$ 34,888,172	\$ -	\$ -	\$ -	\$ -	\$ 34,888,172
Due from the Central Bank and call loans to banks	53,834,824	6,420,414	7,266,902	11,495,010	34,072,383	113,089,533
Financial assets at FVTPL	69,791,042	-	-	-	70,232	69,861,274
Receivables	18,051,201	869,815	857,863	553,545	91,755	20,424,179
Discounts and loans	83,265,126	147,486,758	174,230,704	245,538,477	925,746,465	1,576,267,530
Investments in equity instruments designated at FVTOCI	-	-	-	-	32,553,573	32,553,573
Investments in debt instruments at FVTOCI	-	-	3,496,834	5,227,590	91,039,709	99,764,133
Investments in debt instruments at amortized cost	180,749,735	8,500,000	35,800,000	42,218,415	39,401,754	306,669,904
Other maturity funds inflow items	-	-	-	-	14,299,776	14,299,776
	<u>440,580,100</u>	<u>163,276,987</u>	<u>221,652,303</u>	<u>305,033,037</u>	<u>1,137,275,647</u>	<u>2,267,818,074</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	257,497	32,004	2,715	132,629	-	424,845
Due to the Central Bank and banks	13,020,000	10,000	-	-	-	13,030,000
Securities sold under repurchase agreements	640,680	922,719	-	-	-	1,563,399
Payables	31,839,309	617,100	2,207,979	1,878,847	2,430,095	38,973,330
Deposits and remittances	156,370,183	183,305,778	207,797,041	328,699,800	972,401,788	1,848,574,590
Bank notes payable	-	1,530,000	7,800,000	-	39,770,000	49,100,000
Other maturity fund outflow items	12,515	29,074	9,326	306,411	3,410,885	3,768,211
	<u>202,140,184</u>	<u>186,446,675</u>	<u>217,817,061</u>	<u>331,017,687</u>	<u>1,018,012,768</u>	<u>1,955,434,375</u>
Gap	\$ <u>238,439,916</u>	\$ <u>(23,169,688)</u>	\$ <u>3,835,242</u>	\$ <u>(25,984,650)</u>	\$ <u>119,262,879</u>	\$ <u>312,383,699</u>

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

(In Thousands of New Taiwan Dollars)

Item	September 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	\$ 29,678,729	\$ -	\$ -	\$ -	\$ -	\$ 29,678,729
Due from the Central Bank and call loans to banks	47,438,579	5,874,273	6,558,878	10,740,256	34,335,888	104,947,874
Financial assets at FVTPL	55,714,285	-	-	-	71,269	55,785,554
Receivables	11,773,246	1,131,149	616,798	712,751	109,254	14,343,198
Discounts and loans	83,667,291	131,719,198	169,076,697	221,808,184	896,673,405	1,502,944,775
Investments in equity instruments designated at FVTOCI	-	-	-	-	29,452,968	29,452,968
Investments in debt instruments at FVTOCI	-	199,993	-	7,820,676	88,377,063	96,397,732
Investments in debt instruments at amortized cost	174,399,893	35,700,000	5,047,867	49,947,673	24,901,987	289,997,420
Other maturity funds inflow items	-	-	-	-	14,271,467	14,271,467
	<u>402,672,023</u>	<u>174,624,613</u>	<u>181,300,240</u>	<u>291,029,540</u>	<u>1,088,193,301</u>	<u>2,137,819,717</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	227,031	107,428	-	53,001	-	387,460
Due to the Central Bank and banks	15,000	15,000	-	-	-	30,000
Securities sold under repurchase agreements	810,344	672,808	-	-	-	1,483,152
Payables	28,904,686	3,082,132	241,093	2,484,476	1,814,749	36,527,136
Deposits and remittances	141,680,415	161,883,294	181,212,701	296,738,399	947,913,362	1,729,428,171
Bank notes payable	-	-	-	22,290,000	26,810,000	49,100,000
Other maturity fund outflow items	39,089	69,762	28,090	239,417	3,319,699	3,696,057
	<u>171,676,565</u>	<u>165,830,424</u>	<u>181,481,884</u>	<u>321,805,293</u>	<u>979,857,810</u>	<u>1,820,651,976</u>
Gap	\$ <u>230,995,458</u>	\$ <u>8,794,189</u>	\$ <u>(181,644)</u>	\$ <u>(30,775,753)</u>	\$ <u>108,335,491</u>	\$ <u>317,167,741</u>

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

(In Thousands of United States Dollars)

Item	September 30, 2024					
	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	\$ 99,176	\$ -	\$ -	\$ -	\$ -	\$ 99,176
Due from the Central Bank and call loans to banks	1,155,445	658,797	94,875	91,645	62,832	2,063,594
Financial assets at FVTPL	46,589	-	-	-	-	46,589
Receivables	478,556	108,447	121,414	22,222	14,698	745,337
Discounts and loans	535,254	489,761	433,584	367,451	4,322,413	6,148,463
Investments in debt instruments at FVTOCI	38,954	7,491	71,537	184,595	3,432,262	3,734,839
Investments in debt instruments at amortized cost	111,924	-	-	127,235	2,823,817	3,062,976
Other maturity fund inflow items	-	-	-	-	13,010	13,010
	<u>2,465,898</u>	<u>1,264,496</u>	<u>721,410</u>	<u>793,148</u>	<u>10,669,032</u>	<u>15,913,984</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	5,166	-	-	-	46	5,212
Due to the Central Bank and banks	3,095,442	296,000	-	20,000	-	3,411,442
Payables	476,429	99,673	27,396	18,720	1,193	623,411
Deposits and remittances	3,845,191	5,469,770	3,286,425	2,872,913	2,556,425	18,030,724
Other maturity fund outflow items	43,011	7,854	2,838	2,700	34,830	91,233
	<u>7,465,239</u>	<u>5,873,297</u>	<u>3,316,659</u>	<u>2,914,333</u>	<u>2,592,494</u>	<u>22,162,022</u>
Gap	<u>\$ (4,999,341)</u>	<u>\$ (4,608,801)</u>	<u>\$ (2,595,249)</u>	<u>\$ (2,121,185)</u>	<u>\$ 8,076,538</u>	<u>\$ (6,248,038)</u>

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

(In Thousands of United States Dollars)

Item	December 31, 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	\$ 282,143	\$ -	\$ -	\$ -	\$ -	\$ 282,143
Due from the Central Bank and call loans to banks	1,215,869	637,768	52,995	98,305	25,397	2,030,334
Financial assets at FVTPL	16,543	-	-	-	-	16,543
Receivables	540,161	100,070	73,331	15,325	10,483	739,370
Discounts and loans	323,135	328,694	380,479	647,592	3,882,469	5,562,369
Investments in debt instruments at FVTOCI	112,753	223,919	361,401	213,233	2,469,534	3,380,840
Investments in debt instruments at amortized cost	15,030	50,132	135,048	396,262	2,326,276	2,922,748
Other maturity fund inflow items	5,000	-	-	-	69,034	74,034
	<u>2,510,634</u>	<u>1,340,583</u>	<u>1,003,254</u>	<u>1,370,717</u>	<u>8,783,193</u>	<u>15,008,381</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	6,377	-	-	-	66	6,443
Due to the Central Bank and banks	1,989,964	441,000	-	10,000	-	2,440,964
Securities sold under repurchase agreements	120,309	191,527	-	-	-	311,836
Payables	571,800	97,342	19,274	17,218	22	705,656
Deposits and remittances	4,065,075	5,015,998	2,536,031	2,806,043	2,735,925	17,159,072
Other maturity fund outflow items	50,220	2,710	-	14,216	3,210	70,356
	<u>6,803,745</u>	<u>5,748,577</u>	<u>2,555,305</u>	<u>2,847,477</u>	<u>2,739,223</u>	<u>20,694,327</u>
Gap	<u>\$ (4,293,111)</u>	<u>\$ (4,407,994)</u>	<u>\$ (1,552,051)</u>	<u>\$ (1,476,760)</u>	<u>\$ 6,043,970</u>	<u>\$ (5,685,946)</u>

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

(In Thousands of United States Dollars)

Item	September 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	\$ 106,079	\$ -	\$ -	\$ -	\$ -	\$ 106,079
Due from the Central Bank and call loans to banks	800,914	165,200	56,401	22,584	25,233	1,070,332
Financial assets at FVTPL	4,893	-	-	-	-	4,893
Receivables	301,098	84,258	100,692	20,561	9,503	516,112
Discounts and loans	520,764	389,749	263,666	484,156	4,237,241	5,895,576
Investments in debt instruments at FVTOCI	18,992	83,684	334,429	519,106	2,399,460	3,355,671
Investments in debt instruments at amortized cost	100,000	-	65,579	421,083	2,385,311	2,971,973
Other maturity fund inflow items	5,000	-	-	-	3,079	8,079
	<u>1,857,740</u>	<u>722,891</u>	<u>820,767</u>	<u>1,467,490</u>	<u>9,059,827</u>	<u>13,928,715</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	7,484	-	-	-	67	7,551
Due to the Central Bank and banks	1,803,687	692,000	-	-	-	2,495,687
Payables	499,331	102,525	22,195	12,016	1,579	637,646
Securities sold under repurchase agreements	-	276,672	220,836	-	-	497,508
Deposits and remittances	4,005,910	5,120,244	2,730,113	2,059,266	2,544,416	16,459,949
Other maturity fund outflow items	30,037	1,000	1,710	10,765	218,490	262,002
	<u>6,346,449</u>	<u>6,192,441</u>	<u>2,974,854</u>	<u>2,082,047</u>	<u>2,764,552</u>	<u>20,360,343</u>
Gap	<u>\$ (4,488,709)</u>	<u>\$ (5,469,550)</u>	<u>\$ (2,154,087)</u>	<u>\$ (614,557)</u>	<u>\$ 6,295,275</u>	<u>\$ (6,431,628)</u>

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	September 30, 2024					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 103,865,243	\$ 179,563,401	\$ 107,360,768	\$ 46,424,568	\$ 6,952	\$ 437,220,932
Inflows	103,773,969	179,312,030	108,305,067	46,868,735	6,578	438,266,379
Interest rate derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	1,060,017	-	-	-	-	1,060,017
Others						
Inflows	16,780	-	-	-	-	16,780
Total outflows	\$ 103,865,243	\$ 179,563,401	\$ 107,360,768	\$ 46,424,568	\$ 6,952	\$ 437,220,932
Total inflows	\$ 104,850,766	\$ 179,312,030	\$ 108,305,067	\$ 46,868,735	\$ 6,578	\$ 439,343,176

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

Item	December 31, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 81,233,907	\$ 141,170,064	\$ 75,254,339	\$ 58,256,169	\$ 296,240	\$ 356,210,719
Inflows	80,709,478	140,651,780	74,657,858	58,227,120	307,050	354,553,286
Interest rate derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	1,019,408	-	-	-	-	1,019,408
Others						
Inflows	23,090	-	-	-	-	23,090
Total outflows	\$ 81,233,907	\$ 141,170,064	\$ 75,254,339	\$ 58,256,169	\$ 296,240	\$ 356,210,719
Total inflows	\$ 81,751,976	\$ 140,651,780	\$ 74,657,858	\$ 58,227,120	\$ 307,050	\$ 355,595,784

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

Item	September 30, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 103,297,791	\$ 178,933,519	\$ 66,062,267	\$ 37,587,224	\$ -	\$ 385,880,801
Inflows	106,348,539	184,335,591	69,010,655	38,813,788	-	398,508,573
Interest rate derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	1,217,748	-	-	-	-	1,217,748
Others						
Inflows	22,723	-	-	-	-	22,723
Total outflows	\$ 103,297,791	\$ 178,933,519	\$ 66,062,267	\$ 37,587,224	\$ -	\$ 385,880,801
Total inflows	\$ 107,589,010	\$ 184,335,591	\$ 69,010,655	\$ 38,813,788	\$ -	\$ 399,749,044

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	September 30, 2024					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	\$ 109,887,568	\$ 2,469,252	\$ 913,597	\$ 3,001,780	\$ 7,502,865	\$ 123,775,062
Credit card commitments	10	45	70	290	349,480	349,895
Unused issued letters of credit	21,031,148	512,330	-	-	-	21,543,478
Guarantees in guarantee business	52,365,123	-	45,200	1,990,339	276,153	54,676,815
	\$ 183,283,849	\$ 2,981,627	\$ 958,867	\$ 4,992,409	\$ 8,128,498	\$ 200,345,250

(In Thousands of New Taiwan Dollars)

Item	December 31, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	\$ 99,917,118	\$ 1,055,149	\$ 368,333	\$ 2,474,264	\$ 8,995,198	\$ 112,810,062
Credit card commitments	10	76	85	337	203,960	204,468
Unused issued letters of credit	19,612,148	187,217	9,121	-	-	19,808,486
Guarantees in guarantee business	56,573,409	45,444	62,094	54,793	111,212	56,846,952
	\$ 176,102,685	\$ 1,287,886	\$ 439,633	\$ 2,529,394	\$ 9,310,370	\$ 189,669,968

(In Thousands of New Taiwan Dollars)

Item	September 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)	\$ 106,650,823	\$ 406,644	\$ 1,901,727	\$ 1,466,558	\$ 9,337,613	\$ 119,763,365
Credit card commitments	10	90	85	358	199,813	200,356
Unused issued letters of credit	23,690,939	159,111	-	-	-	23,850,050
Guarantees in guarantee business	58,532,564	26,472	90,446	65,439	59,102	58,774,023
	\$ 188,874,336	\$ 592,317	\$ 1,992,258	\$ 1,532,355	\$ 9,596,528	\$ 202,587,794

34. OTHER DISCLOSURES OF FINANCIAL INSTITUTION

a. Asset quality

Item			September 30, 2024					September 30, 2023				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Business Type												
Corporate finance	Secured		\$ 1,829,586	\$ 670,365,546	0.27%	\$ 8,087,037	442.01%	\$ 1,842,569	\$ 609,499,997	0.30%	\$ 7,045,600	382.38%
	Unsecured		165,593	592,565,209	0.03%	6,981,569	4216.10%	654,464	526,211,208	0.12%	6,010,784	918.43%
Consumer finance	Mortgage loans (Note d)		464,871	464,235,787	0.10%	7,000,887	1505.98%	283,870	390,556,015	0.07%	5,884,688	2073.02%
	Cash cards (Note h)		-	-	-	-	-	-	-	-	-	-
	Credit loans (Note e)		18,102	4,423,732	0.41%	58,543	323.41%	8,792	3,936,861	0.22%	46,957	534.09%
	Others (Note f)	Secured	604,370	237,680,818	0.25%	2,415,679	399.70%	483,999	224,090,137	0.22%	2,273,377	469.71%
		Unsecured	259	1,139,981	0.02%	13,326	5145.17%	389	1,269,824	0.03%	14,372	3694.60%
Total			3,082,781	1,970,411,073	0.16%	24,557,041	796.59%	3,274,083	1,755,564,042	0.19%	21,275,778	649.82%

Item		September 30, 2024					September 30, 2023				
		Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Business Type											
Credit card		\$ 5,933	\$ 4,637,220	0.13%	\$ 23,064	388.74%	\$ 3,391	\$ 3,010,767	0.11%	\$ 20,838	614.51%
No recourse receivable factoring (Note g)		-	5,207,380	-	102,074	-	-	4,946,790	-	99,468	-

- 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.

Item Business Type	September 30, 2024		September 30, 2023	
	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)	\$ -	\$ 121	\$ -	\$ 186
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note b)	1,454	16,084	1,141	16,900
Total	1,454	16,205	1,141	17,086

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

September 30, 2024			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	A Corporation (railway transportation industry)	\$ 19,402,761	9.71
2	B Group (other holdings industry)	16,756,391	8.39
3	C Group (steel smelting industry)	16,263,735	8.14
4	D Group (uncategorized other financial service)	14,659,650	7.34
5	E Group (liquid crystal panel and components manufacturing industry)	12,563,928	6.29
6	F Group (chemical materials industry)	12,203,400	6.11
7	G Group (steel manufacturing industry)	11,107,833	5.56
8	H Group (integrated circuit manufacturing)	9,602,223	4.81
9	I Group (air transportation industry)	9,508,548	4.76
10	J Group (real estate development industry)	8,892,000	4.45

September 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)	\$ 19,320,658	10.68
2	D Group (uncategorized other financial service industry)	16,829,588	9.30
3	B Group (other holdings industry)	13,771,369	7.61
4	C Group (steel smelting industry)	13,170,214	7.28
5	E Group (liquid crystal panel and components manufacturing industry)	10,254,958	5.67
6	H Group (integrated circuit manufacturing)	9,379,671	5.18
7	F Group (chemical materials industry)	9,076,615	5.02
8	K Group (computer manufacturing industry)	8,313,171	4.60
9	G Group (steel manufacturing industry)	8,004,360	4.42
10	L Group (liquid crystal panel and components manufacturing industry)	7,899,946	4.37

Note a: Sorted by the balance of loans on September 30, 2024 and 2023, 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	September 30, 2024				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,976,817,406	\$ 40,998,670	\$ 96,133,360	\$ 246,761,838	\$ 2,360,711,274
Interest-sensitive liabilities	607,882,399	1,230,812,148	156,308,080	52,202,602	2,047,205,229
Interest sensitivity gap	1,368,935,007	(1,189,813,478)	(60,174,720)	194,559,236	313,506,045
Net equity					170,160,724
Ratio of interest-sensitive assets to liabilities					115.31%
Ratio of interest sensitivity gap to net equity					184.24%

(In Thousands of New Taiwan Dollars; %)

Item	September 30, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,763,998,512	\$ 33,411,950	\$ 74,460,430	\$ 190,910,639	\$ 2,062,781,531
Interest-sensitive liabilities	437,040,765	1,164,662,895	92,234,518	47,658,826	1,741,597,004
Interest sensitivity gap	1,326,957,747	(1,131,250,945)	(17,774,088)	143,251,813	321,184,527
Net equity					157,045,577
Ratio of interest-sensitive assets to liabilities					118.44%
Ratio of interest sensitivity gap to net equity					204.52%

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	September 30, 2024				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 14,688,139	\$ 978,502	\$ 344,014	\$ 5,322,476	\$ 21,333,131
Interest-sensitive liabilities	22,292,558	2,995,474	2,341,348	-	27,629,380
Interest sensitivity gap	(7,604,419)	(2,016,972)	(1,997,334)	5,322,476	(6,296,249)
Net equity					688,205
Ratio of interest-sensitive assets to liabilities					77.21%
Ratio of interest sensitivity gap to net equity					(914.88%)

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

Item	September 30, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 13,088,500	\$ 930,400	\$ 895,308	\$ 3,945,592	\$ 18,859,800
Interest-sensitive liabilities	20,774,605	2,528,174	1,614,591	10	24,917,380
Interest sensitivity gap	(7,686,105)	(1,597,774)	(719,283)	3,945,582	(6,057,580)
Net equity					549,458
Ratio of interest-sensitive assets to liabilities					75.69%
Ratio of interest sensitivity gap to net equity					(1,102.46%)

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		September 30, 2024	September 30, 2023
Return on total assets	Pretax	0.46%	0.47%
	After tax	0.37%	0.37%
Return on net equity	Pretax	7.22%	7.29%
	After tax	5.80%	5.85%
Profit margin		35.07%	34.85%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to September 30 of 2024 and 2023, respectively.

e. Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	September 30, 2024					
		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	\$ 2,623,681,750	\$ 364,006,503	\$ 138,969,105	\$ 260,837,258	\$ 232,958,601	\$ 361,456,556	\$ 1,265,453,727
Major maturity cash outflows	3,217,358,130	142,323,345	191,379,979	475,454,698	457,360,928	759,465,077	1,191,374,103
Gap	(593,676,380)	221,683,158	(52,410,874)	(214,617,440)	(224,402,327)	(398,008,521)	74,079,624

(In Thousands of New Taiwan Dollars)

	Total	September 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	\$ 2,259,959,598	\$ 246,939,727	\$ 174,628,540	\$ 227,356,679	\$ 187,547,401	\$ 299,838,159	\$ 1,123,649,092
Major maturity cash outflows	2,875,493,917	115,293,265	170,323,049	410,832,556	389,266,560	647,936,069	1,141,842,418
Gap	(615,534,319)	131,646,462	4,305,491	(183,475,877)	(201,719,159)	(348,097,910)	(18,193,326)

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	September 30, 2024				
		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	\$ 32,072,662	\$ 10,662,177	\$ 5,644,031	\$ 3,335,790	\$ 1,806,796	\$ 10,623,868
Major maturity cash outflows	36,270,928	14,813,314	7,398,121	4,945,436	4,973,111	4,140,946
Gap	(4,198,266)	(4,151,137)	(1,754,090)	(1,609,646)	(3,166,315)	6,482,922

(In Thousands of U.S. Dollars)

	Total	September 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	\$ 28,532,416	\$ 9,704,493	\$ 4,612,723	\$ 2,774,490	\$ 2,386,898	\$ 9,053,812
Major maturity cash outflows	34,181,618	12,951,627	7,811,637	4,326,843	4,637,674	4,453,837
Gap	(5,649,202)	(3,247,134)	(3,198,914)	(1,552,353)	(2,250,776)	4,599,975

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

f. Non-performing loan selling information

September 30, 2023							
Transaction Date	Trading Partners	Non-Perform Loan Composition	Book Value	Price	Distribution Profit	Accompanying	Relationship
2022.12.8 sign up, 2023.1.30 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 September 30, 2024 and 2023 were as follows:

	September 30	
	2024	2023
Special purpose trust accounts - domestic	\$ 41,258,487	\$ 38,149,827
Special purpose trust accounts - foreign	101,330,286	83,670,969
Insurance trust	10,050	9,934
Retirement and breeds trust	1,211,145	1,767,924
Umbilical cord blood trust	16,706,348	15,840,519
Money claim and guarantee trust	44,800	51,800
Marketable securities trust	1,614,950	1,773,249
Real estate trust	49,234,047	36,273,335
Securities under custody	633,226,725	308,325,622
Other money trust	<u>6,286,215</u>	<u>3,450,175</u>
	<u>\$ 850,923,053</u>	<u>\$ 489,313,354</u>

35. RELATED PARTY TRANSACTIONS

a. Related parties and their relationships with the Bank

Name	Relationship
Director and managers	The Bank's director and managers
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
CPC Corporation, Taiwan	Its director is the Bank's corporate director representative
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
Quaser Machine Tools, Inc.	Its director is the Bank's corporate director
CSBC Corporation	Its director is the Bank's corporate director

(Continued)

Name	Relationship
Lungteh Shipbuilding Co., Ltd.	Its director is the Bank's corporate director
China Airlines, Ltd.	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
China Metal Products Co., Ltd.	Its director is the Bank's director
SCINOPHARM TAIWAN, LTD.	Its director is the Bank's corporate director
Others	Other related parties (IAS 24 "Related Party Disclosures)

(Concluded)

b. Significant transactions with related parties

1) Loans

	Balance	Percentage of Loans (%)
Balance as of September 30, 2024	\$ 37,435,949	1.91
Balance as of December 31, 2023	43,665,092	2.42
Balance as of September 30, 2023	24,742,119	1.41

For the nine months ended September 30, 2024 and 2023, interest rates ranged from 1.46% to 6.85% and from 1.55% to 6.41%, and interest income was \$634,223 thousand and \$438,273 thousand, respectively.

For the three months ended September 30, 2024 and 2023, interest income was \$197,011 thousand and \$148,214 thousand, respectively.

	September 30, 2024					Difference in Terms Between Related Parties and Non-related Parties
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	
<u>Consumer loans</u>						
34 accounts	\$ 16,150	\$ 17,231	\$ 16,150	\$ -	Credit	None
<u>Self-use residential mortgage loans</u>						
242 accounts	1,940,731	2,002,933	1,940,731	-	Real estate	None
<u>Others</u>						
CPC Corporation	14,000,000	46,500,000	14,000,000	-	Credit	None
Taiwan High Speed Rail Corporation	19,308,161	19,308,161	19,308,161	-	station equipment	None
CSBC Corporation	1,154,423	2,701,080	1,154,423	-	Credit	None
TSEC Corporation	438,518	611,483	438,518	-	Credit and land and plant	None
China Metal Products Co., Ltd.	200,000	712,500	200,000	-	Credit and plant	None
Other - corporation 11 accounts (Note 1)	375,241	2,513,652	375,241	-	Credit and fund guarantee and real estate	None
Other - individual 3 accounts (Note 2)	2,725	4,263	2,725	-	Deposits	None

December 31, 2023							
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties	
<u>Consumer loans</u>							
38 accounts	\$ 17,135	\$ 18,428	\$ 17,135	\$ -	Credit	None	
<u>Self-use residential mortgage loans</u>							
238 accounts	1,606,880	1,722,902	1,606,880	-	Real estate	None	
<u>Others</u>							
Taiwan High Speed Rail Corporation	19,308,161	20,318,882	19,308,161	-	station equipment	None	
China Airlines, Ltd.	200,000	750,000	200,000	-	Credit and fund guarantee	None	
CPC Corporation	20,000,000	20,000,000	20,000,000	-	Credit	None	
CSBC Corporation	1,240,000	3,518,825	1,240,000	-	Credit	None	
TSEC Corporation	554,611	681,624	554,611	-	Credit and land and plant	None	
China Metal Products Co., Ltd.	312,500	1,440,000	312,500	-	Credit	None	
Other - corporation 12 accounts (Note 1)	422,597	3,809,887	422,597	-	Credit and fund guarantee and real estate	None	
Other - individual 5 accounts (Note 2)	3,208	3,334	3,208	-	Deposits	None	
September 30, 2023							
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties	
<u>Consumer loans</u>							
40 accounts	\$ 18,374	\$ 20,039	\$ 18,374	\$ -	Credit	None	
<u>Self-use residential mortgage loans</u>							
241 accounts	1,559,386	1,625,850	1,559,386	-	Real estate	None	
<u>Others</u>							
Taiwan High Speed Rail Corporation	19,308,161	20,318,882	19,308,161	-	Credit and station equipment	None	
CSBC Corporation	1,465,352	3,518,825	1,465,352	-	Credit	None	
China Metal Products Co., Ltd.	650,000	1,440,000	650,000	-	Credit	None	
TSEC Corporation	612,873	681,624	612,873	-	Credit and land and plant	None	
Yulon Motor Co., Ltd.	500,000	1,000,000	500,000	-	Credit	None	
China Airlines, Ltd.	200,000	750,000	200,000	-	Credit and fund guarantee	None	
Lungteh Shipbuilding Co., Ltd.	117,932	291,733	117,932	-	Credit	None	
Other - corporation 11 accounts (Note 1)	307,739	3,470,496	307,739	-	Credit and fund guarantee and real estate	None	
Other - individual 2 accounts (Note 2)	2,302	2,573	2,302	-	Deposits	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 1.89%, 1.76% and 1.76% on September 30, 2024, December 31, 2023 and September 30, 2023, 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

	September 30, 2024				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	\$ 2,010,038	\$ 2,027,094	\$ 20,100	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,008,925	1,008,925	10,089	0.80-1.00	None
Lungteh Shipbuilding Co., Ltd.	73,260	73,260	733	1.00-1.20	None
	December 31, 2023				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	\$ 2,027,094	\$ 2,082,149	\$ 20,271	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,008,925	1,514,475	10,089	0.80-1.00	None
Lungteh Shipbuilding Co., Ltd.	52,442	102,347	524	1.00	None
	September 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

3) Deposits

	Balance	Percentage of Loans (%)
Balance as of September 30, 2024	\$ 37,149,243	1.39
Balance as of December 31, 2023	46,836,262	1.89
Balance as of September 30, 2023	15,535,639	0.66

For the nine months ended September 30, 2024 and 2023, the interest rates intervals were both between 0.00% to 13.00%; the interest expense was \$640,973 thousand and \$380,772 thousand, respectively. For the three months ended September 30, 2024 and 2023, the interest expense was \$238,107 thousand and \$54,867 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)

September 30, 2024						
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet	
					Subject	Amount
Chunghwa Post Co., Ltd.	Currency swaps	2024.04.11-2025.09.24	\$ 21,108,800	\$ (190,871)	Financial liability at fair value through profit or loss	\$ 190,871
SCINOPHARM TAIWAN, LTD.	Currency forward	2024.08.30-2024.11.28	30,652	(246)	Financial liability at fair value through profit or loss	246
Quaser Machine Tools, Inc.	Currency forward	2024.09.19-2024.12.23	32,978	(294)	Financial liability at fair value through profit or loss	294

(In Thousands of New Taiwan Dollars)

December 31, 2023						
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet	
					Subject	Amount
Chunghwa Post Co., Ltd.	Currency swaps	2023.03.31-2024.08.12	\$ 20,510,940	\$ (525,734)	Financial liability at fair value through profit or loss	\$ 525,734

(In Thousands of New Taiwan Dollars)

September 30, 2023						
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet	
					Subject	Amount
Chunghwa Post Co., Ltd.	Currency swaps	2023.03.09-2024.06.24	\$ 21,566,380	\$ 986,453	Financial assets at fair value through profit or loss	\$ 986,453

5) Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

September 30, 2024						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2024
					Interest Income	Interest Income
The Export-Import Bank	DBU	NTD	\$ 1,000,000	1.33-1.55	\$ 682	\$ 1,822
Land Bank	DBU	NTD	25,000	0.69-1.66	103	2,091
	OBU	USD	120,000	4.90-5.90	145	2,701
Taiwan Business Bank	Hong Kong Branch	USD	50,000	5.36-6.00	954	2,141
	DBU	NTD	4,000,000	1.33-1.45	1,876	9,668
	OBU	USD	30,000	5.35-5.71	163	828
	OBU	JPY	1,300,000	0.02-0.21	137	166
	Singapore Branch	USD	20,000	5.48	170	170
	Tokyo Branch	USD	20,000	5.38-5.63	282	571
	Hong Kong Branch	USD	20,000	4.92-5.78	103	348

December 31, 2023					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Income
The Export-Import Bank Land Bank	DBU	NTD	\$ 500,000	1.17-1.40	\$ 4,611
	DBU	NTD	25,000	0.56-1.50	9,157
	OBU	USD	85,000	4.25-5.90	822
	London Branch	USD	20,000	5.69-5.83	222
	Hong Kong Branch	USD	33,000	4.32-6.00	2,068
Taiwan Business Bank	OBU	USD	10,000	4.62-5.71	29
	Hong Kong Branch	USD	30,000	4.60-5.78	320

September 30, 2023						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended September 30, 2023 Interest Income	For the Nine Months Ended September 30, 2023 Interest Income
The Export-Import Bank	DBU	NTD	\$ 1,000,000	1.17-1.34	\$ 956	\$ 3,214
Land Bank	DBU	NTD	25,000	0.56-1.50	93	8,607
	London Branch	USD	20,000	5.69-5.74	19	19
	Hong Kong Branch	USD	30,000	4.32-5.90	536	1,282
Taiwan Business Bank	Tokyo Branch	USD	20,000	5.57-5.71	171	171

Call loans from banks

(In Thousands of Original Currencies)

September 30, 2024						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended September 30, 2024 Interest Expense	For the Nine Months Ended September 30, 2024 Interest Expense
Land Bank	DBU	NTD	\$ 5,000	0.70-1.63	\$ 133	\$ 1,399
	New York Branch	USD	138,000	4.90-5.83	85	341
Taiwan Business Bank	OBU	AUD	31,000	4.10-4.75	49	51

December 31, 2023					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	NTD	\$ 5,005,000	0.56-1.50	\$ 4,081
	New York Branch	USD	40,000	4.23-5.83	691
	Los Angeles Branch	USD	15,000	4.27-6.00	427

September 30, 2023						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended September 30, 2023 Interest Expense	For the Nine Months Ended September 30, 2023 Interest Expense
Land Bank	DBU	NTD	\$ 5,000	0.56-1.50	\$ 2,724	\$ 2,842
	New York Branch	USD	50,000	4.23-5.68	268	356
	Los Angeles Branch	USD	13,000	4.27-6.00	46	309
	Los Angeles Branch	USD	7,000	5.09-5.90	74	133
Taiwan Business Bank	Singapore Branch	SGD	4,500	3.95-4.00	23	23

6) Due from banks and deposits from banks

Due from banks

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	September 30, 2024	December 31, 2023	September 30, 2023
			Ending Balance	Ending Balance	Ending Balance
Land Bank	DBU	NTD	\$ 9	\$ 9	\$ 9
Taiwan Business Bank	DBU	NTD	4	8	3
Chunghwa Post Co., Ltd.	DBU	NTD	98	103	169

Deposits from banks

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	September 30, 2024	December 31, 2023	September 30, 2023
			Ending Balance	Ending Balance	Ending Balance
Land Bank	DBU	NTD	\$ 275	\$ 277	\$ 277
The Export-Import Bank	DBU	NTD	2,525	3,424	1,801
Chunghwa Post Co., Ltd.	DBU	NTD	55,212,564	216,579	219,999

c. Compensation of directors and management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 14,719	\$ 13,585	\$ 41,569	\$ 37,642
Post-employment benefits	<u>554</u>	<u>489</u>	<u>1,455</u>	<u>1,333</u>
	<u>\$ 15,273</u>	<u>\$ 14,074</u>	<u>\$ 43,024</u>	<u>\$ 38,975</u>

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 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 2024, the Bank recognized other income according to the former contract in the amount of \$1,411 thousand.

36. PLEDGED ASSETS

The summary of the Group's pledged assets as of September 30, 2024, December 31, 2023 and September 30, 2023 is as follows:

Pledged Assets	Description	September 30, 2024	December 31, 2023	September 30, 2023
Investments in debt instruments at FVTOCI	Bonds	\$ 1,606,305	\$ 1,373,749	\$ 1,373,613
Investments in debt instruments at amortized cost	Bonds and certificates of deposits	41,458,000	41,453,525	41,461,425
Refundable deposits	Cash	917,214	2,681,539	570,413

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 September 30, 2024, December 31, 2023 and September 30, 2023:

	September 30, 2024	December 31, 2023	September 30, 2023
Trust liabilities	\$ 850,923,053	\$ 535,970,056	\$ 489,313,354
Unused loan commitments (excluding credit cards)	123,775,062	112,810,062	119,763,365
Credit card commitments	349,895	204,468	200,356
Unused issued letters of credit	21,543,478	19,808,486	23,850,050
Guarantees in guarantee business	54,676,815	56,846,952	58,774,023
Repayment notes and times deposit held for custody	19,352,446	19,013,292	19,175,512
Liabilities on joint loans	79,261	167,319	189,578

The unrecognized commitments for the acquisition of equipment and intangible assets, as well as the commitments for construction, appointment and security service and consultant appointment contracts as of September 30, 2024 were \$138,997 thousand, \$3,557,457 thousand, \$523,548 thousand, \$61,180 thousand and \$154,340 thousand, respectively.

- b. 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 regarding the misappropriation of the deposit amount and the loss of wealth management products. The Taichung District Court held a trial on April 17, 2024 and no decision has yet been made.

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 nine months ended September 30, 2024	None
2	Acquisition of fixed assets over NT\$300 million or 10% of outstanding capital for the nine months ended September 30, 2024	None
3	Disposal of fixed assets over NT\$300 million or 10% of outstanding capital for the nine months ended September 30, 2024	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 September 30, 2024	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 September 30, 2024	Table 2
5	Accumulated purchases and sales balance of specific marketable security over NT\$300 million or 10% of outstanding capital for the nine months ended September 30, 2024	None
6	Acquisition of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the nine months ended September 30, 2024	None
7	Disposal of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the nine months ended September 30, 2024	None
8	Receivables from related parties over NT\$300 million or 10% of outstanding capital as of September 30, 2024	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. 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 Nine Months Ended September 30, 2024							
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Overseas Branches and Subsidiaries	Others	Total
Net income of interest	\$ 11,194,195	\$ 11,766,540	\$ (8,863,903)	\$ -	\$ 2,745,549	\$ (19,471)	\$ 16,822,910
Net service fee income	1,620,134	106,359	(35,089)	3,659,250	84,025	-	5,434,679
Net income on financial instrument	-	-	9,379,719	-	125,364	-	9,505,083
Others	<u>26,086</u>	<u>-</u>	<u>1,968</u>	<u>-</u>	<u>3,675</u>	<u>276,917</u>	<u>308,646</u>
Net revenue and gains	<u>12,840,415</u>	<u>11,872,899</u>	<u>482,695</u>	<u>3,659,250</u>	<u>2,958,613</u>	<u>257,446</u>	<u>32,071,318</u>
Bad debts expense, commitment and guarantee liability provision	(2,196,488)	-	(68)	-	(750,659)	-	(2,947,215)
Operating expense							<u>(15,126,617)</u>
Income before income tax							<u>\$ 13,997,486</u>

For the Nine Months Ended September 30, 2023							
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Overseas Branches and Subsidiaries	Others	Total
Net income of interest	\$ 9,857,575	\$ 12,099,576	\$ (8,170,812)	\$ -	\$ 2,903,368	\$ (16,745)	\$ 16,672,962
Net service fee income	1,145,160	108,561	(34,373)	2,578,385	81,705	-	3,879,438
Net income on financial instrument	-	-	8,504,129	-	68,959	-	8,573,088
Others	<u>11,879</u>	<u>-</u>	<u>6,566</u>	<u>-</u>	<u>4,698</u>	<u>222,599</u>	<u>245,742</u>
Net revenue and gains	<u>11,014,614</u>	<u>12,208,137</u>	<u>305,510</u>	<u>2,578,385</u>	<u>3,058,730</u>	<u>205,854</u>	<u>29,371,230</u>
Bad debts expense, commitment and guarantee liability provision	(1,683,492)	-	(25)	-	(624,559)	-	(2,308,076)
Operating expense							<u>(14,300,038)</u>
Income before income tax							<u>\$ 12,763,116</u>

The reported revenue and results on the segment information did not include inter-segment revenue for the nine months ended September 30, 2024 and 2023.

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

September 30, 2024							
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Overseas Branches and Subsidiary	Others	Total
Assets	<u>\$ 1,818,403,643</u>	<u>\$ -</u>	<u>\$ 992,440,342</u>	<u>\$ -</u>	<u>\$ 266,650,203</u>	<u>\$ 89,635,491</u>	<u>\$ 3,167,129,679</u>
Liabilities	<u>\$ 1,496,986</u>	<u>\$ 2,629,490,842</u>	<u>\$ 78,884,062</u>	<u>\$ -</u>	<u>\$ 189,579,739</u>	<u>\$ 67,860,208</u>	<u>\$ 2,967,311,837</u>

December 31, 2023							
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Overseas Branches and Subsidiary	Others	Total
Assets	<u>\$ 1,675,521,512</u>	<u>\$ -</u>	<u>\$ 894,795,052</u>	<u>\$ -</u>	<u>\$ 223,367,313</u>	<u>\$ 107,190,262</u>	<u>\$ 2,900,874,139</u>
Liabilities	<u>\$ 1,556,444</u>	<u>\$ 2,394,518,260</u>	<u>\$ 102,734,141</u>	<u>\$ -</u>	<u>\$ 161,059,658</u>	<u>\$ 53,007,580</u>	<u>\$ 2,712,876,083</u>

September 30, 2023							
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Overseas Branches and Subsidiary	Others	Total
Assets	<u>\$ 1,617,013,060</u>	<u>\$ -</u>	<u>\$ 839,251,732</u>	<u>\$ -</u>	<u>\$ 229,811,655</u>	<u>\$ 99,606,762</u>	<u>\$ 2,785,683,209</u>
Liabilities	<u>\$ 1,955,991</u>	<u>\$ 2,280,642,286</u>	<u>\$ 95,821,004</u>	<u>\$ -</u>	<u>\$ 159,005,894</u>	<u>\$ 67,343,720</u>	<u>\$ 2,604,768,895</u>

TABLE 1

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES’ NAMES AND LOCATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

(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 September 30, 2024	End of December 31, 2023	Number of Shares	Percentage of Ownership (%)	Book Value			
Chang Hwa Bank	Chang Hua Commercial Bank, Ltd. Chang Hwa Bank Venture Capital Co., Ltd.	Mainland China Taiwan	Banking Venture capital	\$ 12,117,288 1,155,676	\$ 12,117,288 1,042,686	Note 115,567,568	100 100	\$ 14,237,240 1,273,778	\$ 102,406 92,084	\$ 102,406 92,084	

Note: Limited company organization.

TABLE 2

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	September 30, 2024				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	\$ 29,136	8.52	\$ 29,136	
	Package Plus Sustainable Integration Co., Ltd	-	Financial assets at fair value through other comprehensive income	256,411	10,769	4.97	10,769	
	Digit Spark Co., Ltd.	-	Financial assets at fair value through other comprehensive income	275,000	9,999	1.46	9,999	
	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	210,000	12,453	0.05	12,453	
	Acer E-enabling Service Business Inc.	-	Financial assets at fair value through profit or loss	40,000	9,940	0.10	9,940	
	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	182,764	10,948	0.63	10,948	
	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	1,491,000	68,049	0.67	68,049	
	Imedtac Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	16,581	1.64	16,581	
	Ace Medical Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	-	4.90	-	
	Minima Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	570,000	9,610	1.44	9,610	
	Sunpower Energy Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,112,456	39,859	3.50	39,859	
	Outstanding Management Consultants Co., Ltd.	CHBVC is its director	Financial assets at fair value through profit or loss	117,040	1,674	19.00	1,674	
	Glory Wheel Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	371,800	38,247	0.96	38,247	
	Red Sunrise Co., Ltd.	-	Financial assets at fair value through profit or loss	1,309,677	52,688	8.48	52,688	
	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	2,887,794	88,395	0.11	88,395	
	P-Waver Inc.	-	Financial assets at fair value through profit or loss	588,000	9,996	3.85	9,996	
	Champ-Ray Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	587,000	52,085	2.22	52,085	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	1,500,000	48,270	1.60	48,270	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	September 30, 2024				Note
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
	Techplasma Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	210,000	\$ 9,853	0.63	\$ 9,853	
	Mercuries F&B Co., Ltd.	-	Financial assets at fair value through profit or loss	333,000	28,585	0.55	28,585	
	Trio Technology International Group Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	19,500	0.68	19,500	
	Jhu Jian Catering Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	28,659	0.65	28,659	
	Andros Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	17,270	2.23	17,270	
	WiAdvance Technology Corporation	-	Financial assets at fair value through profit or loss	200,000	30,000	0.88	30,000	
	GEOSAT Aerospace & Technology Inc.	-	Financial assets at fair value through profit or loss	700,000	26,600	0.54	26,600	
	Zeitec Semiconductor Co., Ltd.	-	Financial assets at fair value through profit or loss	408,000	44,390	1.50	44,390	
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	2,577,320	31,601	0.24	31,601	
	Wavesplitter Technologies, Inc.	-	Financial assets at fair value through profit or loss	1,000,000	19,000	4.05	19,000	
	U-Neuron Biomedical Inc.	-	Financial assets at fair value through profit or loss	800,000	32,152	2.02	32,152	
	GreenRock Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	712,001	35,000	1.72	35,000	
	Mesh Cooperative Ventures, Inc.	-	Financial assets at fair value through profit or loss	-	27,189	-	27,189	
	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	17,665	-	17,665	
	Forward BioT Venture Capital	-	Financial assets at fair value through profit or loss	-	19,288	-	19,288	

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. AND SUBSIDIARIES

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(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, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee (Note 2)	% of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024	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)	\$ 102,406	100	\$ 102,406	\$ 14,237,240	\$ -	

2.

Accumulated Outward Remittance for Investment in Mainland China September 30, 2024	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)	\$ 29,972,676

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 INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(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	\$ 34,341	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Cash and cash equivalents	107,517	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Receivables	469,222	Same as normal customers	0.01
		Chang Hua Commercial Bank, Ltd.	a.	Other financial assets	6,780,000	Same as normal customers	0.21
		Chang Hua Commercial Bank, Ltd.	a.	Interest income	138,352	Same as normal customers	0.43
		Chang Hua Commercial Bank, Ltd.	a.	Net non-interest income	1,411	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Deposits and remittances	331,983	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	2,721	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Net non-interest income	1,778	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. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****SEPTEMBER 30, 2024**

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Finance	1,366,316,484	12.19
Chunghwa Post Co., Ltd.	840,479,538	7.50
Taishin Financial Holdings Co., Ltd.	625,175,384	5.57
National Development Fund, Executive Yuan	607,672,862	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 the Bank without physical registration (including treasury shares) is more than 5%. The share capital recorded in the Bank's consolidated financial statements and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.