

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Chang Hwa Commercial Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2025, December 31, 2024 and June 30, 2024, and the consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025, December 31, 2024 and June 30, 2024, its consolidated financial performance for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024 and its consolidated cash flows for the six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following is the description for the key audit matter in the audit of the consolidated financial statements of the Group for the six months ended June 30, 2025.

Impairment Assessment of Loans

Loans are the most important assets of the Group. As of June 30, 2025, the balance of the Group's loans totaled \$1,974,251,527 thousand, accounting for 60% of the Group's total consolidated assets. The Group assessed the impairment on loans in accordance with IFRS 9 and recognized the allowance for impairment of loans in compliance with the relevant regulations. Since the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter. Refer to Notes 4, 5 and 12 to the Group's consolidated financial statements for related information.

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

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

Other Matter

We have also audited the financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the years ended June 30, 2025 and 2024 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 26, 2025

Notice to Readers

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

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 38,213,463	1	\$ 41,389,706	1	\$ 47,733,037	1
Due from the Central Bank and call loans to banks (Notes 4, 6 and 35)	243,087,255	7	187,983,867	6	187,958,040	6
Financial assets at fair value through profit or loss (Notes 4, 7, 33, 35 and 36)	120,888,909	4	82,798,865	3	80,599,831	3
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 33 and 36)	335,824,216	10	310,155,769	10	307,605,212	10
Investments in debt instruments at amortized cost (Notes 4, 5, 9, 10, 33 and 36)	526,856,341	16	512,721,202	16	485,725,114	16
Receivables, net (Notes 4, 11 and 12)	23,218,485	1	24,807,709	1	31,446,885	1
Current tax assets (Notes 4 and 30)	285,609	-	282,646	-	166,676	-
Discounts and loans, net (Notes 4, 5, 12, 33, 34 and 35)	1,974,251,527	60	1,967,920,024	62	1,915,205,626	62
Other financial assets, net (Notes 4, 13 and 36)	436,474	-	324,530	-	1,143,170	-
Property and equipment, net (Notes 4 and 15)	21,474,350	1	21,413,108	1	20,945,785	1
Right-of-use assets, net (Notes 4 and 16)	1,851,657	-	1,966,622	-	1,915,226	-
Investment properties, net (Notes 4 and 17)	14,023,753	-	13,932,767	-	13,928,304	-
Intangible assets, net (Notes 4 and 18)	1,043,944	-	985,194	-	965,707	-
Deferred tax assets (Notes 4 and 30)	2,529,624	-	4,510,535	-	5,389,678	-
Other assets, net (Notes 19 and 36)	<u>6,957,783</u>	<u>-</u>	<u>1,528,587</u>	<u>-</u>	<u>1,701,933</u>	<u>-</u>
TOTAL	<u>\$ 3,310,943,390</u>	<u>100</u>	<u>\$ 3,172,721,131</u>	<u>100</u>	<u>\$ 3,102,430,224</u>	<u>100</u>
LIABILITIES AND EQUITY						
Deposits from the Central Bank and banks (Notes 4, 20 and 35)	\$ 352,807,735	11	\$ 234,310,750	8	\$ 117,352,789	4
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 33)	14,944,616	1	2,881,955	-	2,761,402	-
Securities sold under repurchase agreements (Note 4)	14,804,264	-	11,403,907	1	20,277,371	1
Payables (Notes 4, 21 and 28)	54,209,194	2	28,023,911	1	45,193,083	2
Current tax liabilities (Notes 4 and 30)	1,884,853	-	1,841,194	-	1,841,162	-
Deposits and remittances (Notes 4, 22 and 35)	2,611,315,760	79	2,630,356,510	83	2,655,923,951	86
Bank notes payable (Notes 4, 23 and 33)	41,795,293	1	40,805,410	1	40,815,527	1
Other financial liabilities (Notes 4 and 24)	1,561,104	-	1,290,231	-	1,064,136	-
Reserve for liabilities (Notes 4, 5, 26 and 27)	2,402,980	-	2,616,244	-	3,142,454	-
Lease liabilities (Notes 4 and 16)	1,715,835	-	1,837,221	-	1,774,547	-
Deferred tax liabilities (Notes 4 and 30)	8,629,433	-	11,089,598	-	12,081,241	-
Other liabilities (Notes 4, 15 and 25)	<u>2,838,409</u>	<u>-</u>	<u>4,866,812</u>	<u>-</u>	<u>6,538,479</u>	<u>-</u>
Total liabilities	<u>3,108,909,476</u>	<u>94</u>	<u>2,971,323,743</u>	<u>94</u>	<u>2,908,766,142</u>	<u>94</u>
EQUITY (Notes 4, 28 and 30)						
Capital stock						
Common stock	112,057,583	4	112,057,583	4	108,582,930	4
Reserve for capitalization	5,602,879	-	-	-	3,474,653	-
Capital surplus	24	-	24	-	-	-
Retained earnings						
Legal reserve	55,621,220	2	50,685,866	2	50,685,866	2
Special reserve	12,201,590	-	12,201,590	-	12,201,590	-
Unappropriated earnings	9,971,173	-	16,476,237	-	8,013,438	-
Other equity	<u>6,579,445</u>	<u>-</u>	<u>9,976,088</u>	<u>-</u>	<u>10,705,605</u>	<u>-</u>
Total equity	<u>202,033,914</u>	<u>6</u>	<u>201,397,388</u>	<u>6</u>	<u>193,664,082</u>	<u>6</u>
TOTAL	<u>\$ 3,310,943,390</u>	<u>100</u>	<u>\$ 3,172,721,131</u>	<u>100</u>	<u>\$ 3,102,430,224</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 June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME (Notes 4, 29 and 35)	\$ 19,223,784	163	\$ 19,196,757	183	\$ 38,310,561	170	\$ 37,239,701	179
INTEREST EXPENSE (Notes 29 and 35)	<u>(12,631,655)</u>	<u>(107)</u>	<u>(13,622,728)</u>	<u>(130)</u>	<u>(25,345,511)</u>	<u>(112)</u>	<u>(26,176,394)</u>	<u>(126)</u>
NET INCOME OF INTEREST	<u>6,592,129</u>	<u>56</u>	<u>5,574,029</u>	<u>53</u>	<u>12,965,050</u>	<u>58</u>	<u>11,063,307</u>	<u>53</u>
NET NON-INTEREST INCOME								
Net service fee income (Notes 4 and 29)	1,734,754	15	1,552,518	15	3,695,903	16	3,837,165	18
Gain on financial assets or liabilities measured at fair value through profit or loss (Notes 4, 7 and 29)	2,613,716	22	2,578,447	25	4,315,105	19	4,494,660	22
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 29)	880,591	7	363,520	3	1,105,716	5	606,820	3
Gain (loss) arising from derecognition of financial assets at amortized cost	28	-	(25,835)	-	(489)	-	(39,813)	-
Foreign exchange (loss) gain (Notes 4 and 33)	(365,368)	(3)	296,777	3	(14,422)	-	648,729	3
Net other non-interest income (Note 13)	<u>337,108</u>	<u>3</u>	<u>127,441</u>	<u>1</u>	<u>467,312</u>	<u>2</u>	<u>143,279</u>	<u>1</u>
Net non-interest income	<u>5,200,829</u>	<u>44</u>	<u>4,892,868</u>	<u>47</u>	<u>9,569,125</u>	<u>42</u>	<u>9,690,840</u>	<u>47</u>
NET REVENUE AND GAINS	<u>11,792,958</u>	<u>100</u>	<u>10,466,897</u>	<u>100</u>	<u>22,534,175</u>	<u>100</u>	<u>20,754,147</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 12)	<u>(674,984)</u>	<u>(6)</u>	<u>(815,164)</u>	<u>(8)</u>	<u>(1,145,687)</u>	<u>(5)</u>	<u>(1,538,962)</u>	<u>(7)</u>
OPERATING EXPENSES								
Employee benefits expenses (Notes 4 and 29)	(3,335,088)	(28)	(3,171,631)	(30)	(6,740,580)	(30)	(6,244,034)	(30)
Depreciation and amortization expenses (Notes 4 and 29)	(437,179)	(4)	(405,202)	(4)	(864,419)	(4)	(801,349)	(4)
Other general and administrative expenses	<u>(1,459,550)</u>	<u>(12)</u>	<u>(1,446,929)</u>	<u>(14)</u>	<u>(2,802,227)</u>	<u>(12)</u>	<u>(2,740,370)</u>	<u>(13)</u>
Total operating expenses	<u>(5,231,817)</u>	<u>(44)</u>	<u>(5,023,762)</u>	<u>(48)</u>	<u>(10,407,226)</u>	<u>(46)</u>	<u>(9,785,753)</u>	<u>(47)</u>
INCOME BEFORE INCOME TAX	5,886,157	50	4,627,971	44	10,981,262	49	9,429,432	46
INCOME TAX EXPENSE (Notes 4 and 30)	<u>(891,615)</u>	<u>(8)</u>	<u>(1,015,201)</u>	<u>(9)</u>	<u>(1,851,952)</u>	<u>(8)</u>	<u>(1,985,435)</u>	<u>(10)</u>
NET INCOME	<u>4,994,542</u>	<u>42</u>	<u>3,612,770</u>	<u>35</u>	<u>9,129,310</u>	<u>41</u>	<u>7,443,997</u>	<u>36</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 June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	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	\$ 130,855	1	\$ 2,255,478	21	\$ (2,026,649)	(9)	\$ 4,532,812	22
Items that will be reclassified to profit or loss, net of tax:								
Exchange differences on translation (Note 4)	(5,799,627)	(49)	577,967	5	(5,008,586)	(22)	1,953,079	9
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income (Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	1,993,780	17	(1,072,925)	(10)	3,831,245	17	(2,157,688)	(10)
Income tax related to items that will be reclassified to profit or loss (Notes 4 and 30)	(5,354)	-	1,060	-	(2,724)	-	(368)	-
Other comprehensive (loss) income, net of tax	366,965	3	(34,040)	-	316,809	1	(133,745)	(1)
	(3,313,381)	(28)	1,727,540	16	(2,889,905)	(13)	4,194,090	20
TOTAL COMPREHENSIVE INCOME	\$ 1,681,161	14	\$ 5,340,310	51	\$ 6,239,405	28	\$ 11,638,087	56
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Bank	\$ 4,994,542	42	\$ 3,612,770	35	\$ 9,129,310	41	\$ 7,443,997	36
Non-controlling interests	\$ -	-	\$ -	-	\$ -	-	\$ -	-
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Bank	\$ 1,681,161	14	\$ 5,340,310	51	\$ 6,239,405	28	\$ 11,638,087	56
Non-controlling interests	\$ -	-	\$ -	-	\$ -	-	\$ -	-
EARNINGS PER SHARE (Note 31)								
Basic	\$ 0.42		\$ 0.31		\$ 0.78		\$ 0.63	
Diluted	\$ 0.42		\$ 0.31		\$ 0.77		\$ 0.63	

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

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank							Other Equity		Total Equity
	Capital Stock		Reserve for Capitalization	Capital Surplus	Retained Earnings			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 Thousand)	Amount			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT 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	-	-	3,474,653	-	-	-	(3,474,653)	-	-	-
Net income for the six months ended June 30, 2024	-	-	-	-	-	-	7,443,997	-	-	7,443,997
Other comprehensive income (loss) for the six months ended June 30, 2024, net of tax	-	-	-	-	-	-	-	1,843,760	2,350,330	4,194,090
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	7,443,997	1,843,760	2,350,330	11,638,087
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	544,382	-	(544,382)	-
BALANCE AT JUNE 30, 2024	10,858,293	\$ 108,582,930	\$ 3,474,653	\$ -	\$ 50,685,866	\$ 12,201,590	\$ 8,013,438	\$ 632,546	\$ 10,073,059	\$ 193,664,082
BALANCE AT JANUARY 1, 2025	11,205,758	\$ 112,057,583	\$ -	\$ 24	\$ 50,685,866	\$ 12,201,590	\$ 16,476,237	\$ 960,702	\$ 9,015,386	\$ 201,397,388
Appropriation of 2024 earnings										
Legal reserve appropriated	-	-	-	-	4,935,354	-	(4,935,354)	-	-	-
Cash dividends	-	-	-	-	-	-	(5,602,879)	-	-	(5,602,879)
Stock dividends	-	-	5,602,879	-	-	-	(5,602,879)	-	-	-
Net income for the six months ended June 30, 2025	-	-	-	-	-	-	9,129,310	-	-	9,129,310
Other comprehensive (loss) income for the six months ended June 30, 2025, net of tax	-	-	-	-	-	-	-	(4,687,879)	1,797,974	(2,889,905)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	-	9,129,310	(4,687,879)	1,797,974	6,239,405
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	506,738	-	(506,738)	-
BALANCE AT JUNE 30, 2025	11,205,758	\$ 112,057,583	\$ 5,602,879	\$ 24	\$ 55,621,220	\$ 12,201,590	\$ 9,971,173	\$ (3,727,177)	\$ 10,306,622	\$ 202,033,914

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 10,981,262	\$ 9,429,432
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	1,145,687	1,538,962
Depreciation expense	660,662	622,723
Amortization expense	203,757	178,626
Interest income	(38,310,561)	(37,239,701)
Dividend income	(998,657)	(770,848)
Interest expense	25,345,511	26,176,394
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	12,490,353	(15,138,487)
(Gain) loss on disposal of investments	(128,581)	189,646
Unrealized foreign exchange (gain) loss	(16,805,458)	10,643,827
Other adjustments	(210,347)	(71,510)
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank	3,844,550	(14,234,656)
Increase in financial assets at fair value through profit or loss	(43,420,027)	(17,063)
Decrease (increase) in receivables	2,148,429	(8,658,087)
Increase in discounts and loans	(7,756,906)	(114,448,328)
Increase in financial assets at fair value through other comprehensive income	(23,737,506)	(43,644,286)
Increase in investments in debt instruments at amortized cost	(14,135,089)	(32,582,105)
(Increase) decrease in other financial assets	(119,831)	89,671
(Increase) decrease in other assets	(5,384,690)	1,346,581
Increase (decrease) in deposits from the Central Bank and banks	67,753,971	(58,628)
(Decrease) increase in deposits and remittances	(19,040,750)	180,134,996
Increase in payables	20,313,868	1,713,003
Increase (decrease) in financial liabilities at fair value through profit or loss	20,955,638	(6,874,440)
(Decrease) increase in reserve for liabilities	(5,025)	32,774
Increase (decrease) in other financial liabilities	270,873	(170,122)
(Decrease) increase in other liabilities	(2,031,436)	4,081,152
Cash flows used in operations	(5,970,303)	(37,730,474)
Interest received	39,229,209	36,294,973
Dividends received	354,774	419,382
Interest paid	(25,132,062)	(25,199,118)
Income taxes paid	(1,970,738)	(1,894,597)
Net cash flows generated from (used in) operating activities	6,510,880	(28,109,834)

(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

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 SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND BUSINESS SCOPE

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

The Bank mainly engages in the following business:

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank’s board of directors on August 26, 2025.

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 FSC

- 1) Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

- 2) Identification of related parties (expected to be applied from the consolidated financial statements for fiscal year 2025)

In accordance with the Q&A “Identification of Related Parties” issued by the Accounting Research and Development Foundation (ARDF) in June 2025, the Group has reassessed its relationship with its managed funds to determine whether it exercises control or significant influence, or if it solely provides key management services to them. As a result, the Group may revise the previous identification of related parties based on the Q&A issued by the ARDF in July 2013. The assessment is currently in progress. Furthermore, in accordance with the Q&A issued by the FSC, comparative information for the year 2024 needs not to be restated, which means the identified and disclosed related party relationships and transactions in prior financial statements are not required to be adjusted retrospectively.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
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
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	

1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

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

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance.

- 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)
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 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 Disclosures 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 the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

Basis of Consolidation

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

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

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

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

Other Material Accounting Policies

Except for the following, for the summary of other material accounting policies, refer to the Group’s consolidated financial statements for the year ended December 31, 2024.

- 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, 2024.

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

a. Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 14,178,608	\$ 22,657,752	\$ 13,475,460
Checks for clearing	3,334,766	2,862,751	13,986,515
Due from banks	19,087,105	14,006,362	18,560,077
Foreign currencies on hand	<u>1,612,984</u>	<u>1,862,841</u>	<u>1,710,985</u>
	<u>\$ 38,213,463</u>	<u>\$ 41,389,706</u>	<u>\$ 47,733,037</u>

Refer to the consolidated statements of cash flows for the cash and cash equivalents reconciliation information as of June 30, 2025 and 2024. Cash and cash equivalents as of December 31, 2024 as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheets as follows:

	December 31, 2024
Cash and cash equivalents	\$ 41,389,706
Call loans to banks	<u>37,540,637</u>
	<u>\$ 78,930,343</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Call loans to banks	\$ 96,488,575	\$ 37,540,637	\$ 65,474,816
Reserve for checking accounts	54,034,406	50,605,021	29,678,822
Reserve for demand accounts	76,440,198	75,515,078	68,945,716
Reserve for foreign deposits	642,340	715,368	710,405
Others	<u>15,481,736</u>	<u>23,607,763</u>	<u>23,148,281</u>
	<u>\$ 243,087,255</u>	<u>\$ 187,983,867</u>	<u>\$ 187,958,040</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)

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets mandatorily classified at FVTPL			
Derivative financial assets (not under hedge accounting)			
Futures	\$ 677,009	\$ 668,074	\$ 1,090,732
Forward exchange contracts	354,522	89,852	44,567
Interest rate swaps	164,851	359,880	463,823
Currency swaps	2,897,468	8,435,820	8,592,322
Currency call option premiums	277,451	58,982	45,264
Non-derivative financial assets			
Investments in bills	112,950,114	70,630,917	68,618,040
Domestic listed stock	384,122	156,252	233,495
Domestic unquoted stock	684,086	704,982	757,443
Funds	276,594	178,700	206,080
Government bonds	4,757	4,754	4,766
Corporate bonds	<u>2,217,935</u>	<u>1,510,652</u>	<u>543,299</u>
	<u>\$ 120,888,909</u>	<u>\$ 82,798,865</u>	<u>\$ 80,599,831</u>

The par values of notes provided for transactions with repurchase agreements were \$20,400 thousand as of December 31, 2024.

Financial Liabilities at FVTPL

	June 30, 2025	December 31, 2024	June 30, 2024
Financial liabilities held for trading			
Derivative financial liabilities (not applying hedge accounting)			
Forward exchange contracts	\$ 75,572	\$ 68,970	\$ 89,035
Interest rate swaps	152,055	347,569	448,705
Currency swaps	14,439,480	2,406,421	2,178,397
Currency put option premiums	<u>277,509</u>	<u>58,995</u>	<u>45,265</u>
	<u>\$ 14,944,616</u>	<u>\$ 2,881,955</u>	<u>\$ 2,761,402</u>

The Group entered into derivative contracts during the six months ended June 30, 2025 and 2024 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Group is to minimize risks due to changes in fair value and cash flows.

The nominal principal amounts of outstanding derivative contracts as of June 30, 2025, December 31, 2024 and June 30, 2024 were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Currency swaps	\$ 319,235,708	\$ 428,920,217	\$ 515,283,312
Currency options	23,954,918	21,936,081	20,506,972
Forward exchange contracts	11,810,407	8,228,173	6,706,910
Interest rate swaps	74,891,881	93,627,915	109,271,561

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2025	December 31, 2024	June 30, 2024
Investments in equity instruments at FVTOCI			
Domestic listed stocks	\$ 22,698,991	\$ 19,696,299	\$ 30,993,845
Domestic unquoted stocks	15,211,462	13,747,021	13,060,203
Beneficiary and asset-based securities	-	196,076	225,450
	<u>37,910,453</u>	<u>33,639,396</u>	<u>44,279,498</u>
Investments in debt instruments at FVTOCI			
Government bonds	150,477,889	135,118,656	110,667,805
Corporate bonds	47,047,727	49,872,159	60,493,856
Bank notes	81,168,902	73,780,413	72,806,175
Bonds issued by international organizations	8,113,357	8,834,054	9,519,356
Beneficiary and asset-based securities	11,105,888	8,911,091	9,838,522
	<u>297,913,763</u>	<u>276,516,373</u>	<u>263,325,714</u>
	<u>\$ 335,824,216</u>	<u>\$ 310,155,769</u>	<u>\$ 307,605,212</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.

- Refer to Note 10 for information relating to their credit risk management and impairment.
- The par values of bonds provided for transactions with repurchase agreement were \$14,338,700 thousand, \$11,190,300 thousand and \$20,928,300 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively.
- Government bonds placed as deposits in courts amounted to \$529,967 thousand, \$424,825 thousand and \$491,000 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. Government bonds placed as operating deposits amounted to \$311,378 thousand, \$315,572 thousand and \$330,000 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. Government bonds placed a reserve fund for trust compensation amounted to \$329,858 thousand, \$277,799 thousand and \$220,000 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. Government bonds provided as collateral for government bidding were \$942 thousand, \$926 thousand and \$1,000 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. Overseas branches' bonds provided as collateral for operations were \$494,976 thousand, \$483,331 thousand and \$469,334 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. Refer to Note 36 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2025	December 31, 2024	June 30, 2024
Investments in bills	\$ 373,030,637	\$ 362,392,924	\$ 326,648,238
Bank notes	92,882,383	91,776,427	92,566,295
Corporate bonds	11,178,197	9,160,822	7,592,526
Government bonds	27,445,478	27,493,537	31,647,247
Bonds issued by international organizations	3,750,518	4,166,899	9,309,798
Beneficiary and asset-based securities	<u>18,569,128</u>	<u>17,730,593</u>	<u>17,961,010</u>
	<u>\$ 526,856,341</u>	<u>\$ 512,721,202</u>	<u>\$ 485,725,114</u>

- a. Refer to Note 10 for information relating to their credit risk management and impairment of investments in financial assets at amortized cost.
- b. The amounts of the overseas branches' bonds provided as collateral for operations were \$145,600 thousand, \$163,925 thousand and \$162,850 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, 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 the Central Bank and pledged for call loans from banks amounted to \$5,300,000 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024.
- d. Refer to Note 36 for information relating to investments in debt instruments at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

June 30, 2025

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 299,782,197	\$ 526,886,953
Less: Allowance for impairment loss	<u>(49,587)</u>	<u>(30,612)</u>
Amortized cost	299,732,610	<u>\$ 526,856,341</u>
Adjustment to fair value	<u>(1,818,847)</u>	
	<u>\$ 297,913,763</u>	

December 31, 2024

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 282,216,052	\$ 512,752,266
Less: Allowance for impairment loss	<u>(52,312)</u>	<u>(31,064)</u>
Amortized cost	282,163,740	<u>\$ 512,721,202</u>
Adjustment to fair value	<u>(5,647,367)</u>	
	<u>\$ 276,516,373</u>	

June 30, 2024

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 270,357,598	\$ 485,754,305
Less: Allowance for impairment loss	<u>(58,092)</u>	<u>(29,191)</u>
Amortized cost	270,299,506	<u>\$ 485,725,114</u>
Adjustment to fair value	<u>(6,973,792)</u>	
	<u>\$ 263,325,714</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:

June 30, 2025

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.1845%	<u>\$ 299,782,197</u>	<u>\$ 526,886,953</u>

December 31, 2024

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.4204%	<u>\$ 282,216,052</u>	<u>\$ 512,752,266</u>

June 30, 2024

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.4204%	<u>\$ 270,357,598</u>	<u>\$ 485,754,305</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 on January 1, 2025	\$ 52,312	\$ -	\$ -	\$ 52,312
Purchase of investments in debt instruments	8,114	-	-	8,114
Derecognition	(6,033)	-	-	(6,033)
Change in exchange rates or others	<u>(4,806)</u>	<u>-</u>	<u>-</u>	<u>(4,806)</u>
Balance on June 30, 2025	<u>\$ 49,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,587</u>
Balance on January 1, 2024	\$ 58,460	\$ -	\$ -	\$ 58,460
Purchase of investments in debt instruments	5,726	-	-	5,726
Derecognition	(9,540)	-	-	(9,540)
Change in exchange rates or others	<u>3,446</u>	<u>-</u>	<u>-</u>	<u>3,446</u>
Balance on June 30, 2024	<u>\$ 58,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,092</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 on January 1, 2025	\$ 31,064	\$ -	\$ -	\$ 31,064
Purchase of investments in debt instruments	4,663	-	-	4,663
Derecognition	(298)	-	-	(298)
Change in exchange rates or others	<u>(4,817)</u>	<u>-</u>	<u>-</u>	<u>(4,817)</u>
Balance on June 30, 2025	<u>\$ 30,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,612</u>
Balance on January 1, 2024	\$ 19,223	\$ -	\$ -	\$ 19,223
Purchase of investments in debt instruments	9,317	-	-	9,317
Derecognition	(767)	-	-	(767)
Change in exchange rates or others	<u>1,418</u>	<u>-</u>	<u>-</u>	<u>1,418</u>
Balance on June 30, 2024	<u>\$ 29,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,191</u>

11. RECEIVABLES, NET

a. Details of receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable	\$ 4,621,079	\$ 5,774,271	\$ 7,456,078
Accrued incomes	622	4,042	1,186
Interests receivable	9,455,115	9,618,619	9,367,877
Acceptances receivable	3,311,449	3,979,153	4,886,791
Credit card accounts receivable	3,096,573	4,170,975	6,536,281
Settlement price	866,024	660,184	1,638,357
Accounts receivable for settlement	1,235,594	784,042	1,303,756
Other receivables	982,929	270,044	624,977
	23,569,385	25,261,330	31,815,303
Less: Allowance for bad debts, receivables	(350,900)	(453,621)	(368,418)
	<u>\$ 23,218,485</u>	<u>\$ 24,807,709</u>	<u>\$ 31,446,885</u>

b. Allowance for receivables

1) Movements in the allowance for receivables

	For the Six Months Ended June 30, 2025					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Receivables						
Beginning balance	\$ 10,877	\$ 5,671	\$ 154,465	\$ 171,013	\$ 282,608	\$ 453,621
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,729)	1,936	(207)	-	-	-
Transfers to credit-impaired financial assets	(1,207)	(1,396)	2,603	-	-	-
Transfers to 12-month expected credit losses	1,844	(509)	(1,335)	-	-	-
Financial assets derecognized for the period	(6,273)	(1,372)	(4,331)	(11,976)	-	(11,976)
Purchased or originated financial assets	10,496	1,945	33,889	46,330	-	46,330
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	-	-	-	-	(116,322)	(116,322)
Doubtful debts written off	-	-	(8,341)	(8,341)	-	(8,341)
Changes in exchange rates or others	(492)	(135)	(11,785)	(12,412)	-	(12,412)
Ending balance	<u>\$ 13,516</u>	<u>\$ 6,140</u>	<u>\$ 164,958</u>	<u>\$ 184,614</u>	<u>\$ 166,286</u>	<u>\$ 350,900</u>

For the Six Months Ended June 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	(836)	899	(63)	-	-	-
Transfers to credit-impaired financial assets	(615)	(93)	708	-	-	-
Transfers to 12-month expected credit losses	322	(195)	(127)	-	-	-
Financial assets derecognized for the period	(12,914)	(1,672)	(3,288)	(17,874)	-	(17,874)
Purchased or originated financial assets	9,807	1,176	15,017	26,000	-	26,000
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	-	-	-	-	23,702	23,702
Doubtful debts written off	-	-	(10,678)	(10,678)	-	(10,678)
Changes in exchange rates or others	154	10	8,229	8,393	-	8,393
Ending balance	<u>\$ 11,895</u>	<u>\$ 3,999</u>	<u>\$ 151,605</u>	<u>\$ 167,499</u>	<u>\$ 200,919</u>	<u>\$ 368,418</u>

2) Movements in the total carrying amount of receivables

For the Six Months Ended June 30, 2025				
	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	\$ 24,795,110	\$ 197,684	\$ 268,536	\$ 25,261,330
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(18,502)	18,998	(496)	-
Transfers to credit-impaired financial assets	(6,172)	(1,755)	7,927	-
Transfers to 12-month expected credit losses	13,415	(8,719)	(4,696)	-
Purchased or originated financial assets	8,338,078	97,564	61,026	8,496,668
Derecognized	(9,923,721)	(110,334)	(17,607)	(10,051,662)
Doubtful debts written off	-	-	(8,341)	(8,341)
Changes in exchange rates or others	(103,621)	(3,781)	(21,208)	(128,610)
Ending balance	<u>\$ 23,094,587</u>	<u>\$ 189,657</u>	<u>\$ 285,141</u>	<u>\$ 23,569,385</u>

	For the Six Months Ended June 30, 2024			Total
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	
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	(9,893)	10,093	(200)	-
Transfers to credit-impaired financial assets	(1,786)	(890)	2,676	-
Transfers to 12-month expected credit losses	6,064	(5,079)	(985)	-
Purchased or originated financial assets	17,910,345	86,443	30,429	18,027,217
Derecognized	(7,474,738)	(132,747)	(18,643)	(7,626,128)
Doubtful debts written off	-	-	(10,678)	(10,678)
Changes in exchange rates or others	80,824	1,361	12,208	94,393
Ending balance	<u>\$ 31,379,599</u>	<u>\$ 175,129</u>	<u>\$ 260,575</u>	<u>\$ 31,815,303</u>

12. DISCOUNTS AND LOANS, NET

a. Details of discounts and loans

	June 30, 2025	December 31, 2024	June 30, 2024
Negotiated and discounted	\$ 1,577,983	\$ 1,745,853	\$ 3,044,474
Overdrafts	750,243	1,167,870	1,184,175
Short-term loans	443,256,620	437,178,852	430,919,154
Margin loans receivable	394,032	447,349	422,467
Medium-term loans	665,948,182	668,311,512	645,751,048
Long-term loans	885,332,199	881,321,719	854,524,011
Overdue loans	<u>3,116,135</u>	<u>2,733,127</u>	<u>2,842,729</u>
	2,000,375,394	1,992,906,282	1,938,688,058
Less: Allowance for loan losses	<u>(26,123,867)</u>	<u>(24,986,258)</u>	<u>(23,482,432)</u>
	<u>\$ 1,974,251,527</u>	<u>\$ 1,967,920,024</u>	<u>\$ 1,915,205,626</u>

Loans of which the accrual of interest income had ceased internally as of June 30, 2025, December 31, 2024 and June 30, 2024 were \$3,116,135 thousand, \$2,733,127 thousand and \$2,842,729 thousand, respectively. The amounts of interest income that would have been accrued on these loans for the six months ended June 30, 2025 and 2024 were \$51,572 thousand and \$47,047 thousand, respectively.

The Group did not write off any loans without legal claims process for the six months ended June 30, 2025 and 2024.

b. Allowance for discounts and loans

1) Movements in the allowance for discounts and loans

For the Six Months Ended June 30, 2025						
	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	\$ 2,664,957	\$ 2,399,305	\$ 1,676,641	\$ 6,740,903	\$ 18,245,355	\$ 24,986,258
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(56,427)	64,419	(7,992)	-	-	-
Transfers to credit impaired financial assets	(1,104)	(17,962)	19,066	-	-	-
Transfers to 12-month expected credit losses	322,589	(320,065)	(2,524)	-	-	-
Financial assets derecognized for the period	(661,311)	(185,339)	(592,787)	(1,439,437)	-	(1,439,437)
Purchased or originated financial assets	950,972	785,161	2,289,009	4,025,142	-	4,025,142
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	-	-	-	-	21,705	21,705
Doubtful debts written off	-	-	(1,355,505)	(1,355,505)	-	(1,355,505)
Change in exchange rates or others	(49,267)	(48,758)	(16,271)	(114,296)	-	(114,296)
Ending balance	<u>\$ 3,170,409</u>	<u>\$ 2,676,761</u>	<u>\$ 2,009,637</u>	<u>\$ 7,856,807</u>	<u>\$ 18,267,060</u>	<u>\$ 26,123,867</u>

For the Six Months Ended June 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	(12,182)	20,804	(8,622)	-	-	-
Transfers to credit impaired financial assets	(735)	(44,792)	45,527	-	-	-
Transfers to 12-month expected credit losses	124,257	(122,682)	(1,575)	-	-	-
Financial assets derecognized for the period	(1,209,860)	(858,736)	130,114	(1,938,482)	-	(1,938,482)

(Continued)

For the Six Months Ended June 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
Purchased or originated financial assets	\$ 584,957	\$ 1,037,457	\$ 533,294	\$ 2,155,708	\$ -	\$ 2,155,708
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	-	-	-	-	2,196,249	2,196,249
Doubtful debts written off	-	-	(1,317,256)	(1,317,256)	-	(1,317,256)
Change in exchange rates or others	16,627	7,029	16,288	39,944	-	39,944
Ending balance	<u>\$ 2,440,735</u>	<u>\$ 2,946,268</u>	<u>\$ 1,769,313</u>	<u>\$ 7,156,316</u>	<u>\$ 16,326,116</u>	<u>\$ 23,482,432</u>

(Concluded)

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

For the Six Months Ended June 30, 2025				
	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	\$ 1,909,850,964	\$ 76,555,537	\$ 6,499,781	\$ 1,992,906,282
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(6,116,181)	6,189,900	(73,719)	-
Transfers to credit-impaired financial assets	(953,738)	(543,851)	1,497,589	-
Transfers to 12-month expected credit losses	8,482,798	(8,463,887)	(18,911)	-
Financial assets derecognized for the period	(518,115,059)	(24,432,551)	(769,805)	(543,317,415)
Purchased or originated financial assets	550,114,863	19,655,949	1,503,776	571,274,588
Doubtful debts written off	-	-	(1,355,505)	(1,355,505)
Changes in exchange rates or others	(18,011,148)	(1,093,795)	(27,613)	(19,132,556)
Ending balance	<u>\$ 1,925,252,499</u>	<u>\$ 67,867,302</u>	<u>\$ 7,255,593</u>	<u>\$ 2,000,375,394</u>

	For the Six Months Ended June 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	(4,782,432)	4,831,664	(49,232)	-
Transfers to credit-impaired financial assets	(387,760)	(847,261)	1,235,021	-
Transfers to 12-month expected credit losses	2,576,840	(2,563,541)	(13,299)	-
Financial assets derecognized for the period	(499,375,190)	(27,038,407)	(1,656,195)	(528,069,792)
Purchased or originated financial assets	608,580,704	25,786,646	899,521	635,266,871
Doubtful debts written off	-	-	(1,317,256)	(1,317,256)
Changes in exchange rates or others	7,597,214	308,559	31,497	7,937,270
Ending balance	<u>\$ 1,855,468,068</u>	<u>\$ 75,703,131</u>	<u>\$ 7,516,859</u>	<u>\$ 1,938,688,058</u>

- c. Details of provision for bad debts expense, commitment and guarantee for the three months and the six months ended June 30, 2025 and 2024

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Provision for receivable and loan (including overdue loan) losses	\$ 648,124	\$ 983,847	\$ 1,353,926	\$ 1,736,124
Provision (reversal) for loan commitment	35,834	(165,107)	(16,786)	(206,170)
(Reversal) provision for guarantee liability	(8,906)	(2,196)	(191,310)	8,305
(Reversal) provision for others	<u>(68)</u>	<u>(1,380)</u>	<u>(143)</u>	<u>703</u>
	<u>\$ 674,984</u>	<u>\$ 815,164</u>	<u>\$ 1,145,687</u>	<u>\$ 1,538,962</u>

13. OTHER FINANCIAL ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
Time deposits with original maturities of more than 3 months	\$ 406,600	\$ 313,880	\$ 1,115,500
Exchange bills negotiated	29,968	10,758	27,949
Overdue receivables	4,983	3,594	4,490
Less: Allowance for bad debts	<u>(5,077)</u>	<u>(3,702)</u>	<u>(4,769)</u>
	<u>\$ 436,474</u>	<u>\$ 324,530</u>	<u>\$ 1,143,170</u>

The rates of time deposits with original maturities of more than 3 months were 1.45% and 2.75% for the six months ended June 30, 2025 and 2024, respectively.

14. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership		
			June 30, 2025	December 31, 2024	June 30, 2024
The Bank	Chang Hua Commercial Bank, Ltd.	Banking	100	100	100
The Bank	Chang Hwa Bank Venture Capital Co., Ltd.	Investing	100	100	100

15. PROPERTY AND EQUIPMENT

	June 30, 2025	December 31, 2024	June 30, 2024
Assets used by the Group	\$ 21,258,166	\$ 21,192,384	\$ 20,720,594
Assets leased under operating leases	<u>216,184</u>	<u>220,724</u>	<u>225,191</u>
	<u>\$ 21,474,350</u>	<u>\$ 21,413,108</u>	<u>\$ 20,945,785</u>

a. Asset used by the Group

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Buildings and Equipment	Total
Cost								
Balance on January 1, 2025	\$ 15,024,617	\$ 9,391,351	\$ 4,909,577	\$ 760,872	\$ 1,612,107	\$ 1,079,746	\$ 497,478	\$ 33,275,748
Additions	166,927	105,138	101,611	21,665	30,219	4,197	238,519	668,276
Disposals	-	-	(226,566)	(11,368)	(18,844)	(2,078)	-	(258,856)
Transfers to assets leased under operating leases	-	(34)	-	-	-	-	-	(34)
Reclassification	(121,695)	63,940	20,947	-	4,183	968	(244,020)	(275,677)
Effect of foreign currency exchange differences	-	(69,383)	(17,700)	(2,563)	(5,108)	(9,188)	(2,771)	(106,713)
Balance on June 30, 2025	<u>\$ 15,069,849</u>	<u>\$ 9,491,012</u>	<u>\$ 4,787,869</u>	<u>\$ 768,606</u>	<u>\$ 1,622,557</u>	<u>\$ 1,073,645</u>	<u>\$ 489,206</u>	<u>\$ 33,302,744</u>
Accumulated depreciation and impairment								
Balance on January 1, 2025	\$ -	\$ 5,005,919	\$ 4,063,768	\$ 648,213	\$ 1,396,772	\$ 968,692	\$ -	\$ 12,083,364
Disposals	-	-	(226,025)	(11,367)	(18,816)	(2,078)	-	(258,286)
Depreciation expense	-	106,313	125,488	14,255	25,974	14,410	-	286,440
Reclassification	-	(24,074)	-	-	-	-	-	(24,074)
Effect of foreign currency exchange differences	-	(14,773)	(13,087)	(1,823)	(4,447)	(8,736)	-	(42,866)
Balance on June 30, 2025	<u>\$ -</u>	<u>\$ 5,073,385</u>	<u>\$ 3,950,144</u>	<u>\$ 649,278</u>	<u>\$ 1,399,483</u>	<u>\$ 972,288</u>	<u>\$ -</u>	<u>\$ 12,044,578</u>
Carrying amount on June 30, 2025	<u>\$ 15,069,849</u>	<u>\$ 4,417,627</u>	<u>\$ 837,725</u>	<u>\$ 119,328</u>	<u>\$ 223,074</u>	<u>\$ 101,357</u>	<u>\$ 489,206</u>	<u>\$ 21,258,166</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 15,024,617</u>	<u>\$ 4,385,432</u>	<u>\$ 845,809</u>	<u>\$ 112,659</u>	<u>\$ 215,335</u>	<u>\$ 111,054</u>	<u>\$ 497,478</u>	<u>\$ 21,192,384</u>
Cost								
Balance on 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	-	30,434	56,711	9,623	24,474	9,600	182,257	313,099
Disposals	-	-	(34,176)	(23,631)	(14,919)	(5,886)	-	(78,612)
Transfers to assets leased under operating leases	-	(32,715)	-	-	-	-	-	(32,715)
Reclassification	(47,485)	(24,886)	8,254	822	-	-	(123,688)	(186,983)
Effect of foreign currency exchange differences	-	22,242	5,350	757	1,830	3,321	699	34,199
Balance on June 30, 2024	<u>\$ 14,914,547</u>	<u>\$ 8,917,869</u>	<u>\$ 4,709,275</u>	<u>\$ 744,654</u>	<u>\$ 1,570,178</u>	<u>\$ 1,069,867</u>	<u>\$ 730,272</u>	<u>\$ 32,656,662</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Buildings and Equipment	Total
Accumulated depreciation and impairment								
Balance on January 1, 2024	\$ -	\$ 4,843,480	\$ 3,938,365	\$ 658,708	\$ 1,374,974	\$ 955,259	\$ -	\$ 11,770,786
Disposals	-	-	(33,840)	(23,523)	(14,919)	(5,886)	-	(78,168)
Depreciation expense	-	93,777	119,570	12,801	23,368	12,706	-	262,222
Reclassification	-	(17,939)	-	-	-	-	-	(17,939)
Transfers to assets leased under operating leases	-	(13,767)	-	-	-	-	-	(13,767)
Effect of foreign currency exchange differences	-	3,925	3,556	532	1,668	3,253	-	12,934
Balance on June 30, 2024	<u>\$ -</u>	<u>\$ 4,909,476</u>	<u>\$ 4,027,651</u>	<u>\$ 648,518</u>	<u>\$ 1,385,091</u>	<u>\$ 965,332</u>	<u>\$ -</u>	<u>\$ 11,936,068</u>
Carrying amount on June 30, 2024	<u>\$ 14,914,547</u>	<u>\$ 4,008,393</u>	<u>\$ 681,624</u>	<u>\$ 96,136</u>	<u>\$ 185,087</u>	<u>\$ 104,535</u>	<u>\$ 730,272</u>	<u>\$ 20,720,594</u>

(Concluded)

b. Assets leased under operating leases

Buildings

Cost

Balance on January 1, 2025	\$ 492,061
Transfers from assets used by the Group	<u>34</u>
Balance on June 30, 2025	<u>\$ 492,095</u>

Accumulated depreciation and impairment

Balance on January 1, 2025	\$ 271,337
Depreciation expense	<u>4,574</u>
Balance on June 30, 2025	<u>\$ 275,911</u>
Carrying amounts on June 30, 2025	<u>\$ 216,184</u>
Carrying amounts on December 31, 2024 and January 1, 2025	<u>\$ 220,724</u>

Cost

Balance on January 1, 2024	\$ 459,229
Transfers from assets used by the Group	<u>32,715</u>
Balance on June 30, 2024	<u>\$ 491,944</u>

Accumulated depreciation and impairment

Balance on January 1, 2024	\$ 248,417
Depreciation expense	4,569
Transfers from assets used by the Group	<u>13,767</u>
Balance on June 30, 2024	<u>\$ 266,753</u>
Carrying amounts on June 30, 2024	<u>\$ 225,191</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Year 1	\$ 41,947	\$ 43,516	\$ 44,603
Year 2	33,068	39,689	42,310
Year 3	13,398	15,639	21,322
Year 4	8,737	8,374	9,899
Year 5	6,891	6,892	6,892
Year 5 onwards	<u>-</u>	<u>1,149</u>	<u>4,594</u>
	<u>\$ 104,041</u>	<u>\$ 115,259</u>	<u>\$ 129,620</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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amounts</u>			
Land	\$ 1,379	\$ 1,156	\$ 1,544
Buildings	1,759,530	1,865,439	1,799,932
Machinery equipment	2,440	4,671	7,379
Transportation equipment	76,336	81,332	92,479
Miscellaneous equipment	<u>11,972</u>	<u>14,024</u>	<u>13,892</u>
	<u>\$ 1,851,657</u>	<u>\$ 1,966,622</u>	<u>\$ 1,915,226</u>

	For the Six Months Ended June 30	
	2025	2024
Additions to right-of-use assets	<u>\$ 263,797</u>	<u>\$ 303,570</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Depreciation charge for right-of-use assets				
Land	\$ 159	\$ 240	\$ 436	\$ 444
Buildings	167,676	164,002	336,284	324,283
Machinery equipment	1,317	1,391	2,671	2,745
Transportation equipment	10,741	10,457	21,447	20,609
Miscellaneous equipment	<u>1,871</u>	<u>2,119</u>	<u>3,815</u>	<u>4,200</u>
	<u>\$ 181,764</u>	<u>\$ 178,209</u>	<u>\$ 364,653</u>	<u>\$ 352,281</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 six months ended June 30, 2025 and 2024.

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amount	<u>\$ 1,715,835</u>	<u>\$ 1,837,221</u>	<u>\$ 1,774,547</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Land	0.31%-1.81%	0.31%-1.81%	0.31%-1.81%
Buildings	0.20%-5.52%	0.20%-5.52%	0.22%-5.52%
Machinery equipment	0.31%-4.91%	0.31%-4.91%	0.31%-4.91%
Transportation equipment	0.35%-4.71%	0.22%-4.71%	0.22%-4.71%
Miscellaneous equipment	0.26%-4.89%	0.17%-4.89%	0.21%-4.89%

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 \$59,497 thousand and lease payments will be adjusted each year. In addition, the Group was prohibited from subleasing all or any portion of the underlying assets.

The Group did not have significant acquisition of lease contracts during the six months ended June 30, 2025 and 2024.

d. Other lease information

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Expenses relating to short-term leases	<u>\$ 12,123</u>	<u>\$ 9,086</u>	<u>\$ 31,225</u>	<u>\$ 24,262</u>
Expenses relating to low-value asset leases	<u>\$ 7,887</u>	<u>\$ 7,699</u>	<u>\$ 15,285</u>	<u>\$ 14,306</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 66,918</u>	<u>\$ 74,258</u>	<u>\$ 129,808</u>	<u>\$ 139,979</u>
Total cash outflow for leases			<u>\$ (176,318)</u>	<u>\$ (178,547)</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Lease commitments	<u>\$ 42,885</u>	<u>\$ 37,033</u>	<u>\$ 38,972</u>

17. INVESTMENT PROPERTY

	Completed Investment Property
<u>Cost</u>	
Balance on January 1, 2025	\$ 14,367,957
Additions	178,048
Reclassification	143,086
Disposals	<u>(201,079)</u>
Balance on June 30, 2025	<u>\$ 14,488,012</u>
	(Continued)

	Completed Investment Property
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2025	\$ 435,190
Depreciation expense	4,995
Reclassification	<u>24,074</u>
Balance on June 30, 2025	<u>\$ 464,259</u>
Carrying amounts on June 30, 2025	<u>\$ 14,023,753</u>
Carrying amounts on December 31, 2024 and January 1, 2025	<u>\$ 13,932,767</u>
<u>Cost</u>	
Balance on January 1, 2024	\$ 14,290,300
Additions	95
Reclassification	<u>77,103</u>
Balance on June 30, 2024	<u>\$ 14,367,498</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2024	\$ 417,603
Depreciation expense	3,651
Reclassification	<u>17,940</u>
Balance on June 30, 2024	<u>\$ 439,194</u>
Carrying amounts on June 30, 2024	<u>\$ 13,928,304</u>
	(Concluded)

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 expiry of the lease period.

The maturity analysis of lease payments receivable under operating leases of investment properties as of June 30, 2025, December 31, 2024 and June 30, 2024 was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Year 1	\$ 250,219	\$ 218,240	\$ 173,081
Year 2	248,957	227,996	168,342
Year 3	146,354	136,906	114,307
Year 4	115,887	100,994	56,779
Year 5	100,021	91,093	44,090
Year 5 onwards	<u>288,620</u>	<u>238,263</u>	<u>152,714</u>
	<u>\$ 1,150,058</u>	<u>\$ 1,013,492</u>	<u>\$ 709,313</u>

The investment properties are depreciated using the straight-line method over their estimated useful live 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, \$34,017,161 thousand and \$33,960,761 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively.

All investment properties are own right and interest.

Rental income and direct operating expenses generated by the investment property for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Rental incomes	<u>\$ 49,976</u>	<u>\$ 41,702</u>	<u>\$ 99,217</u>	<u>\$ 81,921</u>
Direct operating expenses	<u>\$ 28,649</u>	<u>\$ 19,247</u>	<u>\$ 56,574</u>	<u>\$ 52,698</u>

18. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance on January 1, 2025	\$ 985,194
Additions	135,311
Amortization expense	(203,293)
Reclassification	132,591
Effect of foreign currency exchange differences and others	<u>(5,859)</u>
Balance on June 30, 2025	<u>\$ 1,043,944</u>
<u>Cost</u>	
Balance on January 1, 2024	\$ 996,476
Additions	35,153
Amortization expense	(178,470)
Reclassification	109,800
Effect of foreign currency exchange differences and others	<u>2,748</u>
Balance on June 30, 2024	<u>\$ 965,707</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

	June 30, 2025	December 31, 2024	June 30, 2024
Refundable deposits	\$ 6,249,575	\$ 920,987	\$ 1,306,993
Assumed collateral and residuals	145,448	196,328	199,814
Less: Accumulated impairment	(55,255)	(127,415)	(66,586)
Prepayments	406,078	264,342	261,259
Prepaid pension cost	204,773	265,855	-
Others	<u>7,164</u>	<u>8,490</u>	<u>453</u>
	<u>\$ 6,957,783</u>	<u>\$ 1,528,587</u>	<u>\$ 1,701,933</u>

20. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2025	December 31, 2024	June 30, 2024
Deposits from the Central Bank	\$ 25,786	\$ 24,897	\$ 22,981
Deposits from banks	376,282	116,978	201,397
Overdrafts on banks	539,231	313,496	170,026
Call loans from banks	164,241,359	113,724,080	116,813,694
Deposits transferred from Chunghwa Post Co., Ltd.	<u>187,625,077</u>	<u>120,131,299</u>	<u>144,691</u>
	<u>\$ 352,807,735</u>	<u>\$ 234,310,750</u>	<u>\$ 117,352,789</u>

21. PAYABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Checks issued to payees for clearing	\$ 6,727,361	\$ 5,519,762	\$ 14,447,400
Accounts payable	2,530,025	2,298,748	3,421,046
Accrued expenses	3,314,982	3,630,845	2,745,106
Accrued interests	7,166,092	6,897,556	7,119,771
Acceptances	3,334,444	4,032,828	5,234,822
Others	<u>31,136,290</u>	<u>5,644,172</u>	<u>12,224,938</u>
	<u>\$ 54,209,194</u>	<u>\$ 28,023,911</u>	<u>\$ 45,193,083</u>

22. DEPOSITS AND REMITTANCES

	June 30, 2025	December 31, 2024	June 30, 2024
Checking account deposits	\$ 37,145,321	\$ 49,880,450	\$ 38,812,305
Demand deposits	572,859,014	573,909,670	564,622,052
Time deposits	792,902,524	770,487,422	841,299,645
Negotiable certificates of deposit	4,895,142	3,515,332	3,546,282
Savings account deposits	1,201,917,675	1,231,212,647	1,206,267,179
Remittances	<u>1,596,084</u>	<u>1,350,989</u>	<u>1,376,488</u>
	<u>\$ 2,611,315,760</u>	<u>\$ 2,630,356,510</u>	<u>\$ 2,655,923,951</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 \$3,000 million subordinated bank notes A 105-1 with 7-year term on September 27, 2016. The Bank notes had been redeemed on September 27, 2023.

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 Bank notes had been redeemed on March 29, 2024.

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 millionordinated bank notes 112-1 with 5-year term on February 22, 2023.

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

The Group issued \$1,000 millionordinated bank notes 114-1 with 5-year term on February 26, 2025.

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

Bank Note, Interest Rate and Maturity Date	June 30, 2025	December 31, 2024	June 30, 2024
<u>Non-hedged bank notes payable</u>			
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 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
113-1, 5-year term, interest payable annually, interest rate 1.50%, maturity date: February 5, 2029	1,000,000	1,000,000	1,000,000
114-1, 5-year term, interest payable annually, interest rate 1.80%, maturity date: February 26, 2030	1,000,000	-	-
Valuation adjustment	<u>25,293</u>	<u>35,410</u>	<u>45,527</u>
	<u>\$ 41,795,293</u>	<u>\$ 40,805,410</u>	<u>\$ 40,815,527</u>

24. OTHER FINANCIAL LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
Principal received on structured notes	\$ 1,514,865	\$ 1,225,162	\$ 944,286
Appropriations for loans	<u>46,239</u>	<u>65,069</u>	<u>119,850</u>
	<u>\$ 1,561,104</u>	<u>\$ 1,290,231</u>	<u>\$ 1,064,136</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

	June 30, 2025	December 31, 2024	June 30, 2024
Advance receipts	\$ 977,707	\$ 903,876	\$ 906,814
Guarantee deposits	1,833,047	3,936,422	5,619,309
Deferred revenue	23,309	20,923	12,356
Business tax received	<u>4,346</u>	<u>5,591</u>	<u>-</u>
	<u>\$ 2,838,409</u>	<u>\$ 4,866,812</u>	<u>\$ 6,538,479</u>

26. RESERVE FOR LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
Reserve for employee benefits (Note 27)	\$ 1,609,554	\$ 1,610,392	\$ 2,244,447
Reserve for guarantee liabilities	588,311	781,975	666,815
Reserve for loan commitments	143,713	162,767	164,115
Reserve for decommissioning restoration and rehabilitation costs	29,082	28,983	35,305
Reserve for contingencies	666	130	-
Others	<u>31,654</u>	<u>31,997</u>	<u>31,772</u>
	<u>\$ 2,402,980</u>	<u>\$ 2,616,244</u>	<u>\$ 3,142,454</u>

Movements in reserve for guarantee liabilities, reserve for loans commitments and reserve for the six months ended June 30, 2025 and 2024 were as follows:

For the Six Months Ended June 30, 2025						
	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	\$ 268,790	\$ 10,024	\$ 19,675	\$ 298,489	\$ 678,250	\$ 976,739
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,324)	1,324	-	-	-	-
Transfers to 12-month expected credit losses	2,038	(2,038)	-	-	-	-
Financial assets derecognize for the period	(85,422)	(5,167)	(313)	(90,902)	-	(90,902)
Purchased or originated financial assets	92,060	7,570	813	100,443	-	100,443
Recognized impairment difference based on regulations	-	-	-	-	(219,624)	(219,624)
Changes in exchange rates or others	<u>(2,714)</u>	<u>(264)</u>	<u>-</u>	<u>(2,978)</u>	<u>-</u>	<u>(2,978)</u>
Ending balance	<u>\$ 273,428</u>	<u>\$ 11,449</u>	<u>\$ 20,175</u>	<u>\$ 305,052</u>	<u>\$ 458,626</u>	<u>\$ 763,678</u>

	For the Six Months Ended June 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	(737)	737	-	-	-	-
Transfers to credit-impaired financial asset	(1)	-	1	-	-	-
Transfers to 12-month expected credit losses	5,738	(5,738)	-	-	-	-
Financial assets derecognize for the period	(343,475)	(38,912)	(54)	(382,441)	-	(382,441)
Purchased or originated financial assets	89,825	9,826	86	99,737	-	99,737
Recognized impairment difference based on regulations	-	-	-	-	84,624	84,624
Changes in exchange rates or others	1,554	17	-	1,571	-	1,571
Ending balance	<u>\$ 283,281</u>	<u>\$ 19,029</u>	<u>\$ 19,675</u>	<u>\$ 321,985</u>	<u>\$ 540,717</u>	<u>\$ 862,702</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, 2024 and 2023, and the amounts were \$43,318 thousand, \$78,805 thousand, \$87,718 thousand and \$157,165 thousand for the three months ended and for the six months ended June 30, 2025 and 2024, respectively.

28. EQUITY

a. Capital

Common stock

	June 30, 2025	December 31, 2024	June 30, 2024
Shares authorized (in thousands)	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
Capital authorized	<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>11,205,758</u>	<u>10,858,293</u>
Capital stock issued	<u>\$ 112,057,583</u>	<u>\$ 112,057,583</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, 2024, 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 \$108,582,930 thousand. The Bank's authorized capital was increased by \$3,474,653 thousand in August 2024; As of December 31, 2024, the Bank's authorized capital was \$120,000,000 thousand divided into 12,000,000 thousand shares and, also on that date, the total amounts of paid-in capital amounted to \$112,057,583 thousand divided into 11,205,758 thousand outstanding shares at \$10 par value.

The Bank approved of capitalization of earnings as new stocks be issued in the stockholders' meeting. Capitalization of earnings in the amounts of \$5,602,879 thousand and \$3,474,653 thousand, divided into 560,288 thousand and 347,465 thousand shares on June 13, 2025 and June 21, 2024.

b. Distribution of earnings and dividend 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 of 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 2024 and 2023 were approved in the stockholders' meeting on June 13, 2025 and June 21, 2024, respectively. The appropriations of earnings and dividends per share were as follows:

	Appropriation of Earnings	
	2024	2023
Legal reserve	<u>\$ 4,935,354</u>	<u>\$ 4,010,977</u>
Cash dividends	<u>\$ 5,602,879</u>	<u>\$ 5,972,061</u>
Share dividends	<u>\$ 5,602,879</u>	<u>\$ 3,474,653</u>
Cash dividends per share (NT\$)	\$ 0.50	\$0.55
Share dividends per share (NT\$)	\$ 0.50	\$0.32

c. Special reserve

	June 30, 2025	December 31, 2024	June 30, 2024
Initial application of IFRSs	<u>\$ 12,201,590</u>	<u>\$ 12,201,590</u>	<u>\$ 12,201,590</u>

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 IFRS Accounting Standards. 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 interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest income				
Loans	\$ 13,632,037	\$ 13,626,918	\$ 27,413,889	\$ 26,403,604
Due from and call loans to banks	952,581	1,322,418	1,800,829	2,760,984
Investments in marketable securities	4,572,345	4,185,534	8,976,197	7,947,650
Others	<u>66,821</u>	<u>61,887</u>	<u>119,646</u>	<u>127,463</u>
	<u>19,223,784</u>	<u>19,196,757</u>	<u>38,310,561</u>	<u>37,239,701</u>
Interest expense				
Deposits	(9,765,682)	(11,241,222)	(20,028,341)	(21,698,696)
Due to Central Bank and call loans from banks	(2,495,901)	(1,765,182)	(4,606,630)	(3,514,528)
Others	<u>(370,072)</u>	<u>(616,324)</u>	<u>(710,540)</u>	<u>(963,170)</u>
	<u>(12,631,655)</u>	<u>(13,622,728)</u>	<u>(25,345,511)</u>	<u>(26,176,394)</u>
Net income of interest	<u>\$ 6,592,129</u>	<u>\$ 5,574,029</u>	<u>\$ 12,965,050</u>	<u>\$ 11,063,307</u>

b. Net service fee income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Service fee income				
Fees from import and export	\$ 50,546	\$ 68,835	\$ 100,121	\$ 124,335
Remittance fees	86,370	86,463	170,583	172,764
Loan fees	249,659	202,141	520,313	908,570
Fees from trust	317,414	421,690	705,422	839,568
Fees from trust business	161,584	143,939	337,742	267,419
Fees from insurance agency	941,719	698,503	1,994,640	1,605,408
Others	<u>420,489</u>	<u>352,511</u>	<u>843,736</u>	<u>710,172</u>
	<u>2,227,781</u>	<u>1,974,082</u>	<u>4,672,557</u>	<u>4,628,236</u>
Service charge				
Interbank charges	(49,092)	(47,441)	(99,036)	(95,288)
Charges from trust	(326)	(668)	(700)	(1,281)
Custodian charges	(49,570)	(38,983)	(103,407)	(68,053)
Charges from insurance agency	(82,456)	(89,007)	(161,166)	(164,278)
Others	<u>(311,583)</u>	<u>(245,465)</u>	<u>(612,345)</u>	<u>(462,171)</u>
	<u>(493,027)</u>	<u>(421,564)</u>	<u>(976,654)</u>	<u>(791,071)</u>
Net service fee income	<u>\$ 1,734,754</u>	<u>\$ 1,552,518</u>	<u>\$ 3,695,903</u>	<u>\$ 3,837,165</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Realized gain (loss) on financial assets or liabilities measured at FVTPL				
Stock and mutual funds	\$ (26,106)	\$ 27,866	\$ (26,749)	\$ 63,685
Bonds	79	1,840	141	(4,547)
Bills	-	(2)	-	(2)
Derivative financial instruments	1,938,746	1,937,725	4,129,249	3,688,351
Net interest gain	433,632	277,216	752,111	528,984
Stock dividends and bonus	<u>18,433</u>	<u>13,810</u>	<u>22,010</u>	<u>14,196</u>
	<u>2,364,784</u>	<u>2,258,455</u>	<u>4,876,762</u>	<u>4,290,667</u>
Valuation gain (loss) on financial assets or liabilities measured at FVTPL				
Stock and mutual funds	(2,973)	49,867	(42,373)	38,360
Bonds	12,927	2,124	2,784	4,377
Bills	(15,344)	3,472	(16,341)	4,399
Derivative financial instruments	<u>254,322</u>	<u>264,529</u>	<u>(505,727)</u>	<u>156,857</u>
	<u>248,932</u>	<u>319,992</u>	<u>(561,657)</u>	<u>203,993</u>
	<u>\$ 2,613,716</u>	<u>\$ 2,578,447</u>	<u>\$ 4,315,105</u>	<u>\$ 4,494,660</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Stock dividends and bonus	\$ 832,441	\$ 557,374	\$ 976,647	\$ 756,652
Disposal gains				
Bonds	287,241	46,406	368,369	237,872
Disposal losses				
Bonds	(239,091)	(10,135)	(239,300)	(146,909)
Beneficiary certificates	<u>-</u>	<u>(230,125)</u>	<u>-</u>	<u>(240,795)</u>
	<u>\$ 880,591</u>	<u>\$ 363,520</u>	<u>\$1,105,716</u>	<u>\$ 606,820</u>

e. Depreciation and amortization expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Property and equipment	\$ 146,612	\$ 133,975	\$ 291,014	\$ 266,791
Investment property	2,751	1,858	4,995	3,651
Right-of-use assets	181,764	178,209	364,653	352,281
Intangible assets and other assets	<u>106,052</u>	<u>91,160</u>	<u>203,757</u>	<u>178,626</u>
	<u>\$ 437,179</u>	<u>\$ 405,202</u>	<u>\$ 864,419</u>	<u>\$ 801,349</u>

f. Employee benefits expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 2,991,547	\$ 2,850,016	\$ 6,059,993	\$ 5,587,253
Post-employment benefits				
Defined contribution plans	106,509	64,488	219,177	135,171
Defined benefit plans (Note 27)	43,318	78,805	87,718	157,165
High-yield savings account for employees	153,417	149,068	303,596	296,500
Other post-employment benefits	29,649	29,243	59,314	58,463
Termination benefits	<u>10,648</u>	<u>11</u>	<u>10,782</u>	<u>9,482</u>
	<u>\$ 3,335,088</u>	<u>\$ 3,171,631</u>	<u>\$ 6,740,580</u>	<u>\$ 6,244,034</u>

g. Compensation of employees and remuneration of directors

The Bank accrued compensation of employees and remuneration of directors at the rates of 1%-6% and no higher than 0.8%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendment to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of employees at rates of no less than 20% of the actual employee remuneration distributed for the fiscal year as compensation distributions for non-executive employees.

The compensation of employees and remuneration of directors (including non-executive employees) for the three months and the six months ended June 30, 2025 and 2024 are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2025	2024
Employees of compensation	5.00%	5.00%
Remuneration of directors	0.40%	0.40%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
	Cash	Cash	Cash	Cash
Employees of compensation	<u>\$ 312,214</u>	<u>\$ 245,000</u>	<u>\$ 581,214</u>	<u>\$ 499,000</u>
Remuneration of directors	<u>\$ 25,000</u>	<u>\$ 19,000</u>	<u>\$ 47,000</u>	<u>\$ 40,000</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 2024 and 2023, which were approved by the board of directors on March 20, 2025 and March 20, 2024, respectively, were as below:

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Employees of compensation	\$ 970,119	\$ 858,114
Remuneration of directors	77,609	68,649

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, 2025 and March 20, 2024, differs from what was accrued in the consolidated financial statements. The difference was then adjusted to profit and loss for 2025 and 2024, respectively.

	For the Year Ended December 31			
	2024		2023	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 970,119	\$ 77,609	\$ 858,114	\$ 68,649
Amounts recognized in the annual consolidated financial statements	\$ 981,276	\$ 77,837	\$ 864,242	\$ 69,400
Differences	\$ (11,157)	\$ (228)	\$ (6,128)	\$ (751)

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

30. INCOME TAX

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Current income tax				
In respect of the current period	\$ 773,666	\$ 917,193	\$ 2,021,279	\$ 1,937,905
Deferred income tax				
In respect of the current period	<u>117,949</u>	<u>98,008</u>	<u>(169,327)</u>	<u>47,530</u>
Income tax expense recognized in profit or loss	<u>\$ 891,615</u>	<u>\$ 1,015,201</u>	<u>\$ 1,851,952</u>	<u>\$ 1,985,435</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
<u>Deferred tax</u>				
In respect of the current year:				
Exchange differences on translation	\$ (377,052)	\$ 22,963	\$ (320,707)	\$ 109,319
Unrealized (losses) gains of financial assets at FVTOCI	<u>10,087</u>	<u>11,077</u>	<u>3,898</u>	<u>24,426</u>
Total income tax (benefit) loss recognized in other comprehensive income	<u>\$ (366,965)</u>	<u>\$ 34,040</u>	<u>\$ (316,809)</u>	<u>\$ 133,745</u>

c. Income tax assessments

The income tax returns of the Bank and Chang Hwa Bank Venture Capital Co., Ltd. through 2023 have been examined and cleared by the tax authority.

31. EARNINGS PER SHARE

The computation of earnings per share was retrospectively adjusted for the effects of adjustments resulting from bonus stock issues on August 21, 2024. The basic and diluted after-tax earnings per stock of three months and six months ended June 30, 2025 were adjusted retrospectively as follows:

Unit: NT\$ Per Share

	Before Adjusted Retrospectively		After Adjusted Retrospectively	
	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
Basic earnings per stock	<u>\$ 0.32</u>	<u>\$ 0.66</u>	<u>\$ 0.31</u>	<u>\$ 0.63</u>
Diluted earnings per stock	<u>\$ 0.32</u>	<u>\$ 0.66</u>	<u>\$ 0.31</u>	<u>\$ 0.63</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 June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Net profit for the period	<u>\$ 4,994,542</u>	<u>\$ 3,612,770</u>	<u>\$ 9,129,310</u>	<u>\$ 7,443,997</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Weighted average number of common stock used in the computation of basic earnings per stock	11,766,046	11,766,046	11,766,046	11,766,046
Effect of potentially dilutive common stock:				
Compensation of employees issued	<u>31,081</u>	<u>27,046</u>	<u>53,134</u>	<u>47,772</u>
Weighted average number of common stock used in the computation of diluted earnings per stock	<u>11,797,127</u>	<u>11,793,092</u>	<u>11,819,180</u>	<u>11,813,818</u>

The Group may settle compensation or bonuses paid to employees in cash or stock; therefore, the Group assumes that the 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, 2024.

The following table illustrates the Group's self-owned capital, risk-weighted assets and calculated capital adequacy. The Bank has conformed to the capital management regulation in the local authority for the six months ended June 30, 2025 and 2024.

Period (Note 2)			June 30, 2025	December 31, 2024	June 30, 2024
Item					
Self-owned capital	Common equity Tier I		\$ 180,224,429	\$ 179,386,893	\$ 169,478,149
	Other Tier I capital		26,800,000	26,800,000	26,800,000
	Tier II capital		40,003,317	42,200,082	43,898,552
	Self-owned capital		247,027,746	248,386,975	240,176,701
Risk-weighted assets	Credit risk	Standardized approach	1,634,289,803	1,655,183,571	1,659,014,364
		IRB	-	-	-
		Securitization	6,032,570	5,436,817	5,666,334
	Operation risk	Basic indicator approach	-	-	-
		Standardized approach/optional standard	34,426,179	72,991,419	63,233,863
		Advanced internal rating based approach	-	-	-
	Market price risk	Standardized approach	20,857,005	23,524,344	29,500,135
		Internal model approach	-	-	-
	Total		1,695,605,557	1,757,136,151	1,757,414,696
Capital adequacy ratio			14.57%	14.14%	13.67%
Common equity Tier I to risk-weighted assets ratio			10.63%	10.21%	9.64%
Tier I capital to risk-weighted assets ratio			12.21%	11.73%	11.17%
Leverage ratio			6.07%	6.16%	5.96%

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

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

Note 3: Formula:

- Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital
- Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5
- Capital adequacy = Self-owned capital ÷ Risk-weighted assets
- Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets

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

33. FINANCIAL INSTRUMENTS

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

Fair value of financial instruments not measured at fair value

June 30, 2025

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 526,856,341	\$ 104,545,556	\$ 415,569,330	\$ -	\$ 520,114,886
<u>Financial liabilities</u>					
Bank notes payable	41,795,293	-	25,293	40,473,504	40,498,797

December 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 512,721,202	\$ 103,610,833	\$ 399,391,069	\$ -	\$ 503,001,902
<u>Financial liabilities</u>					
Bank notes payable	40,805,410	-	35,410	39,452,179	39,487,589

June 30, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 485,725,114	\$ 114,197,123	\$ 360,915,364	\$ -	\$ 475,112,487
<u>Financial liabilities</u>					
Bank notes payable	40,815,527	-	45,527	39,433,699	39,479,226

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

1) Fair value hierarchy

June 30, 2025

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
Assets				
Financial assets at FVTPL	\$ 479,858	\$ 115,179,767	\$ 857,983	\$ 116,517,608
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	479,858	6,961	857,983	1,344,802
Bond investments	-	2,222,692	-	2,222,692
Others	-	112,950,114	-	112,950,114
Financial assets at FVTOCI	182,019,082	138,593,672	15,211,462	335,824,216
Stock investments	22,698,991	-	15,211,462	37,910,453
Bond investments	148,214,203	138,593,672	-	286,807,875
Others	11,105,888	-	-	11,105,888
<u>Derivative financial products</u>				
Assets				
Financial assets at FVTPL	677,009	3,694,292	-	4,371,301
Liabilities				
Financial liabilities at FVTPL	-	14,944,616	-	14,944,616

December 31, 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	\$ 292,368	\$ 72,147,066	\$ 746,823	\$ 73,186,257
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	292,368	743	746,823	1,039,934
Bond investments	-	1,515,406	-	1,515,406
Others	-	70,630,917	-	70,630,917
Financial assets at FVTOCI	156,884,577	139,524,171	13,747,021	310,155,769
Stock investments	19,696,299	-	13,747,021	33,443,320
Bond investments	128,081,111	139,524,171	-	267,605,282
Others	9,107,167	-	-	9,107,167
<u>Derivative financial products</u>				
Assets				
Financial assets at FVTPL	668,074	8,944,534	-	9,612,608
Liabilities				
Financial liabilities at FVTPL	-	2,881,955	-	2,881,955

June 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	\$ 398,489	\$ 69,245,285	\$ 719,349	\$ 70,363,123
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	398,489	79,180	719,349	1,197,018
Bond investments	-	548,065	-	548,065
Others	-	68,618,040	-	68,618,040
Financial assets at FVTOCI	172,084,441	122,460,568	13,060,203	307,605,212
Stock investments	30,993,845	-	13,060,203	44,054,048
Bond investments	131,026,624	122,460,568	-	253,487,192
Others	10,063,972	-	-	10,063,972
<u>Derivative financial products</u>				
Assets				
Financial assets at FVTPL	1,090,732	9,145,976	-	10,236,708
Liabilities				
Financial liabilities at FVTPL	-	2,761,402	-	2,761,402

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

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

For the six months ended June 30, 2025

Financial Assets	Financial Assets at FVTPL Equity Instrument	Financial Assets at FVTOCI Equity Instrument
Beginning balance	\$ 746,823	\$ 13,747,021
Recognized in profit or loss (gain on financial assets or liabilities measured at FVTPL)	22,920	-
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	-	(526,674)
Purchase	139,835	1,991,115
Sell	(700)	-
Transfer out of Level 3	<u>(50,895)</u>	<u>-</u>
Ending balance	<u>\$ 857,983</u>	<u>\$ 15,211,462</u>

For the six months ended June 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)	78,540	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	1,019,880
Purchase	192,992	-
Sell	(10,325)	-
Transfer to Level 3	34,767	-
Ending balance	<u>\$ 719,349</u>	<u>\$ 13,060,203</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 depository 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.

June 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	\$ 1,123,665	\$ 3

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, within the framework of its overall risk appetite, shall define its market risk appetite and limits based on business strategy, Prevailing market conditions, and risk-adjusted returns. It shall assess the market risks faced by the company according to the results of regular risk assessments. The Risk Management Department shall continuously monitor the company’s financial market transactions on a daily basis in accordance with established risk monitoring procedures. This includes monitoring changes in positions, profit and loss fluctuations, trading patterns, and trading instruments. If any breaches of limits or abnormal conditions are identified, they must be promptly reported to senior management, and necessary actions must be taken.

The reporting principles are as follows:

- i) Regularly report the status of market risk monitoring to the Risk Management Committee providing sufficient information to enable effective oversight.
- ii) In the event of limit breaches or abnormal conditions, necessary information shall be provided according to the reporting structure for breaches or internal reporting procedures.
- iii) Regularly report to the Board of Directors and the Risk Management Committee regarding the risk status and concentration of the company’s investment portfolio to assist in evaluating whether strategic adjustments are needed.

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 June 30, 2025 and 2024, the Group's VaR factors based on historical simulation method were as follows:

For the Six Months Ended June 30, 2025				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 159,989	\$ 201,813	\$ 144,835	\$ 146,993
Interest rate VaR	25,661	55,746	2,159	22,523
Equity securities VaR	<u>5,370</u>	<u>16,590</u>	<u>278</u>	<u>14,320</u>
Value at risk	<u>\$ 191,020</u>	<u>\$ 274,149</u>	<u>\$ 147,272</u>	<u>\$ 183,836</u>
For the Six Months Ended June 30, 2024				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 356,005	\$ 420,201	\$ 252,745	\$ 252,745
Interest rate VaR	13,171	51,262	1,547	29,152
Equity securities VaR	<u>3,389</u>	<u>6,746</u>	<u>243</u>	<u>5,798</u>
Value at risk	<u>\$ 372,565</u>	<u>\$ 478,209</u>	<u>\$ 254,535</u>	<u>\$ 287,695</u>

2) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of June 30, 2025, December 31, 2024 and June 30, 2024 were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

June 30, 2025			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 10,973,465	29.1200	\$ 319,547,301
GBP	113,204	39.9700	4,524,764
AUD	2,225,222	19.0200	42,323,722
HKD	437,578	3.7090	1,622,977
CAD	63,147	21.2700	1,343,137
CHF	50,928	36.4450	1,856,071
ZAR	2,446,411	1.6350	3,999,882
JPY	276,329,484	0.2018	55,763,290
EUR	1,217,021	34.1400	41,549,097
NZD	99,639	17.6800	1,761,618
RMB	7,829,427	4.0660	31,834,450
(Continued)			

June 30, 2025			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 16,887,266	29.1200	\$ 491,757,186
GBP	81,302	39.9700	3,249,641
AUD	1,754,366	19.0200	33,368,041
HKD	799,293	3.7090	2,964,578
CAD	86,274	21.2700	1,835,048
CHF	28,972	36.4450	1,055,885
ZAR	3,047,928	1.6350	4,983,362
JPY	262,790,086	0.2018	53,031,039
EUR	1,134,420	34.1400	38,729,099
NZD	90,602	17.6800	1,601,843
RMB	6,958,353	4.0660	28,292,663
			(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2024			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,699,030	32.7850	\$ 317,982,699
GBP	57,398	41.1800	2,363,650
AUD	1,962,081	20.4200	40,065,694
HKD	852,948	4.2220	3,601,146
CAD	69,869	22.8600	1,597,205
CHF	74,663	36.3050	2,710,640
ZAR	2,368,163	1.7440	4,130,076
JPY	259,629,148	0.2096	54,418,269
EUR	1,204,346	34.1400	41,116,372
NZD	99,777	18.5000	1,845,875
RMB	6,150,062	4.4840	27,576,878
<u>Financial liabilities</u>			
Monetary items			
USD	15,395,692	32.7850	504,747,762
GBP	53,434	41.1800	2,200,412
AUD	1,396,258	20.4200	28,511,588
HKD	1,401,266	4.2220	5,916,145
CAD	92,730	22.8600	2,119,808
CHF	39,560	36.3050	1,436,226
ZAR	2,999,694	1.7440	5,231,466
JPY	254,423,680	0.2096	53,327,203
EUR	1,149,291	34.1400	39,236,795
NZD	87,614	18.5000	1,620,859
RMB	6,843,662	4.4840	30,686,980

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,027,787	32.5700	\$ 294,035,023
GBP	51,526	41.1500	2,120,295
AUD	2,661,126	21.5700	57,400,488
HKD	273,352	4.1710	1,140,151
SGD	81,593	23.9700	1,955,784
CAD	66,493	23.7300	1,577,879
CHF	42,914	36.1850	1,552,843
ZAR	2,694,467	1.7580	4,736,873
JPY	252,112,339	0.2023	51,002,326
EUR	1,113,305	34.8300	38,776,413
NZD	109,703	19.7500	2,166,634
RMB	9,515,867	4.4620	42,459,799
<u>Financial liabilities</u>			
Monetary items			
USD	16,176,530	32.5700	526,869,582
GBP	53,213	41.1500	2,189,715
AUD	1,620,687	21.5700	34,958,219
HKD	465,890	4.1710	1,943,227
SGD	51,412	23.9700	1,232,346
CAD	67,593	23.7300	1,603,982
ZAR	3,188,208	1.7580	5,604,870
JPY	258,306,235	0.2023	52,255,351
EUR	1,035,543	34.8300	36,067,963
NZD	90,033	19.7500	1,778,152
RMB	9,112,820	4.4620	40,661,403

For the three months ended June 30, 2025 and the six months ended June 30, 2025, net foreign exchange losses were \$365,368 thousand and \$14,422 thousand, respectively. For the three months ended June 30, 2024 and the six months ended June 30, 2024, net foreign exchange gains were \$296,777 thousand and \$648,729 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 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 to prevent the Bank's debts from being damaged.
- iv. To control concentration risk, the Group sets limits for statutory single creditors, related companies, stakeholders limit of the Group, 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 are distinguished according to the risk rating, so as to strengthen the Group's management on credit, investment and of 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 which may be unfavorable to the Group and in compliance with the requirements of the competent authority supervising risk management and improves 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) which indicates a significant increase in credit risk since 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 Bank 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 the 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 the credit risk standardized approach of the Capital Adequacy Ratio as either 0%, 20%, 50% or 100% by referring to the respective off-balance sheet item's characteristics.
- The LGD is one minus the present value of the annual recovery rate. The annual recovery rate refers to the annual recovery amount of principal (including litigation expenses) and interest over non-performing loans plus accrued interest and litigation expenses.

iv) Forward-looking information

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

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

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

	June 30	
	2025	2024
Discounts and loans	<u>\$ 1,503,776</u>	<u>\$ 899,521</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 based on their respective credit ratings as suggested by domestic and foreign credit rating agencies. The Group assesses the credit limits of counterparties by level and financial status; the Group efficiently manages counterparties' credit risks through regular and special reviews, monitoring and reporting. Additionally, in accordance with the application of IFRS 9, the Group performs credit impairment assessments for call loans to banks, transfers the related credit losses to each of the three stages of credit impairment, and measures the related expected credit loss, so as to ensure adequate allowance for losses, in accordance with regulations.

iii. Debt instruments

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

The other banks with which the Group conducts derivative transactions are mostly considered investment grade. The Group monitors the credit limits (including lending limits) by counterparties. The credits extended to counterparties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

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 ultimate risks 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 and business development strategies, etc.

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

June 30, 2025

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangement	Other Credit Enhancements	
Discounts and loans	\$ 2,000,375,394	\$ 1,379,817,018	\$ -	\$ -	\$ 1,379,817,018
Financial assets at FVTPL	120,888,909	5,015,889	-	-	5,015,889
Investments in debt instruments at FVTOCI	297,913,763	12,097,729	-	-	12,097,729
Investments in debt instruments at amortized cost	526,856,341	-	-	-	-

December 31, 2024

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangement	Other Credit Enhancements	
Discounts and loans	\$ 1,992,906,282	\$ 1,371,624,608	\$ -	\$ -	\$ 1,371,624,608
Financial assets at FVTPL	82,798,865	5,104,133	-	-	5,104,133
Investments in debt instruments at FVTOCI	276,516,373	10,225,407	-	-	10,225,407
Investments in debt instruments at amortized cost	512,721,202	-	-	-	-

June 30, 2024

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangement	Other Credit Enhancements	
Discounts and loans	\$ 1,938,688,058	\$ 1,347,548,589	\$ -	\$ -	\$ 1,347,548,589
Financial assets at FVTPL	80,599,831	5,017,426	-	-	5,017,426
Investments in debt instruments at FVTOCI	263,325,714	8,931,662	-	-	8,931,662
Investments in debt instruments at amortized cost	485,725,114	-	-	-	-

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

Discounts and Loans				
June 30, 2025				
	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)	\$ 1,195,991,599	\$ 23,836,218	\$ 68,720	\$ 1,219,896,537
Levels 16-18	-	41,723,422	1,076,905	42,800,327
Levels 19-21	-	-	4,358,696	4,358,696
No rating	<u>729,260,900</u>	<u>2,307,662</u>	<u>1,751,272</u>	<u>733,319,834</u>
Total carrying amount	<u>\$ 1,925,252,499</u>	<u>\$ 67,867,302</u>	<u>\$ 7,255,593</u>	<u>\$ 2,000,375,394</u>
Expected credit losses	\$ 3,170,409	\$ 2,676,761	\$ 2,009,637	\$ 7,856,807
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>18,267,060</u>
				<u>\$ 26,123,867</u>

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

Discounts and Loans				
December 31, 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)	\$ 1,172,864,766	\$ 27,262,289	\$ 67,616	\$ 1,200,194,671
Levels 16-18	-	47,303,987	756,731	48,060,718
Levels 19-21	-	-	4,047,090	4,047,090
No rating	<u>736,986,198</u>	<u>1,989,261</u>	<u>1,628,344</u>	<u>740,603,803</u>
Total carrying amount	<u>\$ 1,909,850,964</u>	<u>\$ 76,555,537</u>	<u>\$ 6,499,781</u>	<u>\$ 1,992,906,282</u>
Expected credit losses	\$ 2,664,957	\$ 2,399,305	\$ 1,676,641	\$ 6,740,903
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>18,245,355</u>
				<u>\$ 24,986,258</u>

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

Discounts and Loans				
June 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)	\$ 1,132,962,142	\$ 29,030,275	\$ 54,174	\$ 1,162,046,591
Levels 16-18	-	44,861,133	704,043	45,565,176
Levels 19-21	-	-	5,200,390	5,200,390
No rating	<u>722,505,926</u>	<u>1,811,723</u>	<u>1,558,252</u>	<u>725,875,901</u>
Total carrying amount	<u>\$ 1,855,468,068</u>	<u>\$ 75,703,131</u>	<u>\$ 7,516,859</u>	<u>\$ 1,938,688,058</u>
Expected credit losses	\$ 2,440,735	\$ 2,946,268	\$ 1,769,313	\$ 7,156,316
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>16,326,116</u>
				<u>\$ 23,482,432</u>

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

Guarantees in Guarantee Business				
June 30, 2025				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 48,624,052	\$ 715,251	\$ 75,168	\$ 49,414,471
Expected credit losses	141,214	3,127	19,362	163,703

Guarantees in Guarantee Business				
December 31, 2024				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 54,117,076	\$ 853,654	\$ 76,135	\$ 55,046,865
Expected credit losses	124,076	2,597	19,589	146,262

Guarantees in Guarantee Business				
June 30, 2024				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 55,878,705	\$ 821,745	\$ 76,135	\$ 56,776,585
Expected credit losses	132,884	5,810	19,589	158,283

Loan Commitments				
June 30, 2025				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	\$ 114,144,889	\$ 1,433,403	\$ 7,942	\$ 115,586,234
Carry amount - cancellable	<u>594,641,961</u>	<u>12,818,151</u>	<u>61,696</u>	<u>607,521,808</u>
	<u>\$ 708,786,850</u>	<u>\$ 14,251,554</u>	<u>\$ 69,638</u>	<u>\$ 723,108,042</u>
Expected credit losses - non-cancellable	\$ 75,145	\$ 7,485	\$ 813	\$ 83,443
Expected credit losses - cancellable	<u>52,302</u>	<u>374</u>	<u>119</u>	<u>52,795</u>
	<u>\$ 127,447</u>	<u>\$ 7,859</u>	<u>\$ 932</u>	<u>\$ 136,238</u>
Loan Commitments				
December 31, 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	\$ 102,029,946	\$ 1,621,113	\$ 279	\$ 103,651,338
Carry amount - cancellable	<u>644,126,588</u>	<u>13,673,414</u>	<u>6,886</u>	<u>657,806,888</u>
	<u>\$ 746,156,534</u>	<u>\$ 15,294,527</u>	<u>\$ 7,165</u>	<u>\$ 761,458,226</u>
Expected credit losses - non-cancellable	\$ 60,670	\$ 7,044	\$ 86	\$ 67,800
Expected credit losses - cancellable	<u>81,201</u>	<u>291</u>	<u>121</u>	<u>81,613</u>
	<u>\$ 141,871</u>	<u>\$ 7,335</u>	<u>\$ 207</u>	<u>\$ 149,413</u>
Loan Commitments				
June 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	\$ 125,558,087	\$ 4,150,545	\$ 279	\$ 129,708,911
Carry amount - cancellable	<u>659,781,418</u>	<u>18,910,144</u>	<u>56,988</u>	<u>678,748,550</u>
	<u>\$ 785,339,505</u>	<u>\$ 23,060,689</u>	<u>\$ 57,267</u>	<u>\$ 808,457,461</u>
Expected credit losses - non-cancellable	\$ 60,097	\$ 12,311	\$ 86	\$ 72,494
Expected credit losses - cancellable	<u>86,831</u>	<u>151</u>	<u>121</u>	<u>87,103</u>
	<u>\$ 146,928</u>	<u>\$ 12,462</u>	<u>\$ 207</u>	<u>\$ 159,597</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 June 30, 2025, December 31, 2024 and June 30, 2024, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrepealably maximum amount of exposure) were as follows:

Financial Instrument Type	June 30, 2025	December 31, 2024	June 30, 2024
Unused loan commitments (excluding credit card)	\$ 115,586,234	\$ 103,651,338	\$ 129,708,911
Credit card commitments	345,346	335,136	201,230
Unused issued letters of credit	16,967,147	17,588,646	24,578,874
Guarantees in guarantee business	49,414,471	55,046,865	56,776,585

e) Situation of credit risk concentration

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

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

Industry Type	June 30, 2025	
	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 138,775,743	7
Manufacturing	485,349,807	24
Wholesale and retail	177,326,637	9
Real estate and leasing	171,124,603	9
Service	42,478,173	2
Individuals	719,881,068	36
Others	265,439,363	13
	<u>\$ 2,000,375,394</u>	

Industry Type	December 31, 2024	
	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 137,623,680	7
Manufacturing	479,452,700	24
Wholesale and retail	178,494,692	9
Real estate and leasing	166,708,347	8
Service	44,533,113	2
Individuals	714,642,151	36
Others	271,451,599	14
	<u>\$ 1,992,906,282</u>	

Industry Type	June 30, 2024	
	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 137,513,133	7
Manufacturing	474,710,677	24
Wholesale and retail	175,454,903	9
Real estate and leasing	164,867,284	9
Service	42,795,232	2
Individuals	691,831,209	36
Others	<u>251,515,620</u>	13

\$ 1,938,688,058

Geographic Location	June 30, 2025	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,854,955,648	93
America	78,679,531	4
Europe	38,405,882	2
Others	<u>28,334,333</u>	1

\$ 2,000,375,394

Geographic Location	December 31, 2024	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,850,850,805	93
America	75,502,876	4
Europe	36,160,158	2
Others	<u>30,392,443</u>	1

\$ 1,992,906,282

Geographic Location	June 30, 2024	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,807,681,117	93
America	69,254,770	4
Europe	32,095,963	2
Others	<u>29,656,208</u>	1

\$ 1,938,688,058

Securities Type	June 30, 2025	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 620,558,376	31
Secured		
Properties	1,190,040,890	60
Others	<u>189,776,128</u>	9
	<u>\$ 2,000,375,394</u>	

Securities Type	December 31, 2024	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 621,281,674	31
Secured		
Properties	1,175,062,801	59
Others	<u>196,561,807</u>	10
	<u>\$ 1,992,906,282</u>	

Securities Type	June 30, 2024	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 591,139,469	30
Secured		
Properties	1,144,624,043	59
Others	<u>202,924,546</u>	11
	<u>\$ 1,938,688,058</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 June 30, 2025 and 2024, the ratios of the liquidity reserve were 31.75% and 24.37%, respectively. Since the capital and working funds are deemed sufficient to meet the cash flow needs for performance of all contracted obligations, liquidity risk is not considered to be significant.

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

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

(In Thousands of New Taiwan Dollars)

Item	June 30, 2025					
	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	\$ 17,662,114	\$ -	\$ -	\$ -	\$ -	\$ 17,662,114
Due from the Central Bank and call loans to banks	104,386,594	10,623,573	7,959,342	11,448,453	42,266,521	176,684,483
Financial assets at FVTPL	114,119,707	-	-	-	159,883	114,279,590
Receivables	24,509,967	1,077,584	695,323	1,004,531	128,133	27,415,538
Discounts and loans	104,702,752	179,025,791	182,321,915	238,385,163	1,011,389,118	1,715,824,739
Investments in equity instruments designated at FVTOCI	-	-	-	-	37,910,452	37,910,452
Investments in debt instruments at FVTOCI	1,499,185	1,198,768	6,399,136	12,001,439	125,094,939	146,193,467
Investments in debt instruments at amortized cost	198,199,606	27,699,795	36,462,514	73,019,823	39,217,414	374,599,152
Other maturity funds inflow items	-	-	-	-	14,668,575	14,668,575
	<u>565,079,925</u>	<u>219,625,511</u>	<u>233,838,230</u>	<u>335,859,409</u>	<u>1,270,835,035</u>	<u>2,625,238,110</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	385,680	55,028,994	65,105,127	67,505,840	-	188,025,641
Due to the Central Bank and banks	10,000	20,000	-	-	-	30,000
Securities sold under repurchase agreements	717,006	492,156	157,096	-	-	1,366,258
Payables	51,362,790	7,627,864	1,552,049	2,282,915	2,962,460	65,788,078
Deposits and remittances	190,513,536	201,658,383	211,093,910	303,630,476	1,120,194,437	2,027,090,742
Bank notes payable	-	-	-	-	41,770,000	41,770,000
Other maturity fund outflow items	33,424	16,665	19,093	311,952	2,646,487	3,027,621
	<u>243,022,436</u>	<u>264,844,062</u>	<u>277,927,275</u>	<u>373,731,183</u>	<u>1,167,573,384</u>	<u>2,327,098,340</u>
Gap	<u>\$ 322,057,489</u>	<u>\$ (45,218,551)</u>	<u>\$ (44,089,045)</u>	<u>\$ (37,871,774)</u>	<u>\$ 103,261,651</u>	<u>\$ 298,139,770</u>

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

(In Thousands of New Taiwan Dollars)

Item	December 31, 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	\$ 25,600,416	\$ -	\$ -	\$ -	\$ -	\$ 25,600,416
Due from the Central Bank and call loans to banks	79,281,008	9,276,705	8,004,987	13,850,580	37,814,677	148,227,957
Financial assets at FVTPL	71,560,854	-	-	-	114,751	71,675,605
Receivables	18,785,848	1,243,216	1,573,883	799,552	125,065	22,527,564
Discounts and loans	101,913,707	141,683,665	187,034,878	271,259,513	1,000,123,042	1,702,014,805
Investments in equity instruments designated at FVTOCI	-	-	-	-	33,639,396	33,639,396
Investments in debt instruments at FVTOCI	-	99,243	2,067,706	9,051,107	119,919,371	131,137,427
Investments in debt instruments at amortized cost	194,574,935	14,202,626	43,450,101	64,634,962	40,787,183	357,649,807
Other maturity funds inflow items	-	-	-	-	14,669,868	14,669,868
	<u>491,716,768</u>	<u>166,505,455</u>	<u>242,131,555</u>	<u>359,595,714</u>	<u>1,247,193,353</u>	<u>2,507,142,845</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	129,496	20,018	1,815	120,119,237	-	120,270,566
Due to the Central Bank and banks	20,000	10,000	-	-	-	30,000
Securities sold under repurchase agreements	832,274	686,956	-	-	-	1,519,230
Payables	15,916,065	712,227	2,666,785	2,548,848	3,001,090	24,845,015
Deposits and remittances	173,321,091	243,595,511	210,428,500	364,092,624	993,311,796	1,984,749,522
Bank notes payable	-	-	-	3,000,000	37,770,000	40,770,000
Other maturity fund outflow items	19,596	37,542	26,989	267,564	2,711,112	3,062,803
	<u>190,238,522</u>	<u>245,062,254</u>	<u>213,124,089</u>	<u>490,028,273</u>	<u>1,036,793,998</u>	<u>2,175,247,136</u>
Gap	<u>\$ 301,478,246</u>	<u>\$ (78,556,799)</u>	<u>\$ 29,007,466</u>	<u>\$ (130,432,559)</u>	<u>\$ 210,399,355</u>	<u>\$ 331,895,709</u>

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

(In Thousands of New Taiwan Dollars)

Item	June 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	\$ 27,560,263	\$ -	\$ -	\$ -	\$ -	\$ 27,560,263
Due from the Central Bank and call loans to banks	55,218,918	7,010,661	8,337,896	13,104,869	34,333,661	118,006,005
Financial assets at FVTPL	69,699,209	-	-	-	120,615	69,819,824
Receivables	18,144,898	1,457,542	1,562,645	1,594,231	120,911	22,880,227
Discounts and loans	90,709,301	167,384,312	193,171,249	235,454,145	968,954,753	1,655,673,760
Investments in equity instruments designated at FVTOCI	-	-	-	-	44,279,497	44,279,497
Investments in debt instruments at FVTOCI	2,349,046	2,346,570	547,791	4,140,763	110,665,146	120,049,316
Investments in debt instruments at amortized cost	187,199,783	14,250,121	28,070,000	50,533,393	39,699,263	319,752,560
Other maturity funds inflow items	-	-	-	-	14,363,913	14,363,913
	<u>450,881,418</u>	<u>192,449,206</u>	<u>231,689,581</u>	<u>304,827,401</u>	<u>1,212,537,759</u>	<u>2,392,385,365</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	212,318	37,051	104,599	12,061	-	366,029
Due to the Central Bank and banks	20,000	10,000	-	-	-	30,000
Securities sold under repurchase agreements	718,942	804,649	10,346	-	-	1,533,937
Payables	34,159,727	7,373,467	1,163,804	1,338,308	2,919,486	46,954,792
Deposits and remittances	177,158,230	200,468,186	238,760,731	375,265,890	982,303,611	1,973,956,648
Bank notes payable	-	-	-	4,040,000	36,730,000	40,770,000
Other maturity fund outflow items	27,071	41,155	49,997	260,990	3,334,790	3,714,003
	<u>212,296,288</u>	<u>208,734,508</u>	<u>240,089,477</u>	<u>380,917,249</u>	<u>1,025,287,887</u>	<u>2,067,325,409</u>
Gap	<u>\$ 238,585,130</u>	<u>\$ (16,285,302)</u>	<u>\$ (8,399,896)</u>	<u>\$ (76,089,848)</u>	<u>\$ 187,249,872</u>	<u>\$ 325,059,956</u>

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

(In Thousands of United States Dollars)

Item	June 30, 2025					
	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	\$ 103,122	\$ -	\$ -	\$ -	\$ -	\$ 103,122
Due from the Central Bank and call loans to banks	1,386,340	208,209	98,489	96,000	33,103	1,822,141
Financial assets at FVTPL	76,165	-	-	-	690	76,855
Receivables	737,974	68,358	91,905	48,390	15,162	961,789
Discounts and loans	383,176	269,672	475,381	382,446	5,090,351	6,601,026
Investments in debt instruments at FVTOCI	7,986	72,939	38,693	677,189	3,816,189	4,612,996
Investments in debt instruments at amortized cost	79,875	49,920	-	11,017	3,081,353	3,222,165
Other maturity fund inflow items	-	-	-	-	190,815	190,815
	<u>2,774,638</u>	<u>669,098</u>	<u>704,468</u>	<u>1,215,042</u>	<u>12,227,663</u>	<u>17,590,909</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	11,384	-	-	-	-	11,384
Due to the Central Bank and banks	3,341,243	1,151,850	101,000	-	-	4,594,093
Securities sold under repurchase agreements	461,470	-	-	-	-	461,470
Payables	671,246	63,773	14,983	9,081	3,949	763,032
Deposits and remittances	4,273,696	4,877,276	2,791,599	2,045,264	2,572,715	16,560,550
Other maturity fund outflow items	56,922	2,000	-	1,375	14,084	74,381
	<u>8,815,961</u>	<u>6,094,899</u>	<u>2,907,582</u>	<u>2,055,720</u>	<u>2,590,748</u>	<u>22,464,910</u>
Gap	<u>\$ (6,041,323)</u>	<u>\$ (5,425,801)</u>	<u>\$ (2,203,114)</u>	<u>\$ (840,678)</u>	<u>\$ 9,636,915</u>	<u>\$ (4,874,001)</u>

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

(In Thousands of United States Dollars)

Item	December 31, 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	\$ 96,246	\$ -	\$ -	\$ -	\$ -	\$ 96,246
Due from the Central Bank and call loans to banks	646,690	145,558	43,128	51,330	62,908	949,614
Financial assets at FVTPL	46,078	-	-	-	-	46,078
Receivables	301,610	117,117	103,510	18,922	18,643	559,802
Discounts and loans	510,087	343,201	388,502	290,152	4,538,059	6,070,001
Investments in debt instruments at FVTOCI	-	71,767	97,401	125,829	3,486,171	3,781,168
Investments in debt instruments at amortized cost	-	-	-	128,098	2,818,104	2,946,202
Other maturity fund inflow items	-	-	-	-	9,890	9,890
	<u>1,600,711</u>	<u>677,643</u>	<u>632,541</u>	<u>614,331</u>	<u>10,933,775</u>	<u>14,459,001</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	9,767	-	-	-	46	9,813
Due to the Central Bank and banks	1,892,836	766,000	20,000	-	-	2,678,836
Securities sold under repurchase agreements	-	301,500	-	-	-	301,500
Payables	499,724	88,696	19,098	13,241	32	620,791
Deposits and remittances	3,700,028	5,516,773	2,551,337	2,336,773	2,420,182	16,525,093
Other maturity fund outflow items	43,959	5,838	1,200	2,000	71,353	124,350
	<u>6,146,314</u>	<u>6,678,807</u>	<u>2,591,635</u>	<u>2,352,014</u>	<u>2,491,613</u>	<u>20,260,383</u>
Gap	<u>\$ (4,545,603)</u>	<u>\$ (6,001,164)</u>	<u>\$ (1,959,094)</u>	<u>\$ (1,737,683)</u>	<u>\$ 8,442,162</u>	<u>\$ (5,801,382)</u>

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

(In Thousands of United States Dollars)

Item	June 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	\$ 91,711	\$ -	\$ -	\$ -	\$ -	\$ 91,711
Due from the Central Bank and call loans to banks	760,381	490,196	86,045	35,482	41,713	1,413,817
Financial assets at FVTPL	16,681	-	-	-	-	16,681
Receivables	561,535	97,799	139,161	27,671	13,618	839,784
Discounts and loans	571,248	425,759	537,524	400,452	4,079,029	6,014,012
Investments in debt instruments at FVTOCI	59,404	20,944	51,153	179,071	3,457,229	3,767,801
Investments in debt instruments at amortized cost	-	85,089	311,559	-	2,955,176	3,351,824
Other maturity fund inflow items	-	-	-	-	16,394	16,394
	<u>2,060,960</u>	<u>1,119,787</u>	<u>1,125,442</u>	<u>642,676</u>	<u>10,563,159</u>	<u>15,512,024</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	6,221	-	-	-	46	6,267
Due to the Central Bank and banks	2,259,982	614,000	10,000	-	-	2,883,982
Securities sold under repurchase agreements	397,282	178,200	-	-	-	575,482
Payables	432,353	89,321	29,931	22,254	253	574,112
Deposits and remittances	<u>3,834,771</u>	<u>4,813,123</u>	<u>3,475,883</u>	<u>3,165,032</u>	<u>2,433,158</u>	<u>17,721,967</u>
Other maturity fund outflow items	<u>49,151</u>	<u>7,000</u>	<u>3,451</u>	<u>3,538</u>	<u>116,760</u>	<u>179,900</u>
	<u>6,979,760</u>	<u>5,701,644</u>	<u>3,519,265</u>	<u>3,190,824</u>	<u>2,550,217</u>	<u>21,941,710</u>
Gap	<u>\$ (4,918,800)</u>	<u>\$ (4,581,857)</u>	<u>\$ (2,393,823)</u>	<u>\$ (2,548,148)</u>	<u>\$ 8,012,942</u>	<u>\$ (6,429,686)</u>

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

d) Maturity analysis of derivative financial assets and liabilities

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

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

Item	June 30, 2025					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 99,533,421	\$ 139,169,900	\$ 62,871,956	\$ 28,125,938	\$ 199,634	\$ 329,900,849
Inflows	95,550,610	136,016,642	60,316,320	27,663,694	199,706	319,746,972
Interest rate derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	646,550	-	-	-	-	646,550
Others						
Outflows	-	-	-	-	-	-
Inflows	27,645	-	-	-	-	27,645
Total outflows	\$ 99,533,421	\$ 139,169,900	\$ 62,871,956	\$ 28,125,938	\$ 199,634	\$ 329,900,849
Total inflows	\$ 96,224,805	\$ 136,016,642	\$ 60,316,320	\$ 27,663,694	\$ 199,706	\$ 320,421,167

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

Item	December 31, 2024					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 123,091,246	\$ 165,588,927	\$ 78,056,770	\$ 42,342,869	\$ -	\$ 409,079,812
Inflows	124,981,775	168,358,315	79,679,141	43,466,842	-	416,486,073
Interest rate derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	645,345	-	-	-	-	645,345
Others						
Outflows	-	-	-	-	-	-
Inflows	16,220	-	-	-	-	16,220
Total outflows	\$ 123,091,246	\$ 165,588,927	\$ 78,056,770	\$ 42,342,869	\$ -	\$ 409,079,812
Total inflows	\$ 125,643,340	\$ 168,358,315	\$ 79,679,141	\$ 43,466,842	\$ -	\$ 417,147,638

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

Item	June 30, 2024					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 125,171,091	\$ 198,314,663	\$ 89,669,325	\$ 79,487,134	\$ 719,992	\$ 493,362,205
Inflows	126,490,354	200,753,265	92,743,331	82,094,750	696,487	502,778,187
Interest rate derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	1,065,979	-	-	-	-	1,065,979
Others						
Outflows	-	-	-	-	-	-
Inflows	21,166	-	-	-	-	21,166
Total outflows	\$ 125,171,091	\$ 198,314,663	\$ 89,669,325	\$ 79,487,134	\$ 719,992	\$ 493,362,205
Total inflows	\$ 127,577,499	\$ 200,753,265	\$ 92,743,331	\$ 82,094,750	\$ 696,487	\$ 503,865,332

e) Maturity analysis of off-balance sheet items

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

(In Thousands of New Taiwan Dollars)

Item	June 30, 2025					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	\$ 102,094,503	\$ 1,202,863	\$ 637,004	\$ 2,144,409	\$ 9,507,455	\$ 115,586,234
Credit card commitments	7	26	64	254	344,995	345,346
Unused issued letters of credit	16,939,142	28,005	-	-	-	16,967,147
Guarantees in guarantee business	48,160,918	39,847	652,214	118,099	443,393	49,414,471
	\$ 167,194,570	\$ 1,270,741	\$ 1,289,282	\$ 2,262,762	\$ 10,295,843	\$ 182,313,198

(In Thousands of New Taiwan Dollars)

Item	December 31, 2024					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	\$ 90,215,479	\$ 1,305,179	\$ 1,723,704	\$ 2,071,388	\$ 8,335,588	\$ 103,651,338
Credit card commitments	7	45	66	278	334,740	335,136
Unused issued letters of credit	17,332,746	255,900	-	-	-	17,588,646
Guarantees in guarantee business	52,621,167	45,252	1,930,280	43,943	406,223	55,046,865
	\$ 160,169,399	\$ 1,606,376	\$ 3,654,050	\$ 2,115,609	\$ 9,076,551	\$ 176,621,985

(In Thousands of New Taiwan Dollars)

Item	June 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)	\$ 114,430,603	\$ 509,943	\$ 4,139,624	\$ 3,093,000	\$ 7,535,741	\$ 129,708,911
Credit card commitments	10	45	70	299	200,806	201,230
Unused issued letters of credit	24,523,702	48,214	6,958	-	-	24,578,874
Guarantees in guarantee business	54,607,139	48,112	-	1,942,102	179,232	56,776,585
	\$ 193,561,454	\$ 606,314	\$ 4,146,652	\$ 5,035,401	\$ 7,915,779	\$ 211,265,600

34. OTHER DISCLOSURES OF FINANCIAL INSTITUTION

a. Asset quality

Item			June 30, 2025					June 30, 2024				
			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		\$ 1,805,925	\$ 662,606,164	0.27%	\$ 8,558,621	473.92%	\$ 1,702,344	\$ 658,111,240	0.26%	\$ 7,560,337	444.11%
	Unsecured		244,729	602,259,506	0.04%	7,638,820	3,121.34%	226,907	571,684,192	0.04%	6,413,749	2,826.60%
Consumer finance	Mortgage loans (Note d)		628,767	474,308,237	0.13%	7,159,840	1,138.71%	465,232	451,768,150	0.10%	6,804,567	1,462.62%
	Cash cards (Note h)		-	-	-	-	-	-	-	-	-	-
	Credit loans (Note e)		20,347	4,957,362	0.41%	70,538	346.68%	14,377	4,356,466	0.33%	54,258	377.39%
	Others (Note f)	Secured	524,546	238,843,224	0.22%	2,434,277	464.07%	573,541	234,437,451	0.24%	2,379,477	414.87%
		Unsecured	494	1,772,245	0.03%	22,299	4,513.97%	373	1,269,141	0.03%	14,122	3,786.06%
Total			3,224,808	1,984,746,738	0.16%	25,884,395	802.66%	2,982,774	1,921,626,640	0.16%	23,226,510	778.69%

Item		June 30, 2025					June 30, 2024				
		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		\$ 6,761	\$ 2,908,630	0.23%	\$ 24,376	360.54%	\$ 4,431	\$ 6,296,333	0.07%	\$ 23,861	538.50%
No recourse receivable factoring (Note g)		-	3,533,536	-	85,335	-	-	5,291,815	-	102,918	-

- 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	June 30, 2025		June 30, 2024	
	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)	\$ -	\$ 95	\$ -	\$ 108
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note b)	1,971	18,481	1,415	16,128
Total	1,971	18,576	1,415	16,236

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

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

b. Concentration of credit risk

June 30, 2025			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	A Group (other holdings industry)	\$ 19,776,324	9.79
2	B Group (other holdings industry)	19,499,735	9.65
3	C Corporation (railway transportation industry)	19,430,457	9.62
4	D Group (uncategorized other financial services)	14,626,300	7.24
5	E Group (chemical raw material manufacturing)	11,811,220	5.85
6	F Group (steel manufacturing industry)	11,790,017	5.84
7	G Group (integrated circuit manufacturing)	10,930,408	5.41
8	H Group (real estate development industry)	9,892,000	4.90
9	I Group (air transportation industry)	8,638,130	4.28
10	J Group (integrated circuit manufacturing)	8,607,047	4.26

June 30, 2024			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	C Corporation (railway transportation industry)	\$ 19,309,657	9.97
2	A Group (steel smelting industry)	15,503,482	8.01
3	B Group (other holdings industry)	14,208,986	7.34
4	D Group (uncategorized other financial services)	13,663,403	7.06
5	K Group (liquid crystal panel and components manufacturing industry)	12,353,908	6.38
6	F Group (steel manufacturing industry)	11,502,025	5.94
7	E Group (chemical raw material manufacturing)	11,483,934	5.93
8	G Group (integrated circuit manufacturing)	9,383,729	4.85
9	H Group (real estate development industry)	8,398,000	4.34
10	J Group (integrated circuit manufacturing)	8,037,379	4.15

Note a: Sorted by the balance of loans on June 30, 2025 and 2024, excluding government or state-run business. The number of transaction party which belongs to a group business was included in the balance of group business.

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

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

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

c. Interest rate sensitivity

(In Thousands of New Taiwan Dollars; %)

Item	June 30, 2025				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 2,071,793,761	\$ 75,188,749	\$ 100,441,301	\$ 253,595,115	\$ 2,501,018,926
Interest-sensitive liabilities	739,569,073	1,258,824,233	167,530,592	55,796,968	2,221,720,866
Interest sensitivity gap	1,332,224,688	(1,183,635,484)	(67,089,291)	197,798,147	279,298,060
Net equity					171,410,496
Ratio of interest-sensitive assets to liabilities					112.57%
Ratio of interest sensitivity gap to net equity					162.94%

(In Thousands of New Taiwan Dollars; %)

Item	June 30, 2024				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,914,090,342	\$ 65,890,910	\$ 65,011,651	\$ 234,559,236	\$ 2,279,552,139
Interest-sensitive liabilities	528,800,281	1,249,906,050	137,883,608	62,135,980	1,978,725,919
Interest sensitivity gap	1,385,290,061	(1,184,015,140)	(72,871,957)	172,423,256	300,826,220
Net equity					167,086,559
Ratio of interest-sensitive assets to liabilities					115.20%
Ratio of interest sensitivity gap to net equity					180.04%

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

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

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

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

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

Item	June 30, 2025				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 16,041,271	\$ 954,564	\$ 653,742	\$ 5,583,175	\$ 23,232,752
Interest-sensitive liabilities	24,430,479	2,603,606	1,426,996	-	28,461,081
Interest sensitivity gap	(8,389,208)	(1,649,042)	(773,254)	5,583,175	(5,228,329)
Net equity					746,444
Ratio of interest-sensitive assets to liabilities					81.63%
Ratio of interest sensitivity gap to net equity					(700.43%)

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

Item	June 30, 2024				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 13,447,647	\$ 1,072,374	\$ 174,020	\$ 5,523,709	\$ 20,217,750
Interest-sensitive liabilities	20,911,873	3,193,337	2,642,011	3	26,747,224
Interest sensitivity gap	(7,464,226)	(2,120,963)	(2,467,991)	5,523,706	(6,529,474)
Net equity					586,461
Ratio of interest-sensitive assets to liabilities					75.59%
Ratio of interest sensitivity gap to net equity					(1,113.37%)

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

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

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

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

d. Profitability

Item		June 30, 2025	June 30, 2024
Return on total assets	Pretax	0.34%	0.31%
	After tax	0.28%	0.25%
Return on net equity	Pretax	5.44%	4.94%
	After tax	4.53%	3.90%
Profit margin		40.51%	35.87%

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 June 30 of 2025 and 2024, respectively.

e. Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	June 30, 2025					
		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	\$ 2,740,440,732	\$ 371,482,948	\$ 211,605,072	\$ 267,932,069	\$ 240,887,479	\$ 342,468,211	\$ 1,306,064,953
Major maturity cash outflows	3,329,293,778	161,494,030	192,361,781	454,770,309	459,360,093	646,279,923	1,415,027,642
Gap	(588,853,046)	209,988,918	19,243,291	(186,838,240)	(218,472,614)	(303,811,712)	(108,962,689)

(In Thousands of New Taiwan Dollars)

	Total	June 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	\$ 2,570,830,248	\$ 291,920,291	\$ 204,316,245	\$ 268,247,879	\$ 237,916,916	\$ 319,364,823	\$ 1,249,064,094
Major maturity cash outflows	3,211,517,587	136,450,958	189,091,159	452,847,288	478,709,549	756,773,884	1,197,644,749
Gap	(640,687,339)	155,469,333	15,225,086	(184,599,409)	(240,792,633)	(437,409,061)	51,419,345

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

(In Thousands of U.S. Dollars)

	Total	June 30, 2025				
		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	\$ 32,390,763	\$ 11,759,016	\$ 3,969,839	\$ 2,567,297	\$ 1,879,115	\$ 12,215,496
Major maturity cash outflows	36,781,789	16,428,121	7,928,218	3,795,299	3,587,057	5,043,094
Gap	(4,391,026)	(4,669,105)	(3,958,379)	(1,228,002)	(1,707,942)	7,172,402

(In Thousands of U.S. Dollars)

	Total	June 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	\$ 31,907,898	\$ 9,911,426	\$ 4,990,586	\$ 3,760,320	\$ 2,705,047	\$ 10,540,519
Major maturity cash outflows	36,803,682	14,528,656	7,853,993	4,671,981	5,579,332	4,169,720
Gap	(4,895,784)	(4,617,230)	(2,863,407)	(911,661)	(2,874,285)	6,370,799

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

f. Non-performing loan selling information

June 30, 2025							
Transaction Date	Trading Partners	Non-Perform Loan Composition	Book Value	Price	Distribution Profit	Accompanying	Relationship
2025.6.12	United Overseas Bank Ltd. New York Agency	International lending (foreign currencies unsecured loan)	\$ -	\$ 191,869	\$ 191,869	None	None

g. Trust accounts

Under Article 3 of the Trust Law, the Group can offer trust services. The items and amounts of trust accounts as of June 30, 2025 and 2024 were as follows:

	June 30	
	2025	2024
Special purpose trust accounts - domestic	\$ 44,313,706	\$ 38,909,549
Special purpose trust accounts - foreign	100,850,543	96,782,805
Insurance trust	10,144	10,021
Retirement and breeds trust	1,207,399	1,159,881
Umbilical cord blood trust	17,085,557	16,523,910
Money claim and guarantee trust	40,800	46,800
Marketable securities trust	1,777,382	1,645,772
Real estate trust	59,172,783	44,189,834
Securities under custody	699,310,537	557,228,770
Other money trust	<u>7,548,906</u>	<u>5,411,881</u>
	<u>\$ 931,317,757</u>	<u>\$ 761,909,223</u>

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

Balance Sheet of Trust					
Trust Assets	June 30		Trust Liabilities	June 30	
	2025	2024		2025	2024
Bank deposits	\$ 15,058,328	\$ 9,553,373	Trust capital		
Insurance claims	40,800	46,800	Money trust	\$ 170,383,447	\$ 158,176,116
Financial assets			Insurance claims	40,800	46,800
Common stock	5,776,177	5,573,928	Marketable securities trust	1,761,907	1,631,352
Mutual funds	166,649,681	151,357,711	Real estate trust	59,154,385	44,183,727
Bonds	3,095,728	3,805,205	Securities under custody		
Interest receivable	80	424	payable	699,310,537	557,228,770
Land	27,650,005	20,606,093	Profit and loss	185,826	199,350
Buildings	1,006,676	1,007,174	Unappropriated retained		
Construction in progress	12,729,745	12,729,745	earnings - realized capital		
Securities under custody	<u>699,310,537</u>	<u>557,228,770</u>	gain/loss	88,410	122,733
			Unappropriated retained		
			earnings - gain on		
			revenue/expense		
			investment	2,110,622	1,912,216
			Accumulated deficit	<u>(1,718,177)</u>	<u>(1,591,841)</u>
Total trust assets	<u>\$ 931,317,757</u>	<u>\$ 761,909,223</u>	Total trust liabilities	<u>\$ 931,317,757</u>	<u>\$ 761,909,223</u>

Trust Assets Register

Investments	June 30	
	2025	2024
Bank deposits	\$ 15,058,328	\$ 9,553,373
Insurance claims	40,800	46,800
Financial assets		
Common stock	5,776,177	5,573,928
Mutual funds	166,649,681	151,357,711
Bonds	3,095,728	3,805,205
Land	27,650,005	20,606,093
Buildings	1,006,676	1,007,174
Construction in progress	12,729,745	12,729,745
Others	80	424
Securities under custody	<u>699,310,537</u>	<u>557,228,770</u>
Total trust assets	<u>\$ 931,317,757</u>	<u>\$ 761,909,223</u>

Income Statement of Trust

Investments	For the Six Months Ended June 30	
	2025	2024
Revenue		
Interest income	\$ 81,156	\$ 76,767
Dividends	36,528	37,876
Gain on mutual funds	31,770	17,343
Foreign exchange gains	996,623	1,115,256
Realized capital gain - bonds	-	2,951
Realized capital gain - mutual funds	<u>5,660</u>	<u>14,626</u>
	<u>1,151,737</u>	<u>1,264,819</u>
Expense		
Maintenance	(2,555)	(2,275)
Tax expense	(7,782)	(6,846)
Others	(16)	(8)
Foreign exchange losses	(934,394)	(1,023,400)
Realized capital loss - bonds	(20,009)	(20,741)
Realized capital loss - mutual funds	(1,155)	-
Realized capital loss - quoted stock	<u>-</u>	<u>(12,199)</u>
	<u>(965,911)</u>	<u>(1,065,469)</u>
	<u>\$ 185,826</u>	<u>\$ 199,350</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
Taiwan High Speed Rail Corporation	Its director is the Bank's corporate director
CPC Corporation, Taiwan	Its director is the Bank's corporate director representative
CSBC Corporation	Its director is the Bank's corporate director
TSEC Corporation	Its director is the Bank's corporate director
China Metal Products Co., Ltd.	Its director is the Bank's director
Promised Land Co., Ltd.	Its director is the Bank's corporate director
Yang Ming Marine Transport Corporation	Its director is the Bank's corporate director
Lungteh Shipbuilding Co., Ltd.	Its director is the Bank's corporate director
ScinoPharm Taiwan, Ltd.	Its director is the Bank's corporate director
Quaser Machine Tools, Inc.	Its director is the Bank's corporate director
Others	Other related parties (IAS 24 "Related Party Disclosures")

b. Significant transactions with related parties

1) Loans

	Balance	Percentage of Loans (%)
Balance as of June 30, 2025	\$ 43,529,062	2.20
Balance as of December 31, 2024	40,654,497	2.07
Balance as of June 30, 2024	42,780,636	2.23

For the six months ended June 30, 2025 and 2024, interest ranged from 1.72% to 5.71% and from 1.46% to 6.85%, and interest income amounted to \$398,461 thousand and \$437,212 thousand, respectively.

For the three months ended June 30, 2025 and 2024, interest income amounted to \$206,222 thousand and \$211,557 thousand, respectively.

June 30, 2025							Difference in Terms Between Related Parties and Non-related Parties
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral		
<u>Consumer loans</u>							
39 accounts	\$ 21,243	\$ 22,451	\$ 21,243	\$ -	Credit	None	
<u>Self-use residential mortgage loans</u>							
252 accounts	2,155,853	2,208,774	2,155,853	-	Real estate	None	
<u>Others</u>							
CPC Corporation, Taiwan	20,000,000	25,000,000	20,000,000	-	Credit	None	
Taiwan High Speed Rail Corporation	19,308,161	19,308,161	19,308,161	-	station equipment	None	
CSBC Corporation	1,160,763	3,711,504	1,160,763	-	Credit	None	
TSEC Corporation	290,184	357,705	290,184	-	Credit and land and plant	None	
China Metal Products Co., Ltd.	200,000	800,000	200,000	-	land and plant	None	
Promised Land Co., Ltd.	104,302	112,738	104,302	-	Land and building	None	
Other - corporation 9 accounts (Note 1)	287,055	654,829	287,055	-	Credit and stocks and fund guarantee and real estate	None	
Other - individual 4 accounts (Note 2)	1,501	2,019	1,501	-	Deposit	None	
December 31, 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>							
35 accounts	\$ 16,824	\$ 17,933	\$ 16,824	\$ -	Credit	None	
<u>Self-use residential mortgage loans</u>							
242 accounts	1,977,139	2,032,531	1,977,139	-	Real estate	None	
<u>Others</u>							
Taiwan High Speed Rail Corporation	19,308,161	19,308,161	19,308,161	-	station equipment	None	
CPC Corporation, Taiwan	17,500,000	52,500,000	17,500,000	-	Credit	None	
CSBC Corporation	1,162,546	2,940,285	1,162,546	-	Credit	None	
TSEC Corporation	331,173	682,475	331,173	-	Credit and land and plant	None	
Other - corporation 11 accounts (Note 1)	328,737	3,372,815	328,737	-	Credit and fund guarantee and real estate	None	
Other - individual 5 accounts (Note 2)	29,917	31,059	29,917	-	Deposit	None	

	June 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>							
38 accounts	\$ 16,389	\$ 17,695	\$ 16,389	\$ -	Credit	None	
<u>Self-use residential mortgage loans</u>							
242 accounts	1,745,652	1,804,121	1,745,652	-	Real estate	None	
<u>Others</u>							
Taiwan High Speed Rail Corporation	19,308,161	19,308,161	19,308,161	-	station equipment	None	
CPC Corporation, Taiwan	20,000,000	40,000,000	20,000,000	-	Credit	None	
CSBC Corporation	637,127	2,701,080	637,127	-	Credit	None	
TSEC Corporation	468,612	611,483	468,612	-	Credit and land and plant	None	
China Metal Products Co., Ltd.	200,000	712,500	200,000	-	land and plant	None	
Other - corporation 11 accounts (Note 1)	396,218	2,166,842	396,218	-	Credit and fund guarantee and real estate	None	
Other - individual 5 accounts (Note 2)	8,478	11,382	8,478	-	Deposit	None	

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

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

Mortgage loans to managers within \$8,000 thousand and credit loans within \$800 thousand per person all bore interests were 1.89% on June 30, 2025, December 31, 2024 and June 30, 2024, respectively. The interest rates and other terms provided to the other related parties are the same as those offered to the public.

2) Guaranteed loans

June 30, 2025					
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	\$ 214,032	\$ 1,992,982	\$ 2,140	0.50-0.65	None
Yang Ming Marine Transport Corporation	251,688	503,375	2,517	0.80	None
Lungteh Shipbuilding Co., Ltd.	99,848	99,848	998	1.00-1.20	None
December 31, 2024					
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	\$ 1,992,982	\$ 2,027,094	\$ 19,930	0.50-0.65	None
Yang Ming Marine Transport Corporation	503,375	1,008,925	5,034	0.80	None
Lungteh Shipbuilding Co., Ltd.	97,524	97,524	975	1.00-1.20	None

	June 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.	54,767	54,767	548	1.20	None

3) Deposits

	Balance	Percentage of Loans (%)
Balance as of June 30, 2025	\$ 55,937,416	2.14
Balance as of December 31, 2024	28,861,900	1.10
Balance as of June 30, 2024	55,726,262	2.10

For the six months ended June 30, 2025 and 2024, the interest rates intervals were both between 0.00% to 13.00%; the interest expense amounted to \$780,203 thousand and \$402,866 thousand, respectively. For the three months ended June 30, 2025, and 2024, the interest expense amounted to \$412,564 thousand and \$217,544 thousand, respectively.

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

4) Transactions of derivative financial products

(In Thousands of New Taiwan Dollars)

June 30, 2025						
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet Subject	Amount
Chunghwa Post Co., Ltd.	Currency swaps	2024.9.5-2026.1.13	\$ 19,452,160	\$ (2,100,841)	Financial liability at fair value through profit or loss	\$ 1,491,738
Scinopharm Taiwan, Ltd.	Currency forward	2025.5.2-2025.8.21	116,218	(3,080)	Financial liability at fair value through profit or loss	3,080
Quaser Machine Tools, Inc.	Currency forward	2025.5.6-2025.7.31	20,525	(118)	Financial liability at fair value through profit or loss	118

(In Thousands of New Taiwan Dollars)

December 31, 2024						
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet Subject	Amount
Chunghwa Post Co., Ltd.	Currency swaps	2024.04.12-2025.11.13	\$ 21,900,380	\$ 707,749	Financial assets at fair value through profit or loss	\$ 707,749
Scinopharm Taiwan, Ltd.	Currency forward	2024.12.11-2025.02.13	51,472	430	Financial assets at fair value through profit or loss	430

(In Thousands of New Taiwan Dollars)

June 30, 2024						
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet	
					Subject	Amount
Chunghwa Post Co., Ltd.	Currency swaps	2023.10.19-2025.1.13	\$ 21,756,760	\$ 958,418	Financial assets at fair value through profit or loss	\$ 798,897
Scinopharm Taiwan, Ltd.	Currency forward	2024.6.11-2024.7.25	34,850	231	Financial assets at fair value through profit or loss	231
Quaser Machine Tools, Inc.	Currency forward	2024.4.22-2024.7.17	4,658	34	Financial assets at fair value through profit or loss	34
CPC Corporation	Currency forward	2024.6.24-2024.7.3	651,400	(3,714)	Financial liability at fair value through profit or loss	3,714

5) Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

June 30, 2025						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2025
					Interest Income	Interest Income
The Export-Import Bank	DBU	NTD	\$ 1,500,000	1.42-1.57	\$ 5,449	\$ 5,908
Land Bank	DBU	NTD	3,025,000	1.00-1.69	6,493	6,596
	OBU	USD	20,000	4.32-5.03	697	1,376
	London Branch	USD	10,000	4.53-4.58	88	251
	Hong Kong Branch	USD	25,000	4.32-4.60	535	608
Taiwan Business Bank	Tokyo Branch	USD	20,000	4.47-4.54	229	414

December 31, 2024						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Income	
Land Bank	DBU	NTD	\$ 25,000	0.69-1.68	\$ 2,964	
	OBU	USD	10,000	4.61-5.90	3,070	
Taiwan Business Bank	OBU	USD	20,000	4.60-5.71	1,199	

June 30, 2024						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
					Interest Income	Interest Income
Land Bank	DBU	NTD	\$ 25,000	0.69-1.63	\$ 1,133	\$ 1,988
	OBU	USD	40,000	5.32-5.90	971	2,556
	London Branch	USD	10,000	5.51-5.83	195	453
	Hong Kong Branch	USD	63,000	5.36-6.00	437	1,187
Taiwan Business Bank	OBU	AUD	50,000	4.20-4.58	287	288
	Tokyo Branch	USD	20,000	5.51-5.63	104	290

Call loans from banks

(In Thousands of Original Currencies)

June 30, 2025						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended June 30, 2025 Interest Expense	For the Six Months Ended June 30, 2025 Interest Expense
Land Bank	DBU	NTD	\$ 5,000	1.66-1.68	\$ 20	\$ 41
	OBU	CAD	17,000	2.71	24	24
	Singapore Branch	USD	10,000	4.44-4.52	125	179
	New York Branch	USD	50,000	4.33-4.60	494	550
	Hong Kong Branch	USD	50,000	4.32-4.50	168	170
Taiwan Business Bank	Los Angeles Branch	USD	26,000	4.33-4.40	3	5
	Hong Kong Branch	HKD	32,000	1.40	16	16
December 31, 2024						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense	
Land Bank	DBU	NTD	\$ 5,000	0.70-1.68	\$ 1,976	
	OBU	HKD	18,000	4.30	40	
Taiwan Business Bank	OBU	HKD	100,000	4.20-4.35	187	
June 30, 2024						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended June 30, 2024 Interest Expense	For the Six Months Ended June 30, 2024 Interest Expense
Land Bank	DBU	NTD	\$ 5,000	0.70-1.63	\$ 20	\$ 1,266
	Hong Kong Branch	HKD	10,000	4.55	4	4
Taiwan Business Bank	Los Angeles Branch	USD	40,000	5.40-5.59	83	83

6) Due from banks and deposits from banks

Due from banks

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	June 30, 2025	December 31, 2024	June 30, 2024
			Ending Balance	Ending Balance	Ending Balance
Land Bank	DBU	NTD	\$ 9	\$ 9	\$ 9
Taiwan Business Bank	DBU	NTD	42	13	2
Chunghwa Post Co., Ltd.	DBU	NTD	101	134	178

Deposits from banks

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	June 30, 2025	December 31, 2024	June 30, 2024
			Ending Balance	Ending Balance	Ending Balance
Land Bank	DBU	NTD	\$ 275	\$ 275	\$ 275
The Export-Import Bank	DBU	NTD	2,606	3,420	3,567
Chunghwa Post Co., Ltd.	DBU	NTD	187,724,513	120,160,203	215,498

c. Compensation of directors and management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 14,489	\$ 12,463	\$ 29,525	\$ 26,850
Post-employment benefits	<u>528</u>	<u>438</u>	<u>12,607</u>	<u>901</u>
	<u>\$ 15,017</u>	<u>\$ 12,901</u>	<u>\$ 42,132</u>	<u>\$ 27,751</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 December 26, 2022. Under the contract, the annual service fee is \$73 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 2025, the Bank recognized other income according to the former contract in the amount of \$1,389 thousand.

The Bank signed three-year information system service contracts in the amounts of \$82 thousand and \$4,526 thousand each on January 2, 2025 and February 13, 2025, with its subsidiaries Chang Hwa Bank Venture Capital Co., Ltd. and Chang Hua Commercial Bank, Ltd.

36. PLEDGED ASSETS

The summary of the Group's pledged assets as of June 30, 2025, December 31, 2024 and June 30, 2024 is as follows:

Pledged Assets	Description	June 30, 2025	December 31, 2024	June 30, 2024
Investments in debt instruments at FVTOCI	Bonds	\$ 1,667,121	\$ 1,502,453	\$ 1,511,334
Investments in debt instruments at amortized cost	Bonds and certificates of deposit	41,445,600	41,463,925	41,462,850
Refundable deposits	Cash	6,249,575	920,987	1,306,993

37. CONTINGENT LIABILITIES AND COMMITMENTS

- a. In addition to those mentioned in Note 7, the Group had the following contingent liabilities and commitments as of June 30, 2025, December 31, 2024 and June 30, 2024:

	June 30, 2025	December 31, 2024	June 30, 2024
Trust liabilities	\$ 931,317,757	\$ 974,781,762	\$ 761,909,223
Unused loan commitments (excluding credit cards)	115,586,234	103,651,338	129,708,911
Credit card commitments	345,346	335,136	201,230
Unused issued letters of credit	16,967,147	17,588,646	24,578,874
Guarantees in guarantee business	49,414,471	55,046,865	56,776,585
Repayment notes and times deposit held for custody	17,643,325	19,781,507	19,338,213
Liabilities on joint loans	51,770	70,601	125,382

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 June 30, 2025 were \$309,028 thousand, \$3,696,515 thousand, \$490,862 thousand, \$79,927 thousand and \$14,640 thousand, respectively.

- b. The branch manager of our bank's North Taichung branch was penalized for embezzling customer deposits. The customer has filed a lawsuit against our bank at the Taichung District Court for the amount embezzled by the manager and the losses incurred from the investment products. The Taichung District Court held a hearing on June 4, 2025, and is scheduled to continue the hearing on September 24, 2025.

38. DISCLOSURES UNDER STATUTORY REQUIREMENTS

- a. Material transactions

No.	Item	Explanation
1	Accumulated purchases and sales balance of specific investees' marketable security over NT\$300 million or 10% of outstanding capital for the six months ended June 30, 2025	None
2	Acquisition of fixed assets over NT\$300 million or 10% of outstanding capital for the six months ended June 30, 2025	None
3	Disposal of fixed assets over NT\$300 million or 10% of outstanding capital for the six months ended June 30, 2025	None
4	Discount on fees income from related parties over NT\$5 million	None
5	Receivables from related parties over NT\$300 million or 10% of outstanding capital as of June 30, 2025	None
6	Sale of NPL	Note 34
7	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
8	Other significant transactions which may affect decisions of the users of the financial statements	None

b. Information on the Bank's Investees

No.	Item	Explanation
1	Investees' names, locations, etc.	Table 1
2	Capital lending to another party	None
3	Endorsement for another party	None
4	Marketable securities held as of June 30, 2025	Table 2
5	Accumulated purchases and sales balance of specific marketable security over NT\$300 million or 10% of outstanding capital for the six months ended June 30, 2025	None
6	Acquisition of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the six months ended June 30, 2025	None
7	Disposal of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the six months ended June 30, 2025	None
8	Receivables from related parties over NT\$300 million or 10% of outstanding capital as of June 30, 2025	None
9	Derivative instrument	None
10	Discount on fees income from related parties over NT\$5 million	None
11	Sale of NPL by subsidiary	None
12	Other significant transactions which may affect decisions of the users of the financial statements	None

c. Investment in mainland China: Table 3.

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

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

39. INFORMATION ON THE BANK'S INVESTEEES

Investees' Names (Note a)	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Carrying Amount	Recognized Investment Income (Loss) of Current Period	Sum of Ownership (Note a)			
						Current Stock	Imputed Stock (Note b)	Stock	Ownership Interest (%)
Taiwan High Speed Rail Corporation	Taipei City	High speed rail road	0.79	1,257,125	-	44,500,000	-	44,500,000	0.79
Taiwan Stock Exchange Co.	Taipei City	Securities brokerage, margin lending, and underwriting financial products	3.00	7,057,453	-	39,978,774	-	39,978,774	3.00
Taiwan Sugar Co.	Tainan City	Manufacture correlative products of sugar and crop	0.41	1,496,820	-	23,246,159	-	23,246,159	0.41
Taiwan Power Co.	Taipei City	Generate electric power, power distribution, and cable assemble	0.41	671,821	-	235,726,532	-	235,726,532	0.41
Taipei Foreign Exchange Inc.	Taipei City	Exchange trading, DEPOS, and Swap	3.53	34,517	-	700,000	-	700,000	3.53
Lieu-An Service Co., Ltd.	Taipei City	ATM purchase, rental, and repair or maintenance	5.00	1,818	-	125,000	-	125,000	5.00
CDIB & Partners Investment Holding Co.	Taipei City	Investment	4.95	777,060	-	54,000,000	-	54,000,000	4.95
Nomura Asset Management Taiwan Ltd.	Taipei City	Securities investment trust	4.09	110,016	-	1,413,725	-	1,413,725	4.09
Financial Information Service Co., Ltd.	Taipei City	Type II telecommunications business	1.26	252,526	-	8,566,014	-	8,566,014	1.26
Taiwan Futures Exchange	Taipei City	Futures exchange	1.00	924,424	-	6,220,471	-	6,220,471	1.00
Taiwan Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	11.35	1,674,000	-	120,000,000	-	120,000,000	11.35
Taiwan Financial Asset Service Co.	Taipei City	Auction assets of the recognition of an impartial third party	2.94	49,050	-	5,000,000	-	5,000,000	2.94
Financial Esolution Co., Ltd.	Taipei City	Financial information systems development	4.12	9,109	-	905,475	-	905,475	4.12
Taiwan Depository & Clearing Corporation	Taipei City	Provide book-entry of securities transactions	0.08	91,317	-	645,808	-	645,808	0.08
Sunlight Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	0.70	536	-	41,768	-	41,768	0.70
Taiwan Mobile Payment Corporation	Taipei City	Electronic information provider	3.00	10,422	-	1,800,000	-	1,800,000	3.00
Taiwan Urban Regeneration & Financial Services Co., Ltd.	Taipei City	Urban renewal and reconstruction industry	5.00	8,275	-	2,500,000	-	2,500,000	5.00
Taipei Financial Center Corp.	Taipei City	Real estate development, sales and rental	3.50	1,991,115	-	51,450,000	-	51,450,000	3.50

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

- Note b: 1) Imputed stock refers to the purchase of securities with equity or derivative commodity contracts (not yet converted into equity holding), which is linked to the equity of the reinvestment business according to the agreed transaction conditions and the bank's commitment to be used as Article 74 of The Banking Act of The Republic of China stipulates that for the purpose of reinvestment, under the assumption of conversion, the shares acquired as a result of the conversion.
- 2) The above-mentioned "securities with equity" refers to the securities stipulated in the first paragraph of Article 11 of Securities and Exchange Act Enforcement Rules, such as convertible corporate bonds and call warrants.
- 3) The above-mentioned "derivative commodity contract" refers to those who meet the definition of derivative instruments in IAS 39, such as stock options.

40. SEGMENT INFORMATION

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

a. Segment revenue and results

For the Six Months Ended June 30, 2025							
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Overseas Branch and Subsidiaries	Others	Total
Net interest income	\$ 7,508,222	\$ 7,564,432	\$ (4,046,108)	\$ -	\$ 1,953,235	\$ (14,731)	\$ 12,965,050
Net service fee income	848,352	75,221	(23,348)	2,737,796	57,882	-	3,695,903
Net income on financial instrument	-	-	5,217,053	-	260,053	-	5,477,106
Others	7,822	-	1,773	-	(6,022)	392,543	396,116
Net revenue and gains	8,364,396	7,639,653	1,149,370	2,737,796	2,265,148	377,812	22,534,175
Bad debts expense, commitment and guarantee liability provision	(1,255,212)	-	151	-	109,374	-	(1,145,687)
Operating expenses							(10,407,226)
Income before income tax							\$ 10,981,262

For the Six Months Ended June 30, 2024							
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Overseas Branch and Subsidiaries	Others	Total
Net interest income	\$ 7,418,268	\$ 7,774,893	\$ (5,897,680)	\$ -	\$ 1,780,299	\$ (12,473)	\$ 11,063,307
Net service fee income	1,300,039	66,892	(22,399)	2,430,315	62,318	-	3,837,165
Net income on financial instrument	-	-	5,514,125	-	145,922	-	5,660,047
Others	23,682	-	1,673	-	1,889	166,384	193,628
Net revenue and gains	8,741,989	7,841,785	(404,281)	2,430,315	1,990,428	153,911	20,754,147
Bad debts expense, commitment and guarantee liability provision	(913,841)	-	(107)	-	(625,014)	-	(1,538,962)
Operating expenses							(9,785,753)
Income before income tax							\$ 9,429,432

The reported revenue and results on the segment information did not include inter-segment revenue for the six months ended June 30, 2025 and 2024.

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

b. Segment total assets and liabilities

		June 30, 2025					
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiary	Others	Total
Assets	<u>\$ 1,806,490,224</u>	<u>\$ -</u>	<u>\$ 1,121,736,780</u>	<u>\$ -</u>	<u>\$ 288,075,056</u>	<u>\$ 94,641,330</u>	<u>\$ 3,310,943,390</u>
Liabilities	<u>\$ 1,153,699</u>	<u>\$ 2,716,188,947</u>	<u>\$ 105,183,802</u>	<u>\$ -</u>	<u>\$ 217,234,027</u>	<u>\$ 69,149,001</u>	<u>\$ 3,108,909,476</u>
		December 31, 2024					
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiary	Others	Total
Assets	<u>\$ 1,814,455,843</u>	<u>\$ -</u>	<u>\$ 1,002,324,039</u>	<u>\$ -</u>	<u>\$ 256,005,523</u>	<u>\$ 99,935,726</u>	<u>\$ 3,172,721,131</u>
Liabilities	<u>\$ 1,780,747</u>	<u>\$ 2,663,698,932</u>	<u>\$ 93,034,064</u>	<u>\$ -</u>	<u>\$ 166,602,680</u>	<u>\$ 46,207,320</u>	<u>\$ 2,971,323,743</u>
		June 30, 2024					
	Loans	Deposits	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiary	Others	Total
Assets	<u>\$ 1,781,771,592</u>	<u>\$ -</u>	<u>\$ 956,620,236</u>	<u>\$ -</u>	<u>\$ 258,374,975</u>	<u>\$ 105,663,421</u>	<u>\$ 3,102,430,224</u>
Liabilities	<u>\$ 1,664,124</u>	<u>\$ 2,570,518,492</u>	<u>\$ 92,802,727</u>	<u>\$ -</u>	<u>\$ 176,869,027</u>	<u>\$ 66,911,772</u>	<u>\$ 2,908,766,142</u>

TABLE 1

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEs’ NAMES AND LOCATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

(In Thousands of New Taiwan Dollars, Except for Percentage and Shares)

Investor	Investees’ Names	Investees’ Location	Line of Business	Original Investment Amount		Ending Balance			Net Income (Loss) of Current Period	Recognized Income (Loss) of Current Period	Note
				End of June 30, 2025	End of December 31, 2024	Stock	Ownership Interest (%)	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 1,155,676	Note 115,567,568	100 100	\$ 12,896,890 1,301,312	\$ 84,381 3,121	\$ 84,381 3,121	

Note: Limited company organization.

TABLE 2

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	June 30, 2025				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	\$ 31,938	8.52	\$ 31,938	
	Package Plus Sustainable Integration Co., Ltd.	-	Financial assets at fair value through other comprehensive income	256,411	11,490	4.97	11,490	
	Digit Spark CO., LTD.	-	Financial assets at fair value through other comprehensive income	275,000	7,755	1.30	7,755	
	Acer E-enabling Service Business Inc.	-	Financial assets at fair value through profit or loss	40,000	9,660	0.10	9,660	
	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	2,000,000	51,400	0.07	51,400	
	Trio Technology International Group Co., Ltd.	-	Financial assets at fair value through profit or loss	414,000	57,960	0.83	57,960	
	Mercuries F&B Co., Ltd.	-	Financial assets at fair value through profit or loss	333,000	17,150	0.50	17,150	
	Genii Ideas Co., Ltd.	-	Financial assets at fair value through profit or loss	70,000	8,400	0.35	8,400	
	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	182,764	7,420	0.55	7,420	
	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	1,440,000	48,744	0.65	48,744	
	Imedtac Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	15,381	1.64	15,381	
	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	6,407	1.44	6,407	
	Sunpower Energy Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,269,825	83,059	3.45	83,059	
	Outstanding Management Consultants Co., Ltd.	CHBVC is its director	Financial assets at fair value through profit or loss	117,040	1,366	19.00	1,366	
	Glory Wheel Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	371,800	39,496	0.93	39,496	
	Red Sunrise Co., Ltd.	-	Financial assets at fair value through profit or loss	1,309,677	61,542	8.48	61,542	
	P-Waver Inc.	-	Financial assets at fair value through profit or loss	588,000	13,548	3.84	13,548	
	Champ-Ray Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	508,000	64,770	1.68	64,770	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	June 30, 2025				Note
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	1,500,000	\$ 33,900	1.60	\$ 33,900	
	Techplasma Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	210,000	7,827	0.63	7,827	
	Jhu Jian Catering Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	14,235	0.59	14,235	
	Andros Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	16,890	2.20	16,890	
	WiAdvance Technology Corporation	-	Financial assets at fair value through profit or loss	200,000	30,826	0.88	30,826	
	GEOSAT Aerospace & Technology Inc.	-	Financial assets at fair value through profit or loss	700,000	18,599	0.55	18,599	
	Zeitec Semiconductor Co., Ltd.	-	Financial assets at fair value through profit or loss	408,000	39,086	1.50	39,086	
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	2,577,320	29,121	2.51	29,121	
	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	26,496	2.02	26,496	
	GreenRock Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	712,001	51,050	1.66	51,050	
	HOW KAN ENTERTAINMENT PRODUCTION CO., LTD	-	Financial assets at fair value through profit or loss	1,080,232	35,370	5.33	35,370	
	KEYXENTIC INC.	-	Financial assets at fair value through profit or loss	600,000	30,000	8.82	30,000	
	Chi Yi Hsin Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	600,000	51,600	2.01	51,600	
	YU-CHEN SYSTEM TECHNOLOGY CORP.	-	Financial assets at fair value through profit or loss	90,000	10,194	0.48	10,194	
	DEXATEK TECHNOLOGY LTD.	-	Financial assets at fair value through profit or loss	100,000	7,622	0.39	7,622	
	UNITED PURIFICATION TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss	100,000	6,961	0.71	6,961	
	Mesh Cooperative Ventures, Inc.	-	Financial assets at fair value through profit or loss	-	27,198	-	27,198	
	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	24,894	-	24,894	
	Forward BioT Venture Capital	-	Financial assets at fair value through profit or loss	-	26,088	-	26,088	

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)

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(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, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2025	Net Income (Loss) of the Investee (Note 2)	% of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2025	Accumulated Repatriation of Investment Income as of June 30, 2025	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)	\$ 84,381	100	\$ 84,381	\$ 12,896,890	\$ -	

2.

Accumulated Outward Remittance for Investment in Mainland China June 30, 2025	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)	\$ 30,305,087

- Note 1: The three methods of investment are as follows:
- a.

b.

c.
- a.

b.

c.
- Note 2: Equity in the profit (loss):
- a.

b.
- 1)

2)

3)
- 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.

b.

TABLE 4

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(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.	Deposits from the Central Bank and banks	\$ 113,501	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Cash and cash equivalents	66,215	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Receivables	175,035	Same as normal customers	0.01
		Chang Hua Commercial Bank, Ltd.	a.	Other financial assets	5,285,800	Same as normal customers	0.16
		Chang Hua Commercial Bank, Ltd.	a.	Interest income	62,527	Same as normal customers	0.28
		Chang Hua Commercial Bank, Ltd.	a.	Net non-interest income	1,389	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Deposits and remittances	220,142	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Other liabilities	5	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Interest expense	1,140	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Net non-interest income	1,215	Same as normal customers	0.01

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

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

Note 2: Relationships are as follows:

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

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

TABLE 5**CHANG HWA COMMERCIAL BANK, LTD.****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2025**

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
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 without physical registration (including treasury shares) is more than 5%. The share capital recorded in the Bank's consolidated financial statement and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.