

**Taichung Commercial Bank Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taichung Commercial Bank Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Taichung Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Lin Liu and Pan-Fa Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 2, 2023

Notice to Readers

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

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 14,352,521	2	\$ 25,760,718	3	\$ 18,347,428	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 36)	40,448,490	5	40,921,600	5	41,710,159	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 8)	32,336,006	4	29,009,114	4	37,129,257	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 9)	59,546,480	7	45,228,975	6	46,777,548	6
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 36)	112,590,484	13	104,757,966	13	110,046,674	14
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	10,966,099	1	11,643,340	1	11,351,278	1
RECEIVABLES, NET (Notes 12 and 36)	21,423,389	3	14,434,692	2	14,261,801	2
NOTES DISCOUNTED AND LOANS, NET (Notes 13 and 35)	528,371,024	63	514,112,826	64	504,307,425	63
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Note 14)	173,028	-	172,301	-	167,774	-
RESTRICTED ASSETS, NET (Notes 15 and 36)	194,687	-	506,705	-	362,388	-
OTHER FINANCIAL ASSETS, NET (Note 16)	240,918	-	271,035	-	315,260	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	17,624,890	2	16,256,083	2	15,537,677	2
RIGHT-OF-USE ASSETS, NET (Note 18)	964,620	-	809,276	-	804,622	-
INVESTMENT PROPERTIES, NET (Note 19)	605,606	-	592,167	-	580,046	-
INTANGIBLE ASSETS, NET (Note 20)	258,763	-	234,756	-	215,946	-
DEFERRED TAX ASSETS (Note 4)	655,639	-	692,053	-	723,159	-
OTHER ASSETS (Notes 21 and 36)	<u>2,524,628</u>	<u>-</u>	<u>2,559,221</u>	<u>-</u>	<u>2,880,362</u>	<u>-</u>
TOTAL	<u>\$ 843,277,272</u>	<u>100</u>	<u>\$ 807,962,828</u>	<u>100</u>	<u>\$ 805,518,804</u>	<u>100</u>
LIABILITIES AND EQUITY						
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	\$ 10,820,880	1	\$ 8,703,740	1	\$ 3,253,759	1
FUNDS BORROWED FROM THE CENTRAL BANK AND OTHER BANKS (Notes 23 and 36)	11,908,724	1	8,898,102	1	7,980,655	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 8)	1,462,358	-	1,630,985	-	2,078,233	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Note 24)	3,929,195	1	-	-	901,409	-
PAYABLES (Notes 25 and 35)	11,937,005	2	9,427,839	1	6,768,567	1
CURRENT TAX LIABILITIES (Note 4)	315,526	-	554,448	-	285,065	-
DEPOSITS AND REMITTANCES (Notes 26 and 35)	701,610,444	83	683,104,149	85	693,692,698	86
BANK DEBENTURES (Notes 27 and 35)	16,500,000	2	16,500,000	2	16,500,000	2
OTHER FINANCIAL LIABILITIES (Note 28)	7,846,100	1	6,670,510	1	5,842,616	1
PROVISIONS (Notes 4 and 29)	1,280,059	-	1,237,517	-	1,335,196	-
LEASE LIABILITIES (Note 18)	1,006,600	-	852,915	-	845,297	-
DEFERRED TAX LIABILITIES (Note 4)	109,486	-	109,486	-	109,486	-
OTHER LIABILITIES (Note 30)	<u>1,251,742</u>	<u>-</u>	<u>1,043,511</u>	<u>-</u>	<u>1,098,408</u>	<u>-</u>
Total liabilities	<u>769,978,119</u>	<u>91</u>	<u>738,733,202</u>	<u>91</u>	<u>740,691,389</u>	<u>92</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 31)						
Ordinary shares	52,260,953	6	50,154,465	7	47,654,465	6
Capital surplus	1,528,256	-	1,528,256	-	1,054,006	-
Retained earnings						
Legal reserve	13,760,327	2	12,141,002	1	12,141,002	2
Special reserve	308,196	-	149,077	-	149,077	-
Unappropriated earnings	5,130,961	1	5,416,510	1	3,968,562	-
Other equity	<u>310,460</u>	<u>-</u>	<u>(159,684)</u>	<u>-</u>	<u>(139,697)</u>	<u>-</u>
Total equity attributable to owners of the Bank	<u>73,299,153</u>	<u>9</u>	<u>69,229,626</u>	<u>9</u>	<u>64,827,415</u>	<u>8</u>
Total equity	<u>73,299,153</u>	<u>9</u>	<u>69,229,626</u>	<u>9</u>	<u>64,827,415</u>	<u>8</u>
TOTAL	<u>\$ 843,277,272</u>	<u>100</u>	<u>\$ 807,962,828</u>	<u>100</u>	<u>\$ 805,518,804</u>	<u>100</u>

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 35)	\$ 5,586,586	126	\$ 4,183,975	102	\$ 15,663,892	121	\$ 11,008,293	99
INTEREST EXPENSE (Notes 32 and 35)	<u>(2,605,770)</u>	<u>(59)</u>	<u>(1,313,214)</u>	<u>(32)</u>	<u>(7,136,085)</u>	<u>(55)</u>	<u>(2,993,095)</u>	<u>(27)</u>
NET INTEREST	2,980,816	67	2,870,761	70	8,527,807	66	8,015,198	72
NET INCOME AND LOSS OTHER THAN INTEREST								
Service fee income, net (Notes 32 and 35)	1,067,848	24	800,792	19	2,861,390	22	2,523,396	23
Gains on financial assets and liabilities at fair value through profit or loss (Note 32)	488,850	11	493,588	12	1,678,934	13	953,873	9
Realized gains on financial assets at fair value through other comprehensive income (Note 32)	166,477	4	178,826	4	295,373	2	236,058	2
Foreign exchange losses, net (Impairment losses) reversal of impairment losses on financial assets (Notes 9, 10 and 32)	(256,819)	(6)	(264,843)	(6)	(437,711)	(3)	(618,916)	(6)
Share of losses of associates accounted for using the equity method (Note 14)	(593)	-	(204)	-	(5,596)	-	2,110	-
Other non-interest gains (losses), net (Note 32)	(480)	-	(2,962)	-	(466)	-	(5,600)	-
	<u>(6,829)</u>	<u>-</u>	<u>29,313</u>	<u>1</u>	<u>27,987</u>	<u>-</u>	<u>43,603</u>	<u>-</u>
TOTAL NET REVENUE	<u>4,439,270</u>	<u>100</u>	<u>4,105,271</u>	<u>100</u>	<u>12,947,718</u>	<u>100</u>	<u>11,149,722</u>	<u>100</u>
PROVISION FOR BAD DEBTS EXPENSE, COMMITMENTS AND GUARANTEES (Notes 12, 13, 29 and 32)	<u>(334,985)</u>	<u>(7)</u>	<u>(646,495)</u>	<u>(16)</u>	<u>(1,318,569)</u>	<u>(10)</u>	<u>(982,190)</u>	<u>(9)</u>
OPERATING EXPENSES								
Employee benefits expenses (Note 32)	(1,198,611)	(27)	(1,161,332)	(28)	(3,631,463)	(28)	(3,428,125)	(30)
Depreciation and amortization expenses (Note 32)	(120,249)	(3)	(110,834)	(3)	(350,729)	(3)	(325,534)	(3)
Other selling and administrative expenses (Notes 32 and 35)	<u>(577,916)</u>	<u>(13)</u>	<u>(571,516)</u>	<u>(14)</u>	<u>(1,757,778)</u>	<u>(13)</u>	<u>(1,534,863)</u>	<u>(14)</u>
Total operating expenses	<u>(1,896,776)</u>	<u>(43)</u>	<u>(1,843,682)</u>	<u>(45)</u>	<u>(5,739,970)</u>	<u>(44)</u>	<u>(5,288,522)</u>	<u>(47)</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,207,509	50	1,615,094	39	5,889,179	46	4,879,010	44
INCOME TAX EXPENSE (Notes 4 and 33)	<u>(378,354)</u>	<u>(9)</u>	<u>(276,533)</u>	<u>(7)</u>	<u>(983,515)</u>	<u>(8)</u>	<u>(934,184)</u>	<u>(9)</u>
NET PROFIT FOR THE PERIOD	<u>1,829,155</u>	<u>41</u>	<u>1,338,561</u>	<u>32</u>	<u>4,905,664</u>	<u>38</u>	<u>3,944,826</u>	<u>35</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	\$ 73,130	2	\$ (221,099)	(5)	\$ 755,772	6	\$ (286,649)	(2)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(224)	-	(617)	-	1,193	-	8,250	-
Income tax (expense) benefit relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 33)	(2,268)	-	2,949	-	(11,119)	-	5,128	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>70,638</u>	<u>2</u>	<u>(218,767)</u>	<u>(5)</u>	<u>745,846</u>	<u>6</u>	<u>(273,271)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of financial statements of foreign operations	44,111	1	34,866	1	4,452	-	75,992	-
Unrealized loss on investments in debt instruments designated as at fair value through other comprehensive income	(390,755)	(9)	(68,997)	(2)	(81,801)	(1)	(1,245,487)	(11)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(346,644)</u>	<u>(8)</u>	<u>(34,131)</u>	<u>(1)</u>	<u>(77,349)</u>	<u>(1)</u>	<u>(1,169,495)</u>	<u>(11)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(276,006)</u>	<u>(6)</u>	<u>(252,898)</u>	<u>(6)</u>	<u>668,497</u>	<u>5</u>	<u>(1,442,766)</u>	<u>(13)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,553,149</u>	<u>35</u>	<u>\$ 1,085,663</u>	<u>26</u>	<u>\$ 5,574,161</u>	<u>43</u>	<u>\$ 2,502,060</u>	<u>22</u>
EARNINGS PER SHARE (Note 34)								
Basic	<u>\$ 0.35</u>		<u>\$ 0.27</u>		<u>\$ 0.94</u>		<u>\$ 0.79</u>	
Diluted	<u>\$ 0.35</u>		<u>\$ 0.27</u>		<u>\$ 0.94</u>		<u>\$ 0.79</u>	

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

(Concluded)

TAICHUNG COMMERCIAL BANK CO., 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		Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	\$ 45,385,205	\$ 1,054,006	\$ 10,677,008	\$ 149,678	\$ 4,886,043	\$ (85,087)	\$ 1,393,132	\$ 63,459,985
Appropriation of 2021 earnings								
Legal reserve	-	-	1,463,994	-	(1,463,994)	-	-	-
Reverse a special reserve	-	-	-	(601)	601	-	-	-
Cash dividends	-	-	-	-	(1,134,630)	-	-	(1,134,630)
Share dividends	2,269,260	-	-	-	(2,269,260)	-	-	-
Net profit for the nine months ended September 30, 2022	-	-	-	-	3,944,826	-	-	3,944,826
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	75,992	(1,518,758)	(1,442,766)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	3,944,826	75,992	(1,518,758)	2,502,060
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	4,976	-	(4,976)	-
BALANCE AT SEPTEMBER 30, 2022	<u>\$ 47,654,465</u>	<u>\$ 1,054,006</u>	<u>\$ 12,141,002</u>	<u>\$ 149,077</u>	<u>\$ 3,968,562</u>	<u>\$ (9,095)</u>	<u>\$ (130,602)</u>	<u>\$ 64,827,415</u>
BALANCE AT JANUARY 1, 2023	\$ 50,154,465	\$ 1,528,256	\$ 12,141,002	\$ 149,077	\$ 5,416,510	\$ (37,875)	\$ (121,809)	\$ 69,229,626
Appropriation of 2022 earnings								
Legal reserve	-	-	1,619,325	-	(1,619,325)	-	-	-
Special reserve	-	-	-	159,684	(159,684)	-	-	-
Reverse a special reserve	-	-	-	(565)	565	-	-	-
Cash dividends	-	-	-	-	(1,504,634)	-	-	(1,504,634)
Share dividends	2,106,488	-	-	-	(2,106,488)	-	-	-
Net profit for the nine months ended September 30, 2023	-	-	-	-	4,905,664	-	-	4,905,664
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	4,452	664,045	668,497
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	4,905,664	4,452	664,045	5,574,161
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	198,353	-	(198,353)	-
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 52,260,953</u>	<u>\$ 1,528,256</u>	<u>\$ 13,760,327</u>	<u>\$ 308,196</u>	<u>\$ 5,130,961</u>	<u>\$ (33,423)</u>	<u>\$ 343,883</u>	<u>\$ 73,299,153</u>

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,889,179	\$ 4,879,010
Adjustments for:		
Depreciation expense	289,695	273,954
Amortization expense	61,034	51,580
Provision for bad debts expense, commitments and guarantees liabilities	1,318,569	982,190
Gains on financial assets and liabilities at fair value through profit or loss	(1,678,934)	(953,873)
(Gains) losses on disposal of properties and equipment	(1,499)	381
Interest expense	7,136,085	2,993,095
Interest revenue	(15,663,892)	(11,008,293)
Dividend income	(268,583)	(235,991)
Share of loss of associates	466	5,600
Gains on disposal of investments in debt instruments at fair value through other comprehensive income	(26,790)	(67)
Impairment losses (reversal of impairment losses) on financial assets	5,596	(2,110)
Unrealized gains on foreign currency exchange	(1,222,350)	(2,742,576)
Gains on lease suspension	(7,825)	(2,426)
Total adjustment	<u>(10,058,428)</u>	<u>(10,638,536)</u>
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(544,476)	(1,548,897)
Financial assets at fair value through profit or loss	(34,911)	(279,297)
Receivables	(6,463,614)	314,776
Notes discounted and loans	(15,401,816)	(25,354,943)
Other financial assets	29,610	2,230
Other assets	44,292	569,848
Due to the Central Bank and other banks	2,117,140	(699,941)
Financial liabilities at fair value through profit or loss	(1,781,674)	(654,751)
Securities sold under repurchase agreements	3,929,195	(304,150)
Payables	1,346,368	(4,989,402)
Deposits and remittances	18,506,295	34,576,463
Other financial liabilities	(211,497)	3,110,083
Provision for employee benefits	(34,891)	(41,351)
Other liabilities	74,260	55,155
Changes in operating assets and liabilities	<u>1,574,281</u>	<u>4,755,823</u>
Cash used in operations	(2,594,968)	(1,003,703)
Interest received	14,988,247	10,753,132
Dividends received	268,583	235,991
Interest paid	(5,969,537)	(2,324,334)
Income tax paid	<u>(1,197,142)</u>	<u>(913,976)</u>
Net cash generated from operating activities	<u>5,495,183</u>	<u>6,747,110</u>

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TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (22,887,606)	\$ (2,111,516)
Proceeds from disposal of financial assets at fair value through other comprehensive income	9,447,338	2,535,585
Purchase of financial assets at amortized cost	(482,917,851)	(607,502,785)
Proceeds from redemption of financial assets at amortized cost	476,165,105	609,530,400
Payments for properties and equipment	(1,527,183)	(1,939,031)
Proceeds from disposal of properties and equipment	2,138	3
Decrease (increase) in refundable deposits	312,319	(666,041)
Payments for intangible assets	(82,463)	(43,868)
Payments for investment properties	<u>(16,855)</u>	<u>(580,805)</u>
Net cash used in investing activities	<u>(21,505,058)</u>	<u>(778,058)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds borrowed from (repayments of) Central Bank and other banks	3,010,622	(2,478,501)
Proceeds from commercial papers issued	1,387,087	84,364
Proceeds from guarantee deposits received	133,971	37,072
Repayments of principal portion of lease liabilities	(124,647)	(110,780)
Cash dividends distributed	<u>(1,504,634)</u>	<u>(1,134,630)</u>
Net cash generated from (used in) financing activities	<u>2,902,399</u>	<u>(3,602,475)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>4,452</u>	<u>75,992</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,103,024)	2,442,569
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>55,897,012</u>	<u>47,367,088</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 42,793,988</u>	<u>\$ 49,809,657</u>

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TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	<u>September 30</u>	
	2023	2022
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AT SEPTEMBER 30, 2023 AND 2022		
Cash and cash equivalents in the consolidated balance sheets	\$ 14,352,521	\$ 18,347,428
Due from the central bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	17,475,368	20,110,951
Securities purchased under resale agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>10,966,099</u>	<u>11,351,278</u>
Cash and cash equivalents at the end of the period	<u>\$ 42,793,988</u>	<u>\$ 49,809,657</u>

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

(Concluded)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taichung Commercial Bank Co., Ltd. (the “Bank”), formerly known as Taichung District Association Saving Co., Ltd. It was established in April 1953 and started operations in August of the same year. In July of 1975, the Banking Act of the Republic of China was revised and implemented. On January 1, 1978, the Taichung District Association Saving Co., Ltd. was restructured into Taichung SME Bank Co., Ltd. (“Taichung SME Bank”) and its shares were listed on May 15, 1984.

In line with the national financial policy to provide public and social financial services and support the economic construction as well as the development of industrial and commercial, Taichung SME Bank was renamed as Taichung Commercial Bank Co., Ltd. in December 1998. As of September 30, 2023, the Bank had a business department, a trust department, a foreign exchange transaction department, 83 domestic branches, a Malaysia Labuan branch and an offshore banking unit (OBU) and Vietnam Ho Chi Minh Representative Office. The operations of the Bank consist of planning, managing, operating a trust business and overseas financial business. These operations are regulated under the Banking Act of the Republic of China (“ROC”).

At the time of establishment, the amount of capital invested by the Bank was \$500 thousand. In line with the government degree, in order to improve the capital structure and cooperate with the government decree, the Bank has successively applied for the increase and decrease of capital. As of September 30, 2023, the Bank’s capital amount was \$52,260,953 thousand.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank’s board of directors on November 2, 2023.

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 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 IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

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

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

a. Statement of compliance

The consolidated financial statements have been prepared 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 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 those required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value 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:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) 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
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Accounts included in the Group’s consolidated financial statements are not classified as current or non-current but are stated in the order of their liquidity. Refer to Note 39 for the maturity analysis of assets and liabilities.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

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 Group.

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

2) Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor Company	Subsidiary	Main Business and Products	Percentage of Equity Held (%)		
			September 30, 2023	December 31, 2022	September 30, 2022
Taichung Commercial Bank Co., Ltd.	Taichung Bank Insurance Brokers Co., Ltd.	Insurance broker industry	100	100	100
	Taichung Bank Leasing Corporation Limited	Leasing business	100	100	100
	Taichung Commercial Bank Securities Co., Ltd.	Securities industry	100	100	100
Taichung Bank Leasing Corporation Limited	TCCBL Co., Ltd.	Financial leasing and investment business	100	100	100
TCCBL Co., Ltd.	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Financial leasing business	100	100	100
Taichung Commercial Bank Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Venture capital business	100	100	100

3) Subsidiaries not included in the consolidated financial statements: None.

e. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Employee benefits

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.

Other long-term employee benefits

Other long-term employee benefits for an interim period are accounted for in the same way as the accounting required for defined benefit plans except that annual remeasurement is recognized in profit or loss.

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022. Please refer to Note 5 to the consolidated financial statements as of December 31, 2022 for the details of critical accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 4,509,556	\$ 7,586,216	\$ 4,273,425
Checks for clearing	4,631,895	4,276,016	995,002
Due from banks	<u>5,211,070</u>	<u>13,898,486</u>	<u>13,079,001</u>
	<u>\$ 14,352,521</u>	<u>\$ 25,760,718</u>	<u>\$ 18,347,428</u>

- a. The loss allowance was measured at an amount equal to 12-month ECLs per historical experience and forward-looking information; there was no loss allowance on cash and cash equivalents as of September 30, 2023, December 31, 2022 and September 30, 2022.
- b. Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of September 30, 2023 and 2022 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2022 are stated below:

	December 31, 2022
Reconciliations of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2022	
Cash and cash equivalents in the consolidated balance sheets	\$ 25,760,718
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	18,492,954
Securities purchased under resale agreements in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	<u>11,643,340</u>
Cash and cash equivalents at the end of the year	<u>\$ 55,897,012</u>

- c. The amount of time deposits due from other banks as the operating deposit of Taichung Commercial Bank Securities Co., Ltd. was \$200,000 thousand on September 30, 2023, December 31, 2022 and September 30, 2022, which were transferred to the refundable deposits. Refer to Note 21.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Deposit reserves			
Deposit reserves for checking accounts	\$ 11,449,156	\$ 12,018,774	\$ 14,209,750
Deposit reserves for demand accounts	22,704,805	22,270,486	21,439,648
Inter-bank clearing account	4,518,322	4,515,145	4,030,103
Deposit reserves for foreign currency deposits	100,037	95,201	95,250
Call loans to banks	1,596,170	1,951,994	1,865,408
Deposit reserves for trust compensation	<u>80,000</u>	<u>70,000</u>	<u>70,000</u>
	<u>\$ 40,448,490</u>	<u>\$ 40,921,600</u>	<u>\$ 41,710,159</u>

- a. The loss allowance was measured at an amount equal to 12-month ECLs per historical experience and forward-looking information; there was no loss allowance on due from the Central Bank and call loans to other banks as of September 30, 2023, December 31, 2022 and September 30, 2022.
- b. The monthly depository reserves to be deposited in the Central Bank of the Republic of China are calculated by applying the legally required reserve ratio to the monthly average balance of the reserve accounts. These reserve accounts can be used at any time but the demand accounts can only be used for monthly deposit reserve adjustments.
- c. The Group deposited the reserves for trust compensation on government bonds measured at amortized cost on September 30, 2023, December 31, 2022 and September 30, 2022, with a nominal amount of \$80,000 thousand, \$70,000 thousand and \$70,000 thousand, respectively. Refer to Note 36.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets at FVTPL</u>			
Commercial papers	\$ 19,155,031	\$ 18,158,908	\$ 25,506,051
Domestic listed shares and emerging market shares	854,414	682,938	713,210
Domestic unlisted shares	89,795	87,095	83,855
PEM group policy assets	936,057	875,684	946,770
Beneficiary certificates	836,873	290,350	413,652
Corporate bonds	649,218	587,037	565,574
Asset swap contracts	7,808,018	6,609,438	6,202,733
Cross-currency swap contracts	782,967	617,521	1,399,499
Foreign exchange forward contracts	116,275	105,601	115,726
Cross-currency option contracts	552,127	544,909	714,752
Interest rate-linked structured instruments	<u>555,231</u>	<u>449,633</u>	<u>467,435</u>
	<u>\$ 32,336,006</u>	<u>\$ 29,009,114</u>	<u>\$ 37,129,257</u>

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities at FVTPL</u>			
Cross-currency swap contracts	\$ 336,239	\$ 564,281	\$ 461,837
Foreign exchange forward contracts	13,911	67,728	425,505
Cross-currency option contracts	556,977	549,343	723,456
Interest rate-linked structured instruments	<u>555,231</u>	<u>449,633</u>	<u>467,435</u>
	<u>\$ 1,462,358</u>	<u>\$ 1,630,985</u>	<u>\$ 2,078,233</u> (Concluded)

- a. The Group engages in exchange rate related derivative financial contracts, mainly to provide customers and the Group with hedging instruments for foreign exchange positions from transactions such as import/export and currency exchange, to avoid the risks from the business and to flatten the demand for foreign exchange funds from non-transactional operations.
- b. The nominal principal amounts of outstanding derivative contracts as of September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	Contract Amount	Interest Rate Range	Contract Amount	Interest Rate Range	Contract Amount	Interest Rate Range
Asset swap contracts	\$ 7,766,700	0.80%-5.50%	\$ 6,577,200	0.80%-5.00%	\$ 6,177,700	0.80%-5.00%
Cross-currency swap contracts	45,871,020	-	44,882,911	-	41,220,497	-
Foreign exchange forward contracts	2,865,256	-	4,304,938	-	8,212,922	-
Cross-currency option contracts	51,215,039	-	43,191,197	-	45,959,040	-
Interest rate-linked structured instrument contracts	3,777,991	0.00%-10.20%	3,989,488	1.50%-10.20%	3,694,576	1.50%-10.20%

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in equity instruments at FVTOCI	\$ 5,719,761	\$ 5,152,992	\$ 4,988,198
Investments in debt instruments at FVTOCI	<u>53,826,719</u>	<u>40,075,983</u>	<u>41,789,350</u>
	<u>\$ 59,546,480</u>	<u>\$ 45,228,975</u>	<u>\$ 46,777,548</u>

- a. Investments in equity instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic listed shares	\$ 4,442,249	\$ 3,926,732	\$ 3,839,206
Domestic unlisted shares	892,068	898,032	861,616
Foreign listed shares	<u>385,444</u>	<u>328,228</u>	<u>287,376</u>
	<u>\$ 5,719,761</u>	<u>\$ 5,152,992</u>	<u>\$ 4,988,198</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The ordinary shares sold had a fair value of \$1,069,082 thousand and \$49,080 thousand and their related unrealized valuation gains of \$198,353 thousand and \$4,976 thousand were transferred from other equity to retained earnings on September 30, 2023 and 2022.

Dividend income of \$139,687 thousand, \$178,826 thousand, \$268,583 thousand and \$235,991 thousand were recognized in profit or loss for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, respectively.

b. Investments in debt instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
Corporate bonds	\$ 27,800,874	\$ 29,822,548	\$ 32,028,536
Government bonds	8,402,056	5,228,275	5,285,601
Foreign bonds	15,945,495	3,362,115	2,813,488
Bank debentures	<u>1,678,294</u>	<u>1,663,045</u>	<u>1,661,725</u>
	<u>\$ 53,826,719</u>	<u>\$ 40,075,983</u>	<u>\$ 41,789,350</u>

Foreign bonds denominated in foreign currencies were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
USD	\$ 213,300	\$ 55,300	\$ 36,000
CNY	320,000	380,000	380,000
AUD	244,000	6,000	6,000
EUR	95,000	-	-
GBP	10,000	-	-

- 1) As of September 30, 2023, December 31, 2022 and September 30, 2022, the foreign bonds at amortized cost amounted to \$193,620 thousand (US\$6,000 thousand), \$0 thousand and \$0 thousand, respectively, which had been sold under repurchase agreements. Refer to Note 40 for information relating to their carrying amounts.
- 2) The Group recognized the gain on reversal of impairment (loss) of \$(1,612) thousand, \$633 thousand, \$(1,588) thousand and \$2,175 thousand for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, respectively, after assessing the expected credit losses of the investments in debt instruments at FVTOCI.
- 3) Refer to Note 39 for information relating to their credit risk management and impairment.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
Foreign bonds	\$ 29,970,516	\$ 28,442,213	\$ 29,208,375
Government bonds	11,299,689	11,070,175	10,546,738
NCDs issued by the CBC	47,300,000	49,350,000	57,440,000
Corporate bonds	24,454,323	16,314,020	13,405,018
Bank debentures	100,000	100,000	100,000
Treasury bills	<u>148,280</u>	<u>148,280</u>	<u>-</u>
	113,272,808	105,424,688	110,700,131
Less: Allowance for impairment loss	(51,824)	(46,222)	(32,957)
Less: Withdrawal of reserves for trust compensation and refundable deposits	<u>(630,500)</u>	<u>(620,500)</u>	<u>(620,500)</u>
	<u>\$ 112,590,484</u>	<u>\$ 104,757,966</u>	<u>\$ 110,046,674</u>

- a. The foreign bonds denominated in foreign currencies were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
USD	\$ 725,797	\$ 725,297	\$ 726,697
CNY	855,000	920,000	920,000
AUD	87,500	68,500	68,500
ZAR	680,000	480,000	380,000

- b. As of September 30, 2023, December 31, 2022 and September 30, 2022, the government bonds and the foreign bonds at amortized cost amounted to \$500,000 thousand and \$3,743,320 thousand (US\$116,000 thousand), \$0 thousand and \$0 thousand and \$900,000 thousand and \$0 thousand, respectively, which had been sold under repurchase agreements. Refer to Note 40 for information relating to their carrying amounts.
- c. The Group recognized the gain on reversal of impairment (loss) of \$1,019 thousand, \$(837) thousand, \$(4,008) thousand and \$(65) thousand for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, respectively, after assessing the expected credit losses of the investments in debt instruments at amortized cost.
- d. Refer to Note 39 for information relating to their credit risk management and impairment.

11. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased amounted to \$10,966,099 thousand, \$11,643,340 thousand and \$11,351,278 thousand under resale agreements as of September 30, 2023, December 31, 2022 and September 30, 2022, were subsequently sold for \$10,970,364 thousand, \$11,646,960 thousand and \$11,354,302 thousand, respectively, with interest rate ranging from 1.34% to 1.38%, 1.28% and 0.98% to 1.12%, respectively.

12. RECEIVABLES, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 8,571,697	\$ 6,212,834	\$ 5,575,034
Receivables on credit cards	743,984	791,791	735,973
Accounts receivable factored without recourse	109,952	148,925	274,064
Acceptances	743,376	544,239	834,329
Interest receivables	2,349,611	1,677,420	1,418,766
Receivables on foreign currency settlement	5,176	4,094	27,330
Lease receivables	6,453,110	4,651,334	4,319,214
Assignment receivables	2,567,930	504,214	730,334
Receivables on securities settlement	1,381,688	808,484	1,052,346
Other receivables	<u>406,921</u>	<u>296,051</u>	<u>419,049</u>
	23,333,445	15,639,386	15,386,439
Less: Unrealized interest income	(1,514,255)	(834,356)	(736,077)
Less: Allowance for doubtful accounts	<u>(395,801)</u>	<u>(370,338)</u>	<u>(388,561)</u>
	<u>\$ 21,423,389</u>	<u>\$ 14,434,692</u>	<u>\$ 14,261,801</u>

- a. Movements in the total carrying amount of receivables for the nine months ended September 30, 2023 and 2022 were as follows:

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECL	Credit- impaired Financial Assets	Total
Balance at January 1, 2023	\$ 82,750,786	\$ 396,675	\$ 778,507	\$ 83,925,968
Transfers to lifetime ECL	(139,461)	139,696	(235)	-
Transfers to credit-impaired financial assets	(130,226)	(32,422)	162,648	-
Transfers to 12-month ECLs	15,606	(7,307)	(8,299)	-
New receivables purchased or originated	14,210,946	55,209	38,280	14,304,435
Write-offs	-	(7,104)	(124,711)	(131,815)
Derecognition	(17,459,808)	(127,745)	(48,238)	(17,635,791)
Foreign exchange differences and other changes	<u>265,240</u>	<u>26,273</u>	<u>15,040</u>	<u>306,553</u>
Balance at September 30, 2023	<u>\$ 79,513,083</u>	<u>\$ 443,275</u>	<u>\$ 812,992</u>	<u>\$ 80,769,350</u>

For the nine months ended September 30, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2022	\$ 74,748,439	\$ 334,490	\$ 801,948	\$ 75,884,877
Transfers to lifetime ECL	(204,149)	204,258	(109)	-
Transfers to credit-impaired financial assets	(15,481)	(209,340)	224,821	-
Transfers to 12-month ECLs	58,116	(7,740)	(50,376)	-
New receivables purchased or originated	15,692,559	4,338	186	15,697,083
Write-offs	-	(7,728)	(87,358)	(95,086)
Derecognition	(7,982,531)	(37,393)	(41,516)	(8,061,440)
Foreign exchange differences and other changes	<u>382,315</u>	<u>15,704</u>	<u>20,456</u>	<u>418,475</u>
Balance at September 30, 2022	<u>\$ 82,679,268</u>	<u>\$ 296,589</u>	<u>\$ 868,052</u>	<u>\$ 83,843,909</u>

The abovementioned carrying amounts of receivables include due from the banks, due from the Central Bank and call loans to other banks, securities purchased under resale agreements, notes receivable, receivables on credit cards, accounts receivable factored without recourse, acceptances, interest receivables, lease receivables, assignment receivables, receivables on securities settlement, other receivables, other financial assets (including delinquent receivables not arising from loans) and refundable deposits.

- b. Movements in the allowance for doubtful accounts of receivables for the nine months ended September 30, 2023 and 2022 were as follows:

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2023	\$ 127,490	\$ 9,604	\$ 196,536	\$ 333,630	\$ 152,676	\$ 486,306
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(1,688)	1,852	(164)	-	-	-
Transfers to credit-impaired financial assets	(2,035)	(1,334)	3,369	-	-	-
Transfers to 12-month ECLs	3,662	(870)	(2,792)	-	-	-
Derecognition of financial assets in current period	(69,234)	(3,807)	(7,465)	(80,506)	-	(80,506)
New financial assets purchased or originated	121,443	1,152	16,058	138,653	-	138,653
Difference of impairment loss under regulations	-	-	-	-	58,045	58,045
Write-offs	-	(7,104)	(16,536)	(23,640)	(108,175)	(131,815)
Recovery of written-offs	-	-	-	-	10,170	10,170
Foreign exchange differences and other changes	<u>(12,732)</u>	<u>8,452</u>	<u>35,703</u>	<u>31,423</u>	<u>-</u>	<u>31,423</u>
Balance at September 30, 2023	<u>\$ 166,906</u>	<u>\$ 7,945</u>	<u>\$ 224,709</u>	<u>\$ 399,560</u>	<u>\$ 112,716</u>	<u>\$ 512,276</u>

For the nine months ended September 30, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 108,467	\$ 7,900	\$ 239,926	\$ 356,293	\$ 104,485	\$ 460,778
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(1,528)	1,600	(72)	-	-	-
Transfers to credit-impaired financial assets	(4,012)	(5,034)	9,046	-	-	-
Transfers to 12-month ECLs	23,418	(1,253)	(22,165)	-	-	-
Derecognition of financial assets in current period	(77,363)	(576)	(30,693)	(108,632)	-	(108,632)
New financial assets purchased or originated	91,414	512	722	92,648	-	92,648
Difference of impairment loss under regulations	-	-	-	-	178,468	178,468
Write-offs	-	(7,728)	(57,990)	(65,718)	(29,368)	(95,086)
Recovery of written-offs	-	-	-	-	18,953	18,953
Foreign exchange differences and other changes	<u>(16,860)</u>	<u>10,766</u>	<u>67,995</u>	<u>61,901</u>	<u>-</u>	<u>61,901</u>
Balance at September 30, 2022	<u>\$ 123,536</u>	<u>\$ 6,187</u>	<u>\$ 206,769</u>	<u>\$ 336,492</u>	<u>\$ 272,538</u>	<u>\$ 609,030</u>

The allowance for doubtful accounts of the abovementioned receivables includes allowances for delinquent receivables not from loans, refer to Note 16.

- c. Refer to Note 36 for information relating to notes receivable as a guarantee for interbank financing.

13. NOTES DISCOUNTED AND LOANS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Bills negotiated	\$ 277,871	\$ 163,189	\$ 225,096
Secured overdrafts	7,025	7,220	9,983
Accounts receivable financing	42,294	63,668	42,317
Securities margin loans receivables	1,361,358	1,234,183	1,241,150
Short-term unsecured loans	43,570,399	45,405,871	45,461,749
Short-term secured loans	95,781,576	100,085,561	96,863,169
Medium-term unsecured loans	87,481,611	77,330,088	72,377,238
Medium-term secured loans	130,001,353	123,575,879	122,262,513
Long-term unsecured loans	12,323,417	11,048,117	10,856,815
Long-term secured loans	163,810,504	161,228,409	160,714,392
Delinquent loans	<u>750,456</u>	<u>601,847</u>	<u>615,015</u>
	535,407,864	520,744,032	510,669,437
Add: Adjustment of premium or discount	11,884	23,690	23,432
Less: Allowance for doubtful accounts	<u>(7,048,724)</u>	<u>(6,654,896)</u>	<u>(6,385,444)</u>
	<u>\$ 528,371,024</u>	<u>\$ 514,112,826</u>	<u>\$ 504,307,425</u>

- a. As of September 30, 2023, December 31, 2022 and September 30, 2022, the delinquent loans on which interest ceased to accrue amounted to \$750,456 thousand, \$601,847 thousand and \$615,015 thousand, respectively. The unrecognized interest receivables on these loans were \$10,092 thousand, \$14,619 thousand and \$10,957 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

- b. There was no credit loan written off without a lawsuit for the nine months ended September 30, 2023 and 2022.
- c. Movements in the total carrying amount of notes discounted and loans for the nine months ended September 30, 2023 and 2022 were as follows:

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2023	\$ 499,535,755	\$ 14,044,049	\$ 7,187,918	\$ 520,767,722
Transfers to lifetime ECL	(5,109,296)	5,123,046	(13,750)	-
Transfers to credit-impaired financial assets	(1,620,336)	(1,684,171)	3,304,507	-
Transfers to 12-month ECLs	1,854,498	(1,842,374)	(12,124)	-
New notes discounted and loans purchased or originated	208,803,281	1,599,093	101,928	210,504,302
Write-offs	-	-	(1,106,598)	(1,106,598)
Derecognition	(169,459,828)	(3,379,455)	(575,115)	(173,414,398)
Foreign exchange differences and other changes	<u>(20,557,872)</u>	<u>(605,746)</u>	<u>(167,662)</u>	<u>(21,331,280)</u>
Balance at September 30, 2023	<u>\$ 513,446,202</u>	<u>\$ 13,254,442</u>	<u>\$ 8,719,104</u>	<u>\$ 535,419,748</u>

For the nine months ended September 30, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2022	\$ 465,545,307	\$ 12,243,822	\$ 8,698,694	\$ 486,487,823
Transfers to lifetime ECL	(4,502,750)	4,520,618	(17,868)	-
Transfers to credit-impaired financial assets	(241,737)	(540,834)	782,571	-
Transfers to 12-month ECLs	2,673,913	(2,631,508)	(42,405)	-
New notes discounted and loans purchased or originated	212,610,841	1,467,764	67,645	214,146,250
Write-offs	-	-	(2,283,486)	(2,283,486)
Derecognition	(165,030,033)	(2,638,735)	(488,024)	(168,156,792)
Foreign exchange differences and other changes	<u>(18,956,960)</u>	<u>(547,699)</u>	<u>3,733</u>	<u>(19,500,926)</u>
Balance at September 30, 2022	<u>\$ 492,098,581</u>	<u>\$ 11,873,428</u>	<u>\$ 6,720,860</u>	<u>\$ 510,692,869</u>

- d. Movements in the allowance for doubtful accounts of notes discounted and loans for the nine months ended September 30, 2023 and 2022 were as follows:

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2023	\$ 2,055,966	\$ 1,156,156	\$ 1,634,126	\$ 4,846,248	\$ 1,808,648	\$ 6,654,896
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(9,543)	10,776	(1,233)	-	-	-
Transfers to credit-impaired financial assets	(9,603)	(115,002)	124,605	-	-	-
Transfers to 12-month ECLs	151,254	(150,168)	(1,086)	-	-	-
Derecognition of financial assets in current period	(890,988)	(364,810)	(105,219)	(1,361,017)	-	(1,361,017)
New financial assets purchased or originated	1,067,862	131,455	47,094	1,246,411	-	1,246,411
Difference of impairment loss under regulations	-	-	-	-	736,779	736,779
Write-offs	-	-	(152,086)	(152,086)	(954,512)	(1,106,598)
Recovery of written-offs	-	-	-	-	356,808	356,808
Foreign exchange differences and other changes	(254,947)	234,136	542,256	521,445	-	521,445
Balance at September 30, 2023	\$ 2,110,001	\$ 902,543	\$ 2,088,457	\$ 5,101,001	\$ 1,947,723	\$ 7,048,724

For the nine months ended September 30, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 1,465,291	\$ 608,655	\$ 1,857,339	\$ 3,931,285	\$ 2,750,165	\$ 6,681,450
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(9,480)	10,890	(1,410)	-	-	-
Transfers to credit-impaired financial assets	(523)	(23,527)	24,050	-	-	-
Transfers to 12-month ECLs	101,191	(96,356)	(4,835)	-	-	-
Derecognition of financial assets in current period	(680,673)	(92,129)	(64,752)	(837,554)	-	(837,554)
New financial assets purchased or originated	1,088,687	144,823	30,786	1,264,296	-	1,264,296
Difference of impairment loss under regulations	-	-	-	-	(112,367)	(112,367)
Write-offs	-	-	(411,661)	(411,661)	(1,871,825)	(2,283,486)
Recovery of written-offs	-	-	-	-	1,115,490	1,115,490
Foreign exchange differences and other changes	27,388	377,745	152,482	557,615	-	557,615
Balance at September 30, 2022	\$ 1,991,881	\$ 930,101	\$ 1,581,999	\$ 4,503,981	\$ 1,881,463	\$ 6,385,444

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

The following table shows the Group's proportion of ownership and voting right of associates at the end of the reporting date:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)
Associates that are not individually material						
Taichung Bank Securities Investment Trust Co., Ltd.	<u>\$ 173,028</u>	38.46	<u>\$ 172,301</u>	38.46	<u>\$ 167,774</u>	38.46

The share of profit (loss) of the investments in associates accounted for using the equity method was as follows:

Investee Company	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Taichung Bank Securities Investment Trust Co., Ltd.	<u>\$ (480)</u>	<u>\$ (2,962)</u>	<u>\$ (466)</u>	<u>\$ (5,600)</u>

Investment was accounted for using the equity method and the share of profit (loss) of the investment was calculated based on financial statements which have been reviewed.

The Group is the single largest shareholder of Taichung Bank Securities Investment Trust Co., Ltd. with 38.46% interest in the investee, in which the remaining interest is held by several other shareholders. The Group considered the absolute size of its holding, and the relative size and dispersion of the other shareholdings in Taichung Bank Securities Investment Trust Co., Ltd. and concluded that it does not have control over Taichung Bank Securities Investment Trust Co., Ltd. The management of the Group considered the Group as exercising significant influence over Taichung Bank Securities Investment Trust Co., Ltd. and, therefore, classified Taichung Bank Securities Investment Trust Co., Ltd. as associate of the Group.

15. RESTRICTED ASSETS, NET

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Restricted assets - cash in banks	\$ 188,224	\$ 504,576	\$ 360,424
Pending settlement payments	<u>6,463</u>	<u>2,129</u>	<u>1,964</u>
	<u>\$ 194,687</u>	<u>\$ 506,705</u>	<u>\$ 362,388</u>

Refer to Note 36 for information relating to the restricted assets - cash in banks, which are used as collateral for financing to other banks.

16. OTHER FINANCIAL ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Other delinquent receivables, net	\$ 240,918	\$ 271,035	\$ 315,260

Other delinquent receivables, net were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Delinquent receivables not from loans	\$ 357,393	\$ 387,003	\$ 535,729
Less: Allowance for doubtful accounts (Note 12)	<u>(116,475)</u>	<u>(115,968)</u>	<u>(220,469)</u>
	<u>\$ 240,918</u>	<u>\$ 271,035</u>	<u>\$ 315,260</u>

17. PROPERTIES AND EQUIPMENT, NET

	For the Nine Months Ended September 30, 2023						
	Land	Buildings and Structures	Transportation Equipment	Miscellaneous Equipment	Lease Improvements	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 7,859,148	\$ 2,187,301	\$ 70,162	\$ 2,145,461	\$ 43,637	\$ 7,189,832	\$ 19,495,541
Additions	-	27,011	1,784	54,202	27,983	1,416,203	1,527,183
Disposals	-	-	(4,263)	(48,093)	-	-	(52,356)
Reclassifications	-	-	-	19,469	-	(22,007)	(2,538)
Exchange differences, net	-	-	40	613	244	-	897
Balance at September 30, 2023	<u>7,859,148</u>	<u>2,214,312</u>	<u>67,723</u>	<u>2,171,652</u>	<u>71,864</u>	<u>8,584,028</u>	<u>20,968,727</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	-	1,312,047	51,013	1,786,170	13,228	-	3,162,458
Additions	-	40,431	5,329	99,660	10,202	-	155,622
Disposals	-	-	(3,757)	(47,960)	-	-	(51,717)
Exchange differences, net	-	-	22	390	62	-	474
Balance at September 30, 2023	<u>-</u>	<u>1,352,478</u>	<u>52,607</u>	<u>1,838,260</u>	<u>23,492</u>	<u>-</u>	<u>3,266,837</u>
<u>Impairment</u>							
Balance at January 1, 2023	<u>77,000</u>	-	-	-	-	-	77,000
Balance at September 30, 2023	<u>77,000</u>	-	-	-	-	-	77,000
Balance at September 30, 2023	<u>\$ 7,782,148</u>	<u>\$ 861,834</u>	<u>\$ 15,116</u>	<u>\$ 333,392</u>	<u>\$ 48,372</u>	<u>\$ 8,584,028</u>	<u>\$ 17,624,890</u>

	For the Nine Months Ended September 30, 2022						
	Land	Buildings and Structures	Transportation Equipment	Miscellaneous Equipment	Lease Improvements	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 7,859,148	\$ 2,110,482	\$ 65,086	\$ 2,119,596	\$ 25,210	\$ 4,689,196	\$ 16,868,718
Additions	-	52,298	5,064	81,736	11,044	1,788,889	1,939,031
Disposals	-	-	(272)	(46,214)	-	-	(46,486)
Reclassifications	-	-	-	592	-	(3,151)	(2,559)
Exchange differences, net	-	-	289	2,287	288	-	2,864
Balance at September 30, 2022	<u>7,859,148</u>	<u>2,162,780</u>	<u>70,167</u>	<u>2,157,997</u>	<u>36,542</u>	<u>6,474,934</u>	<u>18,761,568</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	-	1,267,495	43,401	1,719,631	5,767	-	3,036,294
Additions	-	31,974	5,947	111,805	5,196	-	154,922
Disposals	-	-	(263)	(45,839)	-	-	(46,102)
Exchange differences, net	-	-	150	1,618	9	-	1,777
Balance at September 30, 2022	-	<u>1,299,469</u>	<u>49,235</u>	<u>1,787,215</u>	<u>10,972</u>	-	<u>3,146,891</u>
<u>Impairment</u>							
Balance at January 1, 2022	<u>77,000</u>	-	-	-	-	-	<u>77,000</u>
Balance at September 30, 2022	<u>77,000</u>	-	-	-	-	-	<u>77,000</u>
Balance at September 30, 2022	<u>\$ 7,782,148</u>	<u>\$ 863,311</u>	<u>\$ 20,932</u>	<u>\$ 370,782</u>	<u>\$ 25,570</u>	<u>\$ 6,474,934</u>	<u>\$ 15,537,677</u>

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building and structures	
Buildings	30 to 60 years
Renovation	10 to 29 years
Transportation equipment	3 to 5 years
Miscellaneous equipment	1 to 15 years
Lease improvements	2 to 5 years

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land and buildings	\$ 912,901	\$ 767,353	\$ 762,103
Transportation equipment	<u>51,719</u>	<u>41,923</u>	<u>42,519</u>
	<u>\$ 964,620</u>	<u>\$ 809,276</u>	<u>\$ 804,622</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets	<u>\$ 176,443</u>	<u>\$ 86,906</u>	<u>\$ 383,522</u>	<u>\$ 152,451</u>
Depreciation charge for right-of-use assets				
Land and buildings	\$ 39,915	\$ 35,149	\$ 115,246	\$ 104,298
Transportation equipment	<u>5,762</u>	<u>4,676</u>	<u>15,411</u>	<u>13,975</u>
	<u>\$ 45,677</u>	<u>\$ 39,825</u>	<u>\$ 130,657</u>	<u>\$ 118,273</u>

The Group suspended the leases of some land and buildings and transportation equipment before the leases expired. The amount of right-of-use assets derecognized was \$39,133 thousand, \$41,542 thousand, \$97,352 thousand and \$49,674 thousand for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022. The disposal gain of \$3,419 thousand, \$2,011 thousand, \$7,825 thousand and \$2,426 thousand was recognized for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, respectively.

Except for the aforementioned suspension and addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount	<u>\$ 1,006,600</u>	<u>\$ 852,915</u>	<u>\$ 845,297</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	1.01%-4.14%	1.01%-4.14%	1.01%-4.14%
Buildings	1.16%-5.95%	1.01%-5.95%	1.01%-5.95%
Transportation equipment	1.16%-5.96%	1.01%-5.96%	1.01%-5.96%

c. Material lease-in activities and terms

The Group leases domestic offices, ATM sites and transportation equipment with lease terms of 1 to 15 years. The lease contract specifies that lease payments will be adjusted on the basis of changes in market rental rates. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of freehold properties are set out in Note 19.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 1,592	\$ 949	\$ 4,151	\$ 2,928
Expenses relating to low-value asset leases	\$ 2,980	\$ 2,815	\$ 9,080	\$ 8,304
Total cash outflow for leases	\$ (54,658)	\$ (48,415)	\$ (156,933)	\$ (144,871)

The Group leases certain office equipment under leases which qualify as short-term leases and certain computer equipment under leases which 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.

19. INVESTMENT PROPERTIES, NET

	For the Nine Months Ended September 30, 2023			
	Land	Structures	Investment Properties Under Construction	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 464,341	\$ 91,104	\$ 38,620	\$ 594,065
Additions	-	-	16,855	16,855
Balance at September 30, 2023	<u>464,341</u>	<u>91,104</u>	<u>55,475</u>	<u>610,920</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2023	-	1,898	-	1,898
Additions	-	3,416	-	3,416
Balance at September 30, 2023	-	<u>5,314</u>	-	<u>5,314</u>
Balance at September 30, 2023	<u>\$ 464,341</u>	<u>\$ 85,790</u>	<u>\$ 55,475</u>	<u>\$ 605,606</u>

For the Nine Months Ended September 30, 2022

	Land	Structures	Investment Properties Under Construction	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ -	\$ -	\$ -	\$ -
Additions	<u>464,341</u>	<u>91,104</u>	<u>25,360</u>	<u>580,805</u>
Balance at September 30, 2022	<u>464,341</u>	<u>91,104</u>	<u>25,360</u>	<u>580,805</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	-	-	-	-
Additions	<u>-</u>	<u>759</u>	<u>-</u>	<u>759</u>
Balance at September 30, 2022	<u>-</u>	<u>759</u>	<u>-</u>	<u>759</u>
Balance at September 30, 2022	<u>\$ 464,341</u>	<u>\$ 90,345</u>	<u>\$ 25,360</u>	<u>\$ 580,046</u>

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

Building and structures	
Building	20 to 60 years
Renovation	10 to 25 years

- b. On July 11, 2022, the Group acquired investment properties in Kaohsiung Sanmin District through business combination, and the fair value was NT\$560,439 thousand which was evaluated by independent qualified professional appraisers. The Group's management team evaluated the fair value of investment properties and the amount was close to the carrying amount.
- c. The fair value of the investment properties of the Group on September 30, 2023 was \$655,475 thousand. The fair value was not evaluated by independent qualified professional appraisers. The valuation was arrived at by reference to the market evidence of transaction price for similar properties, and the fair value was measured by using Level 3 inputs.
- d. The abovementioned investment properties were leased out for 5 to 17 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.
- e. The maturity analysis of lease payments receivable under operating leases of investment properties as of September 30, 2023, December 31, 2022 and September 30, 2022 was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 30,154	\$ 25,906	\$ 28,518
Year 2	30,154	30,154	30,154
Year 3	30,146	30,154	30,154
Year 4	26,344	30,241	30,314
Year 5	6,344	20,345	26,344
Year 6 onwards	<u>81,347</u>	<u>85,234</u>	<u>84,118</u>
	<u>\$ 204,489</u>	<u>\$ 222,034</u>	<u>\$ 229,602</u>

20. INTANGIBLE ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Business rights	\$ 28,000	\$ 28,000	\$ 28,000
Computer software	<u>230,763</u>	<u>206,756</u>	<u>187,946</u>
	<u>\$ 258,763</u>	<u>\$ 234,756</u>	<u>\$ 215,946</u>

a. Business rights of the Group arose from the transfer of Fengxing Securities Co., Ltd., which was classified as intangible assets with indefinite useful lives and not subject to amortization. As of September 30, 2023, no impairment loss of the business rights.

b. Movements of intangible assets were as follows:

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 234,756	\$ 220,723
Additions	82,463	43,868
Amortization	(61,034)	(51,580)
Reclassifications	2,538	2,559
Exchange differences, net	<u>40</u>	<u>376</u>
Balance at September 30	<u>\$ 258,763</u>	<u>\$ 215,946</u>

Computer software is amortized on a straight-line basis over its estimated useful life as follows:

Computer software	1-5 years
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21. OTHER ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits	\$ 1,972,284	\$ 2,274,603	\$ 2,544,710
Prepayments	334,476	166,689	241,349
Receipts under payment for shares underwriting	2	93,783	51,884
Others	<u>217,866</u>	<u>24,146</u>	<u>42,419</u>
	<u>\$ 2,524,628</u>	<u>\$ 2,559,221</u>	<u>\$ 2,880,362</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the time deposits and government bonds at amortized cost, which amounted to \$750,500 thousand, were pledged as collateral to the district court for litigation related to the overdraft of the U.S. dollar clearing account and the guarantee deposits of business operations. These amounts were stated as refundable deposits. Refer to Note 36.

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	September 30, 2023	December 31, 2022	September 30, 2022
Call loans from banks	\$ 10,767,179	\$ 8,650,000	\$ 3,000,000
Due to Chunghwa Post Co., Ltd.	53,687	53,687	53,687
Due to banks	<u>14</u>	<u>53</u>	<u>200,072</u>
	<u>\$ 10,820,880</u>	<u>\$ 8,703,740</u>	<u>\$ 3,253,759</u>

23. FUNDS BORROWED FROM THE CENTRAL BANK AND OTHER BANKS

	September 30, 2023	December 31, 2022	September 30, 2022
Funds borrowed from other banks	<u>\$ 11,908,724</u>	<u>\$ 8,898,102</u>	<u>\$ 7,980,655</u>
Funds borrowed from other banks (%)	1.70-5.30	1.75-6.77	1.23-5.23

Refer to Note 36 for information relating to collateral provided for funds borrowed from other banks.

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Government bonds	\$ 500,000	\$ -	\$ 901,409
Foreign bonds	<u>3,429,195</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,929,195</u>	<u>\$ -</u>	<u>\$ 901,409</u>

Foreign bonds denominated in foreign currencies were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
USD	\$ 106,266	\$ -	\$ -

The details of repurchase price and interest rate at the end of period were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Government bonds	\$ 500,473	\$ -	\$ 902,111
Foreign bonds	<u>3,449,560</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,950,033</u>	<u>\$ -</u>	<u>\$ 902,111</u>
Government bonds	1.20%	-	0.60%-0.73%
Foreign bonds	5.61%-5.70%	-	-

25. PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and checks in clearing	\$ 4,631,895	\$ 4,276,016	\$ 995,002
Accrued expenses	2,275,084	2,130,489	1,873,358
Interest payable	1,775,535	612,737	948,893
Accounts payable for delivery	1,397,508	791,988	1,088,576
Acceptances	743,560	544,899	835,147
Collections payable	293,826	141,778	303,683
Factored accounts payable	18,136	14,994	11,048
Foreign currency settlement payable	6,340	5,227	22,293
Other payables	<u>795,121</u>	<u>909,711</u>	<u>690,567</u>
	<u>\$ 11,937,005</u>	<u>\$ 9,427,839</u>	<u>\$ 6,768,567</u>

26. DEPOSITS AND REMITTANCES

	September 30, 2023	December 31, 2022	September 30, 2022
Checking	\$ 8,656,138	\$ 11,528,762	\$ 7,043,144
Demand	197,191,751	195,777,314	195,757,302
Demand savings	163,574,608	162,103,208	158,975,609
Time	137,268,605	135,448,254	159,543,004
Time savings	194,895,421	178,202,610	172,331,167
Remittances	<u>23,921</u>	<u>44,001</u>	<u>42,472</u>
	<u>\$ 701,610,444</u>	<u>\$ 683,104,149</u>	<u>\$ 693,692,698</u>

27. BANK DEBENTURES

	September 30, 2023	December 31, 2022	September 30, 2022
Subordinated financial debentures	<u>\$ 16,500,000</u>	<u>\$ 16,500,000</u>	<u>\$ 16,500,000</u>

a. The Bank issued first subordinated financial debenture on December 28, 2015, which was approved under ruling reference No. 10400200460 issued by the Banking Bureau of the FSC on August 26, 2015. Details of the subordinated financial debenture's issuance are summarized as follows:

- 1) Total approved principal: \$1,500,000 thousand.
- 2) Principal issued: \$1,500,000 thousand.
- 3) Denomination: \$10,000 thousand, issued at par.
- 4) Period: No due date.
- 5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

- 6) Repayment: To be executed according to the issuance.
 - 7) The interest will be paid annually from the issuance date.
- b. The Bank issued first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture and first no due date non-cumulative subordinated financial debenture on March 28, 2017, May 18, 2017, August 28, 2017 and December 28, 2016, respectively, which were approved under ruling reference No. 10500210950 issued by the Banking Bureau of the FSC on September 2, 2016. Details of the subordinated financial debenture's issuance are summarized as follows:
- 1) Total approved principal: \$3,500,000 thousand.
 - 2) Principal issued:
 - a) Debenture I in 2016: \$1,500,000 thousand.
 - b) Debenture I in 2017: \$1,000,000 thousand.
 - c) Debenture II in 2017: \$500,000 thousand.
 - d) Debenture III in 2017: \$500,000 thousand.
 - 3) Denomination:
 - a) Debenture I in 2016: \$10,000 thousand, issued at par.
 - b) Debenture I in 2017: \$10,000 thousand, issued at par.
 - c) Debenture II in 2017: \$10,000 thousand, issued at par.
 - d) Debenture III in 2017: \$10,000 thousand, issued at par.
 - 4) Period: No due date.
 - 5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.
 - 6) Repayment: To be executed according to the issuance.
 - 7) The interest will be paid annually from the issuance date.
- c. The Bank issued first no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture on April 25 2018, December 5, 2017 and December 27, 2017, respectively, which were approved under ruling reference No. 10600229120 issued by the Banking Bureau of the FSC on September 22, 2017. Details of the subordinated financial debenture's issuance are summarized as follows:
- 1) Total approved principal: \$5,000,000 thousand.
 - 2) Principal issued:
 - a) Debenture IV in 2017: \$1,350,000 thousand.
 - b) Debenture V in 2017: \$2,650,000 thousand.
 - c) Debenture I in 2018: \$1,000,000 thousand.

- 3) Denomination:
 - a) Debenture IV in 2017: \$10,000 thousand, issued at par.
 - b) Debenture V in 2017: \$10,000 thousand, issued at par.
 - c) Debenture I in 2018: \$10,000 thousand, issued at par.
 - 4) Period: No due date.
 - 5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.
 - 6) Repayment: To be executed according to the issuance.
 - 7) The interest will be paid annually from the issuance date.
- d. The Bank issued second no due date non-cumulative subordinated financial debenture on December 18, 2018, which was approved under ruling reference No. 10702156550 issued by the Banking Bureau of the FSC on August 23, 2018. Details of the subordinated financial debenture issuance is summarized as follows:
- 1) Total approved principal: \$1,500,000 thousand.
 - 2) Principal issued: \$1,500,000 thousand.
 - 3) Denomination: \$10,000 thousand, issued at par.
 - 4) Period: No due date.
 - 5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.
 - 6) Repayment: To be executed according to the issuance.
 - 7) The interest will be paid annually from the issuance date.
- e. The Bank issued first subordinated financial debenture on December 27, 2021, which was approved under ruling reference No. 1100226929 issued by the Banking Bureau of the FSC on October 12, 2021. Detail of the subordinated financial debenture issuance is summarized as follows:
- 1) Total approved principal: \$5,000,000 thousand.
 - 2) Principal issued: \$5,000,000 thousand.
 - 3) Denomination: \$10,000 thousand, issued at par.
 - 4) Period: 7 years with maturities on December 27, 2028.
 - 5) Nominal interest rate: Fixed interest, 1.2%.
 - 6) Repayment: The subordinated financial debenture will be paid on the maturity date.
 - 7) The interest will be paid annually from the issuance date.

28. OTHER FINANCIAL LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial papers payable	\$ 4,068,109	\$ 2,681,022	\$ 2,148,040
Structured commodity principal	<u>3,777,991</u>	<u>3,989,488</u>	<u>3,694,576</u>
	<u>\$ 7,846,100</u>	<u>\$ 6,670,510</u>	<u>\$ 5,842,616</u>

29. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Provision for employee benefits	\$ 791,361	\$ 826,252	\$ 918,763
Provision for losses on guarantees	307,263	275,963	293,963
Other provisions	13,123	17,824	15,072
Provision for loan commitments	140,472	93,388	84,558
Provision for outstanding loss	<u>27,840</u>	<u>24,090</u>	<u>22,840</u>
	<u>\$ 1,280,059</u>	<u>\$ 1,237,517</u>	<u>\$ 1,335,196</u>

a. Details of provision for employee benefits were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Benefit plans	\$ 589,975	\$ 631,542	\$ 728,917
Preferential interest on employees' deposits	158,386	154,244	151,611
Other long-term employee benefit liabilities	<u>43,000</u>	<u>40,466</u>	<u>38,235</u>
	<u>\$ 791,361</u>	<u>\$ 826,252</u>	<u>\$ 918,763</u>

1) Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The amounts of contributions paid by the Group in accordance with the defined contribution plan and recognized in the consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 in the amounts of \$32,116 thousand, \$30,858 thousand, \$93,325 thousand and \$91,565 thousand, respectively.

2) Defined benefit plans

The defined benefit plan adopted by the Bank of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 10% of total monthly salaries and wages of general employees that applicable to old seniority personnel (excluding appointed managers) in December 2022 to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy.

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans in accordance with the pension cost rate as of December 31, 2022 and 2021 is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Operating expenses	<u>\$ 3,352</u>	<u>\$ 2,733</u>	<u>\$ 10,058</u>	<u>\$ 8,199</u>

3) Preferential interest on employees' deposit plans

The Group has revised the interest rate of the employees' savings deposit since December 21, 2014, in accordance with the regulations of the Financial Management Law No. 10110000850 and the Regulations Governing the Preparation of Financial Reports by Public Banks. The estimation of preferential interest on employee's deposit liabilities was carried out by qualified actuaries.

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the related expenses under preferential interest on employees' deposit plans recognized in the consolidated statements of comprehensive income amounted to \$1,381 thousand, \$1,326 thousand, \$4,142 thousand and \$3,978 thousand, respectively.

4) Other long-term employee benefit liabilities

Other long-term employee benefits of the Bank of the Group are long-term disability benefits. If the employee does not encounter any casualty due to occupational disaster or accidental death, the Bank will pay the pension according to the seniority.

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the Bank of the Group recognized \$911 thousand, \$873 thousand, \$2,732 thousand and \$2,619 thousand of total expenses related to the long-term employee benefits in the consolidated statements of comprehensive income, respectively.

b. Movements of the provision for losses on guarantees were as follows:

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2023	\$ 193,788	\$ 20,588	\$ 34,996	\$ 249,372	\$ 26,591	\$ 275,963
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(7)	7	-	-	-	-
Transfers to credit-impaired financial assets	(23)	-	23	-	-	-
Transfers to 12-month ECLs	994	(994)	-	-	-	-
Derecognition of financial assets in current period	(93,357)	(15,752)	-	(109,109)	-	(109,109)
New financial assets purchased or originated	129,768	-	255	130,023	-	130,023
Difference of impairment loss under regulations	-	-	-	-	24,271	24,271
Foreign exchange differences and other changes	<u>(13,372)</u>	<u>(2,291)</u>	<u>1,778</u>	<u>(13,885)</u>	<u>-</u>	<u>(13,885)</u>
Balance at September 30, 2023	\$ 217,791	\$ 1,558	\$ 37,052	\$ 256,401	\$ 50,862	\$ 307,263

For the nine months ended September 30, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 171,880	\$ 7,782	\$ 33,375	\$ 213,037	\$ 84,926	\$ 297,963
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(160)	160	-	-	-	-
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets in current period	(106,810)	(2,459)	-	(109,269)	-	(109,269)
New financial assets purchased or originated	112,779	59,961	-	172,740	-	172,740
Difference of impairment loss under regulations	-	-	-	-	(75,155)	(75,155)
Foreign exchange differences and other changes	<u>4,727</u>	<u>2,688</u>	<u>269</u>	<u>7,684</u>	<u>-</u>	<u>7,684</u>
Balance at September 30, 2022	\$ 182,416	\$ 68,132	\$ 33,644	\$ 284,192	\$ 9,771	\$ 293,963

For the nine months ended September 30, 2023 and 2022, a provision was recognized for bad debts expense, commitments and guarantees.

c. Movements of the other provision were as follows:

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2023	\$ 8,267	\$ 9,214	\$ -	\$ 17,481	\$ 343	\$ 17,824
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	-	-	-	-	-	-
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets in current period	(8,099)	(9,214)	-	(17,313)	-	(17,313)
New financial assets purchased or originated	9,025	-	-	9,025	-	9,025
Difference of impairment loss under regulations	-	-	-	-	3,710	3,710
Foreign exchange differences and other changes	(123)	-	-	(123)	-	(123)
Balance at September 30, 2023	\$ 9,070	\$ -	\$ -	\$ 9,070	\$ 4,053	\$ 13,123

For the nine months ended September 30, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 8,629	\$ -	\$ -	\$ 8,629	\$ 4,226	\$ 12,855
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	-	-	-	-	-	-
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets in current period	(8,517)	-	-	(8,517)	-	(8,517)
New financial assets purchased or originated	8,222	-	-	8,222	-	8,222
Difference of impairment loss under regulations	-	-	-	-	2,593	2,593
Foreign exchange differences and other changes	(81)	-	-	(81)	-	(81)
Balance at September 30, 2022	\$ 8,253	\$ -	\$ -	\$ 8,253	\$ 6,819	\$ 15,072

For the nine months ended September 30, 2023 and 2022, a provision was recognized for bad debts expense, commitments and guarantees.

d. Movements of the loan commitments were as follows:

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2023	\$ 77,787	\$ 1,648	\$ 11,897	\$ 91,332	\$ 2,056	\$ 93,388
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(4)	4	-	-	-	-
Transfers to credit-impaired financial assets	(1)	(13)	14	-	-	-
Transfers to 12-month ECLs	1,030	(1,030)	-	-	-	-
Derecognition of financial assets in current period	(13,291)	(33)	(1,582)	(14,906)	-	(14,906)
New financial assets purchased or originated	59,562	833	-	60,395	-	60,395
Difference of impairment loss under regulations	-	-	-	-	9,195	9,195
Foreign exchange differences and other changes	(7,268)	(245)	(87)	(7,600)	-	(7,600)
Balance at September 30, 2023	\$ 117,815	\$ 1,164	\$ 10,242	\$ 129,221	\$ 11,251	\$ 140,472

For the nine months ended September 30, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 45,923	\$ 2,576	\$ 12,005	\$ 60,504	\$ 4,643	\$ 65,147
Reconciliation from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(4)	4	-	-	-	-
Transfers to credit-impaired financial assets	(1)	(17)	18	-	-	-
Transfers to 12-month ECLs	1,799	(1,799)	-	-	-	-
Derecognition of financial assets in current period	(4,318)	(41)	-	(4,359)	-	(4,359)
New financial assets purchased or originated	27,311	895	170	28,376	-	28,376
Difference of impairment loss under regulations	-	-	-	-	(3,275)	(3,275)
Foreign exchange differences and other changes	(2,005)	692	(18)	(1,331)	-	(1,331)
Balance at September 30, 2022	\$ 68,705	\$ 2,310	\$ 12,175	\$ 83,190	\$ 1,368	\$ 84,558

For the nine months ended September 30, 2023 and 2022, a provision was recognized for bad-debt expense, commitments and guarantees.

e. Please refer to Note 37 for the amount of \$27,840 thousand, \$24,090 thousand and \$22,840 thousand for the outstanding compensation provision of the Bank on September 30, 2023, December 31, 2022 and September 30, 2022.

30. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Guarantee deposits received	\$ 754,242	\$ 620,271	\$ 679,069
Advance receipts	474,889	385,190	372,061
Credit transactions	-	240	-
Others	<u>22,611</u>	<u>37,810</u>	<u>47,278</u>
	<u>\$ 1,251,742</u>	<u>\$ 1,043,511</u>	<u>\$ 1,098,408</u>

31. EQUITY

a. Capital stock

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands)	<u>7,770,000</u>	<u>7,770,000</u>	<u>7,770,000</u>
Shares authorized	<u>\$ 77,700,000</u>	<u>\$ 77,700,000</u>	<u>\$ 77,700,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,226,095</u>	<u>5,015,447</u>	<u>4,765,447</u>
Shares issued	<u>\$ 52,260,953</u>	<u>\$ 50,154,465</u>	<u>\$ 47,654,465</u>

Ordinary shares issued at par value of \$10. Each share has one voting right and the right to receive dividends.

As of January 1, 2022, the Bank had issued ordinary shares totaling \$45,385,205 thousand, divided into 4,538,521 thousand ordinary shares at par value of \$10. In July 2022, the Bank transferred \$2,269,260 thousand of unappropriated earnings to ordinary shares, consisting of 226,926 thousand ordinary shares at par value of \$10 per share. As of September 30, 2022, the Bank had increased ordinary shares to \$47,654,465 thousand, consisting of 4,765,447 thousand ordinary shares at par value of \$10. In June 2022, the board of directors of the Bank resolved to issue 250,000 thousand ordinary shares with a par value of \$10, for a consideration of \$11.75 per share issued at premium. On September 22, 2022, the above transaction was approved under ruling reference No. 1110356507 issued by the Banking Bureau of the FSC and the subscription base date was determined as at December 16, 2022. In July 2023, the Bank transferred \$2,106,488 thousand of unappropriated earnings to ordinary shares, consisting of 210,649 thousand ordinary shares at par value of \$10 per share. As of September 30, 2023, the Bank had increased ordinary shares to \$52,260,953 thousand, divided into 5,226,095 thousand ordinary shares at par value of \$10 per share.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>			
Issuance of ordinary shares	\$ 1,381,133	\$ 1,381,133	\$ 943,633
Issuance of ordinary shares - employee share options	115,707	115,707	79,040
Expired employee share options	6,874	6,874	6,791
<u>May be used to offset a deficit only</u>			
Share of changes in capital surplus of associates	16,813	16,813	16,813
Conversion of bank debentures' components	<u>7,729</u>	<u>7,729</u>	<u>7,729</u>
	<u>\$ 1,528,256</u>	<u>\$ 1,528,256</u>	<u>\$ 1,054,006</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Bank's capital surplus and to once a year).

c. Appropriation of earnings and dividend policy

Under the Bank's dividend policy as set forth in the Articles, where the Bank made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of 30% of the remaining profit, however, provided that the legal reserve amounts to the total paid-in capital, the legal reserve need not be set aside, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Bank's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 32.

The appropriation of earnings mentioned above shall be retained by the board of directors in accordance with the changing operating environment, operating and investment needs. When dividends are declared, cash dividends must be at least 10% of total dividends declared.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. The legal reserve may be used to offset deficits. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash.

In addition, the Banking Act limits the appropriation of cash dividends to 15% of the Bank's paid-in capital. But when the legal reserve equals the Bank's paid-in capital, this 15% limit may be waived. If the ratio of own capital to risky assets does not meet the standards set by the competent authority, the appropriation of earnings in cash or other assets should be subject to the restrictions or prohibitions of the relevant regulations.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the shareholders' equity section. Afterward, if there is any reversal of the decrease in shareholders' equity, the Bank is allowed to appropriate retained earnings from the reversal amount.

According to Order No. 1090150022 issued by the FSC, Order No. 10901500221 issued by the FSC and International Financial Reporting Standards and "Q&A on the application of the reference to the special reserve following adoption of IFRSs", retained earnings should be appropriated to or reversed from a special reserve by the Bank. Afterward, if there is any reversal of the decrease in other shareholders' equity, the Bank is allowed to appropriate retained earnings from the reversal amount. According to Order No. 10510001510 issued by the FSC, a special reserve should be appropriated between 0.5% and 1% of net income after tax when banks appropriate earnings of 2016 through 2018. After that, under No. 10802714560 issued by the FSC, the Bank no longer uses special reserve to protect the right of its employee in response to the developments of financial technology since 2019. From the fiscal year of 2019, the Bank can reverse the amount of expenditure of employees' transfer from financial technology development within the amount of the abovementioned special reserve from 2016 to 2018.

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on May 15, 2023 and May 17, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 1,619,325	\$ 1,463,994	\$ -	\$ -
Special reserve	159,684	-	-	-
Reverse a special reserve	(565)	(601)	-	-
Cash dividends	1,504,634	1,134,630	0.30	0.25
Share dividends	2,106,488	2,269,260	0.42	0.50

d. Other equity items

	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at FVTOCI	Total
Balance at January 1, 2023	\$ (37,875)	\$ (121,809)	\$ (159,684)
Recognized for the period			
Unrealized gains (losses)			
Equity instruments	-	755,772	755,772
Debt instruments	-	(83,389)	(83,389)
Net remeasurement of loss allowance - debt instruments	-	1,588	1,588
Share from associates accounted for using the equity method	-	1,193	1,193
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(198,353)	(198,353)
Cumulative translation adjustment			
Exchange differences for current period	4,452	-	4,452
Income tax related to other comprehensive income	-	(11,119)	(11,119)
Balance at September 30, 2023	<u>\$ (33,423)</u>	<u>\$ 343,883</u>	<u>\$ 310,460</u>
Balance at January 1, 2022	\$ (85,087)	\$ 1,393,132	\$ 1,308,045
Recognized for the period			
Unrealized losses			
Equity instruments	-	(286,649)	(286,649)
Debt instruments	-	(1,243,312)	(1,243,312)
Net remeasurement of loss allowance - debt instruments	-	(2,175)	(2,175)
Share from associates accounted for using the equity method	-	8,250	8,250
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(4,976)	(4,976)
Cumulative translation adjustment			
Exchange differences for current period	75,992	-	75,992
Income tax related to other comprehensive income	-	5,128	5,128
Balance at September 30, 2022	<u>\$ (9,095)</u>	<u>\$ (130,602)</u>	<u>\$ (139,697)</u>

32. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Net interest

	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Interest revenue</u>				
Notes discounted and loans	\$ 4,314,742	\$ 3,361,888	\$ 12,236,497	\$ 8,900,221
Due from banks and call loans				
to the other banks	106,267	84,879	398,865	157,825
Investments in securities	849,153	524,136	2,170,191	1,339,954
Installment plans	132,804	85,179	348,174	263,687
Rental	138,880	96,135	373,094	270,817
Revolving interests of credit				
cards	8,057	8,293	24,054	24,637
Securities purchased under				
resale agreements	32,151	19,019	101,346	40,306
Accounts receivable factoring				
without recourse	4,286	4,387	10,812	10,491
Others	246	59	859	355
	<u>5,586,586</u>	<u>4,183,975</u>	<u>15,663,892</u>	<u>11,008,293</u>
<u>Interest expense</u>				
Deposits	(2,200,987)	(1,070,507)	(6,043,083)	(2,344,375)
Financial debentures	(145,747)	(130,417)	(427,495)	(382,007)
Funds borrowed from the				
Central Bank and other banks	(176,882)	(69,255)	(413,714)	(175,873)
Due to the Central Bank and				
other banks	(1,004)	(358)	(2,575)	(560)
Securities sold under				
repurchase agreements	(11,625)	(2,315)	(11,625)	(4,254)
Structured instruments	(57,865)	(28,332)	(201,272)	(50,676)
Lease liabilities	(6,155)	(7,298)	(19,055)	(22,859)
Others	(5,505)	(4,732)	(17,266)	(12,491)
	<u>(2,605,770)</u>	<u>(1,313,214)</u>	<u>(7,136,085)</u>	<u>(2,993,095)</u>
	<u>\$ 2,980,816</u>	<u>\$ 2,870,761</u>	<u>\$ 8,527,807</u>	<u>\$ 8,015,198</u>

b. Service fee income, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Service fee income</u>				
Insurance brokering	\$ 354,109	\$ 197,051	\$ 849,538	\$ 618,463
Securities brokering	91,242	66,489	230,204	201,898
Trust business	276,309	225,049	775,214	684,322
Loans	279,798	208,630	778,530	729,217
Guarantee	71,349	61,531	205,892	182,516
Others	116,432	111,944	320,846	311,155
	<u>1,189,239</u>	<u>870,694</u>	<u>3,160,224</u>	<u>2,727,571</u>
<u>Service fee expense</u>				
Commission	(65,975)	(19,705)	(145,430)	(68,817)
Cross-bank transactions	(9,441)	(9,273)	(27,934)	(27,902)
Others	(45,975)	(40,924)	(125,470)	(107,456)
	<u>(121,391)</u>	<u>(69,902)</u>	<u>(298,834)</u>	<u>(204,175)</u>
	<u>\$ 1,067,848</u>	<u>\$ 800,792</u>	<u>\$ 2,861,390</u>	<u>\$ 2,523,396</u>

The Group provides custody, trust, investment management and consultancy services to third parties, so the Group's activities involve the planning, management and trading decisions of financial instruments. For the trust funds or investment portfolios that are managed and used on behalf of the trustee, the independent accounting reports and preparation of financial statements for internal management purposes are not included in the Group's consolidated financial statements.

c. Gains on financial assets and liabilities at FVTPL

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Realized profit or loss</u>				
Commercial papers	\$ 71,837	\$ 62,491	\$ 226,309	\$ 123,011
Shares	36,300	7,930	182,899	98,060
Beneficiary certificates	(6,452)	(26,763)	12,703	(12,030)
Derivative financial instruments	394,800	(59,261)	620,723	408,838
Corporate bonds	441	2,570	8,539	945
Others	-	3,517	-	4,074
	<u>496,926</u>	<u>(9,516)</u>	<u>1,051,173</u>	<u>622,898</u>
<u>Valuation</u>				
Commercial papers	(1,179)	12,640	6,300	16,862
Shares	(23,251)	(4,743)	106,906	(224,649)
Beneficiary certificates	(21,691)	(4,234)	30,941	(205,099)
PEM Group policy assets	(19,157)	1,057	14,442	19,962
Derivative financial instruments	57,826	499,071	469,599	728,114
Corporate bonds	(624)	(687)	(427)	(4,215)
	<u>(8,076)</u>	<u>503,104</u>	<u>627,761</u>	<u>330,975</u>
	<u>\$ 488,850</u>	<u>\$ 493,588</u>	<u>\$ 1,678,934</u>	<u>\$ 953,873</u>

- 1) For the nine months ended September 30, 2023 and 2022, realized profit or loss of financial assets and liabilities at FVTPL included gains on disposal amounted to \$648,825 thousand and \$396,287 thousand, dividend income amounted to \$36,761 thousand and \$27,525 thousand and interest revenue amounted to \$365,587 thousand and \$199,086 thousand, respectively.
- 2) Net income from exchange rate commodities includes realized and unrealized gains and losses on exchange forward contracts, cross-currency options and cross-currency swaps. The translation gains or losses included net income from exchange rate commodities when significant assets and liabilities denominated in foreign currencies classified as at FVTPL are not designated for hedging relationship.
- d. Realized gains on financial assets at fair value through other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Dividend income	\$ 139,687	\$ 178,826	\$ 268,583	\$ 235,991
Gain on disposal of bonds	<u>26,790</u>	<u>-</u>	<u>26,790</u>	<u>67</u>
	<u>\$ 166,477</u>	<u>\$ 178,826</u>	<u>\$ 295,373</u>	<u>\$ 236,058</u>

- e. (Impairment losses) reversal of impairment losses on financial assets

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Investments in debt instruments at FVTOCI	\$ (1,612)	\$ 633	\$ (1,588)	\$ 2,175
Financial assets at amortized cost	<u>1,019</u>	<u>(837)</u>	<u>(4,008)</u>	<u>(65)</u>
	<u>\$ (593)</u>	<u>\$ (204)</u>	<u>\$ (5,596)</u>	<u>\$ 2,110</u>

- f. Other non-interest gains, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
(Losses) gains on disposal of properties and equipment	\$ (42)	\$ (230)	\$ 1,499	\$ (381)
Others	<u>(6,787)</u>	<u>29,543</u>	<u>26,488</u>	<u>43,984</u>
	<u>\$ (6,829)</u>	<u>\$ 29,313</u>	<u>\$ 27,987</u>	<u>\$ 43,603</u>

g. Provision for bad debts expense, commitments and guarantee liabilities

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bad debts on receivables	\$ 59,495	\$ 26,880	\$ 146,748	\$ 220,582
Bad debts on notes discounted and loans	254,089	646,594	1,099,547	747,290
Losses (reversal of losses) on guarantees	13,000	(27,000)	31,300	(4,000)
Loan commitments	11,401	21	45,774	16,318
Others	<u>(3,000)</u>	<u>-</u>	<u>(4,800)</u>	<u>2,000</u>
	<u>\$ 334,985</u>	<u>\$ 646,495</u>	<u>\$ 1,318,569</u>	<u>\$ 982,190</u>

h. Employee benefits expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Salaries	\$ 1,041,470	\$ 1,014,820	\$ 3,135,495	\$ 2,957,010
Labor and health insurance	61,598	59,224	202,081	196,898
Pension expense	35,468	33,591	103,383	99,764
Other employee expenses	<u>60,075</u>	<u>53,697</u>	<u>190,504</u>	<u>174,453</u>
	<u>\$ 1,198,611</u>	<u>\$ 1,161,332</u>	<u>\$ 3,631,463</u>	<u>\$ 3,428,125</u>

i. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Bank, the Bank accrues employees' compensation and remuneration of directors at rates of 0.5%-3% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2023	2022
Employees' compensation	0.80%	0.75%
Remuneration of directors	2.39%	2.50%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 15,784</u>	<u>\$ 12,256</u>	<u>\$ 47,277</u>	<u>\$ 37,037</u>
Remuneration of directors	<u>\$ 49,014</u>	<u>\$ 40,854</u>	<u>\$ 141,814</u>	<u>\$ 123,458</u>

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

The appropriations of employees' compensation and remuneration of directors for 2022 and 2021 that were resolved by the Bank's board of directors on February 23, 2023 and February 24, 2022, respectively, are as shown below:

	Cash	
	2022	2021
Employees' compensation	<u>\$ 50,173</u>	<u>\$ 42,277</u>
Remuneration of directors	<u>\$ 167,245</u>	<u>\$ 140,922</u>

There was no difference between the actual amounts of employee's compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

j. Depreciation and amortization expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Properties and equipment	\$ 52,574	\$ 52,793	\$ 155,622	\$ 154,922
Investment properties	1,139	759	3,416	759
Right-of-use assets	45,677	39,825	130,657	118,273
Intangible assets	<u>20,859</u>	<u>17,457</u>	<u>61,034</u>	<u>51,580</u>
	<u>\$ 120,249</u>	<u>\$ 110,834</u>	<u>\$ 350,729</u>	<u>\$ 325,534</u>

k. Other selling and administrative expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Taxes	\$ 260,575	\$ 229,599	\$ 751,004	\$ 618,485
Professional service	(18,743)	46,461	131,990	115,042
Advertisement	28,747	22,093	77,669	56,287
Insurance	55,241	46,346	151,885	139,621
Entertainment	22,931	24,800	61,085	59,838
Donation	37,845	27,235	86,888	76,508
Postage	20,573	19,171	55,501	53,484
Others	<u>170,747</u>	<u>155,811</u>	<u>441,756</u>	<u>415,598</u>
	<u>\$ 577,916</u>	<u>\$ 571,516</u>	<u>\$ 1,757,778</u>	<u>\$ 1,534,863</u>

33. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profits or loss

Major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 337,047	\$ 82,940	\$ 960,362	\$ 788,677
Income tax on unappropriated earnings	-	-	409	633
Adjustments for prior periods	-	-	(2,551)	3,553
Deferred tax				
In respect of the current period	<u>41,307</u>	<u>193,593</u>	<u>25,295</u>	<u>141,321</u>
Income tax expense recognized in profit or loss	<u>\$ 378,354</u>	<u>\$ 276,533</u>	<u>\$ 983,515</u>	<u>\$ 934,184</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
In respect of the current period				
Fair value changes of financial assets at FVTOCI	<u>\$ (2,268)</u>	<u>\$ 2,949</u>	<u>\$ (11,119)</u>	<u>\$ 5,128</u>

c. Income tax assessments

The income tax returns of Taichung Commercial Bank Co., Ltd., Taichung Bank Insurance Brokers Co., Ltd., Taichung Bank Leasing Corporation Limited, and Taichung Commercial Bank Securities Co., Ltd. through 2021 have been assessed and approved by the tax authorities.

34. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 0.35</u>	<u>\$ 0.27</u>	<u>\$ 0.94</u>	<u>\$ 0.79</u>
Diluted earnings per share	<u>\$ 0.35</u>	<u>\$ 0.27</u>	<u>\$ 0.94</u>	<u>\$ 0.79</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retrospectively for the issuance of bonus shares. The basic and diluted earnings per share adjusted retrospectively for the nine months ended September 30, 2022 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 0.83</u>	<u>\$ 0.79</u>
Diluted earnings per share	<u>\$ 0.83</u>	<u>\$ 0.79</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the period

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 1,829,155</u>	<u>\$ 1,338,561</u>	<u>\$ 4,905,664</u>	<u>\$ 3,944,826</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,829,155</u>	<u>\$ 1,338,561</u>	<u>\$ 4,905,664</u>	<u>\$ 3,944,826</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	5,226,095	4,965,595	5,226,095	4,965,595
Effect of potentially dilutive ordinary shares				
Employees' compensation or bonuses issued to employees	<u>3,227</u>	<u>2,935</u>	<u>3,951</u>	<u>3,578</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>5,229,322</u>	<u>4,968,530</u>	<u>5,230,046</u>	<u>4,969,173</u>

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

35. RELATED-PARTY TRANSACTIONS

Related Party	Relationship with the Group
China Man-Made Fiber Corporation	Parent company of the Bank
Hsu Tian Investment Co., Ltd.	Legal director of the Bank
Kuei-Fong Wang	Natural director of the Bank
Chien-An Shin	General Vice-Chairman and legal representatives of the Bank's director
Te-Wei Chia	General manager and legal representatives of the Bank's director
Jin-Yi Lee, Hsin-Chang Tsai, Li-Woon Lim, Pi-Ta Chen	Independent directors of the Bank
Shih-Yi Chiang, Ying-Hui Wu	Legal representatives of the Bank's director
33 persons including the Chairman, Vice Chairman and general manager's spouse	The spouses and second-degree relatives, etc. of the Bank's Chairman, Vice-Chairman and general managers
20 persons including the director of the Board's spouse	The spouses and children of the Bank's directors
7 persons including Kai-Yu Lin	Key management personnel
19 persons including associate general manager's spouse	The spouses and children of the Bank's associate deputy general managers
112 persons including Hung-Lung Tsai	Managers of the Bank
12 persons including Kuei-Hsien Wang	The spouses and children of the parent company's Chairman and general managers
Taichung Bank Securities Investment Trust Co., Ltd.	Associate accounted for using the equity method
Pan Asia Chemical Co., Ltd.	Related party in substance
China Fiber Investment Co., Ltd.	Related party in substance
Pan Asia Investment Co., Ltd.	Related party in substance
Taichung Commercial Bank Cultural and Educational Foundation, Taichung Commercial Bank Workers' Welfare Commission	Related party in substance
Deh Hsing Investment Co., Ltd.	Related party in substance
Iolite Company Limited	Related party in substance
Hammock (Hong Kong) Company Limited	Related party in substance
Hebei Hanoshi Contact Lens Co., Ltd.	Related party in substance
Chou Chin Industrial Co., Ltd.	Related party in substance
Chou Chang Co., Ltd.	Related party in substance
Greenworld Food Co., Ltd.	Related party in substance
Nan Chung Petrochemical Corporation	Related party in substance
Xiang Fong Development Co., Ltd.	Related party in substance
Reliance Securities Co., Ltd.	Related party in substance
Sheen Ren Knitting Factory Co., Ltd.	Related party in substance
Ta Fa Investment Co., Ltd.	Related party in substance
Formosa Imperial Wineseller Corp.	Related party in substance
Yu Hui Limited	Related party in substance
Formosawine Vintners Corporation	Related party in substance
Bomi International Co., Ltd.	Related party in substance
Shanghai Bomi Food Co., Ltd.	Related party in substance
Noble House Global Limited	Related party in substance
Noble House Glory Corporation	Related party in substance

(Continued)

Related Party	Relationship with the Group
Wang Wanjin Culture and Education Foundation	Related party in substance
Chaoqing Investment Co., Ltd.	Related party in substance
Sheng Yuan Ze Investment Limited Company	Related party in substance
Pan Hsu Investment Co., Ltd.	Related party in substance
Precious Wealth International Limited	Related party in substance
Storm Model Management Co., Ltd.	Related party in substance
Bonwell Praise Co., Ltd.	Related party in substance
Chen Teng Public Relations (Shanghai) Company	Related party in substance
Shanghai Bomi Consulting management Limited Company	Related party in substance
Shuo-Jung Co., Ltd.	Related party in substance
Shanghai Nianjia Culture Communication Co., Ltd.	Related party in substance
General Pride Enterprise Co., Ltd.	Related party in substance
Fengqi Investment Co., Ltd.	Related party in substance
Reliance Kuan Chun Venture Capital Co., Ltd.	Related party in substance
Reliance Securities Investment Consultant Co., Ltd.	Related party in substance
Reliance Kuan Chun Venture Management Consulting Co., Ltd.	Related party in substance
Shen Ching Investment Co., Ltd.	Related party in substance
Lei Fu Life Business Co., Ltd.	Related party in substance
Chi Da Investment Co., Ltd.	Related party in substance
Syu Yi Investment Co., Ltd.	Related party in substance
Yao Shang Investment Co., Ltd.	Related party in substance
China Man-Made Fiber Entertainment Co., Ltd	Related party in substance
Dr. Brain Lab Technology Co., Ltd.	Related party in substance
Bang Yu Co., Ltd.	Related party in substance

(Concluded)

Note 1: Wei-Liang, Lin, the legal representative of Hsu Tian Investment Co., Ltd., was discharged on February 9, 2023.

Note 2: 9 directors (including 4 independent directors) were elected at the shareholders' meeting of the Bank on May 15, 2023. The followings were respectively elected as directors: Kuei-Fong Wang and Chien-An Shih (legal representative of Hsu Tian Investment Co., Ltd.), Te-Wei Chia (legal representative of Hsu Tian Investment Co., Ltd.), Shih-Yi Chiang (legal representative of Hsu Tian Investment Co., Ltd.), Ying-Hui Wu (legal representative of Hsu Tian Investment Co., Ltd.), Jin-Yi Lee (independent directors of the Bank), Li-Woon Lim (independent directors of the Bank), Hsin-Chang Tsai (independent directors of the Bank) and Pi-Ta Chen (independent directors of the Bank).

Significant transactions between the Group and its related parties:

a. Loans

For the nine months ended September 30, 2023

	Numbers/ Name	Highest Balance	Balance at End of the Period	Compliance		Interest Revenue	Collateral	The Difference Between Related and Non-related Party
				Performing Loans	Overdue Loans			
Employees' consumption loans	10	\$ 4,952	\$ 3,205	\$ 3,205	\$ -	\$ 64	Credit loans	None
Loans on mortgage	43	254,426	195,531	195,531	-	2,855	Real estate	None
Other loans	Lee OO	2,133	2,029	2,029	-	32	Real estate	None
	Yang OO	4,465	4,206	4,206	-	70	Real estate	None
	Lin OO	229	160	160	-	-	Real estate	None
	Wang OO	3,000	3,000	3,000	-	56	Real estate	None
	Chen OO	40,000	40,000	40,000	-	609	Real estate	None
	Fang OO	9,716	3,416	3,416	-	116	Real estate	None
	Chang OO	1,726	1,674	1,674	-	30	Real estate	None
	Chang OO	2,500	2,500	2,500	-	42	Real estate	None
	Liang OO	525	433	433	-	7	Real estate	None
	Ye OO	11,000	11,000	11,000	-	162	Real estate	None
	Huang OO	1,159	1,055	1,055	-	16	Real estate	None
	Chiu OO	2,317	2,086	2,086	-	31	Real estate	None
	Hsu OO	2,200	2,200	2,200	-	36	Real estate	None
	Huang OO	2,224	1,479	1,479	-	25	Real estate	None

For the nine months ended September 30, 2022

	Numbers/ Name	Highest Balance	Balance at End of the Period	Compliance		Interest Revenue	Collateral	The Difference Between Related and Non-related Party
				Performing Loans	Overdue Loans			
Employees' consumption loans	10	\$ 4,772	\$ 3,436	\$ 3,436	\$ -	\$ 47	Credit loans	None
Loans on mortgage	38	223,059	170,310	170,310	-	1,639	Real estate	None
Other loans	Zeng OO	101	72	72	-	1	Real estate	None
	Lee OO	2,273	2,167	2,167	-	24	Real estate	None
	Zeng OO	4,140	4,051	4,051	-	50	Real estate	None
	Liu OO	322	-	-	-	-	Real estate	None
	Tsai OO	5,000	-	-	-	2	Real estate	None
	Lin OO	321	252	252	-	-	Real estate	None
	Wang OO	3,000	3,000	3,000	-	43	Real estate	None
	Chen OO	40,000	40,000	40,000	-	501	Real estate	None
	Fang OO	11,916	9,416	9,416	-	143	Real estate	None
	Lin OO	16,400	15,500	15,500	-	203	Real estate	None
	Chang OO	1,750	1,744	1,744	-	3	Real estate	None
	Tsai OO	114	11	11	-	1	Real estate	None
	Liang OO	646	555	555	-	6	Real estate	None
	Ye OO	11,000	11,000	11,000	-	117	Real estate	None
	Huang OO	1,298	1,193	1,193	-	13	Real estate	None
	Wang OO	6,120	-	-	-	28	Real estate	None
	Chiu OO	2,627	2,395	2,395	-	24	Real estate	None
	Hsu OO	2,200	2,200	2,200	-	27	Real estate	None
	Huang OO	15,000	2,600	2,600	-	98	Real estate	None
	Zhang OO	2,500	2,500	2,500	-	31	Real estate	None

According to Articles 32 and 33 of the Banking Act, credit loans cannot be made to related party except loans to government and consumers; secured loans to related party shall be provided with adequate collateral, and the terms of credits to related party should be similar to those for third parties.

b. Deposits

	<u>For the Nine Months Ended September 30, 2023</u>		
	Ending Balance	Interest Ratio	Interest Expense
Taichung Bank Securities Investment Trust Co., Ltd.	\$ 95,842	0.00-1.58	\$ 762
Taichung Commercial Bank Workers' Welfare Commission	155,065	0.01-5.63	6,583
China Man-Made Fiber Corporation	59,470	0.01-1.30	240
Taichung Commercial Bank Cultural and Educational Foundation	8,307	0.01-1.59	94
Formosa Imperial Wineseller Corp.	1	0.58	-
Greenworld Food Co., Ltd.	4,063	0.58	11
Pan Asia Chemical Co., Ltd.	34,507	0.58	168
Chou Chin Industrial Co., Ltd.	283	0.58	11
Lei Fu Life Business Co., Ltd.	1,031	0.58	4
Yao Shang Investment Co., Ltd.	6,416	0.58	17
Yu Hui Limited	4	0.01	-
Chou Chang Co., Ltd.	1,956	0.01	-
Chi Da Investment Co., Ltd.	6,416	0.58	17
Syu Yi Investment Co., Ltd.	6,416	0.58	17
China Man-Made Fiber Entertainment Co., Ltd.	1	0.58	-
Hsu Tian Investment Co., Ltd.	19,804	0.01-1.30	6
Pan Asia Investment Co., Ltd.	7	0.01	-
Pan Hsu Investment Co., Ltd.	3	0.01	-
Reliance Securities Co., Ltd.	10,220	0.58-1.34	86
Shuo-Jung Co., Ltd.	624	0.01	-
Deh Hsing Investment Co., Ltd.	35,700	0.58-1.30	49
Fengqi Investment Co., Ltd.	4	0.58	-
Others	<u>402,138</u>	0.00-5.63	<u>5,290</u>
	<u>\$ 848,278</u>		<u>\$ 13,355</u>

For the Nine Months Ended September 30, 2022

	Ending Balance	Interest Ratio	Interest Expense
Taichung Bank Securities Investment Trust Co., Ltd.	\$ 98,338	0.00-1.04	\$ 444
Taichung Commercial Bank Workers' Welfare Commission	145,796	0.01-5.24	5,558
China Man-Made Fiber Corporation	88,271	0.01-0.70	45
Taichung Commercial Bank Cultural and Educational Foundation	8,262	0.01-1.34	64
Formosa Imperial Wineseller Corp.	80	0.33	-
Greenworld Food Co., Ltd.	4,315	0.01-0.33	2
Pan Asia Chemical Co., Ltd.	38,720	0.01-0.33	19
Chou Chin Industrial Co., Ltd.	25,246	0.01-0.33	2
Lei Fu Life Business Co., Ltd.	1,696	0.33	1
Yao Shang Investment Co., Ltd.	2,886	0.33	3
Yu Hui Limited	4	0.01	-
Chi Da Investment Co., Ltd.	2,886	0.33	3
Syu Yi Investment Co., Ltd.	2,886	0.33	3
China Man-Made Fiber Entertainment Co., Ltd.	1	0.33	1
Hsu Tian Investment Co., Ltd.	23,684	0.01-0.70	3
Pan Asia Investment Co., Ltd.	7	0.01	-
Pan Hsu Investment Co., Ltd.	10	0.01	-
Reliance Securities Co., Ltd.	10,111	0.33-0.97	54
Shuo-Jung Co., Ltd.	2,859	0.01	2
Deh Hsing Investment Co., Ltd.	8,232	0.17-0.70	86
Fengqi Investment Co., Ltd.	5	0.33	-
Others	<u>390,099</u>	0.00-5.24	<u>3,090</u>
	<u>\$ 854,394</u>		<u>\$ 9,380</u>

The interest rates did not significantly differ from those with ordinary customers except for the interest rates on the Bank's employee deposits at 5.63%, 5.38% and 5.38% as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

c. Financial debentures

The Bank issued, first no due date non-cumulative subordinated financial debenture on 2015, first no due date non-cumulative subordinated financial debenture on 2016, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture on 2017, first no due date non-cumulative subordinated financial debenture and second no due date non-cumulative subordinated financial debenture on 2018, and entrusted Concord Securities Co., Ltd. and KGI Securities Co., Ltd. as financial advisors for the issuance and collection of bonds.

As of September 30, 2023, the related parties subscribed for the financial debentures issued by the Bank through underwriting brokers were as follows:

Counterparty	Subscription	Period
Hsu Tian Investment Co., Ltd.	\$ 4,000,000	First no due date non-cumulative subordinated financial debenture in 2015, first no due date non-cumulative subordinated financial debenture in 2016, first no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture in 2017, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture in 2018.
Others	3,740,000	First no due date non-cumulative subordinated financial debenture in 2015, first no due date non-cumulative subordinated financial debenture in 2016, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture, fifth no due date non-cumulative subordinated financial debenture in 2017, first no due date non-cumulative subordinated financial debenture and second no due date non-cumulative subordinated financial debenture in 2018.

The interest payables on the financial debentures of the above-mentioned related parties were \$210,501 thousand, \$51,852 thousand and \$184,272 thousand on September 30, 2023, December 31, 2022 and September 30, 2022, respectively. The interest expenses amounted to were \$88,096 thousand, \$77,913 thousand, \$257,629 thousand and \$227,411 thousand for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, respectively.

d. Service fee income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Taichung Bank Securities Investment Trust Co., Ltd.	\$ <u>420</u>	\$ <u>726</u>	\$ <u>1,335</u>	\$ <u>1,956</u>

The above amounts are for the promotion and channel revenue, etc. The price of transactions with its related party is similar to those of the non-related party.

e. Other expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Greenworld Food Co., Ltd.	\$ <u>519</u>	\$ <u>362</u>	\$ <u>1,417</u>	\$ <u>675</u>

The above amounts are other business expenses. The price of transactions with its related party is similar to those of the non-related party.

f. Lease arrangements

Line Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	Related party in substance			
	Yu Hui Limited	\$ 4,338	\$ 6,582	\$ 7,322
	General Pride Enterprise Co., Ltd.	\$ 268	\$ 531	\$ 618

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Interest expense</u>				
Related party in substance				
Yu Hui Limited	\$ 25	\$ 41	\$ 86	\$ 134
General Pride Enterprise Co., Ltd.	\$ 2	\$ 4	\$ 7	\$ 5

The lease period and rent payment are in accordance with the contract. The general lease period is 2 to 5 years, and the payment is mainly made on a monthly basis.

g. Compensation of directors and key management personnel

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 the amounts of remuneration of directors and key management personnel were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits	\$ 83,543	\$ 71,909	\$ 287,382	\$ 255,339
Post-employee benefits	1,090	280	13,433	854
Other long-term benefits	2	1	6	3
	<u>\$ 84,635</u>	<u>\$ 72,190</u>	<u>\$ 300,821</u>	<u>\$ 256,196</u>

36. PLEDGED ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
Call loans to other banks - time deposits	\$ 200,000	\$ 200,000	\$ 200,000
Restricted assets - cash in banks	188,224	504,576	360,424
Notes receivable	6,078,188	3,044,289	3,237,750
Investments in debt instruments at amortized cost - government bonds	<u>630,500</u>	<u>620,500</u>	<u>620,500</u>
	<u>\$ 7,096,912</u>	<u>\$ 4,369,365</u>	<u>\$ 4,418,674</u>

Call loans to other banks - time deposits were the provision for operation deposit. Restricted assets - cash in banks and notes receivable were the guarantee for financing to other banks. Government bonds were pledged as collateral to district courts for litigation related to the overdraft of the clearing account and the compensation reserve for the securities firm and the trust business. The details were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Guarantee to district courts for litigation	\$ 50,500	\$ 50,500	\$ 50,500
Collateral for overdraft of clearing account	500,000	500,000	500,000
Reserve of trust compensation	<u>80,000</u>	<u>70,000</u>	<u>70,000</u>
	<u>\$ 630,500</u>	<u>\$ 620,500</u>	<u>\$ 620,500</u>

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Notes 8, 11 and 24, significant commitments and contingencies of the Group as of September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

a. Significant commitments

	September 30, 2023	December 31, 2022	September 30, 2022
Loan commitments (excluding credit cards)	\$ 187,959,511	\$ 171,409,708	\$ 172,334,284
Loan commitments - credit cards	14,545,026	14,958,648	14,743,767
Guarantee receivables	30,249,594	27,269,501	26,075,226
Trust liabilities	97,171,732	84,321,674	83,637,383
Letters of credit	3,554,791	3,350,494	3,141,858
Lease contract commitments	6,404,692	3,477,185	3,572,400

b. According to Article 17 of the Implementation Rules of Trust Act, the Bank should disclose its balance sheet of trust account and its asset items, which were as follows:

**Trust Account Balance Sheet
September 30, 2023**

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	\$ 6,944,193	Securities under custody	
Debentures	15,645,952	payable	\$ 5,218,368
Shares	4,925,807	Trust capital	91,953,364
Funds	46,258,862	Net income	1,146,368
Structured finance instruments	1,933,952	Deferred carryover amounts	<u>(1,146,368)</u>
Real estate			
Land	16,127,354		
Buildings	117,244		
Securities under custody	<u>5,218,368</u>		
Trust assets	<u>\$ 97,171,732</u>	Trust liabilities	<u>\$ 97,171,732</u>

Note: On September 30, 2023, the bank's Offshore Banking Unit invested in foreign securities under specific purpose trust accounts amounting to \$2,883,788 thousand.

**Trust Account Asset Items
September 30, 2023**

Item	Amount
Cash in banks	\$ 6,944,193
Debentures	15,645,952
Shares	4,925,807
Funds	46,258,862
Structured finance instruments	1,933,952
Real estate	
Land	16,127,354
Buildings	117,244
Securities under custody	<u>5,218,368</u>
	<u>\$ 97,171,732</u>

**Trust Account Income Statement
Nine Months Ended September 30, 2023**

	Amount
Trust income	
Interest revenue	\$ 1,920,445
Trust expense	
Management fee	(774,077)
Tax	<u>-</u>
Income before income tax	1,146,368
Income tax expense	<u>-</u>
Net income	<u>\$ 1,146,368</u>

**Trust Account Balance Sheet
December 31, 2022**

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	\$ 6,123,483	Securities under custody	
Debentures	11,201,507	payable	\$ 3,972,065
Shares	4,873,628	Trust capital	80,349,609
Funds	46,912,839	Net income	1,468,359
Structured finance instruments	1,679,542	Deferred carryover amounts	<u>(1,468,359)</u>
Real estate			
Land	9,428,737		
Buildings	129,873		
Securities under custody	<u>3,972,065</u>		
Trust assets	<u>\$ 84,321,674</u>	Trust liabilities	<u>\$ 84,321,674</u>

Note: On December 31, 2022, the bank's Offshore Banking Unit invested in foreign securities under specific purpose trust accounts amounting to \$2,672,714 thousand.

**Trust Account Asset Items
December 31, 2022**

Item	Amount
Cash in banks	\$ 6,123,483
Debentures	11,201,507
Shares	4,873,628
Funds	46,912,839
Structured finance instruments	1,679,542
Real estate	
Land	9,428,737
Buildings	129,873
Securities under custody	<u>3,972,065</u>
	<u>\$ 84,321,674</u>

**Trust Account Income Statement
Year Ended December 31, 2022**

	Amount
Trust income	
Interest revenue	\$ 2,405,773
Trust expense	
Management fee	(937,253)
Tax	<u>(161)</u>
Income before income tax	1,468,359
Income tax expense	<u>-</u>
Net income	<u>\$ 1,468,359</u>

**Trust Account Balance Sheet
September 30, 2022**

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	\$ 7,010,549	Securities under custody	
Debentures	9,802,456	payable	\$ 4,117,330
Shares	4,666,051	Trust capital	79,520,053
Funds	48,609,489	Net income	1,111,954
Structured finance instruments	1,570,331	Deferred carryover amounts	<u>(1,111,954)</u>
Real estate			
Land	7,732,991		
Buildings	128,186		
Securities under custody	<u>4,117,330</u>		
Trust assets	<u>\$ 83,637,383</u>	Trust liabilities	<u>\$ 83,637,383</u>

Note: On September 30, 2022, the bank's Offshore Banking Unit invested in foreign securities under specific purpose trust accounts amounting to \$2,766,016 thousand.

**Trust Account Asset Items
September 30, 2022**

Item	Amount
Cash in banks	\$ 7,010,549
Debentures	9,802,456
Shares	4,666,051
Funds	48,609,489
Structured finance instruments	1,570,331
Real estate	
Land	7,732,991
Buildings	128,186
Securities under custody	<u>4,117,330</u>
	<u>\$ 83,637,383</u>

**Trust Account Income Statement
Nine Months Ended September 30, 2022**

	Amount
Trust income	
Interest revenue	\$ 1,796,011
Trust expense	
Management fee	(684,057)
Tax	<u>-</u>
Income before income tax	1,111,954
Income tax expense	<u>-</u>
Net income	<u>\$ 1,111,954</u>

c. Maturity analysis of lease commitments and capital expenditures

The lease contract commitments of the Group include operating leases and finance leases.

Operating lease commitment is the minimum lease payment when the Group is lessee or lessor with non-cancellation condition. The lease contract commitments of the operating leases are referred to in Note 19.

The finance lease commitments refer to the total lease investment of the lessor under the finance lease conditions and the present value of the minimum lease payments receivable.

Capital expenditure commitments represent contractual commitments for the acquisition of capital expenditures on construction and equipment.

Considering the expansion of business scale and the increasing number of employees in the future, the Bank held a tender for the construction project of head office through an online open bidding process on February 11, 2019. Dacin Construction Co., Ltd. and Earthpower Co., Ltd. won the bidding, both parties entered into a joint venture agreement worth \$11,160,000 thousand on March 29, 2019, and started construction on April 27, 2019. In order to improve construction safety, both parties agreed to change the “reverse drilling steel column well type foundation alternative construction method” and the “raft foundation beam structure optimization alternative plan”. The first supplementary agreement was made on January 8, 2021, and the total contract price after the change is \$11,155,943 thousand. In addition, the second supplementary agreement was processed on May 9, 2022, and the total contract price after the change was \$11,154,971 thousand. The Group entered into a contract of planning, design and supervision with YSL Architects & Associates, and the contract price was worth \$480,492 thousand. The Group entered into a contract of planning, design and supervision with Rich Honour Design Group, and the estimated contract price was \$195,000 thousand.

Maturity analysis of lease commitments and capital expenditures is summarized as follows:

Financing lease income

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 3,995,159	\$ 3,045,375	\$ 2,899,954
Year 2	1,918,330	1,161,828	1,030,381
Year 3	381,394	276,855	213,504
Year 4	12,761	12,739	17,438
Year 5	12,761	12,739	12,739
Year 6 onwards	<u>132,705</u>	<u>141,798</u>	<u>145,198</u>
	<u>\$ 6,453,110</u>	<u>\$ 4,651,334</u>	<u>\$ 4,319,214</u>

Present value of financing lease income

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 3,497,407	\$ 2,678,140	\$ 2,559,310
Year 2	1,793,253	1,076,999	958,668
Year 3	361,379	258,615	197,298
Year 4	4,651	4,354	8,912
Year 5	5,092	4,765	4,658
Year 6 onwards	<u>81,673</u>	<u>85,295</u>	<u>86,742</u>
	<u>\$ 5,743,455</u>	<u>\$ 4,108,168</u>	<u>\$ 3,815,588</u>

Capital expenditure commitments

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 4,122,426	\$ 3,026,937	\$ 5,169,185
Year 2	189,855	2,176,974	741,564
Year 3	19,500	32,464	40,084
Year 4	<u>-</u>	<u>-</u>	<u>19,500</u>
	<u>\$ 4,331,781</u>	<u>\$ 5,236,375</u>	<u>\$ 5,970,333</u>

- d. The Bank and Pihsiang Energy Technology Co., Ltd. are parties in a consumer consignment litigation. The Taichung District Court of first instance issued a civil judgment on the 2018 case No. 598 that the Bank lost on February 4, 2020. The claim of Pihsiang Energy Technology Co., Ltd. against the Bank is \$100 million, and the interest shall be calculated at 5% per annum from April 10, 2018 to the settlement date. The litigation costs shall be borne by the defendant (i.e., the Bank). The appointed lawyer of the Bank assessed that the content of the original judgment was contradictory and unprovoked. Therefore, the Bank filed an appeal on February 27, 2020, to the High Court Taichung Branch, and the appeal was 2020 renewed trial No. 78. After the second instance, the trial No. 78 of 2020 was reappealed to the High Court Taichung Branch on March 29, 2022, and according to the ruling the Bank won the case. However, Pihsiang Energy Technology Co., Ltd. still not satisfied with the judgement and filed an appeal. As of September 30, 2023, the case is still pending in the Supreme Court. According to the civil judgment on the 2018 case No. 598 on February 4, 2020, the Bank has prepared in advance the outstanding indemnities (statutory and litigation costs) of the ongoing litigation. Movements of the outstanding loss provision were as follows:

	<u>September 30</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 24,090	\$ 19,090
Loss provision	<u>3,750</u>	<u>3,750</u>
Balance at September 30	<u>\$ 27,840</u>	<u>\$ 22,840</u>

For the nine months ended September 30, 2023 and 2022, the loss provision of \$3,750 was recognized interest expense.

38. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, the carrying amounts of financial instruments recognized in the consolidated financial statements approximate their fair values or that the fair values cannot be reasonably measured. Therefore, those were not disclosed in this note.

- 1) Fair value hierarchy

September 30, 2023

	Carrying Amount	<u>Fair Value</u>			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Investments in debt instruments at amortized cost	\$ 113,220,984	\$ 83,349,969	\$ 28,438,185	\$ -	\$ 111,788,154
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bank debentures	16,500,000	-	16,357,099	-	16,357,099

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Investments in debt instruments at amortized cost	\$ 105,378,466	\$ 76,715,095	\$ 27,222,061	\$ -	\$ 103,937,156
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bank debentures	16,500,000	-	16,643,094	-	16,643,094

September 30, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Investments in debt instruments at amortized cost	\$ 110,667,174	\$ 81,330,070	\$ 27,887,261	\$ -	\$ 109,217,331
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bank debentures	16,500,000	-	16,643,034	-	16,643,034

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
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Non-derivatives	The market transaction price in the non-active market is taken as the fair value.
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b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	September 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ 9,814,618	\$ -	\$ 9,814,618	\$ -
Commercial papers	19,155,031	19,155,031	-	-
Domestic listed shares and emerging market shares	854,414	725,211	129,203	-
Domestic unlisted shares	89,795	-	-	89,795
Beneficiary certificates	836,873	836,873	-	-
Domestic corporate bonds	649,218	649,218	-	-
Others	936,057	-	936,057	-
	<u>\$ 32,336,006</u>	<u>\$ 21,366,333</u>	<u>\$ 10,879,878</u>	<u>\$ 89,795</u>

(Continued)

	September 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic unlisted shares	\$ 892,068	\$ -	\$ -	\$ 892,068
Domestic listed shares	4,442,249	4,442,249	-	-
Foreign listed shares	385,444	385,444	-	-
Investments in debt instruments				
Domestic corporate bonds	27,800,874	27,800,874	-	-
Domestic government bonds	8,402,056	8,402,056	-	-
Foreign bonds	15,945,495	-	15,945,495	-
Bank debentures	1,678,294	1,678,294	-	-
	<u>\$ 59,546,480</u>	<u>\$ 42,708,917</u>	<u>\$ 15,945,495</u>	<u>\$ 892,068</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ 1,462,358</u>	<u>\$ -</u>	<u>\$ 1,462,358</u>	<u>\$ -</u>

(Concluded)

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL							
Unlisted shares	\$ 87,095	\$ (6,870)	\$ 49,700	\$ -	\$ -	\$ 40,130	\$ 89,795

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI							
Unlisted shares	\$ 898,032	\$ (5,964)	\$ -	\$ -	\$ -	\$ -	\$ 892,068

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ 8,327,102	\$ -	\$ 8,327,102	\$ -
Commercial papers	18,158,908	18,158,908	-	-
Domestic listed shares and emerging market shares	682,938	643,358	39,580	-
Domestic unlisted shares	87,095	-	-	87,095
Beneficiary certificates	290,350	290,350	-	-
Domestic corporate bonds	587,037	587,037	-	-
Others	875,684	-	875,684	-
	<u>\$ 29,009,114</u>	<u>\$ 19,679,653</u>	<u>\$ 9,242,366</u>	<u>\$ 87,095</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic unlisted shares	\$ 898,032	\$ -	\$ -	\$ 898,032
Domestic listed shares	3,926,732	3,926,732	-	-
Foreign listed shares	328,228	328,228	-	-
Investments in debt instruments				
Domestic corporate bonds	29,822,548	29,822,548	-	-
Domestic government bonds	5,228,275	5,228,275	-	-
Foreign bonds	3,362,115	-	3,362,115	-
Bank debentures	1,663,045	1,663,045	-	-
	<u>\$ 45,228,975</u>	<u>\$ 40,968,828</u>	<u>\$ 3,362,115</u>	<u>\$ 898,032</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ 1,630,985</u>	<u>\$ -</u>	<u>\$ 1,630,985</u>	<u>\$ -</u>

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL							
Unlisted shares	\$ 81,611	\$ 5,484	\$ -	\$ -	\$ -	\$ -	\$ 87,095

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI							
Unlisted shares	\$ 810,234	\$ 87,798	\$ -	\$ -	\$ -	\$ -	\$ 898,032

September 30, 2022

	Total	Level 1	Level 2	Level 3
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ 8,900,145	\$ -	\$ 8,900,145	\$ -
Commercial papers	25,506,051	25,506,051	-	-
Domestic listed shares and emerging market shares	713,210	656,136	57,074	-
Domestic unlisted shares	83,855	-	-	83,855
Beneficiary certificates	413,652	413,652	-	-
Domestic corporate bonds	565,574	565,574	-	-
Others	946,770	-	946,770	-
	<u>\$ 37,129,257</u>	<u>\$ 27,141,413</u>	<u>\$ 9,903,989</u>	<u>\$ 83,855</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic unlisted shares	\$ 861,616	\$ -	\$ -	\$ 861,616
Domestic listed shares	3,839,206	3,839,206	-	-
Foreign listed shares	287,376	287,376	-	-
Investments in debt instruments				
Domestic corporate bonds	32,028,536	32,028,536	-	-
Domestic government bonds	5,285,601	5,285,601	-	-
Foreign bonds	2,813,488	-	2,813,488	-
Bank debentures	1,661,725	1,661,725	-	-
	<u>\$ 46,777,548</u>	<u>\$ 43,102,444</u>	<u>\$ 2,813,488</u>	<u>\$ 861,616</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ 2,078,233</u>	<u>\$ -</u>	<u>\$ 2,078,233</u>	<u>\$ -</u>

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL							
Unlisted shares	\$ 81,611	\$ 2,244	\$ -	\$ -	\$ -	\$ -	\$ 83,855

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI							
Unlisted shares	\$ 810,234	\$ 51,382	\$ -	\$ -	\$ -	\$ -	\$ 861,616

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2023 and 2022.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Non-derivatives	The market transaction price in the non-active market is taken as the fair value.
Derivatives	
Option contracts	Valuation model: The execution price, maturity date, market volatility, interest rate and exchange rate set by the contract are used as valuation parameters. The model with closed-form solution is then used for valuation.
Cross-currency swap contracts, foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and forward rates of contracts, discounted at a rate that reflects the credit risk of various counterparties.
Asset swap contract	The closing price for convertible corporate bond minus bond value. The pure bond value is discounted by the cash flow provided by the convertible corporate bond in accordance with Taiwan Bills Index Rate (TAIBIR).
Structured finance instruments	
Interest rate-linked structured instruments	The counterparty quotes.

3) The quantitative information on fair value of significant unobservable input (Level 3)

The quantitative information on unobservable inputs of the financial instruments classified as Level 3, and held by the Group on September 30, 2023, December 31, 2022 and September 30, 2022, were as follows:

Items	Fair value on September 30, 2023	Fair value on December 31, 2022	Fair value on September 30, 2022	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL Domestic unlisted shares	\$ 89,795	\$ 87,095	\$ 83,855	Seller's quote (Monte Carlo Simulation Method)	Volatility rate	20.02%-33.00%	The lower the volatility rate, the higher the fair value
					Minority equity volatility rate	34.14%	The lower the minority equity volatility rate, the higher the fair value
Financial assets at FVTOCI Domestic unlisted shares	892,068	898,032	861,616	Seller's quote (Monte Carlo Simulation Method)	Volatility rate	21.91%-22.92%	The lower the volatility rate, the higher the fair value

4) The assessment of fair value in Level 3

The Group assessed fair value in accordance with valuation report provided by independent company, and compiled the evaluation results into a quarterly report presented to the board of directors.

- 5) Sensitivity analysis of Level 3 fair value if reasonable possible alternative assumptions may be used.

The Group adopts multiple approaches to estimate the volatility rate of quantitative information on significant unobservable input. The sensitivity analysis based on assets category is as follows:

September 30, 2023

Significant Unobservable Input	Sensitivity Rate	Impact
Liquidity discount ratio	Increase 10%	\$ (24,865)
	Decrease 10%	24,865

December 31, 2022

Significant Unobservable Input	Sensitivity Rate	Impact
Liquidity discount ratio	Increase 10%	\$ (23,496)
	Decrease 10%	23,496

September 30, 2022

Significant Unobservable Input	Sensitivity Rate	Impact
Liquidity discount ratio	Increase 10%	\$ (22,537)
	Decrease 10%	22,537

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 32,336,006	\$ 29,009,114	\$ 37,129,257
Financial assets at amortized cost (Note 1)	730,559,898	714,777,268	703,299,008
Financial assets at FVTOCI			
Equity instruments	5,719,761	5,152,992	4,988,198
Debt instruments	53,826,719	40,075,983	41,789,350
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	1,462,358	1,630,985	2,078,233
Financial liabilities at amortized cost (Note 2)	765,306,590	733,924,611	735,618,773

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, due from the Central Bank and call loans to other banks, investments in debt instruments at amortized cost, securities purchased under resale agreements, receivables, notes discounted and loans, restricted assets, refundable deposits, receipts under payment for shares underwriting and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise due to the Central Bank and other banks, funds borrowed from the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances, bank debentures, other financial liabilities, and guarantee deposits received.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The financial risk management objectives of the Group is to achieve the goal of balancing risk tolerance, business objectives and external legal restrictions. These risks include market risks (including interest rate, exchange rate, equity securities and product price) and liquidity risks of on and off-balance sheet business.

The Group has formulated a relevant risk management policy, which has been approved by the board of directors to effectively identify, measure, monitor and control credit risk, market risk and liquidity risk.

Risk Management Organizational Structure

The board of directors is the highest decision-making unit for the Group's corporate risk management and assumes the ultimate responsibility for risk management. The Group has a risk management committee and a risk management department, which grants risk authority and confers responsibilities on the relevant departments to ensure the smooth operation of risk management. The responsibilities of the committee are as follows:

- a. Consideration of the risk management program.
- b. Consideration and review of risk limits.
- c. Consideration of the bill on institutionalization of risk management.
- d. Report to the board of directors regularly.

Members of the risk management committee set up various risk management measurement indicators according to the nature of their business and the scope of their duties, and the risk management department should report to the risk management committee to provide a reference for senior decision-making.

1) Market risk

- a) The source and definition of market risk

Market risks refer to the loss due to the changes in market price, such as the changes of the market interest rate, the exchange rate, the share price and the product price.

- b) Market risk management policy

The objective of the Group market risk management is to develop a sound and effective market risk management mechanism that is consistent with the size, nature and complexity of the Group's business to ensure that the risks borne by the Group can be properly managed and market risks are effectively identified, measured, monitored and controlled, and strike a balance between the level of risk tolerance and the expected level of compensation.

c) Market risk management process

i. Identification and measurement

The relevant market risks should be assessed through appropriate procedures to consider whether the risk is within an acceptable risk range before new products, business activities, processes and systems are rolled out or operated. The relevant units should use the methods of business analysis or product analysis to identify the sources of market risks, define the market risk factors of each financial commodity and make appropriate specifications.

Market risk measurement can use a variety of effective measures to properly measure risk, including but not limited to the following methods: Statistical basis measures, sensitivity analysis and situational analysis. The risk management department should measure the risk of the site on a daily basis and conduct regular stress tests to measure the amount of abnormal losses that may occur under the current or historical extremes.

ii. Monitoring and reporting

The risk management department should report to the risk management committee and the board of directors regularly on the implementation of the Group's market risk management, including the Group's market risk allocation, risk level, profit and loss status, quota usage and compliance with relevant market risk management regulations and suggestions. The authorities also set up relevant limit management, stop loss mechanism, overrun treatment and exception management methods to effectively monitor market risks. In the event of an overrun or exception, it should be notified immediately to facilitate the immediate response.

d) Interest rate risk

i. Definition of interest rate risk

Interest rate risk refers to the change in interest rate, which causes the Group to bear the risk of changes in the fair value of the interest rate risk or the loss of surplus liquidity. The main sources of risk include deposits and interest-related securities.

ii. Measurement methods and management procedures

The Group monitors the interest rate risk system, sets the scope of the indicators to regularly monitor and report the results to the asset and liability management committee, the risk management committee and the board of directors, and adjusts according to the overall operating conditions of the Group. In addition, the Group measures the interest rate risk by DV01, assuming that the interest rate curve has a parallel shift of 100 basis points, the degree of impact on earnings and equity is used to control the interest rate risk.

iii. The effect of interest rate benchmark reform

For the financial instruments of the Group affected by changes in interest rate benchmark, the linked indicator interest rate include USD LIBOR. It is expected that the US Secured Overnight Financing Rate (SOFR) will replace the USD LIBOR. However, there is a fundamental difference between the replacement interest rate and LIBOR. LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-bank credit discounts. Each alternative interest rate is a retrospective interest rate indicator calculated with reference to actual transaction data, and does not include a credit discount. Therefore, when an existing contract is modified from a linked LIBOR to a linked alternative interest 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 LIBOR conversion plan to deal with risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues that are required to meet the changes in interest rate benchmark. As of September 30, 2023, the financial instruments of the Group that have been affected by the change in interest rate benchmark and have been converted to the alternative interest rate benchmark.

e) Exchange rate risk

i. Definition of exchange rate risk

Exchange rate risk is the gain or loss resulting from the conversion of two different currencies at different times. The Group's exchange rate risk is mainly due to the changes in spot and forward foreign exchange rates of the business operations. Since the foreign exchange transactions are mostly based on the principle of flattening the customer's position for the day, the exchange rate risk is relatively small.

ii. Measurement methods and management procedures

The Group adopts the quota management mechanism for the exchange rate risk system, sets the business quota and overnight limit for each currency, controls the maximum net foreign exchange position that can be held by all levels of personnel, and sets the maximum transaction amount according to the counterparty, and monitors it regularly. The results will be reported to the risk management committee and the board of directors for discussion.

In addition, the Group assesses the degree of impact on earnings and equity under the hypothetical scenarios when the USD/NTD, CNY/NTD, and AUD/NTD separately appreciates/depreciates by 3%, in order to control exchange rate risk.

f) Equity securities price risk

i. Definition of equity securities price risk

The market risk of the Group's equity securities is the individual risk arising from changes in the market price of individual equity securities and the general market risk arising from changes in the overall market price. The main risks include listed shares and beneficiary certificates.

ii. Measurement methods and management procedures

The Group adopts a quota management mechanism for the equity securities price risk, ensuring that all levels are traded within the authorized amount, and sets up relevant mechanisms for stop loss control, and regularly reports the monitoring results to the risk management committee and the board of directors for discussion.

In addition, the Group assesses the degree of impact on earnings and equity under the hypothetical scenarios when the price of equity securities rises/falls by 15% in order to control the risk of equity securities.

g) Market risk sensitivity analysis

Interest rate risk

The Group assumed that when other factors remain unchanged, if the yield curve increased/decreased by 100 basis points, the income before income tax of the Group as of September 30, 2023, December 31, 2022 and September 30, 2022 would have increased/decreased by \$473,569 thousand, \$716,053 thousand and \$590,150 thousand, respectively, and other equity would have decreased/increased by \$3,132,005 thousand, \$1,659,054 thousand and \$1,717,752 thousand, respectively.

Exchange rate risk

The Group assumed that when other factors remain unchanged, if the exchange rate of USD/NTD, CNY/NTD, and AUD/NTD appreciated/depreciated by 3%, the income before income tax as of September 30, 2023, December 31, 2022 and September 30, 2022 would have increased/decreased by \$106,214 thousand, \$98,017 thousand and \$104,029 thousand, respectively, and other equity would have increased/decreased by \$426,277 thousand, \$134,382 thousand and \$131,854 thousand, respectively.

Equity securities price risk

The Group assumed that when other factors remain unchanged, if the price of equity securities increased/decreased by 15%, the income before income tax as of September 30, 2023, December 31, 2022 and September 30, 2022 would have increased/decreased by \$267,162 thousand, \$159,057 thousand and \$181,608 thousand, respectively, and other equity would have increased/decreased by \$857,964 thousand, \$772,949 thousand and \$748,230 thousand, respectively.

The summary of sensitivity analysis was as follows:

September 30, 2023			
Main Risk	Range of Change	Influence Amount	
		Other Equity	Income
Interest risk	Interest rate curve rises 100BPS	\$ (3,132,005)	\$ 473,569
	Interest rate curve falls 100BPS	3,132,005	(473,569)
Exchange rate risk	USD/NTD, CNY/NTD, AUD/NTD increase by 3%	426,277	106,214
	USD/NTD, CNY/NTD, AUD/NTD decrease by 3%	(426,277)	(106,214)
Equity securities price risk	Equity securities prices rise by 15%	857,964	267,162
	Equity securities prices fall by 15%	(857,964)	(267,162)

December 31, 2022			
Main Risk	Range of Change	Influence Amount	
		Other Equity	Income
Interest risk	Interest rate curve rises 100BPS	\$ (1,659,054)	\$ 716,053
	Interest rate curve falls 100BPS	1,659,054	(716,053)
Exchange rate risk	USD/NTD, CNY/NTD, AUD/NTD increase by 3%	134,382	98,017
	USD/NTD, CNY/NTD, AUD/NTD decrease by 3%	(134,382)	(98,017)
Equity securities price risk	Equity securities prices rise by 15%	772,949	159,057
	Equity securities prices fall by 15%	(772,949)	(159,057)

September 30, 2022			
Main Risk	Range of Change	Influence Amount	
		Other Equity	Income
Interest risk	Interest rate curve rises 100BPS	\$ (1,717,752)	\$ 590,150
	Interest rate curve falls 100BPS	1,717,752	(590,150)
Exchange rate risk	USD/NTD, CNY/NTD, AUD/NTD increase by 3%	131,854	104,029
	USD/NTD, CNY/NTD, AUD/NTD decrease by 3%	(131,854)	(104,029)
Equity securities price risk	Equity securities prices rise by 15%	748,230	181,608
	Equity securities prices fall by 15%	(748,230)	(181,608)

2) Credit risk

a) The source and definition of credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk exists in both on and off-balance sheet items. The on-balance sheet exposures to credit risks are mainly from notes discounted and loans, the credit card business, due from other banks and call loans to other banks, acceptances, investments in debt instruments and derivatives. The off-balance sheet exposures to credit risks are mainly from financial guarantees, letter of credits and loan commitments.

b) Credit risk management policy

Before launching new products or businesses, the Group ensures compliance with all applicable rules and regulations and identifies relevant credit risks. On September 30, 2023, the ratio of loans with collateral to the total amount of loans was approximately 74%. The ratio of financing guarantees to commercial letters of collateral held was approximately 25%, and the collateral required for loans, loan commitments or guarantees is usually in the forms of cash, inventories, liquid securities or other asset in circulation. If the customers default, the Group will execute its rights on collateral in accordance with the terms of contracts.

c) Credit risk management program

The measurement and management of credit risks from the Group's main businesses were as follows:

i. Loans business (including loan commitments and guarantees)

i) Determination that credit risk has increased significantly since initial recognition

The Group assesses the change in the probability of default of loans during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Group's considerations show the reasonable and supportable information that the credit risk has increased significantly since the initial recognition (including forward-looking information). The main considerations include:

Quantitative indicators

- Changes in external credit ratings of the Taiwan Corporate Credit Rating Index (TCRI)

The TCRI rating of a company listed on the Taipei Exchange corresponding to its external rating has been reduced from investment grade to non-investment grade, that is, the credit risk has significantly increased since initial recognition.

- Information on overdue status

When the contract amount is overdue for more than one month, it is determined that the credit risk of the financial asset has increased significantly since the initial recognition.

Qualitative indicators

- Unfavorable changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform debt obligations.
- Significant changes in actual or expected results of the debtor's operations.
- The credit risk of other financial instruments from the same debtor has increased significantly.

ii) Definition of default and credit-impaired financial assets

The definition of financial asset default is the same as that of financial asset credit impairment. If one or more of the following conditions are met, the Group determines that the financial asset has defaulted and becomes credit impaired:

Quantitative indicators

- Changes in external TCRI credit ratings

The TCRI rating of the listed cabinet company is default grade, which means that the credit has been deducted since the initial recognition.

- Information on overdue status

When the contract amount is overdue for more than three months, it is determined that the credit of the financial asset has been impaired since the initial recognition.

Qualitative indicators

If there is evidence that the borrower will not be able to pay the contract, or that the borrower has significant financial difficulties, such as:

- The debtor has gone bankrupt or may have called for bankruptcy or financial restructuring.
- Other debt instrument contracts of the debtor have defaulted.
- Due to the economic or contractual reasons associated with the debtor's financial difficulties, the debtor's creditors give the borrower an unconfirmed concession and report the overdue loan.

The aforementioned default and credit impairment definitions are used to consolidate all financial assets held by the Group and are consistent with the definitions used for the internal credit risk management purposes of the financial assets, and are also applied to the relevant impairment assessment model.

iii) Measurement of expected credit losses

In order to assess the expected credit losses, the Group divides the credit assets into the following combinations according to the credit risk characteristics such as the use of borrowing, industrial nature, collateral type and borrowing status.

Product Portfolio	
Corporate loans	Corporate loans - secured
	Corporate loans - unsecured
Consumer loans	House mortgage
	Consumer loans - secured
	Consumer loans - unsecured
	Credit loans
	Debit card
	Credit card

The Group evaluates loss allowance of financial assets, which credit risk does not significantly increase after initial recognition based on 12-month expected credit losses. The Group evaluates loss allowance of financial assets, which credit risk significantly increases after initial recognition based on lifetime expected credit losses.

In order to evaluate expected credit losses, the Group takes into consideration the debtor's probability of default (PD) within the next 12 months, which includes the loss given default (LGD), the results are then multiplied by the exposure at default (EAD), while also considering the effect of time value of money to calculate the expected credit losses during the duration of 12 months.

PD is the default percentage of a borrower. LGD is the loss ratio once a borrower default. The Group applied PD and LGD to evaluate loan business impairment based on each portfolio's historical information calculated internally (i.e. credit loss experience), and adjusted historical data based on current observable information and forward-looking macroeconomic information calculated by using direct estimation method.

The Group evaluates the loan default risk by using direct estimation method. The Group calculates 12-month and lifetime ECLs of financing commitments based on direct estimation method. The Group uses credit conversion factor to calculate the portion of financing commitments expected to be used in 12 months after the record date and the credit duration to calculate the default exposure amount of ECLs.

Consideration of forward-looking estimation

In estimating the expected credit losses, the Group uses forward-looking economic factors that affect credit risk and expected credit losses to consider forward-looking information. Forward-looking information is based on the Taiwan National Development Council's regular promulgation of the "Benefit Strategy Signal" of Taiwan's overall prosperity as indicators, which are divided into boom expansion period, contraction period and flat period. The Group evaluates the economic situation to adjust the default probability every quarter, and then incorporates it into the overall expected credit loss assessment.

ii. Debt instrument investments

The Group considers the historical default loss rate provided by the external rating agencies and the current financial status of the debtor to calculate 12-month and lifetime ECLs of financing commitments in debt instrument investments.

The securities held by the Group recognize the expected credit losses according to the lifetime ECLs of financing commitments. The credit quality of the Group's securities was as follows:

i) The determination that the credit risk has increased significantly since the initial recognition

The Group assesses the change in the probability of default of debt instrument investments during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Group's considerations show the reasonable and supportable information that the credit risk has increased significantly since the initial recognition. The main considerations include:

Quantitative indicators

- At the time of initial recognition, the issuer's credit rating is above the investment grade, but at the financial reporting date, the issuer's credit rating is reduced to a non-investment grade.
- For debt instrument investments on the initial recognition date, the issuer's credit rating is below the non-investment grade and the credit rating on the reporting date has not changed.
- When the issuer's credit rating is a non-investment grade, the reported daily credit rating is reduced to a certain extent.

Qualitative indicators

- The credit rating of the issuer indicates that its credit risk has increased significantly.
- The fair value of the debt instrument investments has significantly and adversely changed on the reporting date.

ii) Definition of default and credit-impaired financial assets

If the debt instrument investment meets one or more of the following conditions, it determines that the financial asset has defaulted and become credit impaired.

Quantitative indicators

- Debt instrument investments, such as bonds, have become credit impaired since they were purchased.
- The default rate for credit rating of the issuer or debt instrument investments will be adjusted on the reporting date.

Qualitative indicators

- The issuer modifies the issue conditions of the debt instrument investments due to financial difficulties or fails to pay the principal or interest according to the conditions of the issue.
- The issuer or the guarantee institution has ceased operations or has applied for reorganization, bankruptcy, dissolution, and sale of major assets that have a significant impact on the Group's continued operations.

Measurement of expected credit losses

- In order to evaluate expected credit losses, the Group takes into consideration the debtor's probability of default (PD) within the next 12 months, which includes the loss given default (LGD), the results are then multiplied by the exposure at default (EAD), while also considering the effect of time value of money to calculate the expected credit losses during the duration of 12 months.
- Comparing the risk of default on the debt instrument with the default risk at the time of initial recognition, and considering the reasonable and corroborative information for a significant increase in credit risk since the initial recognition, to determine whether the financial instrument's credit risk has increased significantly since the initial recognition.
 - Those who meet the normal credit risk status will estimate the expected loss amount based on the one-year probability of default (PD).
 - Those who meet the significant increase in credit risk status must consider the duration of the assets and calculate the probability of default (PD) for each duration. If the cash flow of the contract in the future period (i.e., the default exposure amount of each period) can be assessed, the cash flow method is used to assess the expected amount of credit loss, and if the cash flow of each period cannot be assessed, the current risk calculation method is used.

- Those who meet the abnormal credit risk status are considered to be 100%, and will not consider the probability of default in each duration. Only consider the relevant recoverable amount and evaluate the overall expected credit loss amount.
- Debt instrument investments' probability of default is the value released by external credit rating agencies, which implies the possibility of future market fluctuations.

d) Credit risk hedging or mitigation policies

i. Collaterals

The Group implements a series of policies and measures to reduce credit risks when granting of credit. One of the commonly used methods is to require borrowers to provide collaterals. To enforce the rights to collaterals, the Group manages and assesses the collaterals according to the procedures adopted in determining the scope of collateralization and valuation of collaterals.

The main types of collateral for granting credit are as follows:

- i) Real estate.
- ii) Chattels and rights of pledge.
- iii) Guarantee from external agency.

To enhance guarantee of transaction risk, the Group's demand for collaterals depends on the nature of derivative transactions as follows:

- i) Guarantee of amount invested: Asking different ratio of guarantee based on the credit rating scale of clients.
- ii) Guarantee of high-risk transactions: Asking for collaterals when option contracts are under resale agreement.
- iii) Performance bond (loss on investment position): Asking for collaterals when loss on investment position exceeds the limit of approved market value.

The Group closely observed the value of pledged financial assets and evaluated which financial assets had been impaired in order to recognize allowance for impairment. Credit-impaired financial assets and their pledged values which eliminate potential loss, are as follows:

September 30, 2023

	Total Carrying Amount	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	\$ 8,719,104	\$ (2,088,457)	\$ 6,630,647	\$ 6,630,647
Receivables	812,992	(224,709)	588,283	544,658
Guarantees and letters of credit	106,527	(37,052)	69,475	46,927
Debt instruments	8,806	(8,806)	-	-
Others	<u>53,019</u>	<u>(10,242)</u>	<u>42,777</u>	<u>-</u>
Total financial assets that were impaired	<u>\$ 9,700,448</u>	<u>\$ (2,369,266)</u>	<u>\$ 7,331,182</u>	<u>\$ 7,222,232</u>

December 31, 2022

	Total Carrying Amount	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	\$ 7,187,918	\$ (1,634,126)	\$ 5,553,792	\$ 5,553,792
Receivables	778,507	(196,536)	581,971	568,506
Guarantees and letters of credit	90,196	(34,996)	55,200	37,864
Debt instruments	8,380	(8,380)	-	-
Others	<u>79,019</u>	<u>(11,897)</u>	<u>67,122</u>	<u>-</u>
Total financial assets that were impaired	<u>\$ 8,144,020</u>	<u>\$ (1,885,935)</u>	<u>\$ 6,258,085</u>	<u>\$ 6,160,162</u>

September 30, 2022

	Total Carrying Amount	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	\$ 6,720,860	\$ (1,581,999)	\$ 5,138,861	\$ 5,138,861
Receivables	868,052	(206,769)	661,283	627,554
Guarantees and letters of credit	88,501	(33,644)	54,857	37,864
Debt instruments	8,664	(8,664)	-	-
Others	<u>85,019</u>	<u>(12,175)</u>	<u>72,844</u>	<u>-</u>
 Total financial assets that were impaired	 <u>\$ 7,771,096</u>	 <u>\$ (1,843,251)</u>	 <u>\$ 5,927,845</u>	 <u>\$ 5,804,279</u>

ii. Credit risk concentration limits and control

To avoid the concentration of credit risks, the Group has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, the Group has set a ratio, which is the credit limit of a single issuer in proportion to the total securities position. The Group has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk of the financial assets, the Group has set credit limits by industry, conglomerate, country and transactions collateralized by shares, and integrated within one system to supervise the concentration of credit risk in these categories. The Group monitors concentration of each asset and controls various types of credit risk concentration in a single transaction involving counterparties, groups, related-party corporations, industries and nations.

iii. Other credit enhancements

To reduce its credit risks, the Group stipulates in its credit contracts the term for offsetting which clearly stated that the Group reserves the right to offset the borrowers' debt against their deposits in the Group.

e) Maximum exposure to credit risk

The maximum exposures of assets on the consolidated balance sheets to credit risks without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts. The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Irrevocable loan commitments	\$ 18,693,794	\$ 11,709,253	\$ 10,393,510
Credit card commitments	14,545,026	14,958,648	14,743,767
Guarantee receivables	30,249,594	27,269,501	26,075,226
Letters of credit	3,554,791	3,350,494	3,141,858

The management of the Group believes their abilities to minimize the credit risk exposures of the off-balance sheet items are mainly attributed to their rigorous evaluation of extended credit and the periodic reviews of these credits.

f) Credit risk concentration of the Group

When the counterparty of financial product transactions is concentrated on one person, or when there are several counterparties but they are mostly engaged in similar economic activities and have similar economic characteristics, causing their abilities to fulfill contract obligations to be similarly affected by economic or other situations, credit risk concentration is deemed to have occurred. The characteristics of significant credit risk concentration include the nature of the debtor's activities. The Group's transactions are not concentrated on a single customer or counterparty but spread among counterparties with similar industry types and operating regions. The contract amounts of significant credit risk concentration was as follows:

Counterparty	September 30, 2023	December 31, 2022	September 30, 2022
Private enterprise	\$ 298,582,688	\$ 285,611,571	\$ 276,820,141
Natural person	278,093,301	271,000,752	267,347,662
Government agencies	1,290,990	1,262,000	2,047,000
Others	<u>5,779,218</u>	<u>2,605,667</u>	<u>2,853,685</u>
	<u>\$ 583,746,197</u>	<u>\$ 560,479,990</u>	<u>\$ 549,068,488</u>

Credit Risk Profile by Group or Industry	September 30, 2023	December 31, 2022	September 30, 2022
Natural person	\$ 278,093,301	\$ 271,000,752	\$ 267,347,662
Manufacturing	80,716,869	83,555,861	82,768,076
Commercial	50,925,645	51,870,453	52,205,122
Real estate and leasing	84,070,419	73,337,914	69,418,566
Construction industry	30,271,515	25,904,700	25,093,874
Servicing	13,648,206	12,033,816	11,051,988
Finance and insurance	22,801,461	23,922,705	22,336,359
Transportation warehousing and information communication	9,452,708	8,691,538	8,026,541
Others	<u>13,766,073</u>	<u>10,162,251</u>	<u>10,820,300</u>
	<u>\$ 583,746,197</u>	<u>\$ 560,479,990</u>	<u>\$ 549,068,488</u>

Credit Risk Profile by Regions	September 30, 2023	December 31, 2022	September 30, 2022
Domestic	\$ 543,613,116	\$ 525,300,491	\$ 512,520,986
Asia	27,968,435	23,083,178	23,724,032
North America	7,624,653	9,297,320	9,935,008
Others	<u>4,539,993</u>	<u>2,799,001</u>	<u>2,888,462</u>
	<u>\$ 583,746,197</u>	<u>\$ 560,479,990</u>	<u>\$ 549,068,488</u>
Credit Risk Profile by Collaterals	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured	\$ 100,818,609	\$ 92,060,824	\$ 90,054,131
Secured			
Real estate	422,760,983	410,025,605	402,619,340
Letter of bank guarantee	17,352,005	17,280,784	17,367,099
Chattel	9,504,718	7,661,747	7,402,016
Debentures	17,490,578	18,955,531	17,794,069
Notes receivable	2,282,613	1,664,987	1,501,433
Shares	8,315,521	7,499,794	6,863,930
Others	<u>5,221,170</u>	<u>5,330,718</u>	<u>5,466,470</u>
	<u>\$ 583,746,197</u>	<u>\$ 560,479,990</u>	<u>\$ 549,068,488</u>

g) Write-off policy

If one of the following events have occurred, overdue loans and delinquent receivables should have the estimated recoverable amount deducted and should then be written off as bad debts:

- The debtor may not recover all or part of the obligatory claim due to dissolution, disappearance, settlement, bankruptcy or other reasons.
- The appraisal value of collateral and asset of the main and subordinate debtors are very low, or the compensation is not available after deducting the amount of the first mortgage, or it is not beneficial that execution fee is close to or may exceed the Bank's reimbursable amount.
- The collateral and the assets of the main and subordinate debtors are auctioned off at multiple auctions, of which the Bank did not receive any benefit.
- Overdue loans and delinquent receivables which have been overdue for more than 2 years have been collected but not yet received.
- The minimum payable amount of credit card which is overdue for six months that should be written off in three months.

h) Information of credit quality

i. Notes discounted, loans and receivables

September 30, 2023

Notes Discounted and Loans					
	Stage 1	Stage 2	Stage 3	Difference of Impairment Loss under Regulations	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL		
Product category					
Corporate loans	\$ 249,546,779	\$ 2,418,236	\$ 6,015,063	\$ -	\$ 257,980,078
Consumer loans	263,887,974	10,835,879	2,703,932	-	277,427,785
Others	<u>11,449</u>	<u>327</u>	<u>109</u>	-	<u>11,885</u>
Total carrying amount	513,446,202	13,254,442	8,719,104	-	535,419,748
Allowance for doubtful accounts	(2,110,001)	(902,543)	(2,088,457)	-	(5,101,001)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,947,723)</u>	<u>(1,947,723)</u>
	<u>\$ 511,336,201</u>	<u>\$ 12,351,899</u>	<u>\$ 6,630,647</u>	<u>\$ (1,947,723)</u>	<u>\$ 528,371,024</u>
Receivables					
	Stage 1	Stage 2	Stage 3	Difference of Impairment Loss under Regulations	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL		
Product category					
Corporate loans	\$ 17,785,341	\$ 397,713	\$ 747,927	\$ -	\$ 18,930,981
Consumer loans	2,304,471	32,193	37,590	-	2,374,254
Others	<u>59,423,271</u>	<u>13,369</u>	<u>27,475</u>	-	<u>59,464,115</u>
Total carrying amount	79,513,083	443,275	812,992	-	80,769,350
Allowance for doubtful accounts	(166,906)	(7,945)	(224,709)	-	(399,560)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,716)</u>	<u>(112,716)</u>
	<u>\$ 79,346,177</u>	<u>\$ 435,330</u>	<u>\$ 588,283</u>	<u>\$ (112,716)</u>	<u>\$ 80,257,074</u>
Irrevocable Loan Commitments					
	Stage 1	Stage 2	Stage 3	Difference of Impairment Loss under Regulations	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL		
Product category					
Corporate loans	\$ 17,633,157	\$ -	\$ 53,019	\$ -	\$ 17,686,176
Consumer loans	<u>1,007,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,007,618</u>
Total carrying amount	18,640,775	-	53,019	-	18,693,794
Allowance for doubtful accounts	(112,989)	-	(10,242)	-	(123,231)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,858)</u>	<u>(9,858)</u>
	<u>\$ 18,527,786</u>	<u>\$ -</u>	<u>\$ 42,777</u>	<u>\$ (9,858)</u>	<u>\$ 18,560,705</u>

Credit Card Commitments					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Consumer loans	\$ 14,491,916	\$ 53,110	\$ -	\$ -	\$ 14,545,026
Total carrying amount	14,491,916	53,110	-	-	14,545,026
Allowance for doubtful accounts	(4,826)	(1,164)	-	-	(5,990)
Difference of impairment loss under regulations	-	-	-	(1,393)	(1,393)
	<u>\$ 14,487,090</u>	<u>\$ 51,946</u>	<u>\$ -</u>	<u>\$ (1,393)</u>	<u>\$ 14,537,643</u>

Guarantee Receivables					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 30,113,953	\$ 24,114	\$ 106,527	\$ -	\$ 30,244,594
Consumer loans	5,000	-	-	-	5,000
Total carrying amount	30,118,953	24,114	106,527	-	30,249,594
Allowance for doubtful accounts	(217,791)	(1,558)	(37,052)	-	(256,401)
Difference of impairment loss under regulations	-	-	-	(50,862)	(50,862)
	<u>\$ 29,901,162</u>	<u>\$ 22,556</u>	<u>\$ 69,475</u>	<u>\$ (50,862)</u>	<u>\$ 29,942,331</u>

Letters of Credit					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 3,554,791	\$ -	\$ -	\$ -	\$ 3,554,791
Total carrying amount	3,554,791	-	-	-	3,554,791
Allowance for doubtful accounts	(9,070)	-	-	-	(9,070)
Difference of impairment loss under regulations	-	-	-	(4,053)	(4,053)
	<u>\$ 3,545,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,053)</u>	<u>\$ 3,541,668</u>

December 31, 2022

Notes Discounted and Loans					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 242,007,307	\$ 3,782,197	\$ 4,754,053	\$ -	\$ 250,543,557
Consumer loans	257,505,411	10,261,354	2,433,710	-	270,200,475
Others	<u>23,037</u>	<u>498</u>	<u>155</u>	<u>-</u>	<u>23,690</u>
Total carrying amount	499,535,755	14,044,049	7,187,918	-	520,767,722
Allowance for doubtful accounts	(2,055,966)	(1,156,156)	(1,634,126)	-	(4,846,248)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,808,648)</u>	<u>(1,808,648)</u>
	<u>\$ 497,479,789</u>	<u>\$ 12,887,893</u>	<u>\$ 5,553,792</u>	<u>\$ (1,808,648)</u>	<u>\$ 514,112,826</u>
Receivables					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 13,025,382	\$ 367,145	\$ 706,839	\$ -	\$ 14,099,366
Consumer loans	1,580,472	29,526	44,000	-	1,653,998
Others	<u>68,144,932</u>	<u>4</u>	<u>27,668</u>	<u>-</u>	<u>68,172,604</u>
Total carrying amount	82,750,786	396,675	778,507	-	83,925,968
Allowance for doubtful accounts	(127,490)	(9,604)	(196,536)	-	(333,630)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,676)</u>	<u>(152,676)</u>
	<u>\$ 82,623,296</u>	<u>\$ 387,071</u>	<u>\$ 581,971</u>	<u>\$ (152,676)</u>	<u>\$ 83,439,662</u>
Irrevocable Loan Commitments					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 10,318,566	\$ -	\$ 79,019	\$ -	\$ 10,397,585
Consumer loans	<u>1,311,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,311,668</u>
Total carrying amount	11,630,234	-	79,019	-	11,709,253
Allowance for doubtful accounts	(72,492)	-	(11,897)	-	(84,389)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,617)</u>	<u>(1,617)</u>
	<u>\$ 11,557,742</u>	<u>\$ -</u>	<u>\$ 67,122</u>	<u>\$ (1,617)</u>	<u>\$ 11,623,247</u>

Credit Card Commitments					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Consumer loans	\$ 14,888,343	\$ 70,305	\$ -	\$ -	\$ 14,958,648
Total carrying amount	14,888,343	70,305	-	-	14,958,648
Allowance for doubtful accounts	(5,295)	(1,648)	-	-	(6,943)
Difference of impairment loss under regulations	-	-	-	(439)	(439)
	<u>\$ 14,883,048</u>	<u>\$ 68,657</u>	<u>\$ -</u>	<u>\$ (439)</u>	<u>\$ 14,951,266</u>

Guarantee Receivables					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 27,052,806	\$ 126,499	\$ 90,196	\$ -	\$ 27,269,501
Total carrying amount	27,052,806	126,499	90,196	-	27,269,501
Allowance for doubtful accounts	(193,788)	(20,588)	(34,996)	-	(249,372)
Difference of impairment loss under regulations	-	-	-	(26,591)	(26,591)
	<u>\$ 26,859,018</u>	<u>\$ 105,911</u>	<u>\$ 55,200</u>	<u>\$ (26,591)</u>	<u>\$ 26,993,538</u>

Letters of Credit					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 3,150,494	\$ 200,000	\$ -	\$ -	\$ 3,350,494
Total carrying amount	3,150,494	200,000	-	-	3,350,494
Allowance for doubtful accounts	(8,267)	(9,214)	-	-	(17,481)
Difference of impairment loss under regulations	-	-	-	(343)	(343)
	<u>\$ 3,142,227</u>	<u>\$ 190,786</u>	<u>\$ -</u>	<u>\$ (343)</u>	<u>\$ 3,332,670</u>

September 30, 2022

Notes Discounted and Loans					
	Stage 1	Stage 2	Stage 3	Difference of Impairment Loss under Regulations	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL		
Product category					
Corporate loans	\$ 236,983,296	\$ 2,761,833	\$ 4,319,134	\$ -	\$ 244,064,263
Consumer loans	255,092,618	9,110,973	2,401,583	-	266,605,174
Others	<u>22,667</u>	<u>622</u>	<u>143</u>	-	<u>23,432</u>
Total carrying amount	492,098,581	11,873,428	6,720,860	-	510,692,869
Allowance for doubtful accounts	(1,991,881)	(930,101)	(1,581,999)	-	(4,503,981)
Difference of impairment loss under regulations	-	-	-	(1,881,463)	(1,881,463)
	<u>\$ 490,106,700</u>	<u>\$ 10,943,327</u>	<u>\$ 5,138,861</u>	<u>\$ (1,881,463)</u>	<u>\$ 504,307,425</u>
Receivables					
	Stage 1	Stage 2	Stage 3	Difference of Impairment Loss under Regulations	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL		
Product category					
Corporate loans	\$ 12,488,212	\$ 272,770	\$ 807,322	\$ -	\$ 13,568,304
Consumer loans	1,742,257	23,815	32,547	-	1,798,619
Others	<u>68,448,799</u>	<u>4</u>	<u>28,183</u>	-	<u>68,476,986</u>
Total carrying amount	82,679,268	296,589	868,052	-	83,843,909
Allowance for doubtful accounts	(123,536)	(6,187)	(206,769)	-	(336,492)
Difference of impairment loss under regulations	-	-	-	(272,538)	(272,538)
	<u>\$ 82,555,732</u>	<u>\$ 290,402</u>	<u>\$ 661,283</u>	<u>\$ (272,538)</u>	<u>\$ 83,234,879</u>
Irrevocable Loan Commitments					
	Stage 1	Stage 2	Stage 3	Difference of Impairment Loss under Regulations	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL		
Product category					
Corporate loans	\$ 8,906,717	\$ 33,250	\$ 85,019	\$ -	\$ 9,024,986
Consumer loans	<u>1,368,524</u>	<u>-</u>	<u>-</u>	-	<u>1,368,524</u>
Total carrying amount	10,275,241	33,250	85,019	-	10,393,510
Allowance for doubtful accounts	(63,471)	(782)	(12,175)	-	(76,428)
Difference of impairment loss under regulations	-	-	-	(747)	(747)
	<u>\$ 10,211,770</u>	<u>\$ 32,468</u>	<u>\$ 72,844</u>	<u>\$ (747)</u>	<u>\$ 10,316,335</u>

Credit Card Commitments					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Consumer loans	\$ 14,679,552	\$ 64,215	\$ -	\$ -	\$ 14,743,767
Total carrying amount	14,679,552	64,215	-	-	14,743,767
Allowance for doubtful accounts	(5,234)	(1,528)	-	-	(6,762)
Difference of impairment loss under regulations	-	-	-	(621)	(621)
	<u>\$ 14,674,318</u>	<u>\$ 62,687</u>	<u>\$ -</u>	<u>\$ (621)</u>	<u>\$ 14,736,384</u>

Guarantee Receivables					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 25,628,365	\$ 358,360	\$ 88,501	\$ -	\$ 26,075,226
Total carrying amount	25,628,365	358,360	88,501	-	26,075,226
Allowance for doubtful accounts	(182,416)	(68,132)	(33,644)	-	(284,192)
Difference of impairment loss under regulations	-	-	-	(9,771)	(9,771)
	<u>\$ 25,445,949</u>	<u>\$ 290,228</u>	<u>\$ 54,857</u>	<u>\$ (9,771)</u>	<u>\$ 25,781,263</u>

Letters of Credit					
	Stage 1	Stage 2	Stage 3	Difference of	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
				under	
				Regulations	
Product category					
Corporate loans	\$ 3,141,858	\$ -	\$ -	\$ -	\$ 3,141,858
Total carrying amount	3,141,858	-	-	-	3,141,858
Allowance for doubtful accounts	(8,253)	-	-	-	(8,253)
Difference of impairment loss under regulations	-	-	-	(6,819)	(6,819)
	<u>\$ 3,133,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,819)</u>	<u>\$ 3,126,786</u>

ii. Debt instrument investments

September 30, 2023

Financial Assets at FVTOCI				
	Stage 1	Stage 2	Stage 3	
	12-month ECLs	Lifetime ECL	Lifetime ECL	Total
Product category (Note)				
Investment grade bond	\$ 53,855,467	\$ -	\$ -	\$ 53,855,467
Non-investment grade bond	-	-	-	-
Total carrying amount	53,855,467	-	-	53,855,467
Allowance for impairment	(28,748)	-	-	(28,748)
Difference of impairment loss under regulations	-	-	-	-
	<u>\$ 53,826,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,826,719</u>

	Investments in Debt Instruments at Amortized Cost			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL	
Product category (Note)				
Investment grade bond	\$ 64,771,302	\$ 1,044,420	\$ -	\$ 65,815,722
Non-investment grade bond	-	-	8,806	8,806
Others (NCDs issued by the CBC)	<u>47,448,280</u>	<u>-</u>	<u>-</u>	<u>47,448,280</u>
Total carrying amount	112,219,582	1,044,420	8,806	113,272,808
Allowance for impairment	(33,413)	(9,605)	(8,806)	(51,824)
Difference of impairment loss under regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 112,186,169</u>	<u>\$ 1,034,815</u>	<u>\$ -</u>	<u>\$ 113,220,984</u>

Note: The bond rating is based on the original credit rating of Moody's, Fitch (Fitch), Standard & Poor's (S&P) and China Credit Rating.

The breakdown below shows the Group's investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

September 30, 2023

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total carrying amount	\$ 55,163,680	\$ 113,272,808
Loss allowance	<u>(28,748)</u>	<u>(51,824)</u>
Amortized cost	55,134,932	113,220,984
Fair value adjustment	<u>(1,308,213)</u>	<u>-</u>
	<u>\$ 53,826,719</u>	<u>\$ 113,220,984</u>

The Group's current credit risk rating mechanism and the total carrying value of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Carrying Amount	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.48%	\$ 55,163,680	\$ 112,219,582
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)	0.70%-1.15%	-	1,044,420
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	8,806
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off	-	-	-

With respect to the Group's investments in debt instruments at FVTOCI and at amortized cost, information on the changes in their loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECL and Not Credit Impaired)	Default (Lifetime ECL with Credit Impaired)
<u>Financial assets at FVTOCI</u>			
Balance at January 1, 2023	\$ 27,120	\$ -	\$ -
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	10,837	-	-
Disposal	(5,186)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	<u>(4,023)</u>	<u>-</u>	<u>-</u>
Loss allowance at September 30, 2023	<u>\$ 28,748</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial assets at amortized cost</u>			
Balance at January 1, 2023	\$ 22,742	\$ 15,100	\$ 8,380
Change in credit rating			
Normal turned to abnormal	4,639	(4,639)	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	15,345	-	-
Disposal	(6,329)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	<u>(2,984)</u>	<u>(856)</u>	<u>426</u>
Loss allowance at September 30, 2023	<u>\$ 33,413</u>	<u>\$ 9,605</u>	<u>\$ 8,806</u>

December 31, 2022

	Financial Assets at FVTOCI			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECLs	Lifetime ECL	Lifetime ECL	
Product category (Note)				
Investment grade bond	\$ 40,103,103	\$ -	\$ -	\$ 40,103,103
Non-investment grade bond	-	-	-	-
Total carrying amount	40,103,103	-	-	40,103,103
Allowance for impairment	(27,120)	-	-	(27,120)
Difference of impairment loss under regulations	-	-	-	-
	<u>\$ 40,075,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,075,983</u>
	Investments in Debt Instruments at Amortized Cost			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL	
Product category (Note)				
Investment grade bond	\$ 54,515,788	\$ 1,402,240	\$ -	\$ 55,918,028
Non-investment grade bond	-	-	8,380	8,380
Others (NCDs issued by the CBC)	49,498,280	-	-	49,498,280
Total carrying amount	104,014,068	1,402,240	8,380	105,424,688
Allowance for impairment	(22,742)	(15,100)	(8,380)	(46,222)
Difference of impairment loss under regulations	-	-	-	-
	<u>\$ 103,991,326</u>	<u>\$ 1,387,140</u>	<u>\$ -</u>	<u>\$ 105,378,466</u>

Note: The bond rating is based on the original credit rating of Moody's, Fitch (Fitch), Standard & Poor's (S&P) and China Credit Rating.

The breakdown below shows the Group's investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

December 31, 2022

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total carrying amount	\$ 41,327,887	\$ 105,424,688
Loss allowance	(27,120)	(46,222)
Amortized cost	41,300,767	105,378,466
Fair value adjustment	(1,224,784)	-
	<u>\$ 40,075,983</u>	<u>\$ 105,378,466</u>

The Group's current credit risk rating mechanism and the total carrying amount of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Carrying Amount	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.06%	\$ 41,327,887	\$ 104,014,068
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)	0.83%-1.32%	-	1,402,240
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	8,380
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off	-	-	-

With respect to the Group's investments in debt instruments at FVTOCI and at amortized cost, information on the changes in its loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECL and Not Credit Impaired)	Default (Lifetime ECL with Credit Impaired)
<u>Financial assets at FVTOCI</u>			
Balance at January 1, 2022	\$ 29,891	\$ -	\$ -
Changes in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	639	-	-
Disposal	(1,657)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	<u>(1,753)</u>	<u>-</u>	<u>-</u>
Loss allowance at December 31, 2022	<u>\$ 27,120</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial assets at amortized cost</u>			
Balance at January 1, 2022	\$ 23,109	\$ -	\$ 7,554
Changes in credit rating			
Normal turned to abnormal	(15,100)	15,100	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	7,336	-	-
Disposal	(7,078)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	<u>14,475</u>	<u>-</u>	<u>826</u>
Loss allowance at December 31, 2022	<u>\$ 22,742</u>	<u>\$ 15,100</u>	<u>\$ 8,380</u>

September 30, 2022

	Financial Assets at FVTOCI			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECLs	Lifetime ECL	Lifetime ECL	
Product category (Note)				
Investment grade bond	\$ 41,817,196	\$ -	\$ -	\$ 41,817,196
Non-investment grade bond	-	-	-	-
Total carrying amount	41,817,196	-	-	41,817,196
Allowance for impairment	(27,846)	-	-	(27,846)
Difference of impairment loss under regulations	-	-	-	-
	<u>\$ 41,789,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,789,350</u>
	Investments in Debt Instruments at Amortized Cost			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECLs	Lifetime ECL	Lifetime ECL	
Product category (Note)				
Investment grade bond	\$ 53,251,467	\$ -	\$ -	\$ 53,251,467
Non-investment grade bond	-	-	8,664	8,664
Others (NCDs issued by the CBC)	57,440,000	-	-	57,440,000
Total carrying amount	110,691,467	-	8,664	110,700,131
Allowance for impairment	(24,293)	-	(8,664)	(32,957)
Difference of impairment loss under regulations	-	-	-	-
	<u>\$ 110,667,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,667,174</u>

Note: The bond rating is based on the original credit rating of Moody's, Fitch (Fitch), Standard & Poor's (S&P) and China Credit Rating.

The breakdown below shows the Group's investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

September 30, 2022

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total carrying amount	\$ 42,897,721	\$ 110,700,131
Loss allowance	(27,846)	(32,957)
Amortized cost	42,869,875	110,667,174
Fair value adjustment	(1,080,525)	-
	<u>\$ 41,789,350</u>	<u>\$ 110,667,174</u>

The Group's current credit risk rating mechanism and the total carrying value of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Carrying Amount	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.41%	\$ 42,897,721	\$ 110,691,467
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)	-	-	-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	8,664
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off	-	-	-

With respect to the Group's investments in debt instruments at FVTOCI and at amortized cost, information on the changes in their loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECL and Not Credit Impaired)	Default (Lifetime ECL with Credit Impaired)
<u>Financial assets at FVTOCI</u>			
Balance at January 1, 2022	\$ 29,891	\$ -	\$ -
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	639	-	-
Disposal	(917)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	<u>(1,767)</u>	<u>-</u>	<u>-</u>
Loss allowance at September 30, 2022	<u>\$ 27,846</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECL and Not Credit Impaired)	Default (Lifetime ECL with Credit Impaired)
<u>Financial assets at amortized cost</u>			
Balance at January 1, 2022	\$ 23,109	\$ -	\$ 7,554
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	4,724	-	-
Disposal	(3,706)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	<u>166</u>	<u>-</u>	<u>1,110</u>
Loss allowance at September 30, 2022	<u>\$ 24,293</u>	<u>\$ -</u>	<u>\$ 8,664</u> (Concluded)

3) Liquidity risk

a) The source and definition of liquidity risk:

Liquidity risk refers to the potential loss resulting from the shortage of funds in acquiring assets or repaying debts on maturity, such as the cash outflow arising from the depositors' withdrawal of deposits, loan drawdown, other interests, expenses, or off-balance sheet transactions. To ensure sufficient capital liquidity, measures that can be taken include enough cash buffer in shares or readily realizable marketable securities, allocation of the period, absorbing deposits or financial borrowings, etc.

b) The Group's liquidity risk policies

The Group establishes a strategy based on the conservatism principle to diversify the source and duration of funds, participates in the fund's lending market and maintains strong relationship with fund providers to ensure the stability and reliability of funding sources.

The Group formulates relevant standards including risk identification, measurement, monitoring and reporting in order to control and grasp the potential adverse effects, regularly performs stress tests and analyzes the crisis situation to mitigate impact of excessive capital flows, establishes a limit monitoring mechanism, and sets management indicators such as liquidity ratios, cash flow gaps, etc.

The Group's liquidity risk management unit is the Asset and Liability Management Committee (hereinafter referred to as the "Committee"). The Committee must adopt necessary monitoring steps to maintain adequate liquidity and ensure that certain committees should regularly report to the board of directors for effective management of liquidity risks.

Maturity analysis of non-derivative financial liabilities

The Group disclosed the analysis of cash outflows from non-derivative financial liabilities by the residual maturities as of the balance sheet date. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown on the consolidated balance sheets.

September 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 10,767,194	\$ -	\$ 52,220	\$ 1,466	\$ -	\$ 10,820,880
Funds borrowed from the Central Bank and other banks	3,265,111	2,191,107	1,632,447	1,576,300	3,243,759	11,908,724
Securities sold under repurchase agreements	3,950,033	-	-	-	-	3,950,033
Payables	12,179,117	807,956	1,479,096	177,054	704,931	15,348,154
Deposits and remittances	75,614,409	94,141,433	87,078,379	154,892,126	291,097,649	702,823,996
Bank debentures	-	340,112	-	31,400	16,500,000	16,871,512
Lease liabilities	16,715	33,447	50,149	97,755	908,022	1,106,088
Other items of cash outflow on maturity	2,646,741	1,494,989	70,645	457,210	3,930,757	8,600,342

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 8,702,273	\$ -	\$ 730	\$ 737	\$ -	\$ 8,703,740
Funds borrowed from the Central Bank and other banks	595,482	3,010,784	2,408,823	1,129,083	1,753,930	8,898,102
Payables	9,156,221	713,207	582,054	343,950	260,582	11,056,014
Deposits and remittances	57,407,306	93,823,189	122,763,117	124,054,389	285,517,592	683,565,593
Bank debentures	-	-	-	71,967	16,500,000	16,571,967
Lease liabilities	15,329	30,804	43,779	85,883	776,242	952,037
Other items of cash outflow on maturity	1,723,635	943,549	818,529	196,423	3,608,645	7,290,781

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 3,200,073	\$ 52,220	\$ -	\$ 1,466	\$ -	\$ 3,253,759
Funds borrowed from the Central Bank and other banks	1,699,519	1,599,667	1,124,397	448,333	3,108,739	7,980,655
Securities sold under repurchase agreements	701,740	200,371	-	-	-	902,111
Payables	7,903,991	739,565	1,259,072	168,737	550,090	10,621,455
Deposits and remittances	76,733,221	102,048,685	79,460,226	151,886,199	284,128,572	694,256,903
Bank debentures	-	301,820	-	28,862	16,500,000	16,830,682
Lease liabilities	14,982	29,311	43,942	82,876	776,627	947,738
Other items of cash outflow on maturity	1,722,025	513,518	30,402	958,453	3,297,287	6,521,685

Maturity analysis of derivative financial liabilities

a) Derivative instruments settled at net amounts

Derivative instruments settled at net amounts include:

Foreign exchange derivative instruments: Foreign exchange forward contracts and cross-currency option contracts.

The Group assesses the maturity dates of derivative contracts to understand the basic elements of all derivative financial instruments shown on the consolidated balance sheets. The amounts used in the consolidated balance sheets are based on contractual cash flows. Therefore, some amounts may not correspond to the consolidated balance sheets. The maturity analysis of derivative financial liabilities was as follows:

September 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	\$ 76,970	\$ 131,832	\$ 67,731	\$ 57,798	\$ -	\$ 334,331
Total	\$ 76,970	\$ 131,832	\$ 67,731	\$ 57,798	\$ -	\$ 334,331

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	\$ 58,272	\$ 125,454	\$ 116,544	\$ 85,040	\$ -	\$ 385,310
Total	\$ 58,272	\$ 125,454	\$ 116,544	\$ 85,040	\$ -	\$ 385,310

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	\$ 45,785	\$ 119,276	\$ 165,436	\$ 86,316	\$ -	\$ 416,813
Total	\$ 45,785	\$ 119,276	\$ 165,436	\$ 86,316	\$ -	\$ 416,813

b) Derivative instruments settled at gross amounts

Derivative instruments settled at gross amounts include:

Foreign exchange derivatives instruments: Foreign exchange forward contracts and cross-currency swap contracts.

The Group disclosed the analysis of derivative instruments to be settled at gross amount by the residual maturities as of the balance sheet date. The Group assesses the maturity dates of derivative contracts to understand the basic elements of all derivative financial instruments shown in the balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown on the consolidated balance sheets. The maturity analysis of derivative financial liabilities settled at gross amounts was as follows:

September 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	\$ 20,178,015	\$ 8,542,906	\$ 3,062,817	\$ 1,324,368	\$ -	\$ 33,108,106
Inflows	20,034,376	8,435,285	2,987,807	1,300,478	-	32,757,946
Total outflows	20,178,015	8,542,906	3,062,817	1,324,368	-	33,108,106
Total inflows	20,034,376	8,435,285	2,987,807	1,300,478	-	32,757,946
Net flows	\$ (143,639)	\$ (107,621)	\$ (75,010)	\$ (23,890)	\$ -	\$ (350,160)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	\$ 17,935,625	\$ 7,870,492	\$ 2,694,326	\$ 910,033	\$ -	\$ 29,410,476
Inflows	17,720,731	7,598,820	2,595,045	863,855	-	28,778,451
Total outflows	17,935,625	7,870,492	2,694,326	910,033	-	29,410,476
Total inflows	17,720,731	7,598,820	2,595,045	863,855	-	28,778,451
Net flows	\$ (214,894)	\$ (271,672)	\$ (99,281)	\$ (46,178)	\$ -	\$ (632,025)

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	\$ 16,947,607	\$ 12,010,037	\$ 5,402,553	\$ 1,706,500	\$ -	\$ 36,066,697
Inflows	16,681,645	11,657,857	5,186,239	1,653,591	-	35,179,332
Total outflows	16,947,607	12,010,037	5,402,553	1,706,500	-	36,066,697
Total inflows	16,681,645	11,657,857	5,186,239	1,653,591	-	35,179,332
Net flows	\$ (265,962)	\$ (352,180)	\$ (216,314)	\$ (52,909)	\$ -	\$ (887,365)

4) Maturity analysis of off-balance-sheet items

The following table shows the Group's maturity analysis of off-balance sheet items based on the residual maturities from the consolidated balance sheets. For the financial guarantee contract issued, the maximum amount of guarantee is included in the earliest period that may be required to perform the guarantee. The amounts in the table below were prepared on contractual cash flow basis; therefore, some disclosed amounts would not match with the consolidated balance sheets.

September 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	\$ 8,872,734	\$ 23,915,525	\$ 32,128,808	\$ 71,586,903	\$ 66,000,567	\$ 202,504,537
Letters of credit	730,113	2,385,401	393,014	46,263	-	3,554,791
Guarantee receivables	6,160,171	6,323,034	1,982,641	3,598,818	12,184,930	30,249,594
Lease contract commitments	5,084,018	400,220	384,018	536,436	-	6,404,692
Total	\$ 20,847,036	\$ 33,024,180	\$ 34,888,481	\$ 75,768,420	\$ 78,185,497	\$ 242,713,614

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	\$ 9,837,095	\$ 19,810,438	\$ 31,619,264	\$ 70,681,639	\$ 54,419,920	\$ 186,368,356
Letters of credit	966,386	2,083,566	288,243	12,299	-	3,350,494
Guarantee receivables	4,810,563	6,111,423	1,167,508	3,306,319	11,873,688	27,269,501
Lease contract commitments	2,814,549	246,797	161,104	254,735	-	3,477,185
Total	\$ 18,428,593	\$ 28,252,224	\$ 33,236,119	\$ 74,254,992	\$ 66,293,608	\$ 220,465,536

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	\$ 12,693,412	\$ 18,587,270	\$ 31,712,051	\$ 70,521,595	\$ 53,563,723	\$ 187,078,051
Letters of credit	683,453	2,033,876	415,331	9,198	-	3,141,858
Guarantee receivables	7,279,676	2,605,136	1,949,136	2,678,524	11,562,754	26,075,226
Lease contract commitments	2,964,761	112,711	384,833	110,095	-	3,572,400
Total	\$ 23,621,302	\$ 23,338,993	\$ 34,461,351	\$ 73,319,412	\$ 65,126,477	\$ 219,867,535

5) Cash flow and fair value risk of interest rate fluctuation

The floating-rate assets/liabilities held by the Bank may be exposed to risks of future cash inflow/outflow. Since the risk is considered substantial, it is therefore hedged by the Bank.

40. TRANSFERS OF FINANCIAL ASSETS

Transferred Financial Assets That Do Not Qualify for Derecognition

Most of the transferred financial assets of the Group that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right of receiving cash flows from the transferred financial assets would be transferred to other entities and the associated liabilities of the Group's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Group is restricted to use, sell or pledge the transferred financial assets throughout the term of transaction, and is still exposed to interest rate risks and credit risks on these instruments, the transferred financial assets are not derecognized in their entirety. The details of financial assets that were not derecognized in their entirety and the associated financial liabilities were as follows:

September 30, 2023					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Financial assets at FVTOCI					
Securities sold under repurchase agreements	\$ 192,063	\$ 155,261	\$ 162,964	\$ 155,261	\$ 7,703
Investments in debt instruments at amortized cost					
Securities sold under repurchase agreements	3,893,419	3,773,934	3,984,224	3,773,934	210,290

December 31, 2022					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at amortized cost Securities sold under repurchase agreements	\$ -	\$ -	\$ -	\$ -	\$ -

September 30, 2022					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at amortized cost Securities sold under repurchase agreements	\$ 905,427	\$ 901,409	\$ 907,520	\$ 901,409	\$ 6,111

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group did not hold financial instruments covered by Section 42 of the IAS 32 “Financial Instruments: Presentation” endorsed by the Financial Supervisory Commission; thus, it made an offset of financial assets and liabilities and reported the net amount in the consolidated balance sheets.

The Group engages in transactions on the following financial assets and liabilities that are not subject to balance sheet offsetting based on IAS 32 but are under master netting arrangements or similar agreements. These agreements allow both the Group and its counterparties to opt for the net settlement of financial assets and financial liabilities. If one party defaults, the other party may choose net settlement.

The netting information of financial assets and financial liabilities is set out below:

September 30, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amounts of Financial Assets Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Securities purchased under resale agreements	\$ 10,966,099	\$ -	\$ 10,966,099	\$ 10,966,099	\$ -	\$ -
Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets	Net Amounts of Financial Liabilities Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
Securities sold under repurchase agreements	\$ 3,929,195	\$ -	\$ 3,929,195	\$ 3,929,195	\$ -	\$ -

December 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amounts of Financial Assets Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Securities purchased under resale agreements	\$ 11,643,340	\$ -	\$ 11,643,340	\$ 11,643,340	\$ -	\$ -

September 30, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amounts of Financial Assets Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Securities purchased under resale agreements	\$ 11,351,278	\$ -	\$ 11,351,278	\$ 11,351,278	\$ -	\$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets	Net Amounts of Financial Liabilities Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Securities sold under repurchase agreements	\$ 901,409	\$ -	\$ 901,409	\$ 901,409	\$ -	\$ -

42. INFORMATION ABOUT THE BANK

a. Asset quality

Items		September 30, 2023					September 30, 2022				
		Non-performing Loan (Note 1)	Total Loan	NPL Ratio (Note 2)	Allowance for Loan Losses	Coverage Ratio (Note 3)	Non-performing Loan (Note 1)	Total Loan	NPL Ratio (Note 2)	Allowance for Loan Losses	Coverage Ratio (Note 3)
Corporate loans	Secured	\$ 173,060	\$ 151,784,011	0.11%	\$ 1,746,532	1,009.21%	\$ 290,003	\$ 148,863,971	0.19%	\$ 1,707,088	588.64%
	Unsecured	472,173	106,168,517	0.44%	2,033,529	430.67%	25,190	95,177,274	0.03%	1,471,215	5,840.47%
Consumer loans	Mortgage (Note 4)	187,471	80,174,746	0.23%	1,202,326	641.34%	165,569	72,479,815	0.23%	1,088,103	657.19%
	Cash card	-	-	-	-	-	-	-	-	-	-
	Microcredit (Note 5)	361	695,884	0.05%	11,850	3,282.55%	2,755	944,798	0.29%	13,117	476.12%
Others (Note 6)	Secured	153,244	160,537,725	0.10%	1,688,405	1,101.78%	202,039	159,081,868	0.13%	1,682,335	832.68%
	Unsecured	32,996	34,685,623	0.10%	365,496	1,107.70%	17,515	32,880,561	0.05%	422,999	2,415.07%
Loans		1,019,305	534,046,506	0.19%	7,048,138	691.46%	703,071	509,428,287	0.14%	6,384,857	908.14%

Items		September 30, 2023					September 30, 2022				
		Overdue Receivable	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio	Overdue Receivable	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card		\$ 1,051	\$ 744,290	0.14%	\$ 23,165	2,204.09%	\$ 686	\$ 736,424	0.09%	\$ 27,107	3,951.46%
Accounts receivable without recourse (Note 7)		-	109,952	-	8,041	-	-	274,064	-	7,996	-

Non-reportable overdue loans and receivables

	September 30, 2023		September 30, 2022	
	Non-Reportable NPL Balance	Non-reportable Overdue Receivable Balance	Non-Reportable NPL Balance	Non-reportable Overdue Receivable Balance
Non-reportable amount upon performance of debt negotiation program (Note 8)	\$ 476	\$ 296	\$ 842	\$ 546
Amount received from performance of debt negotiation program (Note 9)	8,977	12,457	10,488	14,273
Total	9,453	12,753	11,330	14,819

Note 1: The amount recognized as non-performing loans (NPL) is in compliance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. Non-performing credit loans represent the amounts of non-performing loans reported to the FSC, as required by the FSC in its letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Non-performing loan ratio = Non-performing loans ÷ Outstanding loan balance;
Non-performing credit loan ratio = Non-performing loans ÷ Accounts receivable balance.

Note 3: Allowance for doubtful accounts ratio = Allowance for doubtful accounts in loans ÷ Overdue loans;
Allowance for doubtful accounts ratio of credit card = Allowance for doubtful accounts in credit cards ÷ Overdue loans.

Note 4: Home mortgage refers to financing obtained to buy, build, or fix houses owned by the borrowers’ spouse or children, with the house used as loan collateral.

Note 5: Microcredit is covered by the FSC pronouncement dated December 19, 2005 (Ref No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: “Others” under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, microcredit, and credit cards.

Note 7: As required by the FSC in its letter dated July 19, 2005 (Ref No. 094000494), a provision for bad debts is recognized once no compensation is made by a factor or insurance company for accounts receivable factored without recourse.

Note 8: Accounts under “loans not required to be classified as NPL upon performance of a debt negotiation program” and “accounts receivable not required to be classified as overdue receivable upon debt negotiation program” were processed according the FSC pronouncement dated April 25, 2006 (Ref No. 09510001270).

Note 9: Accounts under “loans not required to be classified as NPL upon performance of a debt discharge program and rehabilitation program” and “accounts receivable not required to be classified as overdue receivable upon debt discharge program and rehabilitation program” were processed according the FSC pronouncement dated September 15, 2008 (Ref No. 09700318940), the FSC pronouncement dated September 20, 2016 (Ref No. 10500134790).

b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Year	September 30, 2023		
Top 10 Rank (Note 1)	Group (Note 2)	Total Credit (Note 3)	Percentage of Net Worth (%)
1	Group A 016700 real estate development activities	\$ 4,227,133	5.77
2	Group B 016700 real estate development activities	4,220,500	5.76
3	Group C 016700 real estate development activities	2,767,370	3.78
4	Group D 016499 other financial intermediation	2,304,919	3.14
5	Group E 016700 real estate development activities	2,057,375	2.81
6	Group F 012411 smelting and refining of iron and steel	1,946,415	2.66
7	Group G 016700 real estate development activities	1,751,493	2.39
8	Group H 010892 manufacture of macaroni, noodles, couscous and similar farinaceous products	1,722,809	2.35
9	Group I 014290 civil engineering constructions	1,654,362	2.26
10	Group J 012630 bare printed circuit boards manufacturing	1,639,864	2.24

Year	September 30, 2022		
Top 10 Rank (Note 1)	Group (Note 2)	Total Credit (Note 3)	Percentage of Net Worth (%)
1	Group B 016700 real estate development activities	\$ 4,934,879	7.61
2	Group A 016700 real estate development activities	3,102,550	4.79
3	Group K 016700 real estate development activities	2,250,543	3.47
4	Group I 014290 civil engineering construction	2,125,297	3.28
5	Group F 012411 smelting and refining of iron and steel	2,040,054	3.15
6	Group G 016700 real estate development activities	1,830,100	2.82
7	Group H 010892 manufacture of macaroni, noodles, couscous and similar farinaceous products	1,754,281	2.71
8	Group C 016700 real estate development activities	1,735,168	2.68
9	Group L 016499 other financial intermediation	1,719,395	2.65
10	Group J 012630 bare printed circuit boards manufacturing	1,687,290	2.60

Note 1: The ranking is arranged in descending order of the outstanding loan balance, excluding all the government entities and nation-owned enterprises. If the borrower is a member company of a group, then the disclosed amount will be the total granted loan amount for that entire group. (i.e., Group A real estate development activities).

Note 2: According to Article 6 of the “Supplementary Provisions to the Stock Exchange Corporation Criteria for the Review of Securities Listings”, Group refers to the entity that has a controlling or subordinate relationship with the counterparty that obtained loans from the Bank.

Note 3: Credit balance means the sum of all the loans (including import bill negotiated, discounted export bills negotiated, overdrafts, short-term secured and unsecured loans, securities margin loan receivables, medium-term secured and unsecured loans, long-term secured and unsecured loans and delinquent receivables), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantees issued.

c. Interest rate sensitivity information

**Interest Rate Sensitivity
September 30, 2023**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	\$ 545,393,945	\$ 8,640,789	\$ 5,453,164	\$ 119,028,814	\$ 678,516,712
Interest-sensitive liabilities	197,457,106	367,449,132	63,883,038	8,883,594	637,672,870
Interest sensitivity gap	347,936,839	(358,808,343)	(58,429,874)	110,145,220	40,843,842
Net equity					73,299,153
Ratio of interest-sensitive assets to liabilities					106.41%
Ratio of interest sensitivity gap to net equity					55.72%

September 30, 2022

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	\$ 533,888,567	\$ 8,136,487	\$ 18,629,523	\$ 96,667,903	\$ 657,322,480
Interest-sensitive liabilities	204,993,733	352,046,057	59,730,109	9,238,641	626,008,540
Interest sensitivity gap	328,894,834	(343,909,570)	(41,100,586)	87,429,262	31,313,940
Net equity					64,827,415
Ratio of interest-sensitive assets to liabilities					105.00%
Ratio of interest sensitivity gap to net equity					48.30%

Note 1: The above amounts included only the New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

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

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

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

**Interest Rate Sensitivity
September 30, 2023**

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	\$ 1,175,147	\$ 173,108	\$ 41,493	\$ 646,691	\$ 2,036,439
Interest-sensitive liabilities	1,416,452	816,575	260,361	-	2,493,388
Interest sensitivity gap	(241,305)	(643,467)	(218,868)	646,691	(456,949)
Net equity					2,271,433
Ratio of interest-sensitive assets to liabilities					81.67%
Ratio of interest sensitivity gap to net equity					(20.12%)

September 30, 2022

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	\$ 1,498,687	\$ 315,183	\$ 16,862	\$ 352,208	\$ 2,182,940
Interest-sensitive liabilities	1,106,311	1,040,055	244,986	9,590	2,400,942
Interest sensitivity gap	392,376	(724,872)	(228,124)	342,618	(218,002)
Net equity					2,041,808
Ratio of interest-sensitive assets to liabilities					90.92%
Ratio of interest sensitivity gap to net equity					(10.68%)

Note 1: The above amounts included only the U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

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

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

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

d. Profitability

Unit: %

Items		September 30, 2023	September 30, 2022
Return on total assets	Pretax	0.71	0.61
	After tax	0.60	0.51
Return on net equity	Pretax	8.05	7.45
	After tax	6.88	6.15
Profit margin		40.69	37.99

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

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

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

Note 4: Income before (after) income tax represents income for the nine months ended September 30, 2023 and 2022.

e. Maturity analysis of assets and liabilities

**Maturity Analysis of Assets and Liabilities
September 30, 2023**

(In Thousands of New Taiwan Dollars)

	Total	Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Major capital inflow on maturity	\$ 740,331,803	\$ 81,642,246	\$ 47,645,849	\$ 52,345,881	\$ 60,670,477	\$ 101,915,507	\$ 396,111,843
Major capital outflow on maturity	906,143,743	41,318,823	47,418,187	104,919,498	132,406,248	202,669,948	377,411,039
Gap	(165,811,940)	40,323,423	227,662	(52,573,617)	(71,735,771)	(100,754,441)	18,700,804

September 30, 2022

(In Thousands of New Taiwan Dollars)

	Total	Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Major capital inflow on maturity	\$ 712,374,592	\$ 78,857,900	\$ 60,702,771	\$ 46,118,678	\$ 58,159,270	\$ 116,351,222	\$ 352,184,751
Major capital outflow on maturity	864,956,289	26,686,978	50,927,307	111,356,180	122,442,286	194,309,094	359,234,444
Gap	(152,581,697)	52,170,922	9,775,464	(65,237,502)	(64,283,016)	(77,957,872)	(7,049,693)

Note: The above amounts included only the New Taiwan dollar amounts held by the head office and domestic branches of the Bank (excluding foreign currency).

**Maturity Analysis of Assets and Liabilities
September 30, 2023**

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Major capital inflow on maturity	\$ 3,412,715	\$ 621,191	\$ 578,782	\$ 300,691	\$ 213,110	\$ 1,698,941
Major capital outflow on maturity	4,046,044	1,319,416	1,054,564	477,553	804,447	390,064
Gap	(633,329)	(698,225)	(475,782)	(176,862)	(591,337)	1,308,877

September 30, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Major capital inflow on maturity	\$ 3,384,022	\$ 805,054	\$ 592,852	\$ 525,445	\$ 311,203	\$ 1,149,468
Major capital outflow on maturity	3,949,994	1,044,706	1,244,142	446,324	839,136	375,686
Gap	(565,972)	(239,652)	(651,290)	79,121	(527,933)	773,782

Note 1: The above amounts included only the U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: When the OBU's assets account for 10% of total assets of the Bank, the Bank should provide complimentary disclosed information.

43. CAPITAL MANAGEMENT

- a. The purpose of capital management is to meet the criteria set by administration which is the basic goal of the Group's capital management. The calculation method of the relevant qualified eligible capital and legal capital should be handled in accordance with the regulations of the competent authority.

To maintain the ratio of eligible capital to risk-weighted assets above the target level, the capital management structure of the Group should be properly planned depending on the conditions of capital market, the characteristics of various capital instruments, the efficiency of capital utilization and the impact of operational performance.

- b. The Group follows the relevant regulations of the competent authority and the internal operating procedures of the Bank, to regularly disclose relevant information on capital adequacy and report to the competent authority on a quarterly basis.

Self-owned capital of the Bank is divided into Tier 1 capital and Tier 2 capital according to principles of capital adequacy management.

- 1) The term "Net Tier 1 Capital" shall mean the aggregate amount of net common Equity Tier 1 and net additional Tier 1 Capital.

- a) Common equity Tier 1 capital consists of the common shares and additional paid-in capital in excess of par - common shares, the capital collected in advance, the capital reserves, the statutory surplus reserves, the special reserves, the accumulated profit or loss, the non-controlling interests and other items of interest.

- b) Additional Tier 1 capital consists of non-cumulative perpetual preferred shares and its capital share premium, the non-cumulative perpetual subordinated debts, the non-cumulative perpetual preferred shares and its capital share premium, and the non-cumulative perpetual subordinated debts which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

- 2) Tier 2 capital

Tier 2 capital consists of cumulative perpetual preferred shares and its capital share premium, the cumulative perpetual subordinated debts, the convertible subordinated debts, the long-term subordinated debts, the non-perpetual preferred shares and its capital share premium, when applying International Financial Reporting Standards in real estate and using the fair value method or the re-estimated value method as the deemed cost for the first time, the difference in amount between the deemed cost and the carrying amount recognized in retained earnings, the 45% of unrealized gains on changes in the fair value of investment properties using the fair value method, as well as the 45% of unrealized gains on available-for-sale financial assets, the operational reserves and loan-loss provisions and the cumulative perpetual preferred shares and its capital share premium, the cumulative perpetual subordinated debts, the convertible subordinated debts, the long-term subordinated debts, and the non-perpetual preferred shares and its capital share premiums, which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

44. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Details of significant assets and liabilities denominated in foreign currencies were as follows:

	September 30, 2023						
	USD	CNY	JPY	AUD	EUR	Others	Total
<u>Financial assets in foreign currencies</u>							
Cash and cash equivalents	\$ 1,676,876	\$ 1,681,570	\$ 572,001	\$ -	\$ 153,214	\$ 377,562	\$ 4,461,223
Due from the Central Bank and call loans to other banks	584,087	414,916	-	-	-	697,203	1,696,206
Financial assets at FVTPL	1,960,470	-	-	-	-	105,676	2,066,146
Financial assets at FVTOCI	6,797,488	1,407,376	-	4,649,575	3,120,188	356,312	16,330,939
Notes discounted and loans Receivables	32,820,843	2,598,793	956,486	647,010	763,209	228,340	38,014,681
Financial assets at amortized cost	900,294	5,631,836	359,337	113,389	37,877	159,786	7,202,519
Other assets	23,235,383	3,772,582	-	1,794,736	-	1,141,314	29,944,015
	666,338	-	-	-	-	373	666,711
<u>Financial liabilities in foreign currencies</u>							
Due to the Central Bank and other banks	484,050	-	-	-	847,750	235,380	1,567,180
Funds borrowed from the Central Bank and other banks	-	5,232,290	-	-	-	-	5,232,290
Deposits and remittances	73,976,357	3,688,594	1,866,093	2,294,393	597,896	1,606,984	84,030,317
Financial liabilities at FVTPL	896,373	-	-	-	-	105,676	1,002,049
Other financial liabilities	2,695,836	-	-	-	-	1,082,155	3,777,991
Payables	577,087	60,318	5,289	357,199	6,198	123,571	1,129,662
Lease liabilities	-	28,227	-	-	-	17,387	45,614
Securities sold under repurchase agreements	3,429,195	-	-	-	-	-	3,429,195
Provisions	27,912	-	-	-	-	-	27,912
Other liabilities	99,593	66,079	-	8,502	17,703	84	191,961
New Taiwan dollars exchange rate	32.27	4.41	0.22	20.54	33.91		
	December 31, 2022						
	USD	CNY	JPY	AUD	EUR	Others	Total
<u>Financial assets in foreign currencies</u>							
Cash and cash equivalents	\$ 9,527,681	\$ 1,128,203	\$ 803,424	\$ 197,957	\$ 486,572	\$ 546,630	\$ 12,690,467
Due from the Central Bank and call loans to other banks	832,241	88,160	-	-	-	1,126,794	2,047,195
Financial assets at FVTPL	1,792,730	4,478	-	-	-	138,956	1,936,164
Financial assets at FVTOCI	1,927,861	1,648,980	-	113,502	-	-	3,690,343
Notes discounted and loans Receivables	30,917,527	1,024,811	1,474,882	78,487	1,234,882	599,686	35,330,275
Financial assets at amortized cost	829,905	4,012,178	241,772	17,466	10,231	103,348	5,214,900
Other assets	22,068,806	4,053,954	-	1,419,170	-	868,909	28,410,839
	968,486	-	-	-	-	-	968,486
<u>Financial liabilities in foreign currencies</u>							
Funds borrowed from the Central Bank and other banks	-	3,652,448	-	-	-	-	3,652,448
Deposits and remittances	71,102,367	3,121,409	1,775,057	1,784,323	681,192	1,707,104	80,171,452
Financial liabilities at FVTPL	828,637	-	-	-	-	138,956	967,593
Other financial liabilities	2,844,053	-	-	-	-	1,145,435	3,989,488
Payables	469,660	75,895	239,674	1,014	3,756	21,489	811,488
Lease liabilities	-	32,365	-	-	-	7,039	39,404
Provisions	27,730	-	-	-	-	-	27,730
Other liabilities	135,641	46,773	2,439	-	55,379	-	240,232
New Taiwan dollars exchange rate	30.71	4.41	0.23	20.82	32.71		

	September 30, 2022						
	USD	CNY	JPY	AUD	EUR	Others	Total
<u>Financial assets in foreign currencies</u>							
Cash and cash equivalents	\$ 9,031,308	\$ 1,414,081	\$ 589,059	\$ 130,206	\$ 216,491	\$ 525,565	\$ 11,906,710
Due from the Central Bank and call loans to other banks	730,250	89,560	-	-	-	1,140,848	1,960,658
Financial assets at FVTPL	2,022,081	13,506	-	-	1,566	181,309	2,218,462
Financial assets at FVTOCI	1,307,977	1,681,004	-	111,883	-	-	3,100,864
Notes discounted and loans Receivables	34,176,112	913,781	1,355,282	217,034	1,100,933	660,037	38,423,179
Financial assets at amortized cost	947,677	3,705,369	298,342	16,896	13,561	53,370	5,035,215
Other assets	22,983,408	4,118,272	-	1,414,938	-	674,241	29,190,859
	964,209	-	-	-	-	-	964,209
<u>Financial liabilities in foreign currencies</u>							
Funds borrowed from the Central Bank and other banks							
	-	3,454,322	-	-	-	-	3,454,322
Deposits and remittances	73,645,211	3,435,173	1,659,535	1,821,035	726,169	1,699,082	82,986,205
Financial liabilities at FVTPL							
	913,222	-	-	-	1,726	181,310	1,096,258
Other financial liabilities							
Payables	2,637,155	-	-	-	-	1,057,421	3,694,576
Lease liabilities	672,635	76,983	296,260	1,199	9,783	17,223	1,074,083
Provisions	-	32,461	-	-	-	7,542	40,003
Other liabilities	26,148	-	-	-	-	-	26,148
	156,147	36,712	2,684	-	16,398	-	211,941
New Taiwan dollars exchange rate							
	31.75	4.48	0.22	20.67	31.26	-	-

45. CASH FLOW INFORMATION

Changes in Liabilities from Financing Activities

For the nine months ended September 30, 2023

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Lease Term End	Other (Note)	
Funds borrowed from the Central Bank and other banks						
	\$ 8,898,102	\$ 3,010,622	\$ -	\$ -	\$ -	\$ 11,908,724
Commercial papers	2,681,022	1,387,087	-	-	-	4,068,109
Bank debentures	16,500,000	-	-	-	-	16,500,000
Guarantee deposits received	620,271	133,971	-	-	-	754,242
Lease liabilities	852,915	(124,647)	383,522	(105,177)	(13)	1,006,600
	<u>\$ 29,552,310</u>	<u>\$ 4,407,033</u>	<u>\$ 383,522</u>	<u>\$ (105,177)</u>	<u>\$ (13)</u>	<u>\$ 34,237,675</u>

For the nine months ended September 30, 2022

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Lease Term End	Other (Note)	
Funds borrowed from the Central Bank and other banks						
	\$ 10,459,156	\$ (2,478,501)	\$ -	\$ -	\$ -	\$ 7,980,655
Commercial papers	2,063,676	84,364	-	-	-	2,148,040
Bank debentures	16,500,000	-	-	-	-	16,500,000
Guarantee deposits received	641,997	37,072	-	-	-	679,069
Lease liabilities	853,218	(110,780)	152,451	(52,100)	2,508	845,297
	<u>\$ 30,518,047</u>	<u>\$ (2,467,845)</u>	<u>\$ 152,451</u>	<u>\$ (52,100)</u>	<u>2,508</u>	<u>\$ 28,153,061</u>

Note: The effects of foreign currency.

46. EVENTS AFTER REPORTING PERIODS

In order to obtain a platform for the development of banking business in the western United States and improve international competitiveness to enhance the economic benefits of the overall scale, on October 1, 2022, the Bank's board of directors resolved to acquire American Continental Bancorp, headquartered in Industrial City, California, for an estimated consideration of \$41.4834 per share. The amount of consolidated net value of American Continental Bancorp on the settlement date, after verification by an accountant, is based on the multiplier of 1.83 to determine the purchase price. The case is subject for approval by the competent authorities of both parties before the subsequent transactions can be completed. Upon completion of the transaction, American Continental Bancorp will become a 100% owned subsidiary of the Bank.

Considering the rapid and unpredictable changes in the global political and economic environment, as well as the fact that the commitments and conditions stated in the merger agreement and plan had not been fulfilled completely as of the termination date, the Bank announced on October 14, 2023 the cease of acquisition with American Continental Bancorp along with a payment of US\$500 thousand.

47. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments are as follows:

Northern area
 Central area
 Southern area
 OBU
 Overseas branch
 Head office and others

a. Segment revenues and results

The analysis of the Group's revenue and results from continuing operations by reportable segment is as follows:

	Northern Area	Central Area	Southern Area	OBU	Overseas Branch	Head Office and Others	Adjustment and Write-off	Total
For the nine months ended September 30, 2023								
Interest revenue	\$ 3,668,710	\$ 5,437,374	\$ 3,349,214	\$ 2,738,840	\$ 252,700	\$ 3,822,141	\$ (3,605,087)	\$ 15,663,892
Interest expense	(2,033,938)	(2,428,266)	(1,586,370)	(2,280,282)	(157,906)	(2,254,410)	3,605,087	(7,136,085)
Net revenue	1,634,772	3,009,108	1,762,844	458,558	94,794	1,567,731	-	8,527,807
Net income and loss other than interest								
Service fee income	624,146	964,700	525,065	80,809	17,718	648,952	-	2,861,390
Gain on financial instruments	-	-	-	93,686	-	1,874,559	-	1,968,245
Others	16,090	22,334	19,717	16,943	(3,533)	(425,234)	(56,041)	(409,724)
Provision for bad debts expense, commitments and guarantee liabilities	(345,980)	(439,220)	(433,214)	(157,995)	(27,584)	85,424	-	(1,318,569)
Operating expenses	(691,995)	(1,155,620)	(768,835)	-	(42,528)	(3,137,033)	56,041	(5,739,970)
Income before income tax	\$ 1,237,033	\$ 2,401,302	\$ 1,105,577	\$ 492,001	\$ 38,867	\$ 614,399	\$ -	\$ 5,889,179

(Continued)

	Northern Area	Central Area	Southern Area	OBU	Overseas Branch	Head Office and Others	Adjustment and Write-off	Total
For the nine months ended September 30, 2022								
Interest revenue	\$ 2,593,571	\$ 3,848,894	\$ 2,158,962	\$ 1,380,298	\$ 94,896	\$ 3,139,973	\$ (2,208,301)	\$ 11,008,293
Interest expense	(1,213,571)	(1,347,982)	(797,232)	(1,068,209)	(34,304)	(740,098)	2,208,301	(2,993,095)
Net revenue	1,380,000	2,500,912	1,361,730	312,089	60,592	2,399,875	-	8,015,198
Net income and loss other than interest								
Service fee income	599,059	865,128	495,982	75,898	7,288	480,041	-	2,523,396
Gain on financial instruments	-	-	-	31,938	-	1,154,503	-	1,186,441
Others	9,787	22,670	16,123	(50,267)	(3,331)	(514,579)	(55,716)	(575,313)
Provision for bad debts expense, commitments and guarantee liabilities	(1,953,865)	(513,298)	(269,835)	(33,202)	(12,379)	1,800,389	-	(982,190)
Operating expenses	(638,244)	(1,114,753)	(745,118)	-	(35,154)	(2,810,969)	55,716	(5,288,522)
Income (loss) before income tax	\$ (603,263)	\$ 1,760,659	\$ 858,882	\$ 336,456	\$ 17,016	\$ 2,509,260	\$ -	\$ 4,879,010

(Concluded)

This measure is provided to the chief operating decision maker for resources allocation and measurement of segment performance.

b. Segment assets

Segment Assets	September 30, 2023	December 31, 2022	September 30, 2022
Northern area	\$ 174,018,732	\$ 160,603,482	\$ 151,758,241
Central area	204,179,719	215,134,508	208,227,992
Southern area	103,897,630	86,083,892	85,189,894
OBU	76,630,392	65,078,723	65,900,517
Overseas branch	6,591,558	3,697,399	4,141,646
Head office and others	277,959,241	277,364,824	290,300,514
	<u>\$ 843,277,272</u>	<u>\$ 807,962,828</u>	<u>\$ 805,518,804</u>

c. Revenue from major products and services

The Group is mainly involved in the business of earning interest revenue; therefore, no product or service information is available.

d. Geographical information

Location	For the Nine Months Ended September 30	
	2023	2022
Taiwan	\$ 12,619,980	\$ 10,891,502
Asia	325,765	257,434
America	1,973	786
	<u>\$ 12,947,718</u>	<u>\$ 11,149,722</u>

e. Information about major customers

The interest revenue of the Group from any single customer does not exceed 10% of the total interest revenue; therefore, information on major customers is not available.

48. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

Disclosures of relevant information in accordance with Article 18 of the Regulations Governing the Preparation of Financial Reports by Public Banks are as follows:

No.	Item	Note
1	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital.	None
2	Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital.	Table 1
3	Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital.	None
4	Allowance of service fees to related parties amounting to at least NT\$5 million.	None
5	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital.	None
6	Sale of nonperforming loans.	None
7	Financial asset securitization and real estate securitization.	None
8	Other significant transactions which may affect the decisions of users of financial reports.	None

b. The related information of the Group's investees (Note):

No.	Item	Note
1	Related information and proportionate share in investees.	Exempt from disclosure in the review report
2	Financing provided.	Table 2
3	Endorsement/guarantee provided.	Table 3
4	Marketable securities held.	Table 4
5	Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	Table 5
6	Derivative transactions.	Note 8
7	Other significant transactions which may affect the decisions of users of financial reports.	None

Note: Subsidiaries are exempt from disclosure if they belong to the financial, insurance, and securities industries, and the main business items of business registration include fund loans to others, endorsements, and trading of securities.

c. Investments in mainland China: Table 6 (attached).

d. Business relationships and significant transactions between the parent company and subsidiaries: Table 7 (attached).

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8).

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Taichung Bank Leasing Corporation Limited	Land and buildings	July 25, 2023	\$ 641,890	Not yet paid	Orient Europharma Co., Ltd., HE CIANG Co., Ltd., AI SIH JIA Investment Co., Ltd.	-	-	-	\$ -	According to market review and valuation report	Self-use and for rent	As contract	

Note 1: If the acquired assets should be valued in accordance with the regulations, the valuation results should be indicated in the reference column for price determination.

Note 2: The paid-in capital refers to the paid-in capital of the parent. If the issuer's shares have no par value or each share has a non-NT\$10 nominal value, the transaction rate of 10% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

Note 3: The date of occurrence of the fact refers to the date of signing the transaction, the date of payment, the date of entrustment transaction, the date of transfer, the date of resolution of the board of directors or other dates on which the transaction item and transaction amount are fully determined.

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 8)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limit (Note 7)	Note
													Item	Value			
1	Taichung Bank Leasing Corporation Limited	Qiyi Intergrated Marketing Co., Ltd.	Other receivables	Not related	\$ 117,528	\$ -	\$ -	4-10	Necessary for short-term financing	\$ -	Business turnover	\$ -	Real estate	\$ -	\$ 232,709	\$ 930,836	Note 9
		Shihlien International Investment Corp.	Other receivables	Not related	100,000	-	-	4-10	Necessary for short-term financing	-	Business turnover	-	None	-	232,709	930,836	Note 9
		Zong Hui Construction	Other receivables	Not related	200,000	192,000	192,000	4-10	Necessary for short-term financing	-	Business turnover	1,920	Real estate	70,040	232,709	930,836	Note 9
		Shanyue Development Co., Ltd.	Other receivables	Not related	150,000	148,890	109,462	4-10	Necessary for short-term financing	-	Business turnover	1,095	Real estate	125,805	232,709	930,836	Note 9
		Song Ying Consultant Ltd.	Other receivables	Not related	50,000	49,850	49,850	4-10	Necessary for short-term financing	-	Business turnover	499	Real estate	32,510	232,709	930,836	Note 9
		Quan Fu Development Co., Ltd.	Other receivables	Not related	126,150	126,024	126,024	4-10	Necessary for short-term financing	-	Business turnover	1,260	Real estate	100,920	232,709	930,836	Note 9
		Da Fang Skill Color Marketing Consultant Co., Ltd.	Other receivables	Not related	100,000	98,973	98,973	4-10	Necessary for short-term financing	-	Business turnover	990	Real estate	573,977	232,709	930,836	Note 9
		Hong Shu Building Co., Ltd.	Other receivables	Not related	46,000	45,954	45,954	4-10	Necessary for short-term financing	-	Business turnover	460	Real estate	15,248	232,709	930,836	Note 9
		TCCBL Co., Ltd. (B.V.I.)	Other receivables - related party	Related	10,273	-	-	-	Necessary for short-term financing	-	Business turnover	-	None	-	232,709	930,836	Note 9

Note 1: The description of the number column is as follows:

- a. Issuer: 0.
- b. The invested company is numbered sequentially by the Arabic number 1 according to the company.

Note 2: Items such as accounts receivable, corporate receivables, shareholder transactions, prepayments, provisional payments, etc., which are provided by financing are required to be filled in this field.

Note 3: The annual fund is provided to others to the highest balance.

Note 4: Nature of financing should be filled with business contracts or those who have short-term financing.

Note 5: Nature of the loan of the business contracts should be filled with the amount of business transactions. The amount of business transactions refers to the amount of business transactions between the company that lends the funds and the target of last year's loan.

Note 6: Nature of the loan required for short-term financing should specify the reasons for the loans and the use of funds for the loan, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 7: The company shall fill in the borrowing limit and total limit for individual objects according to the operating procedures and explains the calculation method of the total limit in the column Note.

Note 8: If the board of directors of the public offering company according to Article 14 (1) of the Public Offering Company's Financing and Endorsement Guarantee Processing Guidelines will make a resolution, the amount of the resolution of the board of directors shall be included in the announcement balance to disclose its risk; however, if the funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk. If the public offering company authorizes the chairman of the board to allocate or repay the loan in a certain amount and within one year according to the resolution of the board of directors in accordance with Article 14(2) of the handling criteria, the fund's loan and the amount approved by the board of directors shall be the declared balance. Although the funds will be repaid afterwards, the consideration may still be re-loaned. Therefore, the fund loan and the amount approved by the board of directors should still be used as the announced balance.

Note 9: Taichung Bank Leasing Corporation Limited should not exceed 10% of its own net value for a single enterprise. The total amount of financing provided to others is limited to 40% of the net value of Taichung Bank Leasing Corporation Limited.

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship										
1	Taichung Bank Leasing Corporation Limited	TCCBL Co., Ltd. (B.V.I.)	Direct shareholding of 100% of subsidiary	\$ 13,962,540	\$ 92,220	\$ -	\$ -	\$ -	-	\$ 23,270,900	-	-	-
		Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Indirect shareholding of 100% of subsidiary	13,962,540	6,507,280	6,507,280	3,737,422	-	279.63	23,270,900	-	-	Y

Note 1: According to Taichung Bank Leasing Corporation Limited's "Operating Procedures to Fund Endorsement and Guarantee", the endorsement limit to single company cannot surpass six times of Taichung Bank Leasing Corporation Limited's audited net worth. The endorsement limits to all subsidiaries cannot surpass 10 times of Taichung Bank Leasing Corporation Limited's audited net worth.

Note 2: The maximum balance guaranteed for endorsement of others during the year.

Note 3: It is a guarantor of the listed parent company to the endorsement of the subsidiary, the subsidiary company's endorsement to the listed parent company and the endorsement of the mainland area must be filled with Y.

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars or Shares)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2023				Note
				Number of Shares	Carrying Amount (Note)	Percentage of Ownership (%)	Market Value or Net Asset Value (Note)	
Taichung Commercial Bank Co., Ltd.	<u>Domestic unlisted shares</u> Taichung Bank Leasing Corporation Limited	Subsidiary	Investment accounted for using the equity method	220,631	\$ 2,327,090	100	\$ 2,327,090	
	Taichung Bank Insurance Brokers Co., Ltd.	Subsidiary	Investment accounted for using the equity method	128,600	2,146,906	100	2,146,906	
	Taichung Bank Securities Co., Ltd.	Subsidiary	Investment accounted for using the equity method	162,450	1,908,059	100	1,908,059	
	Taichung Bank Securities Investment Trust Co., Ltd.	Associate	Investment accounted for using the equity method	12,000	173,028	38	173,028	
Taichung Bank Leasing Corporation Limited	<u>Foreign unlisted shares</u> TCCBL Co., Ltd. (B.V.I.)	Sub-sub-sidiary	Investment accounted for using the equity method	30,000	953,873	100	953,873	
TCCBL Co., Ltd. (B.V.I.)	<u>Foreign unlisted shares</u> Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Sub-sub-sidiary	Investment accounted for using the equity method	-	898,408	100	898,408	
Taichung Bank Securities Co., Ltd.	<u>Domestic unlisted shares</u> Taichung Bank Venture Capital Co., Ltd.	Sub-sub-sidiary	Investment accounted for using the equity method	21,000	213,376	100	213,376	

Note: The financial industry, the insurance industry and the securities industry are exempt from disclosure.

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
 (In Thousands of New Taiwan Dollars or Shares)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Taichung Bank Insurance Brokers Co., Ltd.	TAIWAN TEA CORPORATION	Financial assets at FVTOCI	-	-	27,578	\$ 447,786	-	\$ -	27,578	\$ 633,097	\$ 447,786	\$ 185,311	-	\$ -

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023
					Outflow	Inflow					
Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Financial leasing business	\$ 893,373 (CNY 186,329 thousand)	Investment in mainland China companies through an existing company established in a third region.	\$ 893,373 (CNY 186,329 thousand)	\$ -	\$ -	\$ 893,373 (CNY 186,329 thousand)	100	\$ 45,406 (CNY 10,349 thousand)	\$ 898,408 (CNY 203,536 thousand)	\$ -

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$893,373	\$893,373	\$1,396,254

Note 1: Recognition of investment gains and losses based on the financial statements reviewed by the parent company's accountant.

Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China", investments are limited to the regulation of Taichung Bank Leasing Corporation Limited's calculation.

Note 3: Foreign currency involved translation into the New Taiwan dollar at the spot rate and average exchange rate on the date of the financial statements (CNY1=NT\$4.41, CNY1=NT\$4.39).

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions			Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%) (Note 4)
				Financial Statement Account	Amount (Note 3)	Trading Terms	
0	For the nine months ended September 30, 2023 Taichung Commercial Bank Co., Ltd.	Taichung Insurance Brokers Co., Ltd.	a	Deposits and remittances	\$ 2,367,688	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Insurance Brokers Co., Ltd.	a	Service fee income	90,243	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	1
		Taichung Insurance Brokers Co., Ltd.	a	Receivables	10,027	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Commercial Bank Securities Co., Ltd.	a	Deposits and remittances	23,340	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Bank Leasing Corporation Limited.	a	Deposits and remittances	59,346	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Bank Venture Capital Co., Ltd.	a	Deposits and remittances	53,435	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
1	Taichung Commercial Bank Securities Co., Ltd.	Taichung Commercial Bank Co., Ltd.	b	Right-of-use assets	18,307	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Commercial Bank Co., Ltd.	b	Lease liabilities	18,693	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
2	Taichung Bank Leasing Corporation Limited.	Taichung Commercial Bank Co., Ltd.	b	Right-of-use assets	23,243	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Commercial Bank Co., Ltd.	b	Lease liabilities	23,490	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-

(Continued)

Note 1: The parent company and subsidiaries are numbered as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

- a. From parent company to subsidiary,
- b. From subsidiary to parent company, and
- c. Between subsidiaries.

Note 3: Have been eliminated on consolidation.

Note 4: Percentage to the consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total assets as of September 30, 2023. Percentage to the consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the nine months ended September 30, 2023.

Note 5: Referring to transactions exceeding \$10,000 thousand.

(Concluded)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Man-Made Fiber Corporation	1,123,052,504	21.49
Pan Asia Chemical Corporation	287,994,872	5.51

Note 1: According to Article 25 of the Banking Act of the Republic of China, the same person or same related party who individually, jointly or collectively acquires more than 5% of a bank's outstanding voting shares shall report such fact to the authorities within 10 days from the date of acquisition.

Note 2: If the shares of the major shareholders in the above table are held by trustees, the shareholdings should be separately disclosed by the trust accounts opened by the trustee. As for shareholders' handling of insider shareholding declarations with more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their own shareholdings plus those shares held under trust accounts with the right to utilize the trust assets, etc. For more information on insider shareholding declarations, please refer to the market observation post system website of the TWSE.