O-Bank and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Company name: O-BANK
Chairman: Tina Y. C. Lo
Date: March 12, 2025

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2024 are as follows:

Allowance for Credit Losses of Loans

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

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

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

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

- We obtained an understanding and performed testing on the internal controls with respect to the Bank's loan impairment assessment.

- We examined the classifications of loans and determined that they were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked and confirmed that the allowance has met the requirements of the regulation.

Assessment of Reserve for Losses on Guarantee Contracts

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

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

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

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

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts, and we tested the effectiveness of the operation of the controls.

- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of the amount of credit-granting assets in the schedule and the rationality of the classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked and confirmed that the reserve has met the requirements of the "Bills Finance Companies Regulations for Evaluating Bad Debt" or not.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

Notice to Readers

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

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 9,401,107	2	$ 5,555,800	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	19,486,537	3	23,520,359	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 42)	184,911,881	27	154,882,250	25
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 42 and 46)	167,848,261	25	170,682,918	27
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 42 and 46)	25,955,538	4	25,859,398	4
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	7,932,028	1	2,865,025	1
RECEIVABLES, NET (Notes 12 and 14)	4,088,068	1	4,605,691	1
CURRENT TAX ASSETS	710,461	-	625,032	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 41 and 42)	247,488,056	36	222,933,448	36
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 16)	6,975,022	1	6,994,838	1
OTHER FINANCIAL ASSETS (Note 17)	1,098,205	-	1,059,166	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 43)	2,379,140	-	2,389,637	-
RIGHT-OF-USE ASSETS, NET (Note 19)	409,387	-	446,591	-
INTANGIBLE ASSETS, NET (Note 20)	1,743,557	-	1,675,179	-
DEFERRED TAX ASSETS (Note 39)	848,532	-	959,517	-
OTHER ASSETS (Notes 19 and 21)	1,809,374	-	1,694,152	-
TOTAL	$ 683,085,154	100	$ 626,749,001	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and other banks (Note 22)	$ 38,651,705	6	$ 30,339,249	5
Financial liabilities at fair value through profit or loss (Note 8)	1,364,632	-	1,401,705	-
Bills and bonds sold under repurchase agreements (Note 23)	215,304,631	32	194,087,268	31
Payables (Note 24)	5,996,974	1	5,232,200	1
Current tax liabilities	157,788	-	302,271	-
Deposits and remittances (Notes 25 and 41)	331,170,002	48	316,562,298	51
Bank debentures payable (Note 26)	13,450,000	2	12,950,000	2
Other financial liabilities (Note 27)	11,393,737	2	3,736,137	1
Provisions (Notes 14, 28 and 29)	2,006,251	-	1,979,779	-
Lease liabilities (Note 19)	428,616	-	463,732	-
Deferred tax liabilities (Note 39)	968,320	-	715,671	-
Other liabilities (Note 30)	672,105	-	460,945	-
Total liabilities	621,564,761	91	568,231,255	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	28,053,579	4	27,339,923	4
Preferred stock	2,500,000	-	2,990,140	1
Total capital	30,553,579	4	30,330,063	5
Capital surplus	568,184	-	19,624	-
Retained earnings				
Legal reserve	6,527,632	1	5,789,200	1
Special reserve	1,970,247	-	3,197,011	1
Unappropriated earnings	4,722,209	1	2,756,051	-
Total retained earnings	13,220,088	2	11,742,262	2
Other equity	(1,450,123)	-	(1,828,393)	(1)
Treasury stock	(87,267)	-	(161,521)	-
Total equity attributable to owners of the Bank	42,804,461	6	40,102,035	6
NON-CONTROLLING INTERESTS	18,715,932	3	18,415,711	3
Total equity (Note 31)	61,520,393	9	58,517,746	9
TOTAL	$ 683,085,154	100	$ 626,749,001	100

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
INTEREST REVENUE (Notes 32 and 41)	$ 16,088,607	158	$ 13,939,144	146	15
INTEREST EXPENSE (Notes 32 and 41)	(14,261,264)	(140)	(11,812,867)	(124)	21
NET INTEREST	1,827,343	18	2,126,277	22	(14)
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net (Notes 33 and 41)	2,454,242	24	2,243,871	23	9
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 34)	7,202,363	71	4,481,784	47	61
Realized gains on financial assets at fair value through other comprehensive income (Note 35)	666,434	6	374,340	4	78
Foreign exchange gain (loss), net	(2,047,417)	(20)	102,848	1	(2,091)
Losses on impairment of assets	(8,989)	-	(1,931)	-	366
Share of profit of associates accounted for using equity method (Note 16)	12,856	-	161,741	2	(92)
Other net revenue other than interest	71,881	1	55,015	1	31
Total net revenue other than interest revenue	8,351,370	82	7,417,668	78	13
NET REVENUE	10,178,713	100	9,543,945	100	7
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 14)	(53,227)	(1)	(897,034)	(10)	(94)
OPERATING EXPENSES					
Employee benefits expenses (Notes 29, 36 and 41)	3,039,576	30	2,719,436	28	12
Depreciation and amortization expenses (Note 37)	543,318	5	569,103	6	(5)
Other general and administrative expenses (Notes 38 and 41)	1,525,988	15	1,329,632	14	15
Total operating expenses	5,108,882	50	4,618,171	48	11

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
PROFIT BEFORE INCOME TAX	$ 5,016,604	49	$ 4,028,740	42	25
INCOME TAX EXPENSE (Note 39)	1,123,745	11	602,681	6	86
NET PROFIT FOR THE YEAR	3,892,859	38	3,426,059	36	14
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans (Note 29)	38,922	-	(15,038)	-	359
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	50,541	1	181,539	2	(72)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	14,311	-	(6,494)	-	320
Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss (Note 39)	(4,695)	-	1,303	-	(460)
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax	99,079	1	161,310	2	(39)
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	566,004	6	(59,405)	(1)	1,053

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	$ (314,842)	(3)	$ 2,955,661	31	(111)
Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss (Note 39)	(54,272)	(1)	(191,978)	(2)	(72)
Components of other comprehensive income that will be reclassified to profit or loss, net of tax	196,890	2	2,704,278	28	(93)
Other comprehensive income for the year, net of tax	295,969	3	2,865,588	30	(90)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 4,188,828	41	$ 6,291,647	66	(33)
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	$ 2,856,199	28	$ 2,492,420	26	15
Non-controlling interests	1,036,660	10	933,639	10	11
	$ 3,892,859	38	$ 3,426,059	36	14
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 3,187,590	31	$ 3,683,548	39	(13)
Non-controlling interests	1,001,238	10	2,608,099	27	(62)
	$ 4,188,828	41	$ 6,291,647	66	(33)
EARNINGS PER SHARE (Note 40)					
Basic	$1.00		$0.87		
Diluted	$0.90		$0.78		

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank (Notes 9 and 31)													
	Capital Stock				Retained Earnings				Other Equity					
	Common Stock	Preferred Stock	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Owners of the Bank	Non-controlling Interests (Note 31)	Total Equity
BALANCE AT JANUARY 1, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 13,652	$ 4,341,816	$ 634,610	$ 5,469,437	$ 10,445,863	$ 165,887	$ (3,216,389)	$ (16,837)	$ 37,722,239	$ 16,287,325	$ 54,009,564
Reversal of special reserve	-	-	-	-	-	(2,622)	2,622	-	-	-	-	-	-	-
Appropriation and distribution of 2022 earnings														
Legal reserve	-	-	-	-	1,447,384	-	(1,447,384)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	2,565,023	(2,565,023)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,037,959)	(1,037,959)	-	-	-	(1,037,959)	-	(1,037,959)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,081)	(127,081)	-	-	-	(127,081)	-	(127,081)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	5,257	-	-	-	-	-	-	-	5,257	-	5,257
Unclaimed dividends	-	-	-	715	-	-	-	-	-	-	-	715	1,276	1,991
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	2,492,420	2,492,420	-	-	-	2,492,420	933,639	3,426,059
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(12,933)	(12,933)	(56,477)	1,260,538	-	1,191,128	1,674,460	2,865,588
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,479,487	2,479,487	(56,477)	1,260,538	-	3,683,548	2,608,099	6,291,647
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(144,684)	(144,684)	-	(144,684)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(480,989)	(480,989)
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(18,048)	(18,048)	-	18,048	-	-	-	-
BALANCE AT DECEMBER 31, 2023	27,339,923	2,990,140	30,330,063	19,624	5,789,200	3,197,011	2,756,051	11,742,262	109,410	(1,937,803)	(161,521)	40,102,035	18,415,711	58,517,746
Reversal of special reserve	-	-	-	-	-	(1,226,764)	1,226,764	-	-	-	-	-	-	-
Appropriation and distribution of 2023 earnings														
Legal reserve	-	-	-	-	738,432	-	(738,432)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,228,974)	(1,228,974)	-	-	-	(1,228,974)	-	(1,228,974)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(101,904)	(101,904)	-	-	-	(101,904)	-	(101,904)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	-	-	6,957	-	-	-	-	-	-	-	6,957	-	6,957
Unclaimed dividends	-	-	-	589	-	-	-	-	-	-	-	589	1,227	1,816
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(702,244)	(702,244)
Net profit for the year ended December 31, 2024	-	-	-	-	-	-	2,856,199	2,856,199	-	-	-	2,856,199	1,036,660	3,892,859
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	20,195	20,195	431,893	(120,697)	-	331,391	(35,422)	295,969
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	2,876,394	2,876,394	431,893	(120,697)	-	3,187,590	1,001,238	4,188,828
Issuance of shares for cash	-	2,500,000	2,500,000	500,000	-	-	-	-	-	-	-	3,000,000	-	3,000,000
Common shares converted from convertible preferred shares	713,656	(713,656)	-	-	-	-	-	-	-	-	-	-	-	-
Redemption convertible preferred shares	-	(2,276,484)	(2,276,484)	-	-	-	-	-	-	-	-	(2,276,484)	-	(2,276,484)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(14,084)	(14,084)	-	(14,084)
Changes in percentage of ownership interests in associates	-	-	-	39,329	-	-	(616)	(616)	-	-	-	38,713	-	38,713
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	1,685	-	-	-	-	-	-	88,338	90,023	-	90,023
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(67,074)	(67,074)	-	67,074	-	-	-	-
BALANCE AT DECEMBER 31, 2024	$ 28,053,579	$ 2,500,000	$ 30,553,579	$ 568,184	$ 6,527,632	$ 1,970,247	$ 4,722,209	$ 13,220,088	$ 541,303	$ (1,991,426)	$ (87,267)	$ 42,804,461	$ 18,715,932	$ 61,520,393

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 5,016,604	$ 4,028,740
Adjustments for:		
Depreciation expense	301,225	298,265
Amortization expense	242,093	270,838
Expected credit losses/recognition of provisions	62,216	898,965
Share-based payment arrangements	7,253	-
Net gain on financial assets or liabilities at fair value through profit or loss	(7,202,363)	(4,481,784)
Interest expense	14,261,264	11,812,867
Interest revenue	(16,088,607)	(13,939,144)
Dividend income	(444,751)	(511,373)
Share of profit of associates accounted for using equity method	(12,856)	(161,741)
Gain on disposal of property and equipment	(1,001)	(798)
Loss (gain) on disposal of investments	(221,683)	137,033
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(2,859,487)	(1,641,292)
Financial assets at fair value through profit or loss	(23,346,078)	(6,114,136)
Financial assets at fair value through other comprehensive income	3,349,027	(12,118,430)
Investment in debt instruments at amortized cost	(92,507)	(185,814)
Bills and bonds purchased under resell agreements	(2,479,252)	1,086,974
Receivables	648,615	(295,789)
Discounts and loans	(24,532,809)	(19,386,660)
Deposits from the Central Bank and other banks	8,312,456	6,911,605
Financial liabilities at fair value through profit or loss	(37,073)	393,540
Bills and bonds sold under repurchase agreements	21,217,363	13,930,511
Payables	603,213	1,326,470
Deposits and remittances	14,607,704	23,397,312
Provisions	(8,704)	(20,659)
Cash generated from (used in) operations	(8,698,138)	5,635,500
Interest received	15,902,848	13,248,448
Dividends received	694,866	897,408
Interest paid	(14,105,286)	(10,972,748)
Income taxes paid	(967,029)	(675,122)
Net cash flows generated from (used in) operating activities	(7,172,739)	8,133,486
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using equity method	-	26,657
Acquisition of property and equipment	(197,290)	(180,013)
Proceeds from disposal of property and equipment	1,747	3,423
Increase in refundable deposits	(85,729)	(310,826)
Acquisition of intangible assets	(175,285)	(109,062)

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
Decrease in other financial assets	$ 22,065	$ 34,647
Increase in other assets	(29,493)	(24,350)
Net cash flows used in investing activities	(463,985)	(559,524)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	12,000
Decrease in short-term borrowings	(200)	-
Decrease in commercial papers	(187,790)	(1,931,025)
Proceeds from issuing bank debentures	2,500,000	1,600,000
Repayments of bank debentures	(2,000,000)	(2,250,000)
Repayments of the principal portion of lease liabilities	(161,806)	(140,290)
Increase in other financial liabilities	7,845,590	497,521
Increase in other liabilities	211,160	-
Decrease in other liabilities	-	(39,415)
Dividends paid to owners of the Bank	(1,330,878)	(1,165,040)
Proceeds from issuing shares	3,000,000	-
Redemption convertible preferred shares	(2,276,484)	-
Payments to acquire treasury stock	(14,084)	(144,684)
Transfer of treasury stock to employees	82,770	-
Dividends paid to non-controlling interests	(702,244)	(480,989)
Net cash flows generated from (used in) financing activities	6,966,034	(4,041,922)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	271,543	10,203
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(399,147)	3,542,243
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	18,767,399	15,225,156
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 18,368,252	$ 18,767,399

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2024 and 2023:

	December 31	
	2024	**2023**
Cash and cash equivalents reported in the consolidated balance sheets	$ 9,401,107	$ 5,555,800
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	5,395,692	12,289,001
Bills and bonds purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	2,587,751	-
Other items qualifying for cash and cash equivalents under the definition of IAS 7	983,702	922,598
Cash and cash equivalents at the end of the year	$ 18,368,252	$ 18,767,399

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

1. GENERAL INFORMATION

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

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

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

As of December 31, 2024, the Bank has ten main departments - Financial Business Department, Financial Market Department, Overseas Business Department, Risk Control Department, Operation Management Department, Science and Technology Financial Department, Legal Affairs and Legal Compliance Department, Strategic Development Department, and Internal Audit Department and Corporate Sustainability and Communications Department. It also has Operating Segment, Nanjing Fuxing branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, Tianjin and Sydney representative office.

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

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

As of December 31, 2024 and 2023, the Bank and its subsidiaries (the "Group") had 1,526 and 1,466 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 12, 2025.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

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

1) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

   - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and

   - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

2) To clarify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

3) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

The Group has decided not to apply the amendments earlier.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the above amendments would not have a material impact on the Group's financial position and financial performance.

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

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

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

1) IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

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

2) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities

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

   - The Group having no practical ability to withdraw, stop or cancel the payment instruction;

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

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

   The Group shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and IFRS Accounting Standards endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values and the net defined benefit liabilities (assets) recognized at the fair value of the assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry could not be clearly identified, accounts included in the consolidated financial statements of the Group were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Refer to Note 46 for the maturity analysis of liabilities.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries shall be attributed to the owners of the Bank and to the non-controlling interests, even if the balance becomes negative or loss is incurred.

Refer to Note 15, Table 3 and Table 4 for the list of main business activities and ownership percentages of subsidiaries.

Foreign Currencies

In preparing the Group's consolidated financial statements, transactions in currencies other than the Group's functional currency (i.e., foreign currencies) are recognized at the amount in original currency.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Bank (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Bank) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. Significant influence refers to the power to participate in the financial and operating policy decisions of the investee but does not control or joint control such policies.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Bank's share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Bank continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's financial statements only to the extent of interests in the associate that are not related to the Bank.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement categories

   Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

   1) Financial assets at FVTPL

      Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the investment in debt instruments at FVTOCI criteria.

      Financial assets are designated as FVTPL in the original recognition. If it can eliminate or significantly reduce the measurement or recognition inconsistency.

      Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 45.

   2) Financial assets at amortized cost

      Financial assets that meet the following conditions are subsequently measured at amortized cost:

      a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

      Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

      Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

      a) Purchased or originated credit impaired financial asset, for which interest revenue is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

      b) Financial assets that are not initially credit impaired or not credit impaired when purchased but subsequently become credit impaired, for which the interest revenue is calculated by applying the effective interest rate to the amortized cost of such financial assets.

A financial asset is credit impaired when one or more of the following events have occurred:

a) Significant financial difficulty of the issuer or the borrower;

b) Breach of contract, such as a default;

c) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

d) The disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest revenue calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

4) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

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

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

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

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

1) Internal or external information show that the debtor is unlikely to pay its creditors.

2) When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

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

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

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

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

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

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Bank's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Bank's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

Financial liabilities at FVTPL, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss. The fair value is determined in the manner described in Note 45.

2) Financial guarantee contracts

Financial guarantee contracts issued by the Group are subsequently measured at the higher of:

a) The amount of the loss allowance determined in accordance with IFRS 9; and

b) The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with IFRS 15.

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, assessment is also performed under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and "Regulation Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses; and the amount initially recognized less the cumulative amortization.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, are cancelled or expire. The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

Modification of financial instruments

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

Non-performing Loans

Under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans issued by the FSC, loans and other credits (including accrued interests) that remain unpaid as they fall due are transferred to non-performing loans, if the transfer is approved by the Board.

Under the “Regulation Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt” issued by the FSC, receivables and the balances of guaranteed and endorsed credits that are unpaid within six months after maturity are transferred to non-accrual loans.

Non-performing loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

Repurchase and Resale Transactions

Bills and bonds purchased under agreements to resell and bills and bonds sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognized as interest revenue or interest expenses over the term of each agreement.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Except of freehold land without depreciated, depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the assets’ estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Derecognition of intangible assets

   An intangible asset is derecognized on disposal or when no future economic benefits are expected to arise from its use or disposal. Gains or losses arising from derecognition of an intangible asset, which is measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Property and Equipment, Right-of-use Assets and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provision.

Revenue Recognition

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Group that are classified as non-performing loans. The interest revenue on those loans and credits is recognized upon collection.

Revenue from brokering is recognized when the earnings process has been completed.

Dividend income from investments is recognized on the stockholders' right to receive payment. The premise is that the economic benefits related to the transaction. They are likely to flow into the Group and the amount of income can be reliably measured it.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. The net defined benefit assets shall not exceed the present value with the refund withdrawal from the plan or the reduction of future withdrawals.

c. Staff preferential deposit

The Bank provides preferential deposit account for employees, which are used to pay fixed preferential deposits for current employees. The effect of the difference between the interest rate of these preferential deposits and the market interest rate is treated as employee benefits.

Share-based Payment Arrangements

The fair value at the grant date of the share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus. The payment is recognized as an expense in full at the grant date if vested immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction and does not give rise to equal taxable and deductible temporary differences that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and Cash Equivalents

The cash and cash equivalent items in the consolidated balance sheet include cash on hand, demand deposits, and short-term and highly liquid investments that can be converted into fixed amount of cash at any time. They have little risk of change in value. For the consolidated statements of cash flows, the cash and cash equivalents account refer to the accounts in the consolidated balance sheets titled cash and cash equivalents, due from the Central Bank and call loans to banks, bills and bonds purchased under resell agreements, and call loans to securities firms that meet the definition of cash and cash equivalents in IAS 7 “Statement of Cash Flows” endorsed and issued into effect by the FSC.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated Impairment of Loans and Financial Guarantee Contract

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand and petty cash	$ 90,804	$ 147,882
Checking for clearing	1,098,026	1,353,302
Due from banks	8,212,277	4,054,616
	$ 9,401,107	$ 5,555,800

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets as of December 31, 2024 and 2023, refer to the consolidated statements of cash flows.

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

	December 31	
	2024	2023
Reserves for deposits - Type A	$ 5,370,506	$ 3,331,764
Reserves for deposits - Type B	6,727,519	5,837,376
Due from Central Bank - Financial	1,500,970	2,000,712
Call loans to banks	5,821,962	12,289,001
Others	65,580	61,506
	$ 19,486,537	$ 23,520,359

Under a directive issued by the Central Bank, deposit reserves are determined monthly at prescribed rates on average balances of customers' deposits. Type B deposit reserves are subject to withdrawal restrictions.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Convertible bonds - domestic (include assets swap contracts)	$ 9,611,517	$ 6,157,388
Derivative financial assets		
Currency swap contracts	1,482,335	717,198
Forward contracts	206,635	31,052
Interest rate swap contracts	320,740	36,605
Currency option contracts - call	57,244	23,461
Future exchange margins	59,021	49,686
Promised purchase contracts	-	664
	2,125,975	858,666
Non-derivative financial assets		
Commercial paper	136,553,833	112,290,378
Commercial paper contracts	223,030	236,866
Negotiable certificates of deposit	30,582,405	32,528,876
Stocks and beneficiary certificates	1,397,719	1,389,794
Government bonds	3,011,021	402,002
Corporate bonds	1,406,381	1,018,280
	173,174,389	147,866,196
	$ 184,911,881	$ 154,882,250
Held-for-trading financial liabilities		
Derivative financial instruments		
Currency swap contracts	$ 797,199	$ 1,116,259
Forward contracts	174,441	199,566
Interest rate swap contracts	324,404	36,755
Currency option contracts - put	56,917	14,897
Promised purchase contracts	10,103	12,826
	1,363,064	1,380,303
Non-derivative financial liabilities		
Commercial paper contracts	1,568	21,402
	$ 1,364,632	$ 1,401,705

The Group engages in derivative transactions, including forward contracts, currency swap contracts and currency option contracts, mainly for accommodating customers' needs and managing the exposure positions. As for the engagement in interest rate swap contracts, its purpose is to hedge risk of cash flow and risk of market value caused by the change of interest rates or exchange rates. The Group strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged.

The contract amounts (or notional amounts) of outstanding derivative transactions as of December 31, 2024 and 2023 were as follows:

	December 31	
	2024	2023
Interest rate swap contracts	$ 27,010,257	$ 9,109,905
Currency swap contracts	128,440,523	136,153,362
Forward contracts	35,652,957	23,920,817
Currency option contracts		
Buy	5,123,018	1,977,359
Sell	3,981,518	704,187
Promised purchase contracts	6,450,000	6,450,000

As of December 31, 2024 and 2023, financial assets at fair value through profit and loss under agreement to repurchase were in the face amount of $114,562,700 thousand and $92,833,500 thousand, respectively.

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

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
Investments in equity instruments at FVTOCI	$ 2,077,968	$ 2,910,766
Investments in debt instruments at FVTOCI		
Government bonds	20,237,993	22,665,893
Bank debentures	27,005,088	27,848,639
Corporate bonds	90,284,144	87,533,071
Overseas government bonds	3,462,867	2,352,438
Commercial paper contracts	2,753,669	3,447,154
Negotiable certificates of deposit	19,383,077	21,467,288
Mortgage-backed securities	2,643,455	2,457,669
	$ 167,848,261	$ 170,682,918

a. Investments in equity instruments at FVTOCI

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

The Group disposed stock classified as at FVTOCI for invested management purpose for the years ended December 31, 2024 and 2023. The fair value of stocks classified as at FVTOCI which had to be disposed of were $11,190,784 thousand and $9,692,431 thousand and the accumulated gain or loss related to the sold assets of $67,074 thousand loss and $18,048 thousand loss, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $444,751 thousand and $511,373 thousand were recognized in profit or loss for the years ended December 31, 2024 and 2023. The dividends related to investments held at the end of 2024 and 2023 were $83,980 thousand and $94,473 thousand, respectively.

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

b. Investments in debt instruments at FVTOCI

1) Refer to Note 42 for information relating to investments in debt instruments at FVTOCI pledged as security.

2) Refer to Note 46 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

3) Investments in debt instruments at FVTOCI under agreement to repurchase were in the face amount of $92,588,254 thousand and $92,107,406 thousand as of on December 31, 2024 and 2023, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2024	2023
Government bonds	$ 13,198,713	$ 13,215,986
Bank debentures	6,802,257	5,417,533
Corporate bonds	5,469,472	5,311,804
Overseas government bonds	490,186	918,376
Negotiable certificates of deposit	-	1,000,000
	25,960,628	25,863,699
Less: Allowance for impairment loss	(5,090)	(4,301)
	$ 25,955,538	$ 25,859,398

Refer to Note 42 for information relating to investments in debt instruments at amortized cost pledged as security.

Refer to Note 46 for information relating to the credit risk management and impairment assessment of investments in debt instruments at amortized cost.

Investments in debt instruments at amortized cost under agreement to repurchase was in the face amount of $6,007,780 thousand and $6,490,252 thousand, as of on December 31, 2024 and 2023, respectively.

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of December 31, 2024 and 2023, bonds and bills in the amounts of $7,932,028 thousand and $2,865,025 thousand, respectively, had been purchased under resell agreements would subsequently be sold for $7,967,626 thousand and $2,867,919 thousand before April 2025 and February 2024, respectively. As of December 31, 2024 and 2023, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of $2,027,900 thousand and $2,410,000 thousand, respectively.

12. RECEIVABLES, NET

	December 31	
	2024	2023
Factored receivable	$ 904,106	$ 837,215
Interest receivable	2,440,752	2,263,845
Accounts receivable	293,855	266,448
Investment settlements receivable	4,814	828,701
Acceptances receivable	358,898	205,561
Dividend receivable	200	5,203
Others	109,760	218,326
	4,112,385	4,625,299
Less: Allowance for credit losses	24,317	19,608
Receivables, net	$ 4,088,068	$ 4,605,691

The changes in gross carrying amount on receivables (less unrealized interest revenue) for the years ended December 31, 2024 and 2023 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2024	$ 4,563,763	$ 53,458	$ 8,078	$ 4,625,299
Transfers				
To 12-month ECLs	170	(133)	(37)	-
To lifetime ECLs	(20,646)	21,081	(435)	-
To credit-impaired financial assets	(3,335)	(1,813)	5,148	-
New financial assets purchased or originated	1,523,923	143,045	10,638	1,677,606
Derecognition of financial assets	(2,205,587)	(27,911)	(3,029)	(2,236,527)
Write-offs	-	-	(1,380)	(1,380)
Exchange rate or other changes	30,009	(1,418)	18,796	47,387
Balance at December 31, 2024	$ 3,888,297	$ 186,309	$ 37,779	$ 4,112,385
Balance at January 1, 2023	$ 3,023,921	$ 676,888	$ 37,299	$ 3,738,108
Transfers				
To 12-month ECLs	403	(403)	-	-
To lifetime ECLs	(19,259)	19,259	-	-
To credit-impaired financial assets	(557)	(2,130)	2,687	-
New financial assets purchased or originated	2,771,668	9,937	8,632	2,790,237
Derecognition of financial assets	(1,240,639)	(670,524)	(836)	(1,911,999)
Write-offs	-	-	(43,892)	(43,892)
Exchange rate or other changes	28,226	20,431	4,188	52,845
Balance at December 31, 2023	$ 4,563,763	$ 53,458	$ 8,078	$ 4,625,299

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

Refer to Note 46 for the impairment loss analysis of receivables.

13. DISCOUNTS AND LOANS, NET

	December 31	
	2024	2023
Short-term	$ 105,128,211	$ 90,885,058
Medium-term	114,269,585	107,744,707
Long-term	31,144,903	27,278,469
Export bill negotiated	-	525,546
Overdue loans	276,514	195,554
	250,819,213	226,629,334
Less: Allowance for credit losses	3,331,157	3,695,886
	$ 247,488,056	$ 222,933,448

The changes in gross carrying amount on discounts and loans for the years ended December 31, 2024 and 2023 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2024	$ 215,289,947	$ 10,080,624	$ 1,258,763	$ 226,629,334
Transfers				
To 12-month ECLs	100,575	(68,497)	(32,078)	-
To lifetime ECLs	(3,628,760)	3,757,485	(128,725)	-
To credit-impaired financial assets	(1,317,540)	(683,827)	2,001,367	-
New financial assets purchased or originated	146,592,726	12,363,095	713,282	159,669,103
Derecognition of financial assets	(129,866,030)	(7,230,108)	(188,374)	(137,284,512)
Write-offs	-	-	(489,004)	(489,004)
Exchange rate or other changes	2,099,565	119,574	75,153	2,294,292
Balance at December 31, 2024	$ 229,270,483	$ 18,338,346	$ 3,210,384	$ 250,819,213
Balance at January 1, 2023	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ 207,497,268
Transfers				
To 12-month ECLs	390,000	(390,000)	-	-
To lifetime ECLs	(2,232,302)	2,232,302	-	-
To credit-impaired financial assets	(125,857)	(600,005)	725,862	-
New financial assets purchased or originated	143,500,480	5,930,041	280,916	149,711,437
Derecognition of financial assets	(114,829,559)	(14,511,597)	(908,130)	(130,249,286)
Write-offs	-	-	(274,165)	(274,165)
Exchange rate or other changes	(55,107)	(18,325)	17,512	(55,920)
Balance at December 31, 2023	$ 215,289,947	$ 10,080,624	$ 1,258,763	$ 226,629,334

The balance of the overdue loans of the Group as of December 31, 2024 and 2023 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $6,532 thousand and $4,786 thousand for the years ended December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, the Group wrote off credits only upon completing the required legal procedures.

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

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

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

14. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The change in allowance for credit loss and provisions for the years ended December 31, 2024 and 2023 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2024	$ 4,043	$ 201	$ 1,608	$ 5,852	$ 13,756	$ 19,608
Transfers						
To lifetime ECLs	(95)	119	(24)	-	-	-
To credit-impaired financial assets	(635)	(26)	661	-	-	-
New financial assets purchased or originated	2,251	1,600	3,293	7,144	-	7,144
Derecognition of financial assets	(2,708)	(139)	(522)	(3,369)	-	(3,369)
Change in model or risk parameters	663	81	3,104	3,848	-	3,848
Difference between IFRS 9 and local requirements	-	-	-	-	(2,000)	(2,000)
Write-offs	-	-	(1,380)	(1,380)	-	(1,380)
Exchange rate or other changes	(792)	1	839	48	418	466
Balance at December 31, 2024	$ 2,727	$ 1,837	$ 7,579	$ 12,143	$ 12,174	$ 24,317

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2024	$ 556,255	$ 200,184	$ 289,738	$ 1,046,177	$ 2,649,709	$ 3,695,886
Transfers						
To 12-month ECLs	1,911	(1,905)	(6)	-	-	-
To lifetime ECLs	(43,604)	63,676	(20,072)	-	-	-
To credit-impaired financial assets	(60,987)	(1,946)	62,933	-	-	-
New financial assets purchased or originated	266,020	77,271	213,445	556,736	-	556,736
Derecognition of financial assets	(233,442)	(57,222)	(136,865)	(427,529)	-	(427,529)
Change in model or risk parameters	8,689	(65,284)	287,853	231,258	-	231,258
Difference between IFRS 9 and local requirements	-	-	65,898	65,898	(448,162)	(382,264)
Write-offs	-	-	(489,004)	(489,004)	-	(489,004)
Withdrawal after write-offs	-	-	44,917	44,917	-	44,917
Exchange rate or other changes	10,461	1,976	565	13,002	88,155	101,157
Balance at December 31, 2024	$ 505,303	$ 216,750	$ 319,402	$ 1,041,455	$ 2,289,702	$ 3,331,157

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2024	$ 116,948	$ 15,780	$ -	$ 132,728	$ 1,696,070	$ 1,828,798
Transfers						
To 12-month ECLs	-	-	-	-	-	-
To lifetime ECLs	(376)	376	-	-	-	-
New financial assets purchased or originated	75,106	21,921	-	97,027	-	97,027
Derecognition of financial assets	(74,995)	(13,413)	-	(88,408)	-	(88,408)
Change in model or risk parameters	(8,466)	(281)	-	(8,747)	-	(8,747)
Difference between IFRS 9 and local requirements	-	-	-	-	69,531	69,531
Withdrawal after write-offs	-	-	-	-	2,101	2,101
Exchange rate or other changes	462	32	-	494	1,472	1,966
Balance at December 31, 2024	$ 108,679	$ 24,415	$ -	$ 133,094	$ 1,769,174	$ 1,902,268

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551
Transfers						
To 12-month ECLs	1	(1)	-	-	-	-
To lifetime ECLs	(101)	101	-	-	-	-
To credit-impaired financial assets	(334)	(9)	343	-	-	-
New financial assets purchased or originated	2,957	67	20,177	23,201	-	23,201
Derecognition of financial assets	(2,118)	(1,092)	(260)	(3,470)	-	(3,470)
Change in model or risk parameters	416	30	17	463	-	463
Difference between IFRS 9 and local requirements	-	-	-	-	(3,410)	(3,410)
Write-offs	-	-	(43,892)	(43,892)	-	(43,892)
Exchange rate or other changes	-	-	164	164	1	165
Balance at December 31, 2023	$ 4,043	$ 201	$ 1,608	$ 5,852	$ 13,756	$ 19,608

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 467,051	$ 90,549	$ 297,981	$ 855,581	$ 2,328,715	$ 3,184,296
Transfers						
To 12-month ECLs	16,090	(16,090)	-	-	-	-
To lifetime ECLs	(24,848)	24,848	-	-	-	-
To credit-impaired financial assets	(71,167)	(4,759)	75,926	-	-	-
New financial assets purchased or originated	332,826	66,960	156,634	556,420	-	556,420
Derecognition of financial assets	(261,954)	(44,833)	(157,124)	(463,911)	-	(463,911)
Change in model or risk parameters	98,296	83,288	166,548	348,132	-	348,132
Difference between IFRS 9 and local requirements	-	-	-	-	325,543	325,543
Write-offs	-	-	(274,165)	(274,165)	-	(274,165)
Withdrawal after write-offs	-	-	23,928	23,928	-	23,928
Exchange rate or other changes	(39)	221	10	192	(4,549)	(4,357)
Balance at December 31, 2023	$ 556,255	$ 200,184	$ 289,738	$ 1,046,177	$ 2,649,709	$ 3,695,886

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 103,759	$ 8,528	$ -	$ 112,287	$ 1,595,732	$ 1,708,019
Transfers						
To 12-month ECLs	5,240	(5,240)	-	-	-	-
To lifetime ECLs	(19)	19	-	-	-	-
New financial assets purchased or originated	76,639	15,502	-	92,141	-	92,141
Derecognition of financial assets	(65,104)	(3,112)	-	(68,216)	-	(68,216)
Change in model or risk parameters	(3,631)	77	-	(3,554)	-	(3,554)
Difference between IFRS 9 and local requirements	-	-	-	-	93,695	93,695
Withdrawal after write-offs	-	-	-	-	6,942	6,942
Exchange rate or other changes	64	6	-	70	(299)	(229)
Balance at December 31, 2023	$ 116,948	$ 15,780	$ -	$ 132,728	$ 1,696,070	$ 1,828,798

15. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	Percentage of Ownership (%) December 31 2024	2023	Remark	Audited by CPA
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	Founded in 1978	Yes
	IBT Holding Corp. (IBTH)	Holding company	100.00	100.00	Founded in 2006 in California	Yes
	IBTM	Investment consulting	100.00	100.00	Founded in 2000	Yes
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	Founded in 2014	Yes
IBTH	EverTrust Bank	Banking	91.78	91.78	Founded in 1994 in California	Yes

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31 2024	2023
CBF	Taipei	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	December 31 2024	2023
CBF		
Equity attributable to:		
Owners of CBF	$ 7,155,225	$ 7,073,256
Non-controlling interests of CBF	18,066,939	17,859,968
	$ 25,222,164	$ 24,933,224
Net revenue	$ 2,238,530	$ 2,019,127
Net profit from continuing operations	$ 1,374,335	$ 1,288,522
Other comprehensive income (loss) for the year	(106,747)	2,336,400
Total comprehensive income for the year	$ 1,267,588	$ 3,624,922
Profit attributable to:		
Owners of CBF	$ 389,882	$ 365,538
Non-controlling interests of CBF	984,453	922,984
	$ 1,374,335	$ 1,288,522
Total comprehensive income attributable to:		
Owners of CBF	$ 359,599	$ 1,028,347
Non-controlling interests of CBF	907,989	2,596,575
	$ 1,267,588	$ 3,624,922
Net cash inflow (outflow) from:		
Operating activities	$ (1,576,038)	$ (5,985,602)
Investing activities	(19,775)	(12,490)
Financing activities	2,205,672	5,708,278
Net cash inflow (outflow)	$ 609,859	$ (289,814)
Dividends paid to non-controlling interests of CBF	$ 702,244	$ 480,989

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

Investments in Associates

	December 31	
	2024	2023
Associates - Infinite Finance Co., Ltd.	$ 5,787,663	$ 5,850,311
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	1,187,359	1,144,527
	$ 6,975,022	$ 6,994,838

The Bank was jointly invested in Beijing Sunshine Consumer Finance Co., Ltd. with China Everbright Bank and China CYT Holdings Co. The Bank's investment amounted to RMB200,000 thousand with the shareholding ratio of 20%, and Beijing Sunshine Consumer Finance Co., Ltd. has begun operation since August 17, 2020.

On July 21, 2022, the Bank's board of directors resolved to merge IBT Leasing with Jih Sun International Leasing & Finance Co., Ltd. (referred to as "Jih Sun Leasing"). In this merger, Jih Sun Leasing is the surviving company and is renamed Jih Sun IBT International Leasing Co., Ltd. The share exchange ratio is one IBT Leasing ordinary share for 0.5834 Jih Sun Leasing shares, with Jih Sun Leasing anticipating issuing 156,193 thousand shares to the Bank. Merged conversion amounted to NT$6,198,618 thousand. The record date of the merger is December 1, 2022. After the merger, the Bank will hold 44.48% shares of the surviving company and has no control over it.

On June 19, 2023, the Bank disposed of 713 thousand shares of Infinite Finance for NT$26,738 thousand. After the disposal, the bank's shareholding ratio was 44.27%. The Bank subscribed for additional new shares issued of Infinite Finance at a percentage different from its existing ownership percentage on August 2024, and reduced its continuing interest from 44.27% to 41.64%.

Refer to Table 3 "Name, locations and other information of investees on which the Bank exercises significant influence" and Table 4 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associate.

The financial information of the Bank's affiliates is as follows:

Infinite Finance Co., Ltd.

	December 31	
	2024	2023
Total assets	$ 91,680,888	$ 86,800,301
Total liabilities	$ 81,265,311	$ 77,516,069

	For the Year Ended December 31	
	2024	2023
Net profit for the year	$ 395,878	$ 516,300
Total other comprehensive income for the year	$ 609,446	$ 436,645

Beijing Sunshine Consumer Finance Co., Ltd.

	December 31	
	2024	2023
Total assets	$ 43,942,596	$ 50,616,039
Total liabilities	$ 38,005,804	$ 44,900,174

	For the Year Ended December 31	
	2024	2023
Net profit for the year	$ 281,679	$ 752,643
Total other comprehensive income for the year	$ 281,679	$ 752,643

17. OTHER FINANCIAL ASSETS

	December 31	
	2024	2023
Time deposits with original maturities more than 3 months	$ 34,758	$ 77,190
Call loans to securities corporation limited	983,702	922,598
Repurchase agreement margins	79,745	59,378
	$ 1,098,205	$ 1,059,166

18. PROPERTY AND EQUIPMENT

	December 31	
	2024	2023
Carrying amounts of each class of		
Land	$ 781,970	$ 781,970
Buildings	1,112,682	1,153,883
Machinery and computer equipment	294,036	259,555
Transportation equipment	23,350	20,645
Office and other equipment	31,927	28,756
Lease improvement	69,304	68,671
Construction in progress and prepayments for equipment	65,871	76,157
	$ 2,379,140	$ 2,389,637

The movements of property and equipment for the years ended December 31, 2024 and 2023 are summarized as follows:

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2024	$ 781,970	$ 1,913,782	$ 814,516	$ 56,887	$ 287,586	$ 396,050	$ 76,157	$ 4,326,948
Additions	-	4,165	91,590	9,655	8,017	3,166	80,697	197,290
Disposals and scrapped	-	(125)	(15,193)	(8,375)	(5,735)	(453)	-	(29,881)
Reclassification	-	1,732	10,267	-	5,620	16,166	(91,730)	(57,945)
Effect of foreign currency exchange differences	-	-	1,799	542	3,646	10,007	747	16,741
Balance at December 31, 2024	$ 781,970	$ 1,919,554	$ 902,979	$ 58,709	$ 299,134	$ 424,936	$ 65,871	$ 4,453,153
Accumulated depreciation and impairment								
Balance at January 1, 2024	$ -	$ 759,899	$ 554,961	$ 36,242	$ 258,830	$ 327,379	$ -	$ 1,937,311
Disposals and scrapped	-	(75)	(15,026)	(8,116)	(5,466)	(452)	-	(29,135)
Depreciation expense	-	47,048	67,846	6,790	10,561	20,615	-	152,860
Effect of foreign currency exchange differences	-	-	1,162	443	3,282	8,090	-	12,977
Balance at December 31, 2024	$ -	$ 806,872	$ 608,943	$ 35,359	$ 267,207	$ 355,632	$ -	$ 2,074,013
Carrying amounts								
Balance at December 31, 2024	$ 781,970	$ 1,112,682	$ 294,036	$ 23,350	$ 31,927	$ 69,304	$ 65,871	$ 2,379,140
Cost								
Balance at January 1, 2023	$ 781,970	$ 1,906,456	$ 804,110	$ 68,166	$ 284,522	$ 384,711	$ 29,930	$ 4,259,865
Additions	-	7,032	64,788	64	6,359	4,019	97,751	180,013
Disposals and scrapped	-	-	(67,400)	(14,323)	(3,598)	(1,622)	-	(86,943)
Reclassification	-	294	13,026	2,980	242	8,828	(51,524)	(26,154)
Effect of foreign currency exchange differences	-	-	(8)	-	61	114	-	167
Balance at December 31, 2023	$ 781,970	$ 1,913,782	$ 814,516	$ 56,887	$ 287,586	$ 396,050	$ 76,157	$ 4,326,948
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ -	$ 713,346	$ 552,103	$ 43,020	$ 247,051	$ 299,210	$ -	$ 1,854,730
Disposals and scrapped	-	-	(64,999)	(14,237)	(3,460)	(1,622)	-	(84,318)
Depreciation expense	-	46,553	67,856	7,458	15,210	29,821	-	166,898
Effect of foreign currency exchange differences	-	-	1	1	29	(30)	-	1
Balance at December 31, 2023	$ -	$ 759,899	$ 554,961	$ 36,242	$ 258,830	$ 327,379	$ -	$ 1,937,311
Carrying amounts								
Balance at December 31, 2023	$ 781,970	$ 1,153,883	$ 259,555	$ 20,645	$ 28,756	$ 68,671	$ 76,157	$ 2,389,637

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5-55 years
Machinery and computer equipment	3-25 years
Transportation equipment	3-5 years
Office and other equipment	3-15 years
Lease improvement	5-8 years

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
Carrying amounts		
Buildings	$ 397,687	$ 431,604
Machinery	-	294
Transportation equipment	10,007	12,672
Office equipment	1,693	2,021
	$ 409,387	$ 446,591

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	$ 111,461	$ 157,327
Depreciation charge for right-of-use assets		
Buildings	$ 142,859	$ 125,975
Machinery	294	294
Transportation equipment	4,263	4,063
Office equipment	949	1,035
	$ 148,365	$ 131,367

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
Carrying amounts	$ 428,616	$ 463,732

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	1.35%-5.88%	1.35%-5.63%
Machinery	1.36%	1.36%
Transportation equipment	1.85%-2.76%	1.85%-2.62%
Office equipment	1.08%-4.51%	1.08%-4.48%

c. Material lease-in activities

Due to the rental of buildings, the Group had entered into various leasehold contracts with others, respectively. These contracts are gradually expiring before the end of March 2033. As of December 31, 2024 and 2023, refundable deposits paid under operating lease amounted to $33,069 thousand and $32,198 thousand, respectively.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	$ 4,819	$ 2,820
Expenses relating to low-value asset leases	$ 5,920	$ 4,653
Total cash outflow for leases	$ (172,545)	$ (147,763)

20. INTANGIBLE ASSETS

	December 31	
	2024	2023
Carrying amounts of each class of		
Computer software	$ 499,863	$ 508,134
Goodwill	1,243,694	1,167,045
	$ 1,743,557	$ 1,675,179

The changes in of intangible assets for the years ended December 31, 2024 and 2023 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2024	$ 2,538,244	$ 1,167,045	$ 7,508	$ 3,712,797
Additions	175,285	-	-	175,285
Disposals	(3,362)	-	-	(3,362)
Reclassification	57,902	-	-	57,902
Effect of foreign currency exchange differences	5,572	76,649	497	82,718
Balance at December 31, 2024	$ 2,773,641	$ 1,243,694	$ 8,005	$ 4,025,340
Accumulated amortization and impairment				
Balance at January 1, 2024	$ 2,030,110	$ -	$ 7,508	$ 2,037,618
Amortization	242,093	-	-	242,093
Disposals	(3,362)	-	-	(3,362)
Effect of foreign currency exchange differences	4,937	-	497	5,434
Balance at December 31, 2024	$ 2,273,778	$ -	$ 8,005	$ 2,281,783
Carrying amounts				
Balance at December 31, 2024	$ 499,863	$ 1,243,694	$ -	$ 1,743,557

(Continued)

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2023	$ 2,410,275	$ 1,165,895	$ 7,500	$ 3,583,670
Additions	109,062	-	-	109,062
Disposals	(7,214)	-	-	(7,214)
Reclassification	26,154	-	-	26,154
Effect of foreign currency exchange differences	(33)	1,150	8	1,125
Balance at December 31, 2023	$ 2,538,244	$ 1,167,045	$ 7,508	$ 3,712,797
Accumulated amortization and impairment				
Balance at January 1, 2023	$ 1,766,506	$ -	$ 7,500	$ 1,774,006
Amortization	270,838	-	-	270,838
Disposals	(7,214)	-	-	(7,214)
Reclassification	-	-	-	-
Effect of foreign currency exchange differences	(20)	-	8	(12)
Balance at December 31, 2023	$ 2,030,110	$ -	$ 7,508	$ 2,037,618
Carrying amounts				
Balance at December 31, 2023	$ 508,134	$ 1,167,045	$ -	$ 1,675,179

(Concluded)

The goodwill was recognized from IBT Holding Corp.'s purchase of 100% of the stocks of Ever Trust Bank on March 30, 2007. The investment cost exceeded the fair value of net identifiable assets.

When the Group executes the goodwill impairment test, Ever Trust Bank was used as a cash-generating unit, and the recoverable amount is assessed by the value in use of the cash-generating unit. The key assumptions base the expected future cash flows on the actual profit conditions of the cash-generating units. On the assumption of sustainable operations, the Group discounts the net cash flows from those of the operations of the cash-generating units in the next five years in order to calculate the value in use. Under the estimation of the Group, there is no occurrence of impairment.

The computer software and other intangible assets are amortized on a straight-line basis of 1 and 15 years, respectively.

21. OTHER ASSETS

	December 31	
	2024	2023
Refundable deposits	$ 1,155,561	$ 1,069,832
Life insurance cash surrender value	365,620	339,929
Prepayments	102,055	98,378
Others	186,138	186,013
	$ 1,809,374	$ 1,694,152

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2024	2023
Call loans from banks	$ 23,700,600	$ 22,571,455
Deposits from Chunghwa Post Co., Ltd.	12,000,000	5,000,000
Call loans from the Central Bank	2,951,105	2,767,794
	$ 38,651,705	$ 30,339,249

23. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2024	2023
Bills	$ 113,093,346	$ 90,136,887
Government bonds	11,154,714	17,107,445
Corporate bonds	67,890,598	64,867,239
Bank debentures	23,085,973	21,975,697
Beneficiary securities	80,000	-
	$ 215,304,631	$ 194,087,268
Date of agreements to repurchase	Before October 2025	Before December 2024
Amount of agreements to repurchase	$ 212,930,386	$ 189,761,652

The bank and its subsidiaries have repurchase bills and bond liabilities with an unspecified maturity date for the years ended December 31, 2024 and December 31, 2023, with a face value of $3,056,435 thousand and $5,358,766 thousand, respectively.

24. PAYABLES

	December 31 2024	December 31 2023
Investment settlements payable	$ 66,212	$ 73,344
Acceptances	358,898	205,561
Accounts payable	80,241	66,196
Accrued interest	1,960,703	1,819,835
Accrued expenses	1,414,729	1,324,896
Collections payable	168,203	144,514
Factored payables	732,899	141,338
Checks for clearing payables	1,098,026	1,353,302
Others	117,063	103,214
	$ 5,996,974	$ 5,232,200

25. DEPOSITS AND REMITTANCES

	December 31 2024	December 31 2023
Deposits		
Checking	$ 5,177,524	$ 5,051,462
Demand	45,063,521	48,807,145
Time	256,736,845	245,022,291
Savings deposits	24,177,419	17,671,769
Export remittances	14,693	9,631
	$ 331,170,002	$ 316,562,298

26. BANK DEBENTURES PAYABLE

	December 31 2024	December 31 2023
Subordinate bonds B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repayment of the principal at maturity	$ -	$ 1,500,000
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repayment of the principal at maturity	2,000,000	2,000,000
Subordinate bonds type B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000
Subordinate bonds A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	700,000	700,000
Subordinate bonds B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repayment of the principal at maturity	1,050,000	1,050,000

(Continued)

	December 31	
	2024	2023
Subordinate bonds first issued in 2019; fixed 1.50% interest rate; maturity: June 6, 2026; interest paid annually and repayment of the principal at maturity	$ 2,500,000	$ 2,500,000
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000
Bonds second issued in 2021; fixed 0.65% interest rate; maturity: December 22, 2024; interest paid annually and repay the principal at maturity	-	500,000
Subordinate bonds first issued in 2022; fixed 2.30% interest rate; maturity: September 27, 2029; interest paid annually and repayment of the principal at maturity	1,100,000	1,100,000
Subordinate bonds first issued in 2023; fixed 2.00% interest rate; maturity: April 27, 2030; interest paid annually and repayment of the principal at maturity	900,000	900,000
Subordinate bonds second issued in 2023; fixed 2.20% interest rate; maturity: September 27, 2030; interest paid annually and repayment of the principal at maturity	700,000	700,000
Subordinate bonds first issued in 2024; fixed 2.30% interest rate; maturity: March 27, 2031; interest paid annually and repayment of the principal at maturity	1,500,000	-
Subordinate bonds second issued in 2024; fixed 2.50% interest rate; maturity: June 27, 2031; interest paid annually and repayment of the principal at maturity	1,000,000	-
	$ 13,450,000	$ 12,950,000

(Concluded)

27. OTHER FINANCIAL LIABILITIES

	December 31	
	2024	2023
Bank borrowings	$ 63,800	$ 64,000
Commercial papers payable	103,673	291,463
Principal of structured products	8,961,432	1,664,753
Funds obtained from the government - intended for specific types of loans	2,264,832	1,715,921
	$ 11,393,737	$ 3,736,137

a. Bank borrowings

	December 31	
	2024	2023
Short-term borrowings	$ 63,800	$ 64,000
Interest rate interval (%)		
New Taiwan dollars	2.20%-2.22%	1.95%-2.07%

b. Commercial papers payable

	December 31	
	2024	2023
Commercial papers payable	$ 104,000	$ 292,000
Less: Unamortized discount	(327)	(537)
	$ 103,673	$ 291,463
Interest rate interval (%)	2.17%-2.24%	2.08%-2.14%

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

	December 31	
	2024	2023
Funds obtained from the government - intended for specific types of loans	$ 2,264,832	$ 1,715,921

The Lending Fund is a development fund established by the Executive Yuan to promote the development of the financial market economy. The Bank applied for the quota and appointed Export-Import Bank of the Republic of China, China Trust Commercial Bank, and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

28. PROVISIONS

	December 31	
	2024	2023
Provisions for employee benefits	$ 103,983	$ 150,981
Provisions for losses on guarantees contracts	1,814,547	1,720,577
Provisions for losses on financing commitments	87,721	108,221
	$ 2,006,251	$ 1,979,779

Refer to Note 14 for the details and changes in the provision for losses on guarantees contracts and financing commitments.

29. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The pension system under the “Labor Pensions Ordinance” applicable to the Bank and its subsidiaries is the required retirement plan stipulated by the government, except that of Ever Trust Bank which is not more than 10% of the annual salary of the respective employees. A pension of 6% of an employee’s monthly salary is paid to the Labor Insurance Bureau under each individual’s account.

The amount to be paid in accordance with the percentage specified in the proposed plan for the years ended December 31, 2024 and 2023 was recognized in the consolidated statements of comprehensive income in the total amounts of $90,030 thousand and $81,554 thousand, respectively.

Defined Benefit Plan

The defined benefit plans adopted by 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 6 months before retirement. The Bank contribution amounts equal to 2% of total monthly salaries and wages 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 Bank has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2024	**2023**
Present value of defined benefit obligation	$ 438,897	$ 464,509
Fair value of plan assets	(334,914)	(313,528)
Net defined benefit liabilities	$ 103,983	$ 150,981

Movement in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2023	$ 477,559	$ (312,941)	$ 164,618
Service cost			
Current service cost	9,790	-	9,790
Net interest expense (income)	4,883	(4,377)	506
Recognized in profit or loss	14,673	(4,377)	10,296
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,179)	(2,179)
Changes in financial assumptions	10,703	-	10,703
Experience adjustments	6,514	-	6,514
Recognized in other comprehensive income	17,217	(2,179)	15,038
Employer contributions	-	(12,410)	(12,410)
Benefits paid	(18,379)	18,379	-
Business paid	(9,060)	-	(9,060)
Other	(17,501)	-	(17,501)
Balance at December 31, 2023	$ 464,509	$ (313,528)	$ 150,981

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2024	$ 464,509	$ (313,528)	$ 150,981
Service cost			
Current service cost	10,262	-	10,262
Net interest expense (income)	3,850	(3,550)	300
Recognized in profit or loss	14,112	(3,550)	10,562
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(28,250)	(28,250)
Changes in financial assumptions	(8,507)	-	(8,507)
Experience adjustments	(2,165)	-	(2,165)
Recognized in other comprehensive income	(10,672)	(28,250)	(38,922)
Employer contributions	-	(8,546)	(8,546)
Benefits paid	(18,960)	18,960	-
Business paid	(8,493)	-	(8,493)
Other	(1,599)	-	(1,599)
Balance at December 31, 2024	$ 438,897	$ (334,914)	$ 103,983

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

a. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2024	2023
Discount rate(s)	1.50%	1.13%
Expected rate(s) of salary increase	2.50%	2.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2024	**2023**
Discount rate(s)		
0.25% increase	$ (5,599)	$ (6,563)
0.25% decrease	$ 5,753	$ 6,756
Expected rate(s) of salary increase		
0.25% increase	$ 5,590	$ 6,543
0.25% decrease	$ (5,468)	$ (6,390)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	**2023**
Expected contributions to the plans for the next year	$ 8,659	$ 12,711
Average duration of the defined benefit obligation	6.9-7.5 years	7.8-8 years

30. OTHER LIABILITIES

	December 31	
	2024	**2023**
Guarantee deposits received	$ 299,431	$ 179,345
Advance revenue	53,110	51,076
Payable for custody	7,652	8,137
Receipts in suspense and pending settlement	219,494	119,241
Deferred revenue	83,066	95,976
Others	9,352	7,170
	$ 672,105	$ 460,945

31. EQUITY

a. Capital stock

	December 31	
	2024	**2023**
Number of stock authorized (in thousands)	3,500,000	3,500,000
Amount of capital stock authorized	$ 35,000,000	$ 35,000,000
Number of stocks issued and fully paid (in thousands)		
Common stock	2,805,358	2,733,992
Preferred stock	250,000	299,014
Amount of stocks issued	$ 30,553,579	$ 30,330,063

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

On June 27, 2018, the Bank's board of directors resolved to issue 300,000 thousand Series A preferred stock, with a par value of $10. The subscription date was November 29, 2018, The Bank finished the registration on December 21, 2018. The rights and obligations of Series A preferred stockholders are as follows:

1) The original interest rate of Series A preferred stock shall be based on the 5-year Interest Rate Swap (IRS) rate on the pricing date and the interest shall be calculated on the issue price per share; the interest rate is initially set at 0.94375% plus 3.30625% (total 4.25%) per annum. The interest Rate Swap issued price per share. Interest rate per annum will be reset on the day after the 5.5-year anniversary of the issue date and the day after each subsequent period of 5.5 years thereafter. This Series A preferred stock is based on the arithmetic average of the 5-year IRS "TAIFXIRS" and "COSMOS3" as of 11:00 AM on May 28, 2024, from Reuters (now Refinitiv), which is 1.7665%. Adding the fixed spread rate of 3.30625% at the time of issuance, the dividend rate will be reset to 5.07275% starting from May 30, 2024. Dividends for the Series A preferred stock shall be declared once every year in cash. After the stockholders' approval of the Bank's financial statements at its annual stockholders' meeting, the board of directors may set a record date for the distribution of dividends declared from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.

2) The Bank has sole discretion on dividend issuance of Series A preferred stock including, but not limited to, its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred stock dividends, or preferred stock dividend declaration would render the Bank of International Settlement (BIS) ratio below the level required by the law or relevant authorities, or due other necessary consideration. The Series A preferred stockholders shall not have any objection towards the Bank's cancellation of preferred stock dividend declaration. Undeclared or under declared dividends are not cumulative and are not paid in subsequent years with profit.

3) Unless the authorities take over the Bank, order the Bank to suspend, terminate or liquidate its business in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", Series A preferred stockholders shall have the same priority as the common stockholders in the event of liquidation, both second to tier 2 capital instrument holder, depositor, and common creditor, but will be capped at the value of issuance.

4) Series A preferred stockholders have no voting rights at the annual stockholders' meeting and cannot elect directors. However, the preferred stockholders should have voting rights at the preferred stockholders' meeting and also at the stockholders' meeting when it involves the rights and obligations of the preferred stockholders, and the aforesaid stockholders are eligible for director candidacy. Series A preferred stockholders have voting rights at Series A stockholders' meeting.

5) The Series A preferred stock issued by the Bank shall not be converted within one year from the date of issuance. Starting from the day after the expiration of one year, stockholders of convertible preferred stock may apply for the conversion of part or all of the preferred stock held, from preferred stock to common stock during the conversion period (conversion ratio 1:1). After the convertible preferred stocks are converted into common stock, their rights and obligations are the same as the common stock. The issuance of annual dividends for the convertible Series A preferred stock is based on the ratio of the actual number of issued days in the current year to the number of days within the whole year. However, stockholders who converted their preferred stock into common stock before the date of distribution of dividends (interests) in each year shall not participate in the distribution in that year but may participate in the distribution of common stock surplus and additional paid in capital.

6) After five and a half years from the issue date, the Bank may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the Bank's board of directors approves the distribution of dividends in the year the Bank redeems the outstanding shares of preferred stock - A, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

7) When the Bank issues new shares for cash, Series A preferred stockholders have the same subscription rights as the common stockholders.

As of December 31, 2024, 72,352 thousand preferred Series A shares has converted into common stock.

On June 27, 2024, the Bank's board of directors resolved to process the early withdrawal of all outstanding shares of Series A convertible preferred stock. This repurchase has been approved by the FSC, with a capital reduction date of October 17, 2024. The Bank had acquired 227,648 thousand shares of Series A preferred stock for $2,276,484 thousand. The Bank registered with Ministry of Economic Affairs on December 20, 2024.

The Bank's board of directors resolved to issue 250,000 thousand Series B convertible preferred stock, with a par value of $10. The issue price was $12 per share, and the total amount issued was $3,000,000 thousand on May 2, 2024. This issuance was approved by the Financial Supervisory Commission. The subscription date was September 25, 2024. The Bank finished the registration on October 29, 2024. The rights and obligations of Series B preferred stockholders are as follows:

1) The interest rate of Series B preferred stock shall be based on the 5-year NTD Interest Rate Swap (IRS) rate on the pricing date and the interest shall be calculated on the issue price per share; the interest rate is initially set at 1.7325% plus 2.7675% (total 4.5%) per annum. The NTD interest Rate Swap issued price per share. Interest rate per annum will be reset on the day after the 5.5-year anniversary of the issue date and the day after each subsequent period of 5.5 years thereafter. Dividends for the Series B preferred stock shall be declared once every year in cash. After the stockholders' approval of the Bank's financial statements at its annual stockholders' meeting, the board of directors may set a record date for the distribution of dividends declared from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.

2) The Bank has sole discretion on dividend issuance of Series B preferred stock including, but not limited to, its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred stock dividends, or preferred stock dividend declaration would render the Bank of International Settlement (BIS) ratio below the level required by the law or relevant authorities, or due other necessary consideration. The Series B preferred stockholders shall not have any objection towards the Bank's cancellation of preferred stock dividend declaration. Undeclared or under declared dividends are not cumulative and are not paid in subsequent years with profit.

3) Unless the authorities take over the Bank, order the Bank to suspend, terminate or liquidate its business in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", Series B preferred stockholders shall have the same priority as the common stockholders in the event of liquidation, both second to tier 2 capital instrument holder, depositor, and common creditor, but will be capped at the value of issuance.

4) Series B preferred stockholders have no voting rights and cannot elect directors. However, the preferred stockholders should have voting rights at the preferred stockholders' meeting and also at the stockholders' meeting when it involves the rights and obligations of the preferred stockholders, and the aforesaid stockholders are eligible for director candidacy. Series B preferred stockholders have voting rights at Series B stockholders' meeting.

5) The Series B convertible preferred stock issued by the Bank shall not be converted within one year from the date of issuance. Starting from the day after the expiration of one year, stockholders of convertible preferred stock may apply for the conversion of part or all of the preferred stock held, from preferred stock to common stock during the conversion period (conversion ratio 1:1). After the convertible preferred stock are converted into common stock, their rights and obligations are the same as the common stock. The issuance of annual dividends for the convertible preferred stock is based on the ratio of the actual number of issued days in the current year to the number of days within the whole year. However, stockholders who converted their preferred stock into common stock before the date of distribution of dividends (interests) in each year shall not participate in the distribution in that year but may participate in the distribution of common stock surplus and additional paid in capital.

6) After five and a half years from the issue date, the Bank may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the Bank's board of directors approves the distribution of dividends in the year the Bank redeems the outstanding shares of preferred stock - B, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

7) When the Bank issues new shares for cash, Series B preferred stockholders have the same subscription rights as the common stockholders.

b. Capital surplus

	December 31	
	2024	**2023**
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note 1)		
Issuance of ordinary shares	$ 500,000	$ -
Treasury share transactions	10,746	9,061
	510,746	9,061
Must be used to offset a deficit		
Disgorgement exercised	10	10
Unclaimed dividends	3,261	2,672
Share of changes in capital surplus of subsidiaries associates or joint ventures (Note 2)	50,550	4,750
	53,821	7,432
May not be used for any purpose		
Share of changes in capital surplus of subsidiaries, associates or joint ventures	3,617	3,131
	$ 568,184	$ 19,624

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Bank's capital surplus and once a year).

Note 2: Such capital surplus arises from the effects of changes in ownership interests in associates resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of associates accounted for using the equity method.

c. Special reserves

	December 31	
	2024	2023
Trading loss and default loss reserve	$ 133,955	$ 133,955
Employee transfer or placement expenditure related to financial technology development	7,899	12,554
Other equity deductions special reserves	1,828,393	3,050,502
	$ 1,970,247	$ 3,197,011

The Bank reclassified reserve for trading loss and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

In addition, according to Rule No. 10510001510 issued by the FSC on May 25, 2016, a public bank shall appropriate to special reserve an amount in the range of 0.5% to 1% of net profit after tax from 2016 to 2018; from 2017, the same amount of employee transfer or placement expenditure arising from financial technology development shall be reversed from the balance of the special reserve. The above order was repealed by the FSC Rule No. 10802714560 on May 15, 2019, which stipulates that in 2019, a public bank shall no longer continue to provide a special reserve for the purpose of protecting the interests of domestic bank practitioners in the development of financial technology. The Bank is allowed to reverse the special reserve appropriated in 2016 to 2018 at the amounts of the following expenses.

1) Expenses for staff transfer or placement, including the related expenses for assisting employees to transfer between departments or groups, and the payment of retirement and severance benefits to employees that are superior to labor-related laws and regulations.

2) Expenses for financial technology or banking business development, i.e., expenditure for education and training to enhance or develop employee functions.

The Bank sets aside and reverses the special surplus reserve for other deductions in equity according to laws and regulations. When there is a reversal of the balance of other equity deductions subsequently, the surplus shall be distributed to the special surplus reserve for the reversal part.

d. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders.

In the event of a shortfall in "other previously accumulated net deductions from stockholders' equity" when the Bank sets aside a portion of distributable earnings for special reserve, it shall first set aside an equal amount of special reserve from undistributed earnings from the previous period. If any shortfall remains, the Bank shall make an allocation from the undistributed earnings of the current period that also take account of net profit plus other items of the current period.

In principle, common stock dividends shall not be less than 20% of the available for distribution retained earnings minus the amount for preferred stock dividends and the reversal of special reserve for the current year. Cash dividend shall not be less than 20% of the total dividend for the current year. When the amount of legal reserve has not reached the Bank's total capital, the amount of cash dividends cannot exceed 15% of the Bank's paid-in capital.

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders' meeting.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 36.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital.

The appropriations of earnings for 2023 and 2022 have been proposed by the Bank's board of directors and approved in the stockholders' meetings on June 14, 2024 and June 16, 2023, respectively. The appropriations and dividends per share were as follows:

	2023	2022
	Appropriation of Earnings	**Appropriation of Earnings**
Legal reserve	$ 738,432	$ 1,447,384
Special reserve appropriated (reversed)	(1,226,764)	2,562,401
Cash dividends - common stock	1,228,974	1,037,959
Preferred stock dividends (Note)	124,956	127,081

Note: As of July 30, 2024, a total of 239,775 thousand preference shares of the Company had not been converted. Since the board of directors resolved to distribute preference share dividends of 0.425 per share, the Company distributed $101,904 thousand for preference share dividends.

e. Other equity items

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

	For the Year Ended December 31	
	2024	**2023**
Balance at January 1	$ 109,410	$ 165,887
Exchange differences arising on the translating the financial statements of foreign operations	528,113	(59,795)
Income tax related to gains arising on the translating the financial statements of foreign operations	(96,220)	3,318
Balance at December 31	$ 541,303	$ 109,410

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ (1,937,803)	$ (3,216,389)
Recognized during the year		
Unrealized gains (losses) - debt instruments	(194,332)	1,296,609
Unrealized gains (losses) - equity instruments	69,017	(39,429)
Loss allowance of debt instruments	4,618	3,358
Other comprehensive income (loss) recognized in the period	(120,697)	1,260,538
Cumulative unrealized losses of equity instruments transferred to retained earnings due to disposal	67,074	18,048
Balance at December 31	$ (1,991,426)	$ (1,937,803)

f. Non-controlling interests

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 18,415,711	$ 16,287,325
Attribute to non-controlling interests		
Shares of profit for the year	1,036,660	933,639
Capital surplus	1,227	1,276
Exchange differences arising on translation of foreign entities	37,891	390
Unrealized valuation gains and losses on FVTOCI		
Debt instruments	(113,580)	1,586,217
Equity instruments	(3,585)	217,405
Tax effects	30,400	(125,819)
Actuarial profit and loss of defined benefit plans	13,452	(3,733)
Cash dividends distributed by subsidiary	(702,244)	(480,989)
Balance at December 31	$ 18,715,932	$ 18,415,711

g. Treasury stock

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2024	2023
Number of shares at January 1	17,522	2,522
Increase during the year	1,418	15,000
Decrease during the year	(9,583)	-
Number of shares at December 31	9,357	17,522

On August 21, 2023, the board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from August 22, 2023 to October 21, 2023. As of October 20, 2023, the Bank had acquired 15,000 thousand shares of treasury stocks for $144,684 thousand. The Bank had transferred 7,061 thousand and 2,522 thousand shares to employees at a price of $9.65 and $5.90 per share in February 2024, respectively. As a result, treasury shares decreased by $88,338 thousand.

On December 25, 2024, the board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from December 26, 2024 to February 25, 2025. As of December 31, 2024, the Bank had acquired 1,418 thousand shares of treasury stocks for $14,084 thousand. The Bank had acquired 13,582 thousand shares of treasury stocks for $134,428 thousand during the period from January 1, 2025 to February 25, 2025.

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

32. NET INTEREST

	For the Year Ended December 31	
	2024	2023
Interest revenue		
Discounts and loans	$ 11,104,918	$ 9,540,590
Investments in securities	3,996,383	3,422,287
Due from the Central Bank and call loans to banks	736,258	802,521
Others	251,048	173,746
	16,088,607	13,939,144
Interest expense		
Deposits	9,182,395	7,827,712
Deposits from the Central Bank and other banks	861,430	621,355
Bank debentures	265,192	246,917
Bills and bonds sold under repurchase agreements	3,873,631	3,084,827
Others	78,616	32,056
	14,261,264	11,812,867
	$ 1,827,343	$ 2,126,277

33. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2024	2023
Service fee income		
Guarantee business	$ 1,021,459	$ 958,318
Loan business	622,368	491,959
Underwrite business	517,568	565,578
Trust business	73,728	58,545
Credit examining business	122,439	128,138
Import and export business	20,308	21,061
Factoring business	8,769	17,031
Insurance agent business	31,084	37,797
Others	189,299	91,365
	2,607,022	2,369,792
Service charge		
Others	152,780	125,921
	$ 2,454,242	$ 2,243,871

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

	For the Year Ended December 31	
	2024	2023
Realized gains or losses		
Bills	$ 33,510	$ (28,142)
Stocks and beneficiary certificates	397,909	125,385
Bonds	357,847	118,868
Derivatives	2,484,204	2,376,206
	3,273,470	2,592,317
Gains (losses) on valuation		
Bills	18,864	448,631
Stocks and beneficiary certificates	(53,828)	155,695
Bonds	(31,153)	40,241
Derivatives	1,312,246	(681,208)
	1,246,129	(36,641)
Interest revenue	2,682,764	1,926,108
	$ 7,202,363	$ 4,481,784

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

	For the Year Ended December 31	
	2024	2023
Realized income - debt instruments	$ 221,683	$ (137,033)
Dividend revenue	444,751	511,373
	$ 666,434	$ 374,340

36. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits		
Salaries and wages	$ 2,458,905	$ 2,238,097
Labor insurance and national health insurance	160,749	151,686
Others	318,979	237,738
Post-employment benefits		
Pension expenses	100,592	91,850
Pension benefits	351	65
	$ 3,039,576	$ 2,719,436

The stockholders of the Bank held their regular meeting on June 16, 2023 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, the Bank accrued employees' compensation and remuneration of directors at the rates no lower than 0.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. Before the amendment, the Bank accrued employees' compensation and remuneration of directors at rates between 1% to 2.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The amounts and accrual rates of employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023 were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	**2023**
Compensation of employees	1.50%	1.50%
Remuneration of directors	1.30%	1.50%

Amount

	For the Year Ended December 31	
	2024	**2023**
Compensation of employees	$ 52,586	$ 43,314
Remuneration of directors	$ 45,574	$ 43,314

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

The compensation of employees and remuneration of directors for 2023 and 2022, which were approved by the Bank's board of director on April 9, 2024 and March 14, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2024	**2023**
	Cash	**Cash**
Compensation of employees	$ 43,314	$ 53,625
Remuneration of directors	43,314	67,031

There are no differences between the 2023 and 2022 actual amounts of compensation of employees and remuneration of directors paid and the 2023 and 2022 amount recognized in the annual consolidated financial statements.

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

37. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2024	2023
Property and equipment	$ 152,860	$ 166,898
Right-of-use assets	148,365	131,367
Intangible assets	242,093	270,838
	$ 543,318	$ 569,103

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Year Ended December 31	
	2024	2023
Taxation	$ 396,562	$ 334,403
Rental fees	10,738	7,473
Management fees	44,729	42,702
Computer operating and consulting fees	451,806	388,139
Entertainment fees	39,543	43,187
Professional services fees	94,358	83,757
Advertisement fees	75,701	65,810
Postage fees	78,637	82,725
Others	333,914	281,436
	$ 1,525,988	$ 1,329,632

39. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	$ 691,129	$ 529,449
Income tax on unappropriated earnings	88,873	6,367
Adjustment of prior years	19,283	3,833
	799,285	539,649
Deferred tax		
In respect of the current year	324,460	63,032
Income tax expense recognized in profit or loss	$ 1,123,745	$ 602,681

A reconciliation of accounting profit and income tax expense for the years ended December 31, 2024 and 2023 were as follows:

	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Profit before tax	$ 5,016,604	$ 4,028,740
Income tax expense calculated at the statutory rate	$ 1,320,024	$ 951,280
Realized gain (loss) on investment in equity instruments measured at fair value through other comprehensive income	6,392	(63,373)
Tax-exempt income	(381,783)	(330,783)
Nondeductible expenses and tax-exempt income in determining taxable income	43,369	12,971
Tax credits for Foreign Income Source Tax Act	(178,253)	(203,972)
Unrecognized unused loss carryforwards	478	6,523
Loss carryforwards	(625)	-
Unrecognized deductible temporary differences	14,647	(5,628)
Additional income tax under the Alternative Minimum Tax Act	18,517	4,311
Income tax on unappropriated earnings	88,873	6,367
Overseas income taxes	172,823	221,152
Adjustments for prior years' tax	19,283	3,833
Income tax expense recognized in profit or loss	$ 1,123,745	$ 602,681

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Deferred tax		
Translation of foreign operations	$ 96,220	$ (3,318)
Remeasurement of defined benefit plans	4,695	(1,303)
Unrealized gains or losses on financial assets at FVTOCI	(41,948)	195,296
Income tax expense (gain) recognized in other comprehensive income	$ 58,967	$ 190,675

c. Deferred tax assets and liabilities

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Other	Closing Balance
Deferred tax assets					
Temporary differences					
FVTPL financial instruments	$ 523	$ (523)	$ -	$ -	$ -
Property and equipment	13,327	1,144	-	907	15,378
Exchange differences on translating the financial statements of foreign operations	6,561	-	-	-	6,561

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Other	Closing Balance
Defined benefit plans	$ 25,124	$ (3,503)	$ (112)	$ 1,532	$ 23,041
Allowance for bad debts	591,296	(151,036)	-	12,493	452,753
Provisions	67,052	(15,630)	-	-	51,422
Other	255,634	(3,066)	41,948	4,861	299,377
	$ 959,517	$ (172,614)	$ 41,836	$ 19,793	$ 848,532
Deferred tax liabilities					
Temporary differences					
Share of profit of associates and joint ventures accounted for using equity method	$ 659,555	$ 116,574	$ -	$ -	$ 776,129
Exchange differences on translating the financial statements of foreign operations	20,061	-	96,220	-	116,281
Other	36,055	35,272	4,583	-	75,910
	$ 715,671	$ 151,846	$ 100,803	$ -	$ 968,320

(Concluded)

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Other	Closing Balance
Deferred tax assets					
Temporary differences					
FVTPL financial instruments	$ 90,631	$ (90,108)	$ -	$ -	$ 523
Property and equipment	11,399	1,944	-	(16)	13,327
Exchange differences on translating the financial statements of foreign operations	6,561	-	-	-	6,561
Defined benefit plans	30,334	(6,607)	1,303	94	25,124
Allowance for bad debts	452,012	141,219	-	(1,935)	591,296
Provisions	86,438	(19,386)	-	-	67,052
Other	448,199	717	(195,296)	2,014	255,634
	$ 1,125,574	$ 27,779	$ (193,993)	$ 157	$ 959,517
Deferred tax liabilities					
Temporary differences					
Share of profit of associates and joint ventures accounted for using equity method	$ 604,891	$ 54,664	$ -	$ -	$ 659,555
Exchange differences on translating the financial statements of foreign operations	23,379	-	(3,318)	-	20,061
Other	(92)	36,147	-	-	36,055
	$ 628,178	$ 90,811	$ (3,318)	$ -	$ 715,671

d. Assessment of the income tax returns

The Bank's income tax returns through 2022 had been assessed by the authorities. The income tax returns of the Bank's subsidiaries CBF through 2020 had been assessed by the tax authorities. The income tax returns of the Bank's subsidiaries IBT Management Corp. and IBT VII Venture Capital Co., Ltd. through 2022 had been assessed by the tax authorities.

40. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share	$ 1.00	$ 0.87
Diluted earnings per share	$ 0.90	$ 0.78

Earnings used in calculating earnings per share and weighted average number of common stocks are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Profit for the period attributable to owners of the Bank	$ 2,856,199	$ 2,492,420
Less: Declared preferred stock dividend	101,904	127,081
Earnings used in the computation of basic and diluted earnings per share	$ 2,754,295	$ 2,365,339

Stock (In Thousand Shares)

	For the Year Ended December 31	
	2024	2023
Weighted average number of common stocks in computation of basic earnings per share	2,759,378	2,727,193
Effect of potentially dilutive common stocks:		
Compensation of employees	6,488	5,428
Convertible preferred stock	284,040	299,014
	290,528	304,442
Weighted average number of common stocks in the computation of diluted earnings per share	3,049,906	3,031,635

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

41. RELATED PARTY TRANSACTIONS

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

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

Related Party	Relationship with the Bank
Beijing Sunshine Consumer Finance Co., Ltd.	Associate
Infinite Finance Co., Ltd. (Infinite Finance)	Associate
Jih Sun International Leasing Co. (Suzhou Jih Sun)	Subsidiary of associate
Infinite Commercial Finance CO., LTD.	Subsidiary of associate
Yi Chang Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Group's legal director
Taixuan Investment Co., Ltd.	The Bank's legal director
TCC Chemical Corporation (TCC)	Other related party (Note)
Others	The Group's management and their other related party

Note: On June 16, 2023, a board of directors election was conducted, effective from the 2024, excluding related parties from the consolidated financial statements.

b. The significant transactions and balances with the related parties are summarized as follows:

1) Deposits (part of deposits and remittances)

	Ending Balance	Interest Expense	Rate (%)
For the year ended December 31, 2024			
Associates	$ 7,880	$ 132	0.71-0.80
Others	3,578,221	155,191	0.00-8.80
	$ 3,586,101	$ 155,323	
For the year ended December 31, 2023			
Associates	$ 7,200	$ 119	0.05-1.45
Others	7,396,742	198,909	0.00-7.05
	$ 7,403,942	$ 199,028	

2) Loan

	Maximum Balance (Note)	Ending Balance	Interest Income	Rate (%)
For the year ended December 31, 2024				
Associates	$ 41,940	$ -	$ 32	2.56
Others	114,640	89,628	1,789	1.90-2.65
	$ 156,580	$ 89,628	$ 1,821	
For the year ended December 31, 2023				
Associates	$ 281,438	$ 41,940	$ 4,443	2.50-5.01
Others	876,878	513,157	14,075	1.84-2.52
	$ 1,158,316	$ 555,097	$ 18,518	

December 31, 2024

Category	Account Volume or Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Transactions with Unrelated Parties
Consumer loans	17	$ 15,281	$ 14,160	$ 14,160	$ -	None	None
Self-used residential mortgage	3	$ 99,359	$ 75,468	$ 75,468	$ -	Real estate	None
Other loans	Infinite Finance	$ 41,940	$ -	$ -	$ -	Real estate	None

December 31, 2023

Category	Account Volume or Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Transactions with Unrelated Parties
Consumer loans	4	$ 3,433	$ 3,121	$ 3,121	$ -	None	None
Self-used residential mortgage	3	$ 81,645	$ 80,036	$ 80,036	$ -	Real estate	None
Other loans	Infinite Finance	$ 188,540	$ 41,940	$ 41,940	$ -	Real estate and check	None
Other loans	Suzhou Jih Sun	$ 92,898	$ -	$ -	$ -	None	None
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Other loans	Ming Shan Investment	$ 114,000	$ -	$ -	$ -	Certificates of deposit	None
Other loans	Yi Chang Investment	$ 73,800	$ -	$ -	$ -	Certificates of deposit	None
Other loans	Taixuan Investment	$ 174,000	$ -	$ -	$ -	Certificates of deposit	None

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

3) Service fee income (part of service fee income, net)

	For the Year Ended December 31	
	2024	2023
Others	$ 95	$ 11

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

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

	For the Year Ended December 31	
	2024	2023
Others	$ 14,500	$ 11,012

Other expenses are donations.

c. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2024 and 2023 were as follows:

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	$ 333,930	$ 325,243
Post-employment benefits	4,096	5,041
Share-based payments	4,157	-
	$ 342,183	$ 330,284

The remuneration of directors and other key management personnel is reviewed by the remuneration committee and determined by the Bank’s board of director or chairman.

The terms of the transactions with related parties are similar to those for third parties, except for the preferential interest rates given to employees for savings and loans. These rates should be within certain limits.

Under the Banking Law Articles 32 and 33, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

42. PLEDGED ASSETS

	December 31	
	2024	2023
Financial assets at FVTPL	$ 8,010,796	$ 8,603,214
Financial assets at FVTOCI	10,481,787	9,237,138
Investment in debt instruments at amortized cost	2,190,041	3,061,641
Discounts and loans	8,391,594	6,922,749
	$ 29,074,218	$ 27,824,742

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided negotiable certificates of deposits (part of financial assets at FVTPL, financial assets at FVOCI, and investments in debt instrument at amortized cost) as collateral for day-term overdrafts. The pledged amount is adjustable based on the respective overdraft amount, and at the end of the day, the unused part can be used for liquidity reserve. Pledged financial assets at FVOCI are bonds, which are mainly trust compensation reserves, bond delivery settlement reserves, and undertaking interest rate exchanges. Besides, the Bank contracted for foreign currency call-loan to provide the negotiable certificates of deposits to the Department of Foreign Exchange of Central Bank., and for EverTrust Bank to issue certificates of deposit collateral in the United States. Furthermore, the above loans were provided as collateral for EverTrust Bank to apply for credit limits with the Federal Home Loan Bank of San Francisco.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, as of December 31, 2024 and 2023, the Group had commitments as follows:

	December 31	
	2024	**2023**
Office decorating and contracts of computer software		
Amount of contracts	$ 158,827	$ 137,893
Payments for construction in progress and prepayments for equipment	65,871	76,157

44. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	December 31	
	2024	**2023**
Trust assets		
Petty cash	$ 100	$ 100
Bank deposits	951,872	1,783,562
Financial assets	3,688,407	4,335,703
Receivables	33	53
Prepayments	1,292	1,278
Real estate	7,776,905	5,935,723
Intangible assets	52,813	18,078
Structured products	33,676	141,605
Other assets	310	160
Total trust assets	$ 12,505,408	$ 12,216,262
Trust liabilities and capital		
Payables	$ 654	$ 2,695
Unearned receipts	2,287	1,171
Taxes payable	4,059	4,086
Guarantee deposits received	20,095	18,421
Other liabilities	935	879
Trust capital	12,033,628	11,998,878
Provisions and accumulated profit and loss	443,750	190,132
Total trust liabilities and capital	$ 12,505,408	$ 12,216,262

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2024	2023
Trust revenue		
Interest revenue	$ 13,105	$ 35,710
Rent revenue	113,253	110,878
Other revenue	5	2,108
	126,363	148,696
Trust expenses		
Management fees	(4,935)	(3,511)
Service charge	(5,659)	(4,996)
Tax	(14,107)	(14,072)
Other expenses	(16,677)	(13,855)
Income tax expense	(1,082)	(3,365)
	(42,460)	(39,799)
	$ 83,903	$ 108,897

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

Trust Property List

	December 31	
	2024	2023
Petty cash	$ 100	$ 100
Bank deposits	951,872	1,783,562
Stocks	259,555	532,777
Funds	2,156,156	2,575,975
Bonds	1,272,696	1,226,951
Land	6,926,505	5,124,240
Buildings	850,400	811,483
Right of superficies	52,813	18,078
Receivables	33	53
Prepayments	1,292	1,278
Structured products	33,676	141,605
Other	310	160
	$ 12,505,408	$ 12,216,262

45. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

1) Financial instruments significant difference between carrying amount and fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values cannot be reliably measured.

	December 31			
	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investments in debt instruments at amortized cost	$ 25,955,538	$ 25,449,656	$ 25,859,398	$ 25,864,895
Financial liabilities				
Bank debentures payable	13,450,000	13,514,207	12,950,000	13,037,986

2) The fair value hierarchy

Financial Instrument Items at Fair Value	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 25,449,656	$ 9,889,371	$ 15,560,285	$ -
Financial liabilities				
Bank debentures payable	13,514,207	-	13,514,207	-

Financial Instrument Items at Fair Value	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 25,864,895	$ 8,835,398	$ 17,029,497	$ -
Financial liabilities				
Bank debentures payable	13,037,986	-	13,037,986	-

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

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

1) The fair value hierarchy of the financial instruments as of December 31, 2024 and 2023 were as follows:

Item	December 31, 2024 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,397,719	$ 558,938	$ 496,830	$ 341,951
Debt instruments	4,417,402	-	4,417,302	-
Bills	136,776,863	-	136,776,863	-
Hybrid financial assets	9,611,517	311,975	72,379	9,227,163
Negotiable certificates of deposit	30,582,405	-	30,582,405	-
Financial assets at FVTOCI				
Equity instruments	2,077,968	1,066,387	165,933	845,648
Bills	2,753,669	-	2,753,669	-
Debt instruments	143,633,547	16,855,821	126,777,726	-
Negotiable certificates of deposit	19,383,077	-	19,383,077	-
Liabilities				
Financial liabilities at FVTPL	1,568	-	1,568	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	2,125,975	59,021	2,066,954	-
Liabilities				
Financial liabilities at FVTPL	1,363,064	-	1,363,064	-

Item	December 31, 2023 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,389,794	$ 618,482	$ 496,030	$ 275,282
Debt instruments	1,420,282	-	1,420,282	-
Bills	112,527,244	-	112,527,244	-
Hybrid financial assets	6,157,388	373,088	796,312	4,987,988
Negotiable certificates of deposit	32,528,876	-	32,528,876	-
Financial assets at FVTOCI				
Equity instruments	2,910,766	1,901,962	129,437	879,367
Bills	3,447,154	-	3,447,154	-
Debt instruments	142,857,710	17,995,040	124,862,670	-
Negotiable certificates of deposit	21,467,288	-	21,467,288	-
Liabilities				
Financial liabilities at FVTPL	21,402	-	21,402	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	858,666	49,686	808,980	-
Liabilities				
Financial liabilities at FVTPL	1,380,303	-	1,380,303	-

2) Valuation techniques and assumptions applied for the purpose of measuring the fair values

In a fair deal, the transaction is fully understood and there is willingness to achieve by the two sides in exchange of assets or settle of liabilities, fair value is the amount settled. Financial instruments at fair value through profit or loss and available-for-sale financial assets refer to quoted market prices for fair value. If quoted market prices are not available, then fair value is determined by using a valuation technique.

a) Marking-to-market

This measurement should be used first. Following are the factors that should be considered when using marking-to-market:

i. Ensure the consistency and completeness of market data.

ii. The source of market data should be transparent, easy to access, and should come from independent resources.

iii. Listed securities with high liquidity and representative closing prices should be valued at closing prices.

iv. Unlisted securities which lack tradable closing prices should use quoted middle prices from independent brokers and follow the guidelines required by regulatory authorities.

b) Marking-to-model

The marking-to-model is used if marking-to-market is infeasible. This valuation methodology is based upon the market parameters to derive the value of the positions and incorporate estimates, as well as assumptions consistent with acquirable information generally used by other market participants to price financial instruments.

Fair values of forward contracts used by the Group are estimated based on the forward rates provided by Reuters. Fair values of interest rate swap and cross-currency swap contracts are based on counterparties' quotation, using the Murex+ information system to capture market data from Reuters for calculating the fair value assessment of individual contracts. Option trading instruments use option pricing model commonly used in the market (ex: Black-Scholes model) to calculate the fair value.

i. Level 1 - quoted prices in active markets for identical assets or liabilities. Active markets are markets with all of the following conditions: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.

ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

iii. Level 3 - inputs not based on observable market data (unobservable inputs. i.e., option pricing model of historical volatility, due to historical volatility could not represent the overall market participants' volatility expectations of the future).

3) Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2024

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 4,987,988	$ 275,282	$ 879,367	$ 6,142,637
Recognition in profit or loss - financial assets at fair value through profit or loss	21,975	164,191	-	186,166
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	94,999	94,999
Purchases	12,581,900	101,995	6,000	12,689,895
Disposals	(8,364,700)	(128,669)	(134,718)	(8,628,087)
Transferred into Level 1 (Note)	-	(70,848)	-	(70,848)
Ending balance	$ 9,227,163	$ 341,951	$ 845,648	$ 10,414,762

For the year ended December 31, 2023

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 7,508,377	$ 192,744	$ 843,274	$ 8,544,395
Recognition in profit or loss - financial assets at fair value through profit or loss	90,211	25,497	-	115,708
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	30,093	30,093
Purchases	2,425,900	90,277	6,000	2,522,177
Disposals	(5,036,500)	-	-	(5,036,500)
Transferred into Level 1 (Note)	-	(33,236)	-	(33,236)
Ending balance	$ 4,987,988	$ 275,282	$ 879,367	$ 6,142,637

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the years ended December 31, 2024 and 2023, were consisted of $50,055 thousand and $24,903 thousand in profit, respectively.

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

4) Transfers between Level 1 and Level 2

The Group had no significant transfers between Level 1 and Level 2 for the years ended December 31, 2024 and 2023.

5) Sensitivity to using reasonable alternative in assumption against Level 3 fair value

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; bonds and convertible bonds for asset swaps that have no quoted market prices are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the years ended December 31, 2024 and 2023 would be as follows:

<u>For the year ended December 31, 2024</u>

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,645	$ (1,645)	$ -	$ -
Equity instruments	10%	34,195	(34,195)	93,784	(93,784)

<u>For the year ended December 31, 2023</u>

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 664	$ (664)	$ -	$ -
Equity instruments	10%	27,528	(27,528)	96,207	(96,207)

c. Transfer of financial assets

<u>Transferred financial assets not derecognized</u>

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

December 31, 2024

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 112,980,317	$ 113,093,346
Bonds sold under repurchase agreements	1,229,865	1,218,518
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	92,089,762	93,413,573
Financial assets at amortized cost		
Bonds sold under repurchase agreements	6,267,619	5,544,817
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	1,914,275	2,034,377

December 31, 2023

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 90,057,852	$ 90,136,887
Bonds sold under repurchase agreements	2,550,201	2,533,422
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	91,546,140	93,306,462
Financial assets at amortized cost		
Bonds sold under repurchase agreements	6,610,660	5,956,942
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	2,415,025	2,153,555

d. Offsetting financial assets and financial liabilities

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

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

December 31, 2024

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 2,125,975	$ -	$ 2,125,975	$ (542,558)	$ (284,846)	$ 1,298,571
Repurchase agreements	5,976,328	-	5,976,328	(5,976,328)	-	-
	$ 8,102,303	$ -	$ 8,102,303	$ (6,518,886)	$ (284,846)	$ 1,298,571

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 1,352,961	$ -	$ 1,352,961	$ (542,558)	$ (306,791)	$ 503,612
Repurchase agreements	215,304,631	-	215,304,631	(213,358,818)	-	1,945,813
	$ 216,657,592	$ -	$ 216,657,592	$ (213,901,376)	$ (306,791)	$ 2,449,425

December 31, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 858,002	$ -	$ 858,002	$ (257,141)	$ (145,530)	$ 455,331

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 1,367,477	$ -	$ 1,367,477	$ (257,141)	$ (294,050)	$ 816,286
Repurchase agreements	194,087,268	-	194,087,268	(191,912,910)	-	2,174,358
	$ 195,454,745	$ -	$ 195,454,745	$ (192,170,051)	$ (294,050)	$ 2,990,644

Note: Included non-cash financial collaterals.

46. FINANCIAL RISK MANAGEMENT

a. Overview

For the potential expected and unexpected risk, the Group establishes a comprehensive risk management system to distribute resource effectively and enhance competitiveness by ensuring that all operating risks are controlled to an acceptable extent. The Group continues to engage actively in the capital adequacy ratio with in the accordance to the regulator's requirements and monitors to meet the international requirement of the Basel Commission.

b. Risk management framework

Ultimate responsibility for setting the Bank's risk appetite rests with the board of director. The Auditing Department, Audit Committee and Compensation Committee report to the board of director. Risk Management Committee, which is also authorized by the Chairman. The chairman serves as the chairman of the committee, and the members of the committee include at least 2 directors authored by the board of directors who own the background of risk management or finance, president, governance officer and designated senior supervisors at all levels under the Chairman, deliberate the bank risk management mechanism and the risk management proposals of the board of directors, supervising the risk management of each risk and review the implementation effect, new type business or setting up risk management. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold Meetings for discussing and considering risk management proposals regularly. The Risk Management Department is responsible for establishing a total scheme of risk management and monitoring the execution of such management.

China Bills Finance Corporation's (CBF) board of directors has the ultimate responsibility for risk framework decision making and oversees the implementation of risk management. Business risk management which is headed by the President is comprised of Financial Assets and Liabilities Management Committee, Business Committee and the Investment Commission for the joint implementation of market risk, credit risk, operational risk control, and other set of business and oversight of the audit office, and the business risk control management unit case. To effectively manage the overall risk and risks associated with integration of information, CBF has defined risk assessment methods and has summarized risk positions for the risk management group responsible for implementing the risk management operations.

c. Credit risk

1) Sources and definition of credit risk

Credit risk is the potential loss due to the failure of counterparty to meet its obligations to pay the Group in accordance with agreed terms. The source of credit risks includes the subjects in the balance sheet and off-balance sheet items.

2) Strategy/objectives/policies and procedures

a) Credit risk management strategy: The Bank implements the relevant provisions of the principles of credit risk management requirement and establish the Bank's credit risk management mechanism to ensure that credit risk control is within effective but affordable range, and maintain adequate capital, and execute sound management of the Bank credit risk, and achieve operational and management objectives.

b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, the Bank's credit risk management is carried out in accordance with the principle of risk diversification to minimize potential financial losses and optimize risk and rewards.

Sound risk management systems and control processes, strengthened information integration, analysis and early warning validation, bring out credit management and monitoring functions to ensure compliance with laws, regulations and group standards so as to maintain high credit standards and asset quality.

c) Credit risk management policy: In order to establish the Bank's risk management system and ensure the development and sound operations of the Bank, and serve as the basis of business risk management and compliance, the Bank stipulated its "Risk Management Policy" in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued by the FSC. The Bank maintains an adequate amount of capital within the Bank's acceptable range of credit risk to achieve the objectives of credit risk strategy and create maximum risk-adjusted returns.

d) Credit risk management process:

i. Risk identification

Credit risk management process begins with the identification of existing and potential risks, including all the transactions in banking book and trading book, balance sheet and off-balance sheet transactions. With financial innovation, as new credit businesses become increasingly complex; business executives in order do existing and new credit businesses, should be fully aware of the complexity involved in the business of re-order business and other cases or transactions to be able to identify any possibility of having an event of default.

ii. Risk measurement

i) The Bank manages asset portfolios by the risk rating scale.

The risk rating scale qualifies the default possibilities of debtors and operation difficulty possibilities of investees in the next year. Risk ratings must actually be scaled when the individual credit and investment accounts are approved. The continual change of the market gives rise to the change in credit or investment household. Therefore, risk ratings must be reevaluated and updated often to adjust the risk rating scale when it is verified.

ii) Portfolio management:

- It is used to ensure the risk of loan is within the tolerable scope.

- "Concentrative risks" are concentration-limited, avoiding the risks to be overly centralized to sufficiently diversify the risk.

- It achieves the optimal profits.

iii. Risk communication

i) Internal reporting: Risk management position shall establish appropriate credit risk reporting mechanism for regular statistical reporting and the preparation of a variety of business risk management reports which contain correct, consistent, and real-time credit risk reporting information to ensure any exceptions can be acted on immediately, and as a reference for decision-making. The above communication may include asset quality, portfolio rating classification status, and all kinds of exception reports.

ii) External disclosure: To comply with the requirements for capital adequacy supervisory review and market discipline principles, the business director of credit risk level should prepare reports in the format specified by the competent authority showing contents, methods and frequency to provide information on the credit risk of the Bank's quantitative, qualitative indicators to illustrate the self-assessment and credit risk management system and disclose information about capital and other capital adequacy matters.

iv. Risk monitoring

i) The Bank establish monitoring system to assess the changes in credit risk of borrower or counterparty or issuer (e.g., bonds issuer and guarantor of issuers of equity related products, derivatives counterparties' credit rating information and credit information), to serve timely detection of problems on assets or transactions, and take immediate action to cope with the possible breach.

ii) Besides monitoring the individual credit risk, the Bank also deal with credit portfolio monitoring and management.

iii) Establish stringent credit processes, credit standards and loan management; the project includes the credit factors that should be considered for new credit and credit transfer period, commitment to the periodic review of credit, maintenance of credit records and the proportion of various types of loans in the credit portfolio.

iv) Establish quota management system to avoid excessive concentration of credit risk to nationality, industry types, same group, same relations, etc.

v) Establish collateral management system to ensure that collaterals can be effectively managed.

3) Credit risk management and framework

a) Board of Directors: Responsible for authorizing and reviewing the credit risk management strategies and approving the credit risk management framework. The strategy reflects the level of risk that the Bank can tolerate and the level of profitability that the Bank expects to achieve under various credit risks.

b) Audit Committee: Responsible for the stipulation and amendment on issues relating to the internal control framework, effectiveness of the internal control framework, assessment of the effectiveness of the information security system, acquisition or disposal of assets or derivatives, monitoring of directors' self-interest issues, appointment or dismissal of the CPA and internal auditors, and other important issues ruled by the FSC.

c) Risk Management Committee: Responsible for the risk management policies, various risk management regulations, annual risk appetites, limits, risk management proposals for the board of directors' approval and various risk management mechanisms, supervise and review credit, market, operations, liquidity, information security, AML, personal data protection, climate changes, emergencies and other risk management, improve the Bank's risk management mechanism to ensure the effective implementation of the Bank's risk management procedures.

d) Assets and Liabilities Committee: Holds asset/liability management meetings to inspect asset/liability management, liquidity risk, interest rate sensitivity risk management, market risk, BIS management, and is in charge of making decisions on policies.

e) Loan Evaluation Subcommittee: Reviews the loan cases rendered by the corporate credit management department and retail credit management department. After passing the provisions, the cases are still required to be submitted to the relevant management for review.

f) Loan Assets Quality Evaluation Meeting: In charge of formulating policies and strategies for identifying the possibilities of loss on credit assets. The Bank evaluates the adequacy of the allowance for credit assets.

g) Risk Management Department: Independent risk management unit which is in charge of risk management and responsible for the related operations of credit risks. It ensures the Bank follows the BASEL regulations, and is also responsible for the preparation of risk management reports presented to the appropriate management, and plans to establish monitoring tools for credit risk measurement.

h) Corporate Credit Management Department: Supervises the establishment of corporate finance risk identification, measurement, monitoring and management, preparation of regulatory review of credit grading, devising and enhancement of deed lists, deed for credit and guarantee amount control, proper release and other release matters.

i) Retail Credit Management Department: Manages personal financial risk, identifies, measures, monitors the allowance for bad debts, and prepares for bad debts presentation, loss assessment and post-loan management.

4) The scope and characteristics of credit risk reports and measurement system

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

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

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

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

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

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

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

6) Maximum exposure to credit risk

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

Off-balance Sheet Item	Maximum Exposure Amount	
	December 31, 2024	December 31, 2023
Financial guarantees and irrevocable documentary letter of credit		
Contract amounts	$ 146,818,452	$ 131,572,860
Maximum exposure amounts	146,818,452	131,572,860
Loan commitments	61,851,748	60,940,557

7) Concentrations of credit risk exposure

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

On December 31, 2024 and 2023, the Group's significant concentrations of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Financial intermediary	$ 107,300,739	29	$ 95,367,896	29
Real estate	72,063,127	20	68,325,909	21
Private	58,941,321	16	53,601,696	16

b) By counterparty

Credit Risk Profile by Industry Sector	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Private sector	$ 191,877,892	77	$ 180,798,779	80
Natural person	58,941,321	23	45,830,555	20

c) By geographical area

Credit Risk Profile by Industry Sector	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Domestic	$ 153,878,702	61	$ 135,046,203	60
Other Asia area	48,642,881	19	48,829,054	22
America	41,083,137	16	37,474,918	17

8) Credit quality and impairment assessment of financial assets

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to other banks, financial asset at fair value through profit or loss, bills and bonds purchased under resell agreements, refundable deposits, operating deposits and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

On each reporting date, the Group assesses the change in the default risk of financial assets and considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situations, credit investigation results, announcements of dishonored checks and negotiations of the debts from other financial institutions, or information that the debtor has reorganized or is likely to reorganize, to determine whether the credit risk has increased significantly.

The Group adopts the 12-month ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has not increased significantly since initial recognition and adopts the lifetime ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or which are credit impaired.

The Group considers both the 12-month and lifetime probability of default (“PD”) of the borrower together with the loss given default (“LGD”), multiplied by the exposure at default (“EAD”), and considers the impact of the time value of money in order to calculate the 12-month ECLs and lifetime ECLs, respectively.

The PD refers to the borrower’s probability to default, and the LGD refers to losses caused by such default. The Group applies the PD and LGD for the impairment assessment of the credit business according to each group entity’s historical information (such as credit loss experience) from internal statistical data and adjusts such historical data based on the current observable and forward-looking macroeconomic information. It then calculates the respective impairment by applying the progressive one factor model.

The Group estimates the balance of each account based on the method of amortization and considers the possible survival rate in order to calculate the EAD. The Group calculates the EAD of expected credit losses by considering the portion of the loan commitments expected to be used within 12 months after the reporting date as compared with the expected lifetime of the loan commitments. It follows the supervisory values of the Credit Conversion Factor (CCF) as stipulated in the Guidelines and Tables for the Calculation of Bank Capital and Risk-Weighted Assets - Standardized Approach for Credit Risk and Leverage Ratio.

The Group uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days or the credit investigation appears to be abnormal, then the Group determines that the financial assets have defaulted and are credit-impaired.

Credit assets are classified into five categories. In addition to the first category of credit assets, which are normal credit assets classified as sound assets, the remaining credit assets are classified as unsound assets and assessed according to the respective collateral and the length of time in which the respective payments become overdue. Such unsound credit assets are then categorized within the second category if they should only be noted; within the third category if they have substandard expected recovery; within the fourth category if their collectability is highly doubtful; and within the fifth category if they are considered uncollectable. The Group also sets up policies for the management of provisions for doubtful credit assets and the collection and settlement of overdue debts in order to deal with collection problems.

b) Credit risk management for investments in debt instruments

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Bank and its subsidiaries' exposure and the external credit ratings are continuously monitored. The Bank and its subsidiaries review changes in bond yields and other public information and make an assessment as to whether there has been a significant increase in credit risk since the last period to the current reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses.

The Group's current credit risk grading mechanism is as follows:

Category	**Description**	**Basis for Recognizing Expected Credit Losses (ECLs)**
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECLs - credit-impaired

The Group's gross carrying amounts of debt instrument investments by credit category were as follows:

	December 31	
Category	**2024**	**2023**
Performing	$ 194,686,004	$ 196,265,696
Doubtful	-	-
In default	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and amortized cost for the years ended December 31, 2024 and 2023, grouped by credit rating, is reconciled as follows:

	Credit Rating		
	Performing (12-month ECLs)	**Doubtful (Lifetime ECLs - Not Credit-impaired)**	**Total**
Balance at January 1, 2024	$ 42,321	$ -	$ 42,321
Credit level changed			
From performing to doubtful	(236)	236	-
New financial assets purchased or originated	16,651	-	16,651
Derecognition of financial assets	(8,806)	(1,253)	(10,059)
Change in model or risk parameters	677	1,017	1,694
Exchange rates or others	1,286	-	1,286
Balance at December 31, 2024	$ 51,893	$ -	$ 51,893
Balance at January 1, 2023	$ 38,906	$ 1,481	$ 40,387
New financial assets purchased or originated	12,230	-	12,230
Derecognition of financial assets	(9,811)	(1,481)	(11,292)
Change in model or risk parameters	984	-	984
Exchange rates or others	12	-	12
Balance at December 31, 2023	$ 42,321	$ -	$ 42,321

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

a) Credit analysis for receivables and discounts and loans

December 31, 2024

	Stage 1 12-month ECLs	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Difference of Impairment Loss Under Regulations**	**Total**
Receivables	$ 3,888,297	$ 186,309	$ 37,779	$ -	$ 4,112,385
Allowance for credit losses	(2,727)	(1,837)	(7,579)	-	(12,143)
Difference of impairment loss under regulations	-	-	-	(12,174)	(12,174)
Net total	$ 3,885,570	$ 184,472	$ 30,200	$ (12,174)	$ 4,088,068
Discounts and loans	$ 229,270,483	$ 18,338,346	$ 3,210,384	$ -	$ 250,819,213
Allowance for credit losses	(505,303)	(216,750)	(319,402)	-	(1,041,455)
Difference of impairment loss under regulations	-	-	-	(2,289,702)	(2,289,702)
Net total	$ 228,765,180	$ 18,121,596	$ 2,890,982	$ (2,289,702)	$ 247,488,056

December 31, 2023

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 4,563,763	$ 53,458	$ 8,078	$ -	$ 4,625,299
Allowance for credit losses	(4,043)	(201)	(1,608)	-	(5,852)
Difference of impairment loss under regulations	-	-	-	(13,756)	(13,756)
Net total	$ 4,559,720	$ 53,257	$ 6,470	$ (13,756)	$ 4,605,691
Discounts and loans	$ 215,289,947	$ 10,080,624	$ 1,258,763	$ -	$ 226,629,334
Allowance for credit losses	(556,255)	(200,184)	(289,738)	-	(1,046,177)
Difference of impairment loss under regulations	-	-	-	(2,649,709)	(2,649,709)
Net total	$ 214,733,692	$ 9,880,440	$ 969,025	$ (2,649,709)	$ 222,933,448

b) Credit analysis for marketable securities

December 31, 2024

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 168,725,376	$ 25,960,628	$ 194,686,004
Allowance for impairment loss	(46,803)	(5,090)	(51,893)
Amortized cost	168,678,573	$ 25,955,538	194,634,111
Fair value adjustment	(2,908,280)		(2,908,280)
	$ 165,770,293		$ 191,725,831

December 31, 2023

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 170,401,997	$ 25,863,699	$ 196,265,696
Allowance for impairment loss	(38,020)	(4,301)	(42,321)
Amortized cost	170,363,977	$ 25,859,398	196,223,375
Fair value adjustment	(2,591,825)		(2,591,825)
	$ 167,772,152		$ 193,631,550

As of December 31, 2024 and 2023, the Group had no financial assets which were overdue but not impaired.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity is the Group’s capacity to realize assets, obtain financing or funds to meet obligations at maturity, including deposits and off-balance sheet guarantees.

Liquidity risk is the risk that the Group’s fund is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles of liquidity risk

a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Group's liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

b) Manage current assets to ensure that the Group have enough instantly-realized assets to deal with currency risks.

c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure that the Group's liquidity.

d) To establish an appropriate information system to measure, monitor and report liquidity risk.

e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.

f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

g) In addition to the monitoring of the capital requirements, under normal business conditions, the Group should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are in line with the Bank's operating environment and conditions, and can continue to play its role effectively.

As of December 31, 2024 and 2023, the liquidity reserve ratio was 45.40% and 45.46%, respectively.

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

December 31, 2024	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 26,651,705	$ -	$ -	$ 3,000,000	$ 9,000,000	$ 38,651,705
Financial liabilities at fair value through profit or loss	-	37	66	-	1,465	1,568
Bills and bonds sold under repurchase agreements	181,544,339	29,777,413	1,715,491	177,611	2,535,862	215,750,716
Payables	2,486,225	752,078	1,178,017	1,270,900	61,997	5,749,217
Deposits and remittances	78,496,709	100,960,815	38,579,520	59,101,358	54,031,600	331,170,002
Bank debentures payable	-	-	-	700,000	12,750,000	13,450,000
Other financial liabilities	144,966	105,459	145,557	232,088	10,765,667	11,393,737
Lease liabilities	13,292	27,424	38,419	63,961	319,799	462,895
	$ 289,337,236	$ 131,623,226	$ 41,657,070	$ 64,545,918	$ 89,466,390	$ 616,629,840

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 24,768,214	$ 571,036	$ -	$ 2,000,000	$ 2,999,999	$ 30,339,249
Financial liabilities at fair value through profit or loss	-	117	12	-	21,273	21,402
Bills and bonds sold under repurchase agreements	147,036,014	40,412,203	2,150,158	460,049	4,440,931	194,499,355
Payables	2,449,471	739,768	528,173	1,198,899	41,069	4,957,380
Deposits and remittances	79,109,128	69,216,208	52,502,375	63,049,571	52,685,016	316,562,298
Bank debentures payable	-	-	-	2,700,000	10,250,000	12,950,000
Other financial liabilities	27,678	326,078	174,444	22,508	3,185,429	3,736,137
Lease liabilities	11,999	24,886	33,441	65,011	368,056	503,393
	$ 253,402,504	$ 111,290,296	$ 55,388,603	$ 69,496,038	$ 73,991,773	$ 563,569,214

4) The Group assessed based contractual maturities at the balance sheet to understand all the basic elements of derivative financial instruments. The maturity analysis of derivative financial liabilities was as follows:

December 31, 2024	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 148,391	$ 1,226	$ 13,830	$ 10,994	$ -	$ 174,441
Currency swap contracts	522,759	121,014	47,229	106,197	-	797,199
Others	2,951	5,346	4,800	45,313	8,610	67,020
	674,101	127,586	65,859	162,504	8,610	1,038,660
Non-deliverable						
Interest rate swap contracts	163	95	104	1,174	322,868	324,404
	$ 674,264	$ 127,681	$ 65,963	$ 163,678	$ 331,478	$ 1,363,064

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 173,813	$ 19,060	$ 6,214	$ 479	$ -	$ 199,566
Currency swap contracts	426,512	432,763	171,838	85,146	-	1,116,259
Others	1,765	8,014	1,734	3,611	12,599	27,723
	602,090	459,837	179,786	89,236	12,599	1,343,548
Non-deliverable						
Interest rate swap contracts	82	58	-	-	36,615	36,755
	$ 602,172	$ 459,895	$ 179,786	$ 89,236	$ 49,214	$ 1,380,303

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

December 31, 2024	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 785,103	$ 1,339,699	$ 118,044	$ -	$ -	$ 2,242,846
Other guarantees	52,746,060	85,802,303	3,733,738	902,196	1,391,309	144,575,606
Loan commitments	5,139,880	10,279,761	15,419,641	30,839,281	173,185	61,851,748
	$ 58,671,043	$ 97,421,763	$ 19,271,423	$ 31,741,477	$ 1,564,494	$ 208,670,200

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 339,802	$ 1,530,567	$ 134,495	$ 91,857	$ -	$ 2,096,721
Other guarantees	48,007,188	75,775,900	4,201,539	585,975	905,537	129,476,139
Loan commitments	5,685,754	11,371,508	17,057,262	26,826,033	-	60,940,557
	$ 54,032,744	$ 88,677,975	$ 21,393,296	$ 27,503,865	$ 905,537	$ 192,513,417

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices, commodity prices etc.) which may cause financial instruments classified in trading book a potential loss on or off the balance sheet.

2) Market risk management strategy and process

The Bank manages the market risk with active, careful attitude.

The Bank makes the profit mainly from trading business through knowing how market risk factors fluctuate. (e.g., market price, exchange rate, interest rate). More violent the market risk factors fluctuate, the bigger the opportunity for profit or loss. When preparing the Annual Trading Budget Report of the trading business, the Bank will refer to the overall economic and industrial analysis of the Bank itself and also the other similar business. After discussions by the president, the trading department and the market risk management department, it is reported to the Risk Management Committee and the Board with the plan of loss quotas and product parts quotas to avoid setting up the goal in an impracticable way that leads the dealer to take more risk on operating.

The Bank sets up definite management rules and risk management indicators for different trading business and its risk attribute. It stipulates exposure amount, submission of expiration, authorization management and ways of disposure. Implement certainly and ensure the trading department to abide by the discipline to control the market risk exposure extent in a safe range.

3) Market risk management organization and framework

a) The Board of Directors: It is the top market risk supervising organization. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank, approved by the Board, are the top stipulation in market risk management.

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

c) Risk Management Department: In charge of market risk management. According to the Bank’s regulation, the department is in charge of every operation related to market risk management, including planning of market risk limit, statistics, reporting and monitoring.

4) Market risk report and evaluation system

The Bank setup the risk index, exposure amount and authority levels by products’ type (e.g. equity, interest rate, currency exchange rate).

The Bank setup the limit amount of trading and loss, and other index including VaR, MAT limit, 20-Day average liquidity and FS sensitivity limit to enhance the risk control system.

The Bank calculates the risk exposure amount of the trade department and traders based on authorized amount, and submits risk report, monitors the limits and executes the following measures.

The Bank sets up the index of stop loss to control the risk of transaction including bonds, Forex, securities and derivative by building the risk evaluation module, and monitor the loss caused by the fluctuation of stock market, exchange rate and interest rates.

5) Value at Risk

The Bank adopts Value at Risk to evaluate trading book products such as rate financial instruments, TWD interest products and market risks of trading assets IPO stocks. When market factors happen negative changes, Value at Risk reveals the potential losses of holding financial instruments during a certain period and in a confidence interval. The bank adopts variance-covariance method to estimate Value at Risk, the confidence interval is 99%, the sample interval of rate and stock products is the past year, the sample interval of interest products is the past three years.

The following table illustrates the Value at Risk of the Bank, this risk value is based on confidence interval, estimated in one day potential losses and assumed unfavorable interest and rate changes can cover all possible fluctuation in one day. Based on this assumption, the Value at Risk of financial assets and liabilities in the table have one in hundred days possibility more than the amount in the table due to the fluctuation of interest, rate and stock prices. Annual average value, maximum value and minimum value are calculated based on daily Value at Risk. The total market risk value of the bank is less than the sum of the fair value risk value, rate risk value and price risk value of interest changes.

O-Bank

	December 31					
	2024			2023		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Currency exchange rate risk	$ 4,340	$ 20,543	$ 268	$ 14,150	$ 23,128	$ 667
Fair value risk resulting from interest rate	1,229	3,134	198	1,478	3,643	574
Fair value resulting from stock price	16,500	35,439	-	3,369	10,961	-

6) Effect of interest rate benchmark reform

The Group is exposed to USD LIBOR which are subject to interest rate benchmark reform. The exposures arise on non-derivative financial assets. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences among these benchmarks. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group has completed the USD LIBOR transition plans, and all the affected financial instruments were transitioned to SOFR.

The subsidiary, China Bills Finance Corporation, will update the basic information on bonds according to the supplementary agreements based on the benchmark interest rates linked to the floating-rate foreign currency bonds for each period. These transition projects are considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of USD LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The following table contains details of all of the financial instruments held by the Group at December 31, 2024 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Book Value Not Transitioned to Alternative Benchmark Rates	**Transition Progress**
USD LIBOR financial assets		
Financial assets at fair value through other comprehensive income	$ 164,115	This subsidiary and the counterparty of the financial instrument agree to set the subsequent interest rate based on the quotation of USD LIBOR before exit and adopt the synthetic USD LIBOR as the unfinished interest indicator.

7) Foreign currency rate risk information

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

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

	December 31, 2024		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 3,234,851	32.7901	$ 106,070,961
JPY	13,087,472	0.2098	2,745,511
HKD	10,849,505	4.2231	45,818,438
EUR	26,428	34.1186	901,672
AUD	494,853	20.3802	10,085,227
RMB	840,783	4.4917/4.4748	3,762,334
Investments accounted for using the equity method			
RMB	264,344	4.4917	1,187,359
Financial liabilities			
Monetary item			
USD	5,526,549	32.7901	147,544,634
JPY	20,071,376	0.2098	4,210,605
HKD	6,667,504	4.2231	28,157,469
EUR	11,939	34.1186	407,344
AUD	198,515	20.3802	4,045,785
RMB	701,552	4.4748	3,139,300

	December 31, 2023		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 3,286,167	30.7533	$ 101,060,395
JPY	8,301,798	0.2172	1,803,101
HKD	11,977,009	3.9382	47,167,618
EUR	26,300	34.0476	895,451
AUD	466,153	20.9960	9,787,331
RMB	844,097	4.3347/4.3289	3,654,001
Investments accounted for using the equity method			
RMB	264,036	4.3347	1,144,527
Financial liabilities			
Monetary item			
USD	4,761,685	30.7533	146,437,392
JPY	2,927,936	0.2172	635,931
HKD	6,077,037	3.9382	23,932,465
EUR	10,437	34.0476	355,363
AUD	282,432	20.9960	5,929,928
RMB	519,183	4.3289	2,247,480

f. Banking book interest rate risk

1) Source and definition of interest rate risk of banking book

Banking book’s interest rate risk means the probably loss of non-trading book’s position within balance sheet and off-balance sheet arise from interest change.

2) Management strategy and process of interest rate risk of banking book

The Bank controls this interest rate risk with a positive and strict attitude. The Bank hopes to pursue the stability and growth of surplus without liquidity flaws.

The Bank set the clear management methods and risk management indicators with different trading, investment and risk, and set the report of risk amount and over limit, approved level and reaction plan. The Bank executes the procedures clearly, establishes a trading discipline that upholds the discipline of investment, and controls the interest rate risk of banking book within the limit.

3) Management organization and framework of interest rate risk of banking book

a) The Board of Directors: It is the top organization to supervise interest rate risk of banking book. The product part quotas and total annual loss quotas of the trading business market risk monitored and managed by the Bank and approved by the board of director are the top stipulation in bank book interest risk.

b) Risk Management Committee: In charge of stipulating risk management policy of interest rate risk of banking book and monitoring the risk management operating of interest rate risk of banking book. The Bank assembles related departments to hold a risk management assessment meeting to review the risk management conditions of interest rate risk of banking book and the result of interest rate pressure test once a month.

c) Risk Management Department: In charge of risk management of interest rate risk of banking book. According to the Bank's regulation, the department is in charge of every operation related to management of interest rate risk of banking book, including planning limits, statistics, reporting and monitoring.

4) The extent and characteristics of interest rate risk report and evaluation system of banking book

The Risk Management Department set the regulation with banking book interest risk as follow, limit of position, Annual loss limit, FS Sensitivity limit, duration/maturity limit, Individual Investment Target Warning Limits, Individual Investment Target stop buying limit, Earnings View Interest Rate Sensitivity Warning Limit-Rising/falling interest rates by 1bp, First Class Capital Interest Rate Sensitivity Warning Limit: Interest rate rise/fall 25bps, 50bps, 75bps, 100bps. In summary, it is intended to enhance the risk control framework of interest rate risk of banking book. In summary, it is intended to enhance the risk control framework of interest rate risk of banking book.

Besides, the Risk Management Department executes the following tests to assess the impact to the Bank's net income in special situation pressure test, and reports the result to the Assets and Liabilities Committee.

The Risk Management Department calculates the exposure amount of each trading departments and traders, and it also reports the risk reports, monitors over-limits, and performs follow-up actions under the regulations.

g. Climate risk

1) Source and definition of climate risk

Due to the continuous emission of greenhouse gases from various economic activities, the earth is warming up and generating extreme climate, thus creating climate risk. Climate risk is mainly categorized as: transformation risk due to the impact of external policies and regulations, technological transformation, market preference and reputation in order to achieve the goal of a low-carbon economy, and physical risk due to the impact of climate change or extreme climate.

2) Management strategy and principles of climate risk

The Bank has established climate risk management policies and monitoring indicators to ensure the effectiveness of implementation and the resilience to different climate scenarios, and conducts annual scenario analyses of physical and transformational risks to assess the impact of climate risk on business and finance.

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

Interest rate fluctuations affect the earning assets and interest-bearing liabilities, and current average interest rates are as follows:

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

O-Bank

	For the Year Ended December 31			
	2024		2023	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 2,049,959	2.07	$ 1,909,110	1.21
Call loans to other banks	11,087,127	4.86	11,627,831	4.95
Due from the Central Bank	6,282,640	1.24	5,879,246	1.13
Financial assets at FVTPL	33,323,394	1.41	36,310,498	1.23
Bills and bonds purchased under resell agreements	2,453,716	2.02	-	-
Discounts and loans	221,271,633	4.33	197,369,221	4.17
Financial assets at FVTOCI	73,174,920	1.76	69,819,720	1.64
Financial assets at amortized cost	23,738,623	2.97	25,226,926	2.56
Account receivables from factoring	283,051	3.56	1,092,582	3.99
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	18,901,771	2.69	15,881,598	2.71
Demand deposits	62,436,668	1.74	53,160,310	1.33
Time deposits	241,409,630	3.03	234,558,373	2.80
Bills and bonds sold under repurchase agreements	13,834,909	3.42	13,541,376	3.50
Bank debentures payable	13,844,809	1.92	13,191,918	1.87
Appropriation for loans	1,890,633	0.29	1,726,356	0.17

China Bills Finance Corporation (CBF)

	For the Year Ended December 31			
	2024		2023	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents (including certificate of deposit)	$ 927,926	0.56	$ 822,634	0.51
Due from the central band and call loans to banks	163,197	1.25	186,740	1.05
Financial assets at fair value through profit or loss - bonds and bills	127,701,464	1.56	105,968,056	1.35
FVTOCI - debt instruments	93,770,216	2.05	91,461,385	1.70
Financial instruments at fair value through profit or loss - hybrid financial assets	7,567,269	2.70	5,584,855	1.48
Investment in debt instruments at amortized cost	2,188,303	1.41	1,716,693	1.45
Securities purchased under resell agreements	3,796,191	0.89	3,963,770	0.76
Interest-bearing liabilities				
Call loans from other banks	22,800,902	1.98	14,611,261	1.85
Bank overdraft	5,230,139	2.38	2,067	2.18
Securities sold under repurchase agreements	188,654,082	1.80	169,730,258	1.54
Commercial paper payable	-	-	594,521	1.42

47. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

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

b. Capital assessment program

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

c. Capital adequacy ratio

O-Bank

Items \ Year			December 31, 2024 Standalone Capital Adequacy Ratio	December 31, 2024 Consolidated Capital Adequacy Ratio
Eligible capital	Common equity		$ 32,788,633	$ 32,788,633
	Other Tier 1 capital		211,813	211,813
	Tier 2 capital		4,069,316	4,069,316
	Eligible capital		37,069,762	37,069,762
Risk-weighted assets	Credit risk	Standardized approach	249,059,674	249,059,674
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	12,857,263	12,857,263
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	8,814,588	8,814,588
		Internal model approach	-	-
	Total risk-weighted assets		270,731,525	270,731,525
Capital adequacy ratio			13.69%	13.69%
Ratio of common equity to risk-weighted assets			12.11%	12.11%
Ratio of Tier 1 capital to risk-weighted assets			12.19%	12.19%
Leverage ratio			7.57%	7.57%

Items \ Year			December 31, 2023 Standalone Capital Adequacy Ratio	December 31, 2023 Consolidated Capital Adequacy Ratio
Eligible capital	Common equity		$ 29,970,378	$ 29,970,378
	Other Tier 1 capital		437,750	437,750
	Tier 2 capital		3,478,357	3,478,357
	Eligible capital		33,886,485	33,886,485
Risk-weighted assets	Credit risk	Standardized approach	223,784,585	223,784,585
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	11,403,825	11,403,825
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	7,343,600	7,343,600
		Internal model approach	-	-
	Total risk-weighted assets		242,532,010	242,532,010
Capital adequacy ratio			13.97%	13.97%
Ratio of common equity to risk-weighted assets			12.36%	12.36%
Ratio of Tier 1 capital to risk-weighted assets			12.54%	12.54%
Leverage ratio			7.56%	7.56%

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

Note 2: Formulas used were as follows:

1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.

2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.

6) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

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

<u>China Bills Finance Corporation</u>

Items \ Year		December 31, 2024	December 31, 2023
Eligible capital	Tier 1 capital	$ 24,652,399	$ 23,915,707
	Tier 2 capital	167,024	240,710
	Tier 3 capital	188,672	389,507
	Eligible capital	25,008,095	24,545,924
Risk-weighted assets	Credit risk	125,781,216	116,654,052
	Operational risk	4,071,121	4,374,960
	Market risk	59,727,288	57,567,137
	Total risk-weighted assets	189,579,625	178,596,149
Capital adequacy ratio (Note)		13.19%	13.74%
Ratio of Tier 1 capital to risk-weighted assets (Note)		13.00%	13.39%
Ratio of Tier 2 capital to risk-weighted assets (Note)		0.09%	0.13%
Ratio of Tier 3 capital to risk-weighted assets (Note)		0.10%	0.22%
Ratio of common stockholders' equity to total assets (Note)		5.31%	6.04%

Note: Formulas used were as follows:

1) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

2) The amount of total assets used in the calculation refers to all assets in the balance sheets.

3) The capital adequacy ratios (CARs) should be computed at the end of June and December. In the reports of the first-quarter and the third-quarter the CARs disclosed are based on the data of the last preceding period, i.e., the end of December and the end of June, respectively.

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

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

O-Bank

a. Asset quality: Refer to Table 2.

b. Concentration of credit extensions

December 31, 2024

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (wireless telecommunication)	$ 9,177,308	21.44
2	B Group (unclassified other financial service)	3,575,000	8.35
3	C Group (building completion and finishing)	3,264,197	7.63
4	D Group (real estate development)	3,234,608	7.56
5	E Group (iron and steel rolling and extruding)	2,674,809	6.25
6	F Group (real estate development)	2,626,218	6.14
7	G Group (unclassified other financial service)	2,500,000	5.84
8	H Group (unclassified other financial service)	2,260,300	5.28
9	I Group (real estate development)	2,109,380	4.93
10	J Group (other holdings)	2,057,658	4.81

December 31, 2023

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (wireless telecommunication)	$ 7,437,688	18.55
2	C Group (unclassified other financial service)	6,738,300	16.80
3	D Group (real estate development)	3,706,096	9.24
4	K Group (real estate lease)	2,969,587	7.40
5	F Group (real estate development)	2,693,868	6.72
6	L Group (trusts, funds, and similar financial entities)	2,649,386	6.61
7	G Group (unclassified other financial service)	2,450,000	6.11
8	M Group (manufacture of raw chemical material)	2,418,644	6.03
9	J Group (other holdings)	2,294,485	5.72
10	N Group (real estate development)	2,279,300	5.68

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

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

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

c. Interest rate sensitivity

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)
December 31, 2024

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 201,620,234	$ 8,208,224	$ 9,968,139	$ 49,803,644	$ 269,600,241
Interest rate-sensitive liabilities	82,947,530	64,141,963	56,666,745	38,344,678	242,100,916
Interest rate-sensitive gap	118,672,704	(55,933,739)	(46,698,606)	11,458,966	27,499,325
Net worth					42,279,022
Ratio of interest rate-sensitive assets to liabilities					111.36%
Ratio of interest rate sensitivity gap to net worth					65.04%

December 31, 2023

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 176,020,763	$ 8,991,645	$ 15,715,912	$ 45,707,970	$ 246,436,290
Interest rate-sensitive liabilities	68,810,545	65,364,741	61,133,232	37,085,631	232,394,149
Interest rate-sensitive gap	107,210,218	(56,373,096)	(45,417,320)	8,622,339	14,042,141
Net worth					36,421,361
Ratio of interest rate-sensitive assets to liabilities					106.04%
Ratio of interest rate sensitivity gap to net worth					38.55%

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items.

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

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

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

Interest Rate Sensitivity Balance Sheet (U.S. Dollars)
December 31, 2024

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,001,264	$ 49,163	$ 11,845	$ 1,880,020	$ 2,942,292
Interest rate-sensitive liabilities	2,143,187	672,064	94,636	285	2,910,172
Interest rate-sensitive gap	(1,141,923)	(622,901)	(82,791)	1,879,735	32,120
Net worth					(2,342)
Ratio of interest rate-sensitive assets to liabilities					101.10%
Ratio of interest rate sensitivity gap to net worth					(1,371.48%)

December 31, 2023

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,127,301	$ 58,673	$ 3,708	$ 2,234,885	$ 3,424,567
Interest rate-sensitive liabilities	2,284,480	897,103	131,232	211	3,313,026
Interest rate-sensitive gap	(1,157,179)	(838,430)	(127,524)	2,234,674	111,541
Net worth					93,480
Ratio of interest rate-sensitive assets to liabilities					103.37%
Ratio of interest rate sensitivity gap to net worth					119.32%

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

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

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

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

d. Profitability

(In %)

Items		For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Return on total assets	Before income tax	0.85	0.75
	After income tax	0.71	0.67
Return on equity	Before income tax	8.22	7.20
	After income tax	6.89	6.41
Net income ratio		36.68	36.30

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

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

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

Note 4: Income before (after) income tax represents income for the years ended December 31, 2024 and 2023.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2024

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 305,631,675	$ 52,396,069	$ 31,152,689	$ 35,431,803	$ 18,762,657	$ 20,434,522	$ 147,453,935
Main capital outflow on maturity	350,797,006	15,464,423	36,224,381	74,785,681	49,240,652	73,000,127	102,081,742
Gap	(45,165,331)	36,931,646	(5,071,692)	(39,353,878)	(30,477,995)	(52,565,605)	45,372,193

December 31, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 287,492,091	$ 50,510,499	$ 26,915,989	$ 31,792,220	$ 24,976,980	$ 18,792,650	$ 134,503,753
Main capital outflow on maturity	332,843,538	22,589,378	33,855,166	55,001,648	50,510,106	88,637,789	82,249,451
Gap	(45,351,447)	27,921,121	(6,939,177)	(23,209,428)	(25,533,126)	(69,845,139)	52,254,302

Note: The Bank amounts refer to the total NTD amounts of the overall Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2024

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,445,588	$ 3,025,212	$ 863,486	$ 266,541	$ 270,198	$ 1,020,151
Main capital outflow on maturity	5,581,126	3,133,417	1,155,814	392,014	270,830	629,051
Gap	(135,538)	(108,205)	(292,328)	(125,473)	(632)	391,100

December 31, 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
Main capital inflow on maturity	$ 5,552,487	$ 2,652,564	$ 1,288,129	$ 370,007	$ 212,399	$ 1,029,388
Main capital outflow on maturity	5,717,178	2,439,318	1,664,786	488,022	373,069	751,983
Gap	(164,691)	213,246	(376,657)	(118,015)	(160,670)	277,405

Note 1: The Bank amounts refer to the total USD amounts of the overall Bank.

Note 2: If the overseas assets are at least 10% of the total assets, there should be additional disclosures.

Maturity Analysis of Overseas Branch's Assets and Liabilities (U.S. Dollars)
December 31, 2024

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 2,555,846	$ 2,023,718	$ 299,289	$ 12,836	$ 10,119	$ 209,884
Main capital outflow on maturity	2,450,328	1,501,341	542,920	101,019	59,018	246,030
Gap	105,518	522,377	(243,631)	(88,183)	(48,899)	(36,146)

December 31, 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
Main capital inflow on maturity	$ 1,777,724	$ 1,357,804	$ 302,454	$ 22,352	$ 15,023	$ 80,091
Main capital outflow on maturity	1,707,550	783,412	489,857	111,811	66,596	255,874
Gap	70,174	574,392	(187,403)	(89,459)	(51,573)	(175,783)

China Bills Finance Corporation

a. Asset quality

Period / Item	December 31, 2024	December 31, 2023
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-
Credits under observation	-	-
Overdue receivables	-	-
Ratio of non-performing debts	0.00%	0.00%
Ratio of non-performing debts and credits under observation	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	1,386,494	1,257,549
Actual provision for credit losses and reserve for losses on guarantees	1,401,077	1,371,077

b. The principal operation

Period / Item	December 31, 2024	December 31, 2023
Balance of guarantees and endorsement securities	$ 114,281,500	$ 103,466,500
Multiple of guarantees and endorsement securities to net worth	4.84	4.93
Short-term bills and bonds sold under repurchase agreement	$ 204,379,625	$ 177,617,009
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	8.66	8.47

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

d. Concentrations of credit extensions

(In %)

Item \ Period	December 31, 2024		December 31, 2023	
Credit of the common interested party	$ -		$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	21.29		18.92	
Loan concentration by industry (ratio of top three industries to which credit line issued to credit extension balance)	**Type of Industry**	**%**	**Type of Industry**	**%**
	Finance and insurance industry	33.63	Finance and insurance industry	31.55
	Real estate industry	27.24	Real estate industry	25.32
	Manufacturing industry	14.61	Manufacturing industry	18.73

Note 1: Ratio of credit extensions to common interest related parties: Credit to common interest related party ÷ Total credit.

Note 2: Ratio of credit extensions secured by pledged stocks: Credit with stocks pledged ÷ Total credit.

Note 3: Total credit included guarantees, endorsement notes and overdue credit (including overdue receivables, accounts receivable, and notes receivable).

e. Interest rate sensitivity information of the balance sheet

December 31, 2024

(In Millions of New Taiwan Dollars)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 133,001	$ 8,816	$ 10,812	$ 95,999	$ 248,628
Interest rate-sensitive liabilities	223,351	1,703	55	-	225,109
Interest rate-sensitive gap	(90,350)	7,113	10,757	95,999	23,519
Net worth					25,222
Ratio of interest rate-sensitive assets to liabilities (%)					110.45
Ratio of interest rate sensitivity gap to net worth (%)					93.25

December 31, 2023

(In Millions of New Taiwan Dollars)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 108,194	$ 9,583	$ 8,742	$ 90,462	$ 216,981
Interest rate-sensitive liabilities	192,879	2,129	164	-	195,172
Interest rate-sensitive gap	(84,685)	7,454	8,578	90,462	21,809
Net worth					24,933
Ratio of interest rate-sensitive assets to liabilities (%)					111.17
Ratio of interest rate sensitivity gap to net worth (%)					87.47

Note 1: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 2: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

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

f. The use of funding sources table

December 31, 2024

(In Millions of New Taiwan Dollars)

Items	Period	1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 61,813	$ 67,674	$ 4,432	$ 4,769	$ -
	Bonds	596	164	4,304	6,043	95,999
	Due from banks	548	-	-	-	-
	Call loans	330	-	-	-	-
	Securities purchased under resell agreements	1,307	569	80	-	-
	Total	64,594	68,407	8,816	10,812	95,999
Cash provided by	Borrowing	21,106	-	-	-	-
	Securities sold under repurchase agreements	175,566	26,679	1,703	55	-
	Eligible capital	-	-	-	-	25,222
	Total	196,672	26,679	1,703	55	25,222
Net cash flows		(132,078)	41,728	7,113	10,757	70,777
Accumulated cash flows		(132,078)	(90,350)	(83,237)	(72,480)	(1,703)

December 31, 2023

(In Millions of New Taiwan Dollars)

Items	Period	1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 49,298	$ 53,017	$ 6,077	$ 2,495	$ -
	Bonds	1,745	1,001	3,506	6,247	90,462
	Due from banks	268	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	2,285	580	-	-	-
	Total	53,596	54,598	9,583	8,742	90,462
Cash provided by	Borrowing	17,904	-	-	-	-
	Securities sold under repurchase agreements	139,908	35,067	2,129	164	-
	Eligible capital	-	-	-	-	24,933
	Total	157,812	35,067	2,129	164	24,933
Net cash flows		(104,216)	19,531	7,454	8,578	65,529
Accumulated cash flows		(104,216)	(84,685)	(77,231)	(68,653)	(3,124)

g. Matters requiring special notation

Causes	December 31, 2024	December 31, 2023
Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor	None	None
Within the past year, a fine was levied on for violations of the Act Governing Bills Finance Business and the other laws	None	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance's imposing strict corrective measures	None	None
Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the "Guidelines for Maintenance of Soundness of Financial Institutions" which exceeded NT$50 million dollars	None	None
Other	None	None

Note: The term "within the past year" means one year before the balance sheet date.

49. CASH FLOWS INFORMATION

Changes in Liabilities from Financing Activities

For the year ended December 31, 2024

	January 1, 2024	Cash Inflow (Outflow)	None-cash Change		December 31, 2024
			Add Leasing	Other	
Bank debentures payable	$ 12,950,000	$ 500,000	$ -	$ -	$ 13,450,000
Lease liabilities	463,732	(161,806)	111,461	15,229	428,616
Other financial liabilities	3,736,137	7,657,600	-	-	11,393,737
Other liabilities	460,945	211,160	-	-	672,105
	$ 17,610,814	$ 8,206,954	$ 111,461	$ 15,229	$ 25,944,458

For the year ended December 31, 2023

	January 1, 2023	Cash Inflow (Outflow)	None-cash Change		December 31, 2023
			Add Leasing	Other	
Bank debentures payable	$ 13,600,000	$ (650,000)	$ -	$ -	$ 12,950,000
Lease liabilities	432,826	(140,290)	157,327	13,869	463,732
Other financial liabilities	5,156,808	(1,421,504)	-	833	3,736,137
Other liabilities	500,360	(39,415)	-	-	460,945
	$ 19,689,994	$ (2,251,209)	$ 157,327	$ 14,702	$ 17,610,814

50. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and

b. Names, locations, and other information of investees over which the Bank exercises significant influence

1) Financing provided: None

2) Endorsement/guarantee provided: None

3) Marketable securities held: The Group - not applicable; investees - Table 1 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None

6) Disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None

7) Allowance of service fees to related parties amounting to at least NT$5 million: None

8) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: None

9) Sale of non-performing loans: None

10) Information of applying for authorization of securitized product type according to the “Regulations of Financial Assets Securitization or Regulations of Real Estate Securitization”: None

11) Other significant transactions which may affect the decisions of users of financial reports: None

12) Related information and total stockholding circumstances of “Name, locations and other information of investees on which the Bank exercises significant influence.” - Table 3 (attached)

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 4 (attached)

d. Business relationships and significant transactions among the Group: Table 5 (attached)

e. Information of major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Table 6 (attached)

51. OPERATING SEGMENT FINANCIAL INFORMATION

The Group provides CODM to assess segment performance, focusing on the nature of business operations, assets and profit and loss. The accounting policies of each operating segment are described in Note 4. The same material accounting policy information. The Group shall be reported to the operating divisions are as follows:

a. Bank: Business ruled by Banking Law Article 71.

b. Overseas: Overseas banking business.

c. Bills: Bills-related business approved by the competent authority.

d. Others: Other non-core businesses.

The following was an analysis of the Group's revenue and results by reportable segment.

	Bank	Overseas	Bills	Others	Eliminations	Consolidated
For the year ended December 31, 2024						
Net interest						
From unaffiliated segment	$ 2,647,243	$ 1,038,403	$ (1,854,131)	$ (4,305)	$ 133	$ 1,827,343
From other segment	(373)	-	-	373	-	-
	$ 2,646,870	$ 1,038,403	$ (1,854,131)	$ (3,932)	$ 133	$ 1,827,343
Net revenue other than interest						
From unaffiliated segment	$ 5,117,728	$ 50,704	$ 4,114,069	$ 266,635	$ -	$ 9,549,136
From other segment	22,445	-	(21,408)	(699)	(1,198,104)	(1,197,766)
	$ 5,140,173	$ 50,704	$ 4,092,661	$ 265,936	$ (1,198,104)	$ 8,351,370
Income from continuing operation	$ 2,856,199	$ 634,415	$ 1,374,335	$ 176,646	$ (1,148,736)	$ 3,892,859
Identifiable assets	$ 397,819,634	$ 31,068,813	$ 252,726,589	$ 1,612,574	$ (142,456)	$ 683,085,154
Depreciation and amortization	$ 483,835	$ 46,026	$ 25,722	$ 1,416	$ (13,681)	$ 543,318
Capital expenditures	$ 174,219	$ 3,175	$ 19,784	$ 112	$ -	$ 197,290
For the year ended December 31, 2023						
Net interest						
From unaffiliated segment	$ 2,304,590	$ 1,085,363	$ (1,257,307)	$ (6,689)	$ 320	$ 2,126,277
From other segment	(82)	-	-	82	-	-
	$ 2,304,508	$ 1,085,363	$ (1,257,307)	$ (6,607)	$ 320	$ 2,126,277
Net revenue other than interest						
From unaffiliated segment	$ 4,541,192	$ 38,643	$ 3,296,035	$ 238,576	$ -	$ 8,114,446
From other segment	20,813	-	(19,601)	(706)	(697,284)	(696,778)
	$ 4,562,005	$ 38,643	$ 3,276,434	$ 238,870	$ (697,284)	$ 7,417,668
Income from continuing operation	$ 2,492,420	$ 129,282	$ 1,288,506	$ 174,904	$ (659,053)	$ 3,426,059
Identifiable assets	$ 376,057,475	$ 26,799,738	$ 222,355,970	$ 1,627,739	$ (91,921)	$ 626,749,001
Depreciation and amortization	$ 510,346	$ 46,200	$ 25,152	$ 1,086	$ (13,681)	$ 569,103
Capital expenditures	$ 171,893	$ 2,258	$ 5,832	$ 30	$ -	$ 180,013

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 221,230	91.78	US$ 221,230	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust “Successful One”	-	Financial asset at FVTOCI	3,059	21,505	1.02	21,505	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,703	33,860	7.08	33,860	Note 2
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	433	11,211	0.39	11,211	Note 2
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	19,682	144,490	0.46	144,490	Notes 1 and 2
	Beauty Essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	23,802	2.44	23,802	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	6,001	2.17	6,001	Note 2
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	160	8,488	0.12	8,488	
	Obigen Pharma, Inc.	-	Financial asset at FVTPL	400	47,290	0.38	47,290	
	Brain Navi Biotechnology Co., Ltd.	-	Financial asset at FVTPL	325	17,982	0.74	17,982	
	High Performance Information Co., Ltd.	-	Financial asset at FVTPL	720	40,658	2.71	40,658	
	Mercuries F&B Co., Ltd.	-	Financial asset at FVTPL	350	24,745	0.53	24,745	
	Anxo Pharmaceutical Co., Ltd.	-	Financial asset at FVTPL	500	11,690	0.90	11,690	
	Foxtron Vehicle Technologies Co., Ltd.	-	Financial asset at FVTPL	600	24,690	0.03	24,690	
	Caliway Biopharmaceuticals Co., Ltd.	-	Financial asset at FVTPL	10	6,150	0.01	6,150	
	Creative Life Science Co., Ltd.	-	Financial asset at FVTPL	294	21,560	1.34	21,560	
	Andra Capital Fund LP Class U Side Pocket (Series B, xAI)	-	Financial asset at FVTPL	500	26,956	3.92	26,956	
	Andra Capital Fund LP Class S Side Pocket (Series G, Cybereason)	-	Financial asset at FVTPL	1,000	35,134	7.93	35,134	
	Eternal Precision Mechanics Co., Ltd.	-	Financial asset at FVTPL	115	18,346	0.16	18,346	
	Shining Victory Motor Electronic Co., Ltd.	-	Financial asset at FVTPL	15	1,027	0.04	1,027	
	Ta Tun Electric Wire & Cable Co., Ltd.	-	Financial asset at FVTPL	4	949	0.01	949	
	Mega Union Technology Incorporated	-	Financial asset at FVTPL	4	1,491	0.01	1,491	
	Taiwan Bio Therapeutics Inc.	-	Financial asset at FVTPL	21	869	0.03	869	
	Major Power Technology Co., Ltd.	-	Financial asset at FVTPL	6	933	0.03	933	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	US$ 98,420	4.67	US$ 98,420	
	Stocks							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	88,971	3.11	88,971	Note 2
	Meridigen Biotech Co., Ltd.	-	Financial asset at FVTPL	250	4,873	0.55	4,873	
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	41,635	305,656	0.96	305,656	Notes 1 and 2
	Advanced Echem Materials Company Limited	-	Financial asset at FVTPL	265	177,123	0.32	177,123	Note 2
	Chipwell Tech Corporation	-	Financial asset at FVTPL	348	7,064	1.30	7,064	Note 2
	THEVAX GENET ICS Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	691	0.98	691	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	280	4,682	0.56	4,682	Note 2
	Kaohsiung Rapid Transit Corporation Rights All Reserved	-	Financial asset at FVTPL	3,845	53,660	1.38	53,660	
	Evergreen Aviation Technologies Corporation	-	Financial asset at FVTPL	395	38,394	0.11	38,394	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	11,844	1.22	11,844	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	205	7,621	0.34	7,621	
	Chenfeng Optronics Corporation	-	Financial asset at FVTPL	1,000	34,949	0.99	34,949	
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	107	25,038	0.14	25,038	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	131	6,954	0.10	6,954	
	Handa Pharmaceuticals, Inc.	-	Financial asset at FVTPL	124	9,229	0.09	9,229	
	Caliway Biopharmaceuticals Co., Ltd.	-	Financial asset at FVTPL	10	6,150	0.01	6,150	
	Coremax Corporation	-	Financial asset at FVTPL	100	5,390	0.08	5,390	
	Hong-Wei Electrical Industry & Co., Ltd.	-	Financial asset at FVTPL	5	514	0.01	514	
	Tiger Air Taiwan Co., Ltd.	-	Financial asset at FVTPL	20	1,558	0.00	1,558	
	Wieson Technologies Co., Ltd.	-	Financial asset at FVTPL	22	1,061	0.03	1,061	
	Teclison Limited	-	Financial asset at FVTPL	125	32,480	1.12	32,480	
	GrandTech Cloud Services Inc.	-	Financial asset at FVTPL	3	407	0.01	407	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	30,000	29,664	2.46	29,664	

Note 1: The holding company is registered in Hong Kong. The registered capital stock and number of stocks are in Hong Kong dollars and Hong Kong stocks.

Note 2: The securities are transferred within the group and are listed in the financial asset at FVTOCI when they are combined.

(Concluded)

O-BANK AND SUBSIDIARIES

NONPERFORMING LOANS AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars or in %)

Period			December 31, 2024					December 31, 2023				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 153,647	$ 106,166,804	0.14%	$ 1,385,439	901.70%	$ 143,281	$ 99,071,715	0.14%	$ 1,404,726	980.40%
	Unsecured		55,280	83,049,946	0.07%	1,037,527	1,876.86%	4,816	74,623,000	0.01%	1,040,741	21,610.07%
Consumer banking	Housing mortgage (Note 4)		8,636	11,676,567	0.07%	176,327	2,041.77%	8,636	10,417,864	0.08%	156,548	1,812.74%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	3,456,682	-	51,502	-	-	3,095,856	-	43,979	-
	Other (Note 6)	Secured	1,773	7,071,940	0.03%	71,714	4,044.78%	1,773	5,305,243	0.03%	53,615	3,023.97%
		Unsecured	57,178	17,609,851	0.32%	283,114	495.14%	37,048	14,037,434	0.26%	246,946	666.56%
Total lending business			276,514	229,031,790	0.12%	3,005,623	1,086.97%	195,554	206,551,112	0.09%	2,946,555	1,506.77%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	904,106	-	9,359	-	-	837,215	-	8,695	-

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 8)	-	-	-	-
Debt settlement plan and rehabilitative program (Note 9)	162,400	-	127,123	-
Total	162,400	-	127,123	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans.” Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau’s letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of Nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of Nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.
Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Small-amount pure credit loans that must be governed by the Bank of China Ref. No. 09440010950 dated December 19, 2005 and are not credit cards or cash cards.

Note 6: “Others” in consumer finance refers to other secured or unsecured consumer loans that are not “residential property mortgage”, “cash cards”, “small amount pure credit loans”, excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), factored accounts receivable without recourse are reported as nonperforming receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

Note 8: According to the letter of the Bank of China Ref. No. 09510001270 dated April 25, 2006, the letters of credit and the information disclosure requirements as required by the “Unsecured Debt Negotiation Mechanism for Consumer Financial Cases of the Republic of China Banking Association” should include supplemental disclosures of related matters.

Note 9: According to the letter of the Bank of China Ref. No. 09700318940 dated September 15, 2008 and the letter of the Bank of China Ref. No. 10500134790 date September 20, 2016 regarding the “Consumer Debt Clearance Regulations” for pre-negotiation, rehabilitation and liquidation cases, credit reporting and the information disclosure requirements should include supplemental disclosures of related matters.

(Concluded)

TABLE 3

O-BANK CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
Financial institution										
Investments accounted for using the equity method										
Infinite Finance Co., Ltd.	Taipei City, Taiwan	Leasing	41.64	$ 5,787,663	$ (48,916)	155,480	-	155,480	41.64	
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	1,187,359	54,962	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	7,088,126	389,707	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	7,316,670	582,208	10,869	-	10,869	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	373,841	44,875	13,400	-	13,400	100.00	
IBT VII Venture Capital Co., Ltd.	Taipei City, Taiwan	Investment	100.00	1,030,532	105,618	65,000	-	65,000	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information software services industry	0.50	1,699	-	300	-	300	0.50	

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Note 1)	Investment Flows (Note 1 and 5)		Accumulated Outflow of Investment from Taiwan as of December 31, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 475,161 (US$ 14,491)	Note 2 a.	$ 65,580 (US$ 2,000)	$ -	$ 65,580 (US$ 2,000)	$ -	-	$ -	$ -	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	44,917 (RMB 10,000)	Note 2 a.	16,395 (US$ 500)	-	16,395 (US$ 500)	-	-	-	-	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	243,900 (RMB 54,300)	Note 2 a.	65,580 (US$ 2,000)	-	65,580 (US$ 2,000)	-	-	-	-	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,491,720 (RMB 1,000,000)	Note 2 b.	898,344 (RMB 200,000)	-	-	898,344 (RMB 200,000)	20.00	54,962	1,187,359	54,300 (RMB 12,000)

Accumulated Investment in Mainland China as of December 31, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$898,344 (RMB200,000)	$898,344 (RMB200,000)	Note 3

(Continued)

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Notes 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 156,081 (US$ 4,760)	Note 2 a	$ 2,656 (US$ 81)	$ -	$ -	$ 2,656 (US$ 81)	2.17	$ -	$ 863	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	247,706 (US$ 7,554)	Note 2 a.	15,575 (US$ 475)	-	-	15,575 (US$ 475)	2.17	-	5,063	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,558 (US$ 200)	Note 2 a.	230 (US$ 7)	-	-	230 (US$ 7)	2.17	-	75	-
Beauty Essential International, Ltd.	Cosmetic retailing	32,790 (US$ 1,000)	Note 2 a.	22,560 (US$ 688)	-	-	22,560 (US$ 688)	2.44	-	22,839	-
Meike information technology	Cosmetic retailing information technology	39,348 (US$ 1,200)	Note 2 a.	951 (US$ 29)	-	-	951 (US$ 29)	0.44	-	963	-
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	26,232,048 (US$ 800,000)	Note 2 a.	88,500 (US$ 2,699)	-	-	88,500 (US$ 2,699)	0.40	-	133,190	-
Shihlien Brine Huaian Co.	Production of glass materials	1,049,282 (US$ 32,000)	Note 2 a.	7,509 (US$ 229)	-	-	7,509 (US$ 229)	0.46	-	11,300	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	872,697 (RMB 194,290)	Note 2 a.	10,624 (US$ 324)	-	10,624 (US$ 324)	- (US$ -)	-	-	-	-

Accumulated Investment in Mainland China as of December 31, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$137,981 (US$4,208)	$137,981 (US$4,208)	$224,282 (Note 4)

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Notes 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2024 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2024 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 26,232,048 (US$ 800,000)	Note 2 a	$ 152,572 (US$ 4,653)	$ -	$ -	$ 152,572 (US$ 4,653)	0.66	$ -	$ 224,275	$ -
Shihlien Brine Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	1,049,282 (US$ 32,000)	Note 2 a.	10,591 (US$ 323)	-	-	10,591 (US$ 323)	0.75	-	14,315	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacture/RFID electronic label packaging/RFID reader design and manufacture	872,697 (RMB 194,290)	Note 2 a.	10,460 (US$ 319)	-	1,639 (US$ 50)	8,821 (US$ 269)	0.14	-	25,038	-

Accumulated Investment in Mainland China as of December 31, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$171,984 (US$5,245)	$180,640 (US$5,509)	$618,319 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the year ended December 31, 2024.

Note 2: There were three investment approaches stated as follows.

a. Indirect investment in mainland China via investing in a current company in a third country. (Via investing Dio Investment, Ltd., Shengzhuang Holding, Ltd., Shilien China Holding Co., Limited, Topping Cuisine International Holding, Ltd., Beauty Essential International, Ltd., Arizon RFID Technology (Cayman) Co., Ltd., and YFY RFID CO. LIMITED (HK)).

b. Direct investment in mainland China.

c. Others.

Note 3: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in March 2023, so the Bank is not under “the regulation of investing or technology-cooperation in China”.

Note 4: The original investment is within the limit.

Note 5:The Bank completed the share release in 2024 and will subsequently submit the relevant documents to the Investment Commission of the Ministry of Economic Affairs for record filing.

Note 6: IBT Management Corp. and IBT VII Venture Capital Co., Ltd. have obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Concluded)

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
0	The Bank	IBTM and IBTVC7	a	Deposits	$ 60,165	Note 3	0.01
		IBTM and IBTVC7	a	Interest expense	373	Note 3	-
		IBTM and CBF	a	Other net revenue other than interest	22,445	Note 3	0.22
		BTM and IBTVC7	a	Payables	29	Note 3	-
1	IBTM	The Bank	b	Cash and cash equivalents	18,259	Note 3	-
		The Bank	b	Accounts receivable	12	Note 3	-
		The Bank	b	Interest revenue	134	Note 3	-
		The Bank	b	Other operating and administrative expenses	736	Note 3	0.01
		The Bank	b	Lease interest expense	37	Note 3	-
		IBTVC7	c	Consultancy service income	27,092	Note 3	0.27
2	CBF	The Bank	b	Other operating and administrative expenses	21,408	Note 3	0.21
		The Bank	b	Lease interest expense	96	Note 3	-
3	IBTVC7	The Bank	b	Cash and cash equivalents	41,906	Note 3	0.01
		The Bank	b	Interest revenue	239	Note 3	-
		The Bank	b	Accounts receivable	17	Note 3	-
		IBTM	c	Other operating and administrative expenses	27,092	Note 3	0.27

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

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

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

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

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

TABLE 6

O-BANK AND SUBSIDIARIES

INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2024

Name of Major Stockholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ming Shan Investment Co., Ltd.	386,271,554	12.64
Yi Chang Investment Co., Ltd.	278,204,793	9.10
Taixuan Investment Co., Ltd.	275,404,275	9.01

Note 1: The major stockholder's information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank's consolidated financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

Note 2: If stockholders transfer the shareholding to a trust, the trustee will open the trust account to separate the account. Stockholders' handling of insider shareholdings with more than 10% of their shares shall be in accordance with the Securities Exchange Act. However, their shareholdings include their own shares plus their delivery to the trust and the use of decision-making shares in the trust property. Information on insider equity declaration refers to the Public Information Observatory.

Note 3: The number of shares is the total number of common stocks and preferred stocks.

Note 4: Shareholding ratio (%) = The total number of shares held by the stockholder ÷ The total number of shares that have been delivered without physical registration. It is calculated to the second decimal place and rounded off after the third decimal place.