Cathay United Bank Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Cathay United Bank Co., Ltd.

Introduction

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

Scope of Review

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

Conclusion

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

The engagement partners on the reviews resulting in this independent auditors' review report are Shiuh-Ran Cheng and Shu-Wan Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 8, 2024

<u>Notice to Readers</u>

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

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2024		December 31, 2023		September 30, 2023	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 44)	$ 97,086,494	2	$ 105,837,938	2	$ 102,915,849	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 4, 7 and 44)	317,981,072	7	336,768,960	8	429,038,758	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 44 and 49)	226,836,565	5	322,291,636	8	370,761,610	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11, 44, 45 and 49)	333,677,268	8	296,069,646	7	358,635,147	8
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST (Notes 4, 10, 11, 45 and 49)	513,548,840	12	677,745,166	16	564,832,476	13
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 12)	18,243,479	1	24,166,326	-	22,956,752	1
RECEIVABLES, NET (Notes 4, 13, 15 and 44)	136,884,178	3	116,540,618	3	120,005,271	3
CURRENT INCOME TAX ASSETS (Note 4)	495	-	60,174	-	28,372	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 44)	2,599,831,197	60	2,280,571,067	54	2,243,095,887	52
INVESTMENTS MEASURED BY EQUITY METHOD, NET (Notes 4 and 17)	1,813,073	-	1,792,673	-	1,650,945	-
OTHER FINANCIAL ASSETS, NET	22,290	-	153,713	-	10	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 18 and 44)	24,477,450	1	24,373,269	1	24,413,972	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 19 and 44)	5,911,677	-	3,640,704	-	3,805,232	-
INVESTMENT PROPERTIES, NET (Notes 4 and 20)	2,264,352	-	2,287,293	-	2,234,860	-
INTANGIBLE ASSETS, NET (Notes 4 and 21)	8,329,301	-	8,302,654	-	8,335,294	-
DEFERRED TAX ASSETS (Note 4)	3,670,118	-	4,195,335	-	3,952,958	-
OTHER ASSETS, NET (Notes 22 and 44)	30,917,329	1	28,903,636	1	37,622,084	1
TOTAL	$ 4,321,495,178	100	$ 4,233,700,808	100	$ 4,294,285,477	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 23 and 44)	$ 139,834,127	3	$ 117,130,854	3	$ 142,938,408	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 44 and 49)	118,524,623	3	123,125,951	3	148,539,846	4
NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS (Notes 4 and 24)	15,080,874	-	18,318,492	-	33,522,801	1
PAYABLES (Notes 25 and 44)	50,265,463	1	41,715,928	1	56,513,495	1
CURRENT TAX LIABILITIES (Note 4)	449,879	-	323,344	-	505,008	-
DEPOSITS AND REMITTANCES (Notes 26 and 44)	3,610,585,295	84	3,543,557,812	84	3,525,202,749	82
FINANCIAL DEBENTURES PAYABLE (Note 27)	12,700,000	-	27,100,000	1	27,100,000	1
OTHER FINANCIAL LIABILITIES (Note 28)	50,490,113	1	64,668,563	1	73,289,144	2
PROVISIONS (Notes 4, 15 and 29)	3,646,568	-	3,827,230	-	3,337,972	-
LEASE LIABILITIES (Notes 4, 19 and 44)	5,964,417	-	3,673,568	-	3,852,099	-
DEFERRED TAX LIABILITIES (Note 4)	2,524,906	-	2,210,371	-	2,089,166	-
OTHER LIABILITIES (Notes 4, 31 and 44)	15,674,054	1	12,183,020	-	13,845,259	-
Total liabilities	4,025,740,319	93	3,957,835,133	93	4,030,735,947	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 32)						
Capital stock						
Common stock	120,113,139	3	108,598,655	3	108,598,655	2
Capital surplus	38,869,080	1	38,869,080	1	38,869,080	1
Retained earnings						
Legal reserve	94,311,239	2	85,964,149	2	85,964,149	2
Special reserve	8,504,431	-	16,832,170	-	16,832,170	-
Unappropriated earnings	31,088,285	1	27,823,633	1	24,381,640	1
Total retained earnings	133,903,955	3	130,619,952	3	127,177,959	3
Other equity	(1,301,057)	-	(6,156,444)	-	(15,160,984)	-
Total equity attributable to owners of the Bank	291,585,117	7	271,931,243	7	259,484,710	6
NON-CONTROLLING INTERESTS (Note 32)	4,169,742	-	3,934,432	-	4,064,820	-
Total equity	295,754,859	7	275,865,675	7	263,549,530	6
TOTAL	$ 4,321,495,178	100	$ 4,233,700,808	100	$ 4,294,285,477	100

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INTEREST REVENUE (Notes 4, 33 and 44)								
Interest income	$ 30,825,765	108	$ 28,860,724	127	$ 89,450,961	109	$ 80,155,077	119
Interest expense	(14,886,388)	(52)	(16,173,677)	(71)	(44,583,790)	(54)	(41,654,348)	(62)
Total net interest revenue	15,939,377	56	12,687,047	56	44,867,171	55	38,500,729	57
NET REVENUE OTHER THAN INTEREST								
Net service fee revenue (Notes 4, 34 and 44)	6,965,223	24	5,115,481	22	21,022,054	26	15,714,377	23
Gain on financial assets or liabilities at fair value through profit or loss (Notes 4, 35 and 44)	4,206,705	15	3,409,086	15	12,495,601	15	9,702,168	15
Realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9 and 36)	856,370	3	853,028	4	1,300,344	1	1,366,276	2
Gain arising from derecognition of financial assets measured at amortised cost (Notes 4 and 10)	-	-	-	-	-	-	195	-
Foreign exchange gain (Notes 4 and 50)	588,746	2	506,613	2	1,735,407	2	1,369,319	2
Impairment reversal (loss) on assets (Notes 4 and 37)	19,578	-	45,533	-	16,989	-	(3,976)	-
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 17)	23,797	-	15,354	-	46,567	-	29,655	-
Net other revenue other than interest income (Notes 4 and 44)	100,289	-	115,549	1	484,498	1	617,309	1
Total net revenue other than interest	12,760,708	44	10,060,644	44	37,101,460	45	28,795,323	43
NET REVENUE	28,700,085	100	22,747,691	100	81,968,631	100	67,296,052	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 13, 14, 15 and 38)	(2,182,281)	(8)	(1,661,011)	(7)	(6,514,352)	(8)	(3,208,275)	(5)
TOTAL OPERATING EXPENSES								
Employee benefits expenses (Notes 4, 39 and 44)	(6,469,638)	(22)	(5,450,752)	(24)	(18,645,777)	(23)	(15,971,802)	(24)
Depreciation and amortization expense (Notes 4, 18, 19, 21 and 40)	(990,495)	(3)	(961,917)	(4)	(2,935,216)	(3)	(2,860,958)	(4)
Other general and administrative expense (Notes 4, 41 and 44)	(5,619,027)	(20)	(5,080,410)	(23)	(15,704,073)	(19)	(14,263,954)	(21)
Total operating expenses	(13,079,160)	(45)	(11,493,079)	(51)	(37,285,066)	(45)	(33,096,714)	(49)

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CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT BEFORE TAX	$ 13,438,644	47	$ 9,593,601	42	$ 38,169,213	47	$ 30,991,063	46
INCOME TAX EXPENSE (Notes 4 and 42)	(2,369,025)	(9)	(1,717,389)	(7)	(6,928,582)	(9)	(5,570,367)	(8)
NET INCOME	11,069,619	38	7,876,212	35	31,240,631	38	25,420,696	38
OTHER COMPREHENSIVE INCOME (Notes 4 and 32)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax								
Remeasurement of defined benefit plans	-	-	-	-	(2,330)	-	(2,723)	-
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	(599,621)	(2)	(825,299)	(4)	2,222,970	3	(201,029)	-
Change in fair value of financial liability attributable to change in credit risk of liability	263,775	1	174,818	1	739,487	1	407,782	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note 17)	-	-	-	-	3,167	-	2,197	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 42)	(116,896)	-	75,720	-	(278,957)	(1)	(39,892)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax								
Exchange differences on translating the financial statements of foreign operations	(292,617)	(1)	1,365,569	6	1,354,039	2	1,208,694	2
Share of other comprehensive loss of associates and joint ventures accounted for using equity method (Note 17)	-	-	-	-	(3,971)	-	(3,017)	-

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CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	$ 4,959,757	17	$ (4,682,292)	(21)	$ 1,183,507	1	$ (2,359,563)	(4)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 4 and 42)	(20,224)	-	(101,538)	-	(279,561)	-	(92,116)	-
Other comprehensive income, net of tax	4,194,174	15	(3,993,022)	(18)	4,938,351	6	(1,079,667)	(2)
TOTAL COMPREHENSIVE INCOME	$ 15,263,793	53	$ 3,883,190	17	$ 36,178,982	44	$ 24,341,029	36
PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	$ 10,993,991	38	$ 7,919,150	35	$ 31,038,949	38	$ 25,328,633	38
Non-controlling interests	75,628	-	(42,938)	-	201,682	-	92,063	-
	$ 11,069,619	38	$ 7,876,212	35	$ 31,240,631	38	$ 25,420,696	38
COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	$ 15,291,445	53	$ 3,713,935	16	$ 35,943,672	44	$ 23,795,666	35
Non-controlling interests	(27,652)	-	169,255	1	235,310	-	545,363	1
	$ 15,263,793	53	$ 3,883,190	17	$ 36,178,982	44	$ 24,341,029	36
EARNINGS PER SHARE (Note 43)								
Basic	$ 0.92		$ 0.66		$ 2.58		$ 2.11	

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank												
			Retained Earnings			Other Equity							
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Changes in the Fair Value of Financial Liabilities Attributable to Changes in the Credit Risk	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gain on Property Revaluation	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2023	$ 108,598,655	$ 38,858,661	$ 78,748,709	$ 2,077,665	$ 24,025,533	$ (1,291,970)	$ (12,153,457)	$ (428,795)	$ (2,312,872)	$ 1,612,099	$ (14,574,995)	$ 3,989,858	$ 241,724,086
Changes in equity of associates accounted for using the equity method	-	-	-	-	(15)	-	-	-	-	-	-	-	(15)
Appropriation of 2022 earnings													
Legal reserve	-	-	7,215,440	-	(7,215,440)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	14,783,830	(14,783,830)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,055,588)	-	-	-	-	-	-	-	(2,055,588)
Net income for the nine months ended September 30, 2023	-	-	-	-	25,328,633	-	-	-	-	-	-	92,063	25,420,696
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	829,474	(2,687,205)	326,226	(1,462)	-	(1,532,967)	453,300	(1,079,667)
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	25,328,633	829,474	(2,687,205)	326,226	(1,462)	-	(1,532,967)	545,363	24,341,029
Recognition of share-based payments granted by the parent company	-	10,419	-	-	-	-	-	-	-	-	-	-	10,419
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(470,401)	(470,401)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(946,978)	-	946,978	-	-	-	946,978	-	-
Others	-	-	-	(29,325)	29,325	-	-	-	-	-	-	-	-
BALANCE AT SEPTEMBER 30, 2023	$ 108,598,655	$ 38,869,080	$ 85,964,149	$ 16,832,170	$ 24,381,640	$ (462,496)	$ (13,893,684)	$ (102,569)	$ (2,314,334)	$ 1,612,099	$ (15,160,984)	$ 4,064,820	$ 263,549,530
BALANCE AT JANUARY 1, 2024	$ 108,598,655	$ 38,869,080	$ 85,964,149	$ 16,832,170	$ 27,823,633	$ (1,520,460)	$ (2,847,253)	$ (833,793)	$ (2,567,037)	$ 1,612,099	$ (6,156,444)	$ 3,934,432	$ 275,865,675
Appropriation of 2023 earnings													
Legal reserve	-	-	8,347,090	-	(8,347,090)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(8,327,739)	8,327,739	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(16,289,798)	-	-	-	-	-	-	-	(16,289,798)
Stock dividends	11,514,484	-	-	-	(11,514,484)	-	-	-	-	-	-	-	-
Net income for the nine months ended September 30, 2024	-	-	-	-	31,038,949	-	-	-	-	-	-	201,682	31,240,631
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	1,002,755	3,313,826	591,590	(3,448)	-	4,904,723	33,628	4,938,351
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	31,038,949	1,002,755	3,313,826	591,590	(3,448)	-	4,904,723	235,310	36,178,982
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	49,336	-	(49,336)	-	-	-	(49,336)	-	-
BALANCE AT SEPTEMBER 30, 2024	$ 120,113,139	$ 38,869,080	$ 94,311,239	$ 8,504,431	$ 31,088,285	$ (517,705)	$ 417,237	$ (242,203)	$ (2,570,485)	$ 1,612,099	$ (1,301,057)	$ 4,169,742	$ 295,754,859

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30 2024	For the Nine Months Ended September 30 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 38,169,213	$ 30,991,063
Adjustments:		
Depreciation expense	2,409,267	2,387,804
Amortization expense	525,949	473,154
Expected credit loss/bad debt expense	6,514,352	3,208,275
Net gains on financial assets and liabilities at fair value through profit or loss	(12,495,601)	(9,702,168)
Interest expense	44,583,790	41,654,348
Net gains arising from derecognition of financial assets measured at amortised cost	-	(195)
Interest income	(89,450,961)	(80,155,077)
Dividend income	(1,082,204)	(1,572,447)
Compensation costs of share-based payments	-	10,419
Share of profit of associates and joint ventures accounted for using equity method	(46,567)	(29,655)
Gains on disposal of property and equipment	(63,753)	(154,159)
Gains on disposal of investment properties	(1,740)	-
(Gains) losses on disposal of investments	(218,140)	206,171
(Reversal of) impairment loss on financial assets	(16,989)	3,976
Gains on fair value adjustment of investment property	(22,532)	(48,109)
Other adjustments to reconcile profit (loss)	1,051	-
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(10,520,732)	(7,171,900)
Financial assets at fair value through profit or loss	194,675,410	(42,607,588)
Financial assets at fair value through other comprehensive income	(33,967,103)	118,790,767
Investments in debt instruments at amortised cost	164,197,413	(47,985,631)
Receivables	(21,947,378)	4,316,388
Discounts and loans	(325,054,304)	(200,760,294)
Other financial assets	131,423	(10)
Other assets	(3,994,224)	(673,430)
Deposits from the Central Bank and banks	22,703,273	45,629,169
Financial liabilities at fair value through profit or loss	(93,429,335)	(58,933,486)
Notes and bonds issued under repurchase agreement	(3,237,618)	2,790,995
Payables	6,289,544	14,350,568
Deposits and remittances	67,027,483	279,040,902
Other financial liabilities	(14,178,450)	17,269,947
Provisions	(224,678)	(772,910)
Other liabilities	3,699,526	(76,380)
Cash (used in) generated from operations	(59,024,615)	110,480,507
Interest received	94,383,895	78,940,060
Dividends received	1,094,876	1,580,849

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CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
Interest paid	$ (43,309,168)	$ (34,635,540)
Income tax paid	(6,604,747)	(5,243,020)
Net cash (used in) generated from operating activities	(13,459,759)	151,122,856
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,230,646)	(1,042,291)
Proceeds from disposal of property and equipment	155,575	10,688
Acquisition of intangible assets	(331,993)	(177,934)
Proceeds from disposal of investment properties	13,520	-
Other assets	1,789,912	797,861
Dividends received	25,363	-
Net cash generated from (used in) investing activities	421,731	(411,676)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of financial debentures payable	(14,400,000)	(10,048,944)
Payments of the principal portion of lease liabilities	(1,338,317)	(1,234,138)
Other liabilities	(208,416)	995,953
Cash dividends paid	(16,289,798)	(2,525,989)
Net cash used in financing activities	(32,236,531)	(12,813,118)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,306,409	1,131,709
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(43,968,150)	139,029,771
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	368,299,200	312,895,760
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 324,331,050	$ 451,925,531

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CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	September 30 2024	September 30 2023
RECONCILIATIONS OF CASH AND CASH EQUIVALENTS REPORTED IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THOSE REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2024 AND 2023		
Cash and cash equivalents reported in the consolidated balance sheets	$ 97,086,494	$ 102,915,849
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	209,001,077	326,052,930
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	18,243,479	22,956,752
Cash and cash equivalents at the end of the period	$ 324,331,050	$ 451,925,531

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

1. INFORMATION ON THE BUSINESS

Cathay United Bank Co., Ltd. (the "Bank"), originally named United World Chinese Commercial Bank (UWCCB), was established in December 1974 after obtaining approval from the Ministry of Finance of the Republic of China (ROC) and officially started operations on May 20, 1975. The Bank is mainly engaged in the following operations: (1) all commercial banking operations authorized by the ROC Banking Act ("Banking Act"); (2) international banking business and related operations; (3) trust business; (4) offshore banking business; and (5) other financial operations related to the promotion of investments by overseas Chinese. The Bank's registered office and main business location is at No. 7, Songren Rd., Xinyi District, Taipei City, Republic of China (ROC).

The Bank's stock was originally trading on the Taiwan Stock Exchange (TWSE) until December 18, 2002, where it was delisted after becoming a wholly-owned subsidiary of Cathay Financial Holding Co., Ltd. ("Cathay Financial Holdings") on the same date through a share swap. Under the Financial Institutions Merger Act, the Bank merged with the former Cathay Commercial Bank, a wholly-owned subsidiary of Cathay Financial Holdings on October 27, 2003, with UWCCB as the surviving entity and was renamed Cathay United Bank Co., Ltd.

The Bank merged with Lucky Bank on January 1, 2007. The Bank was the surviving entity after this merger and Lucky Bank was the extinguished entity. In addition, the Bank acquired specific assets, liabilities, and business of China United Trust & Investment Corporation (CUTIC) on December 29, 2007.

Cathay Financial Holdings is the Bank's ultimate parent company.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Bank and its subsidiaries (collectively, the "Company") were approved by the Bank's board of directors on November 8, 2024.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and 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

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company'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)

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

The Company assessed that the application of the above standards and interpretations will not have a material impact on the Company’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)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

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 Company 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 Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company 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 Company as a whole, the Company 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 mainly amend the requirements for the classification of financial assets, including 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.

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

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

   - The entity 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.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

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

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

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

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

Basis of Consolidation

Principles for preparing the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (Indovina Bank, CUBC Bank and CUBCN Bank).

The accounting policies used by subsidiaries are same with those used by the Bank.

All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Bank.

The Bank's financial statements include the accounts of the head office, all branches, and OBU, in addition to the subsidiaries' accounts. All interbank transactions and accounts balances have been eliminated for consolidation purposes.

Entities included in the consolidated financial statements

See Note 16 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Foreign Currencies

In preparing the financial statements of each entity in the group, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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 except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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 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 purposes of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) 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 prevailing at the time of the transactions or the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Bank and non-controlling interests as appropriate).

Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in the consolidated financial statements of the Company were not classified as current or non-current. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity.

Cash and Cash Equivalents

In the consolidated balance sheets, cash and cash equivalents comprise cash on hand, due from banks, and short-term, highly liquid time deposits that mature within 12 months from the date of acquisition and readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the consolidated statements of cash flows, cash and cash equivalents comprise cash and cash equivalents, due from the Central Bank, call loans to other banks, and securities purchased under resell agreements as reported in the consolidated balance sheets that correspond to the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows," as endorsed and issued into effect by the FSC.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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 issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 fair value through profit or loss are recognized in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

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

a) Financial assets at FVTPL

A financial asset is classified as at FVTPL when the 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 amortised cost criteria or the FVTOCI criteria.

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 incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 49.

b) Financial assets at amortised cost

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

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

ii. 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 amortised cost, including cash and cash equivalents, due from the Central Bank and call loans to banks, investments in debt instruments at amortised cost, receivables and discounts and loans, are measured at amortised 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 income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset; and

ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortised cost of such financial assets in subsequent reporting periods.

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

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

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

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

c) Investments in debt instruments at FVTOCI

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

i. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and

ii. 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.

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 income 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.

d) Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 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, they will be transferred to retained earnings.

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

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortised cost, and investments in debt instruments measured at FVTOCI.

The Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

For receivables that do not contain a significant financing component, the allowance for losses is recognized at an amount equal to lifetime ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECL represents 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. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The definition of the financial assets in default is described in Note 50.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

According to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, the Bank assesses the customers' financial position, the overdue payments of the principal and interest, and the value of collateral to classify credit assets into normal credit assets (excluding loans to the ROC government) and unsound assets which should be further classified as special mention, substandard, doubtful and losses, for which the minimum provisions are 1%, 2%, 10%, 50% and 100% of the outstanding balance, respectively. Furthermore, the FSC stipulates that banks should recognize provision of at least 1.5% of normal credit assets in mainland China (including short-term advances for trade finance) and loans for mortgage and construction loans that have been classified as normal assets, and further determine the allowance for losses based on the higher of the above-mentioned provision and the assessment of the expected credit losses.

The Company writes off credits deemed uncollectable after the write-off is proposed and approved by the board of directors. Recoveries of credits written off are recognized as a reversal of loss provision in the current period.

3) Derecognition of financial assets

The Company 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 amortised 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 that 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 cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

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

c. Financial liabilities

1) Subsequent measurement

Except for the cases stated below, all financial liabilities are measured at amortised cost using the effective interest method:

a) Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated 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 incorporates any interest paid on the financial liability.

A financial liability is classified as designated as at FVTPL upon initial recognition if:

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

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

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

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 it 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 liabilities are derecognized. The changes in fair value of the outstanding liabilities are recognized in profit or loss. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 49.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Company, 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 after amortization.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. 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 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 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.

e. Modification of financial instruments

When a financial instrument is modified, the Bank assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Bank recalculates the gross carrying amount of the financial asset or the amortised cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortised over the modified remaining period.

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 Bank 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 Bank 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.

Investments in Associates

An associate is an entity over which the Bank has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Bank 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 Bank's share of the profit or loss and other comprehensive income of the associate. The Bank also recognizes the changes in the Bank's share of the equity of associates attributable to the Bank.

Any excess of the cost of acquisition over the Bank'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 amortised. Any excess of the Bank's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Bank 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 Bank's proportionate interest in the associate. The Bank 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 Bank'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 measured by equity method is insufficient, the shortage is debited to retained earnings.

When the Bank'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 Bank's net investment in the associate), the Bank discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Bank 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 is not allocated to any asset, including goodwill, which 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 Bank 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 Bank 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 Bank transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Bank's financial statements only to the extent of interests in the associate that are related to the Bank.

Non-accrual Loans

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans" issued by the authorities, loans and other credits (including the accrued interest) that remain unpaid on their maturity are transferred immediately to non-accrual loans.

Non-accrual 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

Securities purchased under resell agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds and cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property and equipment when completed and ready for their intended use.

Freehold land is not depreciated. Depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property and equipment is shorter than its useful life, such asset is depreciated over its lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

If the house that is exchanged for land under the jointly constructed with house divided contract is classified as real estate and equipment and the exchange has commercial substance, the exchange gains and losses are recognized when exchanged.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

The Bank decides to transfer assets to or from investment property based on the actual use of assets.

For a transfer from the property and equipment classification to investment property based on the actual use of assets, any difference between the fair value of the property at the transfer date and its previous carrying amount is recognized in other comprehensive income and accumulated in gain on property revaluation under other equity that will be transferred directly to retained earnings when the asset is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is carried 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 Company’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 when 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 on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity 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.

Foreclosed Collateral

Collateral assumed (recorded in other assets) are recognized at cost, which includes the assumed prices and any necessary repairs to make the collateral saleable, and evaluated at the lower of cost or net realizable value as of the balance sheet date.

Intangible Assets (Excluding Goodwill)

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 losses. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

b. Derecognition

   On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Right-of-use Assets and Intangible Assets (Excluding Goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any 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. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis of allocation.

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 on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Leasing

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

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Company. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the 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 Company 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 Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortised 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 Company 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.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Provisions

Provisions are recognized when a present obligation (legal or constructive) is due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are the best estimate of the consideration required to settle a present obligation at the consolidated balance sheet date, taking the risks and uncertainties on the obligation into account. Provisions are measured using the discounted cash flows estimated to settle the present obligation.

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 an expense when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past 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, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

   Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

d. Employee preferential interest rate deposits

The Bank offers preferential interest rate deposits for its current employees, which include preferential deposits and post-retirement preferential deposits for its current employees as well as preferential deposits for its retired employees, limited to a certain amount. The difference between the preferential interest rate and the market rate is considered as employee benefits.

In accordance with Article 30 of the Regulations Governing the Preparation of Financial Reports by Public Banks, the excess of the interests incurred in post-employment preferential interest deposits over those imputed at the market rate should qualify as post-employment benefits under IAS 19 “Employee Benefits” since the beneficiaries are retired employees. The retirement benefits should be accrued by actuarial method.

Income Tax

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

a. Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

Since 2002, in accordance with Article 49 of the Financial Holding Company Act, the Bank’s financial holding company, as the taxpayer, and the Bank elected to jointly declare and report income tax of profit-seeking enterprise and tax surcharge on surplus retained earnings of profit-seeking enterprise in accordance with the relevant provisions of the Income Tax Act. Additional tax payable or tax receivable due to the joint declaration of income tax is recognized under the payables or receivables for allocation of integrated income tax system account.

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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Bank 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 recognized only 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 these differences 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 extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are 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 should reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

The Company has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

c. Current and deferred taxes

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.

Recognition of Interest Revenue and Expense

Except for the financial assets and liabilities at fair value through profit or loss, the interest revenue and interest expense arising from all interest-bearing financial instruments are calculated using the effective interest method in accordance with the relevant regulations and standards and recognized in the consolidated statement of profit or loss under “interest revenue” and “interest expense” items.

Recognition of Service Fee Revenue and Expense

The service fee revenue and expense are generally recognized upon completion of the service to the customer for loan or other services; the service fee earned by the execution of the major project is recognized at the completion of the major project; the service fee revenue and expense related to subsequent lending services are either recognized over the service period or included in the calculation of the effective interest rate on loans and receivables.

Customer Loyalty Program

The points earned by customers under loyalty programs are treated as multiple-element revenue arrangements, in which consideration is allocated to the goods or services and the award credits based on their fair values through the eyes of the customer. The consideration is not recognized as earnings at the time of the original sales transaction but at the time when the points are redeemed and the obligation is fulfilled.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Assessment of Impairment of Loans

The assessment of impairment of loans is based on the value of the collateral, amount of principal and interest due, and the length of the overdue period. Changes in credit ratings on individual assets and the status of the collection are also considered during classification of the loans. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates at the end of each reporting period. The inputs include risk of default and expected loss rates. For details of the key assumptions and inputs used, refer to Note 50.

6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	$ 23,047,915	$ 27,744,892	$ 22,805,568
Checks for clearance	1,849,656	5,947,591	5,777,462
Due from banks	72,270,621	72,206,499	74,390,306
	97,168,192	105,898,982	102,973,336
Less: Allowance for impairment loss	(81,698)	(61,044)	(57,487)
	$ 97,086,494	$ 105,837,938	$ 102,915,849

Reconciliations of cash and cash equivalents reported in the consolidated statements of cash flows with those reported in the consolidated balance sheets as of September 30, 2024 and 2023 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2023 are shown below:

	December 31, 2023
Cash and cash equivalents reported in the consolidated balance sheets	$ 105,837,938
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	238,294,936
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	24,166,326
Cash and cash equivalents reported in the consolidated statements of cash flows	$ 368,299,200

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

	September 30, 2024	December 31, 2023	September 30, 2023
Deposit reserves - general account	$ 99,775,817	$ 88,367,789	$ 92,107,598
Deposit reserves - foreign currency account	9,249,187	10,142,523	10,927,368
Deposits in the Central Bank - general account	37,515,463	26,257,299	49,405,483
Call loans and overdrafts	171,485,614	212,037,637	276,647,447
	318,026,081	336,805,248	429,087,896
Less: Allowance for impairment loss	(45,009)	(36,288)	(49,138)
	$ 317,981,072	$ 336,768,960	$ 429,038,758

The Bank

As provided by the Central Bank of the ROC, NTD-denominated deposit reserves are determined monthly at prescribed rates on the average balances of customers' NTD-denominated deposits, and the deposit reserves - general account is subject to withdrawal restrictions.

In addition, the foreign-currency deposit reserves are determined at prescribed rates on balances of additional foreign-currency deposits and recorded as deposit reserves - foreign currency account. These non-interest bearing reserves may be withdrawn at any time. As of September 30, 2024, December 31, 2023 and September 30, 2023, the balances of foreign-currency deposit reserves were $2,014,289 thousand, $2,315,127 thousand and $3,524,344 thousand, respectively.

Indovina Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the State Bank of Vietnam were $1,029,740 thousand, $1,386,267 thousand and $1,145,911 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

CUBC Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the National Bank of Cambodia were $1,102,651 thousand, $1,281,214 thousand and $1,664,726 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

CUBCN Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the People's Bank of China were $5,102,507 thousand, $5,159,915 thousand and $4,592,387 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily classified as at fair value through profit or loss			
Treasury bills	$ 9,833,477	$ 9,785,086	$ 14,856,191
Commercial paper	81,772,915	133,425,456	128,201,818
Government bonds	6,688,356	2,633,293	6,967,920
Corporate bonds	10,633,466	17,986,951	24,993,400
Financial debentures	39,438,331	68,299,923	74,691,677
Negotiable certificates of deposit	1,738,945	9,187,557	3,207,391
Stock investments	34,072	1,157,662	26,149
Fund beneficiary certificates	191,469	-	-
	150,331,031	242,475,928	252,944,546
Derivative financial instruments			
Foreign exchange forward contracts	42,445,426	43,796,706	64,379,927
Interest rate swap contracts	26,937,641	30,815,168	44,939,066
Options	3,540,974	3,093,077	4,008,168
Cross-currency swap contracts	2,264,492	1,842,232	3,841,339
Others	1,317,001	268,525	648,564
	76,505,534	79,815,708	117,817,064
	$ 226,836,565	$ 322,291,636	$ 370,761,610
Financial liabilities designated as at fair value through profit or loss			
Bonds	$ 41,827,101	$ 40,481,221	$ 39,243,563
Financial liabilities held for trading			
Derivative financial instruments			
Foreign exchange forward contracts	42,908,857	44,518,614	53,115,923
Interest rate swap contracts	24,337,563	30,515,151	43,315,345
Options	5,832,284	5,147,729	7,921,677
Cross-currency swap contracts	2,328,563	2,171,803	4,097,997
Others	1,290,255	291,433	845,341
	76,697,522	82,644,730	109,296,283
	$ 118,524,623	$ 123,125,951	$ 148,539,846

The Company engages in derivative transactions mainly to accommodate customers' needs, and to manage its exposure positions. The financial risk management objective of the Company is to minimize risk due to changes in fair value or cash flows.

The contract amounts (nominal amounts) of derivative transactions for accommodating customers' needs and for managing the Company's exposure positions as of September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

(Unit: Thousands of U.S. Dollars)

	Contract Amounts		
	September 30, 2024	**December 31, 2023**	**September 30, 2023**
The Bank			
Foreign exchange forward contracts	$ 172,165,532	$ 128,266,087	$ 130,134,929
Interest rate swap contracts	43,956,654	41,592,820	40,785,152
Options	4,993,362	4,327,293	4,662,434
Cross-currency swap contracts	4,369,571	4,691,641	4,631,782
Futures	1,588,692	1,071,785	1,089,983
Equity swap contracts	1,209,880	1,080,320	1,053,600
Commodity swap contracts	-	793	3,171

	Contract Amounts		
	September 30, 2024	**December 31, 2023**	**September 30, 2023**
Indovina Bank			
Foreign exchange forward contracts	$ 174,000	$ 141,000	$ 130,173

	Contract Amounts		
	September 30, 2024	**December 31, 2023**	**September 30, 2023**
CUBCN Bank			
Foreign exchange forward contracts	$ 5,448,939	$ 14,426,128	$ 23,205,923
Interest rate swap contracts	3,920,952	4,965,620	4,963,091
Cross-currency swap contracts	9,490	9,600	9,600
Options	3,100	3,379	5,630

As of September 30, 2024, December 31, 2023 and September 30, 2023, none of the financial assets at FVTPL was sold under repurchase agreements.

Financial Liabilities Designated as at Fair Value through Profit or Loss

In September 2014, the Bank was authorized to issue subordinated financial debentures amounting to US$990 million; as of October 8, 2014, the issued subordinated financial debentures were US$660 million (perpetual) and US$330 million (fifteen years) with a fixed interest rate of 5.10% and 4.00%, respectively, and the interest is payable annually. The Bank is authorized by the authorities to redeem the US$660 million of bonds at book value after 12 years and after fulfilling the specified conditions.

In March 2017, the Bank was authorized to issue unsubordinated financial debentures amounting to US$300 million (thirty years), which were subsequently issued on November 24, 2017. In addition to the redemption of bonds by the exercise of call options, the bonds are redeemable on maturity; the bonds were issued in the form of zero-coupon bonds, and the internal rate of return is 4.10%.

The Bank converted fixed interest rates into floating interest rates with interest rate swap contracts to hedge against the fair value risk resulting from interest rate fluctuations. For the nine months ended September 30, 2024 and 2023, such interest rate swap contracts were valued with a net gain of $1,797,694 thousand and net loss of $812,073 thousand, respectively.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in equity instruments			
Domestic listed shares	$ 11,783,511	$ 9,905,782	$ 8,376,223
Overseas stock investments	10,922,276	9,578,784	10,611,456
Domestic unlisted shares	6,114,267	5,285,115	4,677,170
	28,820,054	24,769,681	23,664,849
Investments in debt instruments			
Corporate bonds	88,533,964	74,772,295	86,045,257
Financial debentures	58,040,338	51,748,813	59,803,697
Asset-backed securities	20,839,126	18,546,743	17,104,585
Negotiable certificates of deposit	11,954,229	31,934,434	81,203,382
Government bonds	125,489,557	94,297,680	90,813,377
	304,857,214	271,299,965	334,970,298
	$ 333,677,268	$ 296,069,646	$ 358,635,147

These investments in equity instruments are held for medium- to long-term strategic purposes and expect to profit from long-term investments. 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 Company's strategy of holding these investments for long-term purposes.

In consideration of its investment strategy, the Bank sold its investments in equity instruments at FVTOCI with the fair value of $17,453,481 thousand and $21,792,578 thousand during the nine months ended September 30, 2024 and 2023, respectively, and the related unrealized gain of $49,336 thousand and loss of $946,978 thousand were transferred from other equity to retained earnings, accordingly.

Dividends of $1,082,204 thousand and $1,572,447 thousand were recognized as income for the nine months ended September 30, 2024 and 2023, respectively. Those related to investments held as of September 30, 2024 and 2023 were $804,664 thousand and $1,070,444 thousand, respectively, and the remaining amounts were related to investments derecognized for the nine months ended September 30, 2024 and 2023.

As of September 30, 2024, December 31, 2023 and September 30, 2023, certain financial assets at FVTOCI were sold under repurchase agreements with notional amounts of $11,094,914 thousand, $21,084,718 thousand and $36,319,682 thousand, respectively. The proceeds amounting to $10,433,088 thousand, $17,909,086 thousand and $31,626,590 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and will be/were repurchased for $10,509,592 thousand, $18,024,511 thousand and $32,103,313 thousand before the end of March 2025, May 2024 and March 2024, respectively.

Refer to Note 45 for information relating to financial assets at fair value through other comprehensive income pledged as collaterals.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST

	September 30, 2024	December 31, 2023	September 30, 2023
Short-term bills	$ 266,963,719	$ 429,259,324	$ 333,188,311
Government bonds	46,782,037	61,268,043	46,859,735
Corporate bonds	28,778,866	25,394,982	27,966,732
Financial debentures	98,743,547	91,130,103	85,956,876
Asset-backed securities	72,334,967	70,746,917	70,925,581
	513,603,136	677,799,369	564,897,235
Less: Allowance for impairment loss	(54,296)	(54,203)	(64,759)
	$ 513,548,840	$ 677,745,166	$ 564,832,476

For the nine months ended September 30, 2023, the Bank disposed of certain bonds in advance due to the expected increase in credit risk, and recognized the gain arising from derecognition of financial assets measured at amortised cost amounting to $195 thousand.

As of September 30, 2024, December 31, 2023 and September 30, 2023, certain financial assets measured at amortised cost were sold under repurchase agreements with notional amounts of $6,792,024 thousand, $491,760 thousand and $2,569,985 thousand, respectively. The proceeds amounting to $4,647,786 thousand, $409,406 thousand and $1,896,211 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and will be/were repurchased for $4,687,660 thousand, $415,453 thousand and $1,914,712 thousand before the end of November 2024, February 2024 and November 2023, respectively.

Refer to Note 45 for information relating to investments in debt instruments at amortised cost pledged as collaterals.

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

The credit risk management of the Company’s financial assets at FVTOCI and investments in debt instruments at amortised cost is described as follows:

September 30, 2024

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	$ 312,005,697	$ 513,603,136	$ 825,608,833
Less: Allowance for impairment loss	(122,272)	(54,296)	(176,568)
Adjustment to fair value	(7,026,211)	-	(7,026,211)
	$ 304,857,214	$ 513,548,840	$ 818,406,054

December 31, 2023

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	$ 279,643,435	$ 677,799,369	$ 957,442,804
Less: Allowance for impairment loss	(126,431)	(54,203)	(180,634)
Adjustment to fair value	(8,217,039)	-	(8,217,039)
	$ 271,299,965	$ 677,745,166	$ 949,045,131

September 30, 2023

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	$ 353,632,607	$ 564,897,235	$ 918,529,842
Less: Allowance for impairment loss	(190,666)	(64,759)	(255,425)
Adjustment to fair value	(18,471,643)	-	(18,471,643)
	$ 334,970,298	$ 564,832,476	$ 899,802,774

The Company monitors the external credit rating information and price movements of their investments in debt instruments in order to assess whether there has been a significant increase in credit risk since initial recognition.

The Company takes into consideration the multi-period default probability table for each credit rating supplied by external rating agencies, and recovery rates of different types of bonds to assess the 12-month or lifetime expected credit losses.

The carrying amounts of financial assets at FVTOCI and investments in debt instruments at amortised cost sorted by credit rating of the Company are as follows:

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at September 30, 2024
Low credit risk	Low credit risk at the reporting date	12-month ECLs	$ 825,150,614
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	388,985
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	69,234

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at December 31, 2023
Low credit risk	Low credit risk at the reporting date	12-month ECLs	$ 956,937,282
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	436,904
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	68,618

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at September 30, 2023
Low credit risk	Low credit risk at the reporting date	12-month ECLs	$ 917,811,838
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	450,176
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	267,828

The changes in allowance for impairment loss of financial assets at FVTOCI and investments in debt instruments at amortised cost sorted by credit rating of the Company are as follows:

For the nine months ended September 30, 2024

	Credit Rating		
	Low Credit Risk (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In Default (Lifetime ECLs - Credit-impaired)
Balance at the beginning of the period	$ 174,217	$ 6,417	$ -
New debt instruments purchased	64,233	-	-
Derecognition	(69,181)	-	-
Effect of exchange rate changes and others	1,817	(935)	-
Balance at the end of the period	$ 171,086	$ 5,482	$ -

For the nine months ended September 30, 2023

	Credit Rating		
	Low Credit Risk (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In Default (Lifetime ECLs - Credit-impaired)
Balance at the beginning of the period	$ 148,750	$ 13,424	$ 78,323
New debt instruments purchased	59,729	-	-
Derecognition	(53,841)	-	-
Effect of exchange rate changes and others	6,687	1,396	957
Balance at the end of the period	$ 161,325	$ 14,820	$ 79,280

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Corporate bonds	$ 10,780,125	$ 15,367,864	$ 13,522,851
Government bonds	3,347,772	7,720,628	8,764,241
Foreign bonds	3,166,275	-	-
Financial debentures	951,030	1,080,009	672,047
	18,245,202	24,168,501	22,959,139
Less: Allowance for impairment loss	(1,723)	(2,175)	(2,387)
	$ 18,243,479	$ 24,166,326	$ 22,956,752

As of September 30, 2024, December 31, 2023 and September 30, 2023, none of the securities purchased under resell agreements were sold under repurchase agreements.

13. RECEIVABLES, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Notes and accounts receivable	$ 113,379,815	$ 95,543,659	$ 95,238,255
Interest receivables	13,029,548	14,014,235	14,233,748
Acceptances	909,440	1,316,484	701,689
Factoring receivables	5,815,556	2,695,574	4,349,496
Others	6,629,723	5,717,630	8,153,365
	139,764,082	119,287,582	122,676,553
Less: Allowance for impairment loss	(2,879,904)	(2,746,964)	(2,671,282)
	$ 136,884,178	$ 116,540,618	$ 120,005,271

Refer to Note 50 for impairment loss analysis of receivables.

The changes in the gross carrying amounts of the Company's receivables were as follows:

For the nine months ended September 30, 2024

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	$ 115,276,076	$ 1,856,377	$ 2,155,129	$ 119,287,582
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(599,547)	603,451	(3,904)	-
Transferred to credit-impaired financial assets	(576,677)	(275,162)	851,839	-
Transferred to 12-month ECLs	196,927	(193,963)	(2,964)	-
Derecognition of financial assets in the period	(149,571,497)	(1,585,241)	(427,305)	(151,584,043)
New financial assets purchased or originated	170,500,686	1,012,917	597,132	172,110,735
Written-off as bad debt expense	-	-	(840,558)	(840,558)
Effects of exchange rate changes and others	787,488	742	2,136	790,366
Balance at the end of the period	$ 136,013,456	$ 1,419,121	$ 2,331,505	$ 139,764,082

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	$ 118,271,889	$ 1,880,551	$ 2,003,379	$ 122,155,819
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(476,983)	479,985	(3,002)	-
Transferred to credit-impaired financial assets	(320,527)	(151,062)	471,589	-
Transferred to 12-month ECLs	297,464	(292,468)	(4,996)	-
Derecognition of financial assets in the period	(75,621,598)	(10,747,562)	(326,472)	(86,695,632)
New financial assets purchased or originated	66,590,756	20,485,126	438,305	87,514,187
Written-off as bad debt expense	-	-	(458,049)	(458,049)
Effects of exchange rate changes and others	97,193	58,733	4,302	160,228
Balance at the end of the period	$ 108,838,194	$ 11,713,303	$ 2,125,056	$ 122,676,553

The changes in allowance for impairment loss of the Company's receivables were as follows:

For the nine months ended September 30, 2024

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 565,354	$ 393,971	$ 1,730,384	$ 2,689,709	$ 57,255	$ 2,746,964
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(21,959)	232,773	(2,877)	207,937	-	207,937
Transferred to credit-impaired financial assets	(30,597)	(112,985)	804,635	661,053	-	661,053
Transferred to 12-month ECLs	8,776	(85,562)	(1,858)	(78,644)	-	(78,644)
Derecognition of financial assets in the period	(295,296)	(147,268)	(283,636)	(726,200)	-	(726,200)
New financial assets purchased or originated	295,730	113,853	357,974	767,557	-	767,557
Differences of impairment loss under regulations	-	-	-	-	17,283	17,283
Written-off as bad debt expense	-	-	(840,558)	(840,558)	-	(840,558)
Effects of exchange rate changes and others	62,976	11,627	49,909	124,512	-	124,512
Balance at the end of the period	$ 584,984	$ 406,409	$ 1,813,973	$ 2,805,366	$ 74,538	$ 2,879,904

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 506,839	$ 360,011	$ 1,591,166	$ 2,458,016	$ 58,994	$ 2,517,010
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(17,157)	198,099	(2,251)	178,691	-	178,691
Transferred to credit-impaired financial assets	(15,634)	(61,971)	433,754	356,149	-	356,149
Transferred to 12-month ECLs	12,804	(115,633)	(3,446)	(106,275)	-	(106,275)
Derecognition of financial assets in the period	(289,791)	(118,499)	(201,571)	(609,861)	-	(609,861)
New financial assets purchased or originated	259,054	108,529	310,369	677,952	-	677,952
Differences of impairment loss under regulations	-	-	-	-	(1,305)	(1,305)
Written-off as bad debt expense	-	-	(458,049)	(458,049)	-	(458,049)
Effects of exchange rate changes and others	65,216	8,355	43,399	116,970	-	116,970
Balance at the end of the period	$ 521,331	$ 378,891	$ 1,713,371	$ 2,613,593	$ 57,689	$ 2,671,282

14. DISCOUNTS AND LOANS, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Discounts and overdrafts	$ 1,153,261	$ 1,279,933	$ 1,310,006
Short-term loans	636,200,455	539,297,933	557,775,771
Medium-term loans	713,545,897	592,246,028	575,355,899
Long-term loans	1,283,187,659	1,178,654,623	1,137,542,305
Export negotiations	1,785,658	1,249,512	1,839,607
Overdue loans	7,633,430	6,751,086	8,307,512
	2,643,506,360	2,319,479,115	2,282,131,100
Less: Allowance for impairment loss	(43,675,163)	(38,908,048)	(39,035,213)
	$ 2,599,831,197	$ 2,280,571,067	$ 2,243,095,887

As of September 30, 2024, December 31, 2023 and September 30, 2023, the balances of nonaccrual loans, for which the accrual of interest revenues was discontinued, were $7,633,430 thousand, $6,751,086 thousand and $8,307,512 thousand, respectively. For the nine months ended September 30, 2024 and 2023, the Company did not write off certain credits without completing the required legal procedures.

Refer to Note 50 for the impairment loss analysis of discounts and loans.

The changes in the gross carrying amounts of the Company's discounts and loans were as follows:

For the nine months ended September 30, 2024

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	$ 2,231,297,751	$ 69,398,181	$ 18,783,183	$ 2,319,479,115
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(27,144,944)	27,256,418	(111,474)	-
Transferred to credit-impaired financial assets	(2,609,286)	(1,689,721)	4,299,007	-
Transferred to 12-month ECLs	17,505,256	(17,142,329)	(362,927)	-
Derecognition of financial assets in the period	(600,891,878)	(23,787,417)	(1,662,972)	(626,342,267)
New financial assets purchased or originated	927,088,509	17,800,022	2,101,593	946,990,124
Written-off as bad debt expense	-	-	(1,934,273)	(1,934,273)
Effects of exchange rate changes and others	4,659,737	574,239	79,685	5,313,661
Balance at the end of the period	$ 2,549,905,145	$ 72,409,393	$ 21,191,822	$ 2,643,506,360

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	$ 1,996,179,020	$ 66,527,131	$ 17,394,606	$ 2,080,100,757
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(27,215,411)	27,292,484	(77,073)	-
Transferred to credit-impaired financial assets	(4,027,522)	(785,712)	4,813,234	-
Transferred to 12-month ECLs	25,403,988	(24,709,885)	(694,103)	-
Derecognition of financial assets in the period	(523,615,983)	(17,998,375)	(1,821,808)	(543,436,166)
New financial assets purchased or originated	718,946,904	18,532,712	2,311,761	739,791,377
Written-off as bad debt expense	-	-	(1,235,940)	(1,235,940)
Effects of exchange rate changes and others	5,823,738	802,389	284,945	6,911,072
Balance at the end of the period	$ 2,191,494,734	$ 69,660,744	$ 20,975,622	$ 2,282,131,100

The changes in allowance for impairment loss of the Company's discounts and loans were as follows:

For the nine months ended September 30, 2024

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 4,208,728	$ 3,254,669	$ 7,222,828	$ 14,686,225	$ 24,221,823	$ 38,908,048
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(142,943)	1,678,364	(22,834)	1,512,587	-	1,512,587
Transferred to credit-impaired financial assets	(24,718)	(686,313)	2,373,084	1,662,053	-	1,662,053
Transferred to 12-month ECLs	72,468	(772,935)	(58,288)	(758,755)	-	(758,755)
Derecognition of financial assets in the period	(1,226,173)	(638,504)	(765,027)	(2,629,704)	-	(2,629,704)
New financial assets purchased or originated	1,642,100	433,525	1,394,368	3,469,993	-	3,469,993
Differences of impairment loss under regulations	-	-	-	-	2,928,764	2,928,764
Written-off as bad debt expense	-	-	(1,934,273)	(1,934,273)	-	(1,934,273)
Effects of exchange rate changes and others	(116,180)	(162,287)	794,917	516,450	-	516,450
Balance at the end of the period	$ 4,413,282	$ 3,106,519	$ 9,004,775	$ 16,524,576	$ 27,150,587	$ 43,675,163

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 3,408,785	$ 2,480,491	$ 6,433,892	$ 12,323,168	$ 22,695,132	$ 35,018,300
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(122,096)	1,475,976	(20,374)	1,333,506	-	1,333,506
Transferred to credit-impaired financial assets	(32,090)	(119,575)	2,357,824	2,206,159	-	2,206,159
Transferred to 12-month ECLs	81,132	(724,510)	(149,712)	(793,090)	-	(793,090)
Derecognition of financial assets in the period	(1,173,466)	(827,316)	(731,646)	(2,732,428)	-	(2,732,428)
New financial assets purchased or originated	1,386,834	661,234	1,378,940	3,427,008	-	3,427,008
Differences of impairment loss under regulations	-	-	-	-	1,729,419	1,729,419
Written-off as bad debt expense	-	-	(1,235,940)	(1,235,940)	-	(1,235,940)
Effects of exchange rate changes and others	97,345	(132,802)	117,736	82,279	-	82,279
Balance at the end of the period	$ 3,646,444	$ 2,813,498	$ 8,150,720	$ 14,610,662	$ 24,424,551	$ 39,035,213

15. RESERVES FOR LOSSES ON GUARANTEES, LETTER OF CREDIT RECEIVABLE AND FINANCING COMMITMENTS

The changes in the Company’s guarantee liability provisions, letter of credit receivable and provision of commitments were as follows:

For the nine months ended September 30, 2024

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 215,963	$ 73,055	$ 87,538	$ 376,556	$ 188,751	$ 565,307
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(2,726)	49,370	(12)	46,632	-	46,632
Transferred to credit-impaired financial assets	(138)	(109)	6,488	6,241	-	6,241
Transferred to 12-month ECLs	1,175	(13,747)	(292)	(12,864)	-	(12,864)
Derecognition of financial assets in the period	(85,468)	(40,108)	(2,221)	(127,797)	-	(127,797)
New financial assets purchased or originated	105,684	38,338	1,553	145,575	-	145,575
Differences of impairment loss under regulations	-	-	-	-	(171)	(171)
Effects of exchange rate changes and others	(12,971)	(13,040)	(2,667)	(28,678)	-	(28,678)
Balance at the end of the period	$ 221,519	$ 93,759	$ 90,387	$ 405,665	$ 188,580	$ 594,245

For the nine months ended September 30, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	$ 185,168	$ 63,139	$ 5,801	$ 254,108	$ 192,553	$ 446,661
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(1,784)	22,550	(17)	20,749	-	20,749
Transferred to credit-impaired financial assets	(85)	(72)	5,311	5,154	-	5,154
Transferred to 12-month ECLs	1,690	(14,641)	(271)	(13,222)	-	(13,222)
Derecognition of financial assets in the period	(73,886)	(48,839)	(1,906)	(124,631)	-	(124,631)
New financial assets purchased or originated	86,306	54,467	2,092	142,865	-	142,865
Differences of impairment loss under regulations	-	-	-	-	1,189	1,189
Effects of exchange rate changes and others	(793)	(1,721)	(4,582)	(7,096)	-	(7,096)
Balance at the end of the period	$ 196,616	$ 74,883	$ 6,428	$ 277,927	$ 193,742	$ 471,669

16. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

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

			Proportion of Ownership (%)			
Investor	Subsidiary	Nature of Activities	September 30, 2024	December 31, 2023	September 30, 2023	Description
The Bank	Indovina Bank Limited (Indovina Bank) (Note 1)	Bank business	50	50	50	Incorporated in Vietnam on November 21, 1990
	Cathay United Bank (Cambodia) Corporation Limited (CUBC Bank) (Notes 1 and 4)	Bank business	100	100	100	SBC Bank was incorporated in Cambodia on July 5, 1993, and renamed as CUBC Bank as of January 14, 2014
	Cathay United Bank (China) Limited (CUBCN Bank) (Note 2)	Bank business	100	100	100	Incorporated in China on September 3, 2018
Cambodia CUBC Bank	CUBC Investment Co., LTD.(CUBC-I) (Note 1)	Invest business	49 (Note 3)	49 (Note 3)	49 (Note 3)	Incorporated in Cambodia on August 14, 2012

Note 1: As an immaterial subsidiary, its financial statements have not been reviewed.

Note 2: As a major subsidiary, its financial statements have been reviewed. Please refer to Table 3 for the relevant investment information.

Note 3: Cambodia CUBC Bank held 49% of the shares of CUBC-I. Through an agency agreement with the rest of shareholders, it actually controls the operations of CUBC-I and the composition of its board of directors, and obtains 100% of its economic benefits, therefore, CUBC-I is listed as a subsidiary of CUBC Bank.

Note 4: On September 6, 2024, the shareholders held a meeting and adopted a resolution to modify the Articles of Incorporation, changing the English registered name, Cathay United Bank (Cambodia) Corporation Limited, to Cathay United Bank (Cambodia) PLC. This name change registration was filed with the local authorities before the approval date of the consolidated financial statements while the registration is still pending for approval as of the reporting date.

17. INVESTMENTS MEASURED BY EQUITY METHOD, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Associates that are not individually material			
Taiwan Real-estate Management Corp.	$ 102,525	$ 99,255	$ 96,883
Taiwan Finance Corp.	1,710,548	1,693,418	1,554,062
	$ 1,813,073	$ 1,792,673	$ 1,650,945

Aggregate information on the Bank's associates that are not individually material is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
The Bank's share of				
Current net profit	$ 23,797	$ 15,354	$ 46,567	$ 29,655
Current other comprehensive loss	-	-	(804)	(820)
Current comprehensive income	$ 23,797	$ 15,354	$ 45,763	$ 28,835

Investments measured by equity method and the Bank's share of profit and loss and other comprehensive income are calculated based on the financial statements which were not reviewed; however, management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been reviewed.

18. PROPERTY AND EQUIPMENT, NET

For the nine months ended September 30, 2024

	Land	Buildings	Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Equipment	Total
Cost								
Balance at the beginning of the period	$ 15,288,915	$ 9,803,543	$ 5,795,740	$ 128,412	$ 8,627,928	$ 419,716	$ 756,560	$ 40,820,814
Additions	-	-	340,282	1,636	167,221	1,997	719,510	1,230,646
Disposals	(86,830)	-	(224,015)	(9,705)	(310,126)	(165)	-	(630,841)
Reclassification	-	-	68,832	3,649	260,997	53	(344,402)	(10,871)
Exchange differences	18,143	9,920	26,551	3,832	8,129	16,666	1,406	84,647
Balance at the end of the period	15,220,228	9,813,463	6,007,390	127,824	8,754,149	438,267	1,133,074	41,494,395
Accumulated depreciation and impairment								
Balance at the beginning of the period	-	5,047,692	4,488,080	95,555	6,543,831	272,387	-	16,447,545
Depreciation	-	154,591	439,938	6,000	429,768	33,519	-	1,063,816
Disposals	-	-	(223,807)	(9,447)	(305,600)	(165)	-	(539,019)
Exchange differences	-	4,793	20,708	2,854	5,564	10,684	-	44,603
Balance at the end of the period	-	5,207,076	4,724,919	94,962	6,673,563	316,425	-	17,016,945
Net								
Balance at the end of the period	$ 15,220,228	$ 4,606,387	$ 1,282,471	$ 32,862	$ 2,080,586	$ 121,842	$ 1,133,074	$ 24,477,450

For the nine months ended September 30, 2023

	Land	Buildings	Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Equipment	Total
Cost								
Balance at the beginning of the period	$ 15,319,962	$ 9,697,850	$ 5,505,376	$ 122,611	$ 8,226,357	$ 401,536	$ 434,585	$ 39,708,277
Additions	-	-	201,292	1,154	141,327	746	697,772	1,042,291
Disposals	-	-	(142,204)	(969)	(215,122)	-	-	(358,295)
Reclassification	-	-	202,161	5,547	315,148	299	(484,631)	38,524
Others (Note)	(31,559)	105,401	-	-	80,625	-	-	154,467
Exchange differences	29,541	16,894	28,278	6,416	11,719	6,254	3,180	102,282
Balance at the end of the period	15,317,944	9,820,145	5,794,903	134,759	8,560,054	408,835	650,906	40,687,546
Accumulated depreciation and impairment								
Balance at the beginning of the period	-	4,841,740	4,023,962	88,215	6,257,643	234,815	-	15,446,375
Depreciation	-	154,107	511,392	6,331	424,677	30,652	-	1,127,159
Disposals	-	-	(141,906)	(969)	(204,424)	-	-	(347,299)
Reclassification	-	-	1,402	-	(1,402)	-	-	-
Exchange differences	-	8,073	22,275	4,684	7,905	4,402	-	47,339
Balance at the end of the period	-	5,003,920	4,417,125	98,261	6,484,399	269,869	-	16,273,574
Net								
Balance at the end of the period	$ 15,317,944	$ 4,816,225	$ 1,377,778	$ 36,498	$ 2,075,655	$ 138,966	$ 650,906	$ 24,413,972

Note: In May 2023, the Bank completed the handover of the houses exchanged with the land under the jointly constructed with house divided contract. A compensation of $10,487 thousand was received from the builder, and a disposal gain of $164,954 thousand was recognized.

Depreciation of the above-mentioned items of property and equipment is calculated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	35 to 60 years
Buildings renovation	5 years
Equipment	3 to 8 years
Transportation equipment	3 to 7 years
Other equipment	3 to 15 years
Leasehold improvements	5 years

As of September 30, 2024, December 31, 2023 and September 30, 2023, no property and equipment was pledged as collaterals.

19. LEASE AGREEMENTS

a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of right-of-use assets			
Land and buildings	$ 5,858,538	$ 3,585,526	$ 3,743,529
Equipment	1,193	1,710	1,960
Transportation equipment	51,946	53,468	59,743
	$ 5,911,677	$ 3,640,704	$ 3,805,232

	For the Nine Months Ended September 30	
	2024	2023
Additions to right-of-use assets	$ 3,590,135	$ 1,431,232

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Depreciation charge of right-of-use assets				
Land and buildings	$ 446,192	$ 419,415	$ 1,317,287	$ 1,234,404
Equipment	168	232	588	698
Transportation equipment	9,909	8,825	27,576	25,543
	$ 456,269	$ 428,472	$ 1,345,451	$ 1,260,645

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of lease liabilities	$ 5,964,417	$ 3,673,568	$ 3,852,099

The discount rate intervals of lease liabilities are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land and buildings	0.12%-7.53%	0.05%-8.12%	0.05%-8.12%
Equipment	0.36%-3.49%	0.36%-3.49%	0.36%-3.49%
Transportation equipment	0.32%-8.22%	0.25%-8.76%	0.25%-8.76%

c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	$ 129,197	$ 131,683	$ 397,449	$ 384,460
Expenses relating to low-value asset leases	$ 48,505	$ 81,371	$ 167,102	$ 204,073
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ -	$ -	$ -	$ -
Total cash outflow for leases	$ 664,686	$ 652,238	$ 1,944,292	$ 1,850,568

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

20. INVESTMENT PROPERTIES, NET

	Land	Buildings	Total
Balance at January 1, 2024	$ 2,160,925	$ 126,368	$ 2,287,293
Disposals	(7,053)	(4,727)	(11,780)
Gain (loss) on fair value adjustment	29,880	(7,348)	22,532
Others (Note)	(33,693)	-	(33,693)
Balance at September 30, 2024	$ 2,150,059	$ 114,293	$ 2,264,352
Balance at January 1, 2023	$ 2,115,138	$ 105,305	$ 2,220,443
Gain (loss) on fair value adjustment	49,878	(1,769)	48,109
Others (Note)	(33,692)	-	(33,692)
Balance at September 30, 2023	$ 2,131,324	$ 103,536	$ 2,234,860

Note: Compensation for urban renewal and demolition.

a. As of September 30, 2024, December 31, 2023 and September 30, 2023, no investment property was pledged as collaterals.

b. Some of the Bank's properties are held for earning rental income or for capital appreciation, while some are for self-use. When the part held for self-use is less than 5% of the individual real estate, the real estate is classified as investment properties.

c. The fair values of the Bank's investment properties were based on the valuations carried out by qualified real estate appraisers in Taiwan in accordance with the "Regulations on Real Estate Appraisal". The valuation dates were June 30, 2024, December 31, 2023 and June 30, 2023, respectively. The appraisers had reviewed the original valuation reports issued on the aforementioned valuation dates and clarified that the valuation reports were in effect on September 30, 2024 and 2023, respectively.

Appraiser Office	June 30, 2024	December 31, 2023	June 30, 2023
Euro-Asia Real Estate Appraisers Firm	Zong-Ting, Xie	Zong-Ting, Xie	-
REPro Knight Frank Real Estate Appraiser Firm	-	-	Xiang-Yi, Hsu; You-Xiang, Cai

The fair value is supported by observable evidence in the market. The main appraisal approaches applied include the income approach (such as discounted cash flow model and direct capitalization approach), comparison approach and cost approach. The significant unobservable inputs mainly include discount rates and the related adjustments, and categorized as Level 3 of fair value hierarchy.

1) As office buildings have market liquidity and the rentals are similar to those of comparable properties in neighboring areas, the fair values have been mainly determined using the comparison approach and the income approach.

Net rental income is based on current market practices, assuming an annual rental increase between 0% to 1.5% to extrapolate the total income of the underlying property, excluding losses as a result of idle and other reasons and related operation costs.

According to the ROC Real Estate Appraisers Association Gazette No. 5, the house tax is determined based on the reference tables of current house values provided by each city/county to estimate the total current house value considering the area of the subject property and related public utilities. House tax is calculated based on the tax rates in the House Tax Act and the actual payment data.

Land value tax is calculated based on the changes in the announced land values of the underlying property in the past years and the actual payment data.

According to the ROC Real Estate Appraisers Association Gazette No. 5, replacement allowance for significant renovation cost is calculated based on 10% of construction costs and amortised over its estimated useful life of 20 years.

The main inputs used are as follows:

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Direct capitalization rates	1.50%-2.01%	1.50%-1.94%	1.13%-4.03%
Overall capital interest rate	-	1.09%-1.18%	0.95%-2.86%

Operating expenses directly related to investment properties

	For the Three Months Ended September 30		**For the Nine Months Ended September 30**	
	2024	**2023**	**2024**	**2023**
Generating rental income	$ -	$ -	$ -	$ -
Not generating rental income	336	338	1,681	1,670
	$ 336	$ 338	$ 1,681	$ 1,670

2) The fair values of hillside conservation zones, farmlands, scenic areas and suburban houses have been determined mainly by the land development analysis, cost approach and comparison approach due to fewer market transactions in such areas as a result of legal restrictions, furthermore, no significant changes are expected in these areas that will affect the market in the near future.

21. INTANGIBLE ASSETS, NET

For the nine months ended September 30, 2024

	Computer Software	Goodwill	Others	Total
Cost				
Balance at the beginning of the period	$ 3,505,024	$ 6,997,965	$ 2,995	$ 10,505,984
Additions	331,993	-	-	331,993
Disposals	(449,988)	-	-	(449,988)
Reclassification	201,326	-	(1,051)	200,275
Exchange differences	27,380	9,682	-	37,062
Balance at the end of the period	3,615,735	7,007,647	1,944	10,625,326
Accumulated amortization				
Balance at the beginning of the period	2,203,330	-	-	2,203,330
Amortization	525,949	-	-	525,949
Disposals	(449,988)	-	-	(449,988)
Exchange differences	16,734	-	-	16,734
Balance at the end of the period	2,296,025	-	-	2,296,025
Net				
Balance at the end of the period	$ 1,319,710	$ 7,007,647	$ 1,944	$ 8,329,301

For the nine months ended September 30, 2023

	Computer Software	Goodwill	Others	Total
Cost				
Balance at the beginning of the period	$ 3,493,480	$ 6,997,679	$ -	$ 10,491,159
Additions	177,934	-	-	177,934
Disposals	(299,969)	-	-	(299,969)
Reclassification	231,873	-	-	231,873
Exchange differences	14,675	16,490	-	31,165
Balance at the end of the period	3,617,993	7,014,169	-	10,632,162
Accumulated amortization				
Balance at the beginning of the period	2,112,810	-	-	2,112,810
Amortization	473,154	-	-	473,154
Disposals	(299,969)	-	-	(299,969)
Exchange differences	10,873	-	-	10,873
Balance at the end of the period	2,296,868	-	-	2,296,868
Net				
Balance at the end of the period	$ 1,321,125	$ 7,014,169	$ -	$ 8,335,294

The Bank acquired China United Trust & Investment Corporation on December 29, 2007 and recognized goodwill amounting to $6,673,083 thousand.

The Bank acquired 70% of the shares of CUBC Bank on December 13, 2012 and recognized goodwill amounting to US$10,570 thousand, then further acquired the remaining 30% of shares on September 16, 2013.

During impairment testing of goodwill, the Bank treated individual business units as cash-generating units (CGUs). Goodwill resulting from the merger was allocated to the relevant CGUs. The recoverable amount was determined by the value in use of each CGU and was calculated at the present values of the cash flow forecast for the future based on the going-concern assumption. Future cash flows were estimated on the basis of present operations and will be adjusted depending on the business outlook and economic trends.

22. OTHER ASSETS, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments	$ 1,705,235	$ 1,205,013	$ 1,514,889
Temporary payments and suspense accounts	587,949	343,907	628,313
Interbank clearing funds	13,527,596	10,468,668	10,455,216
Refundable deposits, net	13,926,875	16,094,677	24,254,128
Operating deposits	1,010,780	632,890	632,890
Others	158,894	158,481	136,648
	$ 30,917,329	$ 28,903,636	$ 37,622,084

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	September 30, 2024	December 31, 2023	September 30, 2023
Call loans from the Central Bank and banks	$ 77,064,327	$ 47,925,529	$ 78,931,559
Deposits from the Central Bank and banks	45,043,190	51,480,935	46,285,782
Due to Chunghwa Post Co., Ltd.	17,709,405	17,709,405	17,709,405
Bank overdrafts	17,205	14,985	11,662
	$ 139,834,127	$ 117,130,854	$ 142,938,408

24. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Government bonds	$ 9,772,809	$ 16,415,766	$ 28,823,643
Financial debentures	1,112,605	1,493,320	4,190,358
Asset-backed securities	4,195,460	409,406	508,800
	$ 15,080,874	$ 18,318,492	$ 33,522,801

25. PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Interest payable	$ 13,387,234	$ 10,983,630	$ 14,514,210
Accrued expenses	10,589,495	10,475,775	8,513,521
Receipts under custody	6,723,323	929,754	13,528,985
Payable on notes and bonds trade settle	6,506,717	1,856,690	4,986,553
Accounts payable	2,402,128	6,387,180	6,155,802
Banker's acceptances	910,222	1,316,820	701,809
Others	9,746,344	9,766,079	8,112,615
	$ 50,265,463	$ 41,715,928	$ 56,513,495

26. DEPOSITS AND REMITTANCES

	September 30, 2024	December 31, 2023	September 30, 2023
Checking deposits	$ 15,433,640	$ 17,487,151	$ 18,504,973
Demand deposits	865,120,497	794,495,204	788,274,930
Demand savings deposits	1,463,813,892	1,417,582,060	1,393,768,454
Time deposits	780,727,253	874,530,259	892,917,815
Time savings deposits	453,111,782	432,986,511	425,801,335
Negotiable certificates of deposits	29,587,244	3,906,933	4,415,514
Outward remittances and remittances payable	2,790,987	2,569,694	1,519,728
	$ 3,610,585,295	$ 3,543,557,812	$ 3,525,202,749

27. FINANCIAL DEBENTURES PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
1st issue of subordinated financial debentures in 2014; fixed rate at 1.85%; maturity: May 2024	$ -	$ 12,000,000	$ 12,000,000
2nd issue of subordinated financial debentures in 2017; fixed rate at 1.85%; maturity: April 2027	12,700,000	12,700,000	12,700,000
2nd issue of subordinated financial debentures in 2017; fixed rate at 1.50%; maturity: April 2024	-	2,400,000	2,400,000
	$ 12,700,000	$ 27,100,000	$ 27,100,000

28. OTHER FINANCIAL LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Principal of structured products	$ 50,467,824	$ 64,668,563	$ 73,289,144
Other financial liabilities	22,289	-	-
	$ 50,490,113	$ 64,668,563	$ 73,289,144

29. PROVISIONS

	September 30, 2024	December 31, 2023	September 30, 2023
Reserve for employee benefits			
Defined benefit plan	$ 1,724,173	$ 1,843,617	$ 1,741,167
Retired employees’ preferential interest rate deposits	938,805	1,045,707	847,883
Reserve for losses on guarantees	221,929	218,049	219,004
Reserve for finance commitments	370,467	342,686	250,005
Other operating reserve	389,345	372,599	277,253
Other reserve - letter of credit	1,849	4,572	2,660
	$ 3,646,568	$ 3,827,230	$ 3,337,972

30. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Bank adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Bank makes monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts in the Bureau of Labor Insurance.

For the nine months ended September 30, 2024 and 2023, the Company recognized expenses of $453,850 thousand and $396,295 thousand in the consolidated statements of comprehensive income in accordance with the defined contribution plan, respectively.

b. Defined benefit plan

The defined benefit plan adopted by domestic branches of the Bank under the Labor Standards Law 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 contributes a fixed proportion 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.

The Bank uses the actuarially determined pension cost rate as of December 31, 2023 and 2022 respectively. For the nine months ended September 30, 2024 and 2023, pension expenses under the defined benefit plan recognized in the consolidated statements of comprehensive income amounted to $179,884 thousand and $185,054 thousand, respectively.

c. Employee preferential interest rate deposit plan

For the nine months ended September 30, 2024 and 2023, current employee preferential interest rate deposit plan expenses amounted to $120,568 thousand and $132,788 thousand, respectively; retired employee preferential interest rate deposit plan expenses amounted to $28,007 thousand and $25,240 thousand, respectively.

31. OTHER LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Guarantee deposits received	$ 7,677,503	$ 7,885,919	$ 9,483,739
Temporary receipts and suspense accounts	6,405,376	2,454,512	2,604,300
Contract liabilities	1,329,565	1,621,833	1,536,206
Advance receipts	259,103	219,761	220,313
Others	2,507	995	701
	$ 15,674,054	$ 12,183,020	$ 13,845,259

32. EQUITY

a. Capital stock

Common stock

	September 30, 2024	December 31, 2023	September 30, 2023
Number of authorized shares (in thousands)	12,011,314	10,859,866	10,859,866
Amount of authorized shares	$ 120,113,139	$ 108,598,655	$ 108,598,655
Number of shares issued and fully paid (in thousands)	12,011,314	10,859,866	10,859,866
Amount of shares issued	$ 120,113,139	$ 108,598,655	$ 108,598,655

On April 30, 2024, the Bank’s board of directors resolved on behalf of the shareholders to transfer the retained earnings of $11,514,484 thousand in the form of dividends to increase capital and issued 1,151,448 thousand new shares for a total authorized capital of $120,113,139 thousand. The capital increase was approved by the FSC on June 18, 2024, and the recapitalization record date was July 15, 2024. The registration was completed on August 26, 2024.

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
Capital surplus from the merger	$ 10,949,303	$ 10,949,303	$ 10,949,303
Additional paid-in capital	27,648,873	27,648,873	27,648,873
Others	270,904	270,904	270,904
	$ 38,869,080	$ 38,869,080	$ 38,869,080

c. Legal reserve

According to the Banking Act, the Bank shall set aside 30% of its after-tax earnings as a legal reserve at the time of distributing its earnings for each fiscal year. According to the Company Act, retained earnings are appropriated to legal reserve until the amount of legal reserve equals the Bank's paid-in capital. The legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, based on the Banking Act, if the legal reserve is less than the Bank's paid in capital, the amount that may be distributed in cash should not exceed 15% of the Bank's paid-in capital. In the event that the accumulated legal reserve equals or exceeds the Bank's paid-in capital or the Bank is sound in both its finance and business operations and had already set aside a legal reserve in compliance with the Banking Act, the restrictions stipulated above shall not apply.

d. Special reserve

	September 30, 2024	December 31, 2023	September 30, 2023
The debit balance of other equity	$ 6,156,444	$ 14,574,995	$ 14,574,995
Investment properties at fair value	1,789,305	1,698,493	1,698,493
Financial technology development employee transfer and placement expenditure	287,673	287,673	287,673
Trading loss reserve transfer	268,791	268,791	268,791
Changes recognized under the equity method	2,218	2,218	2,218
	$ 8,504,431	$ 16,832,170	$ 16,832,170

According to Rule No. 11301388321 issued by the FSC, the Bank sets aside a special reserve in accordance with the law and then subsequently reverses to distribute, and if the amount is distributed in cash, the provision in the latter paragraph of Article 50, Paragraph 1 of the Banking Act that maximum cash reserve distribution should not exceed 15% of the Bank's paid-in capital can be excluded.

According to Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards," the Bank should appropriate to or reverse from its special reserve certain specified amounts. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses, and thereafter distributed.

According to Rule No. 10901500221 issued by the FSC, on the first-time adoption of the fair value model for investment properties, the Bank should appropriate as special reserve an amount equivalent to the amount of the net increase in fair value transferred to retained earnings. In the subsequent fair value measurement of investment properties, the incremental fair value of investment properties is recognized in profit or loss and the same amount is appropriated from retained earnings to the special reserve. For any subsequent reversal of accumulated incremental fair value of investment properties upon disposal of investment properties, the reversed amount can be distributed accordingly.

According to Rule No. 10510001510 issued by the FSC on May 25, 2016, the Bank should appropriate between 0.5% and 1% of net income after tax to the special reserve during the appropriation of earnings from 2016 through 2018. Since 2017, the Company is allowed to reverse special reserve at the amount of the costs of employee transfer and arrangement in connection with the development of financial technology.

According to Rule issued by the FSC, the Bank transferred the trading loss reserve as of December 31, 2010 to the special reserve and the special reserve may not be used unless it reaches the matters specified by the authority to reversal.

e. Retained earnings and dividends policy

According to the Bank's Articles of Incorporation, if the Bank made a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting deficits of prior years, if any. If the legal reserve is less than the paid-in capital, profit shall be appropriated to the legal reserve and special reserve in accordance with the laws and regulations.

In consideration of the competitive environment, business growth, and capital adequacy, the Bank adopts a residual dividend policy. According to the Bank's business plan, except for a necessary amount of earnings to be reserved for dividend distribution, the remainder shall be distributed as cash dividends in principle. However, the maximum cash dividend may not exceed the regulatory limit.

The appropriations of earnings for 2023 and 2022 which were approved by the Bank's board of directors on behalf of the shareholders in accordance with the Company Act on April 30, 2024 and April 27, 2023, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2023	2022	2023	2022
Legal reserve	$ 8,347,090	$ 7,215,440		
Special reserve	(8,327,739)	14,783,830		
Cash dividends	16,289,798	2,055,588	$1.50	$0.19
Stock dividends	11,514,484	-	1.06	-

f. Other equity items

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

	For the Nine Months Ended September 30	
	2024	2023
Balance at the beginning of the period	$ (1,520,460)	$ (1,291,970)
Exchange differences generated from translating the net assets of foreign operations	1,253,444	1,036,843
Tax effect	(250,689)	(207,369)
Other comprehensive income	1,002,755	829,474
Balance at the end of the period	$ (517,705)	$ (462,496)

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

	For the Nine Months Ended September 30	
	2024	2023
Balance at the beginning of the period	$ (2,847,253)	$ (12,153,457)
Recognized for the period		
Unrealized gains (losses)		
Debt instruments	1,463,534	(2,842,253)
Equity instruments	2,222,970	(201,029)
Net remeasurement of loss allowance	5,080	(4,930)
Share from associates accounted for using equity method	780	(1,536)

(Continued)

	For the Nine Months Ended September 30	
	2024	2023
Reclassification adjustments		
Disposal of investment in debt instruments	$ (218,140)	$ 206,171
Tax effect	(160,398)	156,372
Other comprehensive income (loss)	3,313,826	(2,687,205)
Cumulative unrealized (losses) gains of equity instruments transferred to retained earnings due to disposal	(49,336)	946,978
Balance at the end of the period	$ 417,237	$ (13,893,684)

(Concluded)

3) Changes in the fair value of financial liability attributable to changes in the credit risk of financial liability designated as at FVTPL

	For the Nine Months Ended September 30	
	2024	2023
Balance at the beginning of the period	$ (833,793)	$ (428,795)
Changes in fair value attributable to changes in credit risk	739,487	407,782
Tax effect	(147,897)	(81,556)
Other comprehensive income	591,590	326,226
Balance at the end of the period	$ (242,203)	$ (102,569)

4) Remeasurement of defined benefit plans

	For the Nine Months Ended September 30	
	2024	2023
Balance at the beginning of the period	$ (2,567,037)	$ (2,312,872)
Remeasurement	(2,330)	(2,723)
Share from associates accounted for using equity method	(1,584)	716
Tax effect	466	545
Other comprehensive loss	(3,448)	(1,462)
Balance at the end of the period	$ (2,570,485)	$ (2,314,334)

5) Gain on property revaluation

	For the Nine Months Ended September 30	
	2024	2023
Balance at the beginning of the period	$ 1,612,099	$ 1,612,099
Other comprehensive income	-	-
Balance at the end of the period	$ 1,612,099	$ 1,612,099

g. Non-controlling interests

	For the Nine Months Ended September 30	
	2024	2023
Balance at the beginning of the period	$ 3,934,432	$ 3,989,858
Net income attributable to non-controlling interests	201,682	92,063
Exchange differences on translating the financial statements of foreign operations	100,595	171,851
(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income	(66,967)	281,449
Change in non-controlling interests	-	(470,401)
Balance at the end of the period	$ 4,169,742	$ 4,064,820

33. NET INTEREST REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest income				
Discounts and loans	$ 20,721,001	$ 18,099,260	$ 59,264,070	$ 51,757,431
Investment securities	5,455,389	4,726,812	16,598,206	13,188,613
Due from banks and call loans to banks	3,463,638	4,862,427	9,977,566	11,928,880
Revolving credit	718,186	690,934	2,094,051	2,000,721
Others	467,551	481,291	1,517,068	1,279,432
	30,825,765	28,860,724	89,450,961	80,155,077
Interest expense				
Deposits	12,420,615	13,236,582	36,961,254	33,884,937
Due to the Central Bank and other banks	1,344,589	1,212,593	3,883,225	3,233,005
Structured products	758,167	972,000	2,487,939	2,485,392
Notes and bonds issued under repurchase agreements	174,649	495,975	614,307	1,250,981
Financial debentures	59,220	123,911	271,118	423,928
Interest on lease liabilities	15,794	9,428	41,424	27,897
Others	113,354	123,188	324,523	348,208
	14,886,388	16,173,677	44,583,790	41,654,348
	$ 15,939,377	$ 12,687,047	$ 44,867,171	$ 38,500,729

34. NET SERVICE FEE REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Service fee income				
Credit card business	$ 4,027,243	$ 3,392,473	$ 11,529,742	$ 9,513,683
Trust business	1,962,356	1,459,172	5,635,763	3,810,822
Loan business	274,284	264,405	896,194	761,594
Cross-selling marketing	2,143,459	1,552,787	6,818,010	5,165,764
Others	854,376	772,129	2,543,707	2,268,726
	9,261,718	7,440,966	27,423,416	21,520,589
Service fee expenses				
Credit card business	1,857,617	1,942,031	5,143,550	4,718,029
Others	438,878	383,454	1,257,812	1,088,183
	2,296,495	2,325,485	6,401,362	5,806,212
	$ 6,965,223	$ 5,115,481	$ 21,022,054	$ 15,714,377

The Bank also engaged in the business of online payment services. For the nine months ended September 30, 2024 and 2023, service fee revenue was $328 thousand and $462 thousand, respectively, and the revenue and other income resulting from the funds collected were both zero.

35. GAIN (LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Stock investments	$ 18,353	$ (56,005)	$ 664,649	$ 46,220
Short-term bills	399,440	545,905	1,390,263	1,321,575
Fund beneficiary certificates	37,277	(7,719)	23,704	(23,707)
Investments in debt instruments	917,412	2,769,757	6,152,928	4,988,124
Derivative financial instruments	2,834,223	157,148	4,264,057	3,369,956
	$ 4,206,705	$ 3,409,086	$ 12,495,601	$ 9,702,168
Realized gain (loss)				
Gain on disposal	$ 2,592,656	$ 838,873	$ 8,235,589	$ 4,678,665
Interest income	1,128,002	1,666,442	3,948,324	3,717,224
Dividend income	9,786	10,371	23,414	49,169
Interest expense	(377,105)	(373,208)	(1,128,982)	(1,089,967)
Unrealized gain (loss)				
Valuation gain (loss)	853,366	1,266,608	1,417,256	2,347,077
	$ 4,206,705	$ 3,409,086	$ 12,495,601	$ 9,702,168

36. REALIZED GAIN OR LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net gain (loss) on disposal - debt instruments	$ 31,912	$ (24,933)	$ 218,140	$ (206,171)
Dividend income	824,458	877,961	1,082,204	1,572,447
	$ 856,370	$ 853,028	$ 1,300,344	$ 1,366,276

37. IMPAIRMENT REVERSAL (LOSS) ON ASSETS

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Debt instruments at FVTOCI	$ 24,343	$ 24,095	$ 15,902	$ 12,356
Debt instruments at amortised cost	(4,765)	21,438	1,087	(16,332)
	$ 19,578	$ 45,533	$ 16,989	$ (3,976)

38. BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Discounts and loans	$ 1,797,484	$ 1,526,286	$ 5,794,174	$ 2,746,865
Receivables	297,227	61,702	631,983	298,845
Guarantee liability provisions	3,049	3,182	20,487	11,436
Financial commitment provisions	46,114	21,021	23,910	17,480
Others	38,407	48,820	43,798	133,649
	$ 2,182,281	$ 1,661,011	$ 6,514,352	$ 3,208,275

39. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Salaries	$ 5,731,986	$ 4,772,160	$ 16,474,048	$ 14,052,168
Insurance	389,576	343,596	1,118,860	1,013,296
Post-employment benefits	222,393	207,202	661,741	606,589
Remuneration of directors	819	819	2,619	2,690
Others	124,864	126,975	388,509	297,059
	$ 6,469,638	$ 5,450,752	$ 18,645,777	$ 15,971,802

For the nine months ended September 30, 2024 and 2023, the average number of the Company's employees was 13,274 and 12,768, both including 19 non-executive directors.

As of September 30, 2024 and 2023, the number of employees of the Company was 13,352 and 12,976, respectively.

Under the Articles of Incorporation of the Bank, the Bank accrued compensation of employees and remuneration of directors at the rates of 0.05% and no higher than 0.1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors (after offsetting accumulated deficits). For the nine months ended September 30, 2024 and 2023, compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	$ 5,000	$ 4,000	$ 16,500	$ 11,000
Remuneration of directors	$ 819	$ 819	$ 2,619	$ 2,690

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

Compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Bank's board of directors on March 5, 2024 and March 9, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees	$ 17,839	$ 15,400
Remuneration of directors	$ 5,400	$ 5,400

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022, respectively.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

40. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Depreciation expense				
Property and equipment	$ 345,982	$ 376,935	$ 1,063,816	$ 1,127,159
Right-of-use assets	456,269	428,472	1,345,451	1,260,645
Amortization expense				
Intangible assets	188,244	156,510	525,949	473,154
	$ 990,495	$ 961,917	$ 2,935,216	$ 2,860,958

41. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Product promotion expenses	$ 2,180,597	$ 1,818,971	$ 6,165,109	$ 5,371,057
Tax expenses	1,153,178	968,701	3,358,319	2,810,814
Insurance expenses	265,967	256,098	798,108	747,943
Rental expenses	177,702	213,054	564,551	588,533
Others	1,841,583	1,823,586	4,817,986	4,745,607
	$ 5,619,027	$ 5,080,410	$ 15,704,073	$ 14,263,954

42. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the period	$ 2,048,749	$ 1,011,285	$ 6,130,101	$ 4,952,745
Adjustments for prior year	-	-	(18,935)	28,770
Deferred tax				
In respect of the period	212,251	706,715	610,834	428,485
Income tax of overseas subsidiaries	108,025	(611)	206,582	160,367
Income tax expense recognized in profit or loss	$ 2,369,025	$ 1,717,389	$ 6,928,582	$ 5,570,367

According to the Ministry of Finance's Taiwan Finance Tax No. 910458039, "The joint declaration of business income tax by profit-seeking enterprises in accordance with Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers and Acquisitions Act" released on February 12, 2003, where a Financial Holding Company holds more than or equal to 90% of the outstanding issued shares of a domestic subsidiary, and the period of shareholdings in the subsidiary has reached 12 months of the tax year, the Financial Holding Company may elect to be the taxpayer and jointly declare profit-seeking enterprise tax. The Bank elected to jointly declare the profit-seeking enterprise income tax since 2003 and the undistributed retained earnings since 2002 with its parent company Cathay Financial Holding Co., Ltd. and its subsidiaries. Additional tax payable or receivable due to the joint declaration of income tax is recognized under the receivables (payables) for allocation of integrated income tax systems account.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Deferred tax				
Recognized in other comprehensive income				
Remeasurement of defined benefit plans	$ -	$ -	$ (466)	$ (545)
Changes in the fair value of financial liabilities attributable to changes in credit risk	52,755	34,964	147,897	81,556
Exchange differences on translating the financial statements of foreign operations	(39,554)	247,609	250,689	207,369
Unrealized gains (losses) on financial assets at FVTOCI	123,919	(256,755)	160,398	(156,372)
Total income tax expense recognized in other comprehensive income	$ 137,120	$ 25,818	$ 558,518	$ 132,008

c. Income tax assessments

The Bank's income tax returns through 2018 have been assessed by the tax authority; however, the Bank was dissatisfied and invoked the administrative remedy for fiscal years from 2016 to 2018. The Bank assessed relevant income tax based on prudence principle.

d. Pillar Two income tax legislation

In November 2023, the government of Vietnam, where the Ho Chi Minh City branch of the Bank and Indovina Bank are incorporated, enacted the Pillar Two income tax legislation effective January 1, 2024. The effective Pillar Two income tax legislation did not have a material impact on current tax expenses.

43. EARNINGS PER SHARE

The numerator and denominator used in calculating earnings per share were adjusted retroactively as follows:

Unit: Dollar Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	$ 0.92	$ 0.66	$ 2.58	$ 2.11

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were retrospectively adjusted as follows:

Net income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	**2023**	**2024**	**2023**
Net income for calculating basic earnings per share	$ 10,993,991	$ 7,919,150	$ 31,038,949	$ 25,328,633

Number of shares

Unit: In Thousands

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	**2023**	**2024**	**2023**
Weighted average number of ordinary shares used for calculating basic earnings per share	12,011,314	12,011,314	12,011,314	12,011,314

44. RELATED-PARTY TRANSACTIONS

Transactions between the Company and its related parties are summarized as follows:

a. Related parties and relationships

Related Party	Relationship with the Company
Cathay Financial Holding Co., Ltd.	Parent company
Taiwan Real-estate Management Corp.	Associate
Taiwan Finance Corp.	Associate
Cathay Life Insurance Co., Ltd.	Other related party
Cathay Century Insurance Co., Ltd.	Other related party
Cathay Securities Co., Ltd.	Other related party
Cathay Venture Inc.	Other related party
Cathay Securities Investment Trust Co., Ltd.	Other related party
Cathay Securities Investment Consulting Co., Ltd.	Other related party
Cathay Futures Co., Ltd.	Other related party
Cathay Life Insurance (Vietnam) Co., Ltd.	Other related party
Cathay Insurance (Vietnam) Co., Ltd.	Other related party
Symphox Information Co., Ltd.	Other related party
Seaward Card Co., Ltd.	Other related party
Cathay Charity Foundation	Other related party
Cathay United Bank Foundation	Other related party
Cathay Cultural Foundation	Other related party
Cathay United Bank Employees’ Welfare Committee	Other related party

(Continued)

Related Party	Relationship with the Company
Cathay Life Insurance Employees’ Welfare Committee	Other related party
Cathay Real Estate Development Employees’ Welfare Committee	Other related party
Vietinbank	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Lin Yuan Property Management Co., Ltd.	Other related party
Yua-Yung Marketing (Taiwan) Co., Ltd.	Other related party
Sino Greenergy Group	Other related party
TaiYang Solar Power Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Bannan Realty Co., Ltd.	Other related party
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Other related party
Cathay Industrial Research and Design Center Co., Ltd.	Other related party
Sanchong Realty Co., Ltd.	Other related party
Cathay Real Estate Management Co., Ltd.	Other related party
Zhulun Realty Co., Ltd.	Other related party
EasyCard Corporation	Other related party
TPIsoftware Corporation	Other related party
An Feng Enterprise Co., Ltd.	Other related party
PSS Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
Srisawad Corporation Public Company Limited	Other related party
Quantifeed Holdings Limited	Other related party
Taiwan Asset Management Corporation	Other related party
HanTech Venture Capital Corporation	Other related party
Taipei Forex Inc.	Other related party
Financial Information Service Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Hongtaiyi Energy Co., Ltd.	Other related party
Kee Fresh & Safe Foodtech Co., Ltd.	Other related party
Witraise Industrial Technologies, Inc.	Other related party
Private Equity Funds managed by Cathay Private Equity	Other related party
Lin Yuan Investment Co., Ltd.	Other related party
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Other related party
Directors, supervisors, managers, and their relatives and affiliates	Other related party

(Concluded)

b. Significant transactions between the Company and related parties

1) Loans and deposits

Loans and interest revenue

September 30, 2024

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-09.30	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	25	$ 102,064	$ 15,371	V	$ -	None	None	$ (196)	$ 567
Self-used housing mortgage loans	272	3,622,853	3,309,496	V	-	Real estate and securities	None	6,087	40,428
Others	Taiwan Real-estate Management Corp.	31,000	31,000	V	-	Real estate	None	155	465
Others	Sino Greenergy Group	60,372	54,712	V	-	Property	None	(57)	547
Others	TaiYang Solar Power Co., Ltd.	49,320	45,321	V	-	Property	None	(40)	453
Others	Cathay Real Estate Development Co., Ltd.	2,300,000	2,300,000	V	-	Real estate	None	(1,200)	23,000
Others	Hongtaiyi Energy Co., Ltd.	84,637	76,702	V	-	Property	None	(79)	767
Others	Witraise Industrial Technologies, Inc.	60,956	55,241	V	-	Property	None	(58)	552

December 31, 2023

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-12.31	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	26	$ 93,626	$ 15,318	V	$ -	None	None	$ (20)	$ 664
Self-used housing mortgage loans	271	3,130,261	2,728,107	V	-	Real estate, stocks and certificates of deposits	None	2,796	34,468
Others	Taiwan Real-estate Management Corp.	33,000	31,000	V	-	Real estate	None	(20)	310
Others	Sino Greenergy Group	67,919	60,372	V	-	Property	None	(75)	604
Others	TaiYang Solar Power Co., Ltd.	54,647	49,320	V	-	Property	None	(53)	493
Others	Cathay Real Estate Development Co., Ltd.	2,420,000	800,000	V	-	Real estate	None	18,000	24,200
Others	Hongtaiyi Energy Co., Ltd.	95,216	84,637	V	-	Property	None	(106)	846
Others	Kee Fresh & Safe Foodtech Co., Ltd.	20,000	-	V	-	None	None	-	-
Others	Witraise Industrial Technologies, Inc.	68,576	60,956	V	-	Property	None	(76)	610

September 30, 2023

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-09.30	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	24	$ 83,102	$ 15,379	V	$ -	None	None	$ (19)	$ 221
Self-used housing mortgage loans	271	2,956,470	2,599,749	V	-	Real estate, stocks and certificates of deposits	None	945	32,827
Others	Taiwan Real-estate Management Corp.	33,000	31,000	V	-	Real estate	None	-	330
Others	Sino Greenergy Group	67,919	62,259	V	-	Property	None	(56)	623
Others	TaiYang Solar Power Co., Ltd.	54,647	50,654	V	-	Property	None	(39)	507
Others	Cathay Real Estate Development Co., Ltd.	1,620,000	1,620,000	V	-	Real estate	None	10,000	16,200
Others	Hongtaiyi Energy Co., Ltd.	95,216	87,281	V	-	Property	None	(79)	873
Others	Kee Fresh & Safe Foodtech Co., Ltd.	20,000	20,000	V	-	None	None	200	200
Others	Witraise Industrial Technologies, Inc.	68,576	62,861	V	-	Property	None	(57)	629

Related Parties	Interest Revenue: For the Three Months Ended September 30, 2024	2023	For the Nine Months Ended September 30, 2024	2023
Associate				
Taiwan Real-estate Management Corp.	$ 199	$ 201	$ 583	$ 587
Other related parties				
Sino Greenergy Group	425	460	1,274	1,379
TaiYang Solar Power Co., Ltd.	336	358	1,015	1,075
Cathay Real Estate Development Co., Ltd.	9,150	3,439	21,896	9,181
Hongtaiyi Energy Co., Ltd.	595	646	1,786	1,934
Kee Fresh & Safe Foodtech Co., Ltd.	-	55	-	55
Witraise Industrial Technologies, Inc.	428	465	1,286	1,393
Others	18,448	20,483	50,324	40,216
	29,382	25,906	77,581	55,233
	$ 29,581	$ 26,107	$ 78,164	$ 55,820

Deposits and interest expense

Related Parties	September 30, 2024 Ending Balance	September 30, 2024 Interest Expense	December 31, 2023 Ending Balance	December 31, 2023 Interest Expense	September 30, 2023 Ending Balance	September 30, 2023 Interest Expense
Parent company						
Cathay Financial Holding Co., Ltd.	$ 50,979	$ 3,587	$ 81,256	$ 3,950	$ 7,674	$ 3,421
Associate						
Other	22,883	63	13,548	62	12,955	47
Other related parties						
Cathay Life Insurance Co., Ltd.	73,902,683	354,463	33,200,245	380,888	41,107,501	282,703
Cathay Century Insurance Co., Ltd.	1,745,106	15,490	2,525,605	20,586	2,837,837	15,050
Cathay Securities Co., Ltd.	9,524,306	34,530	2,776,622	29,325	2,358,317	21,305
Cathay Venture Inc.	159,646	1,079	209,748	254	100,502	202
Cathay Futures Co., Ltd.	1,716,726	7,006	965,712	54,667	1,463,094	44,826
Cathay Real Estate Management Co., Ltd.	108,224	1,253	155,810	1,407	110,933	977
Cathay Securities Investment Trust Co., Ltd.	191,607	824	212,960	715	181,514	465
Cathay Securities Investment Consulting Co., Ltd.	568,096	4,705	616,660	7,727	542,708	5,746
Cathay Real Estate Development Co., Ltd.	439,268	2,299	341,027	2,089	256,300	1,651
Cathay Medical Care Corp.	473,851	2,787	326,077	2,500	386,934	1,802
Cathay Hospitality Management Co., Ltd.	82,004	591	142,382	901	168,468	655
Cathay Life Insurance (Vietnam) Co., Ltd.	2,697,445	155,868	2,640,257	212,391	4,066,959	155,762
Cathay Insurance (Vietnam) Co., Ltd.	270,157	12,458	272,326	17,373	264,855	12,727
Symphox Information Co., Ltd.	69,075	147	83,270	605	100,494	538
Cathay United Bank Foundation	580,508	6,540	563,916	7,851	563,598	5,781
Cathay Charity Foundation	329,108	3,671	312,693	4,389	318,131	3,234
Cathay Cultural Foundation	233,150	2,747	227,113	3,195	229,278	2,330
Cathay United Bank Employees' Welfare Committee	932,089	27,770	837,374	32,446	826,024	23,433
Cathay Life Insurance Employees' Welfare Committee	2,330,671	28,200	2,201,734	34,545	2,218,212	25,780

(Continued)

Related Parties	September 30, 2024 Ending Balance	September 30, 2024 Interest Expense	December 31, 2023 Ending Balance	December 31, 2023 Interest Expense	September 30, 2023 Ending Balance	September 30, 2023 Interest Expense
Cathay Real Estate Development Employees' Welfare Committee	$ 499,048	$ 5,964	$ 472,994	$ 7,241	$ 476,346	$ 5,355
Lin Yuan Property Management Co., Ltd.	203,858	2,183	305,118	2,399	185,179	1,726
Bannan Realty Co., Ltd.	382,416	3,340	332,397	1,734	328,603	1,327
Yua-Yung Marketing (Taiwan) Co., Ltd.	221,031	737	199,817	856	204,067	600
Cathay Industrial Research and Design Center Co., Ltd.	2,284,644	5,620	1,507,881	5,407	1,678,167	3,337
Sanchong Realty Co., Ltd.	177,043	1,790	75,820	560	97,957	451
Ally Logistic Property Co., Ltd.	322,547	827	3,310	183	-	-
Cathay Hospitality Consultanting Co., Ltd.	164,855	839	187,679	1,241	243,535	886
Zhulun Realty Co., Ltd.	301,277	984	214,504	1,063	242,744	782
EasyCard Corporation	256,242	2,372	123,746	1,476	141,321	1,042
Private Equity Funds managed by Cathay Private Equity Fund	817,855	2,943	665,735	1,710	190,142	1,223
Cathay Healthcare Management Co., Ltd.	133,149	543	114,136	487	95,311	300
PSS Co., Ltd.	103,054	549	157,891	464	137,626	282
Lin Yuan (Shanghai) Real Estate Co., Ltd.	2,131,630	37,205	1,929,924	18,900	1,927,605	34,532
Funds managed by Cathay Securities Investment Trust Co., Ltd.	100,492	-	78,194	25	3,358,442	25
Lin Yuan Investment Co., Ltd.	147,675	14	5,172	13	692	11
Others	10,019,299	103,221	8,982,129	117,510	8,961,651	87,197
	114,619,835	831,559	63,967,978	975,123	76,371,047	744,043
	$ 114,693,697	$ 835,209	$ 64,062,782	$ 979,135	$ 76,391,676	$ 747,511

(Concluded)

Ending balance of due from/to commercial banks and interest income (expense)

Accounts/Related Parties	September 30, 2024 Ending Balance	September 30, 2024 Interest Income (Expense)	December 31, 2023 Ending Balance	December 31, 2023 Interest Income (Expense)	September 30, 2023 Ending Balance	September 30, 2023 Interest Income (Expense)
Due from commercial banks						
Other related party Vietinbank	$ 37,937	$ 367	$ 27,974	$ 72	$ 44,271	$ 65
Due to commercial banks						
Other related party Vietinbank	3,231,176	(2,171)	27,223	(30,645)	3,024,766	(21,626)

Transactions terms with related parties are similar to those with third parties, except for the preferential interest rates set by the employees' interest rates on deposits and loans within prescribed limits.

2) Investments in marketable securities (recorded as financial assets at FVTOCI)

Accounts/Related Parties	September 30, 2024	December 31, 2023	September 30, 2023
Stock investment			
Other related parties			
Srisawad Corporation Public Company Limited	$ 2,884,401	$ 2,312,077	$ 2,408,773
Quantifeed Holdings Limited	51,921	63,062	94,733
Taiwan Asset Management Corporation	883,688	984,621	922,708
HanTech Venture Capital Corporation	81,744	71,983	72,635
Taipei Forex Inc.	66,004	57,197	54,556
Financial Information Service Co., Ltd.	735,181	758,469	570,280
CDIB & PARTNERS Investment Holding Corporation	987,134	822,480	839,521
An Feng Enterprise Co., Ltd.	-	16,536	24,209
EasyCard Corporation	107,892	123,697	101,294

	Interest Revenue			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
Accounts/Related Parties	2024	2023	2024	2023
Other related party				
Vietinbank	$ -	$ -	$ -	$ 11,222

3) Guarantees

September 30, 2024

Related Parties	Highest Balance	Ending Balance	Balance of Guarantee Liability Provisions	Rate Interval	Collateral
Other related party					
Yua-Yung Marketing (Taiwan) Co., Ltd.	$ 38,892	$ 23,340	$ 3	0.65%-0.8%	Demand deposits

December 31, 2023

Related Parties	Highest Balance	Ending Balance	Balance of Guarantee Liability Provisions	Rate Interval	Collateral
Other related party					
Yua-Yung Marketing (Taiwan) Co., Ltd.	$ 49,443	$ 38,892	$ 3	0.65%-0.8%	Demand deposits

September 30, 2023

Related Parties	Highest Balance	Ending Balance	Balance of Guarantee Liability Provisions	Rate Interval	Collateral
Other related party					
Yua-Yung Marketing (Taiwan) Co., Ltd.	$ 49,443	$ 38,892	$ 4	0.65%-0.8%	Demand deposits

4) Derivatives

September 30, 2024

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2024.04.12-2025.09.09	$ 128,186,550	$ (383,021)	Valuation adjustment for FVTPL financial assets	$ 1,119
					Valuation adjustment for FVTPL financial liabilities	(384,140)
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2023.10.27-2025.08.26	2,718,821	73,543	Valuation adjustment for FVTPL financial assets	58,209
					Valuation adjustment for FVTPL financial liabilities	(5,005)

December 31, 2023

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2023.03.16-2024.04.23	$ 107,265,150	$ 1,183,729	Valuation adjustment for FVTPL financial assets	$ 1,238,633
					Valuation adjustment for FVTPL financial liabilities	(54,904)
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2023.01.11-2024.12.23	2,716,974	(12,383)	Valuation adjustment for FVTPL financial assets	21,541
					Valuation adjustment for FVTPL financial liabilities	(33,924)

September 30, 2023

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2022.12.19-2024.03.25	$ 107,968,728	$ 4,998,050	Valuation adjustment for FVTPL financial assets	$ 4,987,809
					Valuation adjustment for FVTPL financial liabilities	-
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2022.10.25-2024.08.26	2,933,161	177,614	Valuation adjustment for FVTPL financial assets	164,086
					Valuation adjustment for FVTPL financial liabilities	-

The realized profit that resulted from the derivative financial instruments transactions with related parties was as follows:

Item/Related Parties	For the Three Months Ended September 30 2024	For the Three Months Ended September 30 2023	For the Nine Months Ended September 30 2024	For the Nine Months Ended September 30 2023
Gain on financial assets or liabilities at fair value through profit or loss				
Associate				
Taiwan Finance Corp.	$ -	$ -	$ -	$ 521
Other related parties				
Cathay Life Insurance Co., Ltd.	(1,821)	1,276,433	1,365,355	3,472,025
Cathay Century Insurance Co., Ltd.	11,666	19,035	55,268	42,437
	9,845	1,295,468	1,420,623	3,514,462
	$ 9,845	$ 1,295,468	$ 1,420,623	$ 3,514,983

5) Lease agreement - the Company as lessee

Related Parties	Acquisition to Right-of-use Assets For the Nine Months Ended September 30 2024	Acquisition to Right-of-use Assets For the Nine Months Ended September 30 2023
Other related party		
Cathay Life Insurance Co., Ltd.	$ 2,727,327	$ -

The lease period and the method of rent payment are in accordance with the contract provisions, the general lease terms are two to five years and the payments are mainly made on a monthly basis.

Related Parties	Lease Liabilities September 30, 2024	Lease Liabilities December 31, 2023	Lease Liabilities September 30, 2023
Other related parties			
Cathay Life Insurance Co., Ltd.	$ 2,533,227	$ 377,428	$ 526,140
Cathay Real Estate Development Co., Ltd.	6,586	14,034	16,496

Related Parties	Interest Expense For the Three Months Ended September 30 2024	Interest Expense For the Three Months Ended September 30 2023	Interest Expense For the Nine Months Ended September 30 2024	Interest Expense For the Nine Months Ended September 30 2023
Other related party				
Cathay Life Insurance Co., Ltd.	$ 4,846	$ 686	$ 10,115	$ 2,761

Related Parties	Rental Expense				
	For the Three Months Ended September 30		For the Nine Months Ended September 30		Payment Term
	2024	2023	2024	2023	
Other related parties					
Cathay Life Insurance Co., Ltd.	$ 1,157	$ 1,884	$ 5,205	$ 3,451	Monthly
Cathay Real Estate Development Co., Ltd.	-	2,298	3,829	6,893	Monthly

Related Parties	Refundable Deposits		
	September 30, 2024	December 31, 2023	September 30, 2023
Other related parties			
Cathay Life Insurance Co., Ltd.	$ 212,565	$ 196,542	$ 192,838
Cathay Real Estate Development Co., Ltd.	2,324	4,482	4,482

6) Lease agreement - the Company as lessor

Related Parties	Rental Income				
	For the Three Months Ended September 30		For the Nine Months Ended September 30		Receive Term
	2024	2023	2024	2023	
Other related parties					
Cathay Life Insurance Co., Ltd.	$ 7,671	$ 7,800	$ 22,730	$ 23,380	Monthly
Cathay Century Insurance Co., Ltd.	2,105	2,026	6,240	6,071	Monthly
Cathay Securities Co., Ltd.	1,892	2,422	5,669	7,265	Monthly

Related Parties	Guarantee Deposits Received		
	September 30, 2024	December 31, 2023	September 30, 2023
Other related party			
Cathay Life Insurance Co., Ltd.	$ 7,555	$ 7,283	$ 7,694

The lease period and the method of rent collection are in accordance with the contract provisions, the general lease terms are one to three years and the payments are mainly made on a monthly basis.

7) Others

Items/Related Parties	For the Three Months Ended September 30 2024	For the Three Months Ended September 30 2023	For the Nine Months Ended September 30 2024	For the Nine Months Ended September 30 2023
Service fee income				
Other related parties				
Cathay Life Insurance Co., Ltd.	$ 2,350,723	$ 1,735,013	$ 6,760,509	$ 5,396,575
Cathay Century Insurance Co., Ltd.	70,371	65,923	205,086	191,520
Cathay Securities Co., Ltd.	57,076	49,429	163,991	124,474
Cathay Securities Investment Trust Co., Ltd.	25,651	27,760	69,810	66,485
Cathay Securities Investment Consulting Co., Ltd.	10,865	9,809	33,198	28,741
Cathay Real Estate Development Co., Ltd.	1,318	3,370	5,041	7,473
Securities underwriting income				
Parent company				
Cathay Financial Holding Co., Ltd.	-	-	2,500	5,300
Other related party				
Cathay Life Insurance Co., Ltd.	-	10,026	13,677	10,026
Miscellaneous income				
Parent company				
Cathay Financial Holding Co., Ltd.	2,615	2,772	7,845	8,318
Other related parties				
Cathay Life Insurance Co., Ltd.	5,759	3,451	17,278	10,352
Cathay Century Insurance Co., Ltd.	2,393	1,240	6,038	3,720
Service fee expenses				
Other related party				
Cathay Futures Co., Ltd.	989	1,372	3,742	3,872

(Continued)

Items/Related Parties	For the Three Months Ended September 30 2024	For the Three Months Ended September 30 2023	For the Nine Months Ended September 30 2024	For the Nine Months Ended September 30 2023
Other operating expenses				
Parent company				
Cathay Financial Holding Co., Ltd.	$ -	$ 860	$ 9,761	$ 1,296
Other related parties				
Cathay Life Insurance Co., Ltd.	58,195	51,853	176,567	134,767
Cathay Securities Investment Trust Co., Ltd.	1,200	1,800	3,000	5,400
Symphox Information Co., Ltd.	260,619	207,042	700,894	594,520
Lin Yuan Property Management Co., Ltd.	37,036	38,150	89,965	65,741
Cathay Healthcare Management Co., Ltd.	889	4,663	2,238	15,518
Cathay Real Estate Development Co., Ltd.	2,188	1,283	3,843	4,121
Seaward Card Co., Ltd.	75,370	71,631	227,917	218,575
An Feng Enterprise Co., Ltd.	-	47,025	80,262	124,559
TPIsoftware Corporation	31,082	4,471	62,259	46,344
EasyCard Corporation	-	-	5,250	5,250
Insurance expenses paid				
Other related parties				
Cathay Life Insurance Co., Ltd.	28,943	43,265	121,055	101,392
Cathay Century Insurance Co., Ltd.	29,195	23,361	121,197	100,516

(Concluded)

Items/Related Parties	September 30, 2024		December 31, 2023		September 30, 2023	
Receivables						
Other related party						
Cathay Securities Investment Trust Co., Ltd.	$	6,351	$	8,501	$	8,514
Related party receivables for commission of collecting insurances						
Other related party						
Cathay Life Insurance Co., Ltd.		763,051		249,593		417,862
Refundable deposit						
Other related party						
Cathay Futures Co., Ltd.		1,212,709		1,179,579		1,213,068
Accrued expenses						
Other related party						
Seaward Card Co., Ltd.		36,051		37,950		30,451
Accounts payable						
Parent company						
Cathay Financial Holding Co., Ltd.		-		5,400		-
Other related parties						
Cathay Century Insurance Co., Ltd.		18,265		64,278		23,358
Symphox Information Co., Ltd.		53,827		37,420		82,049
Related party payables for allocation of integrated income tax systems account						
Parent company						
Cathay Financial Holding Co., Ltd.		4,103,690		4,252,290		2,795,516

The Bank paid construction planning and design maintenance service fees to Lin Yuan Property Management Co., Ltd. in the amount of $19,731 thousand and $15,774 thousand and recorded as property and equipment during the nine months ended September 30, 2024 and 2023, respectively.

The Bank purchased bonus points from Symphox Information Co., Ltd. The bonus points can be earned by the Bank’s customers and exchanged for merchandise. As of September 30, 2024, December 31, 2023 and September 30, 2023, the unconverted bonus points amounted to $58,017 thousand, $50,258 thousand and $51,352 thousand, respectively.

The terms of the foregoing transactions with related parties are similar to those with third parties.

Combined disclosures have been made for transactions with related parties that are under a certain percentage of the total amount of all transactions with related parties and non-related parties.

c. Compensation of key management personnel

Compensation of directors and other key management personnel for the nine months ended September 30, 2024 and 2023 was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employment benefits	$ 150,796	$ 133,273	$ 457,686	$ 429,074
Post-employment benefits	1,976	1,773	5,906	5,275
Other long-term employment benefits	15	-	35	34
	$ 152,787	$ 135,046	$ 463,627	$ 434,383

The key management personnel of the Company include the chairman, vice chairman, directors, president and vice president.

45. PLEDGED ASSETS

The Company's assets had been used as collaterals to apply for a judiciary provisional attachment, an intra-day overdraft, covering its call loans from the Central Bank undertaking bills finance and insurance agent business, and provisions of compensation for trust business as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at FVTOCI	$ -	$ 14,753,925	$ 14,800,000
Investments in debt instruments at amortised cost	57,949,384	43,062,739	43,062,228

46. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, the contingencies and commitments were as follows:

The Bank

a. Entrusted items and guarantees:

	September 30, 2024	December 31, 2023	September 30, 2023
Trust and security held for safekeeping	$ 1,286,800,935	$ 1,064,373,453	$ 1,099,229,600
Collection and payment on behalf of customers	30,341,958	30,178,208	31,169,918
Book-entry for government bonds and depository for short-term marketable securities under management	504,470,509	457,093,479	445,758,718
Entrusted financial management business	28,582,771	22,391,339	20,294,369
Guarantees on duties and contracts	19,186,579	18,835,713	20,820,631
Unused commercial letters of credit	6,733,399	7,473,158	6,821,390

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
Irrevocable loan commitments	$ 175,446,597	$ 174,872,790	$ 169,631,518
Unused credit card commitments	715,744,605	684,215,639	679,706,933
Revolving insurance and underwriting on commercial paper commitments	15,900,000	15,900,000	15,900,000

(Concluded)

b. The Bank's significant concluded lawsuits due to normal business relationships are as follows:

Lee & Li, Attorneys-at-Law (hereinafter referred to as "Lee & Li") alleged that the embezzlement case of Wei-Chieh Liu (a former employee of Lee & Li), which occurred in October 2003, was caused by the negligence of the Bank in its operation, and the plaintiffs claimed damages from the Bank in the amount of $991,002 thousand. The case entered into litigation proceedings in July 2007, and the Bank won favorable decisions in both the first and second instances. Although the Supreme Court reversed the original second-instance judgments, the Bank won a favorable decision in the second instance on August 25, 2021. The verdict was in favor of the Bank, and Lee & Li subsequently appealed, which was rejected by the Supreme Court on December 14, 2023. The Bank was confirmed to have won all the cases. Lee & Li filed for a retrial and quasi-retrial in January 2024 and requested the Bank for compensation of $1,510 thousand and $900,000 thousand, respectively. The retrial was rejected on July 12, 2024 by the High Court. Subsequently, Lee & Li filed an appeal; the quasi-retrial was rejected on September 4, 2024 by the High Court, confirming the Bank's complete victory in the case. Both the Bank and its attorneys hold that this case will not have a material adverse effect on the financial position of the Bank.

Indovina Bank

Entrusted items and guarantees:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial guarantee contracts	$ 1,457,282	$ 1,157,447	$ 1,151,750
Unused commercial letters of credit	1,691,778	524,797	1,471,809

CUBC Bank

Entrusted items and guarantees:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial guarantee contracts	$ 14,243	$ 16,628	$ 19,716
Credit card commitments	319,923	352,725	369,400
Irrevocable loan commitments	236,026	219,358	237,440

CUBCN Bank

Entrusted items and guarantees:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial guarantee contracts	$ 281,009	$ 266,732	$ 350,370
Unused commercial letters of credit	659,980	196,114	285,840
Irrevocable loan commitments	5,852	271,323	272,246

47. ASSETS AND LIABILITIES MANAGED UNDER THE BANK'S TRUST IN ACCORDANCE WITH THE TRUST ENTERPRISE ACT

As of September 30, 2024, December 31, 2023 and September 30, 2023, the trust assets (liabilities) were in the amount of $882,103,243 thousand, $739,107,108 thousand and $726,993,843 thousand, respectively.

48. IMPLEMENTATION OF CROSS-SELLING MARKETING STRATEGIES BETWEEN THE BANK, CATHAY FINANCIAL HOLDING CO., LTD., AND ITS SUBSIDIARIES

The Bank has entered into cross-selling marketing contracts with Cathay Life Insurance Co., Ltd., Cathay Century Insurance Co., Ltd. and Cathay Securities Co., Ltd. The contracts cover joint use of operation sites and facilities as well as cross-selling marketing personnel.

The Bank has entered into cooperation contracts with Cathay Financial Holding Co., Ltd., Cathay Life Insurance Co., Ltd., Cathay Century Insurance Co., Ltd., and Cathay Securities Co., Ltd. for the joint use of information equipment and the development, operation, maintenance and management of information systems.

The related expenses are allocated to each subsidiary directly by the business nature or to the cooperating companies by other reasonable methods.

49. FINANCIAL INSTRUMENTS

a. Information on fair value hierarchy

Fair value is the price that a market participant can receive from selling an asset or pay for settling a liability in an orderly transaction on a measurement date.

Financial instruments are accounted for at fair value, which, in many cases, is referred to the transaction price. On subsequent measurement, except for some financial instruments that are measured at amortised cost, they are measured at fair value. The best evidence of fair value is the open quotation in an active market. If there is no active market for the financial instruments, the Bank uses an evaluation model or refers to Bloomberg, Reuters or counterparty quotes to measure the fair value of financial instruments.

b. The definitions of each level of the fair value hierarchy are shown below:

1) Level 1

Level 1 financial instruments are traded in an active market in which there are quoted prices for identical assets and liabilities. An active market has the following characteristics:

a) All financial instruments in the market are homogeneous.

b) There are willing buyers and sellers in the market all the time.

c) The public can access the price information easily.

The products in this level, such as listed stock and fund beneficiary certificates, usually have high liquidity or are traded in the exchanges.

2) Level 2

The products in this level have fair values that can be inferred either directly or indirectly through observable inputs other than quoted prices in an active market. The observable inputs are as follows:

a) Quoted prices of similar products in an active market. This means the fair value can be derived from the current trading prices of similar products, and whether they are similar products should be judged on the characteristics and trading rules. The fair price valuation in this circumstance may be adjusted due to time differences, trading rule differences, transaction prices involving related parties, and the correlation of price between the product itself and similar goods;

b) Quoted prices for identical or similar financial instruments in inactive markets;

c) For the marking-to-model method, the inputs to the model should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be obtained from the market and can reflect the expectation of market participants;

d) Inputs that are derived from observable market data through correlation or other means.

The fair values of products categorized in this level are usually calculated using a valuation model generally accepted by the market; such products are forward contracts, cross-currency swap contracts, simple interest bearing bonds, asset swaps and commercial papers.

3) Level 3

The fair values of the products in this level are typically based on management assumptions or expectations other than the direct market data. For example, historical volatility used in valuing options is an unobservable input because it cannot represent the entire market participants' expectation on future volatility.

The products in this level are part of emerging stocks, unlisted shares, complex derivative financial instruments or products with prices that are provided by brokers, such as complex foreign exchange options.

c. Measured at fair value on a recurring basis

1) The fair value hierarchies of the Company's financial instruments, which are measured at fair value on a recurring basis, were as follows:

Item	September 30, 2024			
	Total	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	$ 34,072	$ -	$ -	$ 34,072
Bonds	56,760,153	17,058,790	39,701,363	-
Others	93,536,806	191,469	93,345,337	-
Financial assets at fair value through other comprehensive income				
Stocks	28,820,054	19,097,047	-	9,723,007
Bonds	292,902,985	121,836,168	170,997,583	69,234
Others	11,954,229	-	11,954,229	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	41,827,101	-	41,827,101	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	76,505,534	55,638	75,632,934	816,962
Liabilities				
Financial liabilities at fair value through profit or loss	76,697,522	15,670	75,864,890	816,962

Item	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	$ 1,157,662	$ 1,132,768	$ -	$ 24,894
Bonds	88,920,167	9,358,694	79,561,473	-
Others	152,398,099	-	152,398,099	-
Financial assets at fair value through other comprehensive income				
Stocks	24,769,681	16,047,728	-	8,721,953
Bonds	239,365,531	108,599,813	130,697,100	68,618
Others	31,934,434	-	31,934,434	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	40,481,221	-	40,481,221	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	79,815,708	48,274	75,684,979	4,082,455
Liabilities				
Financial liabilities at fair value through profit or loss	82,644,730	61,893	78,500,382	4,082,455

Item	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	$ 26,149	$ -	$ -	$ 26,149
Bonds	106,652,997	18,437,149	88,215,848	-
Others	146,265,400	-	146,265,400	-
Financial assets at fair value through other comprehensive income				
Stocks	23,664,849	15,437,653	-	8,227,196
Bonds	253,766,916	127,468,432	126,298,484	-
Others	81,203,382	-	81,203,382	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	39,243,563	-	39,243,563	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	117,817,064	50,354	112,514,413	5,252,297
Liabilities				
Financial liabilities at fair value through profit or loss	109,296,283	226,953	103,818,001	5,251,329

2) Financial instruments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants with full understanding of the sale or transfer transaction. The fair values of financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income and hedging derivative financial instruments with quoted prices in an active market are based on their market prices; financial instruments with no quoted prices in an active market are estimated by valuation methods.

a) Marking to market

This method should be considered first when determining fair value. The following are the principles to follow when marking to market:

i. Ensure the consistency and integrity of market data.

ii. Market data should be obtained from publicly available, easily accessible and independent sources.

iii. Listed securities with tradable prices should be valued at closing prices.

iv. Evaluation of unlisted securities that lack tradable closing prices should use quoted prices from independent brokers and comply with the rules issued by the authorities.

b) Marking to model

The use of marking to model is suggested if marking to market is infeasible. This valuation method is based upon model inputs that are used to derive the value of the trading positions. The Company uses the same estimations and assumptions as those used by market participants to determine the fair value.

The Company uses the forward rates provided by Reuters to estimate the fair values of foreign exchange forward contracts, interest rate swap contracts and cross-currency swap contracts and uses the discounted cash flow method to calculate the fair value of each contract. For foreign exchange option transactions, the Company uses the option pricing models which are generally used by other market participants (e.g., the Black-Scholes model) to calculate the fair value of the contract.

3) Fair value adjustments

<u>Credit risk valuation adjustments</u>

Credit risk valuation adjustments refer to the fair value of the Over The Counter (OTC) derivative financial instrument contracts, which also reflects the credit risk of both parties, and can be mainly divided into “credit value adjustments” and “debit value adjustments”:

a) Credit value adjustments (CVA): Adjustment to a transaction in a non-concentrated trading market, that is, the adjustment of a derivative contract evaluation in the OTC transaction, which reflects the possibility that the Company may not be able to collect the full market value or the counterparty may default on the repayment of the fair value.

b) Debit value adjustments (DVA): Adjustment to a transaction in a non-concentrated trading market, that is, the adjustment of a derivative contract evaluation in the OTC transaction, which reflects the possibility that the Company may not be able to pay the full market value or the Company may default on the repayment of the fair value.

Both CVA and DVA are concepts of estimated loss, calculated as the probability of default (PD) multiplied by the loss given default (LGD) and multiplied by the exposure at default (EAD).

The Bank uses the fair value of OTC derivatives to calculate the amount of exposure at default (EAD).

The Company uses 60% as the loss given default based on the recommendation of “IFRS 13 CVA and DVA Related Disclosure Guidelines” of the stock exchange. The Company may use other loss given default assumptions based on the nature of risk and available figures.

The Company incorporates the credit risk assessment adjustment into the fair value calculation of financial instruments to reflect the counterparty’s credit risk and the Company’s credit quality.

4) Transfers between Level 1 and Level 2

Except for the active market adjustments of some bond prices, there were no significant transfers between Level 1 and Level 2 for the nine months ended September 30, 2024 and 2023.

5) Reconciliation of Level 3 fair value measurements

a) Reconciliation of Level 3 fair value measurements of financial assets

<u>For the nine months ended September 30, 2024</u>

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Effects of Exchange	Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3		
Financial assets at fair value through profit or loss									
Stocks	$ 24,894	$ 9,178	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,072
Derivative financial instruments	4,082,455	(463,501)	-	-	-	2,801,992	-	-	816,962
Financial assets at fair value through other comprehensive income									
Stocks	8,721,953	-	701,756	145,041	-	-	-	154,257	9,723,007
Bonds	68,618	-	-	-	-	1,442	-	2,058	69,234

For the nine months ended September 30, 2023

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Effects of Exchange	Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3		
Financial assets at fair value through profit or loss									
Stocks	$ 19,314	$ 6,835	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,149
Derivative financial instruments	4,958,964	335,712	-	-	-	42,379	-	-	5,252,297
Financial assets at fair value through other comprehensive income									
Stocks	7,927,206	-	165,502	130,291	-	-	-	4,197	8,227,196

Total gains or losses shown in the tables above that contain unrealized gains and losses related to assets held as of September 30, 2024 and 2023 amounted to losses of $256,131 thousand and gains of $398,431 thousand, respectively.

b) Reconciliation of Level 3 fair value measurements of financial liabilities

For the nine months ended September 30, 2024

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial instruments	$ 4,082,455	$ (463,501)	$ -	$ -	$ -	$ 2,801,992	$ -	$ 816,962

For the nine months ended September 30, 2023

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial instruments	$ 4,958,964	$ 334,744	$ -	$ -	$ -	$ 42,379	$ -	$ 5,251,329

Total gains or losses shown in the tables above that contain unrealized gains and losses related to liabilities committed as of September 30, 2024 and 2023 amounted to gains of $265,309 thousand and losses of $391,596 thousand, respectively.

6) Quantitative information on significant unobservable inputs for Level 3 fair value measurements

Description of significant unobservable inputs used in the valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy was as follows:

September 30, 2024

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
Measured at fair value on a recurring basis						
Financial assets						
Financial assets at fair value through profit or loss	Stock	$ 34,072	Market approach	Discount for lack of marketability	10%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	8,555,407	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		97,870	Income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the stock
		1,069,730	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock
	Bond	69,234	Discounted cash flow	Loan rate	9.15%	The higher the loan rate, the lower the fair value of the bond

December 31, 2023

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
Measured at fair value on a recurring basis						
Financial assets						
Financial assets at fair value through profit or loss	Stock	$ 24,894	Market approach	Discount for lack of marketability	10%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	7,742,318	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		84,340	Income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the stock
		895,295	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock
	Bond	68,618	Discounted cash flow	Loan rate	9.15%	The higher the loan rate, the lower the fair value of the bond

September 30, 2023

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
Measured at fair value on a recurring basis						
Financial assets						
Financial assets at fair value through profit or loss	Stock	$ 26,149	Market approach	Discount for lack of marketability	10%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	7,229,567	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		84,340	Income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the stock
		913,289	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock

7) Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's risk management department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The department analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

d. Financial instruments that were not measured at fair value

1) Information on fair value

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

	September 30, 2024		December 31, 2023		September 30, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments at amortised cost	$ 513,548,840	$ 490,400,978	$ 677,745,166	$ 652,380,573	$ 564,832,476	$ 528,654,629

2) Information on fair value hierarchy

Item	September 30, 2024			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 490,400,978	$ 48,286,761	$ 441,727,744	$ 386,473

Item	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 652,380,573	$ 55,679,105	$ 596,157,427	$ 544,041

Item	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 528,654,629	$ 42,883,739	$ 485,357,078	$ 413,812

3) Valuation techniques

The methods and assumptions used by the Company to estimate the values of financial instruments that are not measured at fair value are as follows:

a) Cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, other financial assets, due to the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances whose maturity date is very near or the future payment price approximates the carrying amount take the amount in the book on the balance sheet date as the fair value.

b) Discounts and loans, deposits, financial debentures and structured commodity principals are all interest-bearing financial assets/liabilities whose carrying amount is taken as the current fair value. The carrying amount of non-accrual loan is the estimated recoverable amount after deduction of allowance for impairment loss, hence its carrying amount is used as its fair value.

c) If an investment in a debt instrument at amortised cost has a public quoted price in an active market, the market price is used as its fair value; if no market price is available for reference, a valuation method is used to estimate the fair value. The estimates and assumptions used by the Bank in the valuation method are consistent with the information and assumptions used by market participants in the estimation of the fair value of financial products.

50. FINANCIAL RISK MANAGEMENT

The Bank's risk control and hedging strategy follows the requirements of the customer service-oriented banking industry and regulatory environment. In order to comply with the above requirements, the Bank adopts different risk management methods to identify its risks and the Bank follows the spirit and regulation of the "Basel Accord" to keep strengthening its assets and the practices of capital management to maintain the best capital adequacy ratio.

The Bank has set up its Risk Management Committee, whose responsibilities are as follows:

a. To amend the risk management policies, risk appetite, or risk tolerance, and regularly submit significant risk management issues and report the above issues to the board of directors for approval;

b. To manage and decide the strategy for the Bank's credit risk, market risk and operational risk;

c. To report the significant risk management issues and summary review matters of other relating project, such as credit ratings, market assessment, risk indicators and capital adequacy;

d. To develop, verify and monitor credit rating models;

e. Results of the Bank's stress testing;

f. Important research and discussion matters raised by various risk management-related units of the Bank;

g. Other issues.

The Bank organized a Risk Management Segment to monitor, lead, develop, and establish the integral risk management framework.

a. Credit risk

Credit risk represents the risk of loss that the Bank would incur if a customer or a counterparty fails to perform its contractual obligations. Sources of credit risk cover both on-and off-balance sheet accounts.

<u>The Bank, Indovina Bank and CUBCN Bank</u>

The approval unit of Cathay United Bank, Indovina Bank and CUBCN Bank's credit risk strategies and significant risk policies is the board of directors. Cathay United Bank's Risk Management Segment and its subdivisions assist in reviewing and monitoring risk tolerance ability and risk control procedures, and establish credit approval processes, credit limit management, credit rating information, collateral information, periodic reviews and remedial management systems. The subdivisions include the Market Risk Management Department, Risk Management Department, Consumer Credit Risk Management Department, Corporate Credit Risk Management Department, and International Credit Risk Management Department. Indovina Bank established the credit risk management department to perform risk management. The credit risk departments for loans, investments, and financial instruments or contracts are the executive unit of credit risk control. The credit quality of the Company is strictly controlled in advance. After the loan is approved, lending portfolios are reviewed according to the Bank and Indovina Bank's loan review regulations and deficiencies are tracked to strengthen post-event risk management.

The Bank, Indovina Bank and CUBCN Bank maintain a strict policy to evaluate customers' credit ratings when providing loans, loan commitments and commercial letters of credit. Certain customers are required to provide appropriate collateral for the related loans, and the Bank, Indovina Bank and CUBCN Bank retain the legal right to foreclose or liquidate the collateral, which effectively reduces the credit risk of the Bank, Indovina Bank and CUBCN Bank.

<u>CUBC Bank</u>

The approval unit of CUBC Bank's credit risk policies is the board of directors, and the policies are then implemented by the CUBC Bank's credit risk management department. These credit risk policies form the basic principles for all credit risk situations faced by CUBC Bank and also serve as the basis for the development of CUBC Bank's various businesses in Cambodia.

When CUBC Bank provides loans, the approval unit is decided based on credit amount. The loan committee is the top lending authority within CUBC Bank, and is composed of CUBC Bank's senior management. It is in charge of approval of all credit in excess of CUBC Bank's lending authorities. Certain customers are required to provide appropriate collateral for the related loans, and CUBC Bank retains the legal right to foreclose or liquidate the collateral, which effectively reduces CUBC Bank's credit risk. The disclosure of the maximum credit exposure does not take into account any collateral held or other enhancements.

Judgment of significant increase in credit risk after initial recognition

The Bank

The Bank assesses the movements in default risk during the expected lifetime of various types of credit assets at each reporting date to determine if the credit risk has increased significantly since the initial recognition. For the assessment, the Bank considers reasonable and corroborative information (including prospective information) that indicates a significant increase in credit risk since initial recognition. The key indicators for consideration include:

1) Quantitative indicators

   a) Changes in credit rating

      When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

   b) Information on the overdue status of a contract

      When the contract payment is overdue for 30 days to 90 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

2) Qualitative indicators

   When the information observed at the reporting date meets the following conditions, credit risk is deemed to have increased significantly since initial recognition.

   a) Bounced checks are reported.

   b) Auditors have expressed significant doubt on the entity’s ability to continue as a going concern.

   c) Auditors’ opinion - adverse opinion.

   d) Auditors’ opinion - disclaimer of opinion.

   e) The stock was placed in full-cash delivery stock.

   f) Other changes in the internal or external information on judging the credit quality changes.

   The Bank established Stage 1 and Stage 2 for debt instruments based on bonds ratings. Bonds rated above investment grades are classified as low credit risks. Credit risks are deemed to have significantly increased if credit ratings decreased over specific level after initial recognition date.

CUBCN Bank

CUBCN Bank assesses the movements in default risk during the expected lifetime of various types of credit assets at each reporting date to determine if the credit risk has increased significantly since the initial recognition. For the assessment, CUBCN Bank considers reasonable and corroborative information (including prospective information) that indicates a significant increase in credit risk since initial recognition. The key indicators for consideration include:

1) Quantitative indicators

   a) Changes in credit rating

      When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

   b) Information on the overdue status of a contract

      When the contract payment is overdue for less than 90 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

2) Qualitative indicators

   When the information observed at the reporting date meets the following conditions, credit risk is deemed to have increased significantly since initial recognition.

   a) Any financial instruments are classified as special mention.

   b) The credit records from the People's Bank of China (PBOC)

      As of the reporting date, the financial instruments were not overdue, but the customers' credit records from PBOC were classified by any financial institutions as NPLs (including substandard, doubtful or loss) due to not yet been settled or overdue in repayment of principal and interest for more than 90 days.

   c) Other changes in the internal or external information on judging the credit quality changes.

Indovina Bank

Indovina Bank assesses the movement in default risk during the expected lifetime of various types of financial assets at each reporting date to determine if credit risk has increased significantly since initial recognition:

1) Quantitative indicators

   a) Changes in credit rating

      When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

   b) Low credit risk criteria

      An exposure rated below Moody's investment grade (i.e., the credit rating is lower than the credit rating Baa3 of Moody's, an international credit rating agency) at the reporting date would be classified as a significant increase in credit risk since initial recognition.

c) Information on the overdue status of a contract

When the contract payment is overdue for 30 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

d) Internal credit assessment indicators

For financial assets whose internal credit assessment indicators show a weaker credit quality compared to that upon initial recognition, credit risk is deemed to have increased significantly since initial recognition.

2) Qualitative indicators

a) Bounced checks are reported.

b) Auditors have expressed significant doubt on the entity's ability to continue as a going concern.

c) Other changes in the internal or external information on judging the credit quality changes.

CUBC Bank

CUBC Bank assesses if the credit risk of financial assets at each reporting date has increased significantly since initial recognition based on the following indicators:

1) Information on the overdue status of a contract

When the contract payment is overdue for more than 15 days for short-term loans or more than 30 days for long-term loans at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

2) Loan classification from National Bank of Cambodia

A loan contract with special mention position at the reporting date would be classified as a loan with significant increase in credit risk since initial recognition.

3) Internal credit assessment indicators

For financial assets whose internal credit assessment indicators show a weaker credit quality compared to that upon initial recognition, credit risk is deemed to have increased significantly since initial recognition.

Default and credit impairment of financial asset

The Bank

The Bank's criteria for determining that a financial asset is in default are the same for evaluating credit impairment of financial assets. Where one or more of the following conditions are met, the Bank determines the financial assets to be subject to default and credit impairment.

1) Quantitative indicator

a) Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

b) Information on the overdue status of a contract

When the contract payment is overdue for more than 90 days at the reporting date, it is determined as credit impairment. Debt instruments that do not pay principal and interest according to issuance or transaction condition are determined to be credit-impaired.

2) Qualitative indicator

When the information observed at the reporting date indicates the following conditions, it is determined as credit impairment.

a) Bailout, reorganization, individual agreement due to debtor’s financial difficulties;

b) Lawsuit action has been taken;

c) Debt settlement, debt negotiation;

d) Other internal or external information on judging the deterioration in credit quality.

The aforementioned definition of default and credit impairment applies to all financial assets held by the Bank, and is consistent with the definition applied on the significant financial assets for the purpose of internal credit risk management, and is also applied in the relevant impairment assessment model.

CUBCN Bank

CUBCN Bank’s criteria for determining that a financial asset is in default are the same for evaluating credit impairment of financial assets. Where one or more of the following conditions are met, CUBCN Bank determines the financial assets to be subject to default and credit impairment.

1) Quantitative indicator

a) Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

b) Information on the overdue status of a contract

When the contract payment is overdue for more than 90 days at the reporting date, it is determined as credit impairment.

2) Qualitative indicator

When the information observed at the reporting date indicates the following conditions, it is determined as credit impairment.

a) Any financial instruments are classified as substandard, doubtful or loss.

b) The lowest credit risk is classified as substandard, doubtful or loss.

c) Other internal rating is determined to have fallen into default level.

The aforementioned definition of default and credit impairment applies to all financial assets held by CUBCN Bank, and is consistent with the definition applied on the relevant financial assets for the purpose of internal credit risk management, and is also applied in the relevant impairment assessment model.

Indovina Bank

Indovina Bank assesses the following indicators at each reporting date to determine if the financial assets are credit-impaired:

1) Quantitative indicator

   a) Changes in credit rating

      When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

   b) Information on the overdue status of a contract

      When the contract payment is overdue for more than 90 days at the reporting date, it is determined as credit impairment.

2) Qualitative indicator

   a) Bailout, reorganization, individual agreement due to debtor's financial difficulties;

   b) Lawsuit action has been taken;

   c) Debt settlement, debt negotiation;

   d) The debtor has filed for bankruptcy or may apply for bankruptcy or reorganization;

   e) Principal or interest could not be paid as scheduled during the settlement period;

   f) Other internal or external information on judging the deterioration in credit quality.

CUBC Bank

CUBC Bank assesses the following indicators at each reporting date to determine if the financial assets are credit-impaired:

1) Information on the overdue status of a contract

   When the contract payment is overdue for more than 31 days for short-term loans or more than 90 days for long-term loans at the reporting date, it is determined as credit impairment.

2) Loan classification from National Bank of Cambodia

   A loan contract with specific position, such as substandard, doubtful and loss, at reporting date would be classified as a credit-impaired loan.

3) Internal credit assessment indicators

   The credit information used for internal credit risk management purpose that indicated credit deterioration at the reporting date would be recognized as credit-impaired assets.

Measurement of expected credit loss

The Bank

For the purpose of assessing the expected credit losses, the Bank classifies the credit assets into the following groups based on credit category, credit rating, risk characteristics, enterprise size, product category, and so on.

Credit Category	Definition
Enterprise loan	Grouped by risk characteristics, enterprise size and internal credit rating
Consumer loan	Grouped by product category and internal credit rating
Credit card	Grouped by product category and internal credit rating

When the credit risk of the financial instrument has not increased significantly after the initial recognition (Stage 1), the Bank will measure the allowance for losses at the 12-month expected credit losses. When the credit risk of the financial instrument has increased significantly (Stage 2) or credit impairment has existed (Stage 3) after the initial recognition, the Bank will measure the allowance for losses at the lifetime expected credit losses.

For the measurement of the expected credit losses (ECL), the Bank calculates the 12-month ECL and lifetime ECL by multiplying three factors, i.e., probability of default (PD), loss given default (LGD) and exposure at default (EAD) of the borrower over the next 12 months and the lifetime.

The PD and LGD applied in the impairment assessment of the credit business of the Bank is adjusted and calculated based on the internal information of each group of assets as well as the currently observable data and the forward-looking macroeconomic information (such as economic growth rate, etc.).

The Bank assesses the EAD of loan at the reporting date. According to internal and external information, the Bank considers the portion of the loan commitment that is expected to be drawn within 12 months after the reporting date and for the lifetime, to determine the EAD for calculating the expected credit losses.

The Bank performs impairment assessment of debt instruments measured at FVTOCI and those measured at amortised cost in accordance with related requirements:

1) The EAD is measured at the amortised cost of a financial asset plus its interest receivable.

2) The PD is based on the information regularly published by Moody’s and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information (e.g., gross domestic product and economic growth rate, etc.).

3) The LGD is selected according to the type of debt instruments based on the information regularly published by Moody’s.

CUBCN Bank

For the purpose of assessing the expected credit losses, CUBCN Bank classifies the credit assets into the following groups based on business category and forward-looking model:

1) CUBCN Bank classifies the credit assets into the following groups based on the assessment method and business category:

Credit Category	Method
Loan activities and interbank borrowing business	Grouped by method of evaluating and type of business
Bills and forfaiting business	Grouped by method of evaluating and type of business
Off-balance sheet credit business	Grouped by method of evaluating and type of business
Bond business and interbank deposit business	Grouped by method of evaluating and type of business
Due from banks, call loan to banks business, and reverse repurchase	Grouped by method of evaluating and type of business
Other receivables	Grouped by method of evaluating and type of business

2) CUBCN Bank grouped the non-retail business risk group according to the forward-looking model.

   a) The expected credit losses of financial instruments are measured on a case-by-case basis as follows:

      i. For financial instruments in Stage 1, the allowance for losses is measured by the expected credit losses within 12 months.

      ii. For financial instruments in Stage 2, the allowance for losses is measured by the lifetime expected credit losses.

      iii. For financial instruments in Stage 3, if the single account loan balance exceeds a certain amount, the discounted cash flow method can be used for individual assessment; if not using individual assessment, the allowance for losses is measured by the lifetime expected credit losses, and the PD is 100%.

   b) The expected credit loss parameters of financial instruments are calculated according to the following principles respectively:

      i. The PD is based on the internal/external credit rating of the borrower or issuer, and calculated on the basis of the historical data which is adjusted according to the currently observable data and the forward-looking macroeconomic information.

      ii. The LGD is based on the LGD regulated in the Capital of Commercial Banks published by the banking supervisory authority in China as the reference for evaluation.

      iii. The EAD is measured at the current exposure method. Besides, off-balance sheet credit businesses also convert exposure using the credit conversion factor regulated in the Capital of Commercial Banks published by the banking supervisory authority in China.

Indovina Bank

For the purpose of assessing the expected credit losses, Indovina Bank classifies the financial assets into the following groups based on credit category, credit rating, risk characteristics, enterprise size, product category, counterparty type, and so on.

Category	Definition
Loan portfolio	Grouped by counterparty type and enterprise size
Bond portfolio	Grouped by product category, external credit rating and payment ranks
Cash equivalents, due from and call loans to banks	Grouped by counterparty type

1) Loan portfolio

   The segmentation of Indovina Bank's loan portfolio is based on its risk characteristics, such as product category, counterparty type and enterprise size. The measurement of expected credit loss is estimated by three main parameters: Probability of default, loss given default and exposure at default. The probability of default (PD) and loss given default (LGD) were built using the Bank's historical delinquent information and recovery data and calibrated with selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the amortised cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

2) Bond portfolio

   The segmentation of Indovina Bank's bond portfolio is based on its product category, external rating and payment rank. The measurement of expected credit loss is based on three main parameters: Probability of default, loss given default and exposure at default. The probability of default and loss given default were built using external information with sufficient historical default data and recovery rates and calibrated with selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the amortised cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

3) Cash equivalents, due from and call loans to banks

   The segmentation of Indovina Bank's cash equivalents, due from and call loans to banks, is based on its counterparty type. The measurement of expected credit loss is estimated by three main parameters: Probability of default, loss given default and exposure at default. The probability of default is calculated using Sovereign PD. The loss given default is determined by the foundation approach in Basel II. The estimated amounts of exposure at default were calculated by the amortised cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

CUBC Bank

CUBC Bank has grouped its exposures on the basis of shared credit risk characteristic, including product category and counterparty type as follows:

Category	Definition
Loan	Grouped by product characteristics, industry and counterparty type
Credit card	Grouped by product characteristics

The measurement of expected credit loss of CUBC Bank's loan portfolio is based on its credit category, counterparty type and product category. The probabilities of default and loss given default were built by the internal and external historical delinquent information, LGD supervised under Basel II and calibrated by selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the amortised cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the loss allowance shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the foregoing conditions of significant increases in credit risk or credit deterioration since initial recognition, the loss allowance shall be estimated according to the respective methods on the basis of lifetime expected credit losses.

Write-off policy

Any non-performing loans or non-accrual loans, after subtracting the estimated recoverable portion, that have one of the following characteristics shall be written off:

1) The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.

2) The collateral and property of the primary/subordinate debtors have been appraised at a very low value or have become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Bank might collect from the debtors where there is no financial benefit in execution.

3) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Bank's taking possession of such collateral.

4) More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and collection efforts have failed.

Non-performing loans or non-accrual loans, which have been written off by the Bank, can undergo the legal proceedings continuously under related policies.

Consideration of forward-looking information

The Bank

The Bank uses historical data to analyze and identify the significant economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression model to estimate the impairment parameter after the prospective adjustment. The significant economic factors and their impact on PD differ depending on the type of financial instruments.

The significant economic factors identified by the Bank as of September 30, 2024 are as follows:

Credit Category	Probability of Default (PD)
Enterprise loan	Proportion of revenue less expenditures from government to GDP % Nominal GDP
Consumer loan	GDP per capita Unemployment rate % Price index
Credit card	Price index

CUBCN Bank

CUBCN Bank uses historical data and rate of non-performing banking industry loans issued by the authorities to analyze and identify the significant economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression model to estimate the impairment parameter after the prospective adjustment, in order to obtain an unbiased estimate of expected credit losses.

The relevant economic factors identified by CUBCN Bank as of September 30, 2024 include but are not limited to consumer price index (CPI), producer price index (PPI) and per capita disposable annual income of urban households, etc.

Indovina Bank

Based on the qualitative and quantitative analysis of historical data, Indovina Bank identifies the local and global economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression models, interpolation adjustment, and historical scenario analysis to estimate the impairment parameter after the prospective adjustment. The selected economic factors and their effects on PDs varied from different types of portfolios.

The significant economic factors identified by Indovina Bank as of September 30, 2024 are as follows:

Segment	Selected Factors
Loan portfolio	Vietnam GDP growth rate
Bond portfolio	Global GDP growth rate Global inflation index

CUBC Bank

CUBC Bank establishes ECL model based on historical default and loss data and uses the regression analysis to adjust the forward-looking parameters with local macroeconomic factors by considering local risk distribution and borrowers' characteristics.

The significant economic factors identified by CUBC Bank as of September 30, 2024 are as follows:

Segment	Selected Factors
Loan	Change of GDP (%) Change of volume of imports (%) Total external debt as percent of GDP (%) Change in reserves
Credit card	Current account balance as percent of GDP (%) General government total expenditure

The valuation techniques or significant assumptions used by the Company for assessing the expected credit losses have no significant change as of September 30, 2024.

Credit risk management policy

The category of credit asset and the grade of credit quality are described as follows:

1) Category of credit asset

   The credit assets of the Bank are classified into five categories. Normal credit assets are classified as “Category One”. The remaining unsound credit assets are evaluated based on the status of the loan collateral and the length of time the asset is overdue. Assets that require special mention are classified as “Category Two”, assets that are substandard are classified as “Category Three”, assets that are doubtful are classified as “Category Four”, and assets for which there is loss are classified as “Category Five”. For managing the default credits, the Bank established the regulations governing the procedures to deal with non-performing loans, non-accrual loans and bad debts.

2) Grade of credit quality

   The Bank sets the grade of credit quality based on the characteristics and scale of business (such as establishing the internal rating model of credit risk, setting the credit rating table or relevant rules to classify) to proceed with risk management.

   In order to measure the credit risk of the clients, the Bank develops the rating model of business credit by employing statistical methods and the professional judgment of the experts as well as considering the clients’ relevant information. The model is reviewed periodically to verify if the calculated results conform to the reality and the Bank will make necessary revisions to the parameters to optimize the results.

   With respect to consumer credit assets, such as housing mortgages, credit cards, and small-scale credit loans, the Bank also evaluates the default risk of clients by using the rating scores developed by the Bank.

   To ensure the reasonableness of the estimated values of the credit rating system’s design, process, and relevant risk factors, the Bank executes the relevant verification and tests the model according to the actual default regularly so that the calculated results will be close to actual default.

   The Bank evaluates the counterparties’ credit quality before transactions are made and refers to the domestic and foreign credit rating agencies, when rendering different lines of credit based on the credit quality.

3) Hedge of credit risk and easing policy

   a) Collateral

      The Bank adopts a series of policies to lower the credit risk, and one of the frequently used methods is requesting borrowers to provide collateral. To ensure the creditor’s rights, the Bank sets the scope of collateral and the procedures for appraising, managing, and disposing of the collateral. In addition, a credit contract stipulates the bases for credit claims, preservation of collateral, and offset provisions when a credit loss event occurs; the Bank may reduce the limit, cut down the payback period, or deem all debts as due. Also, the Bank may use the deposits that the borrowers saved in the Bank to offset the liabilities to lower the credit risk.

      Other non-credit business collateral depends on the characteristics of the financial instruments. Only asset-backed securities and other similar financial instruments are secured by an asset pool of financial instruments.

b) Limit of credit risk and control of credit risk concentration

To avoid the excessive risk concentration, the Bank limits the credit amounts of single counterparties and groups; the Bank also sets the investment guide and regulation of risk control of equity investment to restrict the investment limits of single person (company) or related company (group). Furthermore, the Bank establishes relevant regulations to control the concentration risk of assets, and sets the credit limits by industry, group, country, and stock types to monitor the credit concentration risk.

c) Net settlement agreement

The Bank usually settles by the gross balance, but signs contract with some counterparties to settle by net balance. If a default happens, the Bank will terminate all transactions with the counterparty and settle by net balance in order to lower the credit risk.

4) Maximum exposures to credit risk

Without taking into account the collateral or other credit enhancement instruments, the maximum credit risk exposures of on-balance-sheet financial assets equal their carrying amounts. The maximum credit risk exposures of off-balance-sheet items (without considering the collateral or other credit enhancement instruments) are as follows:

a) The Bank

Off-Balance Sheet Items	**Maximum Exposure to Credit Risk**		
	September 30, 2024	**December 31, 2023**	**September 30, 2023**
Irrevocable loan commitments	$ 175,446,597	$ 174,872,790	$ 169,631,518
Unused commercial letters of credit	6,733,399	7,473,158	6,821,390
Guarantees on duties and contracts	19,186,579	18,835,713	20,820,631

b) Indovina Bank

Off-Balance Sheet Items	**Maximum Exposure to Credit Risk**		
	September 30, 2024	**December 31, 2023**	**September 30, 2023**
Financial guarantee contracts	$ 1,457,282	$ 1,157,447	$ 1,151,750
Unused commercial letters of credit	1,691,778	524,797	1,471,809

c) CUBC Bank

Off-Balance Sheet Items	**Maximum Exposure to Credit Risk**		
	September 30, 2024	**December 31, 2023**	**September 30, 2023**
Financial guarantee contracts	$ 14,243	$ 16,628	$ 19,716
Irrevocable loan commitments	236,026	219,358	237,440

d) CUBCN Bank

Off-Balance Sheet Items	**Maximum Exposure to Credit Risk**		
	September 30, 2024	**December 31, 2023**	**September 30, 2023**
Financial guarantee contracts	$ 281,009	$ 266,732	$ 350,370
Unused commercial letters of credit	659,980	196,114	285,840
Irrevocable loan commitments	5,852	271,323	272,246

To reduce the risk from any businesses, the Bank conducts an overall assessment and takes appropriate risk reduction measures before undertaking the business, such as obtaining collateral and guarantors. For obtaining of collateral, the Bank has set Guidelines Governing Collateral to ensure that collateral meets the specific criteria and has the effect of reducing the business risk.

The management deems the Company is able to control and minimize the credit risk exposures in off-balance-sheet items as the Company uses stricter rating procedures when extending credits and conducts reviews regularly.

The carrying amounts of the maximum credit risk exposure of on-balance-sheet items were as follows:

September 30, 2024

	Discounts and Loans				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 2,549,905,145	$ 72,409,393	$ 21,191,822	$ -	$ 2,643,506,360
Less: Allowance for impairment	(4,413,282)	(3,106,519)	(9,004,775)	-	(16,524,576)
Less: Differences of impairment loss under regulations	-	-	-	(27,150,587)	(27,150,587)
	$ 2,545,491,863	$ 69,302,874	$ 12,187,047	$ (27,150,587)	$ 2,599,831,197

	Receivables				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 136,013,456	$ 1,419,121	$ 2,331,505	$ -	$ 139,764,082
Less: Allowance for impairment	(584,984)	(406,409)	(1,813,973)	-	(2,805,366)
Less: Differences of impairment loss under regulations	-	-	-	(74,538)	(74,538)
	$ 135,428,472	$ 1,012,712	$ 517,532	$ (74,538)	$ 136,884,178

December 31, 2023

	Discounts and Loans				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 2,231,297,751	$ 69,398,181	$ 18,783,183	$ -	$ 2,319,479,115
Less: Allowance for impairment	(4,208,728)	(3,254,669)	(7,222,828)	-	(14,686,225)
Less: Differences of impairment loss under regulations	-	-	-	(24,221,823)	(24,221,823)
	$ 2,227,089,023	$ 66,143,512	$ 11,560,355	$ (24,221,823)	$ 2,280,571,067

	Receivables				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 115,276,076	$ 1,856,377	$ 2,155,129	$ -	$ 119,287,582
Less: Allowance for impairment	(565,354)	(393,971)	(1,730,384)	-	(2,689,709)
Less: Differences of impairment loss under regulations	-	-	-	(57,255)	(57,255)
	$ 114,710,722	$ 1,462,406	$ 424,745	$ (57,255)	$ 116,540,618

September 30, 2023

	Discounts and Loans				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 2,191,494,734	$ 69,660,744	$ 20,975,622	$ -	$ 2,282,131,100
Less: Allowance for impairment	(3,646,444)	(2,813,498)	(8,150,720)	-	(14,610,662)
Less: Differences of impairment loss under regulations	-	-	-	(24,424,551)	(24,424,551)
	$ 2,187,848,290	$ 66,847,246	$ 12,824,902	$ (24,424,551)	$ 2,243,095,887

	Receivables				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	Total
Total carrying amount	$ 108,838,194	$ 11,713,303	$ 2,125,056	$ -	$ 122,676,553
Less: Allowance for impairment	(521,331)	(378,891)	(1,713,371)	-	(2,613,593)
Less: Differences of impairment loss under regulations	-	-	-	(57,689)	(57,689)
	$ 108,316,863	$ 11,334,412	$ 411,685	$ (57,689)	$ 120,005,271

5) Credit concentration risk of the Company

When the counterparties are obviously the same party, or there are several counterparties but engaging in similar business activities and sharing similar economic characteristics, and vulnerable to the same economic impacts or other changes, the credit concentration risk is apparent.

Credit concentration risk of the Company derives from the assets, liabilities and off-balance sheet items, and arises from performing obligations or engaging in transactions of cross-credit line portfolio with risk exposures including credit extension, due from and call loans to other banks, securities investment, receivables and derivatives. The Company does not significantly concentrate on a single client or counterparty, and the transaction amount with a single client or counterparty relative to the Company's total bills discounts and loans, including overdue loans, guarantees, bills purchased, and acceptances receivable is not significant. Credit concentration risk of the Company according to industry and geographic region is listed below:

a) Industry type

	September 30, 2024		December 31, 2023		September 30, 2023	
Industry Type	Amount	%	Amount	%	Amount	%
Manufacturing	$ 226,199,895	8.48	$ 205,649,922	8.78	$ 231,385,613	10.03
Financial institutions and insurance	133,768,319	5.02	101,379,845	4.33	107,148,632	4.65
Leasing and real estate	243,203,003	9.12	228,379,255	9.75	228,767,345	9.92
Individuals	1,748,250,207	65.57	1,500,439,286	64.07	1,425,407,469	61.81
Others	314,922,837	11.81	306,092,565	13.07	313,372,992	13.59
Total	$ 2,666,344,261	100.00	$ 2,341,940,873	100.00	$ 2,306,082,051	100.00

b) Geographic region

	September 30, 2024		December 31, 2023		September 30, 2023	
Geographic Region	Amount	%	Amount	%	Amount	%
Domestic	$ 2,339,653,174	87.75	$ 2,057,589,878	87.86	$ 2,003,313,663	86.87
Asia	261,450,789	9.81	225,881,867	9.64	241,001,500	10.45
America	43,532,829	1.63	41,933,105	1.79	44,966,827	1.95
Others	21,707,469	0.81	16,536,023	0.71	16,800,061	0.73
Total	$ 2,666,344,261	100.00	$ 2,341,940,873	100.00	$ 2,306,082,051	100.00

b. Liquidity risk

1) Source and definition of liquidity risk

Liquidity risk means the possible losses arising from the failure of the Bank to obtain funds at a reasonable price within a reasonable time to cover the increase in assets or repay matured liabilities.

2) Liquidity risk management strategy and principles

The principle of liquidity risk management strategy of the Company is to stabilize the liquidity of funds. The first priority of the source of funds is diversification and stability, and the Company adopts the conservative principle to estimate the funds. The use of funds should take into account both safety and profitability, and pay attention to diversifying liquidity risks. The Company has set up an Asset and Liability Management Committee, which is responsible for planning and monitoring liquidity risk management strategy and controlling liquidity risk with risk limits from different measuring dimensions and early warning indicators. When the liquidity has or expects significant changes, relevant authorities and responsible units jointly analyze the reasons and discuss solutions to deal with the impact of emergent events on liquidity risk. If necessary, the Asset and Liability Management Committee may be convened to discuss solutions.

3) Financial assets held to manage liquidity risk and maturity analysis of non-derivative financial liabilities of the Company

a) Financial assets held to manage liquidity risk

The Company holds highly marketable and diverse financial assets to meet payment obligations; assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The financial assets held to manage liquidity risk include cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at FVTPL, financial assets at FVTOCI, investments in debt instruments at amortised cost, discounts and loans, and securities purchased under resell agreements.

b) Maturity analysis of non-derivative financial liabilities of the Bank

The table below shows the analysis of the cash outflow of non-derivative financial liabilities based on the number of days remaining from the balance sheet date until the contractual maturity date. The amount disclosed is based on the contractual cash flows and may be different from that included in the balance sheets.

	September 30, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 42,309,970	$ 40,513,224	$ 18,777,305	$ 261,339	$ 101,861,838
Non-derivative financial liabilities at fair value through profit or loss	409,670	-	266,343	40,829,790	41,505,803
Securities sold under repurchase agreements	10,115,590	4,575,394	-	-	14,690,984
Payables	21,495,653	13,032,968	1,081,520	615,370	36,225,511
Deposits and remittances	534,456,424	1,581,413,907	1,250,984,423	136,596,789	3,503,451,543
Financial debentures payable	-	-	-	12,806,854	12,806,854
Lease liabilities	152,844	562,739	687,494	4,076,213	5,479,290
Other capital outflow at maturity	15,877,793	26,922,454	4,557,606	1,029,821	48,387,674

	December 31, 2023				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 40,467,947	$ 28,002,343	$ 30,033,933	$ 829,245	$ 99,333,468
Non-derivative financial liabilities at fair value through profit or loss	-	-	610,807	39,648,150	40,258,957
Securities sold under repurchase agreements	8,662,306	1,009,618	-	7,853,418	17,525,342
Payables	25,444,637	3,875,097	46,958	543,586	29,910,278
Deposits and remittances	636,004,859	1,465,878,993	1,208,481,287	131,109,766	3,441,474,905
Financial debentures payable	-	14,563,066	-	12,865,620	27,428,686
Lease liabilities	137,548	493,459	502,076	2,120,575	3,253,658
Other capital outflow at maturity	25,858,441	35,035,011	2,256,610	897,997	64,048,059

	September 30, 2023				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 52,454,402	$ 51,930,477	$ 17,990,804	$ 37,435	$ 122,413,118
Non-derivative financial liabilities at fair value through profit or loss	417,656	-	271,535	41,625,720	42,314,911
Securities sold under repurchase agreements	19,646,702	1,510,611	-	12,816,753	33,974,066
Payables	31,522,966	8,423,778	822,075	440,221	41,209,040
Deposits and remittances	501,242,653	1,688,355,252	1,108,209,105	134,980,095	3,432,787,105
Financial debentures payable	-	-	14,498,213	12,806,562	27,304,775
Lease liabilities	145,778	609,523	493,317	2,147,699	3,396,317
Other capital outflow at maturity	21,788,108	43,736,186	4,525,618	1,254,672	71,304,584

Additional information about the maturity analysis of lease liabilities:

	September 30, 2024	December 31, 2023	September 30, 2023
Less than 1 year	$ 1,403,077	$ 1,133,083	$ 1,248,618
1-5 years	3,601,570	1,715,536	1,731,860
5-10 years	473,495	405,039	415,839
More than 10 years	1,148	-	-
	$ 5,479,290	$ 3,253,658	$ 3,396,317

c) Maturity analysis of derivative financial liabilities

Net settled derivative financial instruments engaged by the Bank include:

i. Foreign exchange derivative instruments: Non-delivery forwards and net settled foreign exchange options;

ii. Interest rate derivative instruments: Swaptions, net settled interest rate swaps and other interest rate agreements.

The table below shows the net settled derivative financial instruments based on the number of days remaining from the balance sheet date until the contractual maturity date. The analysis of contractual maturity dates illustrates all derivative financial instruments listed on the balance sheets. The amount disclosed is based on contractual cash flow and may be different from that included in the balance sheets. Maturity analysis of net settled derivative financial liabilities was as follows:

	September 30, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	$ 162,298	$ 26,013	$ 18,887	$ -	$ 207,198
Interest rate derivative instruments	525,697	1,575,825	559,550	22,652,610	25,313,682
Total	$ 687,995	$ 1,601,838	$ 578,437	$ 22,652,610	$ 25,520,880

	December 31, 2023				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	$ 15,911	$ 11,396	$ 9,263	$ -	$ 36,570
Interest rate derivative instruments	150,411	2,026,363	2,154,834	24,143,098	28,474,706
Total	$ 166,322	$ 2,037,759	$ 2,164,097	$ 24,143,098	$ 28,511,276

	September 30, 2023				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	$ 249,642	$ 35,466	$ 10,832	$ 66	$ 296,006
Interest rate derivative instruments	362,415	1,707,827	4,050,850	35,345,761	41,466,853
Total	$ 612,057	$ 1,743,293	$ 4,061,682	$ 35,345,827	$ 41,762,859

Gross settled derivative financial instruments engaged by the Bank include:

i. Foreign exchange derivative instruments: Foreign exchange forwards, foreign exchange swaps and gross settled foreign exchange options;

ii. Interest rate derivative instruments: Cross currency swaps;

iii. Credit derivative instruments: All credit default swaps are presented on a gross basis. The credit protection buyer makes periodic payments to the credit protection seller and gets the one-time payments in return if a credit event occurs.

The table below shows the Bank's gross settled derivative financial instruments based on the number of days remaining from the balance sheet date until the contractual maturity date. Contractual maturities are evaluated to be the most basic element for understanding all the derivative financial instruments presented on the balance sheets. The disclosed amounts are based on contractual cash flows and parts of the disclosed amounts are not in conformity with related items on consolidated balance sheets. Maturity analysis of gross settled derivative financial liabilities was as follows:

	September 30, 2024				
	0-30 Days	**31-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	$ (396,326,315)	$ (389,990,644)	$ (97,044,981)	$ (3,927,943)	$ (887,289,883)
Cash inflow	391,670,827	385,750,672	96,854,957	3,978,509	878,254,965
Interest rate derivative instruments					
Cash outflow	(128,933)	(5,920,047)	(201,243)	(7,263,498)	(13,513,721)
Cash inflow	127,180	5,763,074	187,721	7,131,524	13,209,499
Cash outflow subtotal	(396,455,248)	(395,910,691)	(97,246,224)	(11,191,441)	(900,803,604)
Cash inflow subtotal	391,798,007	391,513,746	97,042,678	11,110,033	891,464,464
Net cash flow	$ (4,657,241)	$ (4,396,945)	$ (203,546)	$ (81,408)	$ (9,339,140)

	December 31, 2023				
	0-30 Days	**31-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	$ (414,572,102)	$ (444,892,193)	$ (40,418,411)	$ (6,388,153)	$ (906,270,859)
Cash inflow	406,725,701	435,318,902	40,097,255	6,380,659	888,522,517
Interest rate derivative instruments					
Cash outflow	(1,536,750)	(122,404)	(4,634,554)	(7,131,402)	(13,425,110)
Cash inflow	1,390,250	119,419	4,462,141	6,927,048	12,898,858
Cash outflow subtotal	(416,108,852)	(445,014,597)	(45,052,965)	(13,519,555)	(919,695,969)
Cash inflow subtotal	408,115,951	435,438,321	44,559,396	13,307,707	901,421,375
Net cash flow	$ (7,992,901)	$ (9,576,276)	$ (493,569)	$ (211,848)	$ (18,274,594)

	September 30, 2023				
	0-30 Days	**31-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	$ (281,123,072)	$ (362,008,875)	$ (44,511,942)	$ (12,137,520)	$ (699,781,409)
Cash inflow	274,676,799	344,605,783	41,840,439	11,741,947	672,864,968
Interest rate derivative instruments					
Cash outflow	(135,526)	(3,621,190)	(1,979,323)	(3,344,859)	(9,080,898)
Cash inflow	131,128	3,167,042	1,799,489	3,149,787	8,247,446
Cash outflow subtotal	(281,258,598)	(365,630,065)	(46,491,265)	(15,482,379)	(708,862,307)
Cash inflow subtotal	274,807,927	347,772,825	43,639,928	14,891,734	681,112,414
Net cash flow	$ (6,450,671)	$ (17,857,240)	$ (2,851,337)	$ (590,645)	$ (27,749,893)

d) Maturity analysis of off-balance sheet items

The table below shows the Bank's maturity analysis of off-balance sheet items based on the number of days remaining from the balance sheet date until the contractual maturity date. The amount of off-balance sheet items will be allocated to the earliest period when the obligation is exercised at any time by clients.

i. Irrevocable commitments: Include the Bank's irrevocable loan commitments and credit card commitments.

ii. Financial guarantee contracts: The Bank acts as a guarantor or an issuer of standby letter of credit.

Maturity analysis of off-balance sheet items is shown as follows:

	September 30, 2024				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	$ 175,446,597	$ -	$ -	$ -	$ 175,446,597
Financial guarantee contracts	25,919,978	-	-	-	25,919,978

	December 31, 2023				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	$ 174,872,790	$ -	$ -	$ -	$ 174,872,790
Financial guarantee contracts	26,308,871	-	-	-	26,308,871

	September 30, 2023				
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	$ 169,631,518	$ -	$ -	$ -	$ 169,631,518
Financial guarantee contracts	27,642,021	-	-	-	27,642,021

c. Market risk

1) Source and definition of market risk

Market risk is the potential gain or loss arising from movements of market price, such as interest rates, foreign exchange rates and equity securities.

The Bank organized market risk management department and the committee of assets and liabilities management. The department and the committee periodically examine the Bank’s structure of assets and liabilities, plan the pricing principle of deposit and loan and financing, and use medium- and long-term funding schemes. While executing the market risk management, the market risk management department periodically provides the related information of management and reports to the authorized managers of the Bank for the management system, such as evaluating position, risk limit management, calculation of profit and loss, pricing model and risk analysis, in order to control the overall market risk.

2) Market risk management strategy and process

a) Identification and measurement

The operations department and risk management department of the Bank identify the market risk factors of risk exposure position, and measure the market risk. Market risk factors are the components that could have an impact on the value of financial instruments, such as interest rates, foreign exchange rates, equity securities price, etc., including position, gain and loss, stress testing, sensitivity (DV01, Delta, Vega, etc.) and Value at Risk (VaR), etc., are used to measure the extent of investment portfolio loss that is influenced by market risk factors.

b) Monitoring and reporting

The risk management department periodically reports the execution of market risk management target, position and gain/loss control, sensitivity analysis, stress testing, and value at risk to the board of directors, and helps the board of directors to fully understand the status of market risk management. The Bank also establishes a clear reporting process. Each transaction has the requirements about limitation and stop-loss points. Once the transaction reaches its stop-loss limitation, corresponding measures will be implemented immediately. In special circumstances, the transaction department should document the response plan, report to the executive management for approval and report to the board of directors regularly.

3) Risk management policy of the trading book

The trading book is the position of financial instruments and physical investments for the purpose of trading or the hedge on the trading book. Position is held for trading for the purpose of earning profit from the bid-ask spread. Any positions aside from the above trading book will be in the banking book.

a) Strategy

In order to control market risk effectively and ensure flexibility in operating the transaction strategy, the Bank carries out various assessment and control procedures. The portfolio of trading book has the risk limit for each investment portfolio which is set according to the transaction strategy, category of investment and the annual profit target.

b) Policy and procedure

The Bank sets the "Rules of Market Risk Management" as the important regulation that should be complied with when holding trading position.

c) Valuation policy

If the financial instruments of trading book have market values, they should be evaluated at least once each day based on information from independent and easily accessible sources. If the financial instruments are evaluated by a model, a mathematical model should be used prudently, and the assumptions and parameters of the valuation model should be regularly reviewed and examined.

d) Method of risk measurement

i. The calculation assumptions and calculation method are described in the VaR of the trading book section.

ii. The calculation assumptions and calculation method are described in the market risk sensitivity analysis section.

iii. The Bank executes the stress testing monthly and reports to the Risk Management Committee regularly.

4) Interest risk management of trading book

a) Definition of interest risk

Interest risk is the risk that the trading position suffer losses or the fair value changes due to fluctuations in interest rates. The main instruments include the securities and derivatives that are related to interest rates.

b) Interest risk management procedure of trading book

The Bank prudently chooses its investment target by studying the credibility and financial position of the securities issuers, and the sovereign risk and the trend of interest rates of the country. According to the operating strategy and the circumstances of the market, the Bank sets the transaction limit and stop-loss limit (including the limits of dealing room, traders, and investment, etc.) of the trading book that are reported to the executive management or the board of directors for approval.

c) Method of measurement

The interest risk of trading book is mainly controlled based on positions and profit or loss.

5) Interest risk management of banking book

The interest risk of banking book means that adverse changes in interest rates affect the value and cash flow of the banking book position, resulting in current or potential risks to the Bank's capital and earnings.

a) Strategy

Based on the principle of prudent operation and conservation, the first priority is on the diversification and stability of assets and liabilities, and then on safety and profitability, and the Company should pay attention to risk diversification.

b) Management procedure

The Company has established interest risk indicators of banking book to control the banking book interest risk. If the indicators are abnormal, the possible offset treatment should be evaluated and reported to the Asset and Liability Management Committee to review the asset and liability structure and pricing principles, so as to reduce or control the adverse impact on earnings or net worth.

c) Method of measurement

Measurement methods of banking book interest risk include repricing gap analysis, earnings viewpoint (ΔNII) analysis, and economic value viewpoint (ΔEVE) analysis. The Company adopts appropriate measurement methods to manage banking book interest risk in accordance with local regulatory requirements or internal management needs.

6) Foreign exchange risk management

a) Definition of foreign exchange risk

Foreign exchange risk is the gain/loss caused by two currencies exchange at different times. The Bank's foreign exchange risk arises from the derivative instruments, such as spot exchange, forward exchange and foreign exchange option, etc.

b) Policy, procedure and measurement method of foreign exchange risk management

In order to control foreign exchange risk, the Bank sets the limits of position and stop-loss limits for the dealing room and traders. Meanwhile, the Bank also sets the maximum annual loss limit to control the loss within the tolerable extent. Foreign exchange risk is mainly controlled based on positions and profits or losses.

c) The significant portfolios of foreign currency financial assets and liabilities are as follows:

Unit: In Thousands of Foreign Currency

	September 30, 2024		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 19,497,761	31.6510	$ 617,123,633
AUD	3,444,666	21.9326	75,550,482
HKD	12,535,290	4.0752	51,083,814
Non-monetary items			
USD	924,238	31.6510	29,253,057
HKD	5,903,446	4.0752	24,057,723
THB	3,473,375	0.9831	3,414,675
Financial liabilities			
Monetary items			
USD	20,197,031	31.6510	639,256,228
HKD	7,301,328	4.0752	29,754,372
CNY	5,990,373	4.5233	27,096,254
Non-monetary items			
USD	932,764	31.6510	29,522,913
HKD	5,895,234	4.0752	24,024,258
AUD	505	21.9326	11,076

	December 31, 2023		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 20,934,420	30.7350	$ 643,419,399
AUD	3,160,037	21.0058	66,379,105
HKD	12,738,573	3.9340	50,113,546
Non-monetary items			
USD	887,476	30.7350	27,276,575
HKD	5,090,023	3.9340	20,024,150
THB	3,473,375	0.8988	3,121,869
Financial liabilities			
Monetary items			
USD	25,048,202	30.7350	769,856,488
CNY	7,199,103	4.3305	31,175,716
AUD	1,119,410	21.0058	23,514,103
Non-monetary items			
USD	937,040	30.7350	28,799,924
HKD	4,559,398	3.9340	17,936,672
AUD	979	21.0058	20,565

	September 30, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 23,387,973	32.2680	$ 754,683,113
AUD	3,095,677	20.5370	63,575,919
HKD	9,385,738	4.1235	38,702,091
Non-monetary items			
USD	1,138,291	32.2680	36,730,374
HKD	6,598,692	4.1235	27,209,706
THB	3,473,375	0.8772	3,046,845
Financial liabilities			
Monetary items			
USD	24,604,063	32.2680	793,923,905
CNY	7,394,110	4.4140	32,637,602
AUD	1,155,367	20.5370	23,727,772
Non-monetary items			
USD	1,183,137	32.2680	38,177,465
HKD	6,066,683	4.1235	25,015,967
AUD	1,065	20.5370	21,872

As the Company has a large variety of foreign currencies, it is not practicable to disclose foreign currency exchange gain or loss based on each foreign currency's exposure to major impact. The foreign currency exchange gains were $1,735,407 thousand and $1,369,319 thousand for the nine months ended September 30, 2024 and 2023, respectively.

7) Risk management of equity securities price

a) Definition of risk of equity securities price

The market risk of equity securities held by the Bank includes the individual risk of price fluctuation caused by individual equity securities factors and the general market risk of price fluctuation caused by overall market factors.

b) Purpose of risk management of equity securities price

The purpose is to avoid the massive fluctuation of equity securities price that worsens the Bank's financial situation or earnings; to raise the operating efficiency of capital and strengthen the business operation.

c) Procedure of risk management of equity securities price

The Bank sets investment limits on market risk in addition to the countries, industries and companies. The above limits are approved by the board of directors. Once the transaction reaches its stop-loss limit, the response will be implemented immediately. In special circumstances, the transaction department should document the response plan, report to the executive management for approval and report to the board of directors regularly.

d) Measurement method

The risk of equity securities price in a trading book is mainly controlled based on position and profit or loss.

8) Value-at-risk of the trading books

Value-at-risk (VaR) is the Bank's tool to control market risk. VaR is a statistical measure that assesses potential losses of financial instruments caused by changes in risk factors over a specified period of time and at a specific level of statistical confidence. The Bank applies historical simulation with a statistical confidence of 99%. The following form indicates the VaR which is the estimation of potential amount of loss within one day. The statistical confidence of 99% represents the possible fluctuations that would be included in assumed adverse market changes. Based on the assumption, the VaR may exceed the amounts listed in 1 of 100 days due to the price changes in the market. The overall VaR in the market may be less than the aggregate VaR of individual market risk factors.

September 30, 2024				
Factors of Market Risk	**Average**	**Maximum**	**Minimum**	**Ending**
Interest rate	$ 459,873	$ 740,017	$ 268,732	$ 291,514
Foreign exchange rate	62,528	172,545	16,930	37,706
Equity securities price	273,709	443,316	147,902	388,858
Commodity	74	430	-	244

December 31, 2023				
Factors of Market Risk	**Average**	**Maximum**	**Minimum**	**Ending**
Interest rate	$ 475,212	$ 740,017	$ 267,725	$ 633,802
Foreign exchange rate	132,858	262,458	24,287	24,287
Equity securities price	142,206	218,808	64,876	198,309

September 30, 2023				
Factors of Market Risk	**Average**	**Maximum**	**Minimum**	**Ending**
Interest rate	$ 390,249	$ 578,173	$ 253,229	$ 578,173
Foreign exchange rate	141,062	262,458	99,529	99,698
Equity securities price	119,487	218,808	61,215	162,478

The Bank transacts derivative contracts within the allowed market risk limit. The objectives in trading derivative instruments are to meet customers' hedging and trading needs or to manage the Bank's exposure to risks and to generate revenues through trading activities.

9) Market risk stress testing

The stress testing is an assumption measure of the loss of risk asset portfolio under the severe extreme scenarios. The Bank takes into consideration various types of risk factors for holding positions during market risk stress testing and the results will be reported to the executive management regularly.

Stress Testing				
Market/Product	**Scenarios**	**September 30, 2024**	**December 31, 2023**	**September 30, 2023**
Stock market	Major domestic stock exchanges + 15%	$ 1,805,987	$ 1,688,630	$ 1,259,579
	Major domestic stock exchanges - 15%	(1,805,987)	(1,688,630)	(1,259,579)
	Major foreign stock exchanges + 20%	95,008	-	105,669
	Major foreign stock exchanges - 20%	(95,008)	-	(105,669)
Interest rate/bond market	Major interest rate + 150bp	(4,019,783)	(3,727,660)	(5,673,002)
	Major interest rate - 150bp	2,994,735	1,328,162	2,980,757
Foreign exchange market	Major currencies +5%	404,605	327,284	575,619
	Major currencies - 5%	(404,605)	(327,284)	(575,619)
Commodity market	Market prices +25%	1,179	-	-
	Market prices - 25%	(1,179)	-	-

Note: The information of stress testing is defined by market risk management.

10) Market risk sensitivity analysis

a) Interest rate risk

Interest rate factor sensitivities represent the change in the net present value of the interest rate derivative portfolios caused by a parallel shift in the interest rates in various yield curves affecting the portfolio. The Bank's interest rate-sensitive portfolios include government bonds, corporate bonds, interest rate swaps, interest rate collars and swaptions.

b) Foreign exchange risk

Foreign exchange rate factor sensitivities ("FX delta") represent the change of the foreign exchange portfolios (i.e., forward exchange transactions and currency swaps) caused by the underlying currency exchange rate fluctuation.

c) Equity securities price risk

Equity securities price factor sensitivities (“Equity delta”) represent the change of the equity securities price portfolio caused by a parallel shift in the underlying stock price fluctuation. The Bank’s equity portfolios include stocks and equity index options.

		September 30, 2024	
Risk Factors	**Changes (+/-)**	**Sensitivity of Profit or Loss**	**Sensitivity of Equity**
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	$ 80,921	$ -
	Exchange rate of each currency - 1%	(80,921)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(26,799)	-
	Yield curves parallel shift - 1bp	19,965	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	4,473	120,677
	Equity securities price - 1%	(4,473)	(120,677)
Commodity risk sensitivity	Commodity price + 1%	47	-
	Commodity price - 1%	(47)	-

		December 31, 2023	
Risk Factors	**Changes (+/-)**	**Sensitivity of Profit or Loss**	**Sensitivity of Equity**
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	$ 65,457	$ -
	Exchange rate of each currency - 1%	(65,457)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(24,851)	-
	Yield curves parallel shift - 1bp	8,854	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	13,517	99,058
	Equity securities price - 1%	(13,517)	(99,058)

		September 30, 2023	
Risk Factors	**Changes (+/-)**	**Sensitivity of Profit or Loss**	**Sensitivity of Equity**
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	$ 115,124	$ -
	Exchange rate of each currency - 1%	(115,124)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(37,820)	-
	Yield curves parallel shift - 1bp	19,872	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	261	88,994
	Equity securities price - 1%	(261)	(88,994)

Note: The information of sensitivity analysis is defined by market risk management.

d) Commodity risk

Profit and loss impact from commodity positions (commodity futures, commodity swap contracts, etc.) due to price fluctuations of underlying commodities (e.g., carbon credits, crude oil, etc.)

d. Transfers of financial assets

Financial assets transferred that have not been fully removed

During the Company's daily operations, transferred financial assets that do not meet the criteria for full derecognition are mostly made up of debt securities used as counterparty collateral for repurchase agreements or equity securities lent as part of securities lending agreement. The cash flows of these transactions have been transferred and reflects the liability where the Company is obligated to repurchase the transferred financial assets according to a fixed price in future periods. With respect to such transactions, the Company will not be able to use, sell or pledge such transferred financial assets during the effective period. However, the Company is still exposed to interest rate risk and credit risk, hence they are not derecognized.

The following table is an analysis of financial assets and financial liabilities that have not been fully derecognized:

September 30, 2024					
Category of Financial Assets	**Transferred Financial Assets Carrying Value**	**Related Financial Liabilities Carrying Value**	**Transferred Financial Assets Fair Value**	**Related Financial Liabilities Fair Value**	**Net Fair Value**
Financial assets at fair value through other comprehensive income					
Repurchase agreements	$ 10,159,942	$ 10,433,088	$ 10,159,942	$ 10,433,088	$ (273,146)
Investments in debt instruments measured at amortised cost					
Repurchase agreements	5,621,154	4,647,786	5,754,970	4,647,786	1,107,184

December 31, 2023					
Category of Financial Assets	**Transferred Financial Assets Carrying Value**	**Related Financial Liabilities Carrying Value**	**Transferred Financial Assets Fair Value**	**Related Financial Liabilities Fair Value**	**Net Fair Value**
Financial assets at fair value through other comprehensive income					
Repurchase agreements	$ 18,293,739	$ 17,909,086	$ 18,293,739	$ 17,909,086	$ 384,653
Investments in debt instruments measured at amortised cost					
Repurchase agreements	536,129	409,406	516,314	409,406	106,908

September 30, 2023					
Category of Financial Assets	**Transferred Financial Assets Carrying Value**	**Related Financial Liabilities Carrying Value**	**Transferred Financial Assets Fair Value**	**Related Financial Liabilities Fair Value**	**Net Fair Value**
Financial assets at fair value through other comprehensive income					
Repurchase agreements	$ 30,359,929	$ 31,626,590	$ 30,359,929	$ 31,626,590	$ (1,266,661)
Investments in debt instruments measured at amortised cost					
Repurchase agreements	2,692,981	1,896,211	1,802,389	1,896,211	(93,822)

e. Offsetting financial assets and liabilities

The Company engages in financial instrument transactions that are offset in accordance with IAS 32, section 42, and the financial assets and financial liabilities that are relevant to such transactions are presented in the balance sheets at net amount.

The Company is also engaged in financial instrument transactions that are not offset in accordance with the regulations, but entered into enforceable master netting arrangements or other similar agreements with counterparties, for example, global master repurchase agreements, global securities lending agreements, or other similar agreements. Financial instruments subject to enforceable master netting arrangement or other similar agreements could be settled at net amount as chosen by the counterparties, or, if not, the financial instruments could be settled at gross amount. However, if one of the counterparty defaults, the other party could choose to settle the transaction at net amount.

Information related to offsetting of financial assets and financial liabilities is disclosed as follows:

September 30, 2024

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	**Gross Amount of Recognized Financial Assets (a)**	**Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)**	**Amount Presented in the Balance Sheets (c)= (a)-(b)**	**Amount Not Offset in the Balance Sheets (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received/Pledged**	
Derivative financial instruments	$ 76,505,534	$ -	$ 76,505,534	$ 76,505,534	$ -	$ -

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	**Gross Amount of Recognized Financial Liabilities (a)**	**Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)**	**Amount Presented in the Balance Sheets (c)= (a)-(b)**	**Amount Not Offset in the Balance Sheets (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received/Pledged**	
Derivative financial instruments	$ 76,697,522	$ -	$ 76,697,522	$ 76,505,534	$ 191,988	$ -
Repurchase agreements	15,080,874	-	15,080,874	14,623,556	457,318	-

December 31, 2023

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	**Gross Amount of Recognized Financial Assets (a)**	**Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)**	**Amount Presented in the Balance Sheets (c)= (a)-(b)**	**Amount Not Offset in the Balance Sheets (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received/Pledged**	
Derivative financial instruments	$ 79,815,708	$ -	$ 79,815,708	$ 79,815,708	$ -	$ -

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	**Gross Amount of Recognized Financial Liabilities (a)**	**Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)**	**Amount Presented in the Balance Sheets (c)= (a)-(b)**	**Amount Not Offset in the Balance Sheets (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received/Pledged**	
Derivative financial instruments	$ 82,644,730	$ -	$ 82,644,730	$ 79,815,708	$ 2,829,022	$ -
Repurchase agreements	18,318,492	-	18,318,492	17,663,248	655,244	-

September 30, 2023

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	$ 117,817,064	$ -	$ 117,817,064	$ 109,296,283	$ 8,210,668	$ 310,113

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	$ 109,296,283	$ -	$ 109,296,283	$ 109,296,283	$ -	$ -
Repurchase agreements	33,522,801	-	33,522,801	31,555,297	1,967,504	-

Note: Master netting arrangement and non-cash collateral are included.

51. CAPITAL MANAGEMENT

a. Capital adequacy maintain strategy

The eligible capital of the Company must conform to the regulatory capital requirements and achieve the minimum adequacy ratio. The calculation of the eligible capital and regulatory capital should comply with the rules issued by the authorities.

b. Capital assessment procedure

To ensure the Company possesses sufficient capital to assume various risk, the Company assesses required capital for the portfolios and characteristics of risk and execute risk management through capital allocation to realize optimization of resources.

52. UNCONSOLIDATED STRUCTURED ENTITIES

The Company does not provide financial support or other support to the unconsolidated structured entities. The Company's maximum exposure to loss from its interests in these structured entities is limited to the carrying amount of assets the Company recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

Type of Structured Entity	Nature and Purpose	Interests Owned
Asset securitization products	Investment in asset securitization products to receive returns	Investment in asset-backed securities issued by the entity

The carrying amounts of assets recognized by the Company as of September 30, 2024, December 31, 2023 and September 30, 2023 relating to its interests in unconsolidated structured entities are disclosed as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at FVTOCI	$ 20,839,126	$ 18,546,743	$ 17,104,585
Investments in debt instruments measured at amortised cost	72,325,515	70,736,135	70,905,852
	$ 93,164,641	$ 89,282,878	$ 88,010,437

53. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Bank

a. Credit risk

1) Asset quality: Please refer to Table 2.

2) Concentration of credit extensions

(Unit: In Thousands of New Taiwan Dollars, %)

September 30, 2024			
Rank	**Industry Category of Company or Group**	**Credit Extension Balance**	**% to Net Asset Value**
1	Group A - other financial service activities not elsewhere classified	$ 24,773,719	8.50
2	Group B - packaging and testing of semi-conductors	14,367,767	4.93
3	Group C - manufacture of computers	11,272,635	3.87
4	Group D - casting of aluminum	9,285,000	3.18
5	Group E - real estate development activities	9,100,000	3.12
6	Group F - real estate development activities	7,894,912	2.71
7	Group G - manufacture of computers	6,963,604	2.39
8	Group H - convenience stores, chain	6,520,681	2.24
9	Group I - other computers and peripheral equipment manufacturing	6,406,162	2.20
10	Group J - activities of other holding companies	6,379,554	2.19

September 30, 2023			
Rank	**Industry Category of Company or Group**	**Credit Extension Balance**	**% to Net Asset Value**
1	Group A - other financial service activities not elsewhere classified	$ 25,680,062	9.90
2	Group B - packaging and testing of semi-conductors	20,045,719	7.73
3	Group C - manufacture of computers	11,894,514	4.58
4	Group D - casting of aluminum	10,000,000	3.85
5	Group E - convenience stores, chain	9,454,542	3.64
6	Group F - real estate development activities	7,698,990	2.97
7	Group G - real estate development activities	6,929,157	2.67
8	Group H - manufacture of computers	6,598,344	2.54
9	Group I - real estate development activities	6,488,000	2.50
10	Group J - activities of other holding companies	6,472,751	2.49

b. Market risk

Interest Rate Sensitivity (New Taiwan Dollars)

(Unit: In Thousands of New Taiwan Dollars, %)

September 30, 2024

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 2,668,030,719	$ 21,266,803	$ 52,490,821	$ 188,188,688	$ 2,929,977,031
Interest rate-sensitive liabilities	246,996,134	2,109,005,954	318,155,307	47,326,952	2,721,484,347
Interest rate sensitivity gap	2,421,034,585	(2,087,739,151)	(265,664,486)	140,861,736	208,492,684
Net worth					291,585,117
Ratio of interest rate-sensitive assets to liabilities					107.66%
Ratio of interest rate sensitivity gap to net worth					71.50%

September 30, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 2,473,557,376	$ 21,316,476	$ 91,270,446	$ 163,246,695	$ 2,749,390,993
Interest rate-sensitive liabilities	209,687,639	1,956,897,606	311,321,253	55,785,324	2,533,691,822
Interest rate sensitivity gap	2,263,869,737	(1,935,581,130)	(220,050,807)	107,461,371	215,699,171
Net worth					259,484,710
Ratio of interest rate-sensitive assets to liabilities					108.51%
Ratio of interest rate sensitivity gap to net worth					83.13%

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

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are 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 (U.S. Dollars)

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

September 30, 2024

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 10,746,354	$ 1,484,306	$ 2,163,167	$ 9,329,308	$ 23,723,135
Interest rate-sensitive liabilities	14,105,163	4,170,997	3,890,116	3,909,647	26,075,923
Interest rate sensitivity gap	(3,358,809)	(2,686,691)	(1,726,949)	5,419,661	(2,352,788)
Net worth					9,212,509
Ratio of interest rate-sensitive assets to liabilities					90.98%
Ratio of interest rate sensitivity gap to net worth					(25.54%)

September 30, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 13,253,001	$ 2,659,508	$ 2,791,451	$ 10,589,707	$ 29,293,667
Interest rate-sensitive liabilities	16,525,287	5,439,746	5,255,591	4,867,439	32,088,063
Interest rate sensitivity gap	(3,272,286)	(2,780,238)	(2,464,140)	5,722,268	(2,794,396)
Net worth					8,041,549
Ratio of interest rate-sensitive assets to liabilities					91.29%
Ratio of interest rate sensitivity gap to net worth					(34.75%)

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 are 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)

c. Liquidity risk

1) Profitability (consolidated information)

(Unit: %)

Items		For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Return on total assets	Before income tax	0.89	0.76
	After income tax	0.73	0.62
Return on equity	Before income tax	13.35	12.27
	After income tax	10.93	10.06
Net income ratio		38.11	37.77

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 nine months ended September 30, 2024 and 2023.

2) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(Unit: In Thousands of New Taiwan Dollars)

September 30, 2024

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 3,670,018,423	$ 401,381,167	$ 335,539,315	$ 394,684,824	$ 310,655,596	$ 390,328,081	$ 1,837,429,440
Main capital outflow on maturity	4,654,107,450	168,403,846	302,329,538	677,061,264	797,670,601	897,179,576	1,811,462,625
Gap	(984,089,027)	232,977,321	33,209,777	(282,376,440)	(487,015,005)	(506,851,495)	25,966,815

September 30, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 3,364,858,939	$ 433,466,436	$ 438,327,660	$ 327,547,856	$ 234,913,403	$ 392,478,973	$ 1,538,124,611
Main capital outflow on maturity	4,135,900,710	140,261,819	259,056,424	600,798,488	648,076,093	772,914,946	1,714,792,940
Gap	(771,041,771)	293,204,617	179,271,236	(273,250,632)	(413,162,690)	(380,435,973)	(176,668,329)

Note: The above amounts included only New Taiwan dollar amounts held by the Bank (i.e., excluding foreign currency).

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

(Unit: In Thousands of U.S. Dollars)

September 30, 2024

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 111,059,048	$ 39,225,214	$ 26,016,744	$ 18,159,256	$ 15,583,636	$ 12,074,198
Main capital outflow on maturity	116,743,364	41,536,362	26,538,020	19,831,536	20,273,323	8,564,123
Gap	(5,684,316)	(2,311,148)	(521,276)	(1,672,280)	(4,689,687)	3,510,075

September 30, 2023

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 102,270,538	$ 33,006,126	$ 27,323,425	$ 17,387,636	$ 11,437,397	$ 13,115,954
Main capital outflow on maturity	103,972,396	31,814,241	29,059,573	17,943,419	15,802,235	9,352,928
Gap	(1,701,858)	1,191,885	(1,736,148)	(555,783)	(4,364,838)	3,763,026

Note: The above amounts included only U.S. dollar amounts held by the Bank.

54. OPERATING SEGMENTS

For management purposes, the Company divides operating units based on different products and services. The four reportable segments are as follows:

a. Corporate banking unit: Syndicated loan, large scale, group and general credit business;

b. Individual banking unit: Deposits and consumer loans, foreign exchange service, endorsement guarantees business, note discounting, safe deposits boxes, credit card - related products, and trust business;

c. International banking unit: Offshore banking units, overseas branches and representative office; and

d. Other units: These parts contain the Company's assets, liabilities, revenues and expenses that cannot be attributed to or allocated reasonably to certain operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The analysis of the Company's operating revenue and results by reportable segment was as follows:

	For the Nine Months Ended September 30, 2024				
	Corporate Banking	Individual Banking	International Banking	Others	Total
Net interest (externally)	$ 10,846,967	$ 10,427,879	$ 6,267,965	$ 17,324,360	$ 44,867,171
Segment revenue (expense)	$ (3,762,316)	$ 26,848,979	$ -	$(23,086,663)	$ -
Segment net income	$ 5,882,961	$ 27,824,998	$ 3,753,163	$ 708,091	$ 38,169,213
Income tax expense					(6,928,582)
Income after income tax					$ 31,240,631

	For the Nine Months Ended September 30, 2023				
	Corporate Banking	Individual Banking	International Banking	Others	Total
Net interest (externally)	$ 9,797,693	$ 8,015,870	$ 4,759,233	$ 15,927,933	$ 38,500,729
Segment revenue (expense)	$ (3,338,004)	$ 25,469,339	$ 2,564,163	$(24,695,498)	$ -
Segment net income	$ 4,893,470	$ 23,937,854	$ 5,438,593	$ (3,278,854)	$ 30,991,063
Income tax expense					(5,570,367)
Income after income tax					$ 25,420,696

Note 1: No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue.

Note 2: Operating segments' profit are measured on a pre-tax income basis, the income taxes are not allocated to reporting segments for the purpose of making decisions about resource allocation and performance assessment.

Note 3: As the Company provided the average amount of deposits and loans to measure assets and liabilities, the measured amount of assets and liabilities is not disclosed.

55. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the nine months ended September 30, 2024

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Fair Value Adjustments	Non-cash Changes: Others	Closing Balance
Financial debentures payable	$ 27,100,000	$ (14,400,000)	$ -	$ -	$ -	$ 12,700,000
Financial liabilities designated as at fair value through profit or loss - bonds	40,481,221	-	-	164,240	1,181,640	41,827,101
Guarantee deposits received	7,885,919	(208,416)	-	-	-	7,677,503
Lease liabilities	3,673,568	(1,379,741)	3,590,135	-	80,455	5,964,417

For the nine months ended September 30, 2023

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Fair Value Adjustments	Non-cash Changes: Others	Closing Balance
Financial debentures payable	$ 37,147,398	$ (10,048,944)	$ -	$ -	$ 1,546	$ 27,100,000
Financial liabilities designated as at fair value through profit or loss - bonds	39,076,751	-	-	(1,845,588)	2,012,400	39,243,563
Guarantee deposits received	8,487,786	995,953	-	-	-	9,483,739
Lease liabilities	3,636,660	(1,262,035)	1,431,232	-	46,242	3,852,099

56. ADDITIONAL DISCLOSURES

a. Related information of significant transactions:

1) Financing provided: The Bank - not applicable; subsidiaries - not applicable

2) Endorsement/guarantee provided: The Bank - not applicable; subsidiaries - not applicable

3) Marketable securities held: The Bank - not applicable; subsidiaries - not applicable

4) Investees' securities acquired or disposed of at costs or prices of at least $300 million or 10% of the paid-in capital: The Bank - none; subsidiaries - none

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

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

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

8) Receivables from related parties amounting to at least $300 million or 10% of the paid-in capital: Table 1 (attached)

9) Sale of nonperforming loans: None

10) Asset securitization under the "Regulations for Financial Asset Securitization": None

11) Other significant transactions which may affect the decisions of users of financial reports: Table 2 (attached)

12) Derivative transactions: Note 8

b. Related information and proportionate share in investees: Quarterly report is exempt from disclosure.

c. Investments in mainland China: Table 3 (attached)

d. Intercompany relationships and significant intercompany transactions

For the detailed information of intercompany relationships and significant intercompany transactions, refer to Table 4 (attached).

e. Information on major shareholders

A bank whose stock is listed on the TWSE or listed on the TPEx shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5% or more of the Bank’s equity: Not applicable.

TABLE 1

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
AS OF SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Cathay United Bank Co., Ltd.	Cathay Life Insurance Co., Ltd. (Note)	Other related party	$ 763,051	-	$ -	-	$ 763,051	$ -

Note: Receivables for commission of collecting insurances.

TABLE 2

CATHAY UNITED BANK CO., LTD.

ASSET QUALITY - NONPERFORMING LOANS
AS OF SEPTEMBER 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars, %)

Period			September 30, 2024					September 30, 2023				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 329,730	$ 426,545,883	0.08%	$ 2,673,829	810.91%	$ 353,221	$ 406,050,829	0.09%	$ 2,106,511	596.37%
	Unsecured		287,151	429,695,037	0.07%	11,059,806	3851.56%	224,558	390,739,863	0.06%	11,090,627	4938.86%
Consumer banking	Housing mortgage (Note 4)		467,846	579,520,858	0.08%	9,181,594	1962.53%	326,282	551,442,877	0.06%	8,657,599	2653.41%
	Cash cards		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		953,893	150,262,993	0.63%	6,965,305	730.20%	519,377	137,629,353	0.38%	5,732,894	1103.80%
	Other (Note 6)	Secured	1,058,208	833,888,055	0.13%	9,028,275	853.17%	623,910	656,883,039	0.09%	7,314,989	1172.44%
		Unsecured	29,303	120,159,958	0.02%	1,549,715	5288.67%	19,106	42,191,479	0.05%	562,995	2946.64%
Loans			$ 3,126,131	$ 2,540,072,784	0.12%	$ 40,458,524	1294.20%	$ 2,066,454	$ 2,184,937,440	0.09%	$ 35,465,615	1716.25%
			Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio	Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio
Credit cards			$ 335,333	$ 113,294,759	0.30%	$ 2,515,315	750.09%	$ 156,550	$ 95,144,864	0.16%	$ 2,344,330	1497.50%
Accounts receivable factored without recourse (Note 7)			-	5,815,556	-	59,157	-	-	4,349,496	-	43,775	-

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 credit losses for loans ÷ Nonperforming loans.
Coverage ratio of credit card receivables: Allowance for credit 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: Based on the Banking Bureau’s letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards and small-scale credit loans, excluding credit cards.

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

(Continued)

Not reported as nonperforming loans or nonperforming receivables

Types \ Items	September 30, 2024		September 30, 2023	
	Not Reported as Nonperforming Loans	**Not Reported as Nonperforming Receivables**	**Not Reported as Nonperforming Loans**	**Not Reported as Nonperforming Receivables**
Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)	$ 191	$ 10,251	$ 354	$ 17,155
Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)	180,933	1,020,031	138,181	1,034,509
Total	$ 181,124	$ 1,030,282	$ 138,535	$ 1,051,664

Note 1: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: Amounts of discharged and executed contracts on clearance of consumer debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated September 15, 2008 and September 20, 2016 (Ref. No. 09700318940 and No. 10500134790).

(Concluded)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Note 1)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Value as of September 30, 2024	Accumulated Inward Remittance of Earnings as of September 30, 2024	Note
					Outflow	Inflow							
Cathay United Bank (China) Limited	Local government approved banking	$ 14,377,562 (CNY 3,000,000 thousand)	Direct	$ 14,377,562 (CNY 3,000,000 thousand)	$ -	$ -	$ 14,377,562 (CNY 3,000,000 thousand)	$ 193,738	100	$ 193,738	$ 17,619,499	$ -	

Accumulated Investment in Mainland China as of September 30, 2024	Investment Amount Approved by the Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$14,377,562 (CNY3,000,000 thousand)	$14,377,562 (CNY3,000,000 thousand)	$177,452,915

Note 1: The registered capital of Cathay United Bank (China) Limited was CNY3,000,000,000, which was transferred to the working capital of Cathay United Bank (China) Limited after the authorities approved the merger of Cathay United Bank Shanghai branch, Qingdao branch and Shenzhen branch.

Note 2: The Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized the Bank to remit US$60,067,239 (CNY400,000,000). Based on the capital verification report issued by local accountants in mainland China, the Shanghai branch of the Bank was authorized to remit the total amount of working capital of US$59,768,397.46, and the remaining amount of US$298,841.54 was repatriated on November 5, 2010. The Bank reported to MOEAIC to revise the amount of the investment on January 18, 2011, and it was authorized by MOEAIC on January 24, 2011. Also, MOEAIC authorized the Bank to remit US$95,024,128 (CNY600,000,000). Based on the capital verification report issued by local accountants in mainland China, Shanghai branch of the Bank was authorized to remit the total amount of working capital of US$94,929,198.64, and the remaining amount of US$94,929.36 was repatriated on February 1, 2012. The Bank reported to MOEAIC to revise the amount of the investment on March 20, 2012, and it was authorized by MOEAIC on March 26, 2012. MOEAIC agreed to the Bank to increase the working capital of Shanghai branch by US$164,000,000 (CNY1,000,000,000) on February 27, 2014, and was authorized by MOEAIC on July 10, 2014. MOEAIC agreed to the Bank to increase the working capital of the Qingdao branch by US$98,199,673 (CNY600,000,000) on January 21, 2014, and was authorized by MOEAIC on October 30, 2014. The Bank obtained approval from MOEAIC to increase the working capital of Shenzhen branch by US$60,708,160.70 (CNY400,000,000) on January 5, 2015, and was authorized by MOEAIC on December 22, 2016.

Note 3: Based on the Investment Commission’s “Regulation on Examination of Investment or Technical Cooperation in Mainland China” investments are limited to the larger of 60% of the Bank’s net asset value or 60% of the Company’s consolidated net asset value.

TABLE 4

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, %)

No. (Note 1)	Transacting Company	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amounts	Terms of Transaction	Percentage of Total Revenue or Total Assets (Note 3)
0	Cathay United Bank	IndovinaBank	a	Call loans to banks	$ 901,600	Note 4	0.02
		CUBC Bank	a	Call loans to banks - interest revenue	166,047	Note 4	0.20
		CUBC Bank	a	Call loans to banks	1,392,644	Note 4	0.03
		CUBC Bank	a	Due from banks	697,269	Note 4	0.02
		CUBCN Bank	a	Call loans to banks	4,622,364	Note 4	0.11

Note 1: The transacting company is identified in the No. column as follows:

a. 0 for parent company.
b. Sequentially from 1 for subsidiaries.

Note 2: The flow of transactions is as follows:

a. From parent company to subsidiary.
b. From subsidiary to parent company.
c. Between subsidiaries.

Note 3: The percentage is calculated as follows:

a. Assets and liabilities: Ending balance divided by total consolidated assets.
b. Income and expenses: The accumulated amount at the end of the period divided by consolidated net income.

Note 4: The terms of the transactions between the Bank and related parties were similar to those for unrelated parties.