KGI Bank Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

KGI Bank Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As described in Note 1 to the financial statements, the Bank acquired 100% equity interest in KGI Asset Management Co., Ltd. and recognized it as a subsidiary, with November 1, 2024, as the effective date of the share conversion. This transaction constitutes a reorganization of entities under common control. Accordingly, in preparing the prior-period financial statements, the Bank retrospectively restated them as if the acquisition had occurred from the beginning, in compliance with relevant regulations. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

The key audit matters for the consolidated financial statements of the Bank and its subsidiaries for the six months ended June 30, 2025 are stated as follows:

<u>Impairment of Discounts and Loans</u>

The management assesses the impairment of discounts and loans according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans (the “Procedures”) issued by the FSC of the ROC and IFRS 9, respectively, and then recognizes the higher estimated amount as a reserve for asset impairment. Under the Procedures, impairment is based on the length of time overdue and the status of the collateral, and under IFRS 9, impairment is assessed by considering the probability of default and loss given default, estimated based on historical experience, the present market situation and forward-looking information. Since the important assumptions and input values used in revisions and adjustments involve critical judgments and estimates, the impairment of discounts and loans is deemed to be a key audit matter for the six months ended June 30, 2025.

Refer to Notes 4, 5 and 44 for the material accounting policy information, critical judgment, estimation uncertainty and related disclosure of the impairment of discounts and loans.

Our key audit procedures performed with respect to the above matter included the following:

We obtained an understanding of the accounting policies and internal controls related to the recognition of impairment. We verified that the impairment assessment procedures, including the classification of the credit assets, the length of time overdue and the status of the collaterals complied with the Procedures. We understood the methodology, main assumptions and parameters adopted by the management in accordance with the IFRS9 impairment model, as well as the important assumptions and input values considered in its revision and adjustment. We selected samples of discounts and loans and evaluated the reasonableness of measuring expected credit losses.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the six months ended June 30, 2025 and 2024 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, guidelines issued by authority and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Bank and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Mei-Hui Wu and Chun-Lin Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 14, 2025

<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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

KGI BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2025		December 31, 2024		June 30, 2024 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 40)	$ 8,741,399	1	$ 16,659,688	2	$ 15,061,996	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	58,250,828	6	37,955,433	4	29,379,341	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	45,962,197	5	48,183,133	5	44,278,866	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11, 16 and 41)	125,470,259	14	140,142,094	16	144,053,513	17
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 4, 10 and 41)	72,335,469	8	70,053,644	8	73,215,637	9
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 11)	153,205	-	559,311	-	707,797	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	49,677,895	5	59,218,588	7	43,653,988	5
RECEIVABLES, NET (Notes 4, 13, 40 and 41)	26,144,339	3	29,074,560	3	27,056,743	3
DISCOUNTS AND LOANS, NET (Notes 4, 14 and 40)	502,602,584	55	472,966,369	52	440,184,537	52
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Note 15)	9,939,034	1	10,015,810	1	9,303,557	1
OTHER FINANCIAL ASSETS, NET (Notes 17, 40 and 41)	3,112,482	-	1,124,392	-	3,723,361	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 41)	5,208,681	1	5,236,835	1	5,228,052	1
RIGHT-OF-USE ASSETS, NET (Notes 19 and 40)	2,655,845	-	2,767,354	-	2,877,716	-
INVESTMENT PROPERTY, NET (Notes 20 and 41)	2,632,626	-	2,617,860	-	2,623,191	-
INTANGIBLE ASSETS, NET	1,110,857	-	1,193,691	-	1,095,289	-
DEFERRED TAX ASSETS (Notes 4 and 38)	517,867	-	527,585	-	587,961	-
OTHER ASSETS, NET (Notes 18, 21, 40 and 41)	4,644,962	1	8,608,892	1	8,318,782	1
TOTAL	$ 919,160,529	100	$ 906,905,239	100	$ 851,350,327	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and banks (Note 22)	$ 15,615,366	2	$ 12,112,909	1	$ 5,340,106	1
Financial liabilities at fair value through profit or loss (Notes 4, 8 and 40)	33,643,312	4	29,813,327	3	27,895,500	3
Financial liabilities for hedging (Notes 4 and 11)	616,003	-	896,786	-	973,786	-
Notes and bonds issued under repurchase agreements (Notes 8, 9, 10 and 23)	38,345,722	4	70,155,260	8	67,516,424	8
Payables (Notes 24 and 40)	8,298,513	1	6,545,380	1	6,246,921	1
Current tax liabilities (Notes 4, 38 and 40)	1,285,769	-	1,498,520	-	1,260,921	-
Deposits and remittances (Notes 25 and 40)	665,360,857	72	631,892,572	70	595,049,744	70
Bank debentures payable (Notes 11 and 26)	24,023,227	3	23,662,295	3	23,612,784	3
Principal received on structured notes	37,371,517	4	40,707,358	5	41,066,350	5
Other financial liabilities (Note 27)	12,576,103	1	10,236,681	1	7,567,513	1
Provisions (Note 28)	360,178	-	372,456	-	403,517	-
Lease liabilities (Notes 19 and 40)	2,848,007	-	2,959,568	-	3,065,503	-
Deferred tax liabilities (Notes 4 and 38)	309,496	-	191,414	-	239,540	-
Other liabilities (Notes 30 and 40)	5,400,466	1	1,863,235	-	919,834	-
Total liabilities	846,054,536	92	832,907,761	92	781,158,443	92
EQUITY (Note 31)						
Capital						
Common stock	47,036,254	5	47,036,254	5	46,061,623	5
Capital surplus						
Additional paid-in capital	7,825,977	1	7,825,977	1	7,245,723	1
Other capital surplus	219,071	-	202,522	-	185,906	-
Total capital surplus	8,045,048	1	8,028,499	1	7,431,629	1
Retained earnings						
Legal reserve	14,028,433	2	12,022,954	1	12,022,954	2
Special reserve	3,231,762	-	3,416,448	-	3,416,448	-
Unappropriated earnings	3,387,673	-	6,684,929	1	3,384,434	-
Total retained earnings	20,647,868	2	22,124,331	2	18,823,836	2
Other equity	(2,623,177)	-	(3,191,606)	-	(3,605,637)	-
Former owner of business combination under common control	-	-	-	-	1,480,433	-
Total equity	73,105,993	8	73,997,478	8	70,191,884	8
TOTAL	$ 919,160,529	100	$ 906,905,239	100	$ 851,350,327	100

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

KGI 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 June 30				For the Six Months Ended June 30			
	2025		2024 (Restated)		2025		2024 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 40)	$ 6,595,900	153	$ 6,518,550	163	$ 13,293,343	152	$ 12,685,639	158
INTEREST EXPENSE (Notes 19, 32 and 40)	(4,083,473)	(95)	(4,806,094)	(120)	(8,590,028)	(98)	(9,264,301)	(115)
NET INTEREST	2,512,427	58	1,712,456	43	4,703,315	54	3,421,338	43
NET REVENUE OTHER THAN INTEREST								
Service fee income, net (Notes 33 and 40)	766,814	18	658,638	16	1,668,497	19	1,346,116	17
Gain on financial assets or liabilities measured at fair value through profit or loss, net (Note 34)	760,783	18	1,043,211	26	1,564,511	18	2,478,307	31
Realized gain on financial assets measured at fair value through other comprehensive income (Note 35)	94,715	2	142,539	4	143,786	1	262,852	3
Foreign exchange gain (loss), net	(280,296)	(6)	110,533	3	(72,891)	(1)	(46,943)	(1)
Reversal of impairment loss (impairment loss) on assets, net	10,333	-	(3,570)	-	11,947	-	(4,569)	-
Share of the profit of associates accounted for using equity method	393,875	9	244,443	6	681,952	8	433,252	5
Other non-interest gain, net	39,336	1	93,728	2	66,377	1	124,477	2
Total net revenue other than interest	1,785,560	42	2,289,522	57	4,064,179	46	4,593,492	57
TOTAL NET REVENUE	4,297,987	100	4,001,978	100	8,767,494	100	8,014,830	100
REVERSAL (PROVISION) FOR BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	(116,807)	(3)	(443,147)	(11)	(427,184)	(5)	(837,701)	(10)
OPERATING EXPENSES (Notes 19, 29, 36, 37 and 40)								
Employee benefits expense	(1,310,307)	(30)	(1,120,748)	(28)	(2,622,147)	(30)	(2,247,297)	(28)
Depreciation and amortization expense	(240,594)	(6)	(231,811)	(6)	(481,183)	(5)	(471,559)	(6)
Other general and administrative expenses	(683,150)	(16)	(592,224)	(15)	(1,298,011)	(15)	(1,118,540)	(14)
Total operating expenses	(2,234,051)	(52)	(1,944,783)	(49)	(4,401,341)	(50)	(3,837,396)	(48)
INCOME BEFORE INCOME TAX	1,947,129	45	1,614,048	40	3,938,969	45	3,339,733	42
INCOME TAX EXPENSE (Notes 4 and 38)	(274,546)	(6)	(217,914)	(5)	(559,984)	(7)	(448,090)	(6)
NET INCOME	1,672,583	39	1,396,134	35	3,378,985	38	2,891,643	36

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KGI 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 June 30				For the Six Months Ended June 30			
	2025		2024 (Restated)		2025		2024 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4 and 38)								
Items that will not be reclassified subsequently to profit or loss, net of tax								
Gain on equity instruments measured at fair value through other comprehensive income	$ 9,863	-	$ 312,987	8	$ 5,465	-	$ 961,230	12
Share of other comprehensive income of associates accounted for using equity method	63,665	2	3,984	-	67,741	1	4,403	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	83,331	2	-	-	-	-
Items that will be reclassified subsequently to profit or loss, net of tax								
Exchange differences on translation of foreign financial statements	(904,340)	(21)	74,243	2	(741,366)	(8)	235,273	3
Share of other comprehensive income (loss) of associates accounted for using equity method	(126,398)	(3)	14,403	-	(112,093)	(1)	50,754	1
Gain (loss) on debt instruments measured at fair value through other comprehensive income	845,212	20	(623,143)	(15)	1,416,093	16	(751,926)	(9)
Impairment loss (reversal of impairment loss) on debt instruments measured at fair value through other comprehensive income	(11,018)	-	3,422	-	(12,400)	-	5,330	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(22,688)	(1)	13,429	-	(46,323)	(1)	25,366	-
Other comprehensive income (loss), net of tax	(145,704)	(3)	(117,344)	(3)	577,117	7	530,430	7
TOTAL COMPREHENSIVE INCOME, NET OF TAX	$ 1,526,879	36	$ 1,278,790	32	$ 3,956,102	45	$ 3,422,073	43

(Continued)

KGI 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 June 30				For the Six Months Ended June 30			
	2025		2024 (Restated)		2025		2024 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO								
Owners of parent	$ 1,672,583	39	$ 1,345,294	34	$ 3,378,985	38	$ 2,814,165	35
Former owner of business combination under common control	-	-	50,840	1	-	-	77,478	1
	$ 1,672,583	39	$ 1,396,134	35	$ 3,378,985	38	$ 2,891,643	36
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO								
Owners of parent	$ 1,526,879	36	$ 1,226,565	31	$ 3,956,102	45	$ 3,343,210	42
Former owner of business combination under common control	-	-	52,225	1	-	-	78,863	1
	$ 1,526,879	36	$ 1,278,790	32	$ 3,956,102	45	$ 3,422,073	43
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)								
Basic	$ 0.36		$ 0.30		$ 0.72		$ 0.61	

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

KGI BANK CO., LTD. AND SUBSIDIARIES

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

			Retained Earnings			Other Equity			
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Former Owner of Business Combination under Common Control	Total Equity
BALANCE AT JANUARY 1, 2024	$ 46,061,623	$ 7,432,078	$ 10,373,364	$ 3,417,873	$ 5,498,633	$ (88,810)	$ (3,475,603)	$ -	$ 69,219,158
Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	-	-	-	-	-	-	-	1,473,169	1,473,169
BALANCE AT JANUARY 1, 2024 AS RESTATED	46,061,623	7,432,078	10,373,364	3,417,873	5,498,633	(88,810)	(3,475,603)	1,473,169	70,692,327
Appropriation of earnings									
Legal reserve	-	-	1,649,590	-	(1,649,590)	-	-	-	-
Reversal of special reserve	-	-	-	(1,425)	1,425	-	-	-	-
Cash dividends - common stock	-	-	-	-	(3,850,468)	-	-	(71,599)	(3,922,067)
Net income for the six months ended June 30, 2024	-	-	-	-	2,814,165	-	-	77,478	2,891,643
Other comprehensive income for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	286,027	243,018	1,385	530,430
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	2,814,165	286,027	243,018	78,863	3,422,073
Share-based payments	-	(449)	-	-	-	-	-	-	(449)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	570,269	-	(570,269)	-	-
BALANCE AT JUNE 30, 2024	$ 46,061,623	$ 7,431,629	$ 12,022,954	$ 3,416,448	$ 3,384,434	$ 197,217	$ (3,802,854)	$ 1,480,433	$ 70,191,884
BALANCE AT JANUARY 1, 2025	$ 47,036,254	$ 8,028,499	$ 12,022,954	$ 3,416,448	$ 6,684,929	$ 295,553	$ (3,487,159)	$ -	$ 73,997,478
Appropriation of earnings									
Legal reserve	-	-	2,005,479	-	(2,005,479)	-	-	-	-
Reversal of special reserve	-	-	-	(184,686)	184,686	-	-	-	-
Cash dividends - common stock	-	-	-	-	(4,864,136)	-	-	-	(4,864,136)
Net income for the six months ended June 30, 2025	-	-	-	-	3,378,985	-	-	-	3,378,985
Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	(853,459)	1,430,576	-	577,117
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	3,378,985	(853,459)	1,430,576	-	3,956,102
Share-based payments	-	16,549	-	-	-	-	-	-	16,549
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	8,688	-	(8,688)	-	-
BALANCE AT JUNE 30, 2025	$ 47,036,254	$ 8,045,048	$ 14,028,433	$ 3,231,762	$ 3,387,673	$ (557,906)	$ (2,065,271)	$ -	$ 73,105,993

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

KGI BANK CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30 2025	For the Six Months Ended June 30 2024 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,938,969	$ 3,339,733
Adjustments for:		
Depreciation expense	319,826	321,831
Amortization expense	161,357	149,728
Provision for bad debts expense, commitments and guarantee liability provisions	427,184	837,701
Net gain on financial assets and liabilities measured at fair value through profit or loss	(1,553,758)	(2,463,993)
Interest expense	8,590,028	9,264,301
Interest income	(13,293,343)	(12,685,639)
Dividend income	(23,740)	(129,010)
Share of profit of associates accounted for using equity method	(681,952)	(433,252)
Others	(7,492)	(27,402)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(2,663,574)	(228,057)
Financial assets at fair value through profit or loss	14,387,425	22,217,494
Financial assets at fair value through other comprehensive income	16,577,574	(10,657,082)
Debt investments measured at amortized cost	(2,280,799)	(4,803,721)
Securities purchased under resell agreements	(7,910,428)	(1,279,915)
Receivables	2,272,241	1,607,690
Discounts and loans	(30,041,536)	(44,018,548)
Other financial assets	(1,988,090)	5,002,229
Other assets	3,836,419	(4,263,800)
Deposits from the Central Bank and banks	3,502,457	(1,687,206)
Financial liabilities at fair value through profit or loss	(6,782,747)	(22,398,929)
Notes and bonds issued under repurchase agreements	(31,809,538)	24,935,445
Payables	1,997,077	(1,637,734)
Deposits and remittances	33,468,285	36,907,410
Other financial liabilities	(1,415,990)	1,667,455
Other liabilities	3,546,824	(2,469,570)
Cash flows used in operations	(7,427,321)	(2,932,841)
Interest received	14,012,098	12,231,719
Dividends received	11,017	32,872
Interest paid	(8,833,812)	(9,296,424)
Income taxes paid	(691,269)	(131,898)
Net cash flows used in operating activities	(2,929,287)	(96,572)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of assets held for sale	18,036	189,114
Acquisition of property and equipment	(102,407)	(26,415)
Acquisition of intangible assets	(78,378)	(88,738)

(Continued)

KGI BANK CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2025	2024 (Restated)
Acquisition of investment properties	$ (70,283)	$ -
Proceeds from disposal of investment properties	55,904	119,384
Other investment activities	4,110	667
Net cash flows generated from (used in) investing activities	(173,018)	194,012
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank debentures payable	-	(700,000)
Payments of lease liabilities	(180,133)	(175,051)
Increase (decrease) in other financial liabilities	419,572	(572,070)
Cash dividends paid	(4,864,136)	(3,850,468)
Former owner of business combination under common control	-	(71,599)
Net cash flows used in financing activities	(4,624,697)	(5,369,188)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10,587)	4,095
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,737,589)	(5,267,653)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	88,464,340	72,646,177
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 80,726,751	$ 67,378,524

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2025 and 2024:

	June 30	
	2025	2024 (Restated)
Cash and cash equivalents in the consolidated balance sheets	$ 8,741,399	$ 15,061,996
Due from the Central Bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 endorsed by FSC	34,875,250	11,800,559
Securities purchased under agreements to resell qualifying as cash and cash equivalents under the definition of IAS 7 endorsed by FSC	37,110,102	40,515,969
Cash and cash equivalents in the consolidated statements of cash flows	$ 80,726,751	$ 67,378,524

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

1. GENERAL INFORMATION

KGI Bank Co., Ltd. (the "Bank") engages in banking operations regulated by the Banking Act of the Republic of China (the "Banking Act").

As of the date of approval of the consolidated financial statements by the Bank's board of directors, the Bank had an International Banking Department, a Trust Department, an Insurance Department, other core business and functional departments, an Offshore Banking Unit (OBU), 51 domestic branches, and a Hong Kong branch.

On April 8, 2014, the Bank's extraordinary shareholders' meeting resolved to the exchange 0.2 share of KGI Financial Holding Co., Ltd. (KGIFH, formerly China Development Financial Holding Corporation) and NT$13.4 for one share of the Bank. September 15, 2014 as the date of the share swap after this transaction was approved by the Financial Supervisory Commission (FSC). Upon completion of the share swap, the Bank became KGIFH's wholly owned subsidiary and the trading of the Bank's shares on the Taiwan Stock Exchange was terminated.

On October 9, 2014, under the approval of the board of directors, who were authorized to exercise the functions of the shareholders' meeting, Cosmos Bank's name became KGI Bank Co., Ltd since January 2015. The FSC approved the name change on November 10, 2014.

On March 2, 2015 and April 13, 2015, the Bank's board of directors again exercised the functions of the shareholders' meeting and approved the transfer to the Bank from CDIB Capital Group (formerly China Development Industrial Bank) of (a) the assets and liabilities associated with the commercial banking business of CDIB Capital Group and (b) CDIB Capital Group's holdings of shares in leasing subsidiaries and in the Taiwan Financial Asset Service Corporation. On April 16, 2015, the transaction was approved by the FSC, and the date of transfer of business was set as May 1, 2015.

On July 19, 2024, the Bank's board of directors approved to acquire a 100% equity interest in KGI Asset Management Co., Ltd. through a share exchange and recognized it as a subsidiary. The transaction was approved by FSC in August 2024, and the share conversion date is set as November 1, 2024.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors and authorized for issue on August 14, 2025.

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

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

   The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Bank and its subsidiaries' accounting policies.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

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

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

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

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

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

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

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

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

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

- The Bank and its subsidiaries having no practical ability to withdraw, stop or cancel the payment instruction;

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

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

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

As of the date of approval of the consolidated financial statements by the Bank's board of directors, the Bank and its subsidiaries are continuously assessing the other impacts of the above amended standards and interpretations on the Bank and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

<u>IFRS 18 "Presentation and Disclosure in Financial Statements"</u>

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 Bank and its subsidiaries 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 Bank and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Bank and its subsidiaries 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 Bank and its subsidiaries as a whole, the Bank and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date of approval of the consolidated financial statements by the Bank's board of directors, the Bank and its subsidiaries are continuously assessing the other impacts of the above amended standards and interpretations on the Bank and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

The operating cycle in the banking industry cannot be reasonably identified; thus, asset and liability accounts were not classified as current or noncurrent. Nevertheless, these accounts were properly categorized in accordance with the nature of each account and sequenced according to their liquidity. Please refer to Note 44 for the maturity analysis of assets and liabilities.

Principles for Preparing Consolidated Financial Statements

The consolidated financial statements include the financial statements of the Bank and its subsidiaries. All significant intra-group transactions, balances, income and expenses have been eliminated in full upon consolidation.

The consolidated entities were as follows:

Investor	Subsidiary	Main Business	Percentage of Ownership (%)		
			June 30, 2025	December 31, 2024	June 30, 2024
The Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00
	KGI Asset Management Co., Ltd. (Note)	Trading and management of nonperforming loans of financial institution	100.00	100.00	100.00 (Note)
CDIB Management Consulting Corporation	KGI Finance & Leasing Corporation	Leasing	100.00	100.00	100.00
	CDIB International Leasing Corporation	Leasing	100.00	100.00	100.00

Note: On November 1, 2024, the Bank acquired 100% equity interest in KGI Asset Management Co., Ltd. through a share exchange and recognized it as a subsidiary. This transaction constitutes a reorganization of entities under common control. The acquisition should be accounted for using the carrying amounts method and deemed acquired from the beginning, with retrospective restatement of the comparative period information.

Financial Instruments

Financial assets and financial liabilities are recognized when the Bank and its subsidiaries become a party to the contractual provisions of the instruments.

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

<u>Financial assets</u>

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

a. Classification and measurement

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

   1) Financial assets at FVTPL

      Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria. A financial asset may be designated as at FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

      Financial assets at FVTPL are subsequently measured at fair value, with any dividends and remeasurement gains or losses on the financial assets are recognized in net revenues other than interest. Fair value is determined in the manner described in Note 43.

   2) Financial assets at amortized cost

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

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

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

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

      Except for interest income of financial assets have subsequently become credit-impaired is calculated by multiplying the effective interest rate to the amortized cost of a financial asset, others are calculated by multiplying the effective interest rate to the gross carrying amount of the financial asset.

3) Investments in debt instruments at FVTOCI

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

a) 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

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

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.

4) Investments in equity instruments at FVTOCI

On initial recognition, the Bank and its subsidiaries 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, it will be transferred to retained earnings.

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

b. Impairment of financial assets

The Bank and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost, investments in debt instruments at FVTOCI, installment accounts and lease receivables.

For the financial assets, the Bank and its subsidiaries recognize 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 Bank and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

In addition to the analysis of impairment mentioned above, based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual loans, credit assets classified as normal (this balance should be net of the balance of borrowings by ROC government agencies from the Bank), special mention, substandard, with doubtful collectability and uncollectable or loss incurring are evaluated on the basis of the borrowers'/clients' financial condition and delinquency record on interest and principal payments, and these assets have allowances at 1%, 2%, 10%, 50% and 100%, respectively, of outstanding credit. The doubtful accounts of credit cards receivables are evaluated on the basis of the Regulations Governing Institutions Engaging In Credit Card Business. The above is listed the minimum allowance for credit assets on or off balance sheet.

Based on Order No. 10300329440 issued by the FSC, for the Bank to have an enhanced risk coverage, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets, excluding policy-based loan, effective from January 1, 2011. Based on Order No. 10410001840 issued by the FSC, for the Bank to have an enhanced control on the exposure to the risk in mainland China, the minimum provision for credit loss reserve is 1.5% of the credit, which includes short-term trade financing that were granted to companies based in mainland China and classified as normal assets.

Writing off bad debts involves assessing the possibility of recovering overdue credit and evaluating the value of collateral. After approval by the board of directors, they are written off.

c. Derecognition of financial assets

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

Equity instruments

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

Equity instruments issued by the Bank and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Bank's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Bank's own equity instruments.

Financial liabilities

a. Subsequent measurement

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

Financial liabilities at FVTPL

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

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

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

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

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

Financial liabilities held for trading are stated at fair value, and remeasurement gains or losses on such financial liabilities are recognized in net revenue other than interest. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

b. Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

Derivative financial instruments

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that is 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.

Other Material Accounting Policy Information

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

Retirement Benefits

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

Income Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank and its subsidiaries' accounting policies, management is required to make judgments, estimates 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 by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Impairment of Discounts and Loans

The Bank and its subsidiaries review loans portfolios in accordance with IFRS 9 to assess impairment periodically. To determine whether an impairment loss should be recognized, the management exercises its judgments on whether there has been a significant increase in credit risk or there is any indication of credit impairment. For the purpose of impairment assessment, the management determines the expected future cash flows based on past events, present conditions and future economic circumstances of the assets with similar credit risks. The management also reviews periodically the methodology and assumptions adopted for both expected future cash flow and its timing to decrease the difference between estimated and actual amount of impairment. Also, the management should consider the specifications of the Procedures to make sure that it is in compliance with the minimum eligibility criteria. Furthermore, interest rate fluctuations impacted on financial assets credit risk, lead the uncertainty of estimating default probability and default loss rate to increase.

6. CASH AND CASH EQUIVALENTS

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Due from banks	$ 6,433,023	$ 13,436,733	$ 12,470,281
Cash on hand	1,480,281	2,621,666	1,545,443
Cash in banks	508,639	275,142	291,177
Excess margin from futures	209,230	178,649	380,609
Checks for clearing	110,226	147,498	374,486
	$ 8,741,399	$ 16,659,688	$ 15,061,996

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2024 as follows; please refer to the consolidated statements of cash flows for the reconciliation information as of June 30, 2025 and 2024:

	December 31, 2024
Cash and cash equivalents in the consolidated balance sheets	$ 16,659,688
Due from the Central Bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 endorsed by FSC	17,243,429
Securities purchased under agreements to resell qualifying as cash and cash equivalents under the definition of IAS 7 endorsed by FSC	54,561,223
Cash and cash equivalents in the consolidated statements of cash flows	$ 88,464,340

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

	June 30, 2025	December 31, 2024	June 30, 2024
Call loans to banks	$ 22,606,162	$ 12,652,771	$ 5,435,262
Deposit reserve - demand accounts	18,065,283	15,788,423	13,387,717
Deposit reserve - checking accounts	12,869,195	4,783,829	6,610,464
Due from the Central Bank - interbank settlement funds	4,500,874	4,500,943	3,718,748
Deposit reserve - foreign currencies	209,314	229,467	227,150
	$ 58,250,828	$ 37,955,433	$ 29,379,341

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar - denominated deposit reserves are determined monthly at prescribed rates based on average balance of the Bank's deposits. Deposit reserve - demand account should not be used, except for adjusting the deposit reserve monthly.

In addition, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime at no interest.

The Bank and its subsidiaries had not pledged any of the due from the Central Bank and call loans to banks as collateral.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Financial assets mandatorily classified as at FVTPL			
Derivative instruments			
Currency swap contracts	$ 25,623,602	$ 22,798,672	$ 22,257,760
Interest rate swap contracts	3,699,790	5,313,489	5,361,691
Option contracts	1,312,251	2,441,932	1,576,424
Others	508,371	562,946	404,633
	31,144,014	31,117,039	29,600,508
Non-derivative financial assets			
Commercial papers	14,051,604	15,435,260	13,206,235
Others	766,579	1,630,834	1,472,123
	14,818,183	17,066,094	14,678,358
Financial assets at FVTPL	$ 45,962,197	$ 48,183,133	$ 44,278,866
Financial liabilities held for trading			
Derivative instruments			
Currency swap contracts	$ 28,270,396	$ 21,069,542	$ 20,171,786
Interest rate swap contracts	3,645,741	5,112,085	5,140,336
Option contracts	1,491,718	2,866,489	2,042,181
Others	235,457	765,211	541,197
Financial liabilities at FVTPL	$ 33,643,312	$ 29,813,327	$ 27,895,500

The contract (notional) amounts of the Bank and its subsidiaries' outstanding derivative financial instruments as of June 30, 2025, December 31, 2024 and June 30, 2024 were summarized as follows:

	Contract Amount		
	June 30, 2025	December 31, 2024	June 30, 2024
Currency swap contracts	$ 1,197,276,810	$ 1,676,518,216	$ 1,876,042,504
Interest rate swap contracts	384,817,984	384,041,323	376,599,250
Option contracts	122,571,952	322,070,325	167,407,359
Non-deliverable forward contracts	12,009,788	12,239,866	9,511,525
Cross-currency swap contracts	10,128,622	8,900,912	7,773,311
Forward exchange contracts	8,468,216	7,213,649	8,758,397
Futures contracts	1,136,276	-	2,027,520
Commodity swap contracts	125,331	119,574	306,386

As of June 30, 2025, December 31, 2024 and June 30, 2024, financial assets at FVTPL with aggregate carrying values of $1,415,498 thousand, $3,895,618 thousand and $3,400,951 thousand, respectively, were sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

The Bank and its subsidiaries had not pledged any of financial assets at FVTPL as collateral.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Investments in debt instruments at FVTOCI	$ 124,512,723	$ 139,190,023	$ 136,460,463
Investments in equity instruments at FVTOCI	957,536	952,071	7,593,050
	$ 125,470,259	$ 140,142,094	$ 144,053,513

a. Investments in debt instruments at FVTOCI

	June 30, 2025	December 31, 2024	June 30, 2024
Government bonds	$ 58,039,761	$ 55,908,655	$ 56,242,009
Corporate bonds	51,145,303	61,233,506	57,546,839
Bank debentures	12,310,139	17,333,031	19,027,167
Others	3,017,520	4,714,831	3,644,448
	$ 124,512,723	$ 139,190,023	$ 136,460,463

As of June 30, 2025, December 31, 2024 and June 30, 2024, investments in debt instruments at FVTOCI, with aggregate carrying values of $34,726,089 thousand, $62,816,147 thousand and $61,325,083 thousand, respectively, were sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

There was no significant increase in the credit risk of investments in debt instruments at FVTOCI of the Bank and its subsidiaries; therefore, the impairment loss was assessed based on 12 months expected credit losses. An adjustment in the investment portfolio resulted in the recognition of impairment loss of $37,012 thousand, $49,412 thousand and $46,963 thousand on June 30, 2025, December 31, 2024 and June 30, 2024, respectively.

b. Investments in equity instruments at FVTOCI

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Unlisted stocks	$ 957,536	$ 952,071	$ 963,309
Listed and OTC stocks	-	-	6,629,741
	$ 957,536	$ 952,071	$ 7,593,050

For the six months ended June 30 2024, the Bank and its subsidiaries sold its shares in order to manage its investment portfolio. The sold shares had a fair value of $7,673,452 thousand and the Bank and its subsidiaries transferred gain of $570,269 thousand from other equity related-unrealized gain on financial assets at FVTOCI to retained earnings.

For the three months ended June 30, 2025 and 2024, dividend income were $12,987 thousand and $94,547 thousand, respectively, and for the six months ended June 30, 2025 and 2024, dividend income were $12,987 thousand and $114,696 thousand, respectively, and those related to investments held as of June 30, 2025 and 2024 were $12,987 thousand and $28,616 thousand, and those related to investments derecognized as of June 30, 2025 and 2024 were $0 thousand and $86,080 thousand, respectively.

For the information on financial assets at FVTOCI pledged as collateral for the Bank and its subsidiaries, please refer to Note 41.

10. DEBT INVESTMENTS MEASURED AT AMORTIZED COST

	June 30, 2025	December 31, 2024	June 30, 2024
Negotiable certificates of deposit	$ 53,325,000	$ 48,590,000	$ 51,330,000
Bank debentures	14,354,181	15,545,083	15,489,152
Corporate bonds	4,375,632	4,926,813	5,387,422
Others	285,770	998,070	1,015,170
	72,340,583	70,059,966	73,221,744
Accumulated impairment	(5,114)	(6,322)	(6,107)
Net amount	$ 72,335,469	$ 70,053,644	$ 73,215,637

As of June 30, 2025, December 31, 2024 and June 30, 2024, debt investments measured at amortized cost, with aggregate carrying values of $2,204,135 thousand, $3,443,495 thousand and $2,790,390 thousand were sold, respectively, under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on the debt investments measured at amortized cost pledged as collateral for the Bank and its subsidiaries, please refer to Note 41.

There was no significant increase in the credit risk of debt investments measured at amortized cost of the Bank and its subsidiaries; therefore, the impairment loss was assessed based on 12 months expected credit losses. The recognition of impairment loss of $5,114 thousand, $6,322 thousand and $6,107 thousand on June 30, 2025, December 31, 2024 and June 30, 2024, respectively.

11. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets for hedging			
Fair value hedge - interest rate swap	$ 153,205	$ 559,311	$ 707,797
Financial liabilities for hedging			
Fair value hedge - interest rate swap	$ 616,003	$ 896,786	$ 973,786

Fair Value Hedges

The Bank and its subsidiaries are exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the debt instruments and bank debentures issued. Since the risk is considered material, the Bank and its subsidiaries enter into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

June 30, 2025

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Fair value hedge					
Interest rate swap contracts	$ 29,438,009	2027.03.05-2038.03.25	Financial assets and liabilities for hedging	$ 153,205	$ 616,003

Hedged Items	Carrying Amount Asset	Carrying Amount Liability	Accumulated Amount of Fair Value Adjustments Asset	Accumulated Amount of Fair Value Adjustments Liability
Fair value hedge				
Financial assets at FVTOCI	$ 13,733,846	$ -	$ (63,914)	$ -
Bank debentures payable	-	14,573,227	-	(526,773)

December 31, 2024

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Fair value hedge					
Interest rate swap contracts	$ 32,293,635	2027.03.05-2038.03.25	Financial assets and liabilities for hedging	$ 559,311	$ 896,786

Hedged Items	Carrying Amount Asset	Carrying Amount Liability	Accumulated Amount of Fair Value Adjustments Asset	Accumulated Amount of Fair Value Adjustments Liability
Fair value hedge				
Financial assets at FVTOCI	$ 15,888,251	$ -	$ (550,168)	$ -
Bank debentures payable	-	14,212,295	-	(887,705)

June 30, 2024

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Fair value hedge					
Interest rate swap contracts	$ 35,624,625	2027.03.05-2038.03.25	Financial assets and liabilities for hedging	$ 707,797	$ 973,786

Hedged Items	Carrying Amount Asset	Carrying Amount Liability	Accumulated Amount of Fair Value Adjustments Asset	Accumulated Amount of Fair Value Adjustments Liability
Fair value hedge				
Financial assets at FVTOCI	$ 18,805,338	$ -	$ (671,198)	$ -
Bank debentures payable	-	14,162,784	-	(937,216)

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Commercial papers	$ 18,598,374	$ 18,738,775	$ 15,235,063
Negotiable certificates of deposit	14,614,245	23,806,979	12,827,500
Corporate bonds	14,376,637	14,307,738	13,816,592
Bank debentures	1,221,832	1,317,173	1,288,047
Government bonds	866,807	1,047,923	486,786
	$ 49,677,895	$ 59,218,588	$ 43,653,988
Agreed-upon resell amounts	$ 49,736,900	$ 59,293,789	$ 43,717,788

13. RECEIVABLES, NET

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Accounts receivable factoring without recourse	$ 9,269,666	$ 10,210,832	$ 8,604,323
Interest receivable	5,566,893	6,295,828	5,917,152
Installment accounts and lease receivables	5,362,555	5,130,855	5,581,629
Credit card	4,097,967	4,096,979	3,982,240
PEM receivable	733,659	804,297	832,017
Rental deposits	467,748	467,748	467,748
Accounts receivable - forfaiting	-	1,751,570	1,689,185
Others	2,436,288	2,083,738	1,729,862
	27,934,776	30,841,847	28,804,156
Less: Unrealized interest	(388,209)	(313,808)	(318,259)
Allowance for bad debts	(1,402,228)	(1,453,479)	(1,429,154)
Net amount	$ 26,144,339	$ 29,074,560	$ 27,056,743

As of June 30, 2025, December 31, 2024 and June 30, 2024, the rental deposits receivable amounting to $467,748 thousand and the allowance for bad debts was $409,848 thousand, resulted from the relocation to Bank-owned property, of which, deposits from Prince Motors and Cosmos Construction Management Corporation amounted to $101,901 thousand, and the allowance for bad debts on these deposits was $44,001 thousand.

The lawsuit against the third party who claimed that the Bank had fraudulently infringed the rights of the creditors regarding property rights of Dun Nun Building. Please refer to Note 42 for details.

From May 2007 to February 2008, the Bank sold structured notes, which were issued by GVEC Resource Inc. (GVEC), amounting to US$48,920 thousand through a specific trust fund. PEM Group, which GVEC was subordinate to, was found to have committed fraud by the U.S. Securities and Exchange Commission (SEC). In view of its social responsibility, the Bank's board of directors decided to buy back the structured notes before March 31, 2010 and ask for compensation from PEM Group.

PEM Group had invested in life insurance policy products, etc. In order to recover its creditor's rights effectively and to protect shareholders' equity, the Bank's board of directors adopted a resolution on December 21, 2010, to take over all the insurance policies and hold these policies in the form of trust. The Bank completed the transfer of the life insurance policies from PEM Group on March 7, 2011. The Bank measured the policies' cost based on an actuarial report less administration fees, and then recognized the cost amounting to $218,386 thousand (US$7,423 thousand). At the same time, the Bank wrote off the initial cost and provision for life insurance policies amounting to $433,061 thousand (US$14,721 thousand).

The abovementioned PEM receivable plus premiums paid thereon less any recovery amount, after assessing the possibility of recovery based on the latest information provided by the trust entity, the balance of the PEM receivable and its allowance for bad debts were as follows:

(In Thousands of USD/NTD)

	June 30, 2025	
	USD	**NTD**
Life insurance policies	$ 8,975	$ 268,375
Non-life insurance policies	15,561	465,284
	24,536	733,659
Less: Allowance for bad debts	(17,896)	(535,119)
Net amount	$ 6,640	$ 198,540

	December 31, 2024	
	USD	**NTD**
Life insurance policies	$ 8,975	$ 294,215
Non-life insurance policies	15,561	510,082
	24,536	804,297
Less: Allowance for bad debts	(17,006)	(557,463)
Net amount	$ 7,530	$ 246,834

	June 30, 2024	
	USD	**NTD**
Life insurance policies	$ 10,079	$ 327,085
Non-life insurance policies	15,561	504,932
	25,640	832,017
Less: Allowance for bad debts	(16,724)	(542,669)
Net amount	$ 8,916	$ 289,348

Changes in Loss Allowance on Receivables

The reconciliation statements of loss allowance for receivables of the Bank and its subsidiaries were as follows:

<u>For the six months ended June 30, 2025</u>

	Stage 1	Stage 2		Stage 3				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Balance on January 1	$ 40,389	$ 38,520	$ -	$ 1,188,569	$ -	$ 1,267,478	$ 186,001	$ 1,453,479
Changes due to financial instruments that have been identified at the beginning of the period:								
Transferred to lifetime ECL	(460)	1,606	-	(1,146)	-	-		-
Transferred to credit - impaired financial assets	(209)	(5,423)	-	5,632	-	-		-
Transferred to 12 months ECL	755	(635)	-	(120)	-	-		-
Derecognizing financial assets during the current period	(35,701)	(7,555)	-	(8,593)	-	(51,849)		(51,849)
Purchased or originated new financial assets	47,351	656	-	1,080	-	49,087		49,087
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans							(15,698)	(15,698)
Write-off	-	-	-	(15,120)	-	(15,120)		(15,120)
Recovery of written-off	-	-	-	2,524	-	2,524		2,524
Effects of exchange rate changes and others	(10,957)	1,714	-	(10,952)	-	(20,195)		(20,195)
Balance on June 30	$ 41,168	$ 28,883	$ -	$ 1,161,874	$ -	$ 1,231,925	$ 170,303	$ 1,402,228

<u>For the six months ended June 30, 2024</u>

	Stage 1	Stage 2		Stage 3				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Balance on January 1	$ 50,531	$ 28,486	$ -	$ 1,142,044	$ -	$ 1,221,061	$ 176,706	$ 1,397,767
Changes due to financial instruments that have been identified at the beginning of the period:								
Transferred to lifetime ECL	(756)	1,277	-	(521)	-	-		-
Transferred to credit - impaired financial assets	(474)	(1,607)	-	2,081	-	-		-
Transferred to 12 months ECL	4,133	(4,073)	-	(60)	-	-		-
Derecognizing financial assets during the current period	(37,581)	(11,462)	-	(2,484)	-	(51,527)		(51,527)
Purchased or originated new financial assets	37,752	2,084	-	1,250	-	41,086		41,086
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans							(21,060)	(21,060)
Write-off	-	-	-	(43,586)	-	(43,586)		(43,586)
Recovery of written-off	-	-	-	950	-	950		950
Effects of exchange rate changes and others	4,824	16,594	-	84,106	-	105,524		105,524
Balance on June 30	$ 58,429	$ 31,299	$ -	$ 1,183,780	$ -	$ 1,273,508	$ 155,646	$ 1,429,154

Changes in total carrying amount of receivables of the Bank and its subsidiaries were as follows:

For the six months ended June 30, 2025

	Stage 1	Stage 2		Stage 3		
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance on January 1	$ 28,503,249	$ 352,422	$ -	$ 1,672,368	$ -	$ 30,528,039
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(132,469)	61,219	-	71,250	-	-
Purchased or originated new receivables	14,558,855	6,503	-	5,040	-	14,570,398
Write-off	-	-	-	(15,120)	-	(15,120)
Derecognition	(16,829,020)	(106,734)	-	(51,399)	-	(16,987,153)
Effects of exchange rate changes and others	(465,874)	(749)	-	(82,974)	-	(549,597)
Balance on June 30	$ 25,634,741	$ 312,661	$ -	$ 1,599,165	$ -	$ 27,546,567

For the six months ended June 30, 2024

	Stage 1	Stage 2		Stage 3		
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance on January 1	$ 27,338,310	$ 283,579	$ -	$ 1,739,969	$ -	$ 29,361,858
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(199,291)	102,668	-	96,623	-	-
Purchased or originated new receivables	11,836,898	20,687	-	4,456	-	11,862,041
Write-off	-	-	-	(43,586)	-	(43,586)
Derecognition	(12,884,047)	(97,921)	-	(107,769)	-	(13,089,737)
Effects of exchange rate changes and others	347,685	33	-	47,603	-	395,321
Balance on June 30	$ 26,439,555	$ 309,046	$ -	$ 1,737,296	$ -	$ 28,485,897

For the impairment loss analysis of receivables, please refer to Note 44.

For the information on receivables pledged as collateral for the Bank and its subsidiaries, please refer to Note 41.

14. DISCOUNTS AND LOANS, NET

	June 30, 2025	December 31, 2024	June 30, 2024
Short-term loans	$ 92,196,397	$ 87,386,364	$ 76,879,923
Medium-term loans	264,792,492	264,276,310	251,461,437
Long-term loans	151,422,428	126,752,945	116,665,905
Overdue loans	718,215	761,756	1,047,753
Export negotiations	21,245	7,487	21,990
	509,150,777	479,184,862	446,077,008
Less: Allowance for bad debts	(6,457,897)	(6,119,307)	(5,827,778)
Less: Discounts on discounts and loans	(90,296)	(99,186)	(64,693)
Net amount	$ 502,602,584	$ 472,966,369	$ 440,184,537

Changes in Loss Allowance on Discounts and Loans

The reconciliation statements of loss allowance for discounts and loans of the Bank and its subsidiaries were as follows:

For the six months ended June 30, 2025

	Stage 1	Stage 2		Stage 3				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Balance on January 1	$ 892,185	$ 309,852	$ -	$ 604,318	$ -	$ 1,806,355	$ 4,312,952	$ 6,119,307
Changes due to financial instruments that have been identified at the beginning of the period:								
Transferred to lifetime ECL	(3,063)	11,161	-	(8,098)	-	-		-
Transferred to credit - impaired financial assets	(5,851)	(34,502)	-	40,353	-	-		-
Transferred to 12 months ECL	29,736	(27,738)	-	(1,998)	-	-		-
Derecognizing financial assets during the current period	(573,260)	(15,656)	-	(15,261)	-	(604,177)		(604,177)
Purchased or originated new financial assets	566,559	32,345	-	72	-	598,976		598,976
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans							172,718	172,718
Write-off	-	-	-	(480,803)	-	(480,803)		(480,803)
Recovery of written-off	-	-	-	514,086	-	514,086		514,086
Effects of exchange rate changes and others	175,962	21,119	-	(59,291)	-	137,790		137,790
Balance on June 30	$ 1,082,268	$ 296,581	$ -	$ 593,378	$ -	$ 1,972,227	$ 4,485,670	$ 6,457,897

For the six months ended June 30, 2024

	Stage 1	Stage 2		Stage 3				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Balance on January 1	$ 789,010	$ 168,283	$ -	$ 791,094	$ -	$ 1,748,387	$ 3,406,787	$ 5,155,174
Changes due to financial instruments that have been identified at the beginning of the period:								
Transferred to lifetime ECL	(4,488)	10,457	-	(5,969)	-	-		-
Transferred to credit - impaired financial assets	(4,981)	(36,133)	-	41,114	-	-		-
Transferred to 12 months ECL	3,910	(2,744)	-	(1,166)	-	-		-
Derecognizing financial assets during the current period	(553,273)	(17,254)	-	(30,324)	-	(600,851)		(600,851)
Purchased or originated new financial assets	572,877	1,179	-	7	-	574,063		574,063
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans							422,583	422,583
Write-off	-	-	-	(482,436)	-	(482,436)		(482,436)
Recovery of written-off	-	-	-	346,664	-	346,664		346,664
Effects of exchange rate changes and others	97,960	140,403	-	174,218	-	412,581		412,581
Balance on June 30	$ 901,015	$ 264,191	$ -	$ 833,202	$ -	$ 1,998,408	$ 3,829,370	$ 5,827,778

Changes in total carrying amount of discounts and loans of the Bank and its subsidiaries were as follows:

For the six months ended June 30, 2025

	Stage 1	Stage 2		Stage 3		
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance on January 1	$ 474,277,080	$ 2,012,763	$ -	$ 2,895,019	$ -	$ 479,184,862
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(703,926)	19,172	-	684,754	-	-
Purchased or originated new discounts and loans	321,747,765	63,147	-	539	-	321,811,451
Write-off	-	-	-	(480,803)	-	(480,803)
Derecognition	(284,084,078)	(102,316)	-	(75,353)	-	(284,261,747)
Effects of exchange rate changes and others	(7,055,332)	(42,389)	-	(5,265)	-	(7,102,986)
Balance on June 30	$ 504,181,509	$ 1,950,377	$ -	$ 3,018,891	$ -	$ 509,150,777

For the six months ended June 30, 2024

	Stage 1	Stage 2		Stage 3		
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance on January 1	$ 397,443,558	$ 1,765,817	$ -	$ 2,928,147	$ -	$ 402,137,522
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(1,099,449)	351,999	-	747,450	-	-
Purchased or originated new discounts and loans	315,651,146	9,050	-	80	-	315,660,276
Write-off	-	-	-	(482,436)	-	(482,436)
Derecognition	(274,483,692)	(149,512)	-	(112,584)	-	(274,745,788)
Effects of exchange rate changes and others	3,481,220	4,462	-	21,752	-	3,507,434
Balance on June 30	$ 440,992,783	$ 1,981,816	$ -	$ 3,102,409	$ -	$ 446,077,008

For the impairment loss analysis of discounts and loans, please refer to Note 44.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

Immaterial associates:

	June 30, 2025		December 31, 2024		June 30, 2024	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Suyin KGI Consumer Finance Co., Ltd.	$ 8,912,978	37.63	$ 8,919,879	37.63	$ 8,356,169	37.63
CDIB & Partners Investment Holding Corporation	1,026,056	4.95	1,095,931	4.95	947,388	4.95
	$ 9,939,034		$ 10,015,810		$ 9,303,557	

The above investments accounted for using the equity method and the Bank and its subsidiaries' share of earnings and other comprehensive income have been calculated on the basis of the audited financial statements.

The Bank and its subsidiaries had not pledged any of the investments accounted for using equity method as collateral.

16. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. The Bank and its subsidiaries have asset securitization products in which the Bank and its subsidiaries do not have significant influence but rights and obligations in accordance with the contract. The funds of unconsolidated structured entities are from the Bank and its subsidiaries and external third parties.

b. The carrying amounts of the Bank and its subsidiaries' involvement with the structured entities, which were recognized in the consolidated balance sheet were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Asset securitization			
Financial assets at FVTOCI	$ -	$ 329,410	$ 327,002

The amount of the maximum exposure to loss is the carrying amount of the assets held by the Bank and its subsidiaries.

c. The Bank and its subsidiaries did not provide any financial support to the unconsolidated structured entities.

17. OTHER FINANCIAL ASSETS, NET

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Call loan to security brokers	$ 2,990,200	$ -	$ -
Purchased debt receivables	121,982	140,662	153,561
Overdue receivables	30,248	33,232	37,373
Pledged time deposits	300	300	300
Due from banks except for cash and cash equivalents	-	983,430	3,569,500
	3,142,730	1,157,624	3,760,734
Less: Allowance for bad debts - overdue receivables	(30,248)	(33,232)	(37,373)
Net amount	$ 3,112,482	$ 1,124,392	$ 3,723,361

For the information on other financial assets pledged as collateral by the Bank and its subsidiaries, please refer to Note 41.

18. PROPERTY AND EQUIPMENT, NET

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Land	$ 3,263,551	$ 3,263,551	$ 3,263,551
Buildings and facilities	1,088,214	1,115,952	1,142,806
Machinery and computer equipment	380,197	404,281	352,712
Leasehold improvements	336,954	359,210	372,803
Miscellaneous equipment	76,502	80,220	81,470
Transportation equipment	48	55	63
Prepayments for acquisition of equipment	63,215	13,566	14,647
	$ 5,208,681	$ 5,236,835	$ 5,228,052

Except for depreciation recognized, the Bank and its subsidiaries had no significant addition, disposal and impairment of property and equipment during the six months ended June 30, 2025 and 2024.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings and facilities	5-60 years
Machinery and computer equipment	4-10 years
Transportation equipment	5 years
Miscellaneous equipment	3-15 years
Leasehold improvements	Depends on the age or the durable life of the lease, whichever is shorter

The Bank's subsidiary, KGI Finance & Leasing Corporation, plans to sell some of its machinery equipment and has already signed a contract with the buyer. Therefore, it is classified as assets held for sale (recognized as other assets, net), no impairment loss should be recognized.

For the information on property and equipment pledged as collateral by the Bank and its subsidiaries, please refer to Note 41.

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Carrying amounts			
Buildings and facilities	$ 2,649,221	$ 2,762,858	$ 2,871,189
Transportation equipment	4,530	2,301	3,766
Computer equipment	1,363	1,890	2,417
Miscellaneous equipment	731	305	344
	$ 2,655,845	$ 2,767,354	$ 2,877,716

	For the Six Months Ended June 30	
	2025	2024 (Restated)
Additions to right-of-use assets	$ 79,161	$ 2,927

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Depreciation of right-of-use assets				
Buildings and facilities	$ 90,274	$ 88,831	$ 180,261	$ 177,834
Transportation equipment	772	735	1,511	1,483
Computer equipment	263	263	526	1,389
Miscellaneous equipment	46	20	92	40
	$ 91,355	$ 89,849	$ 182,390	$ 180,746

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Carrying amounts	$ 2,848,007	$ 2,959,568	$ 3,065,503

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Interest expense (other interest expenses)	$ 6,663	$ 6,868	$ 13,532	$ 14,099

Ranges of discount rates for lease liabilities were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Buildings and facilities	0.64%-2.12%	0.64%-1.89%	0.64%-1.82%
Computer equipment	1.50%-1.60%	1.50%-1.60%	1.50%-1.60%
Transportation equipment	1.38%-1.83%	1.38%-1.71%	1.38%-1.71%
Miscellaneous equipment	1.03%-3.61%	1.03%	1.03%

The maturity analysis of lease liabilities (undiscounted) was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Less than 1 year	$ 390,393	$ 382,149	$ 377,383
1 year to 5 years	1,336,521	1,377,380	1,417,338
Over 5 years	1,240,202	1,327,619	1,405,010
	$ 2,967,116	$ 3,087,148	$ 3,199,731

c. Material leasing activities and terms

The Bank and its subsidiaries leases building and facilities, computer equipment, transportation equipment and miscellaneous equipment with lease terms of 1 to 15 years. In the contract, the Bank and its subsidiaries has options to lease the building at the end of the lease terms. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

d. Other lease information

For lease arrangements under operating leases for the leasing out of investment properties for the Bank and its subsidiaries, please refer to Notes 20.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Expenses relating to short-term leases	$ 2,975	$ 2,694	$ 5,938	$ 5,824
Expenses relating to low-value asset leases	$ 1,326	$ 1,377	$ 2,664	$ 2,594
Total cash outflow for leases			$ 202,366	$ 197,667

Short-term lease commitments with lease terms commencing after the balance sheet dates are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Short-term lease commitments	$ 3,891	$ 4,782	$ 4,273

20. INVESTMENT PROPERTY, NET

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Land	$ 2,202,408	$ 2,185,978	$ 2,193,082
Buildings and facilities	430,218	431,882	430,109
	$ 2,632,626	$ 2,617,860	$ 2,623,191

Except for depreciation recognized, the Bank and its subsidiaries had no significant addition, disposal and impairment of investment property during the six months ended June 30, 2025 and 2024.

Investment property is depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings and facilities	
Main building and parking spaces	30-60 years

The fair values of the Bank and its subsidiaries' investment properties were assessed by an external independent appraiser and are reviewed by the Bank and its subsidiaries' management that consider the validity of appraisal report in 2024 and 2023 and regard the fair value on June 30, 2025 and 2024 as effective. The sales comparison approach and income approach were used in the valuation, whereby the sales comparison approach compares a subject property's characteristics with those of comparable properties which have been recently sold in similar transactions, and the income approach takes the net operating income of the rent collected and divides it by the capitalization rate. Based on these valuations, the fair values of the Bank and its subsidiaries' investment properties as of June 30, 2025, December 31, 2024 and June 30, 2024 were $3,448,854 thousand, $3,429,124 thousand and $3,317,346 thousand, respectively. Investment properties were categorized into Level 3.

The lease terms of the leasing of investment properties are 1 to 10 years. Some lessees have the priority to rent the leased property under the same terms after the leases have expired. The lessees do not have bargain purchase options to acquire the investment property at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment property was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Year 1	$ 41,284	$ 48,661	$ 51,772
Year 2	34,156	33,326	42,753
Year 3	31,957	27,137	29,535
Year 4	13,249	15,802	25,000
Year 5	8,325	3,525	6,268
Over 5 years	4,791	2,614	4,151
	$ 133,762	$ 131,065	$ 159,479

The above items of investment property under operating leases are depreciated on a straight-line basis over the estimated useful lives as follows:

	Estimated Useful Lives
Buildings and facilities	30-60 years

For the information on investment property pledged as collateral by the Bank and its subsidiaries, please refer to Note 41.

21. OTHER ASSETS, NET

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Guarantee deposits paid	$ 3,598,277	$ 7,486,774	$ 7,255,054
Prepaid expenses	606,766	623,324	594,988
Prepaid pensions	165,343	157,946	130,083
Assets held for sale	45,353	60,805	117,825
Others	229,223	280,043	220,832
	$ 4,644,962	$ 8,608,892	$ 8,318,782

For the information on other assets pledged as collateral by the Bank and its subsidiaries, please refer to Note 41.

22. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2025	December 31, 2024	June 30, 2024
Call loans from banks	$ 15,434,810	$ 11,932,353	$ 5,159,550
Deposits from Chunghwa Post Co., Ltd.	180,556	180,556	180,556
	$ 15,615,366	$ 12,112,909	$ 5,340,106

23. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Corporate bonds	$ 16,727,997	$ 40,131,229	$ 33,394,956
Government bonds	10,324,083	12,948,798	15,782,485
Bank debentures	9,878,143	13,243,269	14,938,032
Commercial papers	1,415,499	3,831,964	3,400,951
	$ 38,345,722	$ 70,155,260	$ 67,516,424
Repurchase amounts	$ 38,946,827	$ 70,918,325	$ 68,553,607

24. PAYABLES

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Collection payable	$ 2,113,037	$ 153,001	$ 129,081
Accrued interest	1,830,059	2,063,496	2,251,566
Accounts payable factoring	1,352,401	1,495,060	1,406,721
Accrued expenses	1,031,500	1,490,318	811,734
Payables for checks for clearing	110,226	147,499	374,486
Payables for securities purchased	43,186	207,726	348,617
Others	1,818,104	988,280	924,716
	$ 8,298,513	$ 6,545,380	$ 6,246,921

25. DEPOSITS AND REMITTANCES

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Time deposits	$ 277,136,301	$ 282,431,058	$ 273,291,073
Savings deposits	212,420,523	197,953,263	186,721,554
Demand deposits	164,535,933	139,721,314	131,863,368
Negotiable certificates of deposit	8,011,500	8,511,200	133,800
Checking deposits	3,179,912	3,119,791	2,932,598
Remittances	76,688	155,946	107,351
	$ 665,360,857	$ 631,892,572	$ 595,049,744

26. BANK DEBENTURES PAYABLE

Name	June 30, 2025	December 31, 2024	June 30, 2024	Issuance Period	Method of Paying Principle and Interests	Interest Rate
P07 KGIB 1	$ 3,000,000	$ 3,000,000	$ 3,000,000	2018.12.27, no maturity date	Interest payable annually (Note)	2.35%
P07 KGIB 2	3,350,000	3,350,000	3,350,000	2018.12.27-2033.12.27	Interest payable annually; principal due on maturity	1.68%
P08 KGIB 1	3,100,000	3,100,000	3,100,000	2019.06.26-2034.06.26	Interest payable annually; principal due on maturity	1.40%
P09 KGIB 1	1,200,000	1,200,000	1,200,000	2020.03.05-2027.03.05	Interest payable annually; principal due on maturity	0.75%
P09 KGIB 2	4,800,000	4,800,000	4,800,000	2020.03.05-2030.03.05	Interest payable annually; principal due on maturity	0.80%
P09 KGIB 3	4,800,000	4,800,000	4,800,000	2020.08.07-2030.08.07	Interest payable annually; principal due on maturity	0.71%
P10 KGIB 1	4,300,000	4,300,000	4,300,000	2021.02.04-2031.02.04	Interest payable annually; principal due on maturity	0.57%
	24,550,000	24,550,000	24,550,000			
Valuation adjustments	(526,773)	(887,705)	(937,216)			
Net amount	$ 24,023,227	$ 23,662,295	$ 23,612,784			

Note: The Bank has the right to redeem the bonds after 5 years and 1 month from the issue date if its self-owned capital adequacy ratio is still in compliance with the requirements set by the competent authority. The Bank is allowed to redeem the bonds based on the carrying value of each bond plus interest after approved by the competent authority.

27. OTHER FINANCIAL LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Cumulative earnings on appropriated loan fund	$ 7,948,894	$ 6,029,043	$ 2,720,000
Commercial paper payable	2,064,803	2,039,752	2,219,659
Note issuance facility	1,299,820	1,299,886	1,299,854
Short-term borrowings	1,262,586	868,000	1,328,000
	$ 12,576,103	$ 10,236,681	$ 7,567,513
Commercial paper payable	1.75%-2.24%	1.98%-2.24%	1.89%-2.24%
Short-term borrowings	2.01%-2.27%	2.10%-2.19%	1.99%-2.27%

For the information on collateral for borrowings, please refer to Note 41.

28. PROVISIONS

	June 30, 2025	December 31, 2024	June 30, 2024
Provisions for guarantee liabilities	$ 131,932	$ 158,709	$ 196,421
Provisions for loan commitments	100,586	88,077	80,329
Provisions for decommissioning, restoration and rehabilitation cost	54,755	52,288	51,174
Others	72,905	73,382	75,593
	$ 360,178	$ 372,456	$ 403,517

29. RETIREMENT BENEFIT PLANS

The Bank and its subsidiaries’ retirement plans consist of defined contribution and defined benefit plans. For defined benefit plans, the pension expenses for the six months ended June 30, 2025 and 2024 were calculated using the actuarially determined pension cost as of December 31, 2024 and 2023, respectively.

For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the Bank and its subsidiaries (a) recognized their contributions under the defined benefit plans as pension benefits (recognized as a deduction of employee benefits expense) of $279 thousand, $35 thousand, $557 thousand and $69 thousand, respectively, and (b) recognized under the defined contribution plans pension expenses (recognized as employee benefits expense) of $40,975 thousand, $36,797 thousand, $80,224 thousand and $72,579 thousand, respectively.

30. OTHER LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Guarantee deposits received	$ 3,981,977	$ 688,059	$ 484,342
Temporary receipts and suspense accounts	1,220,743	1,015,511	270,971
Advance receipts	42,707	45,122	57,804
Others	155,039	114,543	106,717
	$ 5,400,466	$ 1,863,235	$ 919,834

31. EQUITY

a. Capital

Common stock

	June 30, 2025	December 31, 2024	June 30, 2024
Number of shares authorized (in thousands) (Note)	20,000,000	20,000,000	20,000,000
Shares authorized	$ 200,000,000	$ 200,000,000	$ 200,000,000
Number of shares issued and fully paid (in thousands) (Note)	4,703,625	4,703,625	4,606,162
Shares issued	$ 47,036,254	$ 47,036,254	$ 46,061,623

Note: Par value of shares is NT$10.

On July 19, 2024, the Bank’s board of directors approved to issue 97,463 thousand new shares as consideration for acquiring 100% equity interest in KGI Asset Management Co., Ltd., with November 1, 2024, set as the effective date of the capital increase.

b. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
Additional paid-in capital	$ 7,825,977	$ 7,825,977	$ 7,245,723
Share-based payments	178,838	162,289	145,673
Change in capital surplus from investments in associates accounted for using equity method	35,255	35,255	35,255
Difference between consideration and carrying amount of subsidiaries acquired	4,978	4,978	4,978
	$ 8,045,048	$ 8,028,499	$ 7,431,629

The premium of additional paid-in capital (share premium from issuance of common shares, treasury share transactions, and excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital once a year within a certain percentage of the Bank's capital surplus.

The capital surplus from investments under the equity method and share-based payments may not be used for any purpose.

c. Legal and special reserves

Under the Company Act, when the Bank incurs no loss, the shareholders' meeting may resolve to distribute legal reserve by issuing new shares or cash dividends, which is limited by the 25% balance of legal reserve minus capital. In addition, under the Banking Act, the Bank should retain 30% of its after-tax earnings as legal reserve before distributing these earnings. Further, if the amount of legal reserve is less than the total amount of capital, the maximum amount of earnings that may be distributed in cash should not exceed 15% of the total capital. However, this restriction will not apply if the amount of legal reserve equals or exceeds the amount of the total capital or if the Bank is in sound financial condition and is in compliance with the Company Act.

After applying IFRS Accounting Standards, the Bank recognizes and reverses special reserve according to Order No. 1010012865 and 1090150022 issued by the FSC and the rule of "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs".

Under Order No. 10510001510 issued by the FSC on May 25, 2016, the Public Bank shall appropriate 2016 to 2018 annual surplus which is based on 0.5% to 1% of net income for special reserve. From fiscal year of 2017, the Bank can reverse the amount of expenditure of employees' transfer arising from financial technology development within the amount of the above special reserve. However, in response of the development of financial technology and the protection of the rights and interests of employees in the domestic banks, it is not applicable to appropriate special reserve in accordance with the Order No. 10802714560 issued by the FSC. When paying the expense of employees' turnover or resettlement expenditures and the training in response of financial technology or business development of the bank, the Bank reverses the special reserve within the scope mentioned above.

d. Appropriation of earnings and dividends policy

In order to expand the Bank's operations and consider the benefit of shareholders as well as comply with the Banking Act and relevant regulations, the Bank applies the residual dividends policy. In principle, the Bank pays dividends in the form of cash. The maximum cash distribution from earnings shall not exceed regulatory limit when legal reserve is less than paid-in capital.

The current year's earnings will be first applied to offset the prior years' losses as well as settle all taxes payable. After covering losses and settling taxes, the balance will then be used to appropriate legal reserve and special reserve and to reverse a special reserve in accordance with the Banking Act and relevant regulations. The remainder and the prior years' adjusted unappropriated earnings are subject to the board of directors' decision to propose a distribution plan to be submitted to the shareholders' meeting for approval.

When the Bank's legal reserve equals its paid-in capital, or when the Bank has complied with the FSC's financial soundness requirements and has provided a legal reserve based on the Company Act and relevant regulations, the Bank is no longer subject to the requirement for legal reserve appropriation and to the aforementioned of paid-in capital limit on cash dividends distribution.

The appropriation of earnings should be presented for approval at the shareholders' meeting in the year following and given effect to in the financial statements of the year following the year of earnings generation.

Under the Financial Holding Company Act, because the Bank has only one shareholder, KGIFH, the Company Act provisions on shareholders' meetings do not apply to the Bank and the board of directors is thus entitled to exercise shareholders' meeting functions.

The appropriations of the 2024 and 2023 earnings approved by Bank's board of directors, who were authorized to execute shareholders' meeting function on May 13, 2025 and April 24, 2024, respectively, were as follows:

	2024	2023
Legal reserve	$ 2,005,479	$ 1,649,590
Reversal of special reserve	(184,686)	(1,425)
Cash dividends	4,864,136	3,850,468

Related information can be accessed at the Market Observation Post System website of the Taiwan Stock Exchange.

32. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Interest revenue				
Discounts and loans	$ 4,601,930	$ 4,149,917	$ 9,027,764	$ 8,074,252
Securities	1,465,619	1,683,517	3,099,395	3,250,464
Due from and call loans to banks	252,873	323,279	544,758	646,263
Others	275,478	361,837	621,426	714,660
	6,595,900	6,518,550	13,293,343	12,685,639
Interest expense				
Deposits	3,087,599	3,399,542	6,353,991	6,657,050
Notes and bonds issued under repurchase agreements	441,594	756,882	1,127,747	1,338,645
Structured notes	293,953	382,558	625,081	747,857
Others	260,327	267,112	483,209	520,749
	4,083,473	4,806,094	8,590,028	9,264,301
	$ 2,512,427	$ 1,712,456	$ 4,703,315	$ 3,421,338

33. SERVICE FEE INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Service fee revenue				
Insurance commission	$ 259,699	$ 170,762	$ 539,146	$ 344,846
Trust	198,571	166,990	459,829	350,723
Loans	199,967	205,712	408,895	395,583
Credit card	35,807	47,961	73,535	102,098
Others	192,402	180,749	427,468	388,202
	886,446	772,174	1,908,873	1,581,452
Service fee expense				
Agency	45,981	39,492	89,059	77,082
Interbank	33,261	29,152	65,838	58,294
Others	40,390	44,892	85,479	99,960
	119,632	113,536	240,376	235,336
	$ 766,814	$ 658,638	$ 1,668,497	$ 1,346,116

34. GAINS ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Realized gain				
Derivative instruments	$ 189,658	$ 459,101	$ 731,011	$ 2,103,864
Bonds	77,175	86,622	195,299	232,841
Commercial paper	61,988	57,313	127,039	108,010
Stocks	10,670	15,640	10,670	124,688
Others	142,086	69,429	287,363	151,974
	481,577	688,105	1,351,382	2,721,377
Revaluation gain (loss)				
Derivative instruments	289,989	328,643	214,767	(282,914)
Others	(10,783)	26,463	(1,638)	39,844
	279,206	355,106	213,129	(243,070)
	$ 760,783	$ 1,043,211	$ 1,564,511	$ 2,478,307

For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the realized gain or loss on the Bank and its subsidiaries' financial assets or liabilities at FVTPL included (a) disposal gain of $400,809 thousand, $612,966 thousand, $1,192,888 thousand and $2,578,468 thousand, respectively, (b) interest revenue of $70,015 thousand, $67,290 thousand, $147,741 thousand and $128,595 thousand, respectively, (c) dividend income of $10,753 thousand, $7,849 thousand, $10,753 thousand and $14,314 thousand, respectively.

35. REALIZED GAINS ON FINANCIAL ASSETS MEASURED AT FVTOCI

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Gain on disposal of bonds	$ 81,728	$ 47,992	$ 130,799	$ 148,156
Dividend income	12,987	94,547	12,987	114,696
	$ 94,715	$ 142,539	$ 143,786	$ 262,852

36. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Employee benefit expense				
Salaries and wages	$ 1,097,295	$ 931,160	$ 2,170,188	$ 1,850,616
Employee insurance	79,603	66,894	175,482	149,321
Pension	40,696	36,762	79,667	72,510
Others	92,713	85,932	196,810	174,850
	$ 1,310,307	$ 1,120,748	$ 2,622,147	$ 2,247,297
Depreciation and amortization expenses	$ 240,594	$ 231,811	$ 481,183	$ 471,559

The Bank's Articles of Incorporation, which stipulates to distribute compensation of employees at the rates 0.01%-3% and remuneration of directors at the rates no higher than 1% of net profit before income tax and compensation of employees and remuneration of directors, however, if the Bank had incurred cumulative losses, the profit should be used to offset the losses first. For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the compensation of employees amounted to $2,000 thousand, $1,500 thousand, $4,000 thousand and $3,300 thousand, respectively. For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the remuneration of directors accounted to $20,000 thousand, $15,000 thousand, $39,000 thousand and $32,000 thousand, respectively.

The distribution of the compensation of employees and remuneration of directors for 2024 and 2023 approved by the board of directors on February 25, 2025 and February 27, 2024 were as follows:

	For the Year Ended December 31	
	2024	2023
Compensation of employees	$ 6,200	$ 6,300
Remuneration of directors	61,000	62,000

There was no difference between the amounts resolved by the board of directors and the respective amounts recognized in the financial statements for the years.

If there is a change in the proposed amounts after the annual consolidated financial statements were approved by the board of directors, the differences are recorded as a change in accounting estimate.

The information on the proposed and approved compensation of employees and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

37. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Taxation	$ 218,130	$ 207,561	$ 454,097	$ 409,715
Computer information	113,248	114,829	218,391	209,141
Commission	61,325	42,147	123,046	77,508
Marketing	49,352	39,412	95,291	77,096
Insurance	40,560	36,330	77,192	70,655
Others	200,535	151,945	329,994	274,425
	$ 683,150	$ 592,224	$ 1,298,011	$ 1,118,540

38. INCOME TAX

a. Income tax expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Current income tax				
Current year	$ 212,481	$ 190,102	$ 477,904	$ 451,081
Prior year's adjustments	603	123	603	123
	213,084	190,225	478,507	451,204
Deferred income tax	61,462	27,689	81,477	(3,114)
Income tax expenses	$ 274,546	$ 217,914	$ 559,984	$ 448,090

b. Income tax recognized in other comprehensive income:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Current income tax				
Changes in fair value of equity instruments at FVTOCI	$ -	$ (83,331)	$ -	$ -
Deferred income tax				
Changes in fair value of debt instruments at FVTOCI	22,688	(13,429)	46,323	(25,366)
Income tax expense (benefit)	$ 22,688	$ (96,760)	$ 46,323	$ (25,366)

c. The estimated receivables/payables resulting from the use of the linked-tax system on the Bank and its subsidiaries' consolidated tax returns were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Taxes paid to the parent company	$ 1,141,703	$ 1,448,211	$ 1,245,816

d. Income tax assessments

Since 2015, the Bank used the linked-tax system in filing together its income tax and unappropriated earnings returns and those of its parent company and eligible subsidiaries.

The income tax returns of the Bank through 2019 have been examined by the tax authorities.

The income tax returns of CDIB Management Consulting Corporation through 2023 have been examined by the tax authorities; the income tax returns of KGI Finance & Leasing Corporation through 2021 have been examined by the tax authorities, the income tax returns of KGI Asset Management Co., Ltd. through 2019 have been examined by the tax authorities.

39. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Earnings used in the computation of the EPS				
Profit for the year attributable to owners of parent	$ 1,672,583	$ 1,345,294	$ 3,378,985	$ 2,814,165
Profit for the year attributable to the former owner of business combination under common control	-	50,840	-	77,478
	$ 1,672,583	$ 1,396,134	$ 3,378,985	$ 2,891,643
Weighted average number of common shares outstanding (shares in thousands)	4,703,625	4,703,625	4,703,625	4,703,625
Basic EPS (in dollars)	$0.36	$0.30	$0.72	$0.61

On November 1, 2024, the Bank acquired 100% equity interest in KGI Asset Management Co., Ltd. through a share exchange and recognized it as a subsidiary. This transaction constitutes a reorganization of entities under common control, and the earnings per share of prior periods were calculated based on the weighted average number of common shares outstanding retrospectively adjusted in accordance with share exchange ratio.

40. RELATED-PARTY TRANSACTIONS

The significant transactions and relationship with related parties (in addition to those disclosed in other notes) are summarized below:

Name of Related Party	Relationship with the Bank and Its Subsidiaries
KGI Financial Holding Co., Ltd.	Parent company
CDIB Capital Group and its subsidiaries	Subsidiary of the parent company
KGI Securities Co., Ltd. and its subsidiaries	Subsidiary of the parent company
KGI Life Insurance Co., Ltd.	Subsidiary of the parent company
KGI Securities Investment Trust Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

a. Future contracts (recognized as cash and cash equivalents and financial assets at FVTPL)

Cash and cash equivalents

	Amount
June 30, 2025	$ 146,635
December 31, 2024	153,629
June 30, 2024	277,424

Financial assets at FVTPL

	Amount
June 30, 2025	$ 13,839
June 30, 2024	19,817

b. Commercial paper (recognized as financial assets at FVTPL)

	Amount
December 31, 2024	$ 249,613

c. Service fee revenue receivables (recognized as receivables, net)

	Amount
June 30, 2025	$ 41,108
December 31, 2024	12,791
June 30, 2024	20,834

d. Credit card receivables (recognized as receivables, net)

	Amount
June 30, 2025	$ 15,473
December 31, 2024	20,936
June 30, 2024	28,385

e. Receivables on securities sold (recognized as receivables, net)

	Amount
June 30, 2024	$ 364,800

f. Discounts and loans

	Amount	Interest Rate (%)
June 30, 2025	$ 1,469,871	2.19-3.63
December 31, 2024	1,299,002	2.06-6.61
June 30, 2024	1,217,398	2.06-6.61

For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the interest revenues from discounts and loans were $9,362 thousand, $7,319 thousand, $17,921 thousand and $13,669 thousand, respectively.

The loan information for related parties were described below:

For the Six Months Ended June 30, 2025

Category	Number of Accounts	Highest Balance	Ending Balance	Normal	Non-performing Loan	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	17	$ 21,082	$ 18,580	$ 18,580	$ -	None	Yes
Residential mortgage loans	68	996,488	882,876	882,876	-	Real estate	Yes
Others	9	594,872	568,415	568,415	-	None/real estate	Yes

For the Year Ended December 31, 2024

Category	Number of Accounts	Highest Balance	Ending Balance	Normal	Non-performing Loan	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	24	$ 30,830	$ 17,962	$ 17,962	$ -	None	Yes
Residential mortgage loans	71	887,246	755,379	755,379	-	Real estate	Yes
Others	9	537,084	525,661	525,661	-	None/real estate	Yes

For the Six Months Ended June 30, 2024

Category	Number of Accounts	Highest Balance	Ending Balance	Normal	Non-performing Loan	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	23	$ 29,830	$ 22,436	$ 22,436	$ -	None	Yes
Residential mortgage loans	64	761,050	710,910	710,910	-	Real estate	Yes
Others	6	494,930	484,052	484,052	-	None/real estate	Yes

g. Purchase and sale of bonds

	Purchase of Bonds
<u>For the six months ended June 30, 2024</u>	
Subsidiary of the parent company	$ 1,682,525

h. Call loan to security brokers (recognized as other financial assets, net)

	June 30, 2025
Subsidiary of the parent company	$ 2,990,200

For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the interest revenues for call loan to security brokers were $8,583 thousand, $16,693 thousand, $18,973 thousand and $39,370 thousand, respectively.

i. Lease arrangements

Payments for right-of-use assets

	For the Six Months Ended June 30, 2025
Subsidiary of the parent company	$ 31,250

Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Subsidiaries of the parent company	$ 2,062,121	$ 2,121,336	$ 2,210,242

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024 (Restated)	2025	2024 (Restated)
Interest expense				
Subsidiaries of the parent company	$ 4,271	$ 4,531	$ 8,535	$ 9,151
Lease expense				
Subsidiaries of the parent company	26	26	53	52

The above rental price is determined based on the market price and paid monthly.

j. Guarantee deposits paid (recognized as other assets, net)

	Amount
June 30, 2025	$ 61,846
December 31, 2024	48,142
June 30, 2024 (Restated)	48,142

k. Payable to parent (recognized as current tax liabilities)

	June 30, 2025	December 31, 2024	June 30, 2024 (Restated)
Parent company	$ 1,141,703	$ 1,448,211	$ 1,245,816

The payables resulted from KGIFH and its eligible subsidiaries adopting the linked-tax system in the filing of tax returns.

l. Accrued interest (recognized as payables)

	Amount
June 30, 2025	$ 37,699
December 31, 2024	39,436
June 30, 2024 (Restated)	41,072

m. Deposits

	Amount	Interest Rate (%)
June 30, 2025	$ 58,611,373	0-8.88
December 31, 2024	43,079,890	0-10.00
June 30, 2024 (Restated)	39,781,525	0-10.00

For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the interest expenses for deposits were $158,222 thousand, $123,430 thousand, $319,339 thousand and $225,961 thousand, respectively.

n. Temporary receipts and suspense accounts (recognized as other liabilities)

	June 30, 2025	December 31, 2024	June 30, 2024
Subsidiaries of the parent company	$ 578,260	$ 669,491	$ 57,177

The above account is temporary receipts of Automated Clearing House (ACH).

o. Service fee revenue

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2025</u>		
Subsidiaries of the parent company	$ 141,728	$ 301,898
Other related parties	355	797
<u>2024</u>		
Subsidiaries of the parent company	100,501	259,285
Other related parties	477	9,293

Service fee revenue mainly comprised sale of insurance, funds, and trust affiliated business, etc.

p. Insurance expenses (recognized as employee benefits expense)

	For the Three Months Ended June 30	For the Six Months Ended June 30
2025	$ 10,060	$ 18,036
2024 (Restated)	5,280	10,589

q. Donations (recognized as other general and administrative expenses)

	For the Three Months Ended June 30	For the Six Months Ended June 30
2025	$ 22,625	$ 22,625

r. Other general and administrative expenses

	For the Three Months Ended June 30	For the Six Months Ended June 30
2025	$ 34,767	$ 68,886
2024 (Restated)	30,071	58,394

s. Outstanding derivative financial instruments

June 30, 2025

Related Party	Contract Type	Contract Period	Notional Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	February 04, 2025 - February 12, 2026	$ 29,018,960	$ (2,500,650)	Financial assets at FVTPL	$ 4
					Financial liabilities at FVTPL	2,500,654
	Cross-currency swap contracts	June 26, 2024 - May 26, 2026	479,459	31,146	Financial assets at FVTPL	17,076

December 31, 2024

Related Party	Contract Type	Contract Period	Notional Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	August 20, 2024 - March 24, 2025	$ 40,648,440	$ 1,114,345	Financial assets at FVTPL	$ 1,114,345
	Cross-currency swap contracts	August 26, 2021 - May 26, 2026	526,335	(31,360)	Financial liabilities at FVTPL	64,482

June 30, 2024

Related Party	Contract Type	Contract Period	Notional Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	January 17, 2024 - November 20, 2024	$ 40,238,000	$ 1,319,875	Financial assets at FVTPL	$ 1,319,875
	Cross-currency swap contracts	August 26, 2021 - May 26, 2026	793,266	(31,593)	Financial assets at FVTPL	11,331
					Financial liabilities at FVTPL	76,046

t. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Salary and short-term employee benefits	$ 73,524	$ 60,984	$ 151,283	$ 123,210
Share-based payments	4,155	3,269	8,695	8,835
Post-employment benefits	529	425	1,029	895
	$ 78,208	$ 64,678	$ 161,007	$ 132,940

The terms of transactions with related parties were similar to those for unrelated parties, except for certain preferential interest rate on deposits for the Bank's employees with limited deposit amounts.

Based on Articles 32 and 33 of the Banking Act, except for consumer loans and government loans, credits extended by the Bank to any related party were fully secured, and the other terms for these credits were similar to those for unrelated parties.

41. PLEDGED ASSETS

The assets pledged as collateral for commercial paper payable, short-term borrowings, guarantees for provisional seizure, operating guarantee deposits, various reserves, day-term overdraft, U.S. dollar liquidation and other transactions of the guarantee of the Bank and its subsidiaries were as follows:

Assets	Object	June 30, 2025	December 31, 2024	June 30, 2024
Installment accounts and lease receivables	Notes receivable	$ 850,404	$ 899,194	$ 1,047,614
Financial assets at FVTOCI	Government bonds	218,936	218,056	217,005
Debt investments measured at amortized cost	Negotiable certificates of deposit	19,500,000	21,240,000	18,930,000
Property and equipment, net	Real estate	7,410	7,515	7,672
Investment property, net	Investment property	28,976	29,620	30,263
Other financial assets, net	Time deposits	300	300	300
Other assets, net	Cash in banks - impound account	28,996	31,741	35,074

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Major Litigation

In December 2012, a third party filed a lawsuit claiming that the Bank fraudulently infringed upon the property rights of creditors on Dun Nan building. On February 14, 2014, the Taipei District Court adjudicated that the mortgage is cancelled, and the Bank has to return the amount of $1,786,318 thousand. The Bank has appealed against this sentence on March 10, 2014. The original adjudication in favor of the third party was revoked by the High Court on July 26, 2017. The third party filed a new appeal, and the Supreme Court ordered the High Court to conduct a new trial on November 9, 2018. The High Court issued a judgment on August 17, 2021, upholding the original Taipei District Court's decision to revoke the part of the mortgage, and dismissed the third party's request for the Bank to pay the received money. In September 2021, the Bank and the third party each filed a third-instance appeal for losing part of the lawsuit. The Supreme Court reversed the declared judgment on May 30, 2024 and remanded the case to the High Court. As of the date of approval of the consolidation financial report by the Bank's board of directors, the case is being heard by the High Court in the second instance.

43. FAIR VALUE AND HIERARCHY INFORMATION

a. The fair value hierarchy of financial instruments is defined as follows:

1) Level 1 fair values are quoted prices in active markets for financial instruments.

2) Level 2 fair values refer to directly or indirectly observable inputs other than Level 1 quoted prices, such as the quoted prices of similar financial instruments in active markets; in less active markets, fair values are quoted prices of the same or similar financial instruments or financial instruments that can be generated by using pricing models that use inputs such as interest rates and volatility rates, which are derived from or can be corroborated with observable market data.

3) Level 3 refers to inputs that are not based on observable market data.

b. Financial instruments measured at fair value

1) The fair value hierarchy of financial instruments measured at fair value is as follows:

June 30, 2025

	Level 1	Level 2	Level 3	Total
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Commercial papers	$ -	$ 14,051,604	$ -	$ 14,051,604
Others	234,869	-	531,710	766,579
Financial assets at FVTOCI				
Stock investments	-	-	957,536	957,536
Bond investments	58,075,932	64,739,208	-	122,815,140
Others	-	1,697,583	-	1,697,583
Other financial assets				
Purchased debt receivables	-	-	121,982	121,982
Derivative financial instruments				
Assets				
Financial assets at FVTPL	13,838	30,266,405	863,771	31,144,014
Financial assets for hedging	-	153,205	-	153,205
Liabilities				
Financial liabilities at FVTPL	-	32,779,434	863,878	33,643,312
Financial liabilities for hedging	-	616,003	-	616,003

December 31, 2024

	Level 1	Level 2	Level 3	Total
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Commercial papers	$ -	$ 15,435,260	$ -	$ 15,435,260
Others	1,059,246	-	571,588	1,630,834
Financial assets at FVTOCI				
Stock investments	-	-	952,071	952,071
Bond investments	74,015,866	61,825,471	-	135,841,337
Others	-	3,348,686	-	3,348,686
Other financial assets				
Purchased debt receivables	-	-	140,662	140,662
Derivative financial instruments				
Assets				
Financial assets at FVTPL	-	29,514,638	1,602,401	31,117,039
Financial assets for hedging	-	559,311	-	559,311
Liabilities				
Financial liabilities at FVTPL	-	28,210,992	1,602,335	29,813,327
Financial liabilities for hedging	-	896,786	-	896,786

June 30, 2024 (Restated)

	Level 1	Level 2	Level 3	Total
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Commercial papers	$ -	$ 13,206,235	$ -	$ 13,206,235
Others	894,203	-	577,920	1,472,123
Financial assets at FVTOCI				
Stock investments	6,629,741	-	963,309	7,593,050
Bond investments	75,737,816	59,076,040	-	134,813,856
Others	-	1,646,607	-	1,646,607
Other financial assets				
Purchased debt receivables	-	-	153,561	153,561
Derivative financial instruments				
Assets				
Financial assets at FVTPL	28,795	27,820,191	1,751,522	29,600,508
Financial assets for hedging	-	707,797	-	707,797
Liabilities				
Financial liabilities at FVTPL	-	26,144,048	1,751,452	27,895,500
Financial liabilities for hedging	-	973,786	-	973,786

2) Valuation technique of fair value

For financial assets and liabilities at FVTPL and financial assets at FVTOCI, fair value is determined at quoted market prices. When market prices of the Bank's various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or the counterparties' transaction prices. The information used by the Bank for fair value estimation is consistent with that generally used in the market, and the pricing models used are commonly recognized by the industry as helpful tools in determining fair value. Related framework of the methodology can be outlined as analytical solution model (such as Black-Scholes model) and numeric method model (such as Monte Carlo simulation).

3) Fair value adjustment

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions that depend on the financial instrument type and available market data. However, certain inputs used in valuation techniques may be less readily determinable. In these circumstances, a valuation model would use additional parameters and/or model assumptions-model risk, liquidity risk, and so on to make fair value adjustments. Thus, on the basis of its valuation management policies and relevant control procedures, the management considers valuation adjustments as necessary and appropriate. For the Bank and its subsidiaries to make appropriate valuation adjustments, all parameters and price information are evaluated thoroughly, and market conditions are taken into consideration.

b) Credit risk valuation adjustment

Credit risk valuation adjustment consists of credit valuation adjustment and debit valuation adjustment, and definitions are the following:

The credit valuation adjustment is an adjustment to the valuation of OTC derivative financial instruments contracts to reflect within fair value the possibility that the counterparty may default and that the Bank may not receive the full market value of the transactions.

The debit valuation adjustment is an adjustment to the valuation of OTC derivative financial instruments contracts to reflect within fair value the possibility that the Bank may default, and that the Bank may not pay full market value of the transactions.

The Bank does credit valuation adjustment using probability of default (PD) multiplied by loss given default (LGD) multiplied by exposure at default (EAD). To estimate the PD to be used as basis for the allowance for doubtful accounts, the Bank refers to the ratings published by international credit rating institutions, valuation models and valuation method specified in IFRS 9.

For EAD calculation, the market values of OTC derivative financial instruments are estimated in calculating EAD. The Bank uses PD no lower than 60%.

The above parameters used in risk valuation adjustment that is based on the fair values of financial instruments reflect the credit risks of counterparties and the credit quality of the Bank.

4) Transfer between Level 1 and Level 2

There was no transfer of financial instrument between Level 1 and Level 2 for the six months ended June 30, 2025 and 2024.

5) Reconciliation of Level 3 items of financial instruments

The movements of financial assets with Level 3 fair value were as follows:

For the Six Months Ended June 30, 2025

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL	$ 2,173,989	$ (746,732)	$ -	$ -	$ -	$ (31,776)	$ -	$ 1,395,481
Financial assets at FVTOCI	952,071	-	5,465	-	-	-	-	957,536
Other financial assets								
Purchased debt receivables	140,662	18,800	-	-	-	(37,480)	-	121,982

For the Six Months Ended June 30, 2024 (Restated)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL	$ 1,677,228	$ 662,221	$ -	$ -	$ -	$ (10,007)	$ -	$ 2,329,442
Financial assets at FVTOCI	943,307	-	20,152	-	-	(150)	-	963,309
Other financial assets								
Purchased debt receivables	160,766	5,532	-	-	-	(12,737)	-	153,561

The movements of financial liabilities with Level 3 fair value were as follows:

For the Six Months Ended June 30, 2025

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Profit and Loss	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL	$ 1,602,335	$ (707,222)	$ -	$ -	$ (31,235)	$ -	$ 863,878

For the Six Months Ended June 30, 2024

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Profit and Loss	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL	$ 1,160,272	$ 601,187	$ -	$ -	$ (10,007)	$ -	$ 1,751,452

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. As of June 30, 2025 and 2024, the gains and losses on assets and liabilities were loss of $40,028 thousand and gain of $61,029 thousand, respectively.

6) Quantitative information about significant unobservable inputs (Level 3) used in the fair value measurement

The table below lists quantitative unobservable inputs of financial instruments with Level 3 fair value:

	Fair Value at June 30, 2025	**Valuation Technique(s)**	**Significant Unobservable Inputs**	**Range**	**The Relationship Between Inputs and Fair Value**
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	$ 531,710	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to discount for liquidity discount ratios
		Market approach	P/B, Lack of liquidity discount	0.78 26%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
Financial assets at FVTOCI	957,536	Market approach	P/B, Lack of liquidity discount	1.56 27.20%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
		Net asset method	Lack of liquidity discount and control discount	10%-29%	Fair value is inversely proportional to discount for lack of liquidity and control
Other financial assets					
Purchased debt receivables	121,982	Discounted cash flow	Discount rate	5.79%-8.00%	Assets at fair value is inversely proportional to discount rate.
Derivative financial instruments					
Financial assets at FVTPL	863,771	Hull White Model, BS Model, discounted cash flow/quoted price of counterparties	Model parameters such as Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	863,878	Hull White Model, BS Model, discounted cash flow/quoted price of counterparties	Model parameters such as Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

	Fair Value at December 31, 2024	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	$ 571,588	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to discount for liquidity discount ratios
		Market approach	P/B, Lack of liquidity discount	0.86 26%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
Financial assets at FVTOCI	952,071	Market approach	P/B, Lack of liquidity discount	1.45 27.20%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
		Net asset method	Lack of liquidity discount and control discount	10%-29%	Fair value is inversely proportional to discount for lack of liquidity and control
Other financial assets Purchased debt receivables	140,662	Discounted cash flow	Discount rate	5.79%-8.00%	Assets at fair value is inversely proportional to discount rate.
Derivative financial instruments					
Financial assets at FVTPL	1,602,401	Hull White Model, BS Model, discounted cash flow/quoted price of counterparties	Model parameters such as Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	1,602,335	Hull White Model, BS Model, discounted cash flow/quoted price of counterparties	Model parameters such as Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

	Fair Value at June 30, 2024(Restated)	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	$ 577,920	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to discount for liquidity discount ratios
		Market approach	P/B, Lack of liquidity discount	1.09 26%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
Financial assets at FVTOCI	963,309	Market approach	P/B, Lack of liquidity discount	2.03 27.20%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
		Net asset method	Lack of liquidity discount and control discount	11%-29%	Fair value is inversely proportional to discount for lack of liquidity and control
Other financial assets					
Purchased debt receivables	153,561	Discounted cash flow	Discount rate	5.79%-8.00%	Assets at fair value is inversely proportional to discount rate.
Derivative financial instruments					
Financial assets at FVTPL	1,751,522	Hull White Model, BS Model, discounted cash flow/quoted price of counterparties	Model parameters such as Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	1,751,452	Hull White Model, BS Model, discounted cash flow/quoted price of counterparties	Model parameters such as Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

7) Pricing process of Level 3 fair value

The Bank's risk management department is responsible for the pricing process of Level 3 fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory is commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to ensure results of the valuation is reasonable.

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

1) Except for debt investments measured at amortized cost and bank debentures payable, the carrying amounts of the financial instruments not measured at fair value are approximate to their fair value; thus, their fair values are not disclosed.

2) Information of fair value hierarchy

June 30, 2025

	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments measured at amortized cost	$ -	$ 72,253,116	$ -	$ 72,253,116
Financial liabilities				
Bank debentures payable	-	24,552,329	-	24,552,329

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments measured at amortized cost	$ -	$ 69,682,199	$ -	$ 69,682,199
Financial liabilities				
Bank debentures payable	-	24,551,640	-	24,551,640

June 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments measured at amortized cost	$ -	$ 72,650,147	$ -	$ 72,650,147
Financial liabilities				
Bank debentures payable	-	24,550,553	-	24,550,553

3) Valuation techniques

a) Because the maturity date is close to the balance sheet date, the fair value of the financial assets can be reasonably estimated by referring to their carrying amount in the balance sheet. The technique applies to cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, guarantee deposits paid, deposits from the Central Bank and banks, notes and bonds issued under repurchase agreements, payables, deposits and remittances, other financial liabilities and guarantee deposits received, etc.

b) The floating rates are usually adopted as the interest of the loan, which reflects market interest; thus, it is reasonable to estimate the fair value of a loan by referring to its carrying amount together with the consideration in the collectability.

c) The fair value of debt investments measured at amortized cost is estimated by referring to quote price from electronic bond trading system of Taipei Exchange or Bloomberg.

d) The fair value of bank debentures payable is estimated by referring to the discounted expected cash flow, of which the discount rate is reference to interest rates with similar maturity date.

44. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Bank has an appropriate risk management system covering the main types of risks, such as market risks, credit risks, operating risks, and follows risk management procedures.

The Bank also analyzes, monitors and prepares reports on overall risk management. These reports are submitted to senior management, to committees with risk management functions and to the board of directors. Updates on actual risks encountered when there are significant changes in macroeconomic conditions or in the financial market are generated for more effective risk monitoring and handling.

The Bank’s risk management focuses not only on individual departments but also the overall impact of risks on a corporate level.

The Bank identifies risks using consistent standard asset portfolio classifications, with classifications correlating with each other, and establishes a consistent measure applicable to the different types of exposure.

The Bank’s risk management groupings are as follows:

1) Board of directors

The Bank’s board of directors supervises the operation of a risk management structure and promotes a risk management culture, ensures the efficiency of risk management, reviews important risk control reports and bears the ultimate responsibility for risk management.

2) Risk management committee

The risk management committee supervises the implementation of risk management policies, inspects risk control reports and deals with related issues.

3) Business and management departments

The departments are responsible for ensuring compliance with risk management regulations while conducting operations to control daily risks.

4) Risk management department

The risk management department is a unit independent from business departments and is in charge of risk management planning and system operation and providing overall risk management information to senior management and the board of directors.

5) Audit department

The department is in charge of establishing all risk mechanisms and auditing the implementation of and compliance with these mechanisms.

Risk management is a joint duty of all the Bank’s departments including business, legal, regulatory compliance, finance, accounting, administration, operating, audit department and so on, that should be done diligently through interdepartmental coordination in overall risk management.

b. Credit risk

1) Definition and source of credit risk

Credit risk is the risk of financial loss to the Bank if a creditor, debtor or counterparty fails to meet its contractual obligations or has negative changes in its credit quality. Credit risk management covers all operating activities that involve credit risk, including credit business, call loans to banks, banking book securities investment, derivatives financial instruments, repurchase and reverse repurchase agreement transactions and other operating activities.

2) Credit risk management policy

The Bank has standard control procedures for credit risk identification, measurement, and generation of disclosures and reports to be used for a rational identification, measurement, disclosure, and effective control of credit risk. These procedures include applying standard screening criteria for target clients, credit investigations for credit approval or rejection, careful deliberation of applications for certain exceptions, credit review, management of non-performing loans and requests, and control over all related documents and information. The Bank also adjusts the credit risk structure accordingly so that credit portfolios are within the Bank’s risk appetite. Further, the Bank assesses the changes in the economy to adjust risk structure and develops strategies in response to these changes to raise shareholders’ value and ensure the risk is bearable.

Based on the risk management policies, the management process is carried out as follows:

a) Credit investigation

In screening target clients, the Bank asks for all the necessary documents from the clients in order to get an accurate understanding of their background and control credit portfolios within the acceptable range.

b) Credit approval

Cases that have passed the credit investigation are reviewed by the credit authority of each level, which in accordance with the Bank's credit limit structure and authorization policies. The Bank's credit approval structure and policies are based not only on the Banking Act and other government rules for credit extended to the same person, single enterprise/group, industry, mortgage loans, investments in securities and country, but also on the professionalism of the Bank's credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities occasionally.

c) Post-lending loan review

The corporate banking segment of the Bank tracks the borrowers' financial and business conditions, generates risk assessment reports on credit asset portfolios regularly, operates a risk warning system and adjusts business development strategies as needed to cope with economic conditions and changes in asset quality through the use of an account management scheme and a regular-reassessment system. For consumer banking business, they track and control the changes in asset quality through the use of regular-assessment system and handle the changes in borrowers' credit quality instantly through the use of regular-reassessment system. For delinquent loans, the Bank uses the concentration management method, together with information systems and analysis models, to enhance and expedite the collection of non-performing loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing various risk management index, analysis of changes in asset quality, etc., and prepares quarterly risk management report for submission to the risk management committee and board of directors.

3) Credit risk hedge or mitigation policies

Considering the asset hedge market and liquidity, the Bank takes the necessary risk reduction strategies, mainly on credit objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collateral with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to maximize the collateral. For determining the value of foreclosed collateral, liquid securities will be evaluated at their market value; other collateral will regularly be inspected by the appraisal institution to assess the current situation of the collateral and reassess its value as necessary to ensure the risk offset effect, which will be used as a basis for demanding additional collateral or adjusting the credit amount.

To mitigate the Bank's risks, in addition to strengthening the review and tracking of the borrowers and guarantors, if clients are found to have bad credit features, the Bank will take corresponding measures at the appropriate time, such as early repayment or additional collateral. In addition, the Bank sets different credit limits for counterparties involved in derivative financial instruments and enters into collateral agreements with major counterparties to ensure that risks are under control.

4) Maximum exposure to credit risk

The maximum exposure to credit risk from in-balance sheet financial assets, without considering collateral or other credit enhancements, was equal to their carrying values; without taking into collateral or other credit enhancements and unused revolving credit without credit card and cash card, the maximum exposure of credit risk from irrevocable off-balance sheet financial instruments was as follows:

Items	June 30, 2025	December 31, 2024	June 30, 2024
Irrevocable loan commitments, guarantees and letters of credit issued yet unused	$ 60,635,166	$ 54,314,225	$ 49,909,973

The Bank believes that stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure from their off-balance sheet items.

The Bank and its subsidiaries' carrying amount of maximum exposure credit risk for major credit assets were as follows:

	Discounts and Loans					
	June 30, 2025					
			Stage 3			
	Stage 1 12 Months Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation/ Discount	Total
Short-term loans	$ 65,877,336	$ 549,613	$ 729,127	$ -		$ 67,156,076
Short-term secured loans	25,040,321	-	-	-		25,040,321
Medium-term loans	184,366,460	288,217	196,695	-		184,851,372
Medium-term secured loans	79,526,098	363,866	51,156	-		79,941,120
Long-term loans	23,416,297	540,469	1,234,300	-		25,191,066
Long-term secured loans	125,933,752	208,212	89,398	-		126,231,362
Overdue loans	-	-	718,215	-		718,215
Export negotiations	21,245	-	-	-		21,245
Total carrying amount	504,181,509	1,950,377	3,018,891	-		509,150,777
Allowance for bad debts	(1,082,268)	(296,581)	(593,378)	-		(1,972,227)
The adjustments under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (4,485,670)	(4,485,670)
Discounts on loans					(90,296)	(90,296)
Total	$ 503,099,241	$ 1,653,796	$ 2,425,513	$ -	$ (4,575,966)	$ 502,602,584

	Receivables					
	June 30, 2025					
	Stage 1	Stage 2	Stage 3			
	12 Months Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card	$ 3,649,939	$ 184,740	$ 161,534	$ -		$ 3,996,213
Accounts receivable - forfaiting	-	-	-	-		-
Accounts receivable factoring without recourse	9,269,659	1	17	-		9,269,677
Acceptances	358,844	-	-	-		358,844
Installment accounts and lease receivables	4,804,865	111,858	57,623	-		4,974,346
Total carrying amount	18,083,307	296,599	219,174	-		18,599,080
Allowance for bad debts	(39,238)	(25,960)	(64,221)	-		(129,419)
The adjustments under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (163,790)	(163,790)
Total	$ 18,044,069	$ 270,639	$ 154,953	$ -	$ (163,790)	$ 18,305,871

	Discounts and Loans					
	December 31, 2024					
	Stage 1	Stage 2	Stage 3			
	12 Months Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation/ Discount	Total
Short-term loans	$ 66,239,031	$ 575,455	$ 691,027	$ -		$ 67,505,513
Short-term secured loans	19,880,851	-	-	-		19,880,851
Medium-term loans	181,623,759	246,593	209,811	-		182,080,163
Medium-term secured loans	81,702,576	450,679	42,892	-		82,196,147
Long-term loans	14,456,929	528,845	1,084,903	-		16,070,677
Long-term secured loans	110,366,447	211,191	104,630	-		110,682,268
Overdue loans	-	-	761,756	-		761,756
Export negotiations	7,487	-	-	-		7,487
Total carrying amount	474,277,080	2,012,763	2,895,019	-		479,184,862
Allowance for bad debts	(892,185)	(309,852)	(604,318)	-		(1,806,355)
The adjustments under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (4,312,952)	(4,312,952)
Discounts on loans					(99,186)	(99,186)
Total	$ 473,384,895	$ 1,702,911	$ 2,290,701	$ -	$ (4,412,138)	$ 472,966,369

	Receivables					
	December 31, 2024					
			Stage 3			
	Stage 1 12 Months Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card	$ 3,568,134	$ 193,435	$ 152,550	$ -		$ 3,914,119
Accounts receivable - forfaiting	1,751,570	-	-	-		1,751,570
Accounts receivable factoring without recourse	10,210,824	1	18	-		10,210,843
Acceptances	33,319	-	-	-		33,319
Installment accounts and lease receivables	4,632,896	126,631	57,520	-		4,817,047
Total carrying amount	20,196,743	320,067	210,088	-		20,726,898
Allowance for bad debts	(38,704)	(31,015)	(56,811)	-		(126,530)
The adjustments under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (185,258)	(185,258)
Total	$ 20,158,039	$ 289,052	$ 153,277	$ -	$ (185,258)	$ 20,415,110

	Discounts and Loans					
	June 30, 2024					
			Stage 3			
	Stage 1 12 Months Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation/ Discount	Total
Short-term loans	$ 61,497,773	$ 631,757	$ 682,792	$ -		$ 62,812,322
Short-term secured loans	14,067,601	-	-	-		14,067,601
Medium-term loans	167,389,270	221,206	229,222	-		167,839,698
Medium-term secured loans	83,302,864	278,962	39,913	-		83,621,739
Long-term loans	11,944,731	607,561	979,330	-		13,531,622
Long-term secured loans	102,768,554	242,330	123,399	-		103,134,283
Overdue loans	-	-	1,047,753	-		1,047,753
Export negotiations	21,990	-	-	-		21,990
Total carrying amount	440,992,783	1,981,816	3,102,409	-		446,077,008
Allowance for bad debts	(901,015)	(264,191)	(833,202)	-		(1,998,408)
The adjustments under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (3,829,370)	(3,829,370)
Discounts on loans					(64,693)	(64,693)
Total	$ 440,091,768	$ 1,717,625	$ 2,269,207	$ -	$ (3,894,063)	$ 440,184,537

	Receivables					
	June 30, 2024					
			Stage 3			
	Stage 1	Stage 2		Purchased or		
	12 Months Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card	$ 3,584,783	$ 197,041	$ 147,930	$ -		$ 3,929,754
Accounts receivable - forfaiting	1,689,185	-	-	-		1,689,185
Accounts receivable factoring without recourse	8,604,305	2	20	-		8,604,327
Acceptances	172,466	-	-	-		172,466
Installment accounts and lease receivables	5,076,375	88,173	98,822	-		5,263,370
Total carrying amount	19,127,114	285,216	246,772	-		19,659,102
Allowance for bad debts	(56,745)	(28,901)	(66,211)	-		(151,857)
The adjustments under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (149,585)	(149,585)
Total	$ 19,070,369	$ 256,315	$ 180,561	$ -	$ (149,585)	$ 19,357,660

Maximum exposures to credit risk of financial instruments not applicable to impairment were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets at FVTPL			
Debt instruments	$ 14,713,765	$ 16,958,185	$ 14,512,835
Derivatives instruments	31,144,014	31,117,039	29,600,508

5) Collateral and credit enhancements

The Bank and its subsidiaries' pledged collateral associated with credit include discounts, loans and receivables which contain real estate, movable property (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, guarantees provided by government public authority at all levels, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and collateral set in accordance with the laws including pledge, registration of land rights. Financial assets held by the Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

The Bank and its subsidiaries observe collateral's value of financial instruments closely and consider the recognition of impairment for financial assets with credit impairment. The Bank and its subsidiaries' financial assets with impairment, and collateral's values for mitigation of potential losses were as follows:

	June 30, 2025			
	Total Carrying Amount	**Credit Impairment**	**Amount of Risk Exposure (Amortized Cost)**	**Collateral Value**
Impaired asset:				
Receivables	$ 219,174	$ 64,221	$ 154,953	$ -
Discounts and loans	3,018,891	593,378	2,425,513	534,263
Total amount of impaired asset	$ 3,238,065	$ 657,599	$ 2,580,466	$ 534,263

	December 31, 2024			
	Total Carrying Amount	**Credit Impairment**	**Amount of Risk Exposure (Amortized Cost)**	**Collateral Value**
Impaired asset:				
Receivables	$ 210,088	$ 56,811	$ 153,277	$ -
Discounts and loans	2,895,019	604,318	2,290,701	534,480
Total amount of impaired asset	$ 3,105,107	$ 661,129	$ 2,443,978	$ 534,480

	June 30, 2024			
	Total Carrying Amount	**Credit Impairment**	**Amount of Risk Exposure (Amortized Cost)**	**Collateral Value**
Impaired asset:				
Receivables	$ 246,772	$ 66,211	$ 180,561	$ -
Discounts and loans	3,102,409	833,202	2,269,207	592,595
Total amount of impaired asset	$ 3,349,181	$ 899,413	$ 2,449,768	$ 592,595

The amount of the Bank and its subsidiaries' financial assets which has been written off and still has recourse activities of outstanding contract amount are $551,756 thousand and $582,069 thousand for the six months ended June 30, 2025 and 2024.

6) Concentration of credit risk

Concentration of credit risk arise when there is only one counterparty, or when there is more than one counterparty, but they have comparable economic characteristics, or when such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise from a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, due from and call loans to banks, investments, receivables and derivatives, etc. The Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to same customers; total transactions of same customers in discounts and loans are not material. To manage credit risk concentration, the Bank maintains a diversified portfolio and monitors its exposure continually. The Bank's most significant concentrations of credit risk are summarized as follows:

a) By industry

	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Public and private enterprises	$ 291,801,693	57.31	$ 281,741,179	58.80	$ 261,204,658	58.56
Natural persons	217,149,084	42.65	197,243,683	41.16	184,872,350	41.44
Non-profit organizations	200,000	0.04	200,000	0.04	-	-
Total	$ 509,150,777	100.00	$ 479,184,862	100.00	$ 446,077,008	100.00

b) By region

	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Domestic	$ 415,430,824	81.59	$ 387,936,937	80.96	$ 359,523,118	80.60
Overseas	93,719,953	18.41	91,247,925	19.04	86,553,890	19.40
Total	$ 509,150,777	100.00	$ 479,184,862	100.00	$ 446,077,008	100.00

c) By collateral

	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Credit	$ 277,555,569	54.51	$ 266,103,908	55.53	$ 244,802,057	54.88
Secured						
Real estate	210,980,272	41.44	198,256,172	41.37	185,793,069	41.65
Guarantees	2,873,276	0.56	3,702,386	0.77	4,047,140	0.91
Financial collateral	11,233,125	2.21	6,644,549	1.39	7,151,189	1.60
Others	6,508,535	1.28	4,477,847	0.94	4,283,553	0.96
Total	$ 509,150,777	100.00	$ 479,184,862	100.00	$ 446,077,008	100.00

7) Management policies on foreclosed collateral

Foreclosed collateral is recorded at cost, using lower at cost or net fair value as of the balance sheet date. If collateral were not disposed of within the statutory period, the Bank should apply for an extension of the disposal period and increase its provision for possible losses, if competent authority requires.

	June 30, 2025	December 31, 2024	June 30, 2024
Foreclosed collateral	$ 588,985	$ 588,985	$ 588,985
Allowance for impairment	(588,985)	(588,985)	(588,985)
	$ -	$ -	$ -

Foreclosed collateral will be sold when it is actually available for sale. The foreclosed collateral is classified as other assets in balance sheet. The difference amount between the disposition price and the carrying amount is recognized as net other non-interest income.

8) Disclosures required under the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of non-performing loans and overdue receivables

Items			June 30, 2025				
			Non-performing Loan (NPL) (Note 1)	**Total Loans**	**NPL Ratio (Note 2)**	**Loan Loss Reserves (LLR)**	**Coverage Ratio (Note 3)**
Corporate banking	Secured		$ 367,402	$ 97,290,733	0.38%	$ 1,254,090	341.34%
	Unsecured		67,096	209,543,870	0.03%	2,449,838	3,651.26%
Consumer banking	Mortgage (Note 4)		24,101	102,550,618	0.02%	1,538,823	6,384.97%
	Cash card		102,336	9,872,134	1.04%	146,741	143.39%
	Micro credit (Note 5)		319,641	58,126,841	0.55%	731,874	228.97%
	Others (Note 6)	Secured	6,324	31,753,857	0.02%	335,548	5,306.31%
		Unsecured	862	12,724	6.78%	983	114.00%
Total			887,762	509,150,777	0.17%	6,457,897	727.44%
			Overdue Receivables	**Accounts Receivable**	**Delinquency Ratio**	**Allowance for Credit Losses**	Coverage Ratio
Credit card			$ 37,937	$ 3,996,213	0.95%	$ 84,560	222.89%
Accounts receivable factoring without recourse (Note 7)			11	9,269,677	0.00%	121,832	1,072,657.78%

Items			June 30, 2024				
			Non-performing Loan (NPL) (Note 1)	**Total Loans**	**NPL Ratio (Note 2)**	**Loan Loss Reserves (LLR)**	**Coverage Ratio (Note 3)**
Corporate banking	Secured		$ 396,129	$ 87,974,098	0.45%	$ 1,254,531	316.70%
	Unsecured		81,052	186,309,962	0.04%	2,070,292	2,554.28%
Consumer banking	Mortgage (Note 4)		61,655	83,250,064	0.07%	1,252,138	2,030.87%
	Cash card		126,798	10,167,043	1.25%	155,396	122.55%
	Micro credit (Note 5)		595,656	48,307,362	1.23%	775,399	130.18%
	Others (Note 6)	Secured	10,112	30,050,789	0.03%	319,842	3,162.95%
		Unsecured	-	17,690	-	180	-
Total			1,271,402	446,077,008	0.29%	5,827,778	458.37%
			Overdue Receivables	**Accounts Receivable**	**Delinquency Ratio**	**Allowance for Credit Losses**	**Coverage Ratio**
Credit card			$ 50,858	$ 3,929,754	1.29%	$ 89,603	176.18%
Accounts receivable factoring without recourse (Note 7)			4	8,604,327	0.00%	116,767	3,163,567.65%

Note 1: Non-performing loans are reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. Overdue credit card receivables are regulated by Order No. 0944000378 announced by the FSC on July 6, 2005.

Note 2: NPL ratio = NPL ÷ Total loans. For credit card business: Delinquency ratio = Overdue credit card receivables ÷ Credit card receivables balance.

Note 3: Coverage ratio = LLR ÷ NPL. Coverage ratio of credit receivables: Allowance for credit losses ÷ Overdue credit card receivables.

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

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Order No. 09440010950) and is excluded from credit card and cash card loans.

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

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Order No. 0945000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable factoring without recourse.

b) Exemption on non-performing loans and overdue receivables

Items	June 30, 2025		June 30, 2024	
	Excluded NPL	**Excluded Overdue Receivables**	**Excluded NPL**	**Excluded Overdue Receivables**
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 992	$ 40	$ 1,774	$ 49
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	83,036	8,252	72,223	6,048
Total	$ 84,028	$ 8,292	$ 73,997	$ 6,097

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Order No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letters dated September 15, 2008 (Order No. 09700318940) and dated September 20, 2016 (Order No. 10500134790).

c) Concentration of credit risk

June 30, 2025

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth (%)
1	A Group Advertising	$ 8,482,165	11.60
2	B Group Ocean transportation	6,672,678	9.13
3	C Group -manufacture of liquid crystal panel and components	5,627,273	7.70
4	D Group - real estate activities for sale and rental	5,558,047	7.60
5	E Group - real estate development activities	5,540,000	7.58
6	F Group - real estate development activities	5,473,819	7.49
7	G Group - real estate development activities	5,438,391	7.44
8	H Group -mechanics, telecommunications and electricity facilities installation	5,299,374	7.25
9	I Group -manufacture of liquid crystal panel and components	4,529,696	6.20
10	J Group - real estate development activities	4,247,222	5.81

June 30, 2024

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth (%)
1	F Group - real estate development activities	$ 6,762,349	9.84
2	D Group - real estate activities for sale and rental	6,472,727	9.42
3	C Group -manufacture of liquid crystal panel and components	5,504,668	8.01
4	K Group - real estate development activities	5,254,000	7.65
5	B Group -engineering activities and related technical consultancy	4,690,000	6.83
6	G Group -construction of utility projects	4,610,684	6.71
7	A Group -other real estate	4,459,790	6.49
8	L Group - real estate activities for sale and rental	4,278,587	6.23
9	I Group -manufacture of liquid crystal panel and components	4,060,564	5.91
10	M Group - real estate activities for sale and rental	3,775,560	5.49

Note 1: According to the total credit balance ranking of borrowers, the names of the top ten corporate borrowers - excluding all government entities and state-owned enterprises - are disclosed. If a borrower is part of a corporate group, the total credit amount of the group should be consolidated and listed. The disclosure of corporate group's total credit includes a code and the industry category [for example, Company A (or Group) manufacture of liquid crystal panel and components]. For corporate groups, the industry category with the largest exposure to the group should be disclosed. The industry category should be based on the subclass level defined in the standard industry classification of the Directorate-General of Budget, Accounting and Statistics.

Note 2: "Group" refers to those that meet the definition specified in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings."

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

9) Judgments of a significant increase in credit risk since initial recognition

Credit business

The Bank assesses changes in credit quality during the expected lifetime of various types of credit assets on each reporting date to determine if there has been a significant increase in credit risk since initial recognition, main indicators considered and supporting information (including prospective information) were as follows:

a) Quantitative index

When the contractual payments are overdue for more than 30 days, the credit risk of the credit assets are considered to be significantly increased since the initial recognition.

b) Qualitative index

i. Changes in the current or predicted operating, financial, or economic conditions that are expected to cause a significant change in the ability of the borrower to perform debt obligations.

ii. Actual or expected significant changes in borrower's operating results.

iii. The credit risk of other credit contracts of the same borrower has increased significantly.

iv. After evaluation, it can be included if the borrowers do not suffer from difficulties at the time of negotiation in individual credit assets.

The various types of credit assets of the Bank which are not regarded as low credit risk can be assumed that the credit risk of such assets has not increased significantly since initial recognition.

10) Definition of default and credit impaired financial assets

The definition of financial assets in default of the Bank is the same as that of the credit impaired financial assets. If one or more of the following conditions are met, the Bank determines that the financial asset is in default and credit impaired:

a) Quantitative index

i. When the borrower's payment of the contract is overdue for more than 90 days.

ii. Changes in external rating of guarantor or issuer of the notes or bonds.

b) Qualitative index

For credit assets, if there is evidence that the borrower will be unable to settle the loan, or has significant financial difficulties, such as:

i. Borrower has been bankrupt or may file a petition for bankruptcy or financial restructuring.

ii. Borrower's loan contract has been reclassified to non-performing loans or has been written off as bad debts by the Bank.

iii. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor gives the borrower concessions that would not have been considered or agreed (agreements).

iv. For cases involving the sale of non-performing loans and suits.

v. Payment by the Bank to fulfill off-balance sheet financial contracts (e.g., guarantee advances).

The aforementioned definition of default and credit impairment applied to the credit assets held by the Bank is consistent with the definition used for internal credit risk management purposes, and is used in the relevant impairment assessment model.

The credit asset will be restored to the state of compliance and is not considered as the credit asset of default and credit impairment if it no longer meets the definition of default and credit impairment.

The debt instrument investment may also be deemed to have a credit impairment if the rating of the notes or bonds of the guarantor or issuer downgrade significantly, for example, from an investment grade to a junk bond rating, or if one or more of the following conditions are met:

i. The guarantor or issuer cannot repay the principal or interest on the maturity date of the note or bond.

ii. Before the maturity of the note or bond, it can be objectively determined that the guarantor or issuer may not be able to repay the principal and interest on time.

iii. Before the maturity of the note or bond, the guarantor or issuer is in bankruptcy or in reorganization or taken over due to financial difficulties.

iv. Before the maturity of the note or bond, the guarantor or issuer closes down or is in the process of other financial restructuring.

11) Write-off policy

The Bank shall write off non-performing loans and overdue receivables that meet at least one of the following requirements:

a) When the timing for statutory write-off is reached.

b) There is a need to expedite the reduction of non-performing loans or for certain businesses that need to comply with the requirements of the governing authorities.

c) Written off by the governing authorities or the financial inspection authorities.

d) If it is difficult to dispose of the collateral or it may take a long time to recover the loan, the creditor’s balance shall be written off as bad debt within the period which is specified in a).

e) Obtaining the debt certificate or supporting documents with the assessment that credit assets evaluated as impossible to obtain repayment.

12) Amendment of contract cash flows of financial assets

The Bank may amend the contract cash flows of loans as a result of financial difficulties of borrowers or improvement of problematic debtors’ recovery rates, etc. The amendments to contract cash flows include the extension of the contract period, interest payment time modification, contract interest modification, or exemption of part of the debts.

13) Measurement of expected credit losses

For the purpose of measuring expected credit losses, the Bank divides credit assets into the following groups: For corporate banking, they are grouped according to scale, while for consumer banking, they are grouped according to product characteristics:

Business	Group	Definition
Corporate banking	Large enterprises + Stage 1	Credit risk has not increased significantly
	Small and medium enterprises + Stage 1	
	Large enterprises + Stage 2	Credit risk has increased significantly
	Small and medium enterprises + Stage 2	
	Large enterprises + Stage 3	Credit impaired
	Small and medium enterprises + Stage 3	
Consumer banking	Product + Stage 1	Credit risk has not increased significantly
	Product + Stage 2	Credit risk has increased significantly
	Product + Stage 3	Credit impaired

The Bank measures the allowance loss for financial instruments that did not have a significant increase in credit risk since initial recognition based on the 12-month expected credit loss model. For financial instruments that had a significant increase in credit risk or are credit impaired since initial recognition, lifetime expected credit losses are applied.

To measure the expected credit losses, the Bank takes into account the borrower’s probability of default (PD) for the next 12 months and the period of existence, and includes the loss given default (LGD) and exposure at default (EAD), taking into account the impact of the time value of money when calculating the 12 month and lifetime expected credit losses, respectively.

Probability of default is the probability of default of a borrower or counterparty over a period of time; the loss given default refers to the probability of loss of the borrower or counterparty due to inability to recover the debt at the end of the reminder procedures. The probability of default and loss given default used in the impairment assessment of the Bank’s credit business are based on internal historical information (such as credit loss experience, etc.) of each group, adjusted based on the current observable data and forward-looking general economic information (such as GDP and employment rate, etc.) which are used to calculate the probability of default on expected losses.

The exposure at default means that the Bank can claim compensation for the carrying amount held by borrowers or the counterparty after borrowers or the counterparty have defaulted. The Bank has taken into account the amount of credits that have been used and the amounts that may be used in the future for the exposure at default amount. The amount of credits is used as an assessment of exposure at default of on-balance sheet credits; off-balance sheet or committed credits that are not yet used are based on the corresponding credit conversion factor (CCF) which considered the credits that are expected to be used within 12 months or expected lifetime, to calculate exposure at default of expected credit loss.

14) Considerations of forward-looking information

The Bank incorporates forward-looking information when measuring expected credit losses on loans and receivables. Based on the business characteristics, the Bank selected the overall indicators that are appropriate as adjustment parameters for default probability of lending. Based on the type of business, the Bank used different overall indicators. The Corporate banking business takes the economic growth rate (GDP) as an adjustment parameter; the consumer banking business takes employment rate variation as adjustment parameter. The Bank also makes reference to external information (the forecast values from well-known domestic economic forecasting institutions) or group expert assessments to provide forecasting information on economic factors quarterly, such as using the change of the Leading Index and Money Flow Index as basic economic conditions; it contains the best estimate of the economic situation in the next five years.

The measurement of expected credit loss of the Bank's debt instruments is based an external credit migration matrix method to calculate the Probability of default (PD), which is incorporated in the information of forward-looking factors.

15) Changes of provisions for off-balance-sheet guarantees and loan commitments

For the six months ended June 30, 2025:

	Stage 1	Stage 2		Stage 3				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance on January 1	$ 90,731	$ 64	$ -	$ 13	$ -	$ 90,808	$ 156,164	$ 246,972
Changes due to financial instruments that have been identified at the beginning of the period:								
Transferred to lifetime ECL	-	-	-	-	-	-		-
Transferred to credit-impaired financial assets	-	-	-	-	-	-		-
Transferred to 12 months ECL	219	(214)	-	(5)	-	-		-
Derecognized financial assets in the current period	(10,815)	(174)	-	(9)	-	(10,998)		(10,998)
Purchased or originated new financial assets	10,137	44	-	-	-	10,181		10,181
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans							(24,710)	(24,710)
Effect of exchange rate changes and others	10,767	323	-	19	-	11,109		11,109
Balance on June 30	$ 101,039	$ 43	$ -	$ 18	$ -	$ 101,100	$ 131,454	$ 232,554

There was no significant increase in the expected credit loss of the Bank and its subsidiaries' off-balance-sheet guarantees and loan commitments for the six months ended June 30, 2025. The decrease of guarantees in reporting period resulted in abovementioned provisions decreased by $14,418 thousand in comparison to the beginning of period.

For the six months ended June 30, 2024:

	Stage 1	Stage 2		Stage 3				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance on January 1	$ 86,033	$ 91	$ -	$ 2	$ -	$ 86,126	$ 154,967	$ 241,093
Changes due to financial instruments that have been identified at the beginning of the period:								
Transferred to lifetime ECL	(15)	15	-	-	-	-		-
Transferred to credit-impaired financial assets	-	-	-	-	-	-		-
Transferred to 12 months ECL	13	(13)	-	-	-	-		-
Derecognized financial assets in the current period	(16,032)	(76)	-	(2)	-	(16,110)		(16,110)
Purchased or originated new financial assets	20,374	90	-	-	-	20,464		20,464
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans							38,805	38,805
Effect of exchange rate changes and others	(7,538)	104	-	4	-	(7,430)		(7,430)
Balance on June 30	$ 82,835	$ 211	$ -	$ 4	$ -	$ 83,050	$ 193,772	$ 276,822

There was no significant increase in the expected credit loss of the Bank and its subsidiaries' off-balance-sheet guarantees and loan commitments for the six months ended June 30, 2024. The increase of guarantees in reporting period resulted in abovementioned provisions increased by $35,729 thousand in comparison to the beginning of period.

c. Liquidity risk

1) Definition and source of liquidity risk

Liquidity risk of the Bank refers to the risks of bearing financial loss because of the inability to liquidate assets or obtain financing to provide funds to meet the financial obligation, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

2) Management policies of liquidity risk

To control liquidity risk, the Bank calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each major currency. The Bank also actively deconcentrates funding sources, due dates of funding settlement, and the counterparties to the due from other banks and call loans to other banks, as well as maintains an adequate amount of corporate cash in banks to enhance its liquidity position.

3) Financial assets held for liquidity management and maturity analysis of non-derivative financial liabilities

a) Financial assets held for liquidity management

The Bank holds cash and highly liquid and high-grade assets to pay off obligations and meet any potential emergency funding needs. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, financial assets at FVTOCI, securities purchased under resell agreements, receivables and discounts and loans, etc.

b) Maturity analysis of non-derivative financial liabilities

The following tables show the cash outflows on the Bank's non-derivative financial liabilities based on contract maturities. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

Maturity analysis of non-derivative financial liabilities (NTD)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 10,800,000	$ -	$ 157,260	$ 23,296	$ -	$ 10,980,556
Notes and bonds issued under repurchase agreements	3,117,797	2,054,539	-	-	-	5,172,336
Deposits and remittances	76,234,666	131,189,482	84,865,326	132,676,477	66,022,229	490,988,180
Borrowings	60,001	-	125,000	824,761	31,489,132	32,498,894
Other capital outflow on maturity	2,176,139	1,267,722	1,603,426	3,164,135	3,033,207	11,244,629
Total	$ 92,388,603	$ 134,511,743	$ 86,751,012	$ 136,688,669	$ 100,544,568	$ 550,884,595

December 31, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 7,023,296	$ -	$ -	$ 157,260	$ -	$ 7,180,556
Notes and bonds issued under repurchase agreements	8,488,789	-	-	-	-	8,488,789
Deposits and remittances	46,303,385	98,862,938	76,621,527	146,076,607	42,892,202	410,756,659
Borrowings	-	-	666,667	205,833	29,706,543	30,579,043
Other capital outflow on maturity	3,532,174	555,763	476,742	2,286,508	3,049,919	9,901,106
Total	$ 65,347,644	$ 99,418,701	$ 77,764,936	$ 148,726,208	$ 75,648,664	$ 466,906,153

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ -	$ -	$ 157,260	$ 23,296	$ -	$ 180,556
Notes and bonds issued under repurchase agreements	10,257,156	916,066	-	-	-	11,173,222
Deposits and remittances	55,528,938	107,914,296	68,853,066	116,341,658	39,711,040	388,348,998
Borrowings	-	-	-	-	27,270,000	27,270,000
Other capital outflow on maturity	1,391,461	520,053	414,738	2,425,510	3,195,894	7,947,656
Total	$ 67,177,555	$ 109,350,415	$ 69,425,064	$ 118,790,464	$ 70,176,934	$ 434,920,432

Maturity analysis of non-derivative financial liabilities (USD)

(In Thousands of U.S. Dollars)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 155,000	$ -	$ -	$ -	$ -	$ 155,000
Notes and bonds issued under repurchase agreements	173,992	-	648,858	-	-	822,850
Deposits and remittances	1,650,657	1,269,876	449,901	1,683,567	1,151	5,055,152
Other capital outflow on maturity	23,732	24,119	14,814	1,223	125,213	189,101
Total	$ 2,003,381	$ 1,293,995	$ 1,113,573	$ 1,684,790	$ 126,364	$ 6,222,103

(In Thousands of U.S. Dollars)

December 31, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ -	$ 145,000	$ -	$ -	$ -	$ 145,000
Notes and bonds issued under repurchase agreements	410,696	1,145,417	-	-	-	1,556,113
Deposits and remittances	2,041,576	2,434,922	498,963	1,081,259	1,891	6,058,611
Other capital outflow on maturity	35,220	33,124	11,513	3,038	15,652	98,547
Total	$ 2,487,492	$ 3,758,463	$ 510,476	$ 1,084,297	$ 17,543	$ 7,858,271

(In Thousands of U.S. Dollars)

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 10,000	$ 149,000	$ -	$ -	$ -	$ 159,000
Notes and bonds issued under repurchase agreements	258,726	257,352	889,944	-	-	1,406,022
Deposits and remittances	1,445,612	1,978,661	999,312	1,267,533	3,746	5,694,864
Other capital outflow on maturity	26,302	31,818	22,436	3,865	8,736	93,157
Total	$ 1,740,640	$ 2,416,831	$ 1,911,692	$ 1,271,398	$ 12,482	$ 7,353,043

4) Maturity analysis of derivative instruments

Contractual maturities were assessed to have an understanding of derivative instruments presented in the consolidated balance sheet. Amounts disclosed in the table were based on contractual cash flows; however, some of these amounts did not match those in the balance sheets.

Maturity analysis of derivative instruments (NTD)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at FVTPL						
Foreign exchange derivatives instruments						
Cash outflow	$ (121,879,052)	$ (201,693,167)	$ (152,810,409)	$ (84,687,688)	$ (8,615,100)	$ (569,685,416)
Cash inflow	124,545,474	197,731,930	142,626,392	81,806,481	8,698,800	555,409,077
Interest rate derivatives instruments						
Cash outflow	(686,041)	(608,924)	(135,567)	(323)	(21,276,706)	(22,707,561)
Cash inflow	348,578	562,789	121,323	335	-	1,033,025
Hedging derivatives instrument						
Interest rate derivatives instruments						
Cash outflow	-	(63,690)	-	-	-	(63,690)
Cash inflow	-	39,805	-	80,765	-	120,570
Cash outflow subtotal	(122,565,093)	(202,365,781)	(152,945,976)	(84,688,011)	(29,891,806)	(592,456,667)
Cash inflow subtotal	124,894,052	198,334,524	142,747,715	81,887,581	8,698,800	556,562,672
Net cash flow	$ (2,328,959)	$ (4,031,257)	$ (10,198,261)	$ (2,800,430)	$ (21,193,006)	$ (35,893,995)

December 31, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at FVTPL						
Foreign exchange derivatives instruments						
Cash outflow	$ (241,815,615)	$ (348,771,624)	$ (85,423,927)	$ (129,379,476)	$ (8,615,100)	$ (814,005,742)
Cash inflow	212,031,521	335,865,188	80,908,017	111,861,254	9,017,000	749,682,980
Interest rate derivatives instruments						
Cash outflow	(362,943)	(706,744)	-	-	(21,819,662)	(22,889,349)
Cash inflow	1,062,905	655,467	-	-	-	1,718,372
Hedging derivatives instrument						
Interest rate derivatives instruments						
Cash outflow	-	(63,221)	-	-	-	(63,221)
Cash inflow	-	80,765	-	39,805	-	120,570
Cash outflow subtotal	(242,178,558)	(349,541,589)	(85,423,927)	(129,379,476)	(30,434,762)	(836,958,312)
Cash inflow subtotal	213,094,426	336,601,420	80,908,017	111,901,059	9,017,000	751,521,922
Net cash flow	$ (29,084,132)	$ (12,940,169)	$ (4,515,910)	$ (17,478,417)	$ (21,417,762)	$ (85,436,390)

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at FVTPL						
Foreign exchange derivatives instruments						
Cash outflow	$ (197,174,182)	$ (303,511,563)	$ (197,158,586)	$ (145,824,582)	$ (4,011,150)	$ (847,680,063)
Cash inflow	195,885,021	295,012,179	173,883,568	125,693,046	4,082,250	794,556,064
Interest rate derivatives instruments						
Cash outflow	(301,660)	(602,391)	(113,073)	-	(21,805,008)	(22,822,132)
Cash inflow	456,954	543,488	106,730	-	-	1,107,172
Other derivatives						
Cash outflow	(514)	-	-	-	-	(514)
Cash inflow	-	-	-	-	-	-
Hedging derivatives instrument						
Interest rate derivatives instruments						
Cash outflow	-	(61,467)	-	-	-	(61,467)
Cash inflow	-	39,914	-	80,765	-	120,679
Cash outflow subtotal	(197,476,356)	(304,175,421)	(197,271,659)	(145,824,582)	(25,816,158)	(870,564,176)
Cash inflow subtotal	196,341,975	295,595,581	173,990,298	125,773,811	4,082,250	795,783,915
Net cash flow	$ (1,134,381)	$ (8,579,840)	$ (23,281,361)	$ (20,050,771)	$ (21,733,908)	$ (74,780,261)

Maturity analysis of derivative instruments (USD)

(In Thousands of U.S. Dollars)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at FVTPL						
Foreign exchange derivatives instruments						
Cash outflow	$ (5,512,560)	$ (6,824,182)	$ (4,765,444)	$ (2,806,627)	$ (340,000)	$ (20,248,813)
Cash inflow	5,556,899	7,293,515	5,268,830	2,820,244	340,000	21,279,488
Interest rate derivatives instruments						
Cash outflow	(10,184)	(20,389)	(7,125)	(6,114)	(506,443)	(550,255)
Cash inflow	2,488	11,839	3,872	1,771	821	20,791
Others						
Cash outflow	(996)	-	-	-	-	(996)
Cash inflow	927	-	-	-	-	927
Hedging derivatives instrument						
Interest rate derivatives instruments						
Cash outflow	(555)	(1,935)	(2,397)	(11,319)	-	(16,206)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(5,524,295)	(6,846,506)	(4,774,966)	(2,824,060)	(846,443)	(20,816,270)
Cash inflow subtotal	5,560,314	7,305,354	5,272,702	2,822,015	340,821	21,301,206
Net cash flow	$ 36,019	$ 458,848	$ 497,736	$ (2,045)	$ (505,622)	$ 484,936

(In Thousands of U.S. Dollars)

December 31, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at FVTPL						
Foreign exchange derivatives instruments						
Cash outflow	$ (8,189,081)	$ (10,970,020)	$ (2,791,429)	$ (3,703,410)	$ (300,000)	$ (25,953,940)
Cash inflow	9,803,128	11,322,712	3,014,469	4,225,449	290,000	28,655,758
Interest rate derivatives instruments						
Cash outflow	(18,227)	(28,029)	(10,911)	(11,233)	(499,639)	(568,039)
Cash inflow	3,323	12,717	1,012	3,597	334	20,983
Others						
Cash outflow	(137)	-	-	-	-	(137)
Cash inflow	287	-	-	-	-	287
Hedging derivatives instrument						
Interest rate derivatives instruments						
Cash outflow	(679)	(4,447)	(6,367)	(6,045)	-	(17,538)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(8,208,124)	(11,002,496)	(2,808,707)	(3,720,688)	(799,639)	(26,539,654)
Cash inflow subtotal	9,806,738	11,335,429	3,015,481	4,229,046	290,334	28,677,028
Net cash flow	$ 1,598,614	$ 332,933	$ 206,774	$ 508,358	$ (509,305)	$ 2,137,374

(In Thousands of U.S. Dollars)

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at FVTPL						
Foreign exchange derivatives instruments						
Cash outflow	$ (8,093,440)	$ (11,048,558)	$ (5,796,907)	$ (4,387,864)	$ (140,000)	$ (29,466,769)
Cash inflow	8,881,050	11,315,325	6,622,469	5,026,698	140,000	31,985,542
Interest rate derivatives instruments						
Cash outflow	(15,041)	(31,396)	(13,404)	(15,773)	(492,145)	(567,759)
Cash inflow	3,411	14,241	2,331	894	165	21,042
Others						
Cash outflow	(1,390)	-	-	-	-	(1,390)
Cash inflow	971	-	-	-	-	971
Hedging derivatives instrument						
Interest rate derivatives instruments						
Cash outflow	(469)	(4,551)	(3,168)	(12,625)	-	(20,813)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(8,110,340)	(11,084,505)	(5,813,479)	(4,416,262)	(632,145)	(30,056,731)
Cash inflow subtotal	8,885,432	11,329,566	6,624,800	5,027,592	140,165	32,007,555
Net cash flow	$ 775,092	$ 245,061	$ 811,321	$ 611,330	$ (491,980)	$ 1,950,824

5) Maturity analysis of off-balance sheet items

The table below shows the Bank's maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the financial guarantee contracts issued, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period.

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit issued yet unused	$ 5,340,856	$ 6,536,932	$ 5,049,960	$ 8,502,562	$ 35,204,856	$ 60,635,166

December 31, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit issued yet unused	$ 8,245,550	$ 4,593,422	$ 4,505,047	$ 6,719,038	$ 30,251,168	$ 54,314,225

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit issued yet unused	$ 11,767,864	$ 7,332,791	$ 3,153,323	$ 4,907,697	$ 22,748,298	$ 49,909,973

6) Summary of required disclosures under the Regulations Governing the Preparation of Financial Reports by Public Banks:

a) Maturity analysis of assets and liabilities of the Bank (NTD)

June 30, 2025	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 138,931,342	$ 132,991,762	$ 263,957,014	$ 196,943,283	$ 170,377,875	$ 303,397,097	$ 1,206,598,373
Main capital outflow on maturity	93,437,666	142,587,969	374,979,051	296,781,229	298,037,579	397,583,935	1,603,407,429
Gap	45,493,676	(9,596,207)	(111,022,037)	(99,837,946)	(127,659,704)	(94,186,838)	(396,809,056)

June 30, 2024	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 129,836,431	$ 196,077,583	$ 358,247,818	$ 217,861,187	$ 186,512,737	$ 275,647,132	$ 1,364,182,888
Main capital outflow on maturity	99,099,470	191,906,069	462,898,788	309,259,352	320,841,928	323,013,985	1,707,019,592
Gap	30,736,961	4,171,514	(104,650,970)	(91,398,165)	(134,329,191)	(47,366,853)	(342,836,704)

b) Maturity analysis of assets and liabilities of the Bank (USD)

(In Thousands of U.S. Dollars)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 6,863,374	$ 7,856,134	$ 5,560,704	$ 3,180,912	$ 3,654,827	$ 27,115,951
Main capital outflow on maturity	7,755,545	8,596,238	6,572,145	6,043,182	4,565,084	33,532,194
Gap	(892,171)	(740,104)	(1,011,441)	(2,862,270)	(910,257)	(6,416,243)

(In Thousands of U.S. Dollars)

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 9,511,276	$ 11,767,675	$ 7,069,914	$ 5,528,140	$ 3,557,414	$ 37,434,419
Main capital outflow on maturity	10,105,642	14,010,661	8,329,663	6,746,443	3,380,767	42,573,176
Gap	(594,366)	(2,242,986)	(1,259,749)	(1,218,303)	176,647	(5,138,757)

d. Market risk

1) Definition and source of market risk

Market risk is defined as the fluctuation in market risk factors (such as interest rates, exchange rates, stock prices or commodity prices), which may cause a potential loss of on- and off- balance sheet items.

2) Risk management policies

In order to have a common language of market risk management, definition, communication and measurement, and comply with the requirements of the governing authorities, the Bank has developed "Market Risk Management Standard" based on Regulations Governing the Capital Adequacy Ratio of Banks (the CAR Regulations) related market risk calculation tables-section 5 market risk announced by the FSC, international standards, and KGIFH's Risk Management Policy, Market Risk Management Standard and Bank's Risk Management Policy.

The "Market Risk Management Standard" is applicable to "Trading Book" positions defined by the Regulations Governing the Capital Adequacy Ratio of the Bank related market risk calculation tables-section 5 market risk and the Bank's book management approach to financial instrument handling.

Following the "Market Risk Management Standard", the Bank sets up the "Market Risk Management Procedure to Trading Activities" to manage market risk. This procedure includes risk identification and assessment, risk measurement, risk monitoring, risk reporting and contingency management processes.

3) Procedures for market risk measuring, monitoring, and reporting

The Bank's market risk limits include position analysis of risk sensitivity factors limits, loss limits and value-at-risk (VaR).

Risk factors analyzed through the Bank's risk measurement systems are sufficient to determine all market risks of trading positions on the balance sheet, including interest rate risk, foreign exchange risk, equity securities risk, and price of commodity risks, as well as volatility risks which arise out of the option transactions.

The Bank's market risk reports include profit or loss on trading positions, limit usage, stress testing, and trading portfolio risk assessment, as well as significant exceptions if any.

The risk management department of the Bank independently performs daily market risk limit controls, and regularly reports to both the Risk Management Committee and KGIFH's Risk Management Committee. Besides, the above reports are presented to the board of directors quarterly for reference.

4) Mitigation of risks or hedging of market risk

The Bank's market risk positions or hedging positions are marked to market on a daily basis through techniques such as model valuation. All market parameters are updated at least daily in accordance with changes in market conditions to conduct value assessment of products. Market Risk Limits are reviewed and controlled based on the valuation results of risk value, position sensitivity and profit and loss figure on a daily basis.

5) Valuation techniques of market risk

The Bank uses the VaR model and stress testing to evaluate the potential and extreme risk on trading portfolios. Through variations of the assumptions on market conditions, these techniques are used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

	For the Six Months Ended June 30, 2025			For the Year Ended December 31, 2024			For the Six Months Ended June 30, 2024		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	$ 10,849	$ 22,850	$ 5,544	$ 9,229	$ 27,796	$ 4,684	$ 10,757	$ 27,796	$ 6,076
Equity securities risk	56	1,884	-	2,812	17,997	-	4,525	17,997	383
Foreign exchange risk	6,788	13,282	3,024	8,295	21,983	3,172	8,079	21,983	3,172

6) Interest rate risk in the banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

7) Interest rate risk management of the banking book

The interest rate risk management strategy involving the Bank's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors the Bank's interest rate risk exposures every day. The interest rate risk management processes include risk identification, risk measurement, risk control, risk monitoring and others. The unit monitoring the banking book interest rate risks reports interest rate risk exposures regularly to ALMCO, and adjusts the structure of assets and liabilities according to the reports, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs and analysis reports, which is provided to the interest rate risk execution units and senior management. If risk missing or excess of limit occur from monitor, written notices will be passed to the interest rate risk assessment units to adjust and improve the program reported to ALMCO.

8) Concentration of foreign currency risk information

The financial assets and liabilities denominated in foreign currencies and with material influence on the Bank and its subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2025		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 5,824,003	29.90	$ 174,149,342
AUD	982,171	19.54	19,191,624
HKD	3,373,454	3.81	12,849,486
ZAR	4,124,225	1.68	6,932,822
CNY	1,347,597	4.17	5,625,948
EUR	139,185	35.05	4,878,425
GBP	62,391	40.97	2,556,178
JPY	7,517,362	0.21	1,559,853
SGD	26,002	23.47	610,270
CHF	2,688	37.42	100,567
Investments accounted for using the equity method			
CNY	2,134,947	4.17	8,912,978

(Continued)

	June 30, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
Financial liabilities			
Monetary items			
USD	$ 6,827,952	29.90	$ 204,169,419
CNY	2,823,137	4.17	11,786,031
AUD	437,911	19.54	8,556,778
JPY	24,999,350	0.21	5,187,365
EUR	135,296	35.05	4,742,137
ZAR	2,069,865	1.68	3,479,444
HKD	188,621	3.81	718,456
GBP	9,344	40.97	382,833
CAD	9,166	21.87	200,466
SGD	7,773	23.47	182,422
NZD	8,179	18.14	148,366

(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 5,851,797	32.78	$ 191,827,766
AUD	918,418	20.39	18,726,540
HKD	4,381,092	4.22	18,496,970
ZAR	4,736,766	1.75	8,294,077
EUR	198,600	34.13	6,778,212
CNY	1,281,179	4.48	5,736,735
GBP	33,638	41.17	1,384,874
JPY	5,431,870	0.21	1,139,606
SGD	27,966	24.12	674,539
CHF	4,241	36.28	153,877
Investments accounted for using the equity method			
CNY	1,992,067	4.48	8,919,879
Financial liabilities			
Monetary items			
USD	8,510,009	32.78	278,966,593
AUD	597,595	20.39	12,184,957
CNY	2,587,195	4.48	11,584,684
EUR	189,695	34.13	6,474,296
JPY	18,045,171	0.21	3,785,877
ZAR	1,885,160	1.75	3,300,915
HKD	167,052	4.22	705,292
SGD	7,156	24.12	172,596
GBP	4,064	41.17	167,316
CAD	5,536	22.81	126,284

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2024		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 5,485,923	32.45	$ 178,018,205
AUD	893,721	21.53	19,241,811
HKD	4,579,012	4.16	19,030,373
ZAR	4,817,645	1.78	8,580,227
EUR	178,262	34.71	6,187,473
CNY	1,312,083	4.45	5,832,995
JPY	24,649,968	0.20	4,971,899
GBP	31,295	41.03	1,284,042
SGD	28,039	23.91	670,416
Investments accounted for using the equity method			
CNY	1,879,649	4.45	8,356,169
Financial liabilities			
Monetary items			
USD	7,956,910	32.45	258,201,731
CNY	2,801,286	4.45	12,453,397
AUD	488,764	21.53	10,523,092
EUR	213,920	34.71	7,425,174
JPY	24,743,631	0.20	4,990,790
ZAR	1,941,003	1.78	3,456,926
HKD	139,516	4.16	579,828
SGD	7,921	23.91	189,382
GBP	3,770	41.03	154,694
CAD	4,473	23.67	105,866

9) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Analysis of interest rate-sensitive assets and liabilities (NTD)

June 30, 2025

Item	**1 to 90 Days**	**91 to 180 Days**	**181 Days to 1 Year**	**Over 1 Year**	**Total**
Interest rate-sensitive assets	$ 488,738,569	$ 34,521,139	$ 31,683,945	$ 59,791,510	$ 614,735,163
Interest rate-sensitive liabilities	236,248,483	251,470,037	34,160,778	35,073,396	556,952,694
Interest rate sensitivity gap	252,490,086	(216,948,898)	(2,476,833)	24,718,114	57,782,469
Net worth					72,872,603
Ratio of interest rate-sensitive assets to liabilities (%)					110.37
Ratio of interest rate-sensitive gap to net worth (%)					79.29

June 30, 2024

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 418,856,220	$ 32,655,942	$ 20,263,807	$ 63,216,912	$ 534,992,881
Interest rate-sensitive liabilities	196,853,606	192,146,458	25,472,764	30,059,974	444,532,802
Interest rate sensitivity gap	222,002,614	(159,490,516)	(5,208,957)	33,156,938	90,460,079
Net worth					70,271,200
Ratio of interest rate-sensitive assets to liabilities (%)					120.35
Ratio of interest rate-sensitive gap to net worth (%)					128.73

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

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs 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 (interest rate-sensitive assets and interest rate-sensitive liabilities in New Taiwan dollars).

b) Analysis of interest rate-sensitive assets and liabilities (USD)

June 30, 2025

(In Thousands of U.S. Dollars)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 3,131,979	$ 265,013	$ 231,852	$ 1,869,744	$ 5,498,588
Interest rate-sensitive liabilities	5,262,498	935,788	341,407	1,151	6,540,844
Interest rate sensitivity gap	(2,130,519)	(670,775)	(109,555)	1,868,593	(1,042,256)
Net worth					7,805
Ratio of interest rate-sensitive assets to liabilities (%)					84.07
Ratio of interest rate-sensitive gap to net worth (%)					(13,353.70)

June 30, 2024

(In Thousands of U.S. Dollars)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,104,045	$ 436,090	$ 266,030	$ 2,218,394	$ 5,024,559
Interest rate-sensitive liabilities	5,277,960	1,844,308	641,154	3,746	7,767,168
Interest rate sensitivity gap	(3,173,915)	(1,408,218)	(375,124)	2,214,648	(2,742,609)
Net worth					(48,066)
Ratio of interest rate-sensitive assets to liabilities (%)					64.69
Ratio of interest rate-sensitive gap to net worth (%)					-

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

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs 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 (Interest rate-sensitive assets and Interest rate-sensitive liabilities in U.S. dollars).

e. Transfers of financial assets

Transferred financial assets not qualifying for full derecognition

Among daily operations of the Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As the Bank's right to receive cash flows of the financial assets transferred to the counterparties and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. The Bank does not derecognize it entirely because the Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition are listed below:

June 30, 2025					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Debt investments measured at amortized cost	$ 2,706,906	$ 2,204,135	$ 2,595,672	$ 2,204,135	$ 391,537
Financial assets at FVTPL	1,414,839	1,415,498	1,414,839	1,415,498	(659)
Financial assets at FVTOCI	35,825,928	34,726,089	35,825,928	34,726,089	1,099,839

December 31, 2024					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Debt investments measured at amortized cost	$ 3,806,313	$ 3,443,495	$ 3,584,222	$ 3,443,495	$ 140,727
Financial assets at FVTPL	3,895,774	3,895,618	3,895,774	3,895,618	156
Financial assets at FVTOCI	64,279,492	62,816,147	64,279,492	62,816,147	1,463,345

June 30, 2024					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Debt investments measured at amortized cost	$ 3,109,236	$ 2,790,390	$ 2,919,419	$ 2,790,390	$ 129,029
Financial assets at FVTPL	3,399,046	3,400,951	3,399,046	3,400,951	(1,905)
Financial assets at FVTOCI	63,470,393	61,325,083	63,470,393	61,325,083	2,145,310

f. Offsetting financial assets and financial liabilities

The Bank and its subsidiaries have enforceable master netting arrangements or similar agreements signed with counterparty but do not meet the offsetting criteria, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting of financial assets and financial liabilities are as follows:

June 30, 2025						
Financial Assets Under Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amount of Recognized Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Related Amount Not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 49,677,895	$ -	$ 49,677,895	$ 49,677,895	$ -	$ -
Derivative financial instruments (Note 2)	31,297,219	-	31,297,219	6,790,160	3,813,431	20,693,628
Total	$ 80,975,114	$ -	$ 80,975,114	$ 56,468,055	$ 3,813,431	$ 20,693,628

June 30, 2025						
Financial Liabilities Under Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amount of Recognized Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Related Amount Not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Pledged**	
Notes and bonds issued under repurchase agreements	$ 38,345,722	$ -	$ 38,345,722	$ 38,087,311	$ 258,411	$ -
Derivative financial instruments (Note 2)	34,259,315	-	34,259,315	6,979,970	2,807,983	24,471,362
Total	$ 72,605,037	$ -	$ 72,605,037	$ 45,067,281	$ 3,066,394	$ 24,471,362

December 31, 2024						
Financial Assets Under Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amount of Recognized Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Related Amount Not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 59,218,588	$ -	$ 59,218,588	$ 59,218,588	$ -	$ -
Derivative financial instruments (Note 2)	31,676,350	-	31,676,350	7,304,899	508,060	23,863,391
Total	$ 90,894,938	$ -	$ 90,894,938	$ 66,523,487	$ 508,060	$ 23,863,391

December 31, 2024						
Financial Liabilities Under Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amount of Recognized Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	$ 70,155,260	$ -	$ 70,155,260	$ 69,436,381	$ 718,879	$ -
Derivative financial instruments (Note 2)	30,710,113	-	30,710,113	7,156,055	6,252,428	17,301,630
Total	$ 100,865,373	$ -	$ 100,865,373	$ 76,592,436	$ 6,971,307	$ 17,301,630

June 30, 2024						
Financial Assets Under Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amount of Recognized Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	$ 43,653,988	$ -	$ 43,653,988	$ 43,653,988	$ -	$ -
Derivative financial instruments (Note 2)	30,308,305	-	30,308,305	7,994,283	312,162	22,001,860
Total	$ 73,962,293	$ -	$ 73,962,293	$ 51,648,271	$ 312,162	$ 22,001,860

June 30, 2024						
Financial Liabilities Under Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amount of Recognized Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	$ 67,516,424	$ -	$ 67,516,424	$ 67,402,769	$ 113,655	$ -
Derivative financial instruments (Note 2)	28,869,286	-	28,869,286	7,656,564	6,646,734	14,565,988
Total	$ 96,385,710	$ -	$ 96,385,710	$ 75,059,333	$ 6,760,389	$ 14,565,988

Note 1: Financial instruments include netting settlement arrangements and non-cash financial collaterals.

Note 2: Derivative financial instruments include hedging derivative financial instruments.

45. CAPITAL MANAGEMENT

a. Objective of capital management

The calculation methods of self-owned capital should be conducted according to the regulations of authorities. The basic management objective includes sufficient capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite.

In order to undertake all kinds of risk, the Bank conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

The Bank had met the authorities' requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital is calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

c. Capital adequacy ratio

Items		Year	June 30, 2025	December 31, 2024	June 30, 2024
Eligible capital	Common equity Tier 1 capital		$ 67,706,884	$ 68,533,389	$ 64,535,244
	Additional Tier 1 capital		2,704,060	2,707,338	2,715,215
	Tier 2 capital		12,411,389	12,036,433	11,727,306
	Eligible capital		82,822,333	83,277,160	78,977,765
Risk-weighted assets	Credit risk	Standardized approach	555,489,803	580,453,762	553,708,260
		Internal rating-based approach	-	-	-
		Securitization	213,646	231,840	223,911
	Operational risk	Basic indicator approach/new standardized approach	22,991,463	27,663,836	24,606,995
		Standardized approach/ alternative standardized approach	-	-	-
		Advanced measurement approach	-	-	-
	Market risk	Standardized approach	16,631,988	18,411,663	18,129,063
		Internal model approach	-	-	-
	Total risk-weighted assets		595,326,900	626,761,101	596,668,229
Capital adequacy ratio			13.91%	13.29%	13.24%
Ratio of common equity to risk-weighted assets			11.37%	10.93%	10.82%
Ratio of Tier 1 capital to risk-weighted assets			11.83%	11.37%	11.27%
Leverage ratio			7.19%	7.29%	7.27%

Note: 1) Eligible capital = Common equity capital + Additional Tier 1 capital + Tier 2 capital.

2) Total risk-weighted asset = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirements for market risk) × 12.5.

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

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

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

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

46. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

The balance sheets and income statements of the trust accounts and trust property accounts were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	June 30, 2025	December 31, 2024	June 30, 2024	Trust Liabilities	June 30, 2025	December 31, 2024	June 30, 2024
Bank deposits	$ 4,443,155	$ 5,672,157	$ 4,856,820	Payables	$ 131,856	$ 85,403	$ 84,489
Short-term investments				Accounts payable on securities			
Funds	34,962,406	33,662,340	30,365,731	under custody	1,840,578	1,965,965	2,184,932
Bonds	14,421,507	14,618,141	12,927,115	Other liabilities	57,319	52,159	57,818
Stocks	231,507	266,567	205,340	Trust capital	71,846,828	71,166,848	63,713,578
Structured notes	1,133,865	426,547	239,720	Accumulated profits and losses	94,622	73,302	32,404
Receivables	13,351	14	9,754				
Securities under custody	1,840,578	1,965,965	2,184,932				
Real estate							
Land	15,890,740	15,702,860	14,247,525				
Buildings	12,165	7,578	13,163				
Intangible assets - surface rights	984,534	984,534	984,534				
Others	37,395	36,974	38,587				
Total	$ 73,971,203	$ 73,343,677	$ 66,073,221	Total	$ 73,971,203	$ 73,343,677	$ 66,073,221

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Trust income and gains				
Dividend income	$ 23,081	$ 9,220	$ 37,221	$ 15,412
Interest income	727,342	541,410	1,473,288	1,069,818
Rental income	6,136	6,746	12,271	13,482
Other income	1,171	604	3,686	2,341
Total trust income and gains	757,730	557,980	1,526,466	1,101,053
Trust expenses				
Property transaction losses	(660,456)	(282,840)	(867,920)	(646,919)
Administrative expenses	(106)	(105)	(682)	(910)
Other expenses	(3,598)	(3,265)	(5,176)	(7,627)
Total trust expenses	(664,160)	(286,210)	(873,778)	(655,456)
Net income	$ 93,570	$ 271,770	$ 652,688	$ 445,597

The above income from trust operations were excluded from the Bank’s income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	June 30, 2025	December 31, 2024	June 30, 2024
Bank deposits	$ 4,443,155	$ 5,672,157	$ 4,856,820
Short-term investments			
Funds	34,962,406	33,662,340	30,365,731
Bonds	14,421,507	14,618,141	12,927,115
Stocks	231,507	266,567	205,340
Structured notes	1,133,865	426,547	239,720
Securities under custody	1,840,578	1,965,965	2,184,932
Real estate			
Land	15,890,740	15,702,860	14,247,525
Buildings	12,165	7,578	13,163
Intangible assets - surface rights	984,534	984,534	984,534
Other assets	50,746	36,988	48,341
Total	$ 73,971,203	$ 73,343,677	$ 66,073,221

47. ALLOCATION OF REVENUE, COST, EXPENSE, PROFITS AND LOSSES RESULTING FROM INTERCOMPANY COOPERATION AND RESOURCE SHARING

a. Business or trading behaviors

Please refer to Note 40 for related-party transactions.

b. Integration of business activities

The Bank has become a full-functioning financial platform for customers by conducting cross-selling activities with the subsidiaries of the parent company through the banking, securities and life insurance channels.

c. Cross utilization of information or locations and business utilities

In compliance with Article 43 of the “Financial Holding Companies Act”, “Financial Holding Subsidiaries Cross-selling Activities Acts”, “Self-disciplinary Standards” and other related regulations from the FSC, the Bank has advocated cross-selling activities among the subsidiaries of the parent company. In addition, the Bank, which joined the cross-selling business, discloses protection measures of customer information on the official website to limit the use of the data and secure customer information and related rights when handling cross-selling activities.

d. Allocation of revenues, costs, expenses, profits and losses

Revenue, costs, expenses, profits and losses arising from integrated business activities among the Bank and the subsidiaries of the parent company are allocated to each counterparty based on the cross-selling contract or other reasonable allocation methods.

48. PROFITABILITY

(%)

Items		June 30, 2025	June 30, 2024 (Restated)
Return on total assets	Before income tax	0.86	0.81
	After income tax	0.74	0.70
Return on net worth	Before income tax	10.71	9.48
	After income tax	9.19	8.21
Profit margin		38.54	36.08

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

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

Note 3: Profit margin = Income after income tax ÷ Total net revenues.

Note 4: Income before (after) income tax means income accumulated in the current year.

Note 5: Return on total assets and return on net worth are expressed on an annual basis.

49. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

1) Financing provided: The Bank: Not applicable. For subsidiaries' information: None.

2) Endorsements/guarantees provided: The Bank: Not applicable. For subsidiaries' information: None.

3) Marketable securities held: The Bank: Not applicable. For subsidiaries' information: Table 1 (attached).

4) Derivative transactions: The Bank: Not applicable. For subsidiaries' information: None.

5) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 10% of the issued capital (for subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT$300 million or 10% of the issued capital): None.

6) Acquisition of individual real estate at cost of at least NT$300 million or 10% of the issued capital: None.

7) Disposal of individual real estate at price of at least NT$300 million or 10% of the issued capital: None.

8) Discount on service fees received from related parties amounting to NT$5 million: None.

9) Receivables from related parties amounting to at least NT$300 million or 10% of the issued capital: None.

10) Sale of non-performing loans: None.

11) Financial asset securitization: None.

12) Other significant transactions which may affect the decisions of the consolidated financial statements users: None.

b. Related information and proportionate share in investees: Table 2 (attached).

c. Information on investments in Mainland China: Table 3 (attached).

d. Business relationships and significant transactions among the Bank and its subsidiaries: Table 4 (attached).

50. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance according to the characteristics of the business and profits and losses. The reportable segments of the Bank and its subsidiaries were as follows:

a. Retail banking segment: The segment mainly provides cash cards, credit cards, personal loans, mortgages, deposits, remittances, wealth management, etc.

b. Corporate banking segment: The segment mainly provides services such as processing deposits and credit business of large-scale enterprises and small and medium enterprises.

c. Global markets segment: The segment's services include the distribution of funds, issuance of bank debentures, commodities, equity, handling money market and bond market transactions, foreign exchange handling, and dealing with other financial market-related products (such as derivative instruments) and transactions.

d. Others: Mainly include the administration segment of head office and summarized of other non-independent segments.

The accounting policies of the operating segments are the same as the accounting policies described in Note 4. The Bank and its subsidiaries use income before income tax as the measurement for segment profit and the basis of performance assessment. The net revenue and income before income tax, assets and liabilities of an operating division, including items directly attributable to an operating segment, are reasonable.

Segment revenues and results

The following is an analysis of the Bank and its subsidiaries' revenue and results of operations by reportable segment:

	Retail Banking Segment	Corporate Banking Segment	Global Markets Segment	Others	Total
For the three months ended June 30, 2025					
Interest revenue (expense), net	$ 1,688,890	$ 1,286,649	$ 721,774	$ (1,184,886)	$ 2,512,427
Non-interest profits and gains (loss), net	570,943	464,653	(479,478)	1,229,442	1,785,560
Net revenue	2,259,833	1,751,302	242,296	44,556	4,297,987
Reversal (provision) for bad debts expense, commitments, and guarantee liability provision	(153,535)	74,432	518	(38,222)	(116,807)
Operating expenses	(1,306,674)	(424,840)	(143,409)	(359,128)	(2,234,051)
Income (loss) before income tax	799,624	1,400,894	99,405	(352,794)	1,947,129
Income tax expense	-	-	-	(274,546)	(274,546)
Net income (loss)	$ 799,624	$ 1,400,894	$ 99,405	$ (627,340)	$ 1,672,583

(Continued)

	Retail Banking Segment	Corporate Banking Segment	Global Markets Segment	Others	Total
For the three months ended June 30, 2024 (Restated)					
Interest revenue (expense), net	$ 1,568,108	$ 1,188,282	$ (1,024,624)	$ (19,310)	$ 1,712,456
Non-interest profits and gains, net	518,230	444,398	1,114,242	212,652	2,289,522
Net revenue	2,086,338	1,632,680	89,618	193,342	4,001,978
Provision for bad debts expense, commitments, and guarantee liability provision	(233,845)	(184,564)	(198)	(24,540)	(443,147)
Operating expenses	(1,172,489)	(400,792)	(159,475)	(212,027)	(1,944,783)
Income (loss) before income tax	680,004	1,047,324	(70,055)	(43,225)	1,614,048
Income tax expense	-	-	-	(217,914)	(217,914)
Net income (loss)	$ 680,004	$ 1,047,324	$ (70,055)	$ (261,139)	$ 1,396,134
For the six months ended June 30, 2025					
Interest revenue (expense), net	$ 3,311,439	$ 2,497,043	$ 120,140	$ (1,225,307)	$ 4,703,315
Non-interest profits and gains, net	1,249,427	1,015,166	431,224	1,368,362	4,064,179
Net revenue	4,560,866	3,512,209	551,364	143,055	8,767,494
Reversal (provision) for bad debts expense, commitments, and guarantee liability provision	(358,057)	(23,376)	260	(46,011)	(427,184)
Operating expenses	(2,566,980)	(842,596)	(301,882)	(689,883)	(4,401,341)
Income (loss) before income tax	1,635,829	2,646,237	249,742	(592,839)	3,938,969
Income tax expense	-	-	-	(559,984)	(559,984)
Net income (loss)	$ 1,635,829	$ 2,646,237	$ 249,742	$ (1,152,823)	$ 3,378,985
For the six months ended June 30, 2024 (Restated)					
Interest revenue (expense), net	$ 3,103,332	$ 2,362,023	$ (2,006,007)	$ (38,010)	$ 3,421,338
Non-interest profits and gains, net	1,032,741	963,770	2,358,812	238,169	4,593,492
Net revenue	4,136,073	3,325,793	352,805	200,159	8,014,830
Provision for bad debts expense, commitments, and guarantee liability provision	(412,102)	(393,679)	(250)	(31,670)	(837,701)
Operating expenses	(2,297,586)	(789,982)	(311,485)	(438,343)	(3,837,396)
Income (loss) before income tax	1,426,385	2,142,132	41,070	(269,854)	3,339,733
Income tax expense	-	-	-	(448,090)	(448,090)
Net income (loss)	$ 1,426,385	$ 2,142,132	$ 41,070	$ (717,944)	$ 2,891,643

(Concluded)

TABLE 1

KGI BANK CO., LTD. AND SUBSIDIARIES

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

Holding Company	Security Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2025				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
CDIB Management Consulting Corporation	Stock							
	KGI Finance & Leasing Corporation	Subsidiary	Investments accounted for using equity method	76,704,787	$ 884,550	100.00	$ 884,550	
	CDIB International Leasing Corporation	Subsidiary	Investments accounted for using equity method	-	146,028	100.00	146,028	
KGI Finance & Leasing Corporation	Stock							
	Pacific Electric Wire and Cable Co., Ltd.	-	Financial assets at FVTOCI	546,231	14,491	0.07	14,491	
KGI Asset Management Co., Ltd.	Stock							
	IBF Securities Co., Ltd.	-	Financial assets at FVTPL	10,712,984	104,418	0.93	104,418	
	Chinfon Commercial Bank	-	Financial assets at FVTPL	5,026,269	-	0.86	-	
	Pine Street Asset Management Corp.	-	Financial assets at FVTOCI	3,886,190	16,963	12.25	16,963	

Note 1: The Bank and its subsidiaries recognized the related income or loss of investees as required by regulations.

Note 2: No securities were treated as collateral or pledge.

Note 3: The above companies which are the subsidiaries of the Bank were eliminated from the consolidated financial statements.

TABLE 2

KGI BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
JUNE 30, 2025
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Balance as of June 30, 2025			Consolidated Investment (Note 1)				Note
			Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Shares Currently Held	Virtual Shares (Note 2)	Number of Shares	Percentage of Ownership (%)	
Financial industry-related										
Taipei Foreign Exchange Inc.	Taipei City, Taiwan	Foreign exchange trading, financial derivatives trading	0.40	$ 3,267	$ 712	80,000	-	80,000	0.40	
Taiwan Futures Exchange	Taipei City, Taiwan	Futures exchange and settlement	0.51	158,762	7,970	38,084,983	-	38,084,983	6.12	
Financial Information Service Co., Ltd.	Taipei City, Taiwan	Telecommunication service; information system service	1.23	242,906	-	8,333,208	-	8,333,208	1.23	
Taiwan Asset Management Co., Ltd.	Taipei City, Taiwan	Purchasing for financial institutions' loans	0.57	79,302	3,900	6,000,000	-	6,000,000	0.57	
Sunlight Asset Management Co., Ltd.	Taipei City, Taiwan	Purchasing for financial institutions' loans	5.74	4,011	405	344,476	-	344,476	5.74	
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Communication and IT service	1.00	3,434	-	600,000	-	600,000	1.00	
Taiwan Financial Asset Service Company	Taipei City, Taiwan	Other activities auxiliary to financial service activities	2.94	48,519	-	5,000,000	-	5,000,000	2.94	
CDIB Management Consulting Corporation	Taipei City, Taiwan	Management consultancy activities	100.00	1,183,760	21,813	153,171,873	-	153,171,873	100.00	
Next Commercial Bank Co., Ltd.	Taipei City, Taiwan	Commercial banking	5.15	385,881	-	51,499,000	-	51,499,000	5.15	
Suyin KGI Consumer Finance Co., Ltd.	China	Consumer finance service	37.63	8,912,978	626,476	-	-	-	37.63	
KGI Asset Management Co., Ltd.	Taipei City, Taiwan	Trading and management of nonperforming loans of financial institution	100.00	1,403,489	129,713	113,360,000	-	113,360,000	100.00	
Non-financial industry-related										
CDIB & Partners Investment Holding Corp.	Taipei City, Taiwan	General investment corporation	4.95	1,026,056	55,476	367,200,000	-	367,200,000	33.66	

Note 1: All present shares or virtual shares of the Bank, directors, supervisors, the Bank's managers, and affiliates should be included.

Note 2: (1) virtual shares refer to equity-type securities or derivative financial instrument contracts that are not transferred to common shares. Based on the transaction terms and the holding purposes of the Bank, the two types of instruments are linked to the equity of investees and are recognized as investments accounted, in accordance with Article 74 of the Securities and Exchange Act. (2) The equity securities, such as convertible bonds and warrants, are regulated by Article 11 Paragraph 1 of the Securities and Exchange Act Enforcement Rules. (3) The derivative instrument contracts are those defined under IFRS 9, such as stock options.

Note 3: The above companies which are the subsidiaries of the Bank were eliminated from the consolidated financial statements.

KGI BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2025	Net Gain of the investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of June 30, 2025	Accumulated Inward Remittance of Earnings as of June 30, 2025
					Outflow	Inflow						
Suyin KGI Consumer Finance Co., Ltd.	Consumer financial service	CNY 4,200,000 thousand	Note 1 (a)	CNY 1,580,487 thousand	$ -	$ -	CNY 1,580,487 thousand	$ 1,664,832	37.63	$ 626,476 (Note 2 (b) 1)	$ 8,912,978	$ -
CDIB International Leasing Corporation	Financial leasing and management business consulting	CNY 187,750 thousand	Note 1 (a)	US$ 30,000 thousand	-	-	US$ 30,000 thousand	145	100.00	145 (Note 2 (b) 2)	146,028	-

Accumulated Investment in Mainland China as of June 30, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
$7,495,277	$7,495,277	$43,863,596

Note 1: The investment types are as follows:

a. Direct investments.
b. Reinvested through an investee company in a third area.
c. Others.

Note 2: In the column “Investment Gain”:

a. If it is in preparation and there is no investment gain, it should state clearly.

b. Investment gain should be based on the following and should state clearly.

1) Financial statements audited/reviewed by an international CPA firm having a cooperative relation with CPA firms in the ROC;
2) Financial statements audited/reviewed by the CPA firm of the parent company in Taiwan;
3) Other.

c. If the current profit and loss information of the investee company cannot be obtained, it should state clearly.

Note 3: Exchange rate as of reporting date of the financial statement was used in translating foreign currency.

TABLE 4

KGI BANK CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trading Company	Related Party	Flow of Transactions (Note 2)	Content of Transaction (Note 5)			
				Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	KGI Bank Co., Ltd.	KGI Finance & Leasing Corporation	1	Deposit and remittances	$ 32,309	Note 4	0.00
1	KGI Finance & Leasing Corporation	KGI Bank Co., Ltd.	2	Cash and cash equivalents	32,309	Note 4	0.00
0	KGI Bank Co., Ltd.	CDIB Management Consulting Corporation	1	Deposit and remittances	152,969	Note 4	0.02
2	CDIB Management Consulting Corporation	KGI Bank Co., Ltd.	2	Cash and cash equivalents	152,969	Note 4	0.02
0	KGI Bank Co., Ltd.	KGI Asset Management Co., Ltd.	1	Deposit and remittances	74,703	Note 4	0.01
3	KGI Asset Management Co., Ltd.	KGI Bank Co., Ltd.	2	Cash and cash equivalents	74,703	Note 4	0.01

Note 1: The consolidated entities are identified in the No. column as follows: Parent company - “0”; subsidiaries - numbered from 1 by company.

Note 2: Transaction flows are as follows: (1) from parent to subsidiary; (2) from subsidiary to parent; and (3) between subsidiaries.

Note 3: The ratio is calculated as follows: For asset and liability accounts - Transaction amount in the ending period/Total consolidated assets; for income and expense accounts - Transaction amount in the annual/Total consolidated revenue.

Note 4: The transaction criteria for related parties are similar to those for third parties.

Note 5: Transactions each amounted to at least NT$10 million.

Note 6: The above transactions and balances were eliminated from the consolidated financial statements.