

**Hua Nan Financial Holdings Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hua Nan Financial Holdings Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Hua Nan Financial Holdings Co., Ltd. (the Company) and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2024, December 31, 2023 and June 30, 2023, and the consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023, six months ended June 30, 2024 and 2023 and changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2024, December 31, 2023 and June 30, 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, the guidelines issued by the authority, and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those regulations and 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 Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company and its subsidiaries' consolidated financial statements for the six months ended June 30, 2024 are stated as follows:

Impairment Loss of Discounts and Loans

As detailed in Note 5 to the consolidated financial statements, the Company and its subsidiaries' management assess the impairment loss of discounts and loans based on the assumptions about the probability of default and the loss given default. The Company and its subsidiaries uses judgment in timely amending these assumptions and in adjusting the inputs to the impairment evaluation, based on the Company and its subsidiaries' historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Amending and adjusting key assumptions and inputs used are critical judgments and estimates and complied with the relevant laws and regulations. Therefore, the impairment loss of discounts and loans is identified as a key audit matter.

Please refer to Note 4 to the consolidated financial statements for the accounting policies related to impairment evaluation on discounts and loans, Note 5 for critical accounting judgments and key sources of estimation uncertainty, significant assumptions and input values used refer to Note 52 and Note 14 for related presentation and disclosure.

Our audit procedures performed in respect of the above key audit matter include understanding the methodology, key assumptions and parameter settings used by the management to measure the financial asset impairment model in accordance with International Financial Reporting Standard No.9. Assessing whether it is appropriate to reflect the actual situation of discounts and loans and whether the key assumptions and inputs used are reasonable and consistent with the calculation of expected credit losses. Obtain the information related to the evaluation of such financial assets by the management, test the completeness of the related information, and then select samples from the cases of discounts and loans to verify the accuracy of the calculation. In addition, confirm the classification and the provision of allowance for impairment loss complied with the relevant laws and regulations.

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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, the guidelines issued by the authority, and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 Company and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Wu and Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 26, 2024

Notice to Readers

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

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

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 45)	\$ 39,368,625	1	\$ 39,596,420	1	\$ 37,459,506	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 45 and 48)	236,512,788	6	245,757,463	6	209,739,768	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 45)	171,273,975	4	118,793,903	3	119,961,018	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9, 11 and 48)	395,421,651	10	379,784,939	10	380,754,086	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST, NET (Notes 4, 5, 10, 11 and 48)	789,470,868	19	686,891,136	18	743,442,901	20
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 12)	1,519,981	-	2,481,443	-	2,099,262	-
RECEIVABLES, NET (Notes 4, 5, 13 and 45)	84,598,596	2	64,179,226	2	60,119,934	2
CURRENT TAX ASSETS (Notes 4, 43 and 45)	358,316	-	398,393	-	382,023	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 45)	2,369,383,710	57	2,243,451,690	58	2,092,905,820	56
REINSURANCE CONTRACTS ASSETS, NET (Notes 4 and 21)	6,544,184	-	6,917,297	-	6,611,943	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Notes 4 and 15)	341,993	-	351,351	-	350,455	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 5, 16 and 45)	19,609,490	-	19,050,712	1	17,566,295	1
INVESTMENT PROPERTIES, NET (Notes 4, 19 and 48)	13,146,995	-	14,863,175	-	14,495,164	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 17, 45 and 48)	33,602,052	1	31,978,737	1	31,129,489	1
RIGHT-OF-USE ASSETS (Notes 4, 18 and 45)	2,344,691	-	2,268,659	-	2,108,098	-
INTANGIBLE ASSETS, NET (Notes 4 and 20)	877,512	-	919,111	-	993,097	-
DEFERRED TAX ASSETS (Notes 4 and 43)	3,895,708	-	3,850,295	-	3,801,936	-
OTHER ASSETS, NET (Notes 4, 22, 45 and 48)	<u>4,362,082</u>	<u>-</u>	<u>4,594,464</u>	<u>-</u>	<u>5,472,140</u>	<u>-</u>
TOTAL	<u>\$ 4,172,633,217</u>	<u>100</u>	<u>\$ 3,866,128,414</u>	<u>100</u>	<u>\$ 3,729,392,935</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 23 and 45)	\$ 249,540,472	6	\$ 190,550,622	5	\$ 243,946,295	7
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	5,491,205	-	8,651,418	-	5,361,945	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10 and 25)	72,315,200	2	109,103,919	3	96,457,673	3
COMMERCIAL PAPER PAYABLE, NET (Notes 24 and 47)	42,320,684	1	36,316,177	1	28,688,512	1
PAYABLES (Note 26)	66,291,188	2	45,127,555	1	48,092,596	1
CURRENT TAX LIABILITIES (Notes 4, 43 and 45)	3,432,767	-	3,640,732	-	2,280,947	-
DEPOSITS AND REMITTANCES (Notes 27 and 45)	3,314,987,878	79	3,065,364,627	80	2,913,614,878	78
BONDS PAYABLE (Notes 28 and 47)	76,288,056	2	80,586,915	2	79,585,777	2
OTHER BORROWINGS (Notes 29 and 47)	6,730,000	-	3,412,328	-	1,522,000	-
PROVISIONS (Notes 4, 30 and 31)	24,773,459	1	23,659,550	1	24,626,745	1
OTHER FINANCIAL LIABILITIES (Notes 32 and 47)	84,067,612	2	76,978,878	2	73,739,557	2
LEASE LIABILITIES (Notes 4, 18, 45 and 47)	2,392,949	-	2,325,107	-	2,151,976	-
DEFERRED TAX LIABILITIES (Notes 4 and 45)	6,189,434	-	6,139,717	-	6,142,233	-
OTHER LIABILITIES (Notes 4, 33 and 45)	<u>9,830,764</u>	<u>-</u>	<u>6,458,533</u>	<u>-</u>	<u>12,005,056</u>	<u>-</u>
Total liabilities	<u>3,964,651,668</u>	<u>95</u>	<u>3,658,316,078</u>	<u>95</u>	<u>3,538,216,190</u>	<u>95</u>
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT (Notes 4 and 34)						
Share capital						
Ordinary shares	136,427,459	3	136,427,459	3	136,427,459	4
Stock dividends to be distributed	<u>1,364,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>137,791,734</u>	<u>3</u>	<u>136,427,459</u>	<u>3</u>	<u>136,427,459</u>	<u>4</u>
Capital surplus	<u>17,761,804</u>	<u>1</u>	<u>17,761,804</u>	<u>-</u>	<u>17,758,986</u>	<u>-</u>
Retained earnings						
Legal reserve	24,580,603	1	22,273,772	1	22,273,772	1
Special reserve	10,540,113	-	18,503,358	-	18,503,358	-
Unappropriated earnings	<u>23,582,432</u>	<u>-</u>	<u>23,117,999</u>	<u>1</u>	<u>11,025,514</u>	<u>-</u>
Total retained earnings	<u>58,703,148</u>	<u>1</u>	<u>63,895,129</u>	<u>2</u>	<u>51,802,644</u>	<u>1</u>
Other equity						
Exchange differences on translating the financial statements of foreign operations	1,658,951	-	(619,865)	-	(287,120)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	14,409,349	-	10,697,410	-	9,705,111	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(22,960,116)	-	(20,563,285)	-	(24,448,158)	-
Unrealized gain (loss) on other comprehensive income reclassified by overlay approach	<u>614,397</u>	<u>-</u>	<u>211,430</u>	<u>-</u>	<u>215,639</u>	<u>-</u>
Total other equity	<u>(6,277,419)</u>	<u>-</u>	<u>(10,274,310)</u>	<u>-</u>	<u>(14,814,528)</u>	<u>-</u>
Total equity attributable to owner of the parent	207,979,267	5	207,810,082	5	191,174,561	5
NON-CONTROLLING INTERESTS	<u>2,282</u>	<u>-</u>	<u>2,254</u>	<u>-</u>	<u>2,184</u>	<u>-</u>
Total equity	<u>207,981,549</u>	<u>5</u>	<u>207,812,336</u>	<u>5</u>	<u>191,176,745</u>	<u>5</u>
TOTAL	<u>\$ 4,172,633,217</u>	<u>100</u>	<u>\$ 3,866,128,414</u>	<u>100</u>	<u>\$ 3,729,392,935</u>	<u>100</u>

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

HUA NAN FINANCIAL HOLDINGS 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			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 35 and 45)	\$ 25,648,705	153	\$ 21,534,782	144	\$ 49,773,522	151	\$ 41,310,890	142
INTEREST EXPENSES (Notes 35 and 45)	<u>(19,079,688)</u>	<u>(114)</u>	<u>(14,759,872)</u>	<u>(99)</u>	<u>(36,999,167)</u>	<u>(112)</u>	<u>(27,037,444)</u>	<u>(93)</u>
NET INTEREST	<u>6,569,017</u>	<u>39</u>	<u>6,774,910</u>	<u>45</u>	<u>12,774,355</u>	<u>39</u>	<u>14,273,446</u>	<u>49</u>
NET REVENUES OTHER THAN INTEREST								
Commission and fee revenues, net (Notes 36 and 45)	3,784,676	23	2,662,020	18	7,603,023	23	5,168,330	18
Income from insurance premiums, net (Note 37)	1,175,964	7	1,039,704	7	2,752,442	8	2,385,820	8
Gain on financial assets and liabilities at fair value through profit or loss, net (Notes 4, 8, 38 and 45)	7,834,945	47	8,384,603	56	23,899,743	72	9,164,224	32
Gain on investment properties, net (Note 19)	254,384	2	122,590	1	374,521	1	273,170	1
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 39)	353,299	2	851,863	6	514,429	2	943,755	3
Loss on derecognition of financial assets at amortized cost (Note 4)	-	-	-	-	(6,141)	-	(2,365)	-
Foreign exchange loss, net (Notes 4 and 38)	(3,147,049)	(19)	(4,732,514)	(32)	(14,546,876)	(44)	(2,576,838)	(9)
Impairment loss on assets (Notes 4 and 11)	(3,023)	-	(8,745)	-	(10,577)	-	(11,219)	-
Share of profit (loss) of associates accounted for using the equity method (Notes 4 and 15)	1,170	-	1,275	-	(476)	-	(498)	-
Loss on reclassified by overlay approach (Notes 4, 8 and 11)	(155,095)	(1)	(216,309)	(1)	(421,354)	(1)	(514,333)	(2)
Other non-interest income, net (Notes 4 and 45)	<u>31,465</u>	<u>-</u>	<u>58,458</u>	<u>-</u>	<u>95,412</u>	<u>-</u>	<u>104,341</u>	<u>-</u>
Total net revenues other than interest	<u>10,130,736</u>	<u>61</u>	<u>8,162,945</u>	<u>55</u>	<u>20,254,146</u>	<u>61</u>	<u>14,934,387</u>	<u>51</u>
TOTAL NET REVENUE	<u>16,699,753</u>	<u>100</u>	<u>14,937,855</u>	<u>100</u>	<u>33,028,501</u>	<u>100</u>	<u>29,207,833</u>	<u>100</u>
ALLOWANCE FOR DOUBTFUL ACCOUNTS, COMMITMENTS, AND GUARANTEES (Notes 4, 13 and 14)	<u>(826,934)</u>	<u>(5)</u>	<u>(358,354)</u>	<u>(2)</u>	<u>(1,566,383)</u>	<u>(4)</u>	<u>(755,309)</u>	<u>(3)</u>
CHANGE IN PROVISIONS FOR INSURANCE LIABILITIES, NET (Notes 4 and 30)	<u>(81,210)</u>	<u>(1)</u>	<u>(180,516)</u>	<u>(1)</u>	<u>(577,608)</u>	<u>(2)</u>	<u>(631,550)</u>	<u>(2)</u>
OPERATING EXPENSES (Notes 31, 40, 41, 42 and 45)								
Employee benefits	(5,247,998)	(31)	(4,928,445)	(33)	(10,238,822)	(31)	(9,585,902)	(33)
Depreciation and amortization	(527,165)	(3)	(519,169)	(4)	(1,054,220)	(3)	(1,032,169)	(3)
Others	<u>(2,613,386)</u>	<u>(16)</u>	<u>(2,236,305)</u>	<u>(15)</u>	<u>(5,143,567)</u>	<u>(16)</u>	<u>(4,421,123)</u>	<u>(15)</u>
Total operating expenses	<u>(8,388,549)</u>	<u>(50)</u>	<u>(7,683,919)</u>	<u>(52)</u>	<u>(16,436,609)</u>	<u>(50)</u>	<u>(15,039,194)</u>	<u>(51)</u>

(Continued)

HUA NAN FINANCIAL HOLDINGS 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			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT BEFORE INCOME TAX	\$ 7,403,060	44	\$ 6,715,066	45	\$ 14,447,901	44	\$ 12,781,780	44
INCOME TAX EXPENSE (Notes 4 and 43)	<u>(1,817,454)</u>	<u>(11)</u>	<u>(1,209,396)</u>	<u>(8)</u>	<u>(3,233,347)</u>	<u>(10)</u>	<u>(2,276,039)</u>	<u>(8)</u>
NET PROFIT FOR THE PERIOD	<u>5,585,606</u>	<u>33</u>	<u>5,505,670</u>	<u>37</u>	<u>11,214,554</u>	<u>34</u>	<u>10,505,741</u>	<u>36</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 8, 34 and 43)								
Items that will not be reclassified subsequently to profit or loss:								
Gain on investments in equity instruments at fair value through other comprehensive income	1,360,475	8	1,991,844	13	5,041,091	15	1,604,391	5
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	741,753	5	122,729	1	2,278,816	7	5,519	-
(Loss) gain on investments in debt instruments at fair value through other comprehensive income	(942,508)	(6)	(1,607,068)	(11)	(2,398,086)	(7)	1,783,856	6
Gain on other comprehensive income reclassified by overlay approach	155,095	1	216,309	2	421,354	1	514,333	2
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(4,208)</u>	<u>-</u>	<u>3,707</u>	<u>-</u>	<u>(17,132)</u>	<u>-</u>	<u>(14,890)</u>	<u>-</u>
Other comprehensive income for the period	<u>1,310,607</u>	<u>8</u>	<u>727,521</u>	<u>5</u>	<u>5,326,043</u>	<u>16</u>	<u>3,893,209</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 6,896,213</u>	<u>41</u>	<u>\$ 6,233,191</u>	<u>42</u>	<u>\$ 16,540,597</u>	<u>50</u>	<u>\$ 14,398,950</u>	<u>49</u>
NET PROFIT ATTRIBUTABLE TO:								
Owner of the parent	\$ 5,585,567	33	\$ 5,505,620	37	\$ 11,214,480	34	\$ 10,505,674	36
Non-controlling interests	<u>39</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>67</u>	<u>-</u>
	<u>\$ 5,585,606</u>	<u>33</u>	<u>\$ 5,505,670</u>	<u>37</u>	<u>\$ 11,214,554</u>	<u>34</u>	<u>\$ 10,505,741</u>	<u>36</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the parent	\$ 6,896,148	41	\$ 6,233,123	42	\$ 16,540,480	50	\$ 14,398,851	49
Non-controlling interests	<u>65</u>	<u>-</u>	<u>68</u>	<u>-</u>	<u>117</u>	<u>-</u>	<u>99</u>	<u>-</u>
	<u>\$ 6,896,213</u>	<u>41</u>	<u>\$ 6,233,191</u>	<u>42</u>	<u>\$ 16,540,597</u>	<u>50</u>	<u>\$ 14,398,950</u>	<u>49</u>

(Continued)

HUA NAN FINANCIAL HOLDINGS 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			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 44)								
Basic and diluted	<u>\$ 0.41</u>		<u>\$ 0.40</u>		<u>\$ 0.81</u>		<u>\$ 0.76</u>	

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

(Concluded)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	Other Equity																
	Share Capital		Capital Surplus					Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investment in Equity Instruments at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Investment in Debt Instruments at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Other Comprehensive Income Reclassified by Overlay Approach	Non-controlling Interests	Total Equity
	Capital Stock	Stock Dividends to Be Distributed	Share Premium	Treasury Stock	Donated Assets	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2023	\$ 136,427,459	\$ -	\$ 17,702,376	\$ 52,349	\$ 2,936	\$ 1,325	\$ 17,758,986	\$ 20,380,779	\$ 6,471,594	\$ 22,023,668	\$ 48,876,041	\$ (292,639)	\$ 8,570,902	\$ (26,224,250)	\$ (291,568)	\$ 2,175	\$ 184,827,106
Appropriation of 2022 earnings																	
Legal reserve	-	-	-	-	-	-	-	1,892,993	-	(1,892,993)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	12,031,764	(12,031,764)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(8,049,221)	(8,049,221)	-	-	-	-	-	(8,049,221)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(90)	(90)
Net profit for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	10,505,674	10,505,674	-	-	-	-	67	10,505,741
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	-	-	5,519	1,604,359	1,776,092	507,207	32	3,893,209
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	10,505,674	10,505,674	5,519	1,604,359	1,776,092	507,207	99	14,398,950
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	470,150	470,150	-	(470,150)	-	-	-	-
BALANCE AT JUNE 30, 2023	<u>\$ 136,427,459</u>	<u>\$ -</u>	<u>\$ 17,702,376</u>	<u>\$ 52,349</u>	<u>\$ 2,936</u>	<u>\$ 1,325</u>	<u>\$ 17,758,986</u>	<u>\$ 22,273,772</u>	<u>\$ 18,503,358</u>	<u>\$ 11,025,514</u>	<u>\$ 51,802,644</u>	<u>\$ (287,120)</u>	<u>\$ 9,705,111</u>	<u>\$ (24,448,158)</u>	<u>\$ 215,639</u>	<u>\$ 2,184</u>	<u>\$ 191,176,745</u>
BALANCE AT JANUARY 1, 2024	\$ 136,427,459	\$ -	\$ 17,702,376	\$ 52,349	\$ 2,936	\$ 4,143	\$ 17,761,804	\$ 22,273,772	\$ 18,503,358	\$ 23,117,999	\$ 63,895,129	\$ (619,865)	\$ 10,697,410	\$ (20,563,285)	\$ 211,430	\$ 2,254	\$ 207,812,336
Appropriation of 2023 earnings																	
Legal reserve	-	-	-	-	-	-	-	2,306,831	-	(2,306,831)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(7,963,245)	7,963,245	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(16,371,295)	(16,371,295)	-	-	-	-	-	(16,371,295)
Stock dividends	-	1,364,275	-	-	-	-	-	-	-	(1,364,275)	(1,364,275)	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(89)	(89)
Net profit for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-	11,214,480	11,214,480	-	-	-	-	74	11,214,554
Other comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-	-	-	2,278,816	5,041,048	(2,396,831)	402,967	43	5,326,043
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-	11,214,480	11,214,480	2,278,816	5,041,048	(2,396,831)	402,967	117	16,540,597
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	1,329,109	1,329,109	-	(1,329,109)	-	-	-	-
BALANCE AT JUNE 30, 2024	<u>\$ 136,427,459</u>	<u>\$ 1,364,275</u>	<u>\$ 17,702,376</u>	<u>\$ 52,349</u>	<u>\$ 2,936</u>	<u>\$ 4,143</u>	<u>\$ 17,761,804</u>	<u>\$ 24,580,603</u>	<u>\$ 10,540,113</u>	<u>\$ 23,582,432</u>	<u>\$ 58,703,148</u>	<u>\$ 1,658,951</u>	<u>\$ 14,409,349</u>	<u>\$ (22,960,116)</u>	<u>\$ 614,397</u>	<u>\$ 2,282</u>	<u>\$ 207,981,549</u>

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

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 14,447,901	\$ 12,781,780
Adjustments for:		
Depreciation expenses	878,595	843,178
Amortization expenses	175,625	188,991
Allowance for doubtful accounts, commitments, and guarantees	1,566,383	755,309
Interest expenses	36,999,167	27,037,444
Net loss on derecognition of financial assets at amortized cost	6,141	2,365
Interest income	(49,773,522)	(41,310,890)
Dividend income	(596,578)	(963,671)
Change in provisions for insurance liabilities, net	577,608	631,550
Share of loss of associates accounted for using the equity method	476	498
Loss on profit or loss reclassified by overlay approach	421,354	514,333
(Gain) loss on disposal of property and equipment	(335)	210
Gain on disposal of investment properties	(137,186)	(56,165)
Impairment loss recognized on financial assets	10,577	11,219
Others	(1,309)	3,126
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to other banks	(10,673,486)	(33,248)
Increase in financial assets at fair value through profit or loss	(52,429,273)	(27,621,272)
Increase in financial assets at fair value through other comprehensive income	(12,730,204)	(18,634,813)
Increase in investments in debt instruments at amortized cost	(102,527,295)	(27,183,205)
Increase in receivables	(18,808,647)	(11,171,996)
Increase in discounts and loans	(127,330,835)	(56,278,484)
Decrease (increase) in assets under reinsurance contracts	994,294	(84,284)
Increase in other financial assets	(589,518)	(110,195)
Decrease (increase) in other assets	301,836	(1,493,197)
Increase in deposits from the Central Bank and other banks	58,989,850	61,554,799
Decrease in financial liabilities at fair value through profit or loss	(3,160,213)	(871,600)
(Decrease) increase in securities sold under repurchase agreements	(36,788,719)	43,096,468
Increase (decrease) in payables	3,408,090	(824,055)
Increase (decrease) in deposits and remittances	249,623,251	(29,847,255)
Decrease in provisions	(157,254)	(7,171)
Increase in other financial liabilities	7,088,734	8,862,990
Increase (decrease) in other liabilities	3,416,450	(593,820)
Cash used in operations	(36,798,042)	(60,801,061)
Interest received	48,184,216	40,177,664
Dividends received	302,865	324,899
Interest paid	(35,490,011)	(24,415,341)
Income tax paid	(3,595,866)	(3,730,121)
Net cash used in operating activities	(27,396,838)	(48,443,960)

(Continued)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (925,506)	\$ (850,475)
Proceeds from disposal of property and equipment	340	274
Acquisition of intangible assets	(107,180)	(124,906)
Net cash outflow on acquisition of subsidiaries	-	(22,000)
Acquisition of investment properties	(198,312)	(122,839)
Proceeds from disposal of investments properties	<u>823,275</u>	<u>207,522</u>
Net cash used in investing activities	<u>(407,383)</u>	<u>(912,424)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	3,428,000	-
Decrease in short-term borrowings	(30,000)	(444,000)
Increase in commercial paper payable	6,018,593	8,807,198
Repayments of corporate bonds	-	(7,000,000)
Repayments of bank debentures	(4,300,000)	-
Proceeds from long-term borrowings	-	110,000
Repayments of long-term borrowings	(80,328)	-
Repayment of the principal portion of lease liabilities	(384,673)	(384,646)
Dividends paid to non-controlling interests	<u>(89)</u>	<u>(90)</u>
Net cash generated from financing activities	<u>4,651,503</u>	<u>1,088,462</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>2,051,602</u>	<u>(54,176)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,101,116)	(48,322,098)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>165,833,899</u>	<u>186,822,057</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 144,732,783</u>	<u>\$ 138,499,959</u>

(Continued)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2024 and 2023:

	June 30	
	2024	2023
Cash and cash equivalents in consolidated balance sheets	\$ 39,368,625	\$ 37,459,506
Due from the Central Bank and other banks that meet the definition of cash and cash equivalents in IAS 7	103,844,177	98,941,191
Securities purchased under resell agreements that meet the definition of cash and cash equivalents in IAS 7	<u>1,519,981</u>	<u>2,099,262</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 144,732,783</u>	<u>\$ 138,499,959</u>

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

(Concluded)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Hua Nan Financial Holdings Co., Ltd. (HNFH or the Company) was established by Hua Nan Commercial Bank Ltd. (HNCB) and EnTrust Securities Co., Ltd. (“EnTrust”) through a share swap on December 19, 2001. After share swap, HNCB and EnTrust became HNFH’s wholly owned subsidiaries. EnTrust was renamed Hua Nan Securities Co., Ltd. (HNSC) in June 2003.

On August 15, 2003, South China Insurance Co., Ltd. (SCIC) and EnTrust Investment Trust Corporation became wholly owned subsidiaries of HNFH through a share swap. EnTrust Investment Trust Corporation changed its name to Hua Nan Investment Trust Corporation (HNIT) on July 2003.

HNFH manages and invests in authorized domestic and overseas financial institutions.

Hua Nan Commercial Bank, Ltd. (“HNCB”) was established on March 1, 1947 through the restructuring of the Hua Nan Bank, which was founded in 1919. HNCB engages in (a) all commercial banking operations allowed by the Banking Act; (b) offshore banking business; (c) overseas branch operations authorized by the respective foreign governments; and (d) other operations as authorized by the central competent authorities.

HNCB maintains its head office in Taipei. As of June 30, 2024, HNCB had Banking, Financial Trading, International Banking and Trust Departments as well as 186 domestic branches and representative offices, an offshore banking unit (OBU), 12 overseas branches (located in Los Angeles, New York, Hong Kong, Singapore, London, Ho Chi Minh City, Sydney, Shenzhen, Shanghai, Fuzhou, Macao and Manila, respectively), 1 overseas sub branch (Baoan in Shenzhen) and 3 overseas representative offices (Hanoi, Vietnam Yangon, Myanmar and Bangkok, Thailand).

The operations of HNCB’s Trust Department are (1) trust business planning, managing and operating and (2) custody of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These operations are regulated under the Banking Act and the Trust Enterprise Act.

Hua Nan Securities Co., Ltd. (HNSC) was incorporated on June 17, 1988 in conformity with related regulations. HNSC’s main business operations are (a) to accept orders to trade securities at centralized securities exchange market; (b) to trade securities for itself at centralized securities exchange market; (c) to underwrite securities; (d) to accept orders to trade securities at HNSC’s business locations; (e) to trade securities for itself at HNSC’s business location; (f) to act as a transfer agent for securities; (g) to engage in margin loan and securities financing for securities; (h) to engage in securities-related auxiliary futures trading services; (i) to accept orders to buy and sell foreign securities; (j) to engage in securities-related futures services; (k) to engage in other securities-related businesses approved by the governing authorities.

South China Insurance Co., Ltd. (SCIC) was incorporated on May 1, 1963. SCIC is mainly engaged in property insurance services including automobile insurance, fire insurance, casualty insurance, liability insurance, and reinsurance of the preceding insurance businesses. SCIC has a head office in Taipei, 8 branches and 32 service centers in main cities in Taiwan.

Hua Nan Investment Trust Corporation (HNIT) was registered on September 29, 1992. HNIT is mainly engaged in issuing beneficiary certificates to raise investment trust funds and making securities investments using these funds. HNIT was authorized by the governing authorities to be engaged in the operation of discretionary investment services in September 2001.

Hua Nan Venture Capital Co., Ltd. (HNVC) was registered on January 28, 2004 under the “Company Act” and “Regulations for Scope and Guidance to Venture Capital Business”. HNVC is mainly engaged in venture capital investments business, investment consulting business, and manage consulting business. HNVC invested business including domestic and overseas technology companies, other domestic and overseas venture capital companies, and other companies allowed by the related regulations.

Hua Nan Asset Management Co., Ltd. (HNAMC) was invested by HNFH and was established on May 10, 2005. HNAMC is mainly engaged in properties purchase, properties leasing and purchase, evaluation, auction and management service of monetary creditor’s rights of financial institutions.

Hua Nan International Leasing Co., Ltd. (HNILC) was established on July 13, 2012. HNILC is mainly engaged in financing and leasing.

Hua Nan International Leasing Corporation (HNILC Shenzhen) was established on October 25, 2012. HNILC Shenzhen is mainly engaged in financing and leasing.

Hua Nan Futures Co., Ltd. (HNFC) was established on April 30, 1994 based on Company Act, Futures Trading Act and other related regulations. On July 25, 1994 HNFC received the authorized license from Securities and Futures Bureau of MOF and is mainly engaged in futures broker business and futures consulting business. On May 20, 2009, HNFC received the approval of operating future management and the authorized license.

Hua Nan Investment Management Co., Ltd. (HNIM) was established on September 27, 1993 based on Company Act and other related regulations. HNIM is mainly engaged in security investment consulting business.

Hua Nan Holdings Corp. was established in British Virgin Island on March 17, 1997. The outstanding shares are 100,000 and are all held by HNSC. It is mainly engaged in holding company business.

Hua Nan Securities (HK) Limited was established in Hong Kong, and was a wholly owned subsidiary of Hua Nan Holdings Corp. It is mainly engaged in security business.

The functional currency of the Company is New Taiwan dollars, and the consolidated financial statements are presented in New Taiwan dollars.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company and its subsidiaries (“the Group”) had 11,292, 11,100 and 11,070 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on August 26, 2024.

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 IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)
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Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

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

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

Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

IFRS 17 "Insurance Contract"

IFRS 17 sets out the accounting standards for insurance contract and it will supersede IFRS 4 "Insurance Contract". The main standards and amendments of IFRS 17 are as follow:

Level of aggregation of insurance contracts

The Group shall identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The Group shall divide a portfolio of insurance contracts issued into a minimum of:

- 1) A group of contracts that are onerous at initial recognition, if any;
- 2) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- 3) A group of the remaining contracts in the portfolio, if any.

The Group shall not include contracts issued more than one year apart in the same group. The Group shall apply the recognition and measurement requirements of IFRS 17 to the Group of contracts issued.

Recognition

The Group shall recognize a group of insurance contracts it issues from the earliest of the following:

- 1) The beginning of the coverage period of the Group of contracts;
- 2) The date when the first payment from a policyholder in the Group becomes due; and
- 3) For a group of onerous contracts, when the Group becomes onerous.

Measurement on initial recognition

On initial recognition, the Group shall measure a group of insurance contracts at the total of the fulfilment cash flows and contractual service margin. The fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows and a risk adjustment for non-financial risk. Contractual service margin is a component of the asset or liability for the Group of insurance contracts that represents the unearned profit the entity will recognize as it provides services in the future. The Group shall measure the contractual service margin on initial recognition of a group of insurance contracts at an amount that, unless onerous contracts applies, results in no income or expenses arising from a) the initial recognition of an amount for the fulfilment cash flows, measured by applying paragraphs; b) the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows applying; and c) any cash flows arising from the contracts in the Group at that date.

Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Liability for remaining coverage comprise the fulfilment cash flows related to future service allocated to the Group at that date and the contractual service margin of the Group at that date. The liability for incurred claims, comprise the fulfilment cash flows related to past service allocated to the Group at that date. Impairment loss should be recognized immediately if contracts portfolio become onerous contracts during subsequent measurement.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group shall recognize a loss in profit or loss for the net outflow for the Group of onerous contracts, resulting in the carrying amount of the liability for the Group being equal to the fulfilment cash flows and the contractual service margin of the Group being zero. Contractual service margin remains zero, and no insurance contract revenue will be recognized before the recognized onerous amount is reversed.

Premium allocation approach

The Group may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the Group:

- 1) The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the Group that would not differ materially from the one that would be produced applying the requirements; or
- 2) Coverage period of each contract in the Group is one year or less.

The criterion 1) is not met if at the inception of the Group, the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

Using the premium allocation approach, the liability for remaining coverage on the initial recognition including:

- 1) Premium received at initial recognition.
- 2) Less any insurance acquisition cash flows at that date.
- 3) Added or deducted for derecognition of the following items at the date of initial recognition:
 - a) All insurance acquisition cash flow assets.
 - b) All other assets or liabilities previously recognized in relation to cash flows associated with a group of insurance contracts.

At the end of each subsequent reporting period, the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, plus insurance acquisition cash flows, minus the amount recognized as insurance revenue for coverage provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

Investment contracts with discretionary participation features

An investment contract with discretionary participation features does not include a transfer of significant insurance risk. IFRS 17 applies to investment contract with discretionary participation features and insurance contract if issuer also issues insurance contract.

Modification and derecognition

If the terms of an insurance contract are modified and certain conditions are satisfied, the Group shall derecognize the original contract and recognize the modified contract as a new contract. The Group shall derecognize the insurance contract when contract is extinguished or its substance is being modified.

Transition rules

The Group shall provide apply retrospective approach, and apply modified retrospective approach or the fair value approach if retrospective approach is inapplicable.

Modified retrospective approach achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. Fair value approach should be applied if reasonable and supportable information are unavailable.

To apply the fair value approach, the Group shall determine the contractual service margin or loss component of the liability for remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which had applied IFRS 9 may redesignate the classification of an eligible asset that meets the condition in paragraph C29 of IFRS 17. The entity is not required to restate the comparative information to reflect changes in the classifications of these assets, and any difference between the previous carrying amount and the carrying amount at the date of initial application of these financial assets should be recognized in the opening retained earnings (or other component of equity, as appropriate) at the date of initial application. If the entity restates the comparative information, the restated financial statements must reflect all the requirements of IFRS 9 for those affected financial assets.

In addition, an enterprise which had applied IFRS 9 before the initial application of IFRS 17 could apply the classification overlay on an individual basis to the financial assets that had been derecognized during the comparative period as if those financial assets had been reclassified in the comparative period in accordance with the redesignation requirements in paragraph C29 of IFRS 17.

IFRS 18 “Presentation and Disclosures in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

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

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

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

- The entity having no practical ability to withdraw, stop or cancel the payment instruction;
- The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

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

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

Current/Non-current Assets and Liabilities

Since the length of the operating cycle in the banking industry could not be reasonably identified, accounts included in the Group’s financial statements were not classified as current or non-current. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Except for the matter stated in the preceding paragraph, cash and cash equivalents or assets to be realized within 12 months after the reporting period are classified as current. Liabilities to be liquidated or settled within 12 months and liabilities for which the Group’s does not have an unconditional right to defer settlement for at least 12 months after the reporting period, are classified as current (even if an agreement to refinance; or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other assets and liabilities are classified as non-current.

The consolidated financial statements, however, do not show the classification of current or non-current assets/liabilities because the banking industry accounts are the major parts of the consolidated accounts.

Principles for Preparing Consolidated Financial Statements

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

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

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

The consolidated entities, nature and percentage of ownership is shown in Table 12.

Other Material Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

a. Retirement benefits

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

b. Employee benefit - employees' preferential deposits

Employees' preferential deposits for an interim period is calculated on a year-to-date basis by using the actuarially determined amount at the end of the prior financial year, adjusted for material market fluctuations.

c. Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of climate change and related government policies and its economic environment implications and inflation and interest rate fluctuations volatility when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of discounts and loans

The provision for impairment of discounts and loans is based on assumptions on probability of default and loss given default. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 52. When the actual future cash inflows are less than expected, a material impairment loss may arise.

Claiming liabilities arising from insurance contracts

The estimation of the final claiming liabilities of insurance contracts is based on the insurance type according to its historical claim experience and expenses, and the compensation reserve is calculated in accordance with actuarial principles. On the balance sheet date, its outstanding claims reserve is sufficient to cover all final claims losses and expenses from events that have occurred on that day, but the reserve is based on estimates, so there is no guarantee that its final liabilities will not exceed or be less than the estimated amount.

6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 14,044,463	\$ 14,055,049	\$ 14,197,444
Cash in banks	1,846,150	2,971,177	2,887,969
Due from other banks	21,297,025	21,576,386	19,082,383
Notes and checks for clearing	2,157,921	976,963	1,235,342
Cash equivalents	<u>25,980</u>	<u>18,990</u>	<u>57,883</u>
	39,371,539	39,598,565	37,461,021
Allowance for impairment loss	<u>(2,914)</u>	<u>(2,145)</u>	<u>(1,515)</u>
	<u>\$ 39,368,625</u>	<u>\$ 39,596,420</u>	<u>\$ 37,459,506</u>

The movements of the allowance for impairment losses were as follows:

	For the Six Months Ended June 30	
	2024	2023
Balance, beginning of the period	\$ 2,145	\$ 1,305
Provision	703	247
Foreign exchange gains and losses	<u>66</u>	<u>(37)</u>
Balance, end of the period	<u>\$ 2,914</u>	<u>\$ 1,515</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Call loans to banks	\$ 67,165,797	\$ 82,728,373	\$ 59,977,746
Reserve - checking accounts	54,337,400	44,098,340	55,918,139
Reserve - demand accounts	93,533,826	87,526,697	85,477,190
Reserve - foreign-currency deposit	991,432	944,682	933,720
Deposits of overseas branches with foreign Central Banks	432,912	413,601	395,810
			(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
Due from the Central Bank	\$ 57,361	\$ 45,862	\$ 40,256
Interbank settlement funds	<u>20,000,470</u>	<u>30,000,016</u>	<u>7,000,466</u>
	236,519,198	245,757,571	209,743,327
Allowance for impairment loss	<u>(6,410)</u>	<u>(108)</u>	<u>(3,559)</u>
	<u>\$ 236,512,788</u>	<u>\$ 245,757,463</u>	<u>\$ 209,739,768</u>
			(Concluded)

The movements of the allowance for impairment losses were as follows:

	For the Six Months Ended June 30	
	2024	2023
Balance, beginning of the period	\$ 108	\$ -
Provision	6,299	3,559
Foreign exchange gains and losses	<u>3</u>	<u>-</u>
Balance, end of the period	<u>\$ 6,410</u>	<u>\$ 3,559</u>

The reserve deposits are required by law and the Company maintains certain amount of in average of the Company's deposits. The reserve-checking accounts had been provided as collateral for day-term overdrafts not interest bearing and may be withdrawn anytime. Financial institution deposit reserves 55% for deposits reserve, only reserve adjustment can withdrawn, the deposit difference for demand deposit and time deposit, is paid at different interest rates. The reserve - demand accounts yields interest at a rate announced by Central Bank. Foreign-currency deposit maintains a certain amount of deposit in the reserve - foreign-currency deposits, which is not interest bearing and may be withdrawn anytime. The Interbank Clearing Fund refers to an account opened at the central bank, with the funds therein designated for interbank settlement purposes, managed by the Financial Information Corporation Limited.

8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets mandatorily classified as at			
FVTPL			
Investments in bill	\$ 119,621,773	\$ 97,031,423	\$ 87,627,445
Government bonds	16,687,896	3,732,122	2,629,388
Currency swap	12,844,332	2,965,595	12,490,097
Listed stocks	7,444,164	6,839,454	6,319,857
Treasury bills	3,977,516	-	1,984,182
Interest swap	3,612,513	2,159,789	2,549,897
Operating securities - dealing	2,915,633	2,137,079	2,399,599
Beneficiary certificates	2,014,824	1,906,965	1,711,517
Unlisted stocks	638,443	830,295	787,008
Beneficiary securities	455,966	503,091	493,307
Corporate bonds	297,291	-	-
			(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
Operating securities - underwriting	\$ 218,707	\$ 307,782	\$ 444,325
Options	196,468	98,805	132,803
Cross currency swap	182,103	74,587	203,409
Forward	96,061	161,124	113,223
Margin deposits - future	69,555	45,792	74,961
Futures	<u>730</u>	<u>-</u>	<u>-</u>
	<u>\$ 171,273,975</u>	<u>\$ 118,793,903</u>	<u>\$ 119,961,018</u>
Held-for-trading financial liabilities			
Interest swap	\$ 3,612,513	\$ 2,159,789	\$ 2,549,897
Currency swap	1,557,171	6,274,427	2,578,361
Options	198,507	100,642	134,368
Forward	123,014	77,985	96,382
Bond investment with resale - financing	-	32,544	-
Futures	-	3,551	1,319
Cross currency swap	<u>-</u>	<u>2,480</u>	<u>1,618</u>
	<u>\$ 5,491,205</u>	<u>\$ 8,651,418</u>	<u>\$ 5,361,945</u>
			(Concluded)

SCIC also adopted IFRS 4 “Insurance Contracts” to recognize profit and loss of designated financial assets. The financial assets designated to overlay approach are as follow:

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets at FVTPL</u>			
Listed stocks	\$ 6,849,385	\$ 6,012,308	\$ 5,786,264
Unlisted stocks	82,691	91,105	87,830
Beneficiary certificates	1,994,390	1,889,928	1,683,975
Beneficiary securities	<u>19,556</u>	<u>22,815</u>	<u>23,049</u>
	<u>\$ 8,946,022</u>	<u>\$ 8,016,156</u>	<u>\$ 7,581,118</u>

The reclassification amount between profit and loss and other comprehensive income of financial assets designated to overlay approach are as follow:

	For the Six Months Ended June 30	
	2024	2023
Gain recognized in profit and loss on application of IFRS 9	\$ 660,471	\$ 740,008
Less: Gain recognized in profit and loss if IAS 39 was applied	<u>(239,117)</u>	<u>(225,675)</u>
Gain on reclassification of overlay approach	<u>\$ 421,354</u>	<u>\$ 514,333</u>

The amounts of financial assets at FVTPL for the six months ended June 30, 2024 and 2023, decreased from \$523,150 to \$101,796 and from \$627,181 to \$112,848, respectively, due to the adjustments of overlay approach.

The Group entered into derivative contracts to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Group is to minimize risks due to changes in fair value or cash flows.

The nominal principal of outstanding derivative contracts as of June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Forward and currency swap	NT\$ 518,032,165	NT\$ 457,132,749	NT\$ 529,443,648
Interest swap	NT\$ 102,764,007	NT\$ 103,362,920	NT\$ 108,204,922
Options	NT\$ 26,462,213	NT\$ 16,780,429	NT\$ 25,877,245
Cross currency swap	NT\$ 6,514,000	NT\$ 3,070,500	NT\$ 5,044,680
Futures	NT\$ 1,370,465	NT\$ 1,790,448	NT\$ 1,296,065
Forward and currency swap	US\$ 12,114	US\$ 14,968	US\$ 15,029
Asset swap	NT\$ -	NT\$ -	NT\$ 10,000

The principal of debt investments, which are financial assets mandatorily classified as at FVTPL, amounting to \$1,616,631, \$1,482,449 and \$778,921 as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, had been sold under repurchase agreements.

The principal of bond investments, which are financial assets mandatorily classified as at FVTPL, amounting to \$2,389,960, \$1,938,466 and \$2,473,131 as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, had been sold under repurchase agreements.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in equity instruments at FVTOCI	\$ 51,244,691	\$ 45,670,617	\$ 47,411,893
Investments in debt instruments at FVTOCI	<u>344,176,960</u>	<u>334,114,322</u>	<u>333,342,193</u>
	<u>\$ 395,421,651</u>	<u>\$ 379,784,939</u>	<u>\$ 380,754,086</u>

a. Investments in equity instruments at FVTOCI

	June 30, 2024	December 31, 2023	June 30, 2023
Listed stocks	\$ 40,804,355	\$ 35,401,604	\$ 37,930,377
Unlisted stocks	9,950,248	9,777,458	9,050,928
Real estate investment trust beneficiary securities	<u>490,088</u>	<u>491,555</u>	<u>430,588</u>
	<u>\$ 51,244,691</u>	<u>\$ 45,670,617</u>	<u>\$ 47,411,893</u>

These investments in equity instruments are held for strategic purposes or non-trading purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

For the six months ended June 30 2024 and 2023, the Group sold a part of listed stocks as at its fair value in order to manage credit concentration risk or earn profit. Related other equity-unrealized gain on investments measured at FVTOCI amounting to \$1,329,109 and \$470,150 were transferred to retained earnings.

Refer to Note 48 for information on June 30, 2024, December 31, 2023 and June 30, 2023 relating to investments in equity instruments at FVTOCI pledged as security.

b. Investments in debt instruments at FVTOCI

	June 30, 2024	December 31, 2023	June 30, 2023
Government bonds	\$ 140,149,034	\$ 135,180,627	\$ 130,129,849
Corporate bonds	113,637,831	107,626,543	111,327,650
Bank debentures	81,967,983	82,622,166	81,729,901
Agency mortgage - backed securities	7,474,227	7,483,538	7,711,599
Negotiable certificates of deposits	786,009	1,052,389	2,288,960
Treasury bills	<u>161,876</u>	<u>149,059</u>	<u>154,234</u>
	<u>\$ 344,176,960</u>	<u>\$ 334,114,322</u>	<u>\$ 333,342,193</u>

The principal of debt investments, which are financial assets at FVTOCI, amounting to \$51,649,005, \$72,601,483 and \$55,048,681 as of June 30, 2024, December 31, 2023 and June 30, 2023 had been sold under repurchase agreements.

Refer to Note 11 for information relating to their credit risk management and impairment of investments in debt instruments at FVTOCI.

Refer to Note 48 for information on June 30, 2024, December 31, 2023 and June 30, 2023 relating to investments in debt instruments at FVTOCI pledged as security.

10. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2024	December 31, 2023	June 30, 2023
Negotiable certificates of deposits	\$ 471,514,751	\$ 441,656,524	\$ 515,374,183
Bank debentures	122,285,697	97,149,157	81,733,411
Government bonds	107,927,380	84,589,456	107,910,648
Corporate bonds	85,684,068	61,458,916	36,513,246
Treasury bills	<u>2,401,641</u>	<u>2,368,479</u>	<u>2,233,337</u>
	789,813,537	687,222,532	743,764,825
Less: Refundable deposits	(296,714)	(296,613)	(296,511)
Allowance for impairment losses	<u>(45,955)</u>	<u>(34,783)</u>	<u>(25,413)</u>
	<u>\$ 789,470,868</u>	<u>\$ 686,891,136</u>	<u>\$ 743,442,901</u>

The principal of debt investments, which are financial assets at amortized cost, amounting to \$16,659,604, \$33,081,521 and \$38,156,940 as of June 30, 2024, December 31, 2023 and June 30, 2023 had been sold under repurchase agreements.

Refer to Note 11 for information relating to credit risk management and impairment of financial assets at amortized cost.

Refer to Note 48 for information on June 30, 2024, December 31, 2023 and June 30, 2023 relating to investments in financial assets at amortized cost pledged as security.

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

June 30, 2024

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 368,342,951	\$ 789,516,823
Less: Allowance for impairment loss	<u>(64,231)</u>	<u>(45,955)</u>
Amortized cost	368,278,720	<u>\$ 789,470,868</u>
Adjustment to fair value	<u>(24,101,760)</u>	
	<u>\$ 344,176,960</u>	

December 31, 2023

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 355,341,031	\$ 686,925,919
Less: Allowance for impairment loss	<u>(62,998)</u>	<u>(34,783)</u>
Amortized cost	355,278,033	<u>\$ 686,891,136</u>
Adjustment to fair value	<u>(21,163,711)</u>	
	<u>\$ 334,114,322</u>	

June 30, 2023

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 358,503,785	\$ 743,468,314
Less: Allowance for impairment loss	<u>(53,085)</u>	<u>(25,413)</u>
Amortized cost	358,450,700	<u>\$ 743,442,901</u>
Adjustment to fair value	<u>(25,108,507)</u>	
	<u>\$ 333,342,193</u>	

Refer to Note 52 for the management policy of credit risk management for investments in debt instruments.

HNCB and its subsidiaries considers the credit evaluation supplied by external credit rating agencies, historical default rates and historical default loss percentage to estimate 12-month or lifetime expected credit losses. HNCB and its subsidiaries current credit risk grading framework comprises the following categories:

June 30, 2024

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount	
				FVTOCI	AC
Stage 1	Credit ratings as of the calculation base date should be approximately equivalent to an international credit rating of S&P BBB- (inclusive) or higher. Alternatively, the criterion is satisfied if the credit ratings on both the purchase date and the calculation base date are within the range of S&P BB+ to BB-.	12-month ECL	0%-0.1147%	\$ 344,732,883	\$ 788,016,329
Stage 2	Excluding Stage 1 cases, the credit rating as of the calculation base date should be in the approximate range of S&P BB+ to CCC-	Lifetime ECL - not credit-impaired	-	-	-
Stage 3	Refers to credit ratings as of the calculation base date that are approximately equivalent to an international credit rating of S&P CC (inclusive) or below.	Lifetime ECL - credit-impaired	-	-	-

December 31, 2023

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount	
				FVTOCI	AC
Stage 1	Credit ratings as of the calculation base date should be approximately equivalent to an international credit rating of S&P BBB- (inclusive) or higher. Alternatively, the criterion is satisfied if the credit ratings on both the purchase date and the calculation base date are within the range of S&P BB+ to BB-.	12-month ECL	0%-0.1987%	\$ 332,872,470	\$ 685,337,752
Stage 2	Excluding Stage 1 cases, the credit rating as of the calculation base date should be in the approximate range of S&P BB+ to CCC-	Lifetime ECL - not credit-impaired	-	-	-
Stage 3	Refers to credit ratings as of the calculation base date that are approximately equivalent to an international credit rating of S&P CC (inclusive) or below.	Lifetime ECL - credit-impaired	-	-	-

June 30, 2023

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount	
				FVTOCI	AC
Stage 1	Credit ratings as of the calculation base date should be approximately equivalent to an international credit rating of S&P BBB- (inclusive) or higher. Alternatively, the criterion is satisfied if the credit ratings on both the purchase date and the calculation base date are within the range of S&P BB+ to BB-.	12-month ECL	0%-0.1987%	\$ 335,416,659	\$ 741,869,114
Stage 2	Excluding Stage 1 cases, the credit rating as of the calculation base date should be in the approximate range of S&P BB+ to CCC-	Lifetime ECL - not credit-impaired	-	-	-
Stage 3	Refers to credit ratings as of the calculation base date that are approximately equivalent to an international credit rating of S&P CC (inclusive) or below.	Lifetime ECL - credit-impaired	-	-	-

HNSC considers the credit evaluation supplied by external credit rating agencies, historical default rates and historical default loss percentage to estimate 12-month or lifetime expected credit losses. HNSC's current credit risk grading framework comprises the following categories:

June 30, 2024

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount
Stage 1	Credit ratings as of the calculation base date should be approximately equivalent to an international credit rating of S&P BBB- (inclusive) or higher. Alternatively, the criterion is satisfied if the credit ratings on both the purchase date and the calculation base date are within the range of S&P BB+ to BB-.	12-month ECL	0%-0.205%	\$ 19,632,470
Stage 2	Excluding Stage 1 cases, the credit rating as of the calculation base date should be in the approximate range of S&P BB+ to CCC-	Lifetime ECL - not credit-impaired	-	-
Stage 3	Refers to credit ratings as of the calculation base date that are approximately equivalent to an international credit rating of S&P CC (inclusive) or below.	Lifetime ECL - credit-impaired	-	-

December 31, 2023

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount
Stage 1	Credit ratings as of the calculation base date should be approximately equivalent to an international credit rating of S&P BBB- (inclusive) or higher. Alternatively, the criterion is satisfied if the credit ratings on both the purchase date and the calculation base date are within the range of S&P BB+ to BB-.	12-month ECL	0%-0.196%	\$ 19,111,492
Stage 2	Excluding Stage 1 cases, the credit rating as of the calculation base date should be in the approximate range of S&P BB+ to CCC-	Lifetime ECL - not credit-impaired	-	-
Stage 3	Refers to credit ratings as of the calculation base date that are approximately equivalent to an international credit rating of S&P CC (inclusive) or below.	Lifetime ECL - credit-impaired	-	-

June 30, 2023

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount
Stage 1	Credit ratings as of the calculation base date should be approximately equivalent to an international credit rating of S&P BBB- (inclusive) or higher. Alternatively, the criterion is satisfied if the credit ratings on both the purchase date and the calculation base date are within the range of S&P BB+ to BB-.	12-month ECL	0%-0.196%	\$ 19,641,363
Stage 2	Excluding Stage 1 cases, the credit rating as of the calculation base date should be in the approximate range of S&P BB+ to CCC-	Lifetime ECL - not credit-impaired	-	-
Stage 3	Refers to credit ratings as of the calculation base date that are approximately equivalent to an international credit rating of S&P CC (inclusive) or below.	Lifetime ECL - credit-impaired	-	-

In order to maintain the credit risk under a sustainable range, SCIC adopted a policy to only invests debt instruments which credit rating is above the investment grade and credit risk is evaluated low during impairment evaluation. SCIC subsequently follows up information provided by external rating agencies, as to monitor the credit risk changes of its debt investment. Meanwhile SCIC also follows up market yield curve and debtor's related significant information to evaluate if there has been a significant increase in credit risk after initial recognition.

SCIC assigned a team especially responsible in considering the credit evaluation supplied by external credit rating agencies, historical default rates and historical default loss percentage to estimate 12-month or lifetime expected credit losses. SCIC's current credit risk grading framework comprises the following categories:

June 30, 2024

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount	
				FVTOCI	AC
Stage 1	Debtor has a low credit risk of default or its credit risk of default has not increase significantly, and has a sufficient capability to meet contractual cash flow	12-month ECL	0.0257% - 0.6294%	\$ 3,914,241	\$ 1,500,494
Stage 2	There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired	17.6618%	63,357	-
Stage 3	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	-	-	-
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and SCIC has no realistic prospect of recovery	Amount is written off	-	-	-

December 31, 2023

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount	
				FVTOCI	AC
Stage 1	Debtor has a low credit risk of default or its credit risk of default has not increase significantly, and has a sufficient capability to meet contractual cash flow	12-month ECL	0.0257% - 0.6294%	\$ 3,300,128	\$ 1,588,167
Stage 2	There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired	17.6618%	56,941	-
Stage 3	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	-	-	-
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and SCIC has no realistic prospect of recovery	Amount is written off	-	-	-

June 30, 2023

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount	
				FVTOCI	AC
Stage 1	Debtor has a low credit risk of default or its credit risk of default has not increase significantly, and has a sufficient capability to meet contractual cash flow	12-month ECL	0.0290% - 0.4869%	\$ 3,445,763	\$ 1,599,200
Stage 2	There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired	-	-	-
Stage 3	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	-	-	-
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and SCIC has no realistic prospect of recovery	Amount is written off	-	-	-

The allowance for impairment loss of investments in debt instruments by credit rating is reconciled as follows:

- a. The movements of the allowance for impairment loss of investments in debt instruments as at FVTOCI were as follows:

Allowance for Impairment Loss	Credit Rating		
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL - Not Credit- impaired)	Stage 3 (Lifetime ECL - Credit- impaired)
Balance at January 1, 2024	\$ 52,118	\$ 10,880	\$ -
New debt instruments purchased	3,945	-	-
Derecognition	(3,401)	-	-
Change in model or risk parameters	73	611	-
Change in exchange rates or others	<u>5</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2024	<u>\$ 52,740</u>	<u>\$ 11,491</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 48,394	\$ -	\$ -
New debt instruments purchased	5,197	-	-
Derecognition	(1,045)	-	-
Change in model or risk parameters	101	-	-
Change in exchange rates or others	<u>438</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2023	<u>\$ 53,085</u>	<u>\$ -</u>	<u>\$ -</u>

- b. The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

Allowance for Impairment Loss	Credit Rating		
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL - Not Credit- impaired)	Stage 3 (Lifetime ECL - Credit- impaired)
Balance at January 1, 2024	\$ 34,783	\$ -	\$ -
New debt instruments purchased	13,693	-	-
Derecognition	(4,365)	-	-
Change in model or risk parameters	21	-	-
Change in exchange rates or others	<u>1,823</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2024	<u>\$ 45,955</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 18,586	\$ -	\$ -
New debt instruments purchased	8,572	-	-
Derecognition	(1,609)	-	-
Change in model or risk parameters	3	-	-
Change in exchange rates or others	<u>(139)</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2023	<u>\$ 25,413</u>	<u>\$ -</u>	<u>\$ -</u>

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Government bonds	\$ 1,500,000	\$ 2,032,587	\$ 1,550,000
Investments in bill	<u>19,981</u>	<u>448,856</u>	<u>549,262</u>
	<u>\$ 1,519,981</u>	<u>\$ 2,481,443</u>	<u>\$ 2,099,262</u>

Securities purchased under resell agreements as of June 30, 2024, December 31, 2023 and June 30, 2023 were expired in July 2024, January 2024 and July 2023 and the amount agreed to resell were \$1,521,398, \$2,483,217 and \$2,100,659, respectively.

13. RECEIVABLES, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 22,635,177	\$ 15,069,252	\$ 13,529,949
Margin loans receivable	22,430,265	16,988,035	13,461,500
Credit card receivables	12,995,406	10,364,557	12,209,151
Interest receivables	12,123,955	10,573,079	8,757,622
Receivable from PEM Group incident (Note 50)	7,077,448	7,178,259	7,675,601
Receivable of securities business money lending - non-restricted purpose	4,335,999	2,246,390	1,327,730
Acceptances	2,660,477	3,057,173	2,824,152
Receivables factoring - without recourse	340,976	361,152	615,380
Accounts receivable for settlement - options	182,616	239,156	597,469
Others	<u>5,485,946</u>	<u>3,586,028</u>	<u>4,617,811</u>
	90,268,265	69,663,081	65,616,365
Allowance for impairment losses	<u>(5,669,669)</u>	<u>(5,483,855)</u>	<u>(5,496,431)</u>
	<u>\$ 84,598,596</u>	<u>\$ 64,179,226</u>	<u>\$ 60,119,934</u>

The movements of the allowance for impairment losses were as follows:

	For the Six Months Ended June 30	
	2024	2023
Balance, beginning of the period	\$ 5,483,855	\$ 5,641,739
Provisions (reversal)	230,491	(115,801)
Write-off	(46,022)	(29,631)
Foreign exchange gains and losses	<u>1,345</u>	<u>124</u>
Balance, end of the period	<u>\$ 5,669,669</u>	<u>\$ 5,496,431</u>

The Group reversed the bad debt loss of receivables amounted to \$17,161 and \$18,396 for the six months ended June 30, 2024 and 2023, respectively, classified as the deduction of bad debt expense.

Please refer to Note 52 for the disclosure of credit risk management information, movement of gross book value carrying amount and the allowance for impairment losses of account receivables of the Group.

14. DISCOUNTS AND LOANS, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Short-term loans and overdraft	\$ 221,646,015	\$ 223,376,736	\$ 222,976,291
Secured short-term loans and secured overdraft	271,719,066	279,899,547	269,304,412
Medium-term loans	589,076,545	536,502,571	471,705,540
Secured medium-term loans	310,514,935	305,546,560	278,609,977
Long-term loans	58,088,816	55,458,042	49,713,661
Secured long-term loans	943,140,587	866,781,036	822,464,650
Discounts and import and export bill negotiation	2,294,169	1,455,737	2,437,230
Nonperforming loans transferred from loans	3,492,504	3,254,403	3,061,083
Receivables financing	94,170	152,175	119,070
	<u>2,400,066,807</u>	<u>2,272,426,807</u>	<u>2,120,391,914</u>
Allowance for impairment losses	(30,456,385)	(28,863,213)	(27,537,780)
Adjustment of premium or discount	<u>(226,712)</u>	<u>(111,904)</u>	<u>51,686</u>
	<u>\$ 2,369,383,710</u>	<u>\$ 2,243,451,690</u>	<u>\$ 2,092,905,820</u>

HNCB wrote off credits only after completing the required legal procedures for the six months ended June 30, 2024 and 2023.

The movement of the allowance for impairment losses were as follows:

	For the Six Months Ended June 30	
	2024	2023
Balance, beginning of the period	\$ 28,863,213	\$ 27,675,781
Provision	2,220,105	1,512,087
Write-off	(750,847)	(1,676,598)
Foreign exchange gains and losses	<u>123,914</u>	<u>26,510</u>
Balance, end of the period	<u>\$ 30,456,385</u>	<u>\$ 27,537,780</u>

The Group have recovered the written-off credits amounted to \$945,204 and \$746,174 for the six months ended June 30, 2024 and 2023, classified as the deduction of bad debt expense.

Please refer to Note 52 for the disclosure of credit risk management information, movement of gross book value and the allowance for impairment losses of discounts and loans of the Group.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
Fertasia International Development Co., Ltd.	\$ 94,002	29.80	\$ 99,741	29.80	\$ 93,621	29.80
Chia-Ta International Development Co., Ltd.	90,214	25.56	90,631	25.56	89,373	25.56
Zhi-Kang Venture Capital Investment Company, Ltd.	82,806	29.10	83,785	29.10	91,515	49.25
Chung-Hua Real Estate Management Co., Ltd.	<u>74,971</u>	30.00	<u>77,194</u>	30.00	<u>75,946</u>	30.00
	<u>\$ 341,993</u>		<u>\$ 351,351</u>		<u>\$ 350,455</u>	

The Group's share of:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
The Group's share of:				
Income (loss) from continuing operations	\$ 1,170	\$ 1,275	\$ (476)	\$ (498)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period	<u>\$ 1,170</u>	<u>\$ 1,275</u>	<u>\$ (476)</u>	<u>\$ (498)</u>

In September 2023, Zhi-Kang Venture Capital Investment Company Ltd., the associate invested by HNVC accounted for using equity method, resolved to issuance of new shares for cash. However, HNVC did not engage in share subscription, which results in a decrease in ownership interest from 49.25% to 29.10%.

HNCB hold 30% of the voting rights in Chung-Hua Real Estate and are the single largest shareholder. After considering the amount and distribution of voting rights relative to other shareholders, the voting pattern of the previous regular meeting showed that other shareholders were not passive. The Group cannot appoint more than half of the members of the governance unit, so it cannot lead the relevant activities of Chung-Hua Real Estate and therefore has no control. The management of the Group believed that it would only have significant impact on Chung-Hua Real Estate, so it was listed as an associate of the Group.

The Group's share of profit and other comprehensive income of the associates for the six months ended June 30, 2024 and 2023 were not based on the associate's financial statements audited by the auditors for the same periods. The Group's management regarded that the financial statements of above companies not audited by auditors will not cause significant problems.

16. OTHER FINANCIAL ASSETS, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits no qualified for cash equivalents	\$ 11,464,670	\$ 11,650,290	\$ 10,791,243
Customers' margin account	6,202,859	5,435,701	5,196,378
Security leading margin	917,522	1,042,226	993,059
Long-term receivables	917,522	847,028	533,639
Nonperforming loans transferred from other than loans	179,870	259,166	251,549
Others	<u>3,624</u>	<u>4,002</u>	<u>3,580</u>
	19,686,067	19,238,413	17,769,448
Allowance for impairment loss	<u>(76,577)</u>	<u>(187,701)</u>	<u>(203,153)</u>
	<u>\$ 19,609,490</u>	<u>\$ 19,050,712</u>	<u>\$ 17,566,295</u>

The movement of the allowance for impairment losses were as follows:

	For the Six Months Ended June 30	
	2024	2023
Balance, beginning of the period	\$ 187,701	\$ 76,830
Provision	37,770	139,509
Write-off	(149,135)	(12,953)
Foreign exchange gains and losses	<u>241</u>	<u>(233)</u>
Balance, end of the period	<u>\$ 76,577</u>	<u>\$ 203,153</u>

The overdue receivables which the Group bought are FVTPL because the objective of the Group's business model is not to collect contractual cash flows, neither could achieved by collecting contractual cash flows nor selling financial assets; related information is disclosed in Note 51. On June 30, 2024, December 31, 2023 and June 30, 2023, the other financial assets except of the long-term receivables, nonperforming loans transferred and remittance purchased no impairment loss, using past history as well as forward looking to estimate the credit losses of duration. Please refer to Note 52 for the disclosure of credit risk management information, movement of gross book value and the allowance for impairment losses of other financial assets of the Group.

17. PROPERTY AND EQUIPMENT, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 21,491,672	\$ 20,815,292	\$ 20,633,567
Buildings	7,915,037	7,100,859	7,117,658
Computer and machinery	1,189,530	1,265,668	1,187,764
Transportation equipment	128,510	130,282	115,169
Other equipment	338,104	348,765	331,308
Lease improvements	82,072	63,554	60,260
Construction in progress and prepayments for equipment, land and buildings	<u>2,457,127</u>	<u>2,254,317</u>	<u>1,683,763</u>
	<u>\$ 33,602,052</u>	<u>\$ 31,978,737</u>	<u>\$ 31,129,489</u>

The movements of property and equipment were as follows:

For the Six Months Ended June 30, 2024								
	Land	Buildings	Computer and Machinery	Transportation Equipment	Other Equipment	Lease Improvements	Construction in Progress and Prepayments for Equipment, Land and Buildings	Total
<u>Cost</u>								
Balance, beginning of the period	\$ 20,815,292	\$ 15,640,470	\$ 7,220,295	\$ 1,137,584	\$ 3,802,229	\$ 191,949	\$ 2,254,317	\$ 51,062,136
Additions	-	7,351	120,081	11,715	35,541	10,289	740,529	925,506
Decrease	-	-	(286,207)	(10,023)	(24,634)	(24,497)	-	(345,361)
Reclassification	676,380	960,231	2,252	4,910	22,258	19,368	(537,719)	1,147,680
Foreign exchange gains and losses	-	-	4,778	1,446	2,741	1,852	-	10,816
Balance, end of the period	<u>21,491,672</u>	<u>16,608,052</u>	<u>7,061,199</u>	<u>1,145,632</u>	<u>3,838,135</u>	<u>198,961</u>	<u>2,457,127</u>	<u>52,800,778</u>
<u>Accumulated depreciation</u>								
Balance, beginning of the period	-	8,539,611	5,954,627	1,007,302	3,453,464	128,395	-	19,083,399
Depreciation	-	126,197	199,227	18,622	68,610	11,291	-	423,947
Decrease	-	-	(286,202)	(10,023)	(24,634)	(24,497)	-	(345,356)
Reclassification	-	27,207	-	-	-	-	-	27,207
Foreign exchange gains and losses	-	-	4,017	1,221	2,591	1,700	-	9,528
Balance, end of the period	-	<u>8,693,015</u>	<u>5,871,669</u>	<u>1,017,122</u>	<u>3,500,031</u>	<u>116,889</u>	-	<u>19,198,726</u>
Net amount	<u>\$ 21,491,672</u>	<u>\$ 7,915,037</u>	<u>\$ 1,189,530</u>	<u>\$ 128,510</u>	<u>\$ 338,104</u>	<u>\$ 82,072</u>	<u>\$ 2,457,127</u>	<u>\$ 33,602,052</u>
For the Six Months Ended June 30, 2023								
	Land	Buildings	Computer and Machinery	Transportation Equipment	Other Equipment	Lease Improvements	Construction in Progress and Prepayments for Equipment, Land and Buildings	Total
<u>Cost</u>								
Balance, beginning of the period	\$ 21,418,687	\$ 16,453,502	\$ 7,107,777	\$ 1,123,200	\$ 3,695,639	\$ 181,297	\$ 1,362,759	\$ 51,280,684
Additions	-	5,700	150,322	7,815	21,983	10,706	653,974	850,500
Decrease	-	-	(28,672)	(5,538)	(8,943)	(26,928)	-	(70,081)
Acquired by business combination	-	-	1,812	-	-	-	-	1,812
Reclassification	(785,120)	(965,531)	13,204	-	31,836	18,311	(332,970)	(2,030,270)
Foreign exchange gains and losses	-	-	(136)	182	362	(537)	-	(129)
Balance, end of the period	<u>20,633,567</u>	<u>15,493,671</u>	<u>7,244,307</u>	<u>1,125,659</u>	<u>3,740,877</u>	<u>182,849</u>	<u>1,683,763</u>	<u>50,104,693</u>
<u>Accumulated depreciation</u>								
Balance, beginning of the period	-	8,237,966	5,890,335	998,870	3,356,090	140,901	-	18,624,162
Depreciation	-	152,961	194,529	16,973	61,971	9,110	-	435,544
Decrease	-	-	(28,188)	(5,538)	(8,943)	(26,928)	-	(69,597)
Reclassification	-	(15,071)	5	-	(5)	-	-	(15,071)
Foreign exchange gains and losses	-	157	(138)	185	456	(494)	-	166
Balance, end of the period	-	<u>8,376,013</u>	<u>6,056,543</u>	<u>1,010,490</u>	<u>3,409,569</u>	<u>122,589</u>	-	<u>18,975,204</u>
Net amount	<u>\$ 20,633,567</u>	<u>\$ 7,117,658</u>	<u>\$ 1,187,764</u>	<u>\$ 115,169</u>	<u>\$ 331,308</u>	<u>\$ 60,260</u>	<u>\$ 1,683,763</u>	<u>\$ 31,129,489</u>

- Apportionment of depreciation expense from HNCB to HNFH were \$0 and \$8,052 for the six months ended June 30, 2024 and 2023.
- The amounts of property and equipment pledged as collateral as of June 30, 2024, December 31, 2023 and June 30, 2023 are disclosed in Note 48.
- The above items of property and equipment were depreciated on straight line basis over the estimated useful life of the asset:

Buildings	6-61 years
Computer and machinery	2-6 years
Transportation equipment	4-9 years
Other equipment	3-16 years
Lease improvements	The shorter of 1-7 years or lease period

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amounts</u>			
Buildings	\$ 2,179,089	\$ 2,117,455	\$ 1,940,300
Computer and machinery	4,372	5,030	5,754
Transportation equipment	83,997	84,759	92,203
Other equipment	<u>77,233</u>	<u>61,415</u>	<u>69,841</u>
	<u>\$ 2,344,691</u>	<u>\$ 2,268,659</u>	<u>\$ 2,108,098</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2024	2023	2024 2023
Additions to right-of-use assets			<u>\$ 474,542</u> <u>\$ 459,619</u>
Depreciation charge for right-of-use assets			
Buildings	\$ 169,127	\$ 167,972	\$ 339,017 \$ 336,587
Computer and machinery	439	419	877 838
Transportation equipment	11,773	11,306	23,655 22,548
Other equipment	<u>9,277</u>	<u>7,304</u>	<u>16,482</u> <u>14,591</u>
	<u>\$ 190,616</u>	<u>\$ 187,001</u>	<u>\$ 380,031</u> <u>\$ 374,564</u>

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amounts</u>			
Buildings	\$ 2,164,305	\$ 2,113,563	\$ 1,923,747
Computer and machinery	4,063	4,816	5,628
Transportation equipment	88,621	88,903	96,465
Superficies	50,477	50,288	50,084
Other equipment	<u>85,483</u>	<u>67,537</u>	<u>76,052</u>
	<u>\$ 2,392,949</u>	<u>\$ 2,325,107</u>	<u>\$ 2,151,976</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	0.755%-3.500%	0.755%-3.910%	0.755%-3.910%
Computer and machinery	0.755%-1.743%	0.755%-1.743%	0.755%-1.743%
Transportation equipment	0.755%-2.300%	0.755%-2.300%	0.755%-2.300%
Superficies	4.19%	4.19%	4.19%
Other equipment	1.030%-2.390%	1.035%-2.300%	0.755%-2.132%

c. Material lease-in activities and terms

The Group leases certain building with lease terms of 1 to 11 years. These arrangements do not contain renewal or purchase options. The Group leases other equipment with lease terms of 2 to 8 years. The lease payment is calculated by monthly usage.

HNAMC acquired the superficies of Xuefu section, Da'an District from Northern Region Branch, National Property Administration, MOF in October 2021 for a period of 70 years, ending in October 2091.

d. Other lease information

The agreement for the investment properties under the operating lease contract, refer to Note 19.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expense relating to short-term leases	<u>\$ 16,300</u>	<u>\$ 13,955</u>	<u>\$ 39,146</u>	<u>\$ 35,500</u>
Expense relating to low-value asset leases	<u>\$ 2,843</u>	<u>\$ 3,358</u>	<u>\$ 4,843</u>	<u>\$ 6,205</u>
Expense relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 17,562</u>	<u>\$ 15,007</u>	<u>\$ 34,693</u>	<u>\$ 29,088</u>
Total cash outflow for leases			<u>\$ 409,794</u>	<u>\$ 475,583</u>

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

19. INVESTMENT PROPERTIES, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 9,347,989	\$ 9,963,276	\$ 9,912,807
Buildings	2,255,788	3,193,927	3,169,812
Construction in progress	1,334,147	1,525,157	1,239,298
Right-of-use assets	206,932	177,672	171,685
Others	<u>2,139</u>	<u>3,143</u>	<u>1,562</u>
	<u>\$ 13,146,995</u>	<u>\$ 14,863,175</u>	<u>\$ 14,495,164</u>

The movements of investment properties were as follows:

	For the Six Months Ended June 30	
	2024	2023
<u>Cost</u>		
Balance, beginning of the period	\$ 16,207,351	\$ 13,924,705
Additions	198,312	122,839
Decrease	(709,869)	(175,665)
Reclassification	<u>(1,180,994)</u>	<u>1,952,619</u>
Balance, end of the period	<u>14,514,800</u>	<u>15,824,498</u>
<u>Accumulated depreciation and impairment</u>		
Balance, beginning of the period	1,344,176	1,297,605
Depreciation	74,617	41,122
Decrease	(23,780)	(24,308)
Reclassification	<u>(27,208)</u>	<u>14,915</u>
Balance, end of the period	<u>1,367,805</u>	<u>1,329,334</u>
Investment properties, net	<u>\$ 13,146,995</u>	<u>\$ 14,495,164</u>

HNCB's investment properties with lease terms of 1 to 20 years. HNSC's investment properties with lease terms of 10 years. SCIC's investment properties with lease terms of 3 to 12 years. HNAMC's investment properties with lease terms of 1 to 8 years. Lessee do not have bargain purchase options while the end of lease terms.

- a. The future aggregate lease collection under operating lease for investment properties on June 30, 2024, December 31, 2023 and June 30, 2023 is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Year 1	\$ 494,555	\$ 475,560	\$ 461,157
Year 2	400,036	389,799	359,887
Year 3	254,688	280,672	256,120
Year 4	135,821	107,516	148,749
Year 5	101,557	78,768	78,563
Onwards	<u>482,861</u>	<u>477,467</u>	<u>493,900</u>
	<u>\$ 1,869,518</u>	<u>\$ 1,809,782</u>	<u>\$ 1,798,376</u>

The Group follows its general risk management strategy to reduce the residual asset risk related to assets at the end of relevant lease.

- b. The investment properties held by the Group was depreciated over 5-57 years, using the straight-line method.
- c. The fair value of the Group's investment properties as of June 30, 2024, December 31, 2023 and June 30, 2023 were \$36,659,859, \$38,326,285 and \$35,924,281, respectively.

The fair value of HNCB's investment properties as of June 30, 2024, December 31, 2023 and June 30, 2023 were \$30,423,544, \$33,887,086 and \$32,189,366, respectively. The fair value was not performed by independent qualified professional valuers. Management of HNCB evaluated fair value based on the model that market participants would use in determining fair value. The valuation was arrived at by reference to market comparison approach, capitalized income valuation method and discounted cash flow analysis. The significant unobservable input used include discount rate which is Level 3 input.

The fair value of HNSC's investment properties as of June 30, 2024, December 31, 2023 and June 30, 2023 were \$219,686, \$197,669 and \$187,112 respectively. The fair value by management of the Group evaluated local market price.

The fair value of SCIC's investment properties as of June 30, 2024 was not performed by independent qualified professional valuers, and the evaluation of the fair value of properties as of December 31, 2022 were regarded effective on June 30, 2024 by SCIC management after reviewing the validity of appraisal report on December 31, 2022 and the rental price in adjacent area.

The fair value of SCIC's investment properties was valued using the market and income approach, using important unobservable inputs include discount rate (level 3 inputs). The fair value and the inputs were as below:

	June 30, 2024	December 31, 2023	June 30, 2023
The fair value	<u>\$ 650,656</u>	<u>\$ 650,656</u>	<u>\$ 650,656</u>
Discount rate	0.97%-3.55%	0.97%-3.55%	0.97%-3.55%

The fair values of HNAMEC's investment properties were evaluated based on market evidence of similar properties transaction's price.

The fair value of HNAMEC's investment properties was performed by independent qualified professional values. The evaluations were used the market and income approach, and the fair value of the key assumptions and evaluations were as below:

	June 30, 2024	December 31, 2023	June 30, 2023
The fair value	<u>\$ 3,351,303</u>	<u>\$ 3,039,021</u>	<u>\$ 1,673,893</u>
Income capital interest rate	0.20%-2.55%	0.35%-2.55%	0.89%-2.17%

The fair value of the others HNAMC's investment properties were not performed by independent qualified professional values. The Management of HNAMC evaluated fair value based on the model that market participants would use in determining fair value, used Level 3 inputs. The evaluation based on market evidence of similar properties transaction's price, the fair value as below:

	June 30, 2024	December 31, 2023	June 30, 2023
The fair value	<u>\$ 5,307,753</u>	<u>\$ 3,844,936</u>	<u>\$ 4,582,453</u>

- d. The accumulated impairment of investment properties as of June 30, 2024, December 31, 2023 and June 30, 2023 were \$17,150, \$19,750 and \$32,850, respectively.
- e. For the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, the rental income from investment properties were \$144,221, \$140,581, \$290,084 and \$272,872, respectively. For the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, the direct operating expenses of investment properties including depreciation expenses were \$45,023, \$44,332, \$127,366 and \$96,989, respectively, the gain on disposal of investment properties were \$133,649, \$5,870, \$137,186 and \$56,165 for the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, respectively. Refer to Note 48 for information relating to investment properties pledged as security.

20. INTANGIBLE ASSETS, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Computer software	\$ 733,661	\$ 768,848	\$ 833,484
Goodwill	40,662	40,662	40,662
Others	<u>103,189</u>	<u>109,601</u>	<u>118,951</u>
	<u>\$ 877,512</u>	<u>\$ 919,111</u>	<u>\$ 993,097</u>

HNSC recognized goodwill at the excess of the contract price paid over the fair value of assets acquired. HNSC estimated no other impairment losses as of June 30, 2024, December 31, 2023 and June 30, 2023.

The movements of computer software and others were as follows:

	For the Six Months Ended June 30	
	2024	2023
<u>Cost</u>		
Balance, beginning of the period	\$ 4,417,817	\$ 4,193,155
Additions	106,909	124,635
Decrease	(9,436)	(19,790)
Acquired by business combination (Note 46)	-	64,188
Reclassification	23,091	22,285
Foreign exchange gains and losses	<u>8,893</u>	<u>(1,856)</u>
Balance, end of the period	<u>4,547,274</u>	<u>4,382,617</u>

(Continued)

	For the Six Months Ended June 30	
	2024	2023
<u>Accumulated amortization</u>		
Balance, beginning of the period	\$ 3,539,368	\$ 3,265,683
Amortization	172,307	185,842
Decrease	(9,436)	(19,790)
Foreign exchange gains and losses	8,185	(1,553)
Balance, end of the period	<u>3,710,424</u>	<u>3,430,182</u>
Net amount	<u>\$ 836,850</u>	<u>\$ 952,435</u>

Apportionment of amortization expense from HNCB to HNFH were \$0 and \$912 for the six months ended June 30, 2024 and 2023.

The above intangible assets with limited useful lives are amortized on a straight-line basis by the useful lives as follows:

Computer software	1-10 years
Others	5-10 years

21. REINSURANCE CONTRACTS ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Claims recovered from reinsurers	\$ 393,402	\$ 746,591	\$ 505,360
Less: Allowance for impairment loss	<u>(1,967)</u>	<u>(3,925)</u>	<u>(3,276)</u>
	<u>391,435</u>	<u>742,666</u>	<u>502,084</u>
Due from reinsurers and ceding companies	975,838	1,616,943	754,025
Less: Allowance for impairment loss	<u>(122,298)</u>	<u>(35,308)</u>	<u>(14,948)</u>
	<u>853,540</u>	<u>1,581,635</u>	<u>739,077</u>
Ceded unearned premium reserve	2,267,504	1,964,075	2,220,600
Ceded reserve for claims	3,031,705	2,628,921	3,150,182
Ceded premium deficiency reserve	-	-	-
Reinsurance reserve assets	<u>5,299,209</u>	<u>4,592,996</u>	<u>5,370,782</u>
	<u>\$ 6,544,184</u>	<u>\$ 6,917,297</u>	<u>\$ 6,611,943</u>

22. OTHER ASSETS, NET

	June 30, 2024	December 31, 2023	June 30, 2023
Refundable deposits	\$ 2,396,868	\$ 2,872,023	\$ 3,674,044
Operating deposits and settlement fund	908,415	915,974	914,948
Prepayments	437,307	343,214	599,244
Temporary receipts	359,253	233,859	70,256
Others, net	<u>260,239</u>	<u>229,394</u>	<u>213,648</u>
	<u>\$ 4,362,082</u>	<u>\$ 4,594,464</u>	<u>\$ 5,472,140</u>

The amounts of the other assets pledged as of June 30, 2024, December 31, 2023 and June 30, 2023 are disclosed in Note 48.

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2024	December 31, 2023	June 30, 2023
Call loans from banks	\$ 181,131,976	\$ 174,085,210	\$ 156,252,112
Deposits from Chunghwa Post Co., Ltd.	50,196,802	215,947	74,743,524
Call loans from the Central Bank	14,656,500	10,746,750	10,899,000
Deposits from banks	1,840,632	2,026,689	525,377
Overdraft	1,660,607	3,397,607	1,446,958
Deposits from the Central Bank	<u>53,955</u>	<u>78,419</u>	<u>79,324</u>
	<u>\$ 249,540,472</u>	<u>\$ 190,550,622</u>	<u>\$ 243,946,295</u>

24. COMMERCIAL PAPER PAYABLE, NET

a. Commercial paper

Institution	June 30, 2024	December 31, 2023	June 30, 2023
Bank SinoPac	\$ 7,300,000	\$ 8,500,000	\$ 6,300,000
China Bills Finance Corp.	6,220,000	5,845,000	3,475,000
Union Bank of Taiwan Corp.	5,370,000	2,200,000	3,010,000
Yuanta Commercial Bank	4,600,000	4,600,000	1,800,000
Mega Bills Finance Corp.	4,460,000	2,600,000	4,370,000
Grand Bills Finance Corp.	3,168,000	3,078,000	723,000
Taishin International Bank Corp.	2,300,000	2,300,000	2,300,000
E.SUN Commercial Bank, Ltd.	2,000,000	900,000	800,000
Taipei Fubon Commercial Bank Co., Ltd.	1,500,000	1,100,000	1,500,000
International Bills Finance Corp.	1,400,000	738,000	2,103,000
Ta Ching Bills Finance Corp.	1,300,000	2,300,000	170,000
Dah Chung Bills Finance Corp.	1,036,000	1,105,000	1,040,000
Sunny Bank	1,000,000	300,000	110,000
Taiwan Finance Corp.	410,000	425,000	435,000
KGI Commercial Bank Co., Ltd.	200,000	200,000	200,000
Taiwan Cooperative Bills Finance Corp.	130,000	180,000	100,000
China Bills Finance Corp.	-	-	300,000
Discount of commercial paper payable	<u>(73,316)</u>	<u>(54,823)</u>	<u>(47,488)</u>
	<u>\$ 42,320,684</u>	<u>\$ 36,316,177</u>	<u>\$ 28,688,512</u>

- b. Ranges of annual interest rates of the commercial paper payable were 1.68%-1.99%, 1.47%-1.89% and 1.42%-1.88% as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.
- c. Regarding the above mentioned commercial paper payable, except non-guarantee issuers, are with guarantee or acceptance by bills finance companies and bank.

25. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The amounts of securities sold under repurchase agreements were \$72,315,200, \$109,103,919 and \$96,457,673 as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively. Ranges of interest rates were 0.69%-5.68%, 0.10%-5.75% and 0.10%-5.46% as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively. The agreed-upon repurchase price were \$72,867,429, \$110,286,089 and \$97,218,181, respectively. The maturity date of securities sold under repurchase agreements were May 2025, November and May 2024, respectively.

26. PAYABLES

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts payable	\$ 18,274,500	\$ 13,772,603	\$ 11,924,855
Dividends payable	16,994,482	623,398	8,646,598
Interests payable	10,127,597	8,614,564	7,554,166
Accrued expenses	4,711,271	6,602,170	4,387,982
Acceptances	2,789,047	3,156,121	2,932,825
Notes and checks in clearing	2,157,922	976,964	1,234,140
Collections for others	1,849,339	1,826,238	2,027,826
Short sales proceeds payable	1,525,303	1,547,907	1,629,018
Deposits for short sales	1,338,113	1,363,438	1,407,509
Due to reinsures and ceding companies	1,181,647	607,487	881,448
Temporary received customs	209,316	220,410	241,404
Attachment of debts	188,604	202,485	208,513
Payables for settlement - options	181,068	238,289	596,106
Payables - factoring	97,680	131,771	235,752
Insurance claims and benefits payable	-	1,231,269	-
Others	<u>4,665,299</u>	<u>4,012,441</u>	<u>4,184,454</u>
	<u>\$ 66,291,188</u>	<u>\$ 45,127,555</u>	<u>\$ 48,092,596</u>

27. DEPOSITS AND REMITTANCES

	June 30, 2024	December 31, 2023	June 30, 2023
Demand deposits	\$ 889,509,072	\$ 878,623,111	\$ 876,490,626
Checking account deposits	54,066,186	66,113,826	55,762,080
Savings deposits	1,415,326,290	1,383,674,356	1,324,728,966
Time deposits	935,827,733	731,802,254	653,038,537
Negotiable certificates of deposits	19,219,531	3,827,398	2,645,106
Remittances	<u>1,039,066</u>	<u>1,323,682</u>	<u>949,563</u>
	<u>\$ 3,314,987,878</u>	<u>\$ 3,065,364,627</u>	<u>\$ 2,913,614,878</u>

28. BONDS PAYABLE

	June 30, 2024	December 31, 2023	June 30, 2023
Bank debentures	\$ 54,600,000	\$ 58,900,000	\$ 57,900,000
Corporate bonds	21,700,000	21,700,000	21,700,000
Discount of corporate debentures	<u>(11,944)</u>	<u>(13,085)</u>	<u>(14,223)</u>
	<u>\$ 76,288,056</u>	<u>\$ 80,586,915</u>	<u>\$ 79,585,777</u>

a. Bank debentures as of June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
103-1 term ten-year subordinated debenture; 1.85% fixed rate; maturity on March 28, 2024	\$ -	\$ 4,300,000	\$ 4,300,000
103-2B term ten-year subordinated debenture; 1.98% fixed rate; maturity on September 26, 2024	4,000,000	4,000,000	4,000,000
103-3B term ten-year subordinated debenture; 1.98% fixed rate; maturity on December 19, 2024	1,900,000	1,900,000	1,900,000
105-1 term ten-year subordinated debenture; 1.55% fixed rate; maturity on March 30, 2026	1,700,000	1,700,000	1,700,000
105-2 term ten-year subordinated debenture; 1.20% fixed rate; maturity on September 23, 2026	1,800,000	1,800,000	1,800,000
107-1 term subordinated debenture without maturity date; 2.7% fixed rate; redeemable after May 26, 2023	3,200,000	3,200,000	3,200,000
108-1 term subordinated debenture without maturity date; 1.95% fixed rate; redeemable after July 29, 2024	6,000,000	6,000,000	6,000,000
109-1 term subordinated debenture without maturity date; 1.30% fixed rate; redeemable after April 25, 2025	6,000,000	6,000,000	6,000,000
110-1 term subordinated debenture without maturity date; 1.40% fixed rate; redeemable after June 28, 2026	12,000,000	12,000,000	12,000,000
110-2 term three-year dominant debenture; 0.35% fixed rate; maturity on July 28, 2024	1,000,000	1,000,000	1,000,000
111-1 term subordinated debenture without maturity date; 3% fixed rate; redeemable after August 25, 2027	6,420,000	6,420,000	6,420,000
111-2 term subordinated debenture without maturity date; 3% fixed rate; redeemable after September 29, 2027	9,580,000	9,580,000	9,580,000
112-1 term two-year dominant debenture; 1.48% fixed rate; maturity on December 22, 2025	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
	<u>\$ 54,600,000</u>	<u>\$ 58,900,000</u>	<u>\$ 57,900,000</u>

b. Corporate bonds

In January 2018, HNFH issued 106-1 unsecured dominant corporate bonds with a face value of \$5,000,000 and a coupon rate of 1.75%. The corporate bond will mature in ten years, and principal is repayable on maturity date. Interest is payable annually.

In December 2020, HNSC issued 109-1 unsecured subordinated corporate bonds with a face value of \$2,500,000 and a coupon rate of 0.96%. The corporate bond will mature in six years, and principal is repayable on maturity date. Interest is payable annually.

In January 2020, HNFH issued 108-1 unsecured dominant corporate bonds with a face value of \$5,000,000 and a coupon rate of 0.88%. The corporate bond will mature in ten years, and principal is repayable on maturity date. Interest is payable annually.

In December 2022, HNFH issued 111-1 unsecured subordinated corporate bonds with a face value of \$9,200,000 and divided into A bonds term, B bonds term and C bonds term was \$3,000,000, \$3,100,000 and \$3,100,000, respectively, a coupon rate of 2.15%, 2.40% and 2.70%, respectively. The corporate bond will mature in five years, seven years and ten years, and principal is repayable on maturity date. Interest is payable annually.

29. OTHER BORROWINGS

a. Short-term debts

Character of Debts	June 30, 2024	December 31, 2023	June 30, 2023
Credit loans	<u>\$ 4,403,350</u>	<u>\$ 1,233,000</u>	<u>\$ 842,000</u>
Guaranteed loans	<u>\$ 1,647,650</u>	<u>\$ 1,420,000</u>	<u>\$ -</u>

b. Long-term debts

Character of Debts	June 30, 2024	December 31, 2023	June 30, 2023
Credit loans	<u>\$ 679,000</u>	<u>\$ 759,328</u>	<u>\$ 680,000</u>

c. The ranges of interest rate of other borrowings were 1.83%-2.47%, 1.65%-4.30% and 1.75%-2.34% as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively. The maturity date of other borrowings were on June 2026, November 2026 and June 2026, respectively.

d. The aforementioned related collaterals of other borrowings please refer to Note 48.

30. PROVISIONS

	June 30, 2024	December 31, 2023	June 30, 2023
Reserves of insurance industry	\$ 17,491,899	\$ 16,173,244	\$ 17,402,067
Provisions for employee benefits	5,519,817	5,677,070	5,506,802
Reserve for losses on guarantees	1,217,271	1,204,168	1,170,832
Provisions for loan commitments	494,248	556,344	498,321
Others	<u>50,224</u>	<u>48,724</u>	<u>48,723</u>
	<u>\$ 24,773,459</u>	<u>\$ 23,659,550</u>	<u>\$ 24,626,745</u>

The movements of reserve for losses on guarantees were as follows:

	For the Six Months Ended June 30	
	2024	2023
Balance, beginning of the period	\$ 1,204,168	\$ 1,130,148
Provision	12,106	40,409
Foreign exchange gains and losses	<u>997</u>	<u>275</u>
Balance, end of the period	<u>\$ 1,217,271</u>	<u>\$ 1,170,832</u>

The movements of provision for loan commitment were as follows:

	For the Six Months Ended June 30	
	2024	2023
Balance, beginning of the period	\$ 556,344	\$ 563,797
Reversal	(63,758)	(65,298)
Foreign exchange gains and losses	<u>1,662</u>	<u>(178)</u>
Balance, end of the period	<u>\$ 494,248</u>	<u>\$ 498,321</u>

Reserves of insurance industry were summarized below:

a. The movements of reserves of insurance industry are as follows:

	January 1, 2024	Provision	Release	Foreign Exchange Gains and Losses	June 30, 2024
Unearned premium reserve	\$ 6,495,557	\$ 7,280,217	\$ 6,510,287	\$ 14,730	\$ 7,280,217
Less: Ceded unearned premium reserve	<u>(1,964,075)</u>	<u>(2,267,504)</u>	<u>(1,964,075)</u>	<u>-</u>	<u>(2,267,504)</u>
	<u>4,531,482</u>	<u>5,012,713</u>	<u>4,546,212</u>	<u>14,730</u>	<u>5,012,713</u>
Reserve for deficiency premium	131,053	108,402	133,887	2,834	108,402
Less: Ceded reinsurance business	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>131,053</u>	<u>108,402</u>	<u>133,887</u>	<u>2,834</u>	<u>108,402</u>
Special reserve					
Catastrophe	262,975	-	5,539	-	257,436
Risk-volatility	<u>2,549,980</u>	<u>20,113</u>	<u>179,680</u>	<u>-</u>	<u>2,390,413</u>
	<u>2,812,955</u>	<u>20,113</u>	<u>185,219</u>	<u>-</u>	<u>2,647,849</u>

(Continued)

	January 1, 2024	Provision	Release	Foreign Exchange Gains and Losses	June 30, 2024
Claims reserve					
Reported but not paid	\$ 5,578,523	\$ 6,117,991	\$ 5,594,667	\$ 16,144	\$ 6,117,991
Incurred but not reported	<u>1,155,156</u>	<u>1,337,440</u>	<u>1,156,282</u>	<u>1,126</u>	<u>1,337,440</u>
	6,733,679	7,455,431	6,750,949	17,270	7,455,431
Less: Ceded claims reserve	<u>(2,628,921)</u>	<u>(3,031,705)</u>	<u>(2,628,921)</u>	<u>-</u>	<u>(3,031,705)</u>
	<u>4,104,758</u>	<u>4,423,726</u>	<u>4,122,028</u>	<u>17,270</u>	<u>4,423,726</u>
Add: Ceded unearned premium reserve	1,964,075	2,267,504	1,964,075	-	2,267,504
Ceded claims reserve	<u>2,628,921</u>	<u>3,031,705</u>	<u>2,628,921</u>	<u>-</u>	<u>3,031,705</u>
	<u>\$ 16,173,244</u>				<u>\$ 17,491,899</u>
					(Concluded)

	January 1, 2023	Provision	Release	Foreign Exchange Gains and Losses	June 30, 2023
Unearned premium reserve	\$ 5,942,301	\$ 6,991,700	\$ 5,944,808	\$ 2,507	\$ 6,991,700
Less: Ceded unearned premium reserve	<u>(1,698,553)</u>	<u>(2,220,600)</u>	<u>(1,698,553)</u>	<u>-</u>	<u>(2,220,600)</u>
	<u>4,243,748</u>	<u>4,771,100</u>	<u>4,246,255</u>	<u>2,507</u>	<u>4,771,100</u>
Reserve for deficiency premium	156,024	109,156	156,492	468	109,156
Less: Ceded reinsurance business	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>156,024</u>	<u>109,156</u>	<u>156,492</u>	<u>468</u>	<u>109,156</u>
Special reserve					
Catastrophe	274,053	-	5,540	-	268,513
Risk-volatility	<u>2,395,026</u>	<u>67,493</u>	<u>35,894</u>	<u>-</u>	<u>2,426,625</u>
	<u>2,669,079</u>	<u>67,493</u>	<u>41,434</u>	<u>-</u>	<u>2,695,138</u>
Claims reserve					
Reported but not paid	6,463,569	6,163,542	6,467,503	3,934	6,163,542
Incurred but not reported	<u>1,403,705</u>	<u>1,442,531</u>	<u>1,404,095</u>	<u>390</u>	<u>1,442,531</u>
	7,867,274	7,606,073	7,871,598	4,324	7,606,073
Less: Ceded claims reserve	<u>(3,543,689)</u>	<u>(3,150,182)</u>	<u>(3,543,689)</u>	<u>-</u>	<u>(3,150,182)</u>
	<u>4,323,585</u>	<u>4,455,891</u>	<u>4,327,909</u>	<u>4,324</u>	<u>4,455,891</u>
Add: Ceded unearned premium reserve	1,698,553	2,220,600	1,698,553	-	2,220,600
Ceded claims reserve	<u>3,543,689</u>	<u>3,150,182</u>	<u>3,543,689</u>	<u>-</u>	<u>3,150,182</u>
	<u>\$ 16,634,678</u>				<u>\$ 17,402,067</u>

b. Unearned premium reserve

1) Details of unearned premium reserve are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
One-year commercial fire insurance	\$ 433,478	\$ 406,215	\$ 395,735
Personal automobile property damage insurance	2,048,372	1,857,098	1,925,806
Personal automobile liabilities insurance	1,279,471	1,159,987	1,180,118
Compulsory personal automobile liability insurance	298,843	296,576	296,001
Engineering insurance	430,033	309,746	328,316
			(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
Injury insurance	\$ 538,636	\$ 475,531	\$ 564,318
Other insurance	<u>2,251,384</u>	<u>1,990,404</u>	<u>2,301,406</u>
	<u>\$ 7,280,217</u>	<u>\$ 6,495,557</u>	<u>\$ 6,991,700</u>
			(Concluded)

The balances which exceed 5% of account balance are listed as above.

2) Details of unearned premium reserve and ceded unearned premium reserve are as follows:

June 30, 2024					
	Unearned Premium Reserve			Ceded Unearned Premium	Retention
	Direct Insurance	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	
Fire insurance	\$ 1,122,477	\$ 29,284	\$ 1,151,761	\$ 634,991	\$ 516,770
Marine insurance	219,082	1,370	220,452	183,327	37,125
Motor insurance	4,112,714	167,751	4,280,465	922,153	3,358,312
Casualty insurance	854,736	60,178	914,914	434,590	480,324
Health and injury insurance	574,259	3,506	577,765	92,443	485,322
Foreign inward business insurance	-	134,860	134,860	-	134,860
	<u>\$ 6,883,268</u>	<u>\$ 396,949</u>	<u>\$ 7,280,217</u>	<u>\$ 2,267,504</u>	<u>\$ 5,012,713</u>
December 31, 2023					
	Unearned Premium Reserve			Ceded Unearned Premium	Retention
	Direct Insurance	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	
Fire insurance	\$ 958,094	\$ 23,357	\$ 981,451	\$ 557,969	\$ 423,482
Marine insurance	172,885	1,633	174,518	136,883	37,635
Motor insurance	3,716,374	166,683	3,883,057	916,411	2,966,646
Casualty insurance	669,424	37,948	707,372	315,521	391,851
Health and injury insurance	485,003	4,000	489,003	37,291	451,712
Foreign inward business insurance	-	260,156	260,156	-	260,156
	<u>\$ 6,001,780</u>	<u>\$ 493,777</u>	<u>\$ 6,495,557</u>	<u>\$ 1,964,075</u>	<u>\$ 4,531,482</u>

	June 30, 2023				
	Unearned Premium Reserve			Ceded Unearned Premium	
	Direct Insurance	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	Retention
Fire insurance	\$ 993,277	\$ 24,755	\$ 1,018,032	\$ 522,034	\$ 495,998
Marine insurance	262,021	1,510	263,531	204,105	59,426
Motor insurance	3,833,919	164,603	3,998,522	940,576	3,057,946
Casualty insurance	749,527	36,684	786,211	353,928	432,283
Health and injury insurance	709,406	4,311	713,717	199,903	513,814
Foreign inward business insurance	-	211,687	211,687	54	211,633
	<u>\$ 6,548,150</u>	<u>\$ 443,550</u>	<u>\$ 6,991,700</u>	<u>\$ 2,220,600</u>	<u>\$ 4,771,100</u>

c. Claims reserve

1) Details of claims reserve are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
One-year commercial fire insurance	\$ 1,106,143	\$ 1,170,798	\$ 1,723,790
Hull insurance	258,945	303,443	355,896
Personal automobile property damage insurance	836,559	899,433	939,023
Personal automobile liability insurance	1,343,483	1,337,749	1,358,623
Compulsory personal automobile liability insurance	488,106	423,955	545,155
General liability insurance	426,568	359,021	367,263
Injury insurance	387,679	458,249	435,617
Commercial earthquake insurance	613,444	4,973	29,728
Other insurance	<u>1,994,504</u>	<u>1,776,058</u>	<u>1,850,978</u>
	<u>\$ 7,455,431</u>	<u>\$ 6,733,679</u>	<u>\$ 7,606,073</u>

The balances which exceed 5% of account balance are listed as above.

2) Details of claims reserve and ceded claims reserve are as follows:

	June 30, 2024				
	Claim Reserve			Ceded Claims Reserve Ceded	
	Direct Underwriting Business	Assumed Reinsurance Business	Total	Reinsurance Business	Retention
<u>Reported but not paid</u>					
Fire insurance	\$ 1,742,780	\$ 2,483	\$ 1,745,263	\$ 1,372,121	\$ 373,142
Marine insurance	330,495	5,280	335,775	202,862	132,913
Motor insurance	2,767,896	84,744	2,852,640	600,238	2,252,402
Casualty insurance	687,612	9,330	696,942	348,357	348,585
Health and injury insurance	108,201	7	108,208	21,459	86,749
Foreign inward business insurance	-	379,163	379,163	885	378,278
	<u>5,636,984</u>	<u>481,007</u>	<u>6,117,991</u>	<u>2,545,922</u>	<u>3,572,069</u>

(Continued)

June 30, 2024					
	Claim Reserve			Ceded Claims	
	Direct Underwriting Business	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	Retention
<u>Incurred but not reported</u>					
Fire insurance	\$ 34,314	\$ 22,426	\$ 56,740	\$ 23,302	\$ 33,438
Marine insurance	96,200	2,144	98,344	69,434	28,910
Motor insurance	413,641	157,652	571,293	215,609	355,684
Casualty insurance	226,577	12,447	239,024	93,614	145,410
Health and injury insurance	337,349	2,379	339,728	83,824	255,904
Foreign inward business insurance	-	32,311	32,311	-	32,311
	<u>1,108,081</u>	<u>229,359</u>	<u>1,337,440</u>	<u>485,783</u>	<u>851,657</u>
	<u>\$ 6,745,065</u>	<u>\$ 710,366</u>	<u>\$ 7,455,431</u>	<u>\$ 3,031,705</u>	<u>\$ 4,423,726</u>
(Concluded)					

December 31, 2023					
	Claim Reserve			Ceded Claims	
	Direct Underwriting Business	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	Retention
<u>Reported but not paid</u>					
Fire insurance	\$ 1,207,505	\$ 2,517	\$ 1,210,022	\$ 1,016,511	\$ 193,511
Marine insurance	398,991	4,077	403,068	265,365	137,703
Motor insurance	2,846,406	82,940	2,929,346	658,722	2,270,624
Casualty insurance	609,845	7,621	617,466	300,217	317,249
Health and injury insurance	111,722	11	111,733	15,995	95,738
Foreign inward business insurance	-	306,888	306,888	854	306,034
	<u>5,174,469</u>	<u>404,054</u>	<u>5,578,523</u>	<u>2,257,664</u>	<u>3,320,859</u>
<u>Incurred but not reported</u>					
Fire insurance	4,427	46	4,473	736	3,737
Marine insurance	52,771	726	53,497	38,006	15,491
Motor insurance	301,268	155,685	456,953	156,048	300,905
Casualty insurance	182,471	8,471	190,942	67,204	123,738
Health and injury insurance	425,712	2,971	428,683	109,263	319,420
Foreign inward business insurance	-	20,608	20,608	-	20,608
	<u>966,649</u>	<u>188,507</u>	<u>1,155,156</u>	<u>371,257</u>	<u>783,899</u>
	<u>\$ 6,141,118</u>	<u>\$ 592,561</u>	<u>\$ 6,733,679</u>	<u>\$ 2,628,921</u>	<u>\$ 4,104,758</u>

June 30, 2023					
	Claim Reserve			Ceded Claims	
	Direct Underwriting Business	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	Retention
<u>Reported but not paid</u>					
Fire insurance	\$ 1,761,532	\$ 3,992	\$ 1,765,524	\$ 1,370,222	\$ 395,302
Marine insurance	415,403	12,791	428,194	261,968	166,226
Motor insurance	2,859,693	81,771	2,941,464	648,894	2,292,570
Casualty insurance	600,727	9,336	610,063	329,025	281,038
Health and injury insurance	76,934	12	76,946	16,101	60,845
Foreign inward business insurance	-	341,351	341,351	626	340,725
	<u>5,714,289</u>	<u>449,253</u>	<u>6,163,542</u>	<u>2,626,836</u>	<u>3,536,706</u>
(Continued)					

June 30, 2023					
	Claim Reserve			Ceded Claims	
	Direct Underwriting Business	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	Retention
<u>Incurred but not reported</u>					
Fire insurance	\$ 8,315	\$ 107	\$ 8,422	\$ 1,116	\$ 7,306
Marine insurance	87,189	1,914	89,103	58,413	30,690
Motor insurance	452,163	153,219	605,382	226,479	378,903
Casualty insurance	252,900	12,000	264,900	103,548	161,352
Health and injury insurance	447,582	3,243	450,825	133,790	317,035
Foreign inward business insurance	-	23,899	23,899	-	23,899
	<u>1,248,149</u>	<u>194,382</u>	<u>1,442,531</u>	<u>523,346</u>	<u>919,185</u>
	<u>\$ 6,962,438</u>	<u>\$ 643,635</u>	<u>\$ 7,606,073</u>	<u>\$ 3,150,182</u>	<u>\$ 4,455,891</u>

(Concluded)

3) The movements of claims reserve and ceded claims reserve are as follows:

For the Six Months Ended June 30, 2024								
	Direct Underwriting Business		Assumed Reinsurance Business		Net Change	Ceded Reinsurance Business		Net Change
	Provision	Release	Provision	Release		Provision	Release	
<u>Reported but not paid</u>								
Fire insurance	\$ 1,742,780	\$ 1,207,505	\$ 2,483	\$ 2,517	\$ 535,241	\$ 1,372,121	\$ 1,016,511	\$ 355,610
Marine insurance	330,495	398,991	5,280	4,077	(67,293)	202,862	265,365	(62,503)
Motor insurance	2,767,896	2,846,406	84,744	82,940	(76,706)	600,238	658,722	(58,484)
Casualty insurance	687,612	609,845	9,330	7,621	79,476	348,357	300,217	48,140
Health and injury insurance	108,201	111,722	7	11	(3,525)	21,459	15,995	5,464
Foreign inward business insurance	-	-	379,163	323,032	56,131	885	854	31
	<u>5,636,984</u>	<u>5,174,469</u>	<u>481,007</u>	<u>420,198</u>	<u>523,324</u>	<u>2,545,922</u>	<u>2,257,664</u>	<u>288,258</u>
<u>Incurred but not reported</u>								
Fire insurance	34,314	4,427	22,426	46	52,267	23,302	736	22,566
Marine insurance	96,200	52,771	2,144	726	44,847	69,434	38,006	31,428
Motor insurance	413,641	301,268	157,652	155,685	114,340	215,609	156,048	59,561
Casualty insurance	226,577	182,471	12,447	8,471	48,082	93,614	67,204	26,410
Health and injury insurance	337,349	425,712	2,379	2,971	(88,955)	83,824	109,263	(25,439)
Foreign inward business insurance	-	-	32,311	21,734	10,577	-	-	-
	<u>1,108,081</u>	<u>966,649</u>	<u>229,359</u>	<u>189,633</u>	<u>181,158</u>	<u>485,783</u>	<u>371,257</u>	<u>114,526</u>
	<u>\$ 6,745,065</u>	<u>\$ 6,141,118</u>	<u>\$ 710,366</u>	<u>\$ 609,831</u>	<u>\$ 704,482</u>	<u>\$ 3,031,705</u>	<u>\$ 2,628,921</u>	<u>\$ 402,784</u>

For the Six Months Ended June 30, 2023								
	Direct Underwriting Business		Assumed Reinsurance Business		Net Change	Ceded Reinsurance Business		Net Change
	Provision	Release	Provision	Release		Provision	Release	
<u>Reported but not paid</u>								
Fire insurance	\$ 1,761,532	\$ 2,239,321	\$ 3,992	\$ 5,017	\$ (478,814)	\$ 1,370,222	\$ 1,806,430	\$ (436,208)
Marine insurance	415,403	472,684	12,791	12,604	(57,094)	261,968	280,095	(18,127)
Motor insurance	2,859,693	2,664,960	81,771	84,060	192,444	648,894	625,525	23,369
Casualty insurance	600,727	583,912	9,336	11,037	15,114	329,025	296,077	32,948
Health and injury insurance	76,934	91,019	12	12	(14,085)	16,101	26,908	(10,807)
Foreign inward business insurance	-	-	341,351	302,877	38,474	626	629	(3)
	<u>5,714,289</u>	<u>6,051,896</u>	<u>449,253</u>	<u>415,607</u>	<u>(303,961)</u>	<u>2,626,836</u>	<u>3,035,664</u>	<u>(408,828)</u>
<u>Incurred but not reported</u>								
Fire insurance	8,315	6,525	107	73	1,824	1,116	1,404	(288)
Marine insurance	87,189	70,369	1,914	615	18,119	58,413	46,416	11,997
Motor insurance	452,163	401,163	153,219	150,687	53,532	226,479	210,007	16,472
Casualty insurance	252,900	260,017	12,000	11,421	(6,538)	103,548	106,704	(3,156)
Health and injury insurance	447,582	469,962	3,243	3,269	(22,406)	133,790	143,494	(9,704)
Foreign inward business insurance	-	-	23,899	29,994	(6,095)	-	-	-
	<u>1,248,149</u>	<u>1,208,036</u>	<u>194,382</u>	<u>196,059</u>	<u>38,436</u>	<u>523,346</u>	<u>508,025</u>	<u>15,321</u>
	<u>\$ 6,962,438</u>	<u>\$ 7,259,932</u>	<u>\$ 643,635</u>	<u>\$ 611,666</u>	<u>\$ (265,525)</u>	<u>\$ 3,150,182</u>	<u>\$ 3,543,689</u>	<u>\$ (393,507)</u>

- d. Reinsurance assets - reported but paid claiming liabilities arising from indemnity refundable on reinsurance ceded

	Claim Paid		
	June 30, 2024	December 31, 2023	June 30, 2023
Fire insurance	\$ 44,240	\$ 143,154	\$ 37,140
Marine insurance	26,629	211,076	28,705
Motor insurance	240,594	272,201	245,650
Casualty insurance	44,664	42,159	73,478
Health and injury insurance	<u>37,275</u>	<u>78,001</u>	<u>120,387</u>
	393,402	746,591	505,360
Less: Allowance for losses	<u>(1,967)</u>	<u>(3,925)</u>	<u>(3,276)</u>
Net Amount	<u>\$ 391,435</u>	<u>\$ 742,666</u>	<u>\$ 502,084</u>

- e. Special reserve

- 1) Details of special reserve were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Catastrophe	\$ 257,436	\$ 262,975	\$ 268,513
Risk-volatility	<u>2,390,413</u>	<u>2,549,980</u>	<u>2,426,625</u>
	<u>\$ 2,647,849</u>	<u>\$ 2,812,955</u>	<u>\$ 2,695,138</u>

- 2) Special reserve - the movements of compulsory and non-compulsory automobile liability insurance were as follows:

For the Six Months Ended June 30, 2024				
Liabilities				
	Risk-Volatility			Total
	Catastrophe	Special Reserve - Compulsory Automobile Liability Insurance	Special Reserve - Non-compulsory Automobile Liability Insurance	
Balance, beginning of the period	\$ 262,975	\$ 733,281	\$ 1,816,699	\$ 2,812,955
Provision	-	-	20,113	20,113
Release	<u>(5,539)</u>	<u>(168,410)</u>	<u>(11,270)</u>	<u>(185,219)</u>
Balance, end of the period	<u>\$ 257,436</u>	<u>\$ 564,871</u>	<u>\$ 1,825,542</u>	<u>\$ 2,647,849</u>

For the Six Months Ended June 30, 2023

Liabilities				
		Risk-Volatility		Total
		Catastrophe	Special Reserve - Compulsory Automobile Liability Insurance	Special Reserve - Non-compulsory Automobile Liability Insurance
Balance, beginning of the period	\$ 274,053	\$ 733,281	\$ 1,661,745	\$ 2,669,079
Provision	-	-	67,493	67,493
Release	(5,540)	(30,805)	(5,089)	(41,434)
Balance, end of the period	<u>\$ 268,513</u>	<u>\$ 702,476</u>	<u>\$ 1,724,149</u>	<u>\$ 2,695,138</u>

- f. The assets and liability of compulsory automobile liability insurance and the revenue and cost of compulsory automobile liability insurance

- 1) The assets and liability of compulsory automobile liability insurance

Items		Amount		
	Assets	June 30, 2024	December 31, 2023	June 30, 2023
1.	Cash and cash in banks	\$ 2,571,129	\$ 2,511,003	\$ 2,463,478
2.	Cash equivalents	-	-	-
3.	Notes receivable	7,825	6,661	6,306
4.	Premiums receivable	16,193	18,045	14,757
5.	Indemnity refundable on reinsurance ceded	63,401	69,043	55,980
6.	Refundable reinsurance	49,597	48,985	48,496
7.	Other receivables	-	-	-
8.	Financial assets at FVTOCI	-	-	-
9.	Ceded unearned premium reserve	227,087	223,592	221,295
10.	Ceded claims reserve	342,175	287,878	362,216
11.	Temporary payments	151	5,665	1,004
12.	Other assets	-	-	-
13.	Total	\$ 3,277,558	\$ 3,170,872	\$ 3,173,532

Items		Amount		
	Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
1.	Notes payable	\$ -	\$ -	\$ -
2.	Insurance claims and benefits payable	-	-	-
3.	Reinsurance indemnity payable	-	-	-
4.	Due to reinsurance and ceding companies	69,674	73,401	68,843
5.	Unearned premium reserve	544,988	536,988	531,497
6.	Claims reserve	813,066	719,262	836,966
7.	Special reserve	1,825,542	1,816,699	1,724,149
8.	Temporary receipts	23,869	24,103	11,658
9.	Other liabilities	419	419	419
10.	Total	\$ 3,277,558	\$ 3,170,872	\$ 3,173,532

2) The revenues and costs of compulsory automobile liability insurance

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Operating revenues				
Direct written premiums	\$ 174,024	\$ 166,316	\$ 342,494	\$ 331,565
Reinsurance premiums	<u>71,027</u>	<u>72,988</u>	<u>151,240</u>	<u>147,357</u>
Premiums income	245,051	239,304	493,734	478,922
Less: Reinsurance premiums ceded	(104,421)	(100,956)	(205,509)	(198,945)
Net changes in unearned premium reserve	<u>(1,308)</u>	<u>(2,243)</u>	<u>(4,505)</u>	<u>(2,913)</u>
Net premium	139,322	136,105	283,720	277,064
Interest revenue	<u>7,721</u>	<u>6,544</u>	<u>14,874</u>	<u>12,568</u>
Total operating revenues	<u>\$ 147,043</u>	<u>\$ 142,649</u>	<u>\$ 298,594</u>	<u>\$ 289,632</u>
Operating costs				
Claims incurred and paid	\$ 153,875	\$ 115,461	\$ 304,463	\$ 258,309
Reinsurance claims incurred	65,817	64,809	139,828	132,097
Less: Claims recovered from reinsurance	<u>(91,436)</u>	<u>(65,231)</u>	<u>(181,452)</u>	<u>(151,390)</u>
Net claims	128,256	115,039	262,839	239,016
Net changes of reserve for claims reserve	11,124	8,795	39,507	352
Net changes of reserve for special reserve (Note)	<u>14,107</u>	<u>29,183</u>	<u>8,843</u>	<u>62,404</u>
Total operating costs	<u>\$ 153,487</u>	<u>\$ 153,017</u>	<u>\$ 311,189</u>	<u>\$ 301,772</u>

Note: According to Rule No. 11004107771 issued by FSC, since April 1, 2021, the property insurance industry should reserve the provision monthly in accordance with the operating expense from issuer. Every contract would be charged for NT\$30.

g. Reserve for deficiency premium

1) Details of reserve for deficiency premium and ceded reserve for deficiency premium are as follows:

	June 30, 2024			
	Reserve for Deficiency Premium		Ceded Reserve for Deficiency Premium	
	Direct Underwriting Business	Assumed Reinsurance Business	Ceded Reinsurance Business	Retention
Fire insurance	\$ 77,816	\$ 46	\$ -	\$ 77,862
Marine insurance	3,711	21	-	3,732
Motor insurance	-	-	-	-

(Continued)

	June 30, 2024			
	Reserve for Deficiency Premium		Ceded Reserve for Deficiency Premium	
	Direct Underwriting Business	Assumed Reinsurance Business	Ceded Reinsurance Business	Retention
Casualty insurance	\$ -	\$ -	\$ -	\$ -
Health and injury insurance	5,846	-	-	5,846
Foreign inward business insurance	-	20,962	-	20,962
	<u>\$ 87,373</u>	<u>\$ 21,029</u>	<u>\$ -</u>	<u>\$ 108,402</u>
				(Concluded)

	December 31, 2023			
	Reserve for Deficiency Premium		Ceded Reserve for Deficiency Premium	
	Direct Underwriting Business	Assumed Reinsurance Business	Ceded Reinsurance Business	Retention
Fire insurance	\$ 72,891	\$ 73	\$ -	\$ 72,964
Marine insurance	5,035	24	-	5,059
Motor insurance	-	-	-	-
Casualty insurance	-	-	-	-
Health and injury insurance	2,950	-	-	2,950
Foreign inward business insurance	-	50,080	-	50,080
	<u>\$ 80,876</u>	<u>\$ 50,177</u>	<u>\$ -</u>	<u>\$ 131,053</u>

	June 30, 2023			
	Reserve for Deficiency Premium		Ceded Reserve for Deficiency Premium	
	Direct Underwriting Business	Assumed Reinsurance Business	Ceded Reinsurance Business	Retention
Fire insurance	\$ 37,575	\$ 72	\$ -	\$ 37,647
Marine insurance	24,360	2	-	24,362
Motor insurance	-	-	-	-
Casualty insurance	-	7	-	7
Health and injury insurance	1	-	-	1
Foreign inward business insurance	-	47,139	-	47,139
	<u>\$ 61,936</u>	<u>\$ 47,220</u>	<u>\$ -</u>	<u>\$ 109,156</u>

- 2) Loss (gain) of reserve for deficiency premium - the movements of reserve for deficiency premium and ceded reserve for deficiency premium are as follows:

For the Six Months Ended June 30, 2024									
	Direct Underwriting Business Reserve for Deficiency Premium		Assumed Reinsurance Business Reserve for Deficiency Premium		Net Change	Ceded Reinsurance Business Reserve for Deficiency Premium		Net Change	Loss of Provisions for Deficiency Premium Reserve
	Provision	Release	Provision	Release		Provision	Release		
Fire insurance	\$ 77,816	\$ 72,891	\$ 46	\$ 73	\$ 4,898	\$ -	\$ -	\$ -	\$ 4,898
Marine insurance	3,711	5,035	21	24	(1,327)	-	-	-	(1,327)
Motor insurance	-	-	-	-	-	-	-	-	-
Casualty insurance	-	-	-	-	-	-	-	-	-
Health and injury insurance	5,846	2,950	-	-	2,896	-	-	-	2,896
Foreign inward business insurance	-	-	20,962	52,914	(31,952)	-	-	-	(31,952)
	<u>\$ 87,373</u>	<u>\$ 80,876</u>	<u>\$ 21,029</u>	<u>\$ 53,011</u>	<u>\$ (25,485)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,485)</u>
For the Six Months Ended June 30, 2023									
	Direct Underwriting Business Reserve for Deficiency Premium		Assumed Reinsurance Business Reserve for Deficiency Premium		Net Change	Ceded Reinsurance Business Reserve for Deficiency Premium		Net Change	Loss of Provisions for Deficiency Premium Reserve
	Provision	Release	Provision	Release		Provision	Release		
Fire insurance	\$ 37,575	\$ 35,245	\$ 72	\$ 164	\$ 2,238	\$ -	\$ -	\$ -	\$ 2,238
Marine insurance	24,360	24,919	2	-	(557)	-	-	-	(557)
Motor insurance	-	-	-	-	-	-	-	-	-
Casualty insurance	-	-	7	-	7	-	-	-	7
Health and injury insurance	1	62,280	-	-	(62,279)	-	-	-	(62,279)
Foreign inward business insurance	-	-	47,139	33,884	13,255	-	-	-	13,255
	<u>\$ 61,936</u>	<u>\$ 122,444</u>	<u>\$ 47,220</u>	<u>\$ 34,048</u>	<u>\$ (47,336)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,336)</u>

31. PROVISIONS FOR EMPLOYEE BENEFITS

	June 30, 2024	December 31, 2023	June 30, 2023
Recognized in consolidated balance sheet			
Defined benefit plans	\$ 4,042,197	\$ 4,206,337	\$ 4,070,800
Preferential interest on employees' deposits	<u>1,477,620</u>	<u>1,470,733</u>	<u>1,436,002</u>
	<u>\$ 5,519,817</u>	<u>\$ 5,677,070</u>	<u>\$ 5,506,802</u>

a. Defined contribution plans

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

The total expenses of defined contribution plans recognized in profit or loss for the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023 were \$110,063, \$98,890, \$222,969 and \$203,554, respectively.

b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standard Law is operated by the government, and pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. Under the plan, HNFH, HNCB and HNAMC made monthly contributions at the rate of 12% of gross salaries, SCIC made monthly contribution at the rate of 8.81% of gross salaries, HNSC, HNIT, made monthly contributions at the rate of 2% of gross salaries. The preceding monthly contributions were deposited in the name of each company's committee in the Bank of Taiwan ("the Bureau"). If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The total expenses of defined benefit plans recognized in profit or loss for the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023 were \$69,192, \$74,048, \$140,322 and \$148,132, respectively.

32. OTHER FINANCIAL LIABILITIES

	June 30, 2024	December 31, 2023	June 30, 2023
Principal of structured products	\$ 78,025,378	\$ 71,771,662	\$ 68,755,364
Futures traders' equity	5,956,473	5,206,318	4,965,537
Appropriations loan funds	<u>85,761</u>	<u>898</u>	<u>18,656</u>
	<u>\$ 84,067,612</u>	<u>\$ 76,978,878</u>	<u>\$ 73,739,557</u>

33. OTHER LIABILITIES

	June 30, 2024	December 31, 2023	June 30, 2023
Guarantee deposits received	\$ 5,721,405	\$ 2,131,655	\$ 7,891,574
Deposits from securities borrowing	1,606,133	1,878,180	1,947,047
Advance receipts	1,505,955	1,311,258	1,223,663
Temporary receipt and suspense accounts	653,131	729,120	602,674
Others	<u>344,140</u>	<u>408,320</u>	<u>340,098</u>
	<u>\$ 9,830,764</u>	<u>\$ 6,458,533</u>	<u>\$ 12,005,056</u>

34. EQUITY

a. Share capital

The shareholders resolved stock dividends of \$1,364,275 to paid-in capital, the number of common stocks of a par value of \$10 are 136,427 thousand at the shareholders' meeting on June 21, 2024. Total share capital was increased to \$137,791,734. The above transaction was approved by authorities and set August 19, 2024 as the record date. The company has not yet registered.

The issued common stocks of a par value of \$10 are 13,642,746 shares as of June 30, 2024.

b. Capital surplus

The capital surplus from the issuance of new shares at a premium (additional paid-in capital from issuance of common shares, issuance of shares due to business combination and treasury stock transactions, etc.) and endowments received by the Company may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividend or transferred to capital (limited to a certain percentage of the Company's paid-in capital every year).

Details of HNFH's capital surplus were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Share premium	\$ 17,702,376	\$ 17,702,376	\$ 17,702,376
Treasury stock	52,349	52,349	52,349
Donated assets received	2,936	2,936	2,936
Others	<u>4,143</u>	<u>4,143</u>	<u>1,325</u>
	<u>\$ 17,761,804</u>	<u>\$ 17,761,804</u>	<u>\$ 17,758,986</u>

Under the Financial Holding Company Act and related directives of the Securities and Futures Bureau, if the capital surplus obtained by a financial holding company through a share swap comes from its subsidiaries' unappropriated retained earnings after legal and special reserves, the surplus is exempted from the restriction stated in the Securities and Exchange Act.

The sources and usage of HNFH's capital surplus as of June 30, 2023 were as follows:

	June 30, 2023
Arising through a share swap on December 19, 2001	\$ 44,439,624
Bonus to employees and the remuneration to directors and supervisors from subsidiaries before December 19, 2001	(250,881)
Issuance of cash dividends in 2001	(692,924)
Issuance of stock dividends from capital surplus in 2002	(3,317,439)
Offsetting a deficit in 2002	(26,693,288)
SCIC and HNIT became wholly owned subsidiaries of HNFH through a share swap	(185,812)
Issuance of stock dividends from capital surplus in 2004	(945,701)
Issuance of new shares in 2011	8,004,000
Stock-based compensation	115,382
Donated assets received	2,936
Treasury stock transactions and the capital surplus from investments accounted for using equity method	(2,716,911)
Subsidiaries' share of change in capital surplus of associates ventures	<u>2,818</u>
Balance, end of the period	<u>\$ 17,761,804</u>

c. Special reserve

According to Rule No. 11202709871 issued by FSC, following up legal reserve. The Company appropriates and reserves special reserve based on Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs (IFRSs Standards)".

d. Appropriation of earnings and dividend policy

Under the dividend policy in the Amended Articles, The Company takes the residual dividend policy in order to expand its scale and enhance its abilities to make profit. When HNFH appropriates its earnings, legal reserve should be appropriated from the annual net income less any accumulated deficit. A special reserve based on legal rules or business needs may then be appropriated or reserved. Shareholders' meeting approve to appropriate 30%-100% distributable amount, including unappropriated earnings in prior years, for stock dividend and cash dividend. Stock or cash dividends were appropriated based on the Company's operating plan, and the cash dividends should be more than 10% of total dividends. Cash dividends would not be appropriated if it is less than \$0.1 per share unless the approval of the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration to directors and supervisor before and after amendment, please refer to Note 40.

Shareholders' meeting should be held in the next year, and the distribution of earnings would be recognized and reflected in the financial statements in that year.

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

Based on a directive issued by the Securities and Futures Bureau, when distributing earnings, an amount equal to the net debit balance of certain shareholders' equity accounts shall be transferred from unappropriated earnings to a special reserve. An amount equal to the past net debit balance of certain shareholders' equity accounts (including unrealized loss in financial instruments and cumulative translation adjustments) shall be transferred from past unappropriated earnings to a special reserve, yet such amount can not be distributed. However the Group should replenish amount, which equals to the difference between the net debit balance of certain shareholders' equity accounts and amount appropriated to special reserve during initial IFRS adoption, to special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

The appropriation of earnings for 2023 and 2022 has been approved by the shareholders' meeting on June 21, 2024 and June 16, 2023, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 2,306,831	\$ 1,892,993	\$ -	\$ -
Special reserve	(7,963,245)	12,031,764	-	-
Cash dividends	16,371,295	8,049,221	1.20	0.59
Stock dividends	1,364,275	-	0.10	-

e. Gain or loss on financial assets at FVTOCI

	For the Six Months Ended June 30, 2024	
	Revaluation Gain or Loss on Investments in Equity Instruments	Gain or Loss from Investments in Debt Instruments
Balance, beginning of the period	\$ 10,697,410	\$ (20,563,285)
Unrealized gain or loss - equity instruments	5,041,048	-
Unrealized gain or loss - debt instruments	-	(2,364,955)
Income tax related to unrealized gain or loss - debt instruments	-	1,255
Adjustment for allowance gain - debt instruments	-	1,228
Disposal of investments in debt instruments	-	(34,359)
Cumulative gain of equity instruments transferred to retained earnings due to disposal	<u>(1,329,109)</u>	<u>-</u>
Balance, end of the period	<u>\$ 14,409,349</u>	<u>\$ (22,960,116)</u>

	For the Six Months Ended June 30, 2023	
	Revaluation Gain or Loss on Investments in Equity Instruments	Gain or Loss from Investments in Debt Instruments
Balance, beginning of the period	\$ 8,570,902	\$ (26,224,250)
Unrealized gain or loss - equity instruments	1,604,359	-
Unrealized gain or loss - debt instruments	-	1,891,302
Income tax related to unrealized gain or loss - debt instruments	-	(7,764)
Adjustment for allowance gain - debt instruments	-	4,253
Disposal of investments in debt instruments	-	(111,699)
Cumulative gain of equity instruments transferred to retained earnings due to disposal	<u>(470,150)</u>	<u>-</u>
Balance, end of the period	<u>\$ 9,705,111</u>	<u>\$ (24,448,158)</u>

f. Gain or loss on other comprehensive income reclassified by overlay approach

	For the Six Months Ended June 30	
	2024	2023
Balance, beginning of the period	\$ 211,430	\$ (291,568)
Gain or loss on other comprehensive income reclassified by overlay approach	421,354	514,333
Income tax related to gain or loss on other comprehensive income reclassified by overlay approach	<u>(18,387)</u>	<u>(7,126)</u>
Balance, end of the period	<u>\$ 614,397</u>	<u>\$ 215,639</u>

35. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Interest revenue				
Discounts and loans	\$ 17,476,922	\$ 14,716,361	\$ 33,894,004	\$ 28,458,931
Securities investments	5,720,547	4,609,612	11,023,933	8,611,686
Due from and call loans to other banks	1,793,809	1,751,370	3,598,845	3,378,744
Others	<u>657,427</u>	<u>457,439</u>	<u>1,256,740</u>	<u>861,529</u>
	<u>25,648,705</u>	<u>21,534,782</u>	<u>49,773,522</u>	<u>41,310,890</u>
Interest expense				
Deposits	13,565,303	10,489,011	26,058,826	19,434,258
Due to the Central Bank and banks	3,186,254	2,229,817	6,150,794	3,964,262
Others	<u>2,328,131</u>	<u>2,041,044</u>	<u>4,789,547</u>	<u>3,638,924</u>
	<u>19,079,688</u>	<u>14,759,872</u>	<u>36,999,167</u>	<u>27,037,444</u>
	<u>\$ 6,569,017</u>	<u>\$ 6,774,910</u>	<u>\$ 12,774,355</u>	<u>\$ 14,273,446</u>

36. COMMISSION AND FEE REVENUES, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Commission and fee revenues				
Insurance commission	\$ 1,319,716	\$ 948,181	\$ 2,552,751	\$ 2,036,316
Brokerage business	1,329,841	910,349	2,410,730	1,633,107
Trust and financial management business	1,022,351	654,810	2,040,724	1,300,681
Loan business	321,732	308,972	1,013,208	552,359
Credit card business	420,335	376,350	841,878	738,733
Remittance business	154,143	141,166	300,809	272,982
Others	<u>348,903</u>	<u>333,698</u>	<u>749,630</u>	<u>689,481</u>
	<u>4,917,021</u>	<u>3,673,526</u>	<u>9,909,730</u>	<u>7,223,659</u>
Commission and fee expenses				
Insurance commission	511,084	517,918	1,094,236	1,080,110
Credit card business	330,345	267,006	651,483	537,088
Brokerage business	126,735	83,178	227,536	149,824
Others	<u>164,181</u>	<u>143,404</u>	<u>333,452</u>	<u>288,307</u>
	<u>1,132,345</u>	<u>1,011,506</u>	<u>2,306,707</u>	<u>2,055,329</u>
	<u>\$ 3,784,676</u>	<u>\$ 2,662,020</u>	<u>\$ 7,603,023</u>	<u>\$ 5,168,330</u>

37. INCOME FROM INSURANCE PREMIUMS, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Insurance revenue				
Direct written premiums	\$ 3,796,845	\$ 3,613,756	\$ 7,797,564	\$ 7,487,741
Indemnity refundable on reinsurance ceded	<u>505,947</u>	<u>546,264</u>	<u>1,018,270</u>	<u>1,496,401</u>
	<u>4,302,792</u>	<u>4,160,020</u>	<u>8,815,834</u>	<u>8,984,142</u>
Insurance expenses				
Insurance claims and benefits	1,743,064	1,827,185	3,393,904	3,994,519
Reinsurances premiums ceded	1,376,377	1,289,676	2,654,488	2,596,683
Disbursements toward industry stability	<u>7,387</u>	<u>3,455</u>	<u>15,000</u>	<u>7,120</u>
	<u>3,126,828</u>	<u>3,120,316</u>	<u>6,063,392</u>	<u>6,598,322</u>
	<u>\$ 1,175,964</u>	<u>\$ 1,039,704</u>	<u>\$ 2,752,442</u>	<u>\$ 2,385,820</u>

38. GAIN OR LOSS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Realized gain or loss on financial assets and liabilities at FVTPL				
Currency swap	\$ 5,088,369	\$ 289,626	\$ 6,731,216	\$ 6,015,427
Listed stocks	296,352	178,138	620,785	306,055
Cross currency swap	142,887	21	243,711	750,776
Exchange rate option	65,911	34,211	103,128	78,695
Unlisted stocks	2,423	46,404	60,801	83,401
Government bonds	9,075	10,282	34,333	24,815
Forward	(162,771)	(9,530)	(146,729)	21,885
Others	<u>1,549</u>	<u>21,049</u>	<u>36,989</u>	<u>15,600</u>
	<u>5,443,795</u>	<u>570,201</u>	<u>7,684,234</u>	<u>7,296,654</u>
Unrealized gain or loss on financial assets and liabilities at FVTPL				
Currency swap	1,466,443	7,134,740	14,595,886	1,256,101
Listed stocks	123,708	262,135	496,086	604,845
Cross currency swap	39,745	142,181	109,995	(594,719)
Forward	46,212	23,072	(76,767)	12,533
Others	<u>16,812</u>	<u>(150,329)</u>	<u>(95,233)</u>	<u>(102,310)</u>
	<u>1,692,920</u>	<u>7,411,799</u>	<u>15,029,967</u>	<u>1,176,450</u>
Dividend income on financial assets at FVTPL	<u>82,550</u>	<u>101,394</u>	<u>116,508</u>	<u>131,615</u>
Interest revenue on financial assets at FVTPL	<u>615,680</u>	<u>301,209</u>	<u>1,069,034</u>	<u>559,505</u>
	<u>\$ 7,834,945</u>	<u>\$ 8,384,603</u>	<u>\$ 23,899,743</u>	<u>\$ 9,164,224</u>

When the Group designated financial instruments measure at FVTPL, fair value change in derivate instruments is also listed in “financial assets and liabilities at FVTPL”.

Part of financial assets and liabilities at FVTPL held by the Group, like currency swap, its gain or loss on valuation arising from spot position is recorded as “foreign exchange gain or loss”; its gain or loss on valuation arising from forward position is recorded as “gain (loss) on financial assets or liabilities at FVTPL”.

39. REALIZED GAIN ON FINANCIAL ASSETS AT FVTOCI

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Dividends income	\$ 377,474	\$ 816,509	\$ 480,070	\$ 832,056
Gain (loss) from disposal				
Government bonds	(444)	39,404	56,364	117,113
Bank debentures	2,595	(193)	2,595	(2,205)
Agency mortgage-backed securities	1,449	1,373	2,365	2,456
Corporate bonds	(27,775)	(5,230)	(26,965)	(5,665)
	<u>(24,175)</u>	<u>35,354</u>	<u>34,359</u>	<u>111,699</u>
	<u>\$ 353,299</u>	<u>\$ 851,863</u>	<u>\$ 514,429</u>	<u>\$ 943,755</u>

40. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Salaries and wages	\$ 4,195,593	\$ 3,980,570	\$ 8,193,422	\$ 7,720,146
Labor insurance and national health insurance	336,679	313,740	642,993	610,668
Pension and compensation	191,524	182,839	382,425	366,686
Others	<u>524,202</u>	<u>451,296</u>	<u>1,019,982</u>	<u>888,402</u>
	<u>\$ 5,247,998</u>	<u>\$ 4,928,445</u>	<u>\$ 10,238,822</u>	<u>\$ 9,585,902</u>

For the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, the amount of incentives and bonus were \$1,644,103, \$1,576,063, \$3,227,627 and \$2,996,054, included in salaries and wages.

The Company distribute employees’ compensation and remuneration of directors at the rates between 0.2‰ and 1.5‰ and no higher than 1%, respectively, of net profit before income tax, employees’ compensation and remuneration of directors.

For the six months ended June 30, 2024, the employees’ compensation and remuneration of directors were \$9,412 and \$117,647, representing 0.8‰ and 1% of the base net profit, respectively. For the six months ended June 30, 2023, the employees’ compensation and remuneration of directors were \$8,338 and \$104,226, representing 0.8‰ and 1% of the base net profit, respectively.

The board of directors had been held on March 11, 2024 and March 13, 2023, which resolved compensations to employees and remuneration to directors for 2023 and 2022.

For the year ended December 31, 2023, the employees' compensation and remuneration of directors were \$21,364 and \$215,375 representing 0.98994‰ and 0.998% of the base net profit, respectively. For the year ended December 31, 2022, the employees' compensation and remuneration of directors were \$14,734 and \$174,552, representing 0.84244‰ and 0.998% of the base net profit, respectively.

There is no difference between the proposed and approved amounts of the compensation and bonus to employees and remuneration to directors and the accrual amounts reflected in the financial statements for the 2023 and 2022.

The information about the approved compensation of employees and remuneration of directors is available on the Market Observation Post System (M.O.P.S) website of the Taiwan Stock Exchange.

41. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Depreciation expense				
Property and equipment				
Buildings	\$ 78,154	\$ 76,286	\$ 126,197	\$ 152,961
Computer and machinery	99,411	96,430	199,227	186,477
Transportation equipment	9,354	8,469	18,622	16,973
Other equipment	34,252	31,004	68,610	61,971
Lease improvements	<u>6,049</u>	<u>4,511</u>	<u>11,291</u>	<u>9,110</u>
	227,220	216,700	423,947	427,492
Right-of-use assets	190,616	187,001	380,031	374,564
Investments properties	<u>21,537</u>	<u>20,471</u>	<u>74,617</u>	<u>41,122</u>
	439,373	424,172	878,595	843,178
Amortization expenses	86,164	93,063	172,307	184,930
Deferred expenses	<u>1,628</u>	<u>1,934</u>	<u>3,318</u>	<u>4,061</u>
	<u>\$ 527,165</u>	<u>\$ 519,169</u>	<u>\$ 1,054,220</u>	<u>\$ 1,032,169</u>

42. OTHER OPERATING EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Taxation and government fee	\$ 991,258	\$ 892,324	\$ 2,047,675	\$ 1,791,867
Insurance	168,938	155,392	338,220	309,765
Membership fee	175,259	166,493	337,655	324,627
Printing, binding and advertising fee	165,147	141,303	336,729	261,506
Rent	157,106	129,177	324,248	259,590
Postage fee	162,991	147,401	314,676	289,851
Professional fee	158,369	113,113	263,122	252,199
Maintenance and warranty fee	112,967	91,937	205,044	181,424
Others	<u>521,351</u>	<u>399,165</u>	<u>976,198</u>	<u>750,294</u>
	<u>\$ 2,613,386</u>	<u>\$ 2,236,305</u>	<u>\$ 5,143,567</u>	<u>\$ 4,421,123</u>

43. INCOME TAX

Under a Ministry of Finance directive 910458039 “Article 49 of the Financial Holding Company Act and Article 45 of Business Mergers and Acquisition Act”, a financial holding company and its domestic subsidiaries in which over 90% of issued shares was held by the financial holding company for 12 months within the same taxation year may adopt the linked-tax system for income tax filing.

The principle adopted by the Company, HNCB, HNSC, SCIC, HNIT, HNVC and HNAMEC (collectively, the “Group”) under the linked-tax system is to reduce the income tax liabilities of the Group and to consider the fairness of the tax borne by all the companies in order to maximize the synergy of the Group.

The government of U.K. and Vietnam, where the overseas branches of HNCB have registered in enacted the Pillar Two income tax legislation effective from January 1, 2024.

The Group will continue to review the impact of the Pillar Two Income Tax Act on its future financial performance ring.

a. Income tax recognized in profit or loss

The components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 1,670,490	\$ 839,696	\$ 2,877,234	\$ 1,709,422
Income tax of overseas branches	280,298	343,477	548,678	562,762
In respect of prior periods	(210,403)	(86,484)	(208,902)	(234,708)
Others	<u>28,243</u>	<u>-</u>	<u>29,462</u>	<u>-</u>
	1,768,628	1,096,689	3,246,472	2,037,476
Deferred tax				
In respect of the current period	<u>48,826</u>	<u>112,707</u>	<u>(13,125)</u>	<u>238,563</u>
Income tax expenses recognized through profit or loss	<u>\$ 1,817,454</u>	<u>\$ 1,209,396</u>	<u>\$ 3,233,347</u>	<u>\$ 2,276,039</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current period				
Unrealized gain or loss on investments in debt instruments at FVTOCI	\$ (4,527)	\$ 7,391	\$ 1,255	\$ (7,764)
Gain or loss on other comprehensive income reclassified by overlay approach	<u>319</u>	<u>(3,684)</u>	<u>(18,387)</u>	<u>(7,126)</u>
	<u>\$ (4,208)</u>	<u>\$ 3,707</u>	<u>\$ (17,132)</u>	<u>\$ (14,890)</u>

As of June 30, 2024, income tax returns through 2018 of HNFH had been assessed by the tax authorities. However, HNFH disagreed with the tax authorities' assessments of its tax returns for 2016 and had applied for administrative remedy.

As of June 30, 2024, income tax returns through 2018 of HNCB had been assessed by the tax authorities. However, HNCB disagreed with the tax authorities' assessments of its tax returns for 2016 and had applied for administrative remedy.

As of June 30, 2024, income tax returns through 2018 of HNSC had been assessed by the tax authorities. However, HNSC is currently appealing the tax authorities' assessments of supplementary taxable income for 2016 and 2018, as a result of different opinions on allocations of operating expenses and interest expenses in the dealing department. To be conservative, the income tax expense and the tax payable were recognized in the account. However, HNSC disagreed with the tax authorities' assessments of its tax returns and had applied for administrative remedy.

As of June 30, 2024, income tax return through 2018 of HNIT had been assessed by the tax authorities. However, HNIT disagreed with the tax authority's assessments of its tax returns for 2016 had applied for administrative remedy.

As of June 30, 2024, income tax returns through 2018 of SCIC, HNVC and HNAMEC had been assessed by the tax authorities.

As of June 30, 2024, income tax returns through 2022 of HNFC, HNIM and HNILC had been assessed by the tax authorities.

44. EARNINGS PER SHARE

Earnings per share is calculated by earnings on the Company's shareholders divide by weighted average number of ordinary shares outstanding.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Basic and diluted earnings per share				
Profit for the period attributable to HNFH's shareholders	<u>\$ 0.41</u>	<u>\$ 0.40</u>	<u>\$ 0.81</u>	<u>\$ 0.76</u>

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

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Profit for the period attributable to HNFH's shareholders	<u>\$ 5,585,567</u>	<u>\$ 5,505,620</u>	<u>\$ 11,214,480</u>	<u>\$ 10,505,674</u>

Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares in computation of basic and diluted earnings per share	<u>13,779,173</u>	<u>13,779,173</u>	<u>13,779,173</u>	<u>13,779,173</u>

45. RELATED PARTY TRANSACTIONS

Balances and transactions between the Group, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, related party transactions and related party transactions of subsidiaries over \$100 million were summarized below, and the transactions wrote-off were disclosed in Table 10.

a. Name and relationship with related parties were as follows:

Related Party	Relationship with the Company
Bank of Taiwan Co., Ltd. (BOT)	Major shareholder of HNFH
Bank Taiwan Life Insurance Co., Ltd. (BTLI)	Major shareholder of HNFH (the related information and proportionate share in investees with BOT)
Funds Under Hua Nan Investment Trust Corporation (HNIT)	Funds issuer is a subsidiary of HNFH
Yuan-Ding Investment Co., Ltd. (Yuan-Ding Investment)	The director of HNFH is its chairman
Entrust Investment Co., Ltd. (Entrust Investment)	The director of HNFH is its chairman
Yung-Chi Asset Management Corp. (Yung-Chi AMC)	The director of HNFH is its chairman
Chung-Hua Real Estate Management Co., Ltd. (Chung-Hua Real Estate)	Associates of HNCB
Yuan Jen Enterprises Co., Ltd. (YJE)	Associates of HNSC
Shin Kong Commercial Bank Co., Ltd. (SKCB)	Substantive related party
Shin Kong Life Insurance Co., Ltd. (SKLI)	Substantive related party
Yong Da Construction Co., Ltd. (Yong Da Construction)	Substantive related party
Chien Hsin Trading Co., Ltd. (Chien Hsin Trading)	Substantive related party
Taiwan Futures Exchange (TAIFEX)	Substantive related party
MasterLink Securities Corporation. (ML)	Related party in substance (no longer related parties from July 2023.)
Chou Dang-Zheng	A close relative of the supervisor of HNSC
Reliance Securities Co., Ltd. (Reliance Securities)	FSC-approved IAS 24, "Related Party Disclosures" other related parties
Mega Securities Co., Ltd. (Mega Securities)	FSC-approved IAS 24, "Related Party Disclosures" other related parties
Others	FSC-approved IAS 24, "Related Party Disclosures" other related parties

b. Substantial transactions with related parties were as follows:

1) Due from other banks

	June 30, 2024	December 31, 2023	June 30, 2023
BOT	\$ 256,346	\$ 194,185	\$ 238,497

2) Call loans to banks

	For the Six Months Ended June 30, 2024			
	Highest Balance	Ending Balance	Interest Income	Interest Rate (%)
BOT	\$ 9,377,300	\$ 3,094,150	\$ 43,980	0.70-5.90

	For the Six Months Ended June 30, 2023			
	Highest Balance	Ending Balance	Interest Income	Interest Rate (%)
BOT	\$ 10,614,100	\$ -	\$ 18,445	0.95-5.20

3) Call loans from banks

	For the Six Months Ended June 30, 2024			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
BOT	\$ 18,121,920	\$ 11,002,265	\$ 289,272	0.70-5.93

	For the Six Months Ended June 30, 2023			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
BOT	\$ 14,751,645	\$ 6,335,600	\$ 196,032	0.65-5.70

4) Deposits

For the Six Months Ended June 30						
	2024			2023		
	Ending Balance	Interest Rate (%)	Interest Expense	Ending Balance	Interest Rate (%)	Interest Expense
TAIFEX	\$ 28,877,217	0-5.75	\$ 251,962	\$ 17,831,130	0-5.44	\$ 168,213
Chien Hsin Trading	199,513	0-4.6	364	136,437	0-4.95	509
Chung-Hua Real Estate	157,954	0-1.7	790	154,884	0-1.45	590
Yuan-Ding Investment	81,240	-	-	2,157	-	-
Entrust Investment	76,121	-	-	2,193	-	-
Reliance Securities	10,000	0.611-0.67	40	12,053	0.5-0.5801	29
Others	8,907,464	0-13	87,906	11,849,470	0-13	77,134
	<u>\$ 38,309,509</u>		<u>\$ 341,062</u>	<u>\$ 29,988,324</u>		<u>\$ 246,465</u>

5) Loans

For the Six Months Ended June 30, 2024							
Type	Number/Name of Related Party	Highest Balance	Ending Balance	Payment Status		Type of Collateral	Is the Transaction at Arm's Length Commercial Term
				Normal	Overdue		
Consumer loan	1	\$ 571	\$ 524	\$ 524	\$ -	Credit	Yes
Household mortgages	35	364,379	335,519	335,519	-	Real estate	Yes
Others	Others	22,560	20,135	20,135	-	Real estate and overdraft	Yes

For the Six Months Ended June 30, 2023							
Type	Number/Name of Related Party	Highest Balance	Ending Balance	Payment Status		Type of Collateral	Is the Transaction at Arm's Length Commercial Term
				Normal	Overdue		
Consumer loan	6	\$ 1,726	\$ 1,413	\$ 1,413	\$ -	None	Yes
Household mortgages	35	332,694	303,326	303,326	-	Real estate	Yes
Others	Others	23,719	17,781	17,781	-	Real estate and overdraft	Yes

	June 30, 2024	December 31, 2023	June 30, 2023
SCIC			
Others	\$ <u>78,089</u>	\$ <u>87,508</u>	\$ <u>99,383</u>

Interest revenue generated from loans

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
SCIC				
Others	\$ <u>397</u>	\$ <u>471</u>	\$ <u>819</u>	\$ <u>915</u>

SCIC loans to some main management, and the lending rate is made by adding 0.375% to 1% markup to average rate on time savings deposits of Bank of Taiwan.

The type of loans are both real estate loans for the six months ended June 30, 2024 and 2023.

6) Customers' margin account

	June 30, 2024	December 31, 2023	June 30, 2023
TAIFEX	\$ <u>1,695,238</u>	\$ <u>1,288,944</u>	\$ <u>1,117,730</u>

7) Settlement fund

	June 30, 2024	December 31, 2023	June 30, 2023
TAIFEX	\$ <u>108,218</u>	\$ <u>106,733</u>	\$ <u>85,708</u>

8) Other receivable

	June 30, 2024	December 31, 2023	June 30, 2023
TAIFEX	\$ <u>2,300</u>	\$ <u>600</u>	\$ <u>29,606</u>

9) Futures traders' equity

	June 30, 2024	December 31, 2023	June 30, 2023
Fund under HNIT	\$ <u>132</u>	\$ <u>132</u>	\$ <u>13,588</u>

10) Notes payable and accounts payable

	June 30, 2024	December 31, 2023	June 30, 2023
TAIFEX	\$ <u>14,937</u>	\$ <u>10,943</u>	\$ <u>11,220</u>

11) Securities transaction

As of June 30, 2024, December 31, 2023 and June 30, 2023, open-end mutual funds purchased by HNSC from HNTF amounted to \$0, \$5,000 and \$1,000, respectively. HNSC purchased open-end mutual funds for \$5,347, \$85,047 and \$85,047, respectively. The disposal gain or loss were gain \$347, \$547 and \$547, respectively, and were calculated on the basis of the net assets value on the transaction dates.

Open-end mutual funds purchased by HNSC from HNTF amounted to \$0, \$5,096 and \$1,007 as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively (recorded as financial assets at fair value through profit or loss).

The cost of mutual funds purchased by SCIC from HNTF on June 30, 2024, December 31, 2023 and June 30, 2023, amounts to \$100,000, \$160,086 and \$39,862, respectively (recorded as financial assets at fair value through profit or loss).

SCIC's profit or loss of selling HNTF's mutual funds were profit \$49 and \$1,183 as of June 30, 2024 and 2023, respectively (recorded as financial assets at fair value through profit or loss).

12) Receivables - management expense

	June 30, 2024	December 31, 2023	June 30, 2023
Fund under HNTF	\$ 8,929	\$ 12,897	\$ 9,761

13) Sales or purchase of bills and bonds

	For the Six Months Ended June 30, 2024				
	Bills and Bonds Purchased from Related Parties	Bills and Bonds Sold to Related Parties	Bills and Bonds Purchased Under Resale Agreements from Related Parties	Bills and Bonds Sold Under Repurchase Agreements from Related Parties	Interest Expense
BOT	\$ -	\$ 1,283,267	\$ -	\$ -	\$ -
	For the Six Months Ended June 30, 2023				
	Bills and Bonds Purchased from Related Parties	Bills and Bonds Sold to Related Parties	Bills and Bonds Purchased Under Resale Agreements from Related Parties	Bills and Bonds Sold Under Repurchase Agreements from Related Parties	Interest Expense
SKCB	\$ 49,840	\$ -	\$ -	\$ -	\$ -
BOT	-	1,415,873	-	-	-
Fund under HNTF	-	-	49,000	-	4
ML	199,576	165,680	-	-	-

14) Trust business commission

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Fund under HNIT	\$ 30,995	\$ 26,965	\$ 69,619	\$ 53,333

15) Brokerage commission

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Fund under HNIT	\$ 788	\$ 759	\$ 2,249	\$ 2,049
Others	2,903	1,668	4,993	3,039
	<u>\$ 3,691</u>	<u>\$ 2,427</u>	<u>\$ 7,242</u>	<u>\$ 5,088</u>

16) Brokerage commission discount (decrease in the brokerage commission)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
YJE	\$ -	\$ -	\$ -	\$ 32
Others	1,720	939	2,880	1,658
	<u>\$ 1,720</u>	<u>\$ 939</u>	<u>\$ 2,880</u>	<u>\$ 1,690</u>

17) Premium income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Others	\$ 32,974	\$ 31,584	\$ 46,304	\$ 42,722

18) Commission

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
BOT	\$ 3,248	\$ 2,291	\$ 5,156	\$ 3,974
SKLI	143	4,690	474	17,940
BTLI	48	57	88	116
Chung-Hua Real Estate	43	-	43	-
	<u>\$ 3,482</u>	<u>\$ 7,038</u>	<u>\$ 5,761</u>	<u>\$ 22,030</u>

Preceding commission and fee revenue are the rewards from SKLI and BTLI to HNCB under commission revenue and the rewards from BOT to HNCB Insurance Agency under gold passbooks and coins and the rewards from Chung-Hua Real Estate to HNCB under business promotion commission revenue.

19) Lease arrangements

		June 30, 2024	December 31, 2023	June 30, 2023	
Acquisition of right-of-use assets	Chien Hsin Trading	\$ -	\$ 31,406	\$ -	
	SKLI	-	16,776	16,776	
	Chou Dang-Zheng	<u>-</u>	<u>3,497</u>	<u>3,497</u>	
		<u>\$ -</u>	<u>\$ 51,679</u>	<u>\$ 20,273</u>	
Lease liabilities	SKLI	\$ 29,740	\$ 35,371	\$ 40,236	
	Chien Hsin Trading	26,391	27,904	30,908	
	Yung-Chi AMC	5,612	6,514	7,406	
	Chou Dang-Zheng	2,162	2,738	3,308	
	BOT	1,300	1,618	1,934	
	Yong Da Construction	<u>1,744</u>	<u>3,816</u>	<u>5,867</u>	
		<u>\$ 66,949</u>	<u>\$ 77,961</u>	<u>\$ 89,659</u>	
Refundable deposits	Chou Dang-Zheng	\$ 200	\$ 200	\$ 200	
	BOT	<u>110</u>	<u>110</u>	<u>110</u>	
		<u>\$ 310</u>	<u>\$ 310</u>	<u>\$ 310</u>	
		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Interest expense	SKLI	\$ 160	\$ 215	\$ 336	\$ 445
	Chien Hsin Trading	129	53	265	62
	YungChi AMC	29	39	58	77
	Yong Da Construction	11	32	27	70
	Chou DangZheng	11	11	24	12
	BOT	<u>6</u>	<u>8</u>	<u>12</u>	<u>17</u>
		<u>\$ 346</u>	<u>\$ 358</u>	<u>\$ 722</u>	<u>\$ 683</u>

20) Rental agreement

Business lease rental

Lease arrangements under operating leases for the leasing out of properties to the following related parties, lease period 2 to 5 years, rent is charged monthly.

The total amount of lease payments to be received in the future is summarized as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Mega Securities	\$ 15,247	\$ -	\$ 540
Reliance Securities	1,970	2,592	3,318
Other	<u>326</u>	<u>4,150</u>	<u>6,099</u>
	<u>\$ 17,543</u>	<u>\$ 6,742</u>	<u>\$ 9,957</u>

The rental income is summarized as follows:

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Interest expense	SKLI	\$ 2,983	\$ 2,983	\$ 5,966	\$ 5,966
	Chien Hsin Trading	1,650	1,650	3,300	3,300
	Yong Da				
	Construction	1,050	1,050	2,100	2,100
	YungChi AMC	493	495	985	989
	Mega Securities	664	270	939	540
	Other	<u>483</u>	<u>1,419</u>	<u>1,591</u>	<u>2,832</u>
		<u>\$ 7,323</u>	<u>\$ 7,867</u>	<u>\$ 14,881</u>	<u>\$ 15,727</u>

21) Other interest revenues

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
TAIFEX		\$ -	\$ -	\$ 18	\$ -

The interests generated are settled every six months from settlement and clearing fund of Entrust Investment.

22) Interest expense

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Fund under HNIT		<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 24</u>

23) Other operating expenses

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
TAIFEX		\$ 629	\$ 744	\$ 1,384	\$ 1,462

24) Other non-interest net revenues

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
TAIFEX	\$ 1,680	\$ 29,486	\$ 5,564	\$ 30,776
YJE	<u>141</u>	<u>127</u>	<u>246</u>	<u>232</u>
	<u>\$ 1,821</u>	<u>\$ 29,613</u>	<u>\$ 5,810</u>	<u>\$ 31,008</u>

25) Handling charges - brokerage

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
TAIFEX	<u>\$ 26,732</u>	<u>\$ 19,141</u>	<u>\$ 47,629</u>	<u>\$ 37,391</u>

26) Handling charge - proprietary trading

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
TAIFEX	<u>\$ 828</u>	<u>\$ 817</u>	<u>\$ 1,594</u>	<u>\$ 1,191</u>

27) Service charge - clearing and settlement

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
TAIFEX	<u>\$ 18,549</u>	<u>\$ 13,489</u>	<u>\$ 33,158</u>	<u>\$ 26,029</u>

28) Cash and cash equivalents

Checking deposits and savings deposits (foreign currency included)

	June 30, 2024	December 31, 2023	June 30, 2023
BOT	\$ 33,055	\$ 23,968	\$ 24,922
SKCB	1	1	1
Others	<u>4,030</u>	<u>10,445</u>	<u>3,834</u>
	<u>\$ 37,086</u>	<u>\$ 34,414</u>	<u>\$ 28,757</u>

Time deposits

	June 30, 2024	December 31, 2023	June 30, 2023
SKCB	\$ 102,500	\$ 332,500	\$ 202,500
BOT	-	3,000	3,000
Others	<u>28,000</u>	<u>78,000</u>	<u>78,000</u>
	<u>\$ 130,500</u>	<u>\$ 413,500</u>	<u>\$ 283,500</u>

Interest revenues from related parties were \$757, \$1,186, \$1,754 and \$2,547 for the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, respectively.

29) HNCB paid \$11,560 to Chung-Hua Real Estate to build an information technology center on June 30, 2024, December 31, 2023 and June 30, 2023, respectively. It is recognized in construction in progress and prepayment for equipment, land and buildings.

HNAMC paid \$20,090, \$18,661 and \$17,590 to Chung-Hua Real Estate to build an information technology center on June 30, 2024, December 31, 2023 and June 30, 2023, respectively. It is recognized in investment properties and other properties.

30) Compensation of key personnel managements

The key managements refer to directors, supervisors, and vice president beyond managements personnel.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 138,428	\$ 115,948	\$ 266,195	\$ 233,942
Post-employment benefits	4,103	6,804	8,613	10,518
Other long-term employee benefits	<u>5</u>	<u>5</u>	<u>15</u>	<u>15</u>
	<u>\$ 142,536</u>	<u>\$ 122,757</u>	<u>\$ 274,823</u>	<u>\$ 244,475</u>

31) Others

In compliance with Banking Act, except for consumer and government loans, credits extended by HNCB to any related party should be fully secured, and the credit terms for related parties should be similar to those for third parties.

For transactions between HNCB and related parties, the terms are similar to those transacted with third parties, except for the preferential interest rates for employees with limited amounts.

c. Information of related party transactions of subsidiaries over \$100 million

1) HNCB

a) Deposits

	For the Six Months Ended June 30					
	2024			2023		
	Ending Balance	Interest Rate (%)	Interest Expense	Ending Balance	Interest Rate (%)	Interest Expense
TAIFEX	\$ 28,877,217	0-5.75	\$ 251,962	\$ 17,831,130	0-5.44	\$ 168,213
HNFB	16,664,066	0.602-0.899	4,980	2,595,300	0.472-0.694	2,096
SCIC	867,699	0-1.7	3,681	1,053,805	0-1.575	3,301
HNVC	497,415	0-1.7	3,127	437,986	0-3.45	2,364
HNSC	385,424	0-1.69	2,475	507,994	0-1.565	1,678
Chien Hsin Trading	199,513	0-4.6	364	136,437	0-4.95	509
HNILC Shenzhen	190,399	0.05-1.35	491	286,433	0.3-2.25	2,841
Chung-Hua Real Estate	157,954	0-1.7	790	154,884	0-1.45	590
	<u>\$ 47,839,687</u>		<u>\$ 267,870</u>	<u>\$ 23,003,969</u>		<u>\$ 181,592</u>

b) Payables to related party for allocation under the linked-tax system

	June 30, 2024	December 31, 2023	June 30, 2023
Tax payable to the parent company	<u>\$ 1,550,487</u>	<u>\$ 2,468,456</u>	<u>\$ 1,148,835</u>

2) HNSC

a) Cash and cash equivalents

	June 30, 2024		December 31, 2023		June 30, 2023	
	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)
HNCB	<u>\$ 385,424</u>	0-1.69	<u>\$ 478,895</u>	0-1.565	<u>\$ 507,994</u>	0-1.565

	June 30, 2024	December 31, 2023	June 30, 2023
Tax payable to the parent company	<u>\$ 179,952</u>	<u>\$ 238,021</u>	<u>\$ 82,824</u>

3) SCIC

a) Cash and cash equivalents

	June 30, 2024		December 31, 2023		June 30, 2023	
	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)
HNCB	<u>\$ 867,699</u>	0-1.7	<u>\$ 779,896</u>	0-1.575	<u>\$ 1,053,805</u>	0-1.575

b) (Receivable) payable to related party for allocation under the linked-tax system

	June 30, 2024	December 31, 2023	June 30, 2023
Tax payable to the parent company	<u>\$ 116,620</u>	<u>\$ 93,801</u>	<u>\$ 76,858</u>

c) Marketable securities

	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	Value of Assets Entrusted	Amount	Value of Assets Entrusted	Amount	Value of Assets Entrusted
HNIT	\$ 100,000	\$ 111,071	\$ 150,000	\$ 157,944	\$ 150,000	\$ 159,233

4) HNIT

Payable to related party for allocation under the linked-tax system

	June 30, 2024	December 31, 2023	June 30, 2023
Tax payable to the parent company	\$ 105,439	\$ 105,439	\$ 105,439

5) HNVC

Cash dividends equivalents

	June 30, 2024		December 31, 2023		June 30, 2023	
	Ending Balance	%	Ending Balance	%	Ending Balance	%
HNCB	\$ 497,415	0-1.7	\$ 452,727	0-3.55	\$ 437,986	0-3.45

6) HNILC - Shenzhen

Cash and cash equivalents

	June 30, 2024		December 31, 2023		June 30, 2023	
	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)
HNCB	\$ 190,399	0.05-1.35	\$ 47,038	0.05-4.5	\$ 286,433	0.3-2.25

7) Subsidiaries of HNSC

Futures traders' equity

	June 30, 2024	December 31, 2023	June 30, 2023
HNCB	\$ 205,658	\$ 197,978	\$ 199,150

46. BUSINESS COMBINATIONS

Business Transfer

In order to enhance the operating performance and expand the business competitiveness, the stockholders of HNSC approved to sell all its business for the total consideration of \$66,000 thousand to Feng Long Securities, \$22,000 shall be prepaid at the time of signing the contract on August 15, 2022. With the lessor's consent, upon the approve and acquisition date of FSC was paid \$22,000, respectively. According to Rule No. 1110384930 issued by FSC, the record date of business transfer was January 3, 2023, the amount of business transfer and assets acquired were as follows:

	Amount
Contract price for business transfer	<u>\$ 66,000</u>
Non-current assets	
Property and equipment	\$ 1,812
Intangible assets - computer software	62
Other intangible assets - customer relationships	<u>64,126</u>
Total assets	<u>\$ 66,000</u>

47. CASH FLOW INFORMATION

a. Non-cash transactions

Except as disclosed in other notes, the Group conducted the following non-cash transaction investment and financing activities for the six months ended June 30, 2024 and 2023:

The Group acquired property and equipment with an aggregate fair value of \$925,506 and \$850,500 at June 30, 2024 and 2023 (refer to Note 17). Related payables on property and equipment (recorded as accounts payable) increased by \$0 and \$25, respectively. Total cash used in acquisition of property and equipment were \$925,506 and \$850,475, respectively.

The Group acquired intangible assets with an aggregate fair value of \$106,909 on June 30, 2024 (refer to Note 20). Related payables on intangible assets (recorded as accounts payable) decreased by \$271. Total cash used in acquisition of intangible assets was \$107,180.

The Group acquired intangible assets with an aggregate fair value of \$124,635 on June 30, 2023. Related payables on intangible assets (recorded as accounts payable) decreased by \$271. Total cash used in acquisition of intangible assets was \$124,906.

b. Changes in Liabilities Arising from Financing Activities

For the six months ended June 30, 2024

	Opening Balance	Cash Flows	Non-cash Changes				Others	Closing Balance
			Increase in Leasing	Change in Exchange Rates	Other Changes			
Short-term debts	\$ 2,653,000	\$ 3,398,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,051,000
Commercial paper payable	36,316,177	6,018,593	-	-	(14,086)	-	-	42,320,684
Corporate bonds payable	21,686,915	-	-	-	1,141	-	-	21,688,056
Bank debentures payable	58,900,000	(4,300,000)	-	-	-	-	-	54,600,000
Long-term debts	759,328	(80,328)	-	-	-	-	-	679,000
Lease liabilities	2,325,107	(384,673)	474,542	25,740	(24,769)	(22,998)	-	2,392,949
	<u>\$ 122,640,527</u>	<u>\$ 4,651,592</u>	<u>\$ 474,542</u>	<u>\$ 25,740</u>	<u>\$ (37,714)</u>	<u>\$ (22,998)</u>		<u>\$ 127,731,689</u>

For the six months ended June 30, 2023

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Increase in Leasing	Change in Exchange Rates	Other Changes	Others	
Short-term debts	\$ 1,286,000	\$ (444,000)	\$ -	\$ -	\$ -	\$ -	\$ 842,000
Commercial paper payable	19,879,471	8,807,198	-	-	1,843	-	28,688,512
Corporate bonds payable	28,684,626	(7,000,000)	-	-	1,151	-	21,685,777
Bank debentures payable	57,900,000	-	-	-	-	-	57,900,000
Long-term debts	570,000	110,000	-	-	-	-	680,000
Lease liabilities	2,075,114	(384,646)	459,619	3,785	18,491	(20,387)	2,151,976
	<u>\$ 110,395,211</u>	<u>\$ 1,088,552</u>	<u>\$ 459,619</u>	<u>\$ 3,785</u>	<u>\$ 21,485</u>	<u>\$ (20,387)</u>	<u>\$ 111,948,265</u>

48. PLEDGED ASSETS

The pledged assets as of June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Equity instruments at FVTOCI	\$ 789,000	\$ 742,676	\$ 604,537
Debt instruments at FVTOCI	506,910	645,588	808,359
Debt instruments at amortized cost - bond investments	8,179,200	8,004,000	7,938,800
Debt instruments at amortized cost - certificates of time deposits	39,200,000	39,200,000	39,200,000
Other assets - operating deposits and settlement funds	908,415	915,974	914,948
Other assets - restricted assets	39,690	39,690	44,590
Property and equipment - land	596,727	596,727	596,727
Property and equipment - buildings, net	80,646	82,814	84,982
Investment properties - land	867,802	867,802	867,802
Investment properties - buildings, net	11,239	11,439	11,638
	<u>\$ 51,179,629</u>	<u>\$ 51,106,710</u>	<u>\$ 51,072,383</u>

49. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. HNCB and its subsidiaries

As of June 30, 2024, December 31, 2023 and June 30, 2023, HNCB and its subsidiaries had commitments as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Undrawn loan commitments (Note)	\$ 122,646,648	\$ 113,093,465	\$ 112,756,546
Undrawn credit card commitments	102,538,134	100,644,210	97,466,479
Standby letters of credit	33,366,858	27,703,497	29,619,762
Guarantees issued	110,171,948	105,123,922	99,836,002
Collections for customers	85,277,999	86,167,451	85,554,657
Commissioned deposits	1,263	1,263	1,263
Guarantee notes payable	47,844,900	47,804,575	47,901,600
Trust assets	1,581,668,806	1,181,397,888	993,187,250
Marketable securities under custody	46,608,756	46,292,509	46,552,531
Agent for book-entry government bonds	133,028,600	100,158,700	112,870,200
Agent for short-term bills under custody	114,234,208	105,550,738	73,039,670

Note: Only disclose irrevocable undrawn loan commitment.

b. SCIC

Unrecognized contractual agreements

	June 30, 2024	December 31, 2023	June 30, 2023
Purchase of property, equipment and intangible assets	<u>\$ 87,497</u>	<u>\$ 78,610</u>	<u>\$ 105,685</u>

50. OTHERS

According to Wall Street Journal's report on April 27, 2009 and the indictment presented by U.S. Securities and Exchange Commission (SEC) to United States Court, the assets under the names of Danny Pang, Private Equity Management Group, Inc. and Private Equity Management Group LLC (PEM Group) had been frozen by United States Court. PEM Group is the parent group of GVEC Resource II Inc., which issued structured notes and were invested by HNCB, and is now taken over by the administrator of property (Receiver) assigned by SEC. HNCB had sold five structured notes issued by GVEC Resource II Inc. subordinate to PEM Group from July 2007 to February 2008. HNIT had managed the financial instruments issued by PEM Group. Total amount of those financial instruments mentioned above is US\$258,876.

On May 8, 2009, HNCB and HNIT decided to buy back those financial instruments from investors with the resolution of board of directors and later claimed for damage and compensation in order to protect their reputation and their clients' right. As of June 30, 2023, HNCB and HNIT had bought back \$5,483,160 and \$1,594,288, respectively (including outstanding premium which recognized as receivable). In order to protect shareholders' equity, HNCB's board resolved on December 17, 2010 and December 27, 2010, and HNIT's board resolved on December 21, 2010, to comply with United States Court and transfer US\$39,469 and US\$7,310 worth of Insurance Policy on the balance sheets. The accumulated allowance for HNCB and HNIT amounting to \$3,973,491 and \$1,316,969. HNCB and HNIT had submitted the follow-up scheme to the authorities as of January 3, 2011. HNCB and HNIT had established the Trustee jointly with other financial institutions to take the insurance policy transferred from the receiver and prolonged the insurance premium payment to maintain the validity of insurance policy in March 2011.

51. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

The hierarchy information of fair value of financial instruments:

- a. The fair value of financial instruments of the Group is all measured at fair value on a recurring basis. The fair value hierarchy of the Group financial instruments were as follows:

Assets and Liabilities Items	June 30, 2024			
	Total	Level 1	Level 2	Level 3
<u>Measured at fair value on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets mandatorily at FVTPL				
Investment in stocks	\$ 9,280,416	\$ 8,482,623	\$ 154,826	\$ 642,967
Investment in bonds	18,921,718	5,960,387	12,961,331	-
Others	126,139,634	2,084,379	123,599,289	455,966
Financial assets at FVTOCI				
Investment in stocks	50,754,603	40,804,355	-	9,950,248
Investment in bonds	335,754,848	4,052,514	331,702,334	-
Others	8,912,200	490,088	8,422,112	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	16,932,207	2,745	16,929,462	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	5,491,205	3,877	5,487,328	-

Assets and Liabilities Items	December 31, 2023			
	Total	Level 1	Level 2	Level 3
<u>Measured at fair value on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets mandatorily at FVTPL				
Investment in stocks	\$ 8,292,287	\$ 7,326,209	\$ 122,823	\$ 843,255
Investment in bonds	5,554,445	1,283,548	4,270,897	-
Others	99,487,271	1,952,757	97,031,423	503,091
Financial assets at FVTOCI				
Investment in stocks	45,179,062	35,401,604	-	9,777,458
Investment in bonds	325,429,336	9,806,560	315,622,776	-
Others	8,429,912	491,555	7,938,357	-
<u>Liabilities</u>				
Financial liabilities held for trading	32,544	-	32,544	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	5,459,900	704	5,459,196	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	8,618,874	2,453	8,612,870	3,551

Assets and Liabilities Items	June 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Measured at fair value on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets mandatorily at FVTPL				
Investment in stocks	\$ 8,800,153	\$ 7,979,683	\$ 33,462	\$ 787,008
Investment in bonds	3,780,024	497,653	3,282,371	-
Others	91,891,412	1,786,478	89,611,627	493,307
Financial assets at FVTOCI				
Investment in stocks	46,981,305	37,930,377	-	9,050,928
Investment in bonds	323,187,400	3,551,174	319,636,226	-
Others	9,852,029	430,588	9,421,441	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	15,489,429	1,330	15,488,099	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	5,361,945	2,532	5,358,094	1,319

Note 1: Level 1 financial instruments are traded in active market and have the identical price for the same financial instruments. “Active market” should match the following characteristics:

- 1) All financial instruments in the market are homogeneous;
- 2) Willing buyers and sellers exist in the market all the time;
- 3) The public can access the price information easily.

Note 2: Level two financial instruments categorized in this level have the prices that can be inferred from either direct observable inputs (etc. price) or indirect observable inputs (etc. inputs derived from price) other than the active market’s prices. Examples of these inputs are:

- 1) Quoted prices from the similar products in the active market refers to the fair value can be derived from the current trading prices of similar products. It is also noted that whether they are similar products should be judged by the characteristics and trading rules. The fair value of financial instruments should comply with the observable transaction price of similar financial instruments. The fair value valuation in this circumstance may make some adjustment due to time lags, trading rule’s differences, related parties’ prices, and the correlation of price between itself and the similar goods.
- 2) Quoted prices for identical or similar financial instruments in inactive markets.
- 3) When measuring the fair value evaluation model, the input of model in this level should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be attained from market and can reflect the expectation of market participants.
- 4) Inputs which can be derived from other observable prices or whose correlation can be verified through other observable market data.

Note 3: The fair prices of the products in this level are based on the inputs other than the direct market data. For example, historical volatility used in valuing options is an unobservable input, since it cannot represent the entire market participants’ expectation toward future volatility.

b. Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2024

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease			Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/ Sold	Transfer Out of Level 3	Refunds from Capital Reduction	
Financial assets at FVTPL									
Unlisted stocks	\$ 843,255	\$ (47,532)	\$ -	\$ 23,169	\$ -	\$ 51,862	\$ 120,463	\$ -	\$ 642,967
Beneficiary certificates	503,091	(53,425)	-	12,000	-	5,700	-	-	455,966
Financial assets at FVTOCI									
Unlisted stocks	9,777,458	-	173,660	-	-	-	-	870	9,950,248

As of June 30, 2024, the valuation loss included in profit and loss for assets still held was \$100,957.

For the six months ended June 30, 2023

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease			Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/ Sold	Transfer Out of Level 3	Refunds from Capital Reduction	
Financial assets at FVTPL									
Unlisted stocks	\$ 925,750	\$ (82,237)	\$ -	\$ 29,830	\$ -	\$ 86,335	\$ -	\$ -	\$ 787,008
Beneficiary certificates	511,768	(35,386)	-	23,100	-	6,175	-	-	493,307
Financial assets at FVTOCI									
Unlisted stocks	10,721,818	-	(1,667,629)	-	-	-	-	3,261	9,050,928
Other financial assets									
Overdue receivables	10,003	21,108	-	-	-	31,111	-	-	-

As of June 30, 2023, the valuation loss included in profit and loss for assets still held was \$96,515.

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

As of June 30, 2024, December 31, 2023 and June 30, 2023, Level 3 items of financial assets and financial liabilities held by the Group. The quantitative information about the unobservable inputs is as follows:

Name	Fair Value on June 30, 2024	Fair Value on December 31, 2023	Fair Value on June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
<u>Measured on a recurring basis</u>							
Financial assets at FVTPL							
Unlisted stocks	\$ 642,967	\$ 843,225	\$ 787,008	Market approach or market prices adjusted according to liquidity discount	Volatility	10%-20%	Positive correlation
Beneficiary certificates	455,966	503,091	493,307	Balance sheet approach	Volatility	10%-20%	Positive correlation
Financial assets at FVTOCI							
Unlisted stocks	9,950,248	9,777,458	9,050,928	Market approach or market prices adjusted according to liquidity discount	Volatility	10%-20%	Positive correlation

HNFH

As of June 30, 2024, December 31, 2023 and June 30, 2023, Level 3 items of financial assets and financial liabilities held by HNFH. The quantitative information about the unobservable inputs is as follows:

Name	Fair Value on June 30, 2024	Fair Value on December 31, 2023	Fair Value on June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
<u>Measured on a recurring basis</u>							
Financial assets at FVTOCI							
Unlisted stocks	\$ 1,400,776	\$ 1,363,092	\$ 1,348,287	Market approach, balance sheet approach or market prices adjusted according to liquidity discount	Volatility	10%-20%	Positive correlation

HNCB and its subsidiaries

As of June 30, 2024, December 31, 2023 and June 30, 2023, Level 3 items of financial assets and financial liabilities held by HNFH. For beneficiary certificates and unlisted equity, adopts market approach and balance sheet approach for evaluation, the quantitative information about the unobservable inputs is as follows:

Name	Fair Value on June 30, 2024	Fair Value on December 31, 2023	Fair Value on June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
<u>Measured on a recurring basis</u>							
Financial assets mandatorily at FVTPL							
Beneficiary certificates	\$ 247,707	\$ 288,976	\$ 291,971	Balance sheet approach	Volatility	10%	Positive correlation
Financial assets at FVTOCI							
Unlisted stocks	7,690,233	7,601,465	6,903,218	Market approach or market prices adjusted according to liquidity discount or balance sheet approach	Volatility	10%, 20%	Positive correlation

HNSC and its subsidiaries

Significant unobservable inputs are as follow:

Non-controlling interest and liquidity discount. The discount rate was 10% since companies which HNSC invested are government institutions, therefore it would not incur much loss on non-controlling interest.

Name	Fair Value on June 30, 2024	Fair Value on December 31, 2023	Fair Value on June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
<u>Measured on a recurring basis</u>							
Financial assets mandatorily at FVTPL							
Unlisted stocks	\$ 4,524	\$ 12,960	\$ 689,395	Market approach or market prices adjusted according to liquidity discount or balance sheet approach	Volatility	10%	Positive correlation
Financial assets at FVTOCI							
Unlisted stocks	745,957	701,768		Balance sheet approach	Volatility	10%	Positive correlation

SCIC

Significant unobservable inputs are as follow. When liquidity discount and non-controlling interest discount decrease, the investments' fair value will increase.

Name	Fair Value on June 30, 2024	Fair Value on December 31, 2023	Fair Value on June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
<u>Measured on a recurring basis</u>							
Financial assets mandatorily at FVTPL							
Unlisted stocks	\$ 82,691	\$ 91,105	\$ 87,830	Market approach or market prices adjusted according to liquidity discount	Volatility	10%-20%	Positive correlation
Beneficiary certificates	19,556	22,815	23,049	Balance sheet approach	Volatility	10%	Positive correlation
Financial assets at FVTOCI							
Unlisted stocks	8,180	10,896	10,943	Market approach or market prices adjusted according to liquidity discount	Volatility	10%-20%	Positive correlation

HNIT

Significant unobservable inputs are as follow:

Name	Fair Value on June 30, 2024	Fair Value on December 31, 2023	Fair Value on June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
<u>Measured on a recurring basis</u>							
Financial assets at FVTOCI Unlisted stocks	\$ 96,804	\$ 91,414	\$ 90,192	Balance sheet approach	Non-controlling interest and volatility	10%	Positive correlation

HNVC

Significant unobservable inputs are as follow:

Name	Fair Value on June 30, 2024	Fair Value on December 31, 2023	Fair Value on June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
<u>Measured on a recurring basis</u>							
Financial assets mandatorily at FVTPL Unlisted stocks	\$ 555,752	\$ 739,190	\$ 69,178	Market approach or market prices adjusted according to liquidity discount	Volatility	20%	Positive correlation
Beneficiary certificates	188,703	191,300	178,287	Balance sheet approach	Volatility	10%-20%	Positive correlation

HNAMC

Significant unobservable inputs are as follow:

Name	Fair Value on June 30, 2024	Fair Value on December 31, 2023	Fair Value on June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Correlation Between Inputs and Fair Value
<u>Measured on a recurring basis</u>							
Financial assets at FVTOCI Unlisted stocks	\$ 8,298	\$ 8,823	\$ 8,893	Balance sheet approach	Volatility	10%	Positive correlation

d. Valuation processes for fair value measurements categorized within Level 3

For unlisted equity, HNCB and its subsidiaries mainly adopts market approach and balance sheet approach for evaluation. The market approach evaluation process is to conduct financial analysis, compare with 3 to 5 comparable listings according to their industry and business nature, and select an appropriate multiplier to calculate the equity value, such as price-to-earnings ratio, price-to-net value ratio, etc., and finally obtains the fair value after considering liquidity discount. To reflect the overall equity value, the balance sheet approach evaluates the value of individual assets and liabilities. The valuation process is to obtain the income statement and balance sheet of the evaluated company for the historical period and to identify the accounting items that should be evaluated for analysis and adjustment of fair value, and finally obtain fair value after considering liquidity discount.

- e. HNCB and its subsidiaries' sensitivity analysis of Level 3 fair value if reasonably possible alternative assumptions may be used.

HNCB and its subsidiaries evaluate the fair value of financial instruments reasonably. Nevertheless, the outcome of the evaluation may vary because of the adoption of different valuation models and parameters. For the Level 3 financial instruments as of June 30, 2024, December 31, 2023 and June 30, 2023, the sensitivity analysis based on assets category are as follows:

The valuation of unlisted stocks is considered to assess the impact of a 10% upward or downward change in liquidity discount on profit or loss or other comprehensive income for the current period.

Items	The Change in Fair Value Influence Current Net Income		The Change in Fair Value Influence Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>June 30, 2024</u>				
<u>Assets</u>				
Financial assets mandatory at FVTPL				
Beneficiary certificates	\$ 2,752	\$ (2,752)	\$ -	\$ -
Financial assets at FVTOCI - equity instruments				
Unlisted stocks	-	-	188,397	(188,397)
<u>December 31, 2023</u>				
<u>Assets</u>				
Financial assets mandatory at FVTPL				
Beneficiary certificates	3,211	(3,211)	-	-
Financial assets at FVTOCI - equity instruments				
Unlisted stocks	-	-	186,378	(186,378)
<u>June 30, 2023</u>				
<u>Assets</u>				
Financial assets mandatory at FVTPL				
Beneficiary certificates	3,244	(3,244)	-	-
Financial assets at FVTOCI - equity instruments				
Unlisted stocks	-	-	168,969	(168,969)

Favorable or unfavorable changes of HNCB and its subsidiaries refer to the fluctuation of fair value, which is calculated by different unobserved parameters.

If the fair value of financial instruments are affected by more than one parameter, the preceding table only reflects effect caused by a single parameter, and do not consider the correlation among parameters.

HNCB and its subsidiaries

Not measure in fair value:

a. Fair value of financial instruments

The book value of financial instruments not carried at fair value, excluding items in the table below, are reasonably similar to their fair value, therefore their fair value are not disclosed, for example: Cash and cash equivalents, due from the Central Bank and other banks, securities purchased under resell agreements, receivables, discounts and loans, other financial assets, refundable deposits, deposits from the Central Bank and banks, securities sold under repurchase agreements, payables, deposits and remittances, other financial liabilities and guarantee deposits received.

Items	Book Value	Fair Value
<u>June 30, 2024</u>		
Financial assets		
Investments in debt instruments at amortized cost	\$ 787,971,422	\$ 778,919,076
Non-financial assets		
Investment properties	9,058,611	30,423,544
Financial liabilities		
Bank debentures	54,600,000	49,041,909
<u>December 31, 2023</u>		
Financial assets		
Investments in debt instruments at amortized cost	685,304,417	678,045,131
Non-financial assets		
Investment properties	11,644,573	33,887,086
Financial liabilities		
Bank debentures	58,900,000	60,035,128
<u>June 30, 2023</u>		
Financial assets		
Investments in debt instruments at amortized cost	741,845,000	732,412,461
Non-financial assets		
Investment properties	11,661,690	32,189,366
Financial liabilities		
Bank debentures	57,900,000	59,087,159

b. Hierarchy information of fair value of financial instruments

Assets and Liabilities Items	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 778,919,076	\$ 6,926,605	\$ 771,992,471	\$ -
Non-financial assets				
Investment properties	30,423,544	-	-	30,423,544
Financial liabilities				
Bank debentures	49,041,909	-	49,041,909	-

Assets and Liabilities Items	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 678,045,131	\$ 7,424,501	\$ 670,620,630	\$ -
Non-financial assets				
Investment properties	33,887,086	-	-	33,887,086
Financial liabilities				
Bank debentures	60,035,128	-	60,035,128	-

Assets and Liabilities Items	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 732,412,461	\$ 6,737,462	\$ 725,674,999	\$ -
Non-financial assets				
Investment properties	32,189,366	-	-	32,189,366
Financial liabilities				
Bank debentures	59,087,159	-	59,087,159	-

c. Valuation techniques

HNCB and its subsidiaries apply the following methods and assumptions to determine the fair values of financial instruments not carried at fair value:

- 1) The carrying amounts of the following financial instruments approximate to their fair values because of their short-term maturity and the fair value would be estimated by the book value as of the balance sheet date: Cash and cash equivalents, due from the Central Bank and other banks, securities purchased under resell agreements, receivables, other financial assets, refundable deposits, deposits from the Central Bank and other banks, fund borrowed from Central Bank and other banks, securities sold under repurchase agreements, payables, other financial liabilities, and guarantee deposits received.
- 2) Discounts and loans (include nonperforming loans): The interest rate of HNCB and its subsidiaries' loan are determined by the base rate and the added/deducted margin, i.e. the floating rate which can represent market rate. Thus, it's reasonable to estimate the fair value using the carrying amount with the consideration to the possibility of the collection.
- 3) Financial assets at amortized cost: Held-to-maturity financial assets with quoted price in an active market are using market price as fair value; held-to-maturity financial assets with no quoted price in an active market are estimated by valuation methods or counterparties' price.
- 4) Deposits and remittances: The evaluation of fair value are based on banking industry's characteristic. Deposits' mature within one year and measured by market rate (market value), are reasonable to assess fair value with its carrying value. Deposits with three years maturity are measured by discounted cash flow, and it is reasonable using carrying value to assess fair value.
- 5) Bank debenture: The fair value of bank debenture are determined by their expected future cash flow discounted at borrowing rate of debt instruments with equivalent term. The discount rates adopted by HNCB and its subsidiaries were from 1.8942% to 2.0772%.

HNSC and its subsidiaries

a. The information of fair value

1) Financial instruments not measured at fair value

The management of HNSC and its subsidiaries consider the carrying amount of financial assets and liabilities not valued at fair value could not be reliably measured.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Debt securities investments	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates at the end of the reporting period.
Derivatives - currency swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Emerging stock (non-active market)	Market approach. The company in same industry and similar finance situation which strike price of stock in active market corresponding price multiplier, converting the price of determined subject.
Unlisted (counter) stocks	Market approach. The company in same industry and similar finance situation which strike price of stock in active market corresponding price multiplier, converting the price of determined subject. Balance sheet approach. It is one covered by the evaluation target the total value of individual assets and individual liabilities, to reflect the overall value of a business or business. Significant but not appreciable observe that the input values represent minority stakes and liquidity discounts. The invested company is a government peripheral institution with minority shares rights and interests will not be damaged, Therefore, each is listed 10% as discount.

b. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatory at FVTPL	\$ 3,222,162	\$ 2,508,539	\$ 2,942,575
Financial assets at amortized cost (Note 1)	53,691,397	39,666,342	34,935,522
Financial assets at FVTOCI			
Investments in equity instruments	5,234,950	4,460,658	4,180,475
Investments in debt instruments	19,773,474	19,015,259	19,545,823
<u>Financial liabilities</u>			
FVTPL			
Held for trading	7,216	36,736	7,670
Financial liabilities at amortized cost (Note 2)	69,701,852	53,955,059	51,434,172

Note 1: Balance for financial assets at amortized cost include the succeeding accounts: Cash and cash equivalents, securities purchased under resell agreements, securities financing receivables, refinancing deposits, refinancing guarantee prices receivable, securities borrowings receivable, and borrowing receivables - unlimited use, customer margin accounts, security borrowing margins, notes receivable and accounts receivable, other receivables, pledged time deposits (presented as other assets), underwriting stock payments (presented as other assets) and other assets (excluding prepayments for equipment, prepayments for investments and others).

Note 2: Balance for financial liabilities valued at amortized cost include the succeeding accounts: Short-term loans, commercial paper payable, securities sold under repurchase agreements, securities financing refundable deposits, deposits payable for securities financing, securities lending refundable deposits, future traders equity, notes payable and accounts payable, other payables (excluding employee benefit and tax), other payables-related party, receipts under custody-collections from underwriting corporate bonds payable (including foreign corporate bonds) other long-term provision and other liabilities.

SCIC

a. The information of fair value

1) Financial instruments not valued at fair value

June 30, 2024

		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost (Note)					
Domestic bank debentures	\$ 89,427	\$ -	\$ 89,998	\$ -	\$ 89,998
Domestic government bonds	296,714	280,001	-	-	280,001
Foreign bank debentures	389,846	-	369,731	-	369,731
Foreign corporate bonds	923,065	-	861,071	-	861,071
Foreign government bonds	<u>97,108</u>	<u>93,436</u>	<u>-</u>	<u>-</u>	<u>93,436</u>
	<u>\$ 1,796,160</u>	<u>\$ 373,437</u>	<u>\$ 1,320,800</u>	<u>\$ -</u>	<u>\$ 1,694,237</u>

December 31, 2023

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost (Note)					
Domestic bank debentures	\$ 149,044	\$ -	\$ 149,995	\$ -	\$ 149,995
Domestic government bonds	296,613	295,069	-	-	295,069
Foreign bank debentures	468,973	-	447,514	-	447,514
Foreign corporate bonds	876,854	-	821,648	-	821,648
Foreign government bonds	<u>91,848</u>	<u>88,951</u>	<u>-</u>	<u>-</u>	<u>88,951</u>
	<u>\$ 1,883,332</u>	<u>\$ 384,020</u>	<u>\$ 1,419,157</u>	<u>\$ -</u>	<u>\$ 1,803,177</u>

June 30, 2023

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost (Note)					
Domestic bank debentures	\$ 149,262	\$ -	\$ 149,995	\$ -	\$ 149,995
Domestic government bonds	296,511	298,639	-	-	298,639
Foreign bank debentures	468,026	-	425,898	-	425,898
Foreign corporate bonds	887,532	-	814,919	-	814,919
Foreign government bonds	<u>93,081</u>	<u>88,732</u>	<u>-</u>	<u>-</u>	<u>88,732</u>
	<u>\$ 1,894,412</u>	<u>\$ 387,371</u>	<u>\$ 1,390,812</u>	<u>\$ -</u>	<u>\$ 1,778,183</u>

Note: Included amortized cost financial assets as refundable deposits.

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis.

- 2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - forward contracts and currency swap contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatory at FVTPL	\$ 8,957,621	\$ 8,106,879	\$ 7,589,005
Financial assets at amortized costs (Note 1)	9,292,274	9,922,989	9,253,041
Financial assets at FVTOCI			
Equity instruments	8,180	10,896	10,943
Debt instruments	3,607,710	2,994,298	2,952,914

(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	\$ 99,009	\$ 36,165	\$ 99,716
Financial liabilities at amortized cost (Note 2)	1,599,731	2,108,006	1,203,857 (Concluded)

Note 1: Balances include cash and cash equivalents, receivables, financial assets at amortized cost, other financial assets, loans, indemnity refundable on reinsurance, refundable reinsurance and refundable deposits.

Note 2: Balances include financial liabilities at amortized cost such as payables and guarantee deposits (excluding salary and incentive payable, insurance payable, compensated absence payable, pension payable and tax payable).

HNIT

a. The information of fair value

- Financial instruments not valued at fair value

The management of HNIT considers the carrying amount of financial assets and liabilities not valued at fair value approximates their fair value.

b. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 412,131	\$ 438,221	\$ 488,297
Financial assets at FVTOCI - equity instruments	96,804	91,415	90,192

Financial liabilities

Financial liabilities at amortized cost (Note 2)	309,587	443,835	405,809
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Note 1: Balances includes financial assets at amortized cost such as cash and cash equivalents, accounts receivable, other receivables and other assets (other receivables, net and refundable deposits).

Note 2: Balances include financial liabilities at amortized cost such as short-term loans, short-term bills payable and other payables (excluding dividends payable, salary and incentive payable, employee bonus payable, pension payable, labor insurance and national health insurance payable, and business tax payable).

HNVC

a. The information of fair value

- Financial instruments not valued at fair value

The management of HNVC considers the carrying amount of financial assets and liabilities not measured at fair value approximates their fair value, except that the fair value of financial assets at cost cannot be reliably valued.

b. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL	\$ 1,041,360	\$ 1,071,357	\$ 1,055,318
Financial assets at amortized cost (Note 1)	588,966	501,326	482,041
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	299	272	251

Note 1: Balances includes financial assets at amortized cost such as cash and cash equivalents, accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: Balances includes financial liabilities at amortized cost such as other payables (excluding salary payable, pension payable, insurance payable and incentive payable), other liabilities(excluding employee bonus payable and collection).

HNAMC

a. The information of fair value

- Financial instruments not measured at fair value

The management of HNAMC considers the carrying amount of financial assets and liabilities not measured at fair value approximates their fair value.

b. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 258,965	\$ 260,623	\$ 207,717
FVTOCI - equity instruments	8,298	8,823	8,893
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	4,256,573	4,391,767	3,815,367

Note 1: Balances includes financial assets at amortized cost such as cash and cash equivalents, accounts receivable, other receivables, long-term receivables and refundable deposits.

Note 2: Balances include financial liabilities at amortized cost such as short-term loans, net value of short-term bills payable, parts of other payables, long-term loans, debt provisions and refundable deposits (presented as other liabilities).

52. FINANCIAL RISK MANAGEMENT

a. HNFH

HNFH has set up the policies and related guidelines covering market risk, non-retail credit risk, retail credit risk, operational risk, and asset/liability management. In addition, HNFH has established a set of standards to identify, measure, control (including mitigate or hedge), monitor and manage risks, and applied the aforementioned rules to all members within the Company. Through the execution of risk mechanism monitored by Group Risk Committee and Group Asset and Liability Committee, all risks can be controlled at an acceptable level, while reflecting the Group business targets and corporate value.

HNFH endeavors to integrate the various types of risks of its subsidiaries, and commence on measuring its integral risk exposures and capital by using economic capital. With the implementation of economic capital, HNFH can accurately measure the risk-adjusted return on capital and economic profits for each profit center and then optimize its capital allocation to ultimately maximize the shareholder's value.

b. HNCB

1) Overview

The major risks confronted by HNCB and its subsidiaries include credit risk, market risk, liquidity risk, and operational risk regarding to on-balance and off-balance business.

To improve and reinforce the ability as well as the culture of risk management, HNCB and its subsidiaries have established related risk management policies approved by the board of directors and developed risk measurement instruments which can identify, estimate, monitor and control all types of risk reasonably.

To strengthen the management of climate risk by HNCB and its subsidiaries, and ensure the sustainable operation of HNCB and its subsidiaries, HNCB and its subsidiaries established new policies "Climate Risk Management Policy of HNCB", which clearly define the responsibilities and management system, and regularly report risk information to the Risk Management Committee and the board of directors.

2) Risk management framework

The board of directors is the top risk supervisor of HNCB and its subsidiaries is responsible for the review of related policies and the approval of risk report etc.

After authorized by the board of directors, senior and related managers set up various committee including risk management, business loan audit, overdue loan review and asset management committee to establish mechanisms for risk managing and supervise the execution of risks management policies.

Audit division takes charge of inspecting and evaluating the feasibility as well as the effectiveness of internal control.

3) Credit risk

a) Sources and definitions of credit risk

Credit risk is the risk of default loss if a customer or counterparty fails to meet the contract due to the deterioration of their financial condition.

b) Policies and strategies

To ensure the sound development and establish consistent credit management culture, HNCB and its subsidiaries have stipulated “Hua Nan Commercial Bank Corporate Finance Risk Management Policy”, “Hua Nan Commercial Bank Personal Finance Risk Management Policy”, “Hua Nan International Leasing Co., Ltd. Risk Management Policy” and “Hua Nan International Leasing Corporation Risk Management Policy” as the basis of credit risk regulations.

Credit risk management procedures and measurements are as follows:

i. Loan business (includes loan commitment and guarantee)

Loan business classification and credit quality level are shown as follows:

i) Classification

HNCB and its subsidiaries’ loans are classified into 5 classes. Except for normal credits classified as the Class 1, the remaining unsound credit assets are classified as Class 2 “Assets that require special mention”, Class 3 “Assets that are substandard”, Class 4 “Assets that are doubtful” and Class 5 “Assets for which there is loss” based on the status on collaterals and the length of time overdue. To manage the problematic loans, HNCB and HNILC set up “Evaluation of Asset Classification Guidelines”, “Overdue Loans, Nonperforming Loans and Bad Debt Management Guidelines” and the subsidiaries established “Overdue Loans, Nonperforming Loans, Nonperforming Receivables and Bad Debt Management Guidelines”. All regulations are the basis to manage the problematic and overdue debts.

ii) Credit quality level

In order to measure clients’ credit risks, HNCB and its subsidiaries established credit rating model and the personal finance scorecard on the basis of the statistic method and judgment of the professionals.

Based on the actual occurrence of default, the model and scorecard are examined and revised, if necessary, to ensure the effectiveness of the related risk measurement.

ii. Due from the Central Bank and other banks

HNCB and its subsidiaries will evaluate the counterparties’ credit status and refer to the information issued by credit agencies. HNCB and its subsidiaries will set different credit limits based on different ratings.

iii. Debt investment and derivative financial instruments

HNCB and its subsidiaries manage and identify credit risks of debt investment through credit ratings by external institution, credit quality of the debt, regional conditions and counterparties’ risks.

HNCB and its subsidiaries categorized the credit quality of debt investment instruments into 3 groups which are, the instruments beyond certain ratings assigned by authorized credit agencies, the instruments below the certain ratings assigned by authorized credit agencies and the instruments without ratings assigned by authorized credit agencies.

HNCB and its subsidiaries set the related regulations on the qualification of the counterparties and the credit exposures. The related regulations are as follows:

- i) The clients' credit limit should be approved within the limitation on credit risk according to the regulation on conducting the derivative instruments business.
- ii) The financial institutions grants credit risk limits based on the long-term credit ratings assigned by credit rating agencies approved by the competent authorities.
- iii) The derivative transactions between HNCB and its subsidiaries and the Central Bank as well as the transactions in the stock exchange market are exempted from the aforementioned regulations.

c) Credit risk hedging or mitigation policies

i. Collateral

To reduce the loss of credit risk, HNCB and its subsidiaries have set up several mechanisms, such as collateral valuation, the use of credit guarantee fund, the supervision of valuation method and after-loans management, to ensure that HNCB and its subsidiaries are able to dispose the collateral and mitigate the credit risk effectively.

Through the foundation of the system and the mechanism of management, HNCB continuously monitors the fluctuation in price of the collateral to ensure its effectiveness.

Additionally, HNCB stated related agreements on debt preservation and the rule of setting off etc. to ensure the enforcement of debt preservation and thereby reduce the credit risk.

The subsidiaries established the guidelines on loan business, loan examination and loan review to ensure the qualities of assets and thereby reduce the credit risk. To take credit risk into consideration, the subsidiaries require the clients to provide collateral. To address managing the assessment of collateral. The subsidiaries established the guiding principles of classification of assets that can served as collateral, collateral management, to ensure the enforcement of debt preservation.

ii. Credit risk limits and credit risk concentration control

HNCB and its subsidiaries have set the limitation on credit exposure to single counterparty, related parties, associates, groups, industries and nations, respectively. The limitation on credit exposures includes loan and other credit-risk-related businesses. To achieve decentralization of risk, HNCB supervise and review the feasibilities periodically.

To avoid over-concentration of risk, the subsidiaries' guidelines of risk supervision set the maximum credit limit toward the same institution, related party or related corporation to control the degree of risk concentration.

iii. Agreement of net settlement

HNCB and its subsidiaries often make gross settlement on transactions, sign net settlement contract with other counterparties or cancel every transactions and make net settlement when default occurs to mitigate credit risk.

iv. Other credit risk reinforcement

HNCB and its subsidiaries can offset borrower's deposits. Offset clause was established in HNCB and its subsidiaries' loan agreement, which was defined that borrower's deposit in HNCB and its subsidiaries can be offset borrower's liabilities to decrease credit risk.

v. Pledge of impaired financial assets

HNCB and its subsidiaries closely observed the value of financial assets' pledge and evaluated which financial assets' credit had impaired and needed to recognize allowance impairment. Financial assets which credit were impaired and pledge value, which eliminate potential loss, are as follows:

June 30, 2024

	Book Value	Allowance Impairment	Exposure	Collateral Fair Value
Receivables				
Credit card receivables	\$ 121,933	\$ 15,535	\$ 106,398	\$ -
Others	5,751,186	4,097,296	1,653,890	-
Discounts and loans	<u>10,704,951</u>	<u>2,086,838</u>	<u>8,618,113</u>	<u>15,617,123</u>
Total pledge of impaired financial assets amount	<u>\$ 16,578,070</u>	<u>\$ 6,199,669</u>	<u>\$ 10,378,401</u>	<u>\$ 15,617,123</u>

December 31, 2023

	Book Value	Allowance Impairment	Exposure	Collateral Fair Value
Receivables				
Credit card receivables	\$ 120,506	\$ 13,043	\$ 107,463	\$ -
Others	5,776,249	3,899,777	1,876,472	-
Discounts and loans	<u>9,836,318</u>	<u>1,635,038</u>	<u>8,201,280</u>	<u>12,199,306</u>
Total pledge of impaired financial assets amount	<u>\$ 15,733,073</u>	<u>\$ 5,547,858</u>	<u>\$ 10,185,215</u>	<u>\$ 12,199,306</u>

June 30, 2023

	Book Value	Allowance Impairment	Exposure	Collateral Fair Value
Receivables				
Credit card receivables	\$ 122,406	\$ 12,623	\$ 109,783	\$ -
Others	6,195,462	3,911,529	2,283,933	-
Discounts and loans	<u>9,839,306</u>	<u>2,184,685</u>	<u>7,654,621</u>	<u>9,803,122</u>
Total pledge of impaired financial assets amount	<u>\$ 16,157,174</u>	<u>\$ 6,108,837</u>	<u>\$ 10,048,337</u>	<u>\$ 9,803,122</u>

d) The determination since the initial recognition of the credit risk has increased significantly

i. Loan business

HNCB and its subsidiaries assess the change in the probability of default of discounts and loans, financing commitments of loans and receivable related to credit during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, HNCB and its subsidiaries classified as debtors' internal evaluation, default condition and the domain which pledge situated in. Each loan business' credit risks level are as follows:

Stage 1: Clients' loans and receivables do not meet the definition of stage 2 and stage 3.

Stage 2: Clients which do not belong to stage 3, however there is any loan or receivable which overdue date is 31 to 89 days. Or the creditor has the following events: Listed as an early warning account by the bank, refunded checks, be listed as a dishurned account by Taiwan Clearing House, the pledged collateral in the bank is enforced by other financial institutions, debts are listed as collections by other financial institutions or written off as bad debts, financial reports issued by accountants that have material uncertainty about the assumption of continued operation, and occurrence of bad credit.

Stage 3: Clients which meet the definition of e) Definition of financial asset default and credit impairment.

ii. Investment position

HNCB and its subsidiaries adopt external credit rating scales to measure whether the credit risk after the initial recognition is significantly increased for debt instrument measured at amortized cost and debt instrument measured at fair value through other comprehensive income on each reporting date. If the credit rating is above the investment grade on record date and there has not been a significant increase in credit risk, then the bond is stage 1 and need to calculate 12-month ECLs. If the credit rating is below the investment grade on record date and there has been a significant increase in credit risk, then the bond is stage 2 and need to calculate lifetime ECLs. If the credit rating is Ca/CC on record date, the credit is impaired and the bond is stage 3 and need to calculate lifetime ECLs in stage 3.

e) Definition of financial asset default and credit impairment

i. Loan business

If one or more of the following condition are met, HNCB and its subsidiaries determine such financial assets as default and with credit impairment:

- Overdue loans;
- Loans reclassified as nonperforming loans;
- Claim for reorganization;
- Negotiable household which compromise due to debtor's significant financial difficulty;

- Poverty-relief case;
- Individual consultation/debt consultation/debt clearance/debt deferral;
- Accounts receivable or loans to client after offsetting financial derivatives.

The aforementioned default and credit impairment definition implied to credit assets held by HNCB and its subsidiaries, and should be in consistent with what internal credit risk management purpose defined related financial assets, and should be used in related impairment evaluation systems.

ii. Investment position

The credit risk is considered increase significantly if the credit rating is below the investment grade on record date and above investment grade on initial purchasing date. Whereas the credit is considered impaired if it is Ca/CC on record date.

If liability investment instrument does not qualify the default and credit impairment definition, it should no longer be consider as default and credit impaired and its status should be identified as collectable.

f) Write-off policy

If one of the following situations occurred, non-performing loans as well as overdue receivables, after deducting recoverable amount, will be written off as bad debt:

- All or part of the creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.
- The values of collateral and properties of the debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed the bank's reimbursable amount.
- The collateral and the properties of the debtors main and subordinate are unsold after multiple discount auctions and not beneficial to the bank.
- Overdue and nonperforming loans have not been recovered after more than 2 years from the maturity date.
- The minimum payable amount of debit card and credit card which are overdue for three months, should be written off in six months. Appropriate documents should be acquired to support such written off.

g) The amendment of financial assets' cash flow

HNCB and its subsidiaries may amend the contract cash flow of financial assets due to debtor's financial difficulty, enhancing the recovery rate of questionable borrowers, or maintaining customer relationship. The amendment of contract may include deferring contract period, amending the date of paying interesting, amending interest rate or exempting partial unpaid amount. The amendment of contract cash flow may cause HNCB and its subsidiaries derecognize current financial assets and recognize new financial assets in fair value.

If amending contract cash flow do not cause derecognition, HNCB and its subsidiaries compare the following issue and evaluate if the credit risk of financial assets has increase significantly:

- The risk of default on record date (based on amended contract clause).
- The risk of default on initial recognition (based on original non-amended contract clause).

h) Measurement of expected credit losses

- Loan business

HNCB and its subsidiaries divide loan business into corporate banking and customer banking. Corporate banking incudes domestic branch, OBU (domestic corporate banking) and oversea branch. Domestic corporate banking is divided into five group based on government agency, public enterprise, and credit line. Oversea branch of corporate banking are divided based on accounts. Customer banking are divided into six products, based on the type of loan, debit and credit card.

HNCB and its subsidiaries evaluate loss allowance of financial assets, which credit risk did not significantly increased after initial recognition, based on 12 month expected credit losses. Whereas evaluate loss allowance of financial assets, which credit risk significantly increased after initial recognition, based on lifetime expected credit losses.

To evaluate expected credit losses, HNCB and its subsidiaries multiply borrowers' future 12 month and lifetime probability of default (as "PD"), by the loss given default (as "LGD"), by the exposure at default (as "EAD"), and considered the effect of time value of money.

PD is the default percentage of a borrower. LGD is the loss ratio once a borrower default. The PD and LGD applied by HNCB and its subsidiaries for loan business impairment evaluation, are based on each portfolio's historical information calculated internally (etc. credit risks experience), and adjusted the historical information with current observable information and forward-looking macro economic information.

HNCB and its subsidiaries evaluate risk exposure amount based on "IFRS 9 Impairment Evaluation Methodology Guideline" issued by BAROC. Off-balance sheet exposure items are calculated through credit conversion factor, regulated in "The description and form of calculating banks' eligible capital and risk-weighted assets", and the historical credit utilization of Group and its subsidiaries to estimate the risk exposure amount of loan commitments.

- Investment position

HNCB and its subsidiaries evaluate loss allowance of liability investment instruments, which credit risk did not significantly increased after initial recognition, based on 12 month expected credit losses. Whereas evaluate loss allowance of liability investment instruments, which credit risk significantly increased after initial recognition, based on lifetime expected credit losses.

ECLs are calculated by PD multiply by LGD and EAD.

i) Consideration of forward - looking estimation

- Loan business

HNCB and its subsidiaries apply Asymptotic Single Risk Factor (ASRF), because according to IFRS 9 it required effect of forward - looking estimation to calculate ECLs, to adjust forward - looking estimation by matching default percentage with macro economic index. Corporate banking apply GDP growth rate whereas customer banking apply unemployment rate as macro economic index. Overseas branch offices apply GDP growth rate whereas customer banking apply unemployment rate to adjust prospective estimation. Related forward - looking estimation data are historical data of the past five years (consider as one business cycle). Macro economic data of future five years estimation are considered as an alert. The rates are updated every half year. If economic reversal point was found in advance, HNCB and its subsidiaries are able to respond to future impact in time.

- Investment position

Default percentage and default loss are calculated based on historical default rate and default loss rate, which are announced by external credit agencies. External credit agencies had considered forward - looking estimation while evaluating credit, therefore HNCB and its subsidiaries applied the evaluation result and matched with external credit migration matrix to acquire PD, and evaluated ECLs.

j) The changes in the total carrying amount and loan business of HNCB and its subsidiaries

Changes in loss allowance for discounts and loans

	For the Six Months Ended June 30, 2024					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 1,577,071	\$ 3,764,486	\$ 1,635,038	\$ 6,976,595	\$ 21,884,985	\$ 28,861,580
Changes of financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(516,181)	516,665	(484)	-	-	-
To credit impaired financial assets	(46,335)	(72,355)	118,690	-	-	-
To 12-month ECL	7,260	(7,240)	(20)	-	-	-
Derecognizing financial assets during the current period	(864,375)	(1,742,137)	(388,948)	(2,995,460)	-	(2,995,460)
Purchased or originated financial assets	1,491,255	2,992,559	709,200	5,193,014	-	5,193,014
Loss recognized based on the regulations	-	-	-	-	(680,367)	(680,367)
Exchange rate and other changes	29,070	33,981	13,362	76,413	-	76,413
Balance, June 30	<u>\$ 1,677,765</u>	<u>\$ 5,485,959</u>	<u>\$ 2,086,838</u>	<u>\$ 9,250,562</u>	<u>\$ 21,204,618</u>	<u>\$ 30,455,180</u>

	For the Six Months Ended June 30, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 4,036,727	\$ 1,914,979	\$ 3,695,763	\$ 9,647,469	\$ 18,025,750	\$ 27,673,219
Changes of financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(2,620,710)	2,754,809	(134,099)	-	-	-
To credit impaired financial assets	(75,082)	(4,854)	79,936	-	-	-
To 12-month ECL	11,939	(11,761)	(178)	-	-	-
Derecognizing financial assets during the current period	(3,251,312)	(1,898,150)	(2,449,058)	(7,598,520)	-	(7,598,520)
Purchased or originated financial assets	3,079,778	1,119,868	981,656	5,181,302	-	5,181,302
Loss recognized based on the regulations	-	-	-	-	2,249,082	2,249,082
Exchange rate and other changes	19,918	11	10,665	30,594	-	30,594
Balance, June 30	<u>\$ 1,201,258</u>	<u>\$ 3,874,902</u>	<u>\$ 2,184,685</u>	<u>\$ 7,260,845</u>	<u>\$ 20,274,832</u>	<u>\$ 27,535,677</u>

Note: HNCB and its subsidiaries applied the amendments to IFRS 9 effective since 2023, please refer to Notes 52 b. 3) d) i. and 52 b. 3) i) i for more information.

Changes in the total carrying amount of discounts and loans

	For the Six Months Ended June 30, 2024			
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 2,115,749,640	\$ 146,731,962	\$ 9,836,318	\$ 2,272,317,920
Changes of financial instruments that have been identified at the beginning of the period:				
To lifetime ECL	(11,642,091)	11,649,318	(7,227)	-
To credit impaired financial assets	(260,629)	(352,126)	612,755	-
To 12-month ECL	9,780,639	(9,769,253)	(11,386)	-
Derecognizing financial assets during the current period	(637,784,683)	(77,134,996)	(2,130,885)	(717,050,564)
Purchased or originated financial assets	758,997,003	67,037,911	2,296,002	828,330,916
Exchange rate and other changes	14,780,846	1,498,000	109,374	16,388,220
Balance, June 30	<u>\$ 2,249,620,725</u>	<u>\$ 139,660,816</u>	<u>\$ 10,704,951</u>	<u>\$ 2,399,986,492</u>

	For the Six Months Ended June 30, 2023			
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 2,006,203,694	\$ 40,083,936	\$ 18,493,078	\$ 2,064,780,708
Changes of financial instruments that have been identified at the beginning of the period:				
To lifetime ECL	(70,778,127)	76,202,583	(5,424,456)	-
To credit impaired financial assets	(337,050)	(77,387)	414,437	-
To 12-month ECL	29,972,874	(29,215,965)	(756,909)	-
Derecognizing financial assets during the current period	(635,540,117)	(13,052,923)	(5,508,497)	(654,101,537)
Purchased or originated financial assets	642,134,388	61,525,006	2,576,558	706,235,952
Exchange rate and other changes	3,284,043	7,554	45,095	3,336,692
Balance, June 30	<u>\$ 1,974,939,705</u>	<u>\$ 135,472,804</u>	<u>\$ 9,839,306</u>	<u>\$ 2,120,251,815</u>

Changes in loss allowance for receivables

	For the Six Months Ended June 30, 2024					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 42,896	\$ 84,521	\$ 3,912,820	\$ 4,040,237	\$ 64,654	\$ 4,104,891
Changes of financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(2,677)	2,677	-	-	-	-
To credit impaired financial assets	(1,512)	(2,519)	4,031	-	-	-
To 12-month ECL	22	(22)	-	-	-	-
Derecognizing financial assets during the current period	(24,191)	(12,839)	(26,785)	(63,815)	-	(63,815)
Purchased or originated financial assets	31,178	5,722	18,018	54,918	-	54,918
Loss recognized based on the regulations	-	-	-	-	43,125	43,125
Exchange rate and other changes	520	(55,424)	204,747	149,843	-	149,843
Balance, June 30	<u>\$ 46,236</u>	<u>\$ 22,116</u>	<u>\$ 4,112,831</u>	<u>\$ 4,181,183</u>	<u>\$ 107,779</u>	<u>\$ 4,288,962</u>

	For the Six Months Ended June 30, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 55,095	\$ 45,078	\$ 4,076,863	\$ 4,177,036	\$ 72,789	\$ 4,249,825
Changes of financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(8,090)	8,236	(146)	-	-	-
To credit impaired financial assets	(2,241)	(647)	2,888	-	-	-
To 12-month ECL	59	(55)	(4)	-	-	-
Derecognizing financial assets during the current period	(38,607)	(9,909)	(147,775)	(196,291)	-	(196,291)
Purchased or originated financial assets	37,704	8,458	17,141	63,303	-	63,303
Loss recognized based on the regulations	-	-	-	-	7,754	7,754
Exchange rate and other changes	(146)	26,906	(24,815)	1,945	-	1,945
Balance, June 30	<u>\$ 43,774</u>	<u>\$ 78,067</u>	<u>\$ 3,924,152</u>	<u>\$ 4,045,993</u>	<u>\$ 80,543</u>	<u>\$ 4,126,536</u>

Changes in the total carrying amount of receivables

	For the Six Months Ended June 30, 2024			
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 18,817,754	\$ 12,966,625	\$ 5,896,755	\$ 37,681,134
Changes of financial instruments that have been identified at the beginning of the period:				
To lifetime ECL	(56,980)	57,003	(23)	-
To credit impaired financial assets	(32,477)	(11,050)	43,527	-
To 12-month ECL	21,568	(21,489)	(79)	-
Derecognizing financial assets during the current period	(8,858,476)	(575,871)	(88,388)	(9,522,735)
Purchased or originated financial assets	12,496,683	275,402	54,961	12,827,046
Exchange rate and other changes	<u>153,893</u>	<u>2,606,999</u>	<u>(33,634)</u>	<u>2,727,258</u>
Balance, June 30	<u>\$ 22,541,965</u>	<u>\$ 15,297,619</u>	<u>\$ 5,873,119</u>	<u>\$ 43,712,703</u>

	For the Six Months Ended June 30, 2023			
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 17,101,573	\$ 7,986,674	\$ 6,377,048	\$ 31,465,295
Changes of financial instruments that have been identified at the beginning of the period:				
To lifetime ECL	(233,924)	241,611	(7,687)	-
To credit impaired financial assets	(18,275)	(5,778)	24,053	-
To 12-month ECL	69,257	(66,873)	(2,384)	-
Derecognizing financial assets during the current period	(8,714,973)	(245,899)	(193,447)	(9,154,319)
Purchased or originated financial assets	11,326,609	453,895	38,914	11,819,418
Exchange rate and other changes	<u>(47,897)</u>	<u>3,018,198</u>	<u>81,371</u>	<u>3,051,672</u>
Balance, June 30	<u>\$ 19,482,370</u>	<u>\$ 11,381,828</u>	<u>\$ 6,317,868</u>	<u>\$ 37,182,066</u>

Changes in loss on allowance for other financial assets

	For the Six Months Ended June 30, 2024					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 11,168	\$ -	\$ 137,728	\$ 148,896	\$ 3,600	\$ 152,496
Changes of financial instruments that have been identified at the beginning of the period:						
Derecognizing financial assets during the current period	(5,087)	-	(137,808)	(142,895)	-	(142,895)
Purchased or originated financial assets	5,103	-	37,372	42,475	-	42,475
Loss recognized based on the Regulations	-	-	-	-	(1,610)	(1,610)
Exchange rate and other changes	<u>262</u>	<u>-</u>	<u>7,590</u>	<u>7,852</u>	<u>-</u>	<u>7,852</u>
Balance, June 30	<u>\$ 11,446</u>	<u>\$ -</u>	<u>\$ 44,882</u>	<u>\$ 56,328</u>	<u>\$ 1,990</u>	<u>\$ 58,318</u>

	For the Six Months Ended June 30, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 5,790	\$ -	\$ 10,799	\$ 16,589	\$ 2,791	\$ 19,380
Changes of financial instruments that have been identified at the beginning of the period:						
Derecognizing financial assets during the current period	(2,128)	-	(8,720)	(10,848)	-	(10,848)
Purchased or originated financial assets	5,847	-	131,782	137,629	-	137,629
Loss recognized based on the Regulations	-	-	-	-	806	806
Exchange rate and other changes	<u>(154)</u>	<u>-</u>	<u>-</u>	<u>(154)</u>	<u>-</u>	<u>(154)</u>
Balance, June 30	<u>\$ 9,355</u>	<u>\$ -</u>	<u>\$ 133,861</u>	<u>\$ 143,216</u>	<u>\$ 3,597</u>	<u>\$ 146,813</u>

Changes in the total carrying amount of other financial assets

	For the Six Months Ended June 30, 2024			
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 850,398	\$ -	\$ 150,044	\$ 1,000,442
Changes of financial instruments that have been identified at the beginning of the period:				
Derecognizing financial assets during the current period	(363,198)	-	(141,965)	(505,163)
Purchased or originated financial assets	412,661	-	62,830	475,491
Exchange rate and other changes	17,660	-	7,592	25,252
Balance, June 30	<u>\$ 917,521</u>	<u>\$ -</u>	<u>\$ 78,501</u>	<u>\$ 996,022</u>

	For the Six Months Ended June 30, 2023			
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 307,737	\$ -	\$ 22,189	\$ 329,926
Changes of financial instruments that have been identified at the beginning of the period:				
Derecognizing financial assets during the current period	(109,085)	-	(15,023)	(124,108)
Purchased or originated financial assets	344,827	-	136,066	480,893
Exchange rate and other changes	(7,734)	-	-	(7,734)
Balance, June 30	<u>\$ 535,745</u>	<u>\$ -</u>	<u>\$ 143,232</u>	<u>\$ 678,977</u>

Note: The total book amount only includes nonperforming loans transferred from other than loans, long-term receivables and remittance purchased.

Changes of commitment and guarantee liability provisions

	For the Six Months Ended June 30, 2024					Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	
Balance, January 1	\$ 201,402	\$ 874,328	\$ 9,007	\$ 1,084,737	\$ 675,775	\$ 1,760,512
Changes of financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(53,895)	53,895	-	-	-	-
To credit impaired financial assets	(332)	(109)	441	-	-	-
To 12-month ECL	6,311	(6,311)	-	-	-	-
Derecognizing financial assets during the current period	(115,749)	(576,402)	(2,692)	(694,843)	-	(694,843)
Purchased or originated financial assets	133,063	212,462	2,024	347,549	-	347,549
Loss recognized based on the Regulations	-	-	-	-	295,376	295,376
Exchange rate and other changes	1,155	1,768	2	2,925	-	2,925
Balance, June 30	<u>\$ 171,955</u>	<u>\$ 559,631</u>	<u>\$ 8,782</u>	<u>\$ 740,368</u>	<u>\$ 971,151</u>	<u>\$ 1,711,519</u>

	For the Six Months Ended June 30, 2023					Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	
Balance, January 1	\$ 549,524	\$ 587,145	\$ 52,982	\$ 1,189,651	\$ 504,294	\$ 1,693,945
Changes of financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(906,720)	906,720	-	-	-	-
To credit impaired financial assets	(216)	(38)	254	-	-	-
To 12-month ECL	3,894	(3,848)	(46)	-	-	-
Derecognizing financial assets during the current period	(437,958)	(587,920)	(46,709)	(1,072,587)	-	(1,072,587)
Purchased or originated financial assets	951,740	42,105	1,001	994,846	-	994,846
Loss recognized based on the Regulations	-	-	-	-	51,732	51,732
Exchange rate and other changes	1,096	21	100	1,217	-	1,217
Balance, June 30	<u>\$ 161,360</u>	<u>\$ 944,185</u>	<u>\$ 7,582</u>	<u>\$ 1,113,127</u>	<u>\$ 556,026</u>	<u>\$ 1,669,153</u>

k) The maximum credit exposure of the financial instruments

- i. Maximum credit exposures of assets, excluding collaterals and other credit enhancement instruments, on consolidated balance sheet are almost equivalent to its carrying amount.
- ii. HNGB and its subsidiaries' maximum credit exposures (excluding collaterals) off balance sheet are shown as follows:

Off-balance Sheet Items	The Maximum Credit Exposure		
	June 30, 2024	December 31, 2023	June 30, 2023
Undrawn loan commitments	\$ 122,646,648	\$ 113,093,465	\$ 112,756,546
Undrawn credit card commitments	102,538,134	100,644,210	97,466,479
Standby letters of credit	33,366,858	27,703,497	29,619,762
Guarantees issued	110,171,948	105,123,922	99,836,002
Total	\$ 368,723,588	\$ 346,565,094	\$ 339,678,789

Because the payments of these loan business and financial instruments would not be disbursed before maturity, therefore, the amounts of these contracts do not represent future outflows, namely that the demand of future cash is lower than the amounts stated in contract. If the credit line is reached and the collateral is of little value, the credit risk equals the contract amounts, the greatest possible losses.

The table below analyzes the collaterals held as security, master netting agreements and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Company and its subsidiaries' consolidated balance sheet:

June 30, 2024

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Financial assets at FVTOCI		
Bond investments	\$ 312,373,664	\$ 1,199,993
Others	8,422,112	-
Amortized costs - debt instruments		
Bond investments	314,099,937	6,596,262
Others	473,916,392	-
Receivables		
Credit cards business	13,013,246	-
Others	25,319,092	-
Discounts and loans	2,399,986,492	1,718,626,678
Other financial assets		
Credit cards business	61,169	-
Others	20,955	-
<u>Off-balance sheet items</u>		
Undrawn loan commitments	122,646,648	4,143,508
Undrawn credit card commitments	102,538,134	-
Standby letters of credit	33,366,858	12,311,655
Guarantees issued	110,171,948	55,410,357

December 31, 2023

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Financial assets at FVTOCI		
Bond investments	\$ 304,166,408	\$ 1,199,996
Others	7,938,357	-
Amortized costs - debt instruments		
Bond investments	248,539,273	5,899,916
Others	436,798,479	-
Receivables		
Credit cards business	10,379,247	-
Others	23,117,427	-
Discounts and loans	2,272,317,920	1,635,491,677
Other financial assets		
Credit cards business	149,909	-
Others	4,137	-
<u>Off-balance sheet items</u>		
Undrawn loan commitments	113,093,465	6,681,580
Undrawn credit card commitments	100,644,210	-
Standby letters of credit	27,703,497	11,623,384
Guarantees issued	105,123,922	50,419,170

June 30, 2023

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Financial assets at FVTOCI		
Bond investments	\$ 301,422,015	\$ 1,199,993
Others	9,421,441	-
Amortized costs - debt instruments		
Bond investments	235,484,765	2,699,993
Others	506,384,349	-
Receivables		
Credit cards business	12,224,173	-
Others	22,176,673	-
Discounts and loans	2,120,251,815	1,547,225,168
Other financial assets		
Credit cards business	143,099	-
Others	3,715	-
(Continued)		

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Off-balance sheet items</u>		
Undrawn loan commitments	\$ 112,756,546	\$ 4,939,432
Undrawn credit card commitments	97,466,479	-
Standby letters of credit	29,619,762	10,999,316
Guarantees issued	99,836,002	48,013,235
		(Concluded)

iii. Total book value of the maximum credit risk exposures discounted and loans

June 30, 2024				
Categories of Financial Assets	Stage 1	Stage 2	Stage 3	Total
	12-month Expected Credit Losses			
Ratings				
Corporate finance	\$ 1,331,432,828	\$ 135,391,357	\$ 9,400,661	\$ 1,476,224,846
Personal finance	<u>918,187,897</u>	<u>4,269,459</u>	<u>1,304,290</u>	<u>923,761,646</u>
Total book value of discounted and loans	<u>\$ 2,249,620,725</u>	<u>\$ 139,660,816</u>	<u>\$ 10,704,951</u>	<u>2,399,986,492</u>
Allowance for impairment loss	<u>\$ (1,677,765)</u>	<u>\$ (5,485,959)</u>	<u>\$ (2,086,838)</u>	<u>(9,250,562)</u>
Recognized loss by regulations				<u>(21,204,618)</u>
Premium discount adjustment of discounted and loans				<u>(226,712)</u>
Discounted and loans, net				<u>\$ 2,369,304,600</u>
December 31, 2023				
Categories of Financial Assets	Stage 1	Stage 2	Stage 3	Total
	12-month Expected Credit Losses			
Ratings				
Corporate finance	\$ 1,267,324,454	\$ 142,966,235	\$ 8,410,763	\$ 1,418,701,452
Personal finance	<u>848,425,186</u>	<u>3,765,727</u>	<u>1,425,555</u>	<u>853,616,468</u>
Total book value of discounted and loans	<u>\$ 2,115,749,640</u>	<u>\$ 146,731,962</u>	<u>\$ 9,836,318</u>	<u>2,272,317,920</u>
Allowance for impairment loss	<u>\$ (1,577,071)</u>	<u>\$ (3,764,486)</u>	<u>\$ (1,635,038)</u>	<u>(6,976,595)</u>
Recognized loss by regulations				<u>(21,884,985)</u>
Premium discount adjustment of discounted and loans				<u>(111,904)</u>
Discounted and loans, net				<u>\$ 2,243,344,436</u>

Categories of Financial Assets	June 30, 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-month Expected Credit Losses	Duration Period Credit Losses	Duration Period Credit Losses	
Ratings				
Corporate finance	\$ 1,173,598,634	\$ 131,614,922	\$ 8,348,017	\$ 1,313,561,573
Personal finance	<u>801,341,071</u>	<u>3,857,882</u>	<u>1,491,289</u>	<u>806,690,242</u>
Total book value of discounted and loans	<u>\$ 1,974,939,705</u>	<u>\$ 135,472,804</u>	<u>\$ 9,839,306</u>	<u>2,120,251,815</u>
Allowance for impairment loss	<u>\$ (1,201,258)</u>	<u>\$ (3,874,902)</u>	<u>\$ (2,184,685)</u>	(7,260,845)
Recognized loss by regulations				<u>(20,274,832)</u>
Premium discount adjustment of discounted and loans				<u>51,686</u>
Discounted and loans, net				<u>\$ 2,092,767,824</u>

iv. Amount that does not apply impairment of financial instruments of the maximum credit risk exposure

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at FVTPL			
Bonds	\$ 16,985,187	\$ 3,732,122	\$ 2,629,388
Derivative financial instruments	16,922,775	5,368,328	15,485,394
Others	<u>124,144,870</u>	<u>98,006,678</u>	<u>90,259,338</u>
	<u>\$ 158,052,832</u>	<u>\$ 107,107,128</u>	<u>\$ 108,374,120</u>

1) Credit risk concentration of HNCB and its subsidiaries

To manage credit assets portfolio, enhance the assets quality as well as the efficiency of utility of capital, and thereby prevent material effect from negative credit events, HNCB and its subsidiaries stipulate various credit limits and monitor the appropriateness periodically.

i. By industry

Industries	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
Private enterprise	\$ 1,099,515,073	46	\$ 1,063,833,221	47	\$ 976,000,223	46
Nature person	920,250,256	39	849,727,748	38	802,727,618	38
Foreign institution	309,999,090	13	288,462,835	13	277,291,680	13
Public enterprise	56,117,594	2	33,015,047	1	32,004,615	2
Government agency	11,636,518	-	32,406,020	1	28,494,175	1
Non-profit organization	1,957,911	-	1,824,049	-	1,233,504	-
Financial institutions	510,050	-	3,049,000	-	2,500,000	-
Total	\$ 2,399,986,492	100	\$ 2,272,317,920	100	\$ 2,120,251,815	100

ii. By region

According to the country risk statistics of transnational debt rights (excluding Taiwan), the proportions of total overseas exposure in Asia, America, Europe and others are 33.9%, 31.2%, 17.1% and 17.8%, respectively. In compliance with the conservatism principles, Group invest in subject above the investment grade with lower country risk as the guideline of expanding business. Currently, the country risk exposure in all region is within sustainable limits of HNCB and its subsidiaries.

iii. By collateral

Industries	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
Credit	\$ 681,359,814	28	\$ 636,826,243	28	\$ 573,026,647	27
Secured						
Stocks	36,471,293	2	31,900,071	1	31,240,906	1
Liabilities	30,826,228	1	37,748,949	2	31,062,897	1
Real estate	1,452,085,718	61	1,376,974,346	61	1,324,328,384	63
Movables	40,519,774	2	40,913,527	2	37,635,323	2
Receivables	10,403,238	-	10,375,172	-	11,084,156	1
Guarantees	130,544,678	5	120,558,360	5	94,881,912	4
Others	17,775,749	1	17,021,252	1	16,991,590	1
Total	\$ 2,399,986,492	100	\$ 2,272,317,920	100	\$ 2,120,251,815	100

4) Liquidity risk

a) Source and definition of liquidity risk

Liquidity risk refers to HNCB and its subsidiaries that could not provide sufficient funding to meet its obligations for on a reasonable price which cause earnings or capital losses. Sources of liquidity risk include unexpected changes or decrement of funds and the indiscretion or incapacity of handling the changes of the market, resulting in the condition that cannot liquidate assets promptly.

b) Strategies of HNCB and its subsidiaries' liquidity risk management

The goal of liquidity risk management is to maintain stability of liquidity under the premise that the cost of capital and return of assets would be both considered.

HNCB and its subsidiaries have stipulated rules consisting of identification measurement and supervision of risk, etc. To control the extent of exposure, HNCB and its subsidiaries have established supervision mechanism and set liquidity ratio or cash flow for reference of estimation on liquidity cushion. Moreover, certain rules are set to handle urgent liquidity crisis.

The information addressing the liquidity risk management will be reported to "Assets and Liabilities Committee" and boards of directors periodically. Also the information will be independently reviewed by internal auditor.

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

Cash outflow analyses of HNCB and its subsidiaries' non-derivative financial assets and liabilities are summarized as follows. Since the holding period of non-derivative financial assets and liabilities in financial assets and liabilities at FVTPL is short-termed, they are categorized into the shortest term group. The amounts disclosed in the following table are based on undiscounted contract cash flow; hence, parts of disclosed amounts of some items will not match the related items in consolidated balance sheet.

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Main capital inflow on maturity						
Cash and cash equivalents	\$ 31,316,179	\$ 5,072,174	\$ 180,382	\$ 1,189,073	\$ -	\$ 37,757,808
Due from the Central Bank and call loans to other banks	123,676,448	36,547,499	12,138,622	14,948,552	49,201,667	236,512,788
Financial assets mandatorily at FVTPL	140,882,349	-	-	-	-	140,882,349
Securities purchased under resell agreements	1,500,000	-	-	-	-	1,500,000
Loans (excluding nonperforming loans)	217,639,519	213,968,225	200,473,825	216,791,104	1,516,939,423	2,365,812,096
Financial assets at FVTOCI	531,199	2,898,165	3,884,661	10,185,956	347,791,478	365,291,459
Amortized cost - debt instruments	333,761,775	41,563,960	32,328,150	84,926,875	295,390,662	787,971,422
Other capital inflow	8,790,037	2,494,016	3,021,625	1,645,075	1,044,328	16,995,081
Subtotal	858,097,506	302,544,039	252,027,265	329,686,635	2,210,367,558	3,952,723,003
Main capital outflow on maturity						
Deposits from the Central Bank and banks	105,742,314	90,395,544	434,674	52,967,933	7	249,540,472
Deposits and remittances	516,675,477	467,207,951	347,152,548	501,910,906	1,500,556,938	3,333,503,820
Securities sold under repurchase agreements	41,492,710	5,915,065	3,780,338	-	-	51,188,113
Bank debentures payable	1,000,000	4,000,000	1,900,000	-	47,700,000	54,600,000
Lease liabilities	51,614	110,517	164,595	324,111	1,664,733	2,315,570
Other capital outflow	12,517,171	8,920,177	11,066,691	9,011,833	48,291,232	89,807,104
Subtotal	677,479,286	576,549,254	364,498,846	564,214,783	1,598,212,910	3,780,955,079
Gap	\$ 180,618,220	\$ (274,005,215)	\$ (112,471,581)	\$ (234,528,148)	\$ 612,154,648	\$ 171,767,924

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Main capital inflow on maturity						
Cash and cash equivalents	\$ 29,527,591	\$ 3,309,432	\$ 2,415,319	\$ 1,590,266	\$ -	\$ 36,842,608
Due from the Central Bank and call loans to other banks	136,880,325	33,642,262	11,154,060	14,807,237	49,273,579	245,757,463
Financial assets mandatorily at FVTPL	101,449,824	-	-	-	-	101,449,824
Securities purchased under resell agreements	2,000,000	-	-	-	-	2,000,000
Loans (excluding nonperforming loans)	218,493,130	201,474,060	215,282,949	199,810,916	1,405,028,978	2,240,090,033
Financial assets at FVTOCI	1,238,264	3,299,284	10,537,509	7,017,470	329,747,972	351,840,499
Amortized cost - debt instruments	324,802,937	33,569,221	33,183,768	67,301,125	226,447,366	685,304,417
Other capital inflow	7,510,781	2,022,885	2,874,594	1,344,711	923,701	14,676,672
Subtotal	821,902,852	277,317,144	275,448,199	291,871,725	2,011,421,596	3,677,961,516
Main capital outflow on maturity						
Deposits from the Central Bank and banks	109,747,151	80,588,401	172,197	42,871	2	190,550,622
Deposits and remittances	356,079,705	403,238,271	311,861,936	507,989,153	1,488,438,879	3,067,607,944
Securities sold under repurchase agreements	21,220,184	63,759,771	3,990,454	35,033	-	89,005,442
Bank debentures payable	-	4,300,000	-	6,900,000	47,700,000	58,900,000
Lease liabilities	85,651	93,211	147,219	292,350	1,568,643	2,187,074
Other capital outflow	9,971,760	7,238,308	7,883,957	8,399,704	47,920,461	81,414,190
Subtotal	497,104,451	559,217,962	324,055,763	523,659,111	1,585,627,985	3,489,665,272
Gap	\$ 324,798,401	\$ (281,900,818)	\$ (48,607,564)	\$ (231,787,386)	\$ 425,793,611	\$ 188,296,244

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Main capital inflow on maturity						
Cash and cash equivalents	\$ 28,041,708	\$ 1,840,736	\$ 622,103	\$ 4,307,220	\$ -	\$ 34,811,767
Due from the Central Bank and call loans to other banks	97,239,038	37,071,071	11,506,286	13,973,684	49,949,689	209,739,768
Financial assets mandatorily at FVTPL	92,596,755	-	-	-	-	92,596,755
Securities purchased under resell agreements	1,550,000	-	-	-	-	1,550,000
Loans (excluding nonperforming loans)	215,741,292	208,483,281	188,976,933	189,643,125	1,286,862,110	2,089,706,741
Financial assets at FVTOCI	3,232,898	3,743,019	4,492,477	15,180,529	325,967,636	352,616,559
Amortized cost - debt instruments	388,353,940	37,013,492	49,121,847	66,831,375	200,524,346	741,845,000
Other capital inflow	5,753,411	2,118,756	2,250,598	1,110,524	680,959	11,914,248
Subtotal	832,509,042	290,270,355	256,970,244	291,046,457	1,863,984,740	3,534,780,838
Main capital outflow on maturity						
Deposits from the Central Bank and banks	143,542,775	100,049,252	233,076	121,192	-	243,946,295
Deposits and remittances	288,446,394	351,671,024	314,281,199	493,288,096	1,470,638,317	2,918,325,030
Securities sold under repurchase agreements	27,407,125	44,277,714	3,650,482	957,256	-	76,292,577
Bank debentures payable	-	-	-	4,300,000	53,600,000	57,900,000
Lease liabilities	46,737	108,971	165,241	295,059	1,503,816	2,119,824
Other capital outflow	7,140,763	7,461,138	7,832,901	6,773,929	47,808,340	77,017,071
Subtotal	466,583,794	503,568,099	326,162,899	505,735,532	1,573,550,473	3,375,600,797
Gap	\$ 365,925,248	\$ (213,297,744)	\$ (69,192,655)	\$ (214,689,075)	\$ 290,434,267	\$ 159,180,041

Demand deposit included in deposits on the zone was allocated to each time table according to historical experience of HNCB and its subsidiaries.

d) Maturity analysis of derivative financial assets and liabilities

Derivative instruments consist of forward contracts, currency swap contracts, non-deliverable forward contracts, exchange rate option, interest rate swap contracts, cross-currency swap contracts, and interest rate option. The amounts of forward contracts, currency swap contracts and cross-currency swap contracts are based on contractual cash flow, and the others are based on fair value.

Maturity analysis of derivative financial assets and liabilities was as follows:

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivative instruments at FVTPL						
Cash outflow	\$ 177,329,922	\$ 125,110,929	\$ 121,077,016	\$ 79,699,075	\$ 3,794,409	\$ 507,011,351
Cash inflow	180,235,797	129,037,976	126,272,450	82,038,460	3,794,934	521,379,617

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivative instruments at FVTPL						
Cash outflow	\$ 147,536,401	\$ 109,565,178	\$ 138,221,559	\$ 59,340,411	\$ 2,940,092	\$ 457,603,641
Cash inflow	148,066,864	109,375,314	137,984,815	59,785,442	2,949,809	458,162,244

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivative instruments at FVTPL						
Cash outflow	\$ 168,907,741	\$ 136,059,234	\$ 137,919,171	\$ 68,821,488	\$ 3,838,197	\$ 515,545,831
Cash inflow	170,555,962	140,068,647	143,560,601	72,032,965	3,879,165	530,097,340

e) The maturity analysis of off-balance sheet items

The maturity analysis of off-balance sheet items shows irrevocable undrawn credit card commitment, undrawn loan commitment, standby letters of credit and guarantee issued amounts. The amounts in the table below were prepared on contractual cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

June 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn credit card commitments	\$ 255,523	\$ 2,665,676	\$ 5,539,426	\$ 8,128,003	\$ 85,949,506	\$ 102,538,134
Undrawn loan commitments	4,598,020	2,075,914	56,776,167	12,582,619	46,613,928	122,646,648
Standby letters of credit	7,404,678	17,757,864	4,227,173	1,044,972	2,932,171	33,366,858
Guarantee issued	18,032,602	12,220,401	4,854,972	26,424,803	48,639,170	110,171,948
Total	\$ 30,290,823	\$ 34,719,855	\$ 71,397,738	\$ 48,180,397	\$ 184,134,775	\$ 368,723,588

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn credit card commitments	\$ 171,698	\$ 872,512	\$ 3,716,892	\$ 11,989,629	\$ 83,893,479	\$ 100,644,210
Undrawn loan commitments	957,522	9,765,910	2,329,406	52,129,894	47,910,733	113,093,465
Standby letters of credit	6,062,842	16,425,941	2,353,442	1,541,003	1,320,269	27,703,497
Guarantee issued	15,767,742	8,587,860	7,403,848	13,572,647	59,791,825	105,123,922
Total	\$ 22,959,804	\$ 35,652,223	\$ 15,803,588	\$ 79,233,173	\$ 192,916,306	\$ 346,565,094

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn credit card commitments	\$ -	\$ 1,287,307	\$ 2,610,018	\$ 5,896,372	\$ 87,672,782	\$ 97,466,479
Undrawn loan commitments	2,355,363	4,595,821	50,934,897	12,298,763	42,571,702	112,756,546
Standby letters of credit	6,021,600	15,770,736	5,278,034	1,475,252	1,074,140	29,619,762
Guarantee issued	14,548,002	10,814,513	6,027,990	11,245,985	57,199,512	99,836,002
Total	\$ 22,924,965	\$ 32,468,377	\$ 64,850,939	\$ 30,916,372	\$ 188,518,136	\$ 339,678,789

5) Market risk

a) Source and definition of market risk

Market risk is the risk of potential decrease in values of trading position due to changes in market risk factors, such as interest rate, foreign exchange rate, price of equity securities, fluctuation or other factors.

b) Management structure and plan of market risk

To manage the market risk of the financial instrument transactions, HNCB and its subsidiaries implement market risk limit control scheme and regularly conduct the measurement, analysis, reporting and disclosure of the exposure amounts of the market risk factors faced by HNCB's financial instrument transactions. Moreover, HNCB and its subsidiaries implemented mechanism for control of market risk to manage financial market risk appropriately.

c) Market risk management

To manage market risk, HNCB and its subsidiaries set up limits on holding positions, losses of all financial instruments and value at risk (VaR) based on current year's budget. HNCB and its subsidiaries have insignificant market risk since gain or loss on change of market interest rate or foreign exchange rate is offset by those of hedged items or other assets or liabilities.

i. Value at risk

VaR is the statistics of potential losses on trading positions arising from unfavorable market condition changes. Within a 99% confidence level, VaR refers to the greatest potential loss in one day namely that there is one percent chance to incur the losses greater than VaR. VaR model assumes that HNCB and its subsidiaries hold the positions at least one day before the positions can be settled and that the market fluctuation in one day is similar to that in the past.

HNCB and its subsidiaries calculated VaR of their positions using historical simulation method. Based on the data in the past year to assess historical market fluctuations, the outcome will be used to monitor and examine the correctness of the assumptions and parameters. The aforementioned method cannot prevent the loss resulted from significant market fluctuations.

Trading Book Portfolio	For the Six Months Ended June 30					
	2024			2023		
	Average	Highest	Lowest	Average	Highest	Lowest
Exchange rate risk	\$ 99,639	\$ 163,130	\$ 24,910	\$ 60,914	\$ 75,596	\$ 21,256
Interest rate risk	124,397	213,226	63,513	180,074	248,215	29,404
Equity risk	18,710	24,967	10,451	10,597	16,437	3,726
Diversified risk	154,083	215,818	81,711	173,992	238,740	48,117

Limitation of VaR:

- i) Historical data may not be the best estimates of future risk factors, and cannot capture the extremely unfavorable market trend.
- ii) VaR cannot capture the market risk position that cannot be convertible or be hedged.
- iii) The loss calculated by using 99% confidence level cannot reflect the potential loss that is calculated using over 99% confidence level. The trading book can neither assure that the loss of financial instruments would not surpass VaR, nor confirm that the loss in each 99 day would not surpass VaR.

ii. Stress test

Stress testing is used to measure the greatest potential losses of the portfolio under the worst scenario. HNCB and its subsidiaries perform stress testing assuming the situation in which changes in interest rate \pm 200 bps, decreases in securities 40%, changes in currency exchange rate \pm 10% and then report the outcome to the management and Risk Management Committee.

d) Information of exchange rate risk

	June 30, 2024		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 1,283,953	21.5700	\$ 27,694,867
CAD	40,730	23.7300	966,524
CNY	7,151,839	4.4620	31,911,505
EUR	692,769	34.8300	24,129,146
GBP	306,384	41.1500	12,607,700
HKD	4,075,790	4.1710	17,000,120
JPY	59,905,136	0.2023	12,118,809
NZD	68,892	19.7500	1,360,625
SGD	108,434	23.9700	2,599,164
USD	9,403,767	32.5700	306,280,692
VND	6,162,863,254	0.0013	7,916,568
ZAR	515,640	1.7580	906,495
PHP	1,270,637	0.5548	704,950
MOP	118,134	4.0495	478,385
Nonmonetary items			
AUD	2,780,214	21.5700	59,969,220
CNY	2,011,250	4.4620	8,974,197
EUR	14,843	34.8300	516,983
GBP	56,797	41.1500	2,337,193
HKD	461,859	4.1710	1,926,412
SGD	95,539	23.9700	2,290,079
USD	9,572,449	32.5700	311,774,659
ZAR	1,644,663	1.7580	2,891,317
PHP	1,034,635	0.5548	574,015
<u>Financial liabilities</u>			
Monetary items			
AUD	3,093,662	21.5700	66,730,296
CAD	53,085	23.7300	1,259,709
CNY	7,142,631	4.4620	31,870,422
EUR	727,964	34.8300	25,354,972
GBP	399,194	41.1500	16,426,814
HKD	2,245,837	4.1710	9,367,386
JPY	220,336,031	0.2023	44,573,979
NZD	68,166	19.7500	1,346,276
SGD	40,209	23.9700	963,815
USD	27,162,476	32.5700	884,681,836
VND	6,168,561,926	0.0013	7,923,888
ZAR	2,525,413	1.7580	4,439,676
Nonmonetary items			
USD	3,543	32.5700	115,390

December 31, 2023			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 1,209,000	21.0000	\$ 25,388,997
CAD	94,928	23.2200	2,204,237
CNY	7,943,425	4.3280	34,379,142
EUR	683,969	34.0200	23,268,617
GBP	297,060	39.1200	11,620,995
HKD	4,711,167	3.9290	18,510,174
JPY	76,909,573	0.2171	16,697,068
NZD	64,088	19.5000	1,249,718
SGD	82,034	23.3100	1,912,204
USD	9,777,697	30.7050	300,224,180
VND	4,692,539,570	0.0013	5,943,477
ZAR	325,857	1.6570	539,946
PHP	777,588	0.5546	431,251
MOP	92,889	3.8146	354,331
Nonmonetary items			
AUD	2,370,180	21.0000	49,773,789
CNY	1,977,384	4.3280	8,558,118
EUR	14,600	34.0200	496,697
GBP	8	39.1200	297
HKD	222,621	3.9290	874,677
SGD	87,229	23.3100	2,033,315
USD	8,950,945	30.7050	274,838,753
ZAR	1,644,672	1.6570	2,725,221
PHP	1,535,103	0.5546	851,368
MOP	87,864	3.8146	335,161
<u>Financial liabilities</u>			
Monetary items			
AUD	2,629,053	21.0000	55,210,120
CAD	94,761	23.2200	2,200,358
CNY	7,934,247	4.3280	34,339,419
EUR	852,645	34.0200	29,006,984
GBP	301,100	39.1200	11,779,040
HKD	2,951,230	3.9290	11,595,383
JPY	171,927,172	0.2171	37,325,389
NZD	58,810	19.5000	1,146,800
SGD	44,356	23.3100	1,033,927
USD	27,194,905	30.7050	835,019,548
VND	4,695,814,697	0.0013	5,947,625
ZAR	2,494,639	1.6570	4,133,616
MOP	66,849	3.8146	255,001
Nonmonetary items			
USD	20,696	30.7050	635,482

June 30, 2023			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 959,138	20.5900	\$ 19,748,657
CAD	74,167	23.5000	1,742,920
CNY	6,611,136	4.2850	28,328,716
EUR	745,489	33.8300	25,219,889
GBP	226,641	39.2900	8,904,719
HKD	3,901,605	3.9730	15,501,076
JPY	70,820,659	0.2150	15,226,442
NZD	60,549	18.9200	1,145,593
SGD	71,284	22.9600	1,636,677
USD	9,094,690	31.1400	283,208,657
VND	3,648,364,071	0.0013	4,819,343
ZAR	646,678	1.6580	1,072,191
PHP	898,498	0.5616	504,596
MOP	64,551	3.8573	248,993
Nonmonetary items			
AUD	2,296,433	20.5900	47,283,552
CNY	2,482,849	4.2850	10,639,008
EUR	9,382	33.8300	317,379
GBP	17,604	39.2900	691,656
HKD	334,065	3.9730	1,327,242
SGD	87,670	22.9600	2,012,914
USD	8,628,115	31.1400	268,679,513
ZAR	1,644,487	1.6580	2,726,560
MOP	57,144	3.8573	220,421
PHP	1,529,363	0.5616	858,890
<u>Financial liabilities</u>			
Monetary items			
AUD	2,607,554	20.5900	53,689,543
CAD	74,991	23.5000	1,762,298
CNY	7,205,593	4.2850	30,875,966
EUR	830,266	33.8300	28,087,905
GBP	245,070	39.2900	9,628,797
HKD	2,507,587	3.9730	9,962,642
JPY	143,244,092	0.2150	30,797,480
NZD	59,524	18.9200	1,126,200
SGD	46,728	22.9600	1,072,878
USD	25,676,239	31.1400	799,558,070
VND	3,650,250,723	0.0013	4,821,835
ZAR	2,612,281	1.6580	4,331,161
Nonmonetary items			
USD	3,755	31.1400	116,933

e) Impact of interest rate benchmark reform

The financial instruments of HNCB and its subsidiaries affected by interest rate benchmark reform include derivatives and non-derivative financial assets. The type of interest rate benchmark linked to it is mainly the USD London InterBank Offered Rate (USD LIBOR). It is expected that the US Secured Overnight Financing Rate (SOFR) will replace USD LIBOR, but the two are essentially different. LIBOR is a forward-looking interest rate benchmark that implies market expectations for future interest rate trends, and includes inter-bank credit discounts. SOFR is a retrospective interest rate benchmark calculated with actual transaction data and does not include credit discounts. Therefore, when an existing contract is modified from USD LIBOR to SOFR, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

HNCB and its subsidiaries have formulated a LIBOR conversion plan to deal with risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to meet the reform of interest rate benchmark. And the “LIBOR Conversion Special Committee” has been established and “LIBOR Exit Conversion The Planning Working Group” promotes the implementation of the response plan. Given that LIBOR in each currency has all been exited on June 30, 2023.

As of June 30, 2023, the financial instruments of HNCB and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

Unit: Thousand Dollars	
	Book Value
Financial assets linked to USD LIBOR	
Bonds held-financial assets at FVTOCI	\$ 1,758,780
Bonds held-debt instruments at amortized cost	<u>488,550</u>
Non-derivative financial assets affected by interest rate benchmark reform	<u>\$ 2,247,330</u>

The postponed announcement of the benchmark reform on investments in debt instruments is mainly attributable to part of bond issuers in consideration of the fact that the ICE Benchmark Administration will provide the U.S. Dollar Synthetic LIBOR for a corresponding period until September 2024. The Company has confirmed the alternative interest rate benchmark applicable for post-reform of LIBOR with counterparties on their affected contracts whose conversion process is expected to be close on the next repricing date.

6) Transfers of financial assets

The transferred financial assets of HNCB and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements.

The transaction transfers the contractual rights to receive the cash flows of the financial assets but HNCB and its subsidiaries retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. HNCB and its subsidiaries has confirmed the alternative interest rate benchmark applicable for post-reform of LIBOR with counterparties on their affected contracts whose conversion process is expected to be close on the next repricing date.

HNCB and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, HNCB and its subsidiaries still bear the interest rate risk and credit risk thus, HNCB and its subsidiaries do not derecognize it.

Analysis of financial assets and related liabilities that did not completely meet derecognizing condition is shown in following table:

Category of Financial Asset	June 30, 2024				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under repurchase agreements					
Financial assets at FVTPL	\$ 2,402,440	\$ 2,389,960	\$ 2,402,440	\$ 2,389,960	\$ 12,480
Financial assets at FVTOCI	37,705,277	32,138,549	33,436,845	32,397,269	1,039,576
Investments in debt instruments at amortized cost	16,652,058	16,659,604	16,515,478	16,875,502	(360,024)

Category of Financial Asset	December 31, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under repurchase agreements					
Financial assets at FVTPL	\$ 1,940,000	\$ 1,938,466	\$ 1,940,000	\$ 1,938,466	\$ 1,534
Financial assets at FVTOCI	62,656,841	53,985,455	56,439,050	54,291,930	2,147,120
Investments in debt instruments at amortized cost	34,939,132	33,081,521	33,165,514	32,953,214	212,300

Category of Financial Asset	June 30, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under repurchase agreements					
Financial assets at FVTPL	\$ 2,477,925	\$ 2,473,131	\$ 2,477,925	\$ 2,473,131	\$ 4,794
Financial assets at FVTOCI	41,136,041	35,662,506	35,537,751	35,581,450	(43,699)
Investments in debt instruments at amortized cost	38,837,311	38,156,940	37,529,742	38,158,832	(629,090)

7) Offsetting of financial assets and financial liabilities

HNCB and its subsidiaries did not hold financial instruments which meet Section 42 of IAS 32 “Financial Instruments: Presentation”, and then offset them on the balance sheet.

HNCB and its subsidiaries engages in transactions with net settlement contracts or similar agreements with counterparties instead meeting offsetting condition in IFRSs. Above executable net settlement contracts or similar agreements allowed net settlement of financial assets and financial liabilities by the choice of both parties. If one party defaulted, the other one may choose to net settlement.

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

June 30, 2024

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 16,922,775	\$ -	\$ 16,922,775	\$ 2,547,662	\$ 4,640,574	\$ 9,734,539
Securities purchased under resell agreements	1,500,000	-	1,500,000	1,500,000	-	-

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 5,384,980	\$ -	\$ 5,384,980	\$ 2,547,662	\$ 1,406,047	\$ 1,431,271
Securities sold under repurchase agreements	51,188,113	-	51,188,113	56,759,775	42,667	(5,614,329)

December 31, 2023

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 5,368,328	\$ -	\$ 5,368,328	\$ 2,765,908	\$ 1,058,401	\$ 1,544,019
Securities purchased under resell agreements	2,000,000	-	2,000,000	2,000,000	-	-

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 8,578,517	\$ -	\$ 8,578,517	\$ 2,765,908	\$ 1,894,499	\$ 3,918,110
Securities sold under repurchase agreements	89,005,442	-	89,005,442	99,535,973	-	(10,530,531)

June 30, 2023

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 15,485,394	\$ -	\$ 15,485,394	\$ 2,739,223	\$ 6,794,437	\$ 5,951,734
Securities purchased under resell agreements	1,550,000	-	1,550,000	1,550,000	-	-

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 5,254,559	\$ -	\$ 5,254,559	\$ 2,739,223	\$ 1,426,212	\$ 1,089,124
Securities sold under repurchase agreements	76,292,577	-	76,292,577	82,451,277	1,309,281	(7,467,981)

Note: The financial instruments include the net settlement agreement and non-cash financial collaterals.

c. HNSC and its subsidiaries

1) Goal and policy of financial risk management

The main financial instruments of HNSC and its subsidiaries include equity securities, bonds and notes, and financial derivatives etc.

The risk control division of HNSC and its subsidiaries provides services to other business divisions, coordinates domestic and international market operations, supervises and manages financial - related risk of HNSC and its subsidiaries by assessing the degrees of risks and by performing in depth exposed risk analysis of internal risk reports.

To lessen the impact of risk, HNSC and its subsidiaries hedges through investing in financial derivative instruments. The portfolios of financial derivative instrument meet the guidelines set forth by the policies of the board of directors of HNSC and its subsidiaries. The guideline principles also include exchange rate risk, interest rate risk, credit rate risk, the portfolio of financial derivatives and non-derivatives and investment rules in remaining current capital. Internal audit personnel would continuously review the conduct and level of risk exposure in the guideline. HNSC and its subsidiaries do not conduct financial instrument transactions (including derivatives) as means to speculate.

The risk division reports to the board of directors bi-annually.

a) Market risk

HNSC and its subsidiaries' activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price. HNSC and its subsidiaries entered into a variety of derivative financial instruments to manage its exposure to foreign currency exchange risk and interest rate risk, including:

- i. Foreign currency risk: Conduct in transaction to mitigate exchange rate risk. Interest rate risk: Interest rate swaps to mitigate the risk of rising interest rates; and
- ii. Interest rate risk: Interest rate swaps to mitigate the risk of rising interest rates.

There has been no change to HNSC and its subsidiaries' exposure to market risks or the manner in which these risks are managed and measured.

Market risk exposures are measured using value-at-risk (VaR) and are supplemented by sensitivity analyses.

Value at Risk (VaR) analysis

The VaR measures the potential loss in pre-tax profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The 1-day 99% VaR number used by HNSC and its subsidiaries reflects the 99% probability that the daily loss will not exceed the reported VaR. VaR methodologies employed to calculate daily risk numbers included the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.

(In Thousands of New Taiwan Dollars)

Historic Risk Value (Daily Risk Level in 99% Confidence Level)	For the Six Months Ended June 30, 2023			June 30, 2024	December 31, 2023	June 30, 2023
	Average	Min	Max			
Equity risk	\$ 97,817	\$ 61,225	\$ 150,549	\$ 130,270	\$ 62,046	\$ 111,553
Interest risk	33,383	23,961	38,778	33,750	28,976	27,714
Exchange rate risk	61,778	55,479	66,553	58,448	55,503	43,180
Volatility risk	708	26	2,250	1,843	204	209
Risk diversification	<u>(99,204)</u>			<u>(106,363)</u>	<u>(83,769)</u>	<u>(66,175)</u>
Sum of risk level after risk diversification	<u>\$ 94,482</u>			<u>\$ 117,948</u>	<u>\$ 62,960</u>	<u>\$ 116,481</u>

(In Thousands of New Taiwan Dollars)

Historic Risk Value (Daily Risk Level in 99% Confidence Level)	For the Six Months Ended June 30, 2023			June 30, 2024	December 31, 2023	June 30, 2023
	Average	Min	Max			
Equity risk	\$ 63,925	\$ 35,226	\$ 120,877	\$ 111,553	\$ 34,212	\$ 35,904
Interest risk	27,598	22,193	30,759	27,714	23,675	27,660
Exchange rate risk	39,501	34,210	43,524	43,180	33,790	31,437
Volatility risk	208	13	509	209	186	87
Risk diversification	<u>(64,556)</u>			<u>(66,175)</u>	<u>(53,284)</u>	<u>(64,898)</u>
Sum of risk level after risk diversification	<u>\$ 66,676</u>			<u>\$ 116,481</u>	<u>\$ 38,579</u>	<u>\$ 30,190</u>

Through VaR analysis, HNSC and its subsidiaries monitor the daily exchange rate, interest rate risk expose and other price risk. On the other hand, sensitivity analysis evaluates possible impact of a reasonably possible change in interest rates, exchange rates and other price risk per annum. Longer time frames of sensitivity analysis could assist HNSC and its subsidiaries in performing VaR analysis and assessing the market risk exposure. Detailed descriptions of exchange rates, interest rates and other price risk sensitivity analysis are further described in point i., ii. and iii. below.

i. Exchange rates risk

Several business divisions of HNSC and its subsidiaries engage in foreign currency based security transactions which exposes them to exchange rate fluctuation risks. The policies managing these exposed risks are within reasonable extent. HNSC and its subsidiaries use foreign exchange swap to manage these risks.

Sensitivity analysis

The exchange rate risk of HNSC and its subsidiaries are mainly impacted by changes in USD currency rates.

The following table details HNSC and its subsidiaries' sensitivity to a 3% increase in the New Taiwan dollar against USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 3%. The sensitivity analysis included only outstanding foreign currency denominated deposits, account receivables, refundable deposits, investing in bonds and notes and financial derivatives. A negative number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 3% against USD. For a 3% weakening of the New Taiwan dollar against USD, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be positive.

(In Thousands of New Taiwan Dollars)

	The Impact of 3% USD Depreciation	
	For the Six Months Ended June 30	
	2024	2023
Total profit or loss	\$ (265,965) *	\$ (152,334) *

* Mainly originates from outstanding and non-cash flow hedge foreign currency-based deposits, account receivables, refundable deposits, bonds, notes and financial derivatives on balance sheet date.

Concentration of exchange rate risk

June 30, 2024

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 68,050	32.45	\$ 2,208,230
AUD	95,061	21.52	2,045,703

Financial liabilities

Monetary items			
USD	68,461	32.45	2,221,547
AUD	84,165	21.52	1,811,236

December 31, 2023

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 85,948	30.71	\$ 2,639,024
AUD	62,747	20.98	1,316,439

Financial liabilities

Monetary items			
USD	85,586	30.71	2,627,922
AUD	58,582	20.98	1,229,041

June 30, 2023

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 86,020	31.14	\$ 2,678,666
AUD	39,983	20.62	824,452

Financial liabilities

Monetary items			
USD	93,176	31.14	2,901,487
AUD	37,688	20.62	777,124

ii. Interest rate risk

Since HNSC and its subsidiaries use fixed and floating interest rates to borrow capital, they are exposed to interest rate risks. In order to manage interest rate risks, HNSC and its subsidiaries maintain a certain combinations of fixed and floating interests rate assets as well as retaining interest rate swap contracts. To ensure that the most cost-effective hedging strategy is used, HNSC and its subsidiaries regularly evaluate hedge activities to keep the consistency in interest rate view point and predetermined risk preference.

The book value of interest rate exposed to financial assets and liabilities on balance sheet date of HNSC and its subsidiaries are described in the following table below:

	June 30, 2024	December 31, 2023	June 30, 2023
Interest rate risk of fair value			
Financial assets (Note 1)	\$ 23,050,723	\$ 22,247,571	\$ 22,107,994
Financial liabilities (Note 2)	46,355,458	37,205,973	35,235,568
Interest rate risk of cash flow			
Financial assets	1,076,135	1,069,287	1,247,711

Note 1: Including fixed interest rate time deposit, commercial paper, operating deposits and all bonds.

Note 2: Including short-term debts, commercial paper payable, bonds sold under repurchase agreements, securities financing refundable deposits, deposits payable for securities financing, securities lending refundable deposits and corporate bonds payable.

Sensitivity analysis

i) Interest rate risk of fair value

The sensitivity analysis below was determined based on HNSC and its subsidiaries' exposure to interest rates for non-derivative instrument at the end of the year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents assessment of the reasonably possible change. in interest rates.

As of June 30, 2024, December 31, 2023 and June 30, 2023, if interest rates increase by 100 base points, holding other variables constant, the market value of the HNSC and its subsidiaries as a whole were to decrease by \$600,863, \$531,839 and \$588,495, respectively, due to the exposed interest rate risk from investing in interest rate swap contracts, bonds and notes.

ii) Interest rate risk with cash-flow

If market interest rate increase/decrease by 100 base points and other variables remained constant, the income before tax would increase/decrease by \$5,381 and \$6,239 for the six months ended June 30, 2024 and 2023, respectively, due to the exposed risk of deposits interest rate risk.

iii) Other price risk

HNSC and its subsidiaries have equity price risk due to investments in equity securities. The management of HNSC and its subsidiaries manages the risk by maintaining a portfolio of investments with different risks. HNSC and its subsidiaries set limitations per annum to manage annually losses, monthly losses, and to control risk levels.

Sensitivity analysis

The following sensitivity analysis was conducted by the exposed risk of equity price on balance sheet date.

If equity price drop by 15%, the market value would decrease by \$206,559 as a whole measured mandatorily at fair value through profit or loss and \$323,981 in investments through other comprehensive income due to fair value fluctuations on June 30, 2024.

If equity price drop by 15%, the market value would decrease by \$113,561 as a whole measured mandatorily at fair value through profit or loss and \$207,297 in investments through other comprehensive income due to fair value fluctuations on December 31, 2023.

If equity price drop by 15%, the market value would decrease by \$252,951 as a whole measured mandatorily at fair value through profit or loss and \$178,060 in investments through other comprehensive income due to fair value fluctuations on June 30, 2023.

b) Credit risk

Credit risk refers to the risk occurred in financial losses of default contracts from the counterparty. The biggest exposed credit risk of possible defaults of the counterparty resulting in financial losses of HNSC and its subsidiaries on balance sheet date arises from:

The book value of financial assets recognized on consolidated balance sheets.

The concentration of credit risks is limited due to the broad and independent customer base of HNSC and its subsidiaries.

The policy adopted by HNSC and its subsidiaries is to acquire adequate amount of collateral to lessen the risk of financial losses from arrears and to use other obtainable public financial information and interparty transaction records to evaluate client credit rating. HNSC and its subsidiaries would continuously monitor the exposed credit risk and the counterparty credit rating.

The table below analyzes the collaterals held as security, master netting agreements and other credit enhancements, and their financial effect in respect of the financial assets recognized in the consolidated balance sheet:

June 30, 2024

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Securities financing receivable	\$ 22,373,716	\$ 22,373,716
Securities borrowing receivable	7,948	7,948
Securities borrowing receivable - unlimited used	4,335,999	4,335,999

December 31, 2023

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Securities financing receivable	\$ 16,945,261	\$ 16,945,261
Securities borrowing receivable	8,726	8,726
Securities borrowing receivable - unlimited used	2,246,390	2,246,390

June 30, 2023

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Securities financing receivable	\$ 13,427,605	\$ 13,427,605
Securities borrowing receivable	6,724	6,724
Securities borrowing receivable - unlimited used	1,327,730	1,327,730

There is no need to consider about other credit enhancements because items are fully covered by collaterals.

c) Liquidity risk

HNSC and its subsidiaries manage and maintain adequate amount of cash and cash equivalents to finance business operations and to lessen the impact of cash flow fluctuations. The management of HNSC and its subsidiaries supervises the usage of financing facilities to ensure the obedience of loan agreement terms.

Bank loan is an important source of liquidity to HNSC and its subsidiaries. Refer to Table (ii) finance facilities for undrawn banking facilities on June 30, 2024, December 31, 2023 and June 30, 2023.

i. Table of liquidity and interest rate risk

The following table details HNSC and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which HNSC and its subsidiaries can be required to pay.

June 30, 2024

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Non-derivative financial liabilities</u>					
Liabilities with no interest	\$ 16,916,228	\$ -	\$ 706,633	\$ 271,437	\$ 125,475
Lease liabilities	4,888	9,551	39,636	78,602	-
Floating interest rate instruments	6,162,619	-	-	-	-
Fixed interest rate instruments	<u>31,255,547</u>	<u>514,497</u>	<u>11,745,456</u>	<u>3,001,595</u>	<u>-</u>
	<u>\$ 54,339,282</u>	<u>\$ 524,048</u>	<u>\$ 12,491,725</u>	<u>\$ 3,351,634</u>	<u>\$ 125,475</u>

December 31, 2023

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Non-derivative financial liabilities</u>					
Liabilities with no interest	\$ 10,945,683	\$ -	\$ 839,681	\$ 319,928	\$ 133,179
Lease liabilities	5,033	10,119	42,073	92,178	-
Floating interest rate instruments	5,404,296	-	-	-	-
Fixed interest rate instruments	<u>23,720,914</u>	<u>1,002,777</u>	<u>9,817,695</u>	<u>2,850,820</u>	<u>-</u>
	<u>\$ 40,075,926</u>	<u>\$ 1,012,896</u>	<u>\$ 10,699,449</u>	<u>\$ 3,262,926</u>	<u>\$ 133,179</u>

June 30, 2023

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Non-derivative financial liabilities</u>					
Liabilities with no interest	\$ 10,767,084	\$ -	\$ 508,897	\$ 314,683	\$ 109,051
Lease liabilities	4,555	8,499	32,485	64,990	-
Floating interest rate instruments	5,164,687	-	-	-	-
Fixed interest rate instruments	<u>23,239,364</u>	<u>1,054,882</u>	<u>7,982,870</u>	<u>3,095,011</u>	<u>-</u>
	<u>\$ 39,175,690</u>	<u>\$ 1,063,381</u>	<u>\$ 8,524,252</u>	<u>\$ 3,474,684</u>	<u>\$ 109,051</u>

The following table details HNSC and its subsidiaries' liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows of HNSC and its subsidiaries on derivative instruments that settle on a net basis.

June 30, 2024

	Request Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years
<u>Net delivery</u>				
Exchange rate swap	\$ (4,614)	\$ -	\$ -	\$ -
Net cash outflow	<u>\$ (4,614)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years
<u>Net delivery</u>				
Exchange rate swap	\$ 7,610	\$ -	\$ -	\$ -
Net cash outflow	<u>\$ 7,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2023

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Net delivery</u>					
Exchange rate swap	\$ (5,918)	\$ -	\$ -	\$ -	\$ -
Net cash (outflow) inflow	<u>\$ (5,918)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ii. Finance facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Nonguaranteed bank facilities			
Drawn amount	\$ 17,187,350	\$ 8,980,000	\$ 8,150,000
Undrawn amount	<u>7,715,000</u>	<u>13,922,350</u>	<u>13,552,350</u>
	<u>\$ 24,902,350</u>	<u>\$ 22,902,350</u>	<u>\$ 21,702,350</u>
Guaranteed bank facilities			
Drawn amount	\$ 1,647,650	\$ 1,420,000	\$ -
Undrawn amount	<u>2,200,000</u>	<u>2,427,650</u>	<u>3,847,650</u>
	<u>\$ 3,847,650</u>	<u>\$ 3,847,650</u>	<u>\$ 3,847,650</u>

iii. Transfers of financial assets

The transferred financial assets of HNSC and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements. The transaction transfers the contractual rights to receive the cash flows of the financial assets but HNSC and its subsidiaries retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. HNSC and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, HNSC and its subsidiaries still bear the interest rate risk and credit risk thus, HNSC and its subsidiaries do not derecognize it. Analysis of financial assets and related liabilities not completely meet derecognizing condition is shown in following table:

Category of Financial Asset	June 30, 2024				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under repurchase agreements	\$ 21,120,969	\$ 21,127,087	\$ 21,120,969	\$ 21,127,087	\$ (6,118)

Category of Financial Asset	December 31, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under repurchase agreements	\$ 20,399,559	\$ 20,098,477	\$ 20,399,559	\$ 20,098,477	\$ 301,082

Category of Financial Asset	June 30, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under repurchase agreements	\$ 20,203,612	\$ 20,165,096	\$ 20,203,612	\$ 20,165,096	\$ 38,516

d. SCIC

1) Goal and policy of the financial risk management

To improve and enhance the risk management culture and capability of SCIC, SCIC has set up related risk management policy resolved by the board of directors addressing various risk such as market risk, exchange rate risk, credit risk and liquidity risk. SCIC has also developed various risk measurement tools and management mechanisms to achieve effective identification, measurement, control and supervision of risk management.

a) The organization structure of risk management

- i. The board of directors: The board of directors is the ultimate organization responsible for the overall risk management of SCIC. It is also responsible for the approval of the related risk management policy and the reporting of various important risk management policies.
- ii. SCIC Risk Control Committee which subordinate to the board of directors: The SCIC risk control committee is responsible for the risk management policy, framework, organization function as well as the qualitative and quantitative of management deliberation. The committee reports to the board of directors periodically to reflect the execution status of risk management, making necessary recommendations for improvements.
- iii. The Risk Management Division: The risk management division is responsible for the establishment, supervision and execution of the various risk control mechanisms and reports to the SCIC Risk Control Committee quarterly.

b) Market risk

i. The definition and source of market risk

Market risk arises from market changes (such as those referring to interest rates, exchange rates, equity securities, credit level differences, related correlations or the degree of fluctuations) which may cause the negative impact of the decrease in value of a financial instrument.

ii. The management structure and planning of market risk

To address the market risk management, SCIC has set up the goal of risk management, position limits, offset limits and risk level limits passed by the board of directors. Furthermore, SCIC periodically measures, analyzes, prepares financial statements and discloses the exposure levels affected by the market risk factors. SCIC also implements the mechanism of market risk limit control to appropriately reflect and fulfill the risk management of SCIC.

iii. The management of market risk

SCIC conducts various financial instrument trading operations based on yearly budget constraints with market risk control position limitations, offset limitations and risk level limitations. Please refer to point (i) below. On the other hand, SCIC regularly discloses foreign exchange fluctuation risks, exchange rate fluctuation risks and other price fluctuation risks. Please refer to point (ii), (iii) and (iv) below:

i) Value at Risk

SCIC uses VaR (Value at Risk, VaR) to evaluate the investment portfolio of trading and non-trading books. The aforementioned non-trading book investment portfolio refers to financial assets at FVTOCI.

VaR estimates the potential losses due to negative changes in markets. It also indicates the highest endurable potential loss of SCIC in a 99% confidence interval; however, there is still a 1% possibility for actual losses to be bigger than VaR estimations.

SCIC evaluates the risk level in self-owned assets based on historical simulation method, which collects historical past data over the past year to assess the market volatility. The calculated result will be used to regularly monitor and test the accuracy of the used parameters and assumptions.

Unit: Thousand Dollars

	June 30, 2024	December 31, 2023	June 30, 2023
Risk level of trading book	\$ 130	\$ 73	\$ 11
Risk level of non-trading book	235,524	206,341	526,465

ii) Exchange rate risk

The book value of foreign currency assets and liabilities are recognized on balance sheet date. The currency of the forward foreign exchange contracts should be the same as the instrument hedged. To maximize the effectiveness of hedging, the currency of forward foreign exchange contracts must be in coordinate with the derivatives and hedged contract terms.

Sensitivity analysis

The following table details SCIC's sensitivity to a 1% increase and decrease in the New Taiwan dollar against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated deposits, financial assets and reinsurance, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	Impact of USD	
	June 30	
	2024	2023
Total profit or loss	\$ (24,339)	\$ 20,102

The source of the risk are from outstanding and non-cash flow hedged foreign deposits, financial assets and reinsurance of SCIC on balance sheet date.

The current period USD sensitivity level of SCIC increase due to increase investments in USD. The current period CNY sensitivity level of SCIC decreases due to decreased investments in CNY. The current period EUR sensitivity level of SCIC decreases due to decreased investments in EUR.

Concentration of exchange rate risk

Unit: Foreign/NTD Currency in Thousands

June 30, 2024

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 199,751	32.45	\$ 6,481,909
EUR	11,876	34.71	412,234
<u>Financial liabilities</u>			
Monetary items			
USD	641	32.45	20,792

December 31, 2023

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 204,239	30.71	\$ 6,272,159
EUR	14,191	33.98	482,176
<u>Financial liabilities</u>			
Monetary items			
USD	674	30.71	20,707

June 30, 2023

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 174,856	31.14	\$ 5,445,012
EUR	14,025	33.81	474,210
<u>Financial liabilities</u>			
Monetary items			
USD	1,183	31.14	36,841

iii) Interest rate risk

The book value of SCIC's interest rate risk-exposed financial assets on balance sheet date is as follows:

	Unit: Thousand Dollars		
	June 30, 2024	December 31, 2023	June 30, 2023
Interest rate risk with fair value			
Financial assets	\$ 8,260,617	\$ 8,306,152	\$ 7,501,253
Interest rate risk with cash flow			
Financial assets	1,853,090	1,762,103	2,102,912

Sensitivity analysis

The following sensitivity analysis is conducted based on the interest rate risk exposure of non-derivatives on balance sheet date. The assumption of analytical method for floating interest rate liabilities is that all liabilities within the reporting period are outstanding. The internal marginal interest rate of SCIC for management reporting is an increase/decrease of 1 base point.

The marginal interest rate also indicates the assessment of the reasonably possible range of interest rates.

If interest rate increase/decrease by 1 base point, holding other variables constant, SCIC's income before tax would increase/decrease \$93 for the six months ended June 30, 2024 due to interest rate risk exposure of bank deposits.

If interest rate increase/decrease by 1 base point, holding other variables constant, SCIC's income before tax would increase/decrease \$105 for the six months ended June 30, 2023 due to interest rate risk exposure of bank deposits.

iv) Other price risk

Other risk refers to the equity price risk exposure in equity securities and beneficiary certifications of SCIC.

To manage the risk, the management of SCIC holds investment portfolio with different risk.

Sensitivity analysis

The following sensitivity analysis is conducted on the equity price risk exposure on balance sheet date.

If equity price increase/decrease by 1%, the income before tax would increase/decrease by \$51 in the FVTPL due to fair value fluctuations; other comprehensive income would increase/decrease by \$89,542 for the six months ended June 30, 2024.

If equity price increase/decrease by 1%, the income before tax would increase/decrease by \$57 in the FVTPL due to fair value fluctuations; other comprehensive income would increase/decrease by \$75,921 for the six months ended June 30, 2023.

c) Credit risk

Credit risk refers to the risk occurred in financial losses of default contracts of the counterparty.

Before trading transactions, the credit risk management division carefully evaluates and regularly examines the credit ratings of the counterparty, issuer and guarantee institution are in line with the regulation and SCIC management policy. To fully disclose the credit rating and the estimation of risk concentration level, the division also regularly assesses the credit ratings of the counterparty, issuer, guarantee institution after trading transactions.

Moreover, SCIC assesses the collectable values of premiums receivable to ensure the provision for impairment loss of non-collectable receivable are reasonable on balance sheet date.

After assessing the credit level of SCIC, SCIC considers the current period credit risk level is within reasonable limits.

Changes of receivable allowance loss

SCIC applied IFRS 9 expected credit loss and calculated allowance loss as below:

June 30, 2024

	Notes Receivable	Premiums Receivable	Other Receivable	Loans
Expected loss rate	0.1074%	0.0557%	(Note)	0.0000% - 0.0064%
Gross carrying amount	\$ 178,134	\$ 1,018,301	\$ 273,559	\$ 80,315
Impairment under IFRS 9	191	567	-	-
Differences in Impairments According to Law	<u>799</u>	<u>5,839</u>	<u>1,368</u>	<u>1,205</u>
Allowance loss	<u>\$ 990</u>	<u>\$ 6,406</u>	<u>\$ 1,368</u>	<u>\$ 1,205</u>

December 31, 2023

	Notes Receivable	Premiums Receivable	Other Receivable	Loans
Expected loss rate	0.1108%	0.0558%	(Note)	0.0000% - 0.0098%
Gross carrying amount	\$ 169,952	\$ 151,278	\$ 117,687	\$ 108,887
Impairment under IFRS 9	188	84	-	2
Differences in Impairments According to Law	<u>821</u>	<u>4,891</u>	<u>588</u>	<u>1,631</u>
Allowance loss	<u>\$ 1,009</u>	<u>\$ 4,975</u>	<u>\$ 588</u>	<u>\$ 1,633</u>

June 30, 2023

	Notes Receivable	Premiums Receivable	Other Receivable	Loans
Expected loss rate	0.1108%	0.0558%	(Note)	0.0000% - 0.0069%
Gross carrying amount	\$ 183,246	\$ 860,082	\$ 222,242	\$ 140,099
Impairment under IFRS 9	203	480	-	3
Differences in Impairments According to Law	<u>907</u>	<u>4,943</u>	<u>1,111</u>	<u>2,100</u>
Allowance loss	<u>\$ 1,110</u>	<u>\$ 5,423</u>	<u>\$ 1,111</u>	<u>\$ 2,103</u>

Note: As of June 30, 2024, December 31, 2023 and June 30, 2023, no other receivable was past due. SCIC has not recognized a loss allowance for the above receivable after taking into consideration the historical default experience and the future prospects of the industries.

Indemnity refundable on reinsurance ceded and refundable reinsurance is reinsurance contracts assets, and are evaluated under IAS 39 for both are not included in the measurement of IFRS 9 under IFRS 4.

SCIC calculated allowance loss according to the regulation of guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts as below:

For the six months ended June 30, 2024

	Notes Receivable	Premiums Receivable	Indemnity Refundable on Reinsurance Ceded	Refundable Reinsurance	Other Receivable	Loans	Total
Balance, January 1	\$ 1,009	\$ 4,975	\$ 3,925	\$ 35,308	\$ 588	\$ 1,633	\$ 47,438
Provision	-	1,431	-	86,990	780	-	89,201
Less: Amounts reversed	<u>(19)</u>	<u>-</u>	<u>(1,958)</u>	<u>-</u>	<u>-</u>	<u>(428)</u>	<u>(2,405)</u>
Allowance loss	<u>\$ 990</u>	<u>\$ 6,406</u>	<u>\$ 1,967</u>	<u>\$ 122,298</u>	<u>\$ 1,368</u>	<u>\$ 1,205</u>	<u>\$ 134,234</u>

For the six months ended June 30, 2023

	Notes Receivable	Premiums Receivable	Indemnity Refundable on Reinsurance Ceded	Refundable Reinsurance	Other Receivable	Loans
Balance, January 1	\$ 955	\$ 1,937	\$ 2,926	\$ 10,133	\$ 564	\$ 2,562
Add: Provision	155	3,486	350	4,815	547	-
Less: Amounts reversed	-	-	-	-	-	(459)
Allowance loss	<u>\$ 1,110</u>	<u>\$ 5,423</u>	<u>\$ 3,276</u>	<u>\$ 14,948</u>	<u>\$ 1,111</u>	<u>\$ 2,103</u>

d) Liquidity risk

The board of directors is ultimately responsible for SCIC's liquidity risk management. SCIC has established appropriate management structure of liquidity risk to respond to management's demand of liquidity. To manage liquidity risk, SCIC monitors expected and actual cash flow and plan similar expiration of financial asset to settle liabilities.

Table of liquidity and interest rate risk of non-derivatives financial liabilities

The following table illustrates the aging analysis of non-derivatives financial liabilities remaining contracts of agreed repayments. The information is disclosed based on the earliest possible requested repayment date and undiscounted cash flow of financial liabilities including the cash flow of interests and principal.

June 30, 2024

	Requested Immediate Payment or Less than One Month	Within Three Months	Three Months to One Year	One Year to Five Years	Over Five Years
Non-derivatives financial liabilities					
Liabilities with no interest	\$ -	\$ 400,911	\$ 1,181,695	\$ 16,805	\$ 320
Lease liabilities	<u>2,710</u>	<u>7,835</u>	<u>18,405</u>	<u>40,575</u>	<u>11,094</u>
	<u>\$ 2,710</u>	<u>\$ 408,746</u>	<u>\$ 1,200,100</u>	<u>\$ 57,380</u>	<u>\$ 11,414</u>

December 31, 2023

	Requested Immediate Payment or Less than One Month	Within Three Months	Three Months to One Year	One Year to Five Years	Over Five Years
Non-derivatives financial liabilities					
Liabilities with no interest	\$ -	\$ 1,483,366	\$ 607,585	\$ 16,735	\$ 320
Lease liabilities	<u>2,559</u>	<u>4,888</u>	<u>19,752</u>	<u>35,518</u>	<u>8,742</u>
	<u>\$ 2,559</u>	<u>\$ 1,488,254</u>	<u>\$ 627,337</u>	<u>\$ 52,253</u>	<u>\$ 9,062</u>

June 30, 2023

	Requested Immediate Payment or Less than One Month	Within Three Months	Three Months to One Year	One Year to Five Years	Over Five Years
<u>Non-derivatives financial liabilities</u>					
Liabilities with no interest	\$ -	\$ 304,484	\$ 881,728	\$ 17,645	\$ -
Lease liabilities	<u>2,535</u>	<u>4,788</u>	<u>18,659</u>	<u>31,725</u>	<u>-</u>
	<u>\$ 2,535</u>	<u>\$ 309,272</u>	<u>\$ 900,387</u>	<u>\$ 49,370</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 Years
Lease liabilities	<u>\$ 25,982</u>	<u>\$ 31,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Liquidity and interest rate risk table for derivative financial liabilities

The liquidity analysis of derivative financial instruments of net delivery financial derivatives based on undiscounted net cash inflow and outflow; gross delivery financial derivatives based on undiscounted cash inflow and outflow.

June 30, 2024

	Less than Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Net delivery</u>				
Foreign exchange forward contract	<u>\$ (2,610)</u>	<u>\$ (7,458)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Gross delivery</u>				
Currency swap				
Inflow	\$ 2,851,376	\$ 181,817	\$ -	\$ -
Outflow	<u>(2,924,477)</u>	<u>(191,201)</u>	<u>-</u>	<u>-</u>
	<u>\$ (73,101)</u>	<u>\$ (9,384)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Less than Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Net delivery</u>				
Foreign exchange forward contract	\$ 29,148	\$ (5,473)	\$ -	\$ -
<u>Gross delivery</u>				
Currency swap				
Inflow	\$ 1,813,197	\$ 1,746,206	\$ -	\$ -
Outflow	(1,827,073)	(1,711,853)	-	-
	<u>\$ (13,876)</u>	<u>\$ 34,353</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2023

	Less than Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Net delivery</u>				
Foreign exchange forward contract	\$ (2,744)	\$ (3,477)	\$ -	\$ -
<u>Gross delivery</u>				
Currency swap				
Inflow	\$ 1,383,549	\$ 2,417,962	\$ -	\$ -
Outflow	(1,410,472)	(2,482,363)	-	-
	<u>\$ (26,923)</u>	<u>\$ (64,401)</u>	<u>\$ -</u>	<u>\$ -</u>

e. HNIT

1) Financial risk management objectives and policies

HNIT's major financial instruments include HNIT include accounts receivable, other financial assets and loans. HNIT's corporate treasury function provides services to the business, and monitors and manages the financial risks relating to the operations of HNIT through internal risk reports that analyze exposures by degree and magnitude of risks. management reporting of financial risks relating to operations. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

a) Market risk

The main financial risk endured from the operations of HNIT is interest rate risk.

Interest rate risk

The carrying amount of HNIT's financial assets and financial liabilities with exposure to interest rates on balance sheet date were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Interest rate risk with cash flow			
Financial assets	\$ 74,352	\$ 48,338	\$ 26,950
Financial liabilities	295,000	325,000	355,344

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivatives on balance sheet date. For floating rate liabilities, the assumption of analysis method is that the liabilities are outstanding on balance sheet date. An interest rate change of 20 base point is the sensitivity rate used in internal management reports. Further, it also represents the evaluation of reasonable changes in interest rates of the management.

Were interest rate to increase/decrease 20 base points, holding other variables constant, the income before tax of HNIT were to decrease/increase \$221 and \$328, respectively, for the six months ended June 30, 2024 and 2023 due to the interest rate risk exposure derived from demand deposits and floating rate loans.

b) Credit risk

Credit risk refers to the risk occurred in financial losses of default contracts from the counterparty. The biggest exposed credit risk of possible defaults of the counterparty resulting in financial losses of HNIT on balance sheet date arises from the recognized book value of financial assets.

To lessen the level of credit risks, the management of HNIT would review the possible collectable amount of receivables on balance sheet dates to ensure the provision for impairment loss of unrecoverable receivables are reasonable.

HNIT's concentration of credit risk of 89%, 94% and 97% of total trade receivables as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, was attributable to investment trust funds managed by HNIT.

c) Liquidity risk

HNIT manages and maintains adequate amount of cash and cash equivalents to finance business operations and to lessen the impact of cash flow fluctuations. The management of HNIT supervises the usage of financing facilities to ensure the obedience of loan agreement terms.

Bank borrowings is an important liquidity source for HNT. Please refer to the following illustration of ii for the undrawn financing facilities on June 30, 2024, December 31, 2023 and June 30, 2023.

i. Table of the liquidity and interest rate risk of non-derivative financial liabilities.

The aging analysis of non-derivative financial liabilities is disclosed in accordance with the earliest possible repayment date and undiscounted cash flow of financial liabilities (including the principal and estimated interest). Therefore, the requested immediate payment of bank borrowings are disclosed on the earliest period of the following table, leaving out the probability of immediate execution right of the bank. The aging analysis of other non-derivative financial liabilities is disclosed in accordance with the agreed repayment date.

June 30, 2024

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years
<u>Non-derivative financial liabilities</u>				
Liabilities with no interest	- \$ 2,491	- \$ 1,327	- \$ 3,807	- \$ -
Lease liabilities	- 64	- 128	- 534	- 707
Floating interest rate instruments	- <u>131</u>	- <u>295,000</u>	- <u>-</u>	- <u>-</u>
	- <u>\$ 2,686</u>	- <u>\$ 296,455</u>	- <u>\$ 4,341</u>	- <u>\$ 707</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 726</u>	<u>\$ 707</u>

December 31, 2023

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years
<u>Non-derivative financial liabilities</u>				
Liabilities with no interest	- \$ 1,572	- \$ 274	- \$ 466	- \$ 3,919
Lease liabilities	- 64	- 128	- 576	- 1,049
Floating interest rate instruments	- <u>92</u>	- <u>325,000</u>	- <u>-</u>	- <u>-</u>
	- <u>\$ 1,728</u>	- <u>\$ 325,402</u>	- <u>\$ 1,042</u>	- <u>\$ 4,968</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 768</u>	<u>\$ 1,049</u>

June 30, 2023

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years
<u>Non-derivative financial liabilities</u>				
Liabilities with no interest	- \$ 1,065	- \$ 808	- \$ 1,092	- \$ 3,081
Lease liabilities	- 31	- 61	- 275	- 536
Floating interest rate instruments	- <u>257</u>	- <u>355,344</u>	- <u>-</u>	- <u>-</u>
	- <u>\$ 1,353</u>	- <u>\$ 356,213</u>	- <u>\$ 1,367</u>	- <u>\$ 3,617</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 367</u>	<u>\$ 536</u>

ii. Financing facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank overdraft facility			
Drawn amount	\$ 295,000	\$ 325,000	\$ 205,000
Undrawn amount	<u>155,000</u>	<u>125,000</u>	<u>55,000</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 260,000</u>

f. HNVC

1) The goal and policy of financial risk management

The primary financial instruments of HNVC include equity investments, accounts receivable and accounts payable. The financial risk management division of HNVC provides services to other business divisions, with the level of risk exposure and broad analysis of internal supervision and HNVC risk management reporting of financial risks relating to operations. The financial risks include market risks (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

a) Market risk

The main financial risk endured from the operations of HNVC is exchange rates risk interest rate risk and other price risk (refer to the following tables).

The managements and measurements of the financial instruments risk exposure remain unchanged.

i. Exchange rates risk

The book value of foreign-currency based assets on balance sheet date is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Assets			
USD	\$ 11	\$ 7,257	\$ 7,393
SGD	1	-	-

Sensitivity analysis

The exchange rate risk of HNVC is mainly impacted by change in USD listed above.

The following table illustrates sensitivity analysis based on an increment increase of 1% in functional currency to related foreign currency 1% is the sensitivity rate used in internal management reports. Further it also represents the evaluation of reasonable changes in foreign exchange rates of the management. The scope of sensitivity analysis only includes outstanding foreign monetary items. The positive figure below indicates the amount that will decrease in income before tax when functional currency decrease by 1%.

	For the Six Months Ended June 30	
	2024	2023
<u>Profit and loss</u>		
Currency assets		
USD	\$ -	\$ 74

ii. Interest rate risk

The book value of interest rate risk exposed financial assets and financial liabilities on balance sheet date were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Interest rate risk of fair value			
Financial assets	\$ 535,400	\$ 54,086	\$ 24,269
Financial liabilities	1,494	2,347	3,186
Interest rate risk of cash flow			
Financial assets	49,004	445,506	430,577

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivatives on balance sheet date. An interest rate change of 1% is the sensitivity rate used in internal management reports. Further, it also represents the evaluation of reasonable changes in interest rates of the management.

If interest rate would increase/decrease by 1%, holding other variables constant, the income before tax of HNIT would increase/decrease \$245 and \$2,153, respectively, for the six months ended June 30, 2024 and 2023 due to the interest rate risk exposure derived from financial assets.

iii. Other price risk

The book value of interest rate risk exposed financial assets and financial liabilities on balance sheet date is as follows:

Sensitivity analysis

The following sensitivity analysis was conducted on the exposed risk of equity price on the balance sheet date.

If equity price rise/drop 1%, the income before tax would increase/decrease by \$10,414 and \$10,553, respectively, in the financial assets at fair value through profit or loss due to fair value rise/drop for the six months ended June 30, 2024 and 2023.

b) Credit risk

Credit risk refers to the risk occurred in financial losses of default contracts of the counterparty.

The biggest exposed credit risk of possible defaults of the counterparty resulting in financial losses of HNVC on balance sheet date arises from the recognized book value of financial assets.

The maximum credit exposures of each financial instruments HNVC holds are same as their book value.

The customer base of HNVC is large and unrelated, so the concentration of credit risk is not high.

c) Liquidity risk

HNVC manages and maintains adequate amount of cash and cash equivalents to finance business operations and to lessen the impact of cash flow fluctuations.

The following table illustrates the aging analysis of non-derivatives financial liabilities remaining contracts of agreed repayments. The information is disclosed based on the earliest possible requested repayment date and undiscounted cash flow of financial liabilities including the cash flow of interests and principal.

June 30, 2024

	Requested Immediate Payment or Less than One Month	One Month to Three Months	Three Months to One Year	One Year to Five Years
Non-derivatives <u>financial liabilities</u>				
Liabilities with no interest	\$ 74	\$ 225	\$ -	\$ -
Lease liabilities	<u>148</u>	<u>295</u>	<u>924</u>	<u>152</u>
	<u>\$ 222</u>	<u>\$ 520</u>	<u>\$ 924</u>	<u>\$ 152</u>

December 31, 2023

	Requested Immediate Payment or Less than One Month	One Month to Three Months	Three Months to One Year	One Year to Five Years
Non-derivatives <u>financial liabilities</u>				
Liabilities with no interest	\$ 272	\$ -	\$ -	\$ -
Lease liabilities	<u>148</u>	<u>295</u>	<u>1,329</u>	<u>633</u>
	<u>\$ 420</u>	<u>\$ 295</u>	<u>\$ 1,329</u>	<u>\$ 633</u>

June 30, 2023

	Requested Immediate Payment or Less than One Month	One Month to Three Months	Three Months to One Year	One Year to Five Years
Non-derivatives <u>financial liabilities</u>				
Liabilities with no interest	\$ 36	\$ 215	\$ -	\$ -
Lease liabilities	<u>148</u>	<u>295</u>	<u>1,329</u>	<u>1,519</u>
	<u>\$ 184</u>	<u>\$ 510</u>	<u>\$ 1,329</u>	<u>\$ 1,519</u>

g. HNAME

- Goal and policy of financial risk management

The primary financial instruments of HNAME include accounts receivable, other financial assets and loans. The financial risk management division of HNAME provides services to other business divisions, with the level of risk exposure and broad analysis of internal supervision and HNAME risk management reporting of financial risks relating to operations. The financial risks include market risks (including interest rate risk and other price risk), credit risk and liquidity risk.

Market risk

HNAME's activities exposed it primarily to the financial risks of changes in interest rates and other price risk.

1) Interest rate risk

The book value of interest rate risk exposed financial assets and financial liabilities on balance sheet date is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Interest rate risk of fair value			
Financial liabilities	\$ 3,296,377	\$ 3,378,421	\$ 2,832,615
Interest rate risk of cash flow			
Financial assets	15,736	53,761	29,166
Financial liabilities	882,000	920,000	925,000

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivatives on balance sheet date. For floating rate liabilities, the assumption of analysis method is that the liabilities are outstanding on balance sheet date. An interest rate change of 10 base point is the sensitivity rate used in internal management reports. Further, it also represents the evaluation of reasonable changes in interest rates of the management.

If interest rate increase/decrease 10 base points, holding other variables constant, the income before tax of HNAME would increase/decrease by \$866 for the six months ended June 30, 2024 due to the interest rate risk exposure derived from bank deposits and floating rate loans.

If interest rate increase/decrease 10 base points, holding other variables constant, the income before tax of HNAME would increase/decrease by \$896 for the six months ended June 30, 2023 due to the interest rate risk exposure derived from bank deposits and floating rate loans.

The increase in sensitivity of HNAME this period is due to the increase in floating rate of long-term and short-term loans.

2) Other price risk

HNAMC was exposed to equity price risk through its investments in equity securities. HNAMC manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks on balance sheet date.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the six months ended June 30, 2024 and 2023 would have increased/decreased by \$83 and \$89, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Credit risk

Credit risk refers to the risk occurred in financial losses of default contracts from the counterparty. The biggest exposed credit risk of possible defaults of the counterparty resulting in financial losses of HNAMC on balance sheet date arises from the recognized book value of financial assets. The customer base of HNVC is large and unrelated, so the concentration of credit risk is not high.

The policy of HNAMC holds is to conduct transactions only with high credit rating counterparty, and receives sufficient collateral to lessen the risks of financial loss derived from defaults. Furthermore, the professional unit regularly monitors the credit risk of the counterparty every year, so it is not expected to have a significant credit risk.

To lessen the level of credit risks, the management of HNAMC assigns specific responsibility team to be in charge of reviewing the possible collectable amount of receivables on balance sheet dates to ensure the provision for impairment loss of unrecoverable receivables are reasonable. By conduct, the management of HNAMC considers the credit risk has been reduced considerably.

Liquidity risk

HNAMC manages and maintains adequate amount of cash and cash equivalents to finance business operations and to lessen the impact of cash flow fluctuations. The management of HNAMC supervises the usage of financing facilities to ensure the obedience of loan agreement terms.

Bank borrowings is an important liquidity source for HNAMC. Please refer to the following illustration of ii for the undrawn financing facilities on June 30, 2024, December 31, 2023 and June 30, 2023.

1) Liquidity and interest rate risk tables for non-derivative financial liabilities.

The aging analysis of non-derivative financial liabilities is disclosed in accordance with the earliest possible repayment date and undiscounted cash flow of financial liabilities (including the principal and estimated interest). Therefore, the requested immediate payment of bank borrowings are disclosed on the earliest period of the following table, leaving out the probability of immediate execution right of the bank. The aging analysis of other non-derivative financial liabilities is disclosed in accordance with the agreed repayment date.

June 30, 2024

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Non-derivative financial liabilities</u>					
Liabilities with no interest	\$ 3,156	\$ 4,209	\$ -	\$ 70,830	\$ -
Floating interest rate instruments	1,399	505,576	104,266	281,189	-
Fixed interest rate instruments	3,002,058	300,533	-	-	-
Lease liabilities	<u>810</u>	<u>1,620</u>	<u>7,066</u>	<u>14,565</u>	<u>181,486</u>
	<u>\$ 3,007,423</u>	<u>\$ 811,938</u>	<u>\$ 111,332</u>	<u>\$ 366,584</u>	<u>\$ 181,486</u>

December 31, 2023

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Non-derivative financial liabilities</u>					
Liabilities with no interest	\$ 1,980	\$ 3,370	\$ 26,598	\$ 61,398	\$ -
Floating interest rate instruments	166,220	2,240	408,919	363,602	-
Fixed interest rate instruments	3,384,067	-	-	-	-
Lease liabilities	<u>811</u>	<u>1,621</u>	<u>7,219</u>	<u>18,383</u>	<u>182,380</u>
	<u>\$ 3,553,078</u>	<u>\$ 7,231</u>	<u>\$ 442,736</u>	<u>\$ 443,383</u>	<u>\$ 182,380</u>

June 30, 2023

	Requested Immediate Payment or Less than One Month	One to Three Months	Three Months to One Year	One Year to Five Years	More than Five Years
<u>Non-derivative financial liabilities</u>					
Liabilities with no interest	\$ 743	\$ 2,069	\$ -	\$ 54,940	\$ -
Floating interest rate instruments	1,380	267,007	157,135	515,832	-
Fixed interest rate instruments	853,382	1,966,563	313	20,811	-
Lease liabilities	<u>808</u>	<u>502</u>	<u>2,047</u>	<u>8,275</u>	<u>183,275</u>
	<u>\$ 856,313</u>	<u>\$ 2,236,141</u>	<u>\$ 159,495</u>	<u>\$ 599,858</u>	<u>\$ 183,275</u>

2) Financing facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank overdraft facility			
Drawn amount	\$ 4,040,000	\$ 4,301,000	\$ 3,761,000
Undrawn amount	<u>5,610,000</u>	<u>4,549,000</u>	<u>5,189,000</u>
	<u>\$ 9,650,000</u>	<u>\$ 8,850,000</u>	<u>\$ 8,950,000</u>
Secured bank overdraft facilities			
Drawn amount	\$ 141,000	\$ -	\$ -
Undrawn amount	<u>459,000</u>	<u>600,000</u>	<u>600,000</u>
	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>

53. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

Principle of Capital Management

To maintain sufficient eligible capital and withstand possible losses, the Group not only meet the minimum requirements set by the authorities but assess the extent of capital adequacy through advanced simulation as well as subsequent supervision and analysis, given the business scheme, risk status and composition of eligible capital thus, the Group is capable of developing countermeasures in a timely manner.

Group's Capital Adequacy Rate

(In Thousands of New Taiwan Dollars; %)

June 30, 2024			
Items Entities	Percentage of Ownership	The Company and Its Subsidiaries' Net Eligible Capital	The Company and Its Subsidiaries' Statutory Capital Requirement
Financial Holdings Co Ltd	100%	\$ 217,174,014	\$ 254,716,266
Commercial Bank Ltd	100%	291,820,922	222,472,486
Securities Corp	100%	11,655,155	6,929,460
Insurance Corp	100%	7,522,287	3,316,078
Venture Capital Corp	100%	1,890,342	949,671
Others	100%	1,526,934	3,262,936
Deduction		254,541,506	253,070,835
Total		(A) 277,048,148	(B) 238,576,062
Group capital adequacy ratio (C) = (A) ÷ (B)			116.13%

(In Thousands of New Taiwan Dollars; %)

June 30, 2023			
Items Entities	Percentage of Ownership	The Company and Its Subsidiaries' Net Eligible Capital	The Company and Its Subsidiaries' Statutory Capital Requirement
Financial Holdings Co., Ltd.	100%	\$ 201,367,570	\$ 236,266,239
Commercial Bank Ltd.	100%	278,767,660	201,909,178
Securities Corp.	100%	10,588,845	5,642,949
Insurance Corp.	100%	6,416,607	2,886,638
Venture Capital Corp.	100%	1,804,333	907,851
Others	100%	1,489,927	3,040,516
Deduction		236,956,890	234,590,408
Total		(A) 263,478,052	(B) 216,062,963
Group capital adequacy ratio (C) = (A) ÷ (B)			121.95%

Financial Holding Company's Net Eligible Capital

(In Thousands of New Taiwan Dollars)

June 30, 2024	
Items	Amount
Common stock	\$ 136,427,459
Unaccumulated preferred stocks which meet Tier 1 capital requirement and unaccumulated subordinated debts with no maturity date	-
Other preferred stocks and subordinated debts	9,200,000
Stock dividends to be distributed	1,364,275
Capital surplus	17,761,804
Legal reserve	24,580,603
Special reserve	10,540,113
Unappropriated earnings	23,582,432
Equity adjustments	(6,277,419)
Less: Goodwill and intangible assets	(2,445)
Less: Deferred assets	(2,808)
Less: Treasury stocks	-
Total eligible capital	217,174,014

(In Thousands of New Taiwan Dollars)

June 30, 2023	
Items	Amount
Common stock	\$ 136,427,459
Unaccumulated preferred stocks which meet Tier 1 capital requirement and unaccumulated subordinated debts with no maturity date	-
Other preferred stocks and subordinated debts	10,200,000
Stock dividends to be distributed	-
Capital surplus	17,758,986
Legal reserve	22,273,772
Special reserve	18,503,358
Unappropriated earnings	11,025,514
Equity adjustments	(14,814,528)
Less: Goodwill and intangible assets	(4,183)
Less: Deferred assets	(2,808)
Less: Treasury stocks	-
Total eligible capital	201,367,570

54. INFORMATION REGARDING THE TRUST BUSINESS UNDER THE TRUST LAW

HNCB and its subsidiaries, in accordance with Article 17 of the Enforcement Rules of the Trust Enterprise Act, disclose the balance sheets trust properties and income statements of trust accounts as follows:

Balance Sheets of Trust Accounts

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Trust assets</u>			
Bank deposits	\$ 26,600,374	\$ 24,119,491	\$ 21,739,014
Bonds	38,489,250	30,051,061	25,564,781
Stocks	13,389,406	10,585,001	10,243,760
Mutual funds	193,955,771	187,703,645	186,698,091
Real estate, net	104,383,903	89,202,041	78,718,572
Custodial securities	<u>1,204,850,102</u>	<u>839,736,649</u>	<u>670,223,032</u>
Total trust assets	<u>\$ 1,581,668,806</u>	<u>\$ 1,181,397,888</u>	<u>\$ 993,187,250</u>
<u>Trust liabilities</u>			
Other liabilities	\$ 245	\$ 39	\$ 245
Custodial securities payable	1,204,850,102	839,736,649	670,223,032
Trust capital			
Monetary trust	254,314,626	237,818,241	231,482,409
Securities trust	10,519,549	7,865,803	7,557,669
Real estate trust	112,965,803	96,435,598	84,163,105
Accumulated (deficit) earnings	(1,232,738)	(1,293,572)	(498,129)
Net income	<u>251,219</u>	<u>835,130</u>	<u>258,919</u>
Total trust liabilities	<u>\$ 1,581,668,806</u>	<u>\$ 1,181,397,888</u>	<u>\$ 993,187,250</u>

Note: Trust accounts including OBU's foreign currency mutual funds that invested in foreign securities amounted to \$5,355,480 as of June 30, 2024. Additionally, foreign currency mutual funds that invested in domestic securities amounted to \$567,269 as of June 30, 2024.

Trust accounts including OBU's foreign currency mutual funds that invested in foreign securities amounted to \$5,046,052 as of December 31, 2023. Additionally, foreign currency mutual funds that invested in domestic securities amounted to \$614,440 as of December 31, 2023.

Trust accounts including OBU's foreign currency mutual funds that invested in foreign securities amounted to \$5,017,829 as of June 30, 2023. Additionally, foreign currency mutual funds that invested in domestic securities amounted to \$627,279 as of June 30, 2023.

Trust Properties of Trust Accounts

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Investment portfolio</u>			
Bank deposits	\$ 26,600,374	\$ 24,119,491	\$ 21,739,014
Bonds	38,489,250	30,051,061	25,564,781
Stocks	13,389,406	10,585,001	10,243,760
Mutual funds	193,955,771	187,703,645	186,698,091
Real estate, net			
Land	64,791,700	58,896,479	54,480,073
Building	11,567	11,566	12,428
Construction in progress	39,580,636	30,293,996	24,226,071
Custodial securities	<u>1,204,850,102</u>	<u>839,736,649</u>	<u>670,223,032</u>
	<u>\$ 1,581,668,806</u>	<u>\$ 1,181,397,888</u>	<u>\$ 993,187,250</u>

Trust Income Statements

Items	For the Six Months Ended June 30	
	2024	2023
Trust income		
Interest income	\$ 106,431	\$ 81,830
Rental income	4,186	4,191
Cash dividends	122,667	125,963
Realized investment income - bonds	2	-
Realized investment income - stocks	53	2
Realized investment income - mutual funds	4,419	598
Income apportion from beneficiary certificates	10,389	7,994
Other income	<u>38,898</u>	<u>85,485</u>
Total trust income	<u>287,045</u>	<u>306,063</u>
Trust expenses		
Trust administrative expenses	19,534	28,381
Inspection expenses	503	511
Tax expenses	133	134
Health insurance fees	1,357	903
Custody fees	-	2

(Continued)

Items	For the Six Months Ended June 30	
	2024	2023
Realized investment income - bonds	\$ 1,155	\$ 1,219
Realized investment loss - stocks	25	16
Realized investment loss - mutual funds	1,694	3,320
Income tax expenses	5,353	3,631
Other expenses	<u>6,072</u>	<u>9,027</u>
Total trust expenses	<u>35,826</u>	<u>47,144</u>
Net income before income tax	<u>\$ 251,219</u>	<u>\$ 258,919</u>

(Concluded)

55. PUBLIC ANNOUNCEMENTS PRESCRIBED IN ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT: TABLE 17

56. COLLABORATIVE MARKETING

HNCB, HNSC, SCIC, HNIT, HNVC, HNAME and HNFC signed an agreement and the term of the agreement was from January 2012 to December 2012. (In accordance with the provisions of Article 9, the contract will be automatically extended for 12 months at contract expiry, subsequently the same.) The scope of the collaboration includes sharing their workplace, human resource and business information. The calculation of related proportionate expense and remuneration was based on “The Instruction of the Distribution pm Collaboration Marketing Fees Between HNFH’s Subsidiaries” and “The Instruction of the Distribution on Commission Service Expense and Related Fees”.

In addition, HNCB also signed into a commission agreement with SCIC in March 2005. The calculation of related commission and remuneration was stated in the agreements.

HNCB also signed into a collaboration computer equipment agreement with Group, HNSC, SCIC, HNIT, HNVC and HNAME in July 2005. The scope of the collaboration includes planning, setup, management and distribution of the information equipment which used for joint management or business promotion.

Accordingly, for the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, HNCB paid HNSC and its subsidiaries \$40,530, \$37,142, \$79,769 and \$73,889; HNSC and its subsidiaries paid HNCB \$26,928, \$16,689, \$45,078 and \$28,672 for business promotion and infrastructures sharing, respectively. For the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, SCIC paid HNCB \$24,069, \$24,313, \$46,887 and \$47,786; HNCB paid SCIC \$45, \$36, \$266 and \$349 for the remuneration, respectively. For the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, HNIT paid HNCB \$3,090, \$2,297, \$8,376 and \$5,258, respectively. For the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, HNVC paid HNCB \$62, \$58, \$121 and \$115 for the remuneration, respectively. For the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023, HNAME paid HNCB \$6, \$4, \$22 and \$7 for the remuneration, respectively.

57. SEGMENT INFORMATION

	For the Six Months Ended June 30, 2024				
	Bank Division	Securities Division	Insurance Division	Other Divisions	Consolidation
Net interest income (loss)	\$ 12,628,908	\$ 401,672	\$ 117,108	\$ (373,333)	\$ 12,774,355
Net non-interest income	<u>14,817,959</u>	<u>2,597,985</u>	<u>2,544,307</u>	<u>293,895</u>	<u>20,254,146</u>
Net income (loss)	27,446,867	2,999,657	2,661,415	(79,438)	33,028,501
(Allowance for) reversal of doubtful accounts, commitments and guarantees	(1,481,959)	(14,767)	(86,796)	17,139	(1,566,383)
Changes in provisions for insurance liabilities, net	-	-	(577,608)	-	(577,608)
Operating expenses	<u>(13,235,214)</u>	<u>(1,748,842)</u>	<u>(1,019,471)</u>	<u>(433,082)</u>	<u>(16,436,609)</u>
Net profit (loss) before income tax from continuing operations	12,729,694	1,236,048	977,540	(495,381)	14,447,901
Income tax benefit (expense)	<u>(2,501,086)</u>	<u>(210,089)</u>	<u>(62,928)</u>	<u>(459,244)</u>	<u>(3,233,347)</u>
Net profit (loss) from continuing operations	<u>\$ 10,228,608</u>	<u>\$ 1,025,959</u>	<u>\$ 914,612</u>	<u>\$ (954,625)</u>	<u>\$ 11,214,554</u>
	For the Six Months Ended June 30, 2023				
	Bank Division	Securities Division	Insurance Division	Other Divisions	Consolidation
Net interest income (loss)	\$ 14,240,917	\$ 265,417	\$ 84,561	\$ (317,449)	\$ 14,273,446
Net non-interest income	<u>10,849,168</u>	<u>1,905,832</u>	<u>1,963,501</u>	<u>215,886</u>	<u>14,934,387</u>
Net income (loss)	25,090,085	2,171,249	2,048,062	(101,563)	29,207,833
(Allowance for) reversal of doubtful accounts, commitments and guarantees	(771,470)	3,962	(8,894)	21,093	(755,309)
Changes in provisions for insurance liabilities, net	-	-	(631,550)	-	(631,550)
Operating expenses	<u>(12,327,762)</u>	<u>(1,418,820)</u>	<u>(893,244)</u>	<u>(399,368)</u>	<u>(15,039,194)</u>
Net profit (loss) before income tax from continuing operations	11,990,853	756,391	514,374	(479,838)	12,781,780
Income tax benefit (expense)	<u>(2,265,741)</u>	<u>(112,722)</u>	<u>(71,371)</u>	<u>173,795</u>	<u>(2,276,039)</u>
Net profit (loss) from continuing operations	<u>\$ 9,725,112</u>	<u>\$ 643,669</u>	<u>\$ 443,003</u>	<u>\$ (306,043)</u>	<u>\$ 10,505,741</u>

58. FINANCIAL STATEMENTS OF HUA NAN FINANCIAL HOLDINGS CO., LTD.

Hua Nan Financial Holdings Co., Ltd.

Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	June 30, 2024	December 31, 2023	June 30, 2023	Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
Cash and cash equivalents	\$ 16,664,086	\$ 376,150	\$ 2,595,304	Commercial paper payable, net	\$ 24,735,974	\$ 24,250,017	\$ 17,858,929
Financial assets at fair value through other comprehensive income	1,400,776	1,363,092	1,348,287	Payables	18,849,160	2,463,820	10,536,090
Receivables, net	41,505	41,064	66,367	Current tax liabilities	2,424,108	2,835,200	1,311,990
Current tax assets	2,041,632	3,028,701	1,504,828	Bonds payable	19,188,056	19,186,915	19,185,777
Investments accounted for using equity method, net	253,070,835	251,773,982	234,590,408	Provisions	44,440	42,397	42,900
Property and equipment, net	1,925	2,397	2,047	Lease liabilities	204,143	232,214	260,822
Right-of-use assets	201,225	229,801	259,130	Other liabilities	<u>2,089</u>	<u>677</u>	<u>2,293</u>
Intangible assets, net	2,445	3,327	4,183	Total liabilities	<u>65,447,970</u>	<u>49,011,240</u>	<u>49,198,801</u>
Deferred tax assets	<u>2,808</u>	<u>2,808</u>	<u>2,808</u>				
				Equity			
				Share capital			
				Ordinary shares	136,427,459	136,427,459	136,427,459
				Share dividends to be distributed	<u>1,364,275</u>	<u>-</u>	<u>-</u>
				Total share capital	<u>137,791,734</u>	<u>136,427,459</u>	<u>136,427,459</u>
				Capital surplus	<u>17,761,804</u>	<u>17,761,804</u>	<u>17,758,986</u>
				Retained earnings			
				Legal reserve	24,580,603	22,273,772	22,273,772
				Special reserve	10,540,113	18,503,358	18,503,358
				Unappropriated earnings	<u>23,582,432</u>	<u>23,117,999</u>	<u>11,025,514</u>
				Total retained earnings	<u>58,703,148</u>	<u>63,895,129</u>	<u>51,802,644</u>
				Other equity			
				Exchange differences on translating foreign operations	1,658,951	(619,865)	(287,120)
				Unrealized gain or loss on equity instruments at fair value through other comprehensive income	14,409,349	10,697,410	9,705,111
				Unrealized gain or loss on debt instruments at fair value through other comprehensive income	(22,960,116)	(20,563,285)	(24,448,158)
				Unrealized gain or loss on overlay approach measured at fair value through other comprehensive income	<u>614,397</u>	<u>211,430</u>	<u>215,639</u>
				Total other equity	<u>(6,277,419)</u>	<u>(10,274,310)</u>	<u>(14,814,528)</u>
				Total equity	<u>207,979,267</u>	<u>207,810,082</u>	<u>191,174,561</u>
Total	\$ 273,427,237	\$ 256,821,322	\$ 240,373,362	Total	\$ 273,427,237	\$ 256,821,322	\$ 240,373,362

Hua Nan Financial Holdings Co., Ltd.

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	
	2024	2023	2024	2023
REVENUE				
Interest revenue	\$ 4,485	\$ 763	\$ 4,980	\$ 2,274
Share of profit of subsidiaries and associates	<u>6,336,370</u>	<u>5,753,745</u>	<u>12,297,807</u>	<u>10,895,180</u>
Total revenue	<u>6,340,855</u>	<u>5,754,508</u>	<u>12,302,787</u>	<u>10,897,454</u>
OPERATING EXPENSES AND LOSSES				
Interest expenses	(175,508)	(148,158)	(353,855)	(300,057)
Employee benefits	(120,198)	(114,160)	(234,682)	(219,086)
Depreciation and amortization expenses	(15,368)	(15,387)	(30,775)	(30,771)
Other operating expenses	(18,769)	(15,327)	(40,064)	(33,264)
Other non-interest net loss	<u>(2,297)</u>	<u>(1,789)</u>	<u>(5,783)</u>	<u>(4,259)</u>
Total operating expenses and losses	<u>(332,140)</u>	<u>(294,821)</u>	<u>(665,159)</u>	<u>(587,437)</u>
NET PROFIT BEFORE INCOME TAX	6,008,715	5,459,687	11,637,628	10,310,017
INCOME TAX BENEFIT (EXPENSE)	<u>(423,148)</u>	<u>45,933</u>	<u>(423,148)</u>	<u>195,657</u>
NET PROFIT FOR THE PERIOD	<u>5,585,567</u>	<u>5,505,620</u>	<u>11,214,480</u>	<u>10,505,674</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Share of the other comprehensive income or loss of subsidiaries and associates accounted for using the equity method	1,404,683	1,904,580	5,003,364	1,345,665
Gain or loss on investments in equity instruments at fair value through other comprehensive income	(44,233)	87,246	37,684	258,694
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income or loss of subsidiaries and associates accounted for using the equity method	(45,661)	(1,268,030)	302,084	2,303,708
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(4,208)</u>	<u>3,707</u>	<u>(17,132)</u>	<u>(14,890)</u>
Total other comprehensive income (loss) for the period	<u>1,310,581</u>	<u>727,503</u>	<u>5,326,000</u>	<u>3,893,177</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 6,896,148</u>	<u>\$ 6,233,123</u>	<u>\$ 16,540,480</u>	<u>\$ 14,398,851</u>
BASIC AND DILUTED EARNINGS PER SHARE	<u>\$0.41</u>	<u>\$0.40</u>	<u>\$0.81</u>	<u>\$0.76</u>

HUA NAN FINANCIAL HOLDINGS CO., LTD.

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

	Other Equity															
	Share Capital		Capital Surplus					Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Gain (Loss) on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	Gain (Loss) on Debt Instruments at Fair Value Through Other Comprehensive Income	Gain (Loss) on Other Comprehensive Income Reclassified by Overlay Approach	Total Equity
	Ordinary Shares	Share Dividends to Be Distributed	Share Premium	Treasury Share	Donated Assets Received	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2023	\$ 136,427,459	\$ -	\$ 17,702,376	\$ 52,349	\$ 2,936	\$ 1,325	\$ 17,758,986	\$ 20,380,779	\$ 6,471,594	\$ 22,023,668	\$ 48,876,041	\$ (292,639)	\$ 8,570,902	\$ (26,224,250)	\$ (291,568)	\$ 184,824,931
Appropriation of 2022 earnings																
Legal reserve	-	-	-	-	-	-	-	1,892,993	-	(1,892,993)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	12,031,764	(12,031,764)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(8,049,221)	(8,049,221)	-	-	-	-	(8,049,221)
Net profit for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	10,505,674	10,505,674	-	-	-	-	10,505,674
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	-	-	5,519	1,604,359	1,776,092	507,207	3,893,177
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	10,505,674	10,505,674	5,519	1,604,359	1,776,092	507,207	14,398,851
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	470,150	470,150	-	(470,150)	-	-	-
BALANCE AT JUNE 30, 2023	<u>\$ 136,427,459</u>	<u>\$ -</u>	<u>\$ 17,702,376</u>	<u>\$ 52,349</u>	<u>\$ 2,936</u>	<u>\$ 1,325</u>	<u>\$ 17,758,986</u>	<u>\$ 22,273,772</u>	<u>\$ 18,503,358</u>	<u>\$ 11,025,514</u>	<u>\$ 51,802,644</u>	<u>\$ (287,120)</u>	<u>\$ 9,705,111</u>	<u>\$ (24,448,158)</u>	<u>\$ 215,639</u>	<u>\$ 191,174,561</u>
BALANCE AT JANUARY 1, 2024	\$ 136,427,459	\$ -	\$ 17,702,376	\$ 52,349	\$ 2,936	\$ 4,143	\$ 17,761,804	\$ 22,273,772	\$ 18,503,358	\$ 23,117,999	\$ 63,895,129	\$ (619,865)	\$ 10,697,410	\$ (20,563,285)	\$ 211,430	\$ 207,810,082
Appropriation of 2022 earnings																
Legal reserve	-	-	-	-	-	-	-	2,306,831	-	(2,306,831)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(7,963,245)	7,963,245	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(16,371,295)	(16,371,295)	-	-	-	-	(16,371,295)
Share dividends	-	1,364,275	-	-	-	-	-	-	-	(1,364,275)	(1,364,275)	-	-	-	-	-
Net profit for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-	11,214,480	11,214,480	-	-	-	-	11,214,480
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-	-	-	2,278,816	5,041,048	(2,396,831)	402,967	5,326,000
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-	11,214,480	11,214,480	2,278,816	5,041,048	(2,396,831)	402,967	16,540,480
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	1,329,109	1,329,109	-	(1,329,109)	-	-	-
BALANCE AT JUNE 30, 2024	<u>\$ 136,427,459</u>	<u>\$ 1,364,275</u>	<u>\$ 17,702,376</u>	<u>\$ 52,349</u>	<u>\$ 2,936</u>	<u>\$ 4,143</u>	<u>\$ 17,761,804</u>	<u>\$ 24,580,603</u>	<u>\$ 10,540,113</u>	<u>\$ 23,582,432</u>	<u>\$ 58,703,148</u>	<u>\$ 1,658,951</u>	<u>\$ 14,409,349</u>	<u>\$ (22,960,116)</u>	<u>\$ 614,397</u>	<u>\$ 207,979,267</u>

Hua Nan Financial Holdings Co., Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,637,628	\$ 10,310,017
Adjustments for		
Depreciation expense	29,893	29,841
Amortization expense	882	930
Interest expense	353,855	300,057
Interest income	(4,980)	(2,274)
Share of profit of subsidiaries and associates accounted for using the equity method	(12,297,807)	(10,895,180)
Gain on change in leasing contracts	-	(68)
Changes in operating assets and liabilities		
Decrease in receivables	3,580	10,129
Decrease in other assets	-	200
Increase in payables	122,867	161,743
Increase in provisions	2,043	1,938
Increase in other liabilities	1,412	1,616
Interest received	959	3,007
Dividends received	16,289,270	2,168,858
Interest paid	(322,662)	(316,375)
Income tax paid	(88)	(24,113)
Net cash generated from operating activities	<u>15,816,852</u>	<u>1,750,326</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(59)	(318)
Net cash used in investing activities	<u>(59)</u>	<u>(318)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	500,000	500,000
Repayment of corporate bonds	-	(7,000,000)
Repayments of the principal portion of lease liabilities	(28,857)	(28,281)
Net cash generated from (used in) financing activities	<u>471,143</u>	<u>(6,528,281)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	16,287,936	(4,778,273)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>376,150</u>	<u>7,373,577</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 16,664,086</u>	<u>\$ 2,595,304</u>

59. SUBSIDIARIES' CONDENSED FINANCIAL STATEMENTS

a. Condensed balance sheets

Hua Nan Commercial Bank, Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	June 30, 2024	December 31, 2023	June 30, 2023	Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
Cash and cash equivalents	\$ 37,697,910	\$ 36,799,731	\$ 34,708,462	Deposits from the Central Bank and other banks	\$ 249,540,472	\$ 190,550,622	\$ 243,946,295
Due from the Central Bank and call loans to other banks	236,512,788	245,757,463	209,739,768	Financial liabilities at fair value through profit or loss	5,384,980	8,578,517	5,254,559
Financial assets at fair value through profit or loss	158,052,832	107,107,128	108,374,120	Securities sold under repurchase agreements	51,188,113	89,005,442	76,292,577
Financial assets at fair value through other comprehensive income	365,291,459	351,840,499	352,616,559	Payables	25,306,789	25,822,391	21,944,738
Investments in debt instruments at amortized cost, net	787,971,422	685,304,417	741,845,000	Current tax liabilities	2,522,577	3,238,156	2,071,883
Securities purchased under resell agreements	1,500,000	2,000,000	1,550,000	Deposits and remittances	3,333,732,470	3,067,662,275	2,918,647,947
Receivables, net	37,562,801	32,067,373	31,982,743	Bank debentures payable	54,600,000	58,900,000	57,900,000
Current tax assets	294,562	308,193	292,963	Other financial liabilities	78,111,139	71,772,560	68,774,020
Discounts and loans, net	2,369,304,600	2,243,344,436	2,092,767,824	Provisions	6,892,897	7,087,072	6,847,858
Investments accounted for using equity method, net	1,552,568	1,518,821	1,497,945	Lease liabilities	2,170,991	2,081,672	1,918,821
Other financial assets, net	7,534,335	8,740,709	8,516,729	Deferred tax liabilities	6,027,783	6,020,553	6,011,414
Property and equipment, net	30,326,792	27,700,106	27,133,923	Other liabilities	7,285,699	3,495,090	9,139,534
Right-of-use assets, net	2,177,482	2,079,442	1,928,719	Total liabilities	<u>3,822,763,910</u>	<u>3,534,214,350</u>	<u>3,418,749,646</u>
Investment properties, net	9,079,386	11,665,462	11,682,623				
Intangible assets, net	508,574	531,146	612,438	Equity			
Deferred tax assets	3,403,313	3,374,792	3,281,962	Share capital	104,450,000	97,938,000	97,938,000
Other assets, net	<u>2,408,288</u>	<u>2,756,925</u>	<u>3,826,854</u>	Capital surplus	37,762,777	37,762,777	37,762,777
				Retained earnings	95,180,058	104,832,869	93,519,348
				Other equity	<u>(8,977,633)</u>	<u>(11,851,353)</u>	<u>(15,611,139)</u>
				Total equity	<u>228,415,202</u>	<u>228,682,293</u>	<u>213,608,986</u>
Total	<u>\$ 4,051,179,112</u>	<u>\$ 3,762,896,643</u>	<u>\$ 3,632,358,632</u>	Total	<u>\$ 4,051,179,112</u>	<u>\$ 3,762,896,643</u>	<u>\$ 3,632,358,632</u>

Hua Nan Securities Co., Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	June 30, 2024	December 31, 2023	June 30, 2023	Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 46,262,098	\$ 32,792,585	\$ 28,244,736	Current liabilities	\$ 61,439,690	\$ 46,474,242	\$ 43,983,021
Financial assets at fair value through profit or loss - current	3,209,892	2,503,444	2,941,568	Lease liabilities - current	50,920	53,551	44,082
Financial assets at fair value through other comprehensive income - current	24,212,846	22,723,943	22,986,568	Corporate bonds payable	2,500,000	2,500,000	2,500,000
Financial assets at fair value through other comprehensive income - non-current	408,173	385,983	378,778	Deferred tax liabilities	4,103	-	1,893
Investments accounted for using equity method	1,210,222	1,198,721	1,170,635	Lease liabilities - non-current	75,422	87,968	66,040
Property and equipment	1,541,458	1,563,826	1,466,188	Other non-current liabilities	<u>391,940</u>	<u>448,303</u>	<u>418,392</u>
Right-of-use assets	124,199	139,719	108,263	Total liabilities	<u>64,462,075</u>	<u>49,564,064</u>	<u>47,013,428</u>
Investment properties	99,739	99,939	100,138				
Intangible assets	224,267	242,190	241,624	Equity			
Deferred tax assets	35,161	34,803	32,396	Share capital	6,547,743	6,547,743	6,547,743
Other non-current assets	<u>1,016,224</u>	<u>1,083,904</u>	<u>1,104,521</u>	Capital surplus	503,998	503,998	503,998
				Retained earnings	5,237,571	5,231,310	4,444,165
				Other equity	<u>1,592,892</u>	<u>921,942</u>	<u>266,081</u>
				Total equity	<u>13,882,204</u>	<u>13,204,993</u>	<u>11,761,987</u>
Total	<u>\$ 78,344,279</u>	<u>\$ 62,769,057</u>	<u>\$ 58,775,415</u>	Total	<u>\$ 78,344,279</u>	<u>\$ 62,769,057</u>	<u>\$ 58,775,415</u>

South China Insurance Co., Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	June 30, 2024	December 31, 2023	June 30, 2023	Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
Cash and cash equivalents	\$ 1,894,385	\$ 3,473,048	\$ 3,010,821	Payables	\$ 1,827,528	\$ 2,381,887	\$ 1,370,200
Receivables	1,461,230	432,345	1,257,926	Current tax liabilities	116,620	93,801	76,858
Financial assets at fair value through profit or loss	8,957,621	8,106,879	7,589,005	Financial liabilities at fair value through profit or loss	99,009	36,165	99,716
Financial assets at fair value through other comprehensive income	3,615,890	3,005,194	2,963,857	Reserves of insurance industry	17,491,899	16,173,244	17,402,067
Investments in debt instruments at amortized cost	1,499,446	1,586,719	1,597,901	Provisions	188,563	193,913	194,838
Other financial assets	2,744,808	1,624,908	1,629,908	Lease liabilities	77,728	69,286	56,934
Right-of-use assets	76,415	67,969	56,116	Deferred tax liabilities	156,857	118,904	125,727
Investment properties	61,592	61,749	61,910	Other liabilities	<u>362,492</u>	<u>488,146</u>	<u>362,761</u>
Loans	79,110	107,254	137,996	Total liabilities	<u>20,320,696</u>	<u>19,555,346</u>	<u>19,689,101</u>
Reinsurance contracts assets	6,544,184	6,917,297	6,611,943				
Property and equipment	930,155	912,395	885,814	Equity			
Intangible assets	91,802	93,893	87,682	Share capital	2,001,386	2,001,386	2,001,386
Deferred tax assets	181,008	159,299	207,517	Capital surplus	5,278	5,278	5,278
Other assets	<u>466,579</u>	<u>467,681</u>	<u>446,218</u>	Retained earnings	5,934,554	5,521,981	5,024,824
				Other equity	<u>342,311</u>	<u>(67,361)</u>	<u>(175,975)</u>
				Total equity	<u>8,283,529</u>	<u>7,461,284</u>	<u>6,855,513</u>
Total	<u>\$ 28,604,225</u>	<u>\$ 27,016,630</u>	<u>\$ 26,544,614</u>	Total	<u>\$ 28,604,225</u>	<u>\$ 27,016,630</u>	<u>\$ 26,544,614</u>

Hua Nan Investment Trust Corp.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	June 30, 2024	December 31, 2023	June 30, 2023	Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 84,956	\$ 63,903	\$ 43,328	Current liabilities	\$ 473,067	\$ 505,941	\$ 530,557
Financial assets at fair value through other comprehensive income - non-current	96,804	91,414	90,192	Lease liabilities - current	372	109	355
Property and equipment	116,246	115,287	113,572	Deferred tax liabilities	111	741	76
Right-of-use assets	1,422	1,795	881	Lease liabilities - non-current	<u>1,033</u>	<u>1,033</u>	528
Intangible assets	1,534	1,994	1,441	Total liabilities	<u>474,583</u>	<u>507,824</u>	<u>531,516</u>
Deferred tax assets	222,285	226,016	224,707				
Other non-current assets	<u>342,800</u>	<u>383,298</u>	<u>447,064</u>	Equity			
				Share capital	308,399	308,399	308,399
				Capital surplus	3,113	3,113	3,113
				(Accumulated losses) retained earnings	(7,418)	(17,609)	(2,601)
				Other equity	<u>87,370</u>	<u>81,980</u>	<u>80,758</u>
				Total equity	<u>391,464</u>	<u>375,883</u>	<u>389,669</u>
Total	<u>\$ 866,047</u>	<u>\$ 883,707</u>	<u>\$ 921,185</u>	Total	<u>\$ 866,047</u>	<u>\$ 883,707</u>	<u>\$ 921,185</u>

Hua Nan Venture Capital Co., Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	June 30, 2024	December 31, 2023	June 30, 2023	Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 588,696	\$ 501,074	\$ 481,771	Current liabilities	\$ 5,892	\$ 4,794	\$ 6,575
Financial assets at fair value through profit or loss - current	296,905	140,867	177,853	Lease liabilities - current	1,344	1,721	1,692
Financial assets at fair value through profit or loss - non-current	744,455	930,490	877,465	Deferred tax liabilities	-	1	20
Investments accounted for using equity method	267,022	274,157	274,509	Lease liabilities - non-current	150	627	1,494
Property and equipment	224	298	251	Other non-current liabilities	<u>1,614</u>	<u>1,604</u>	<u>1,588</u>
Right-of-use assets	1,463	2,317	3,171	Total liabilities	<u>9,000</u>	<u>8,747</u>	<u>11,369</u>
Intangible assets	36	53	70				
Deferred tax assets	73	73	71	Equity			
Other non-current assets	<u>468</u>	<u>520</u>	<u>541</u>	Share capital	2,000,000	2,000,000	2,000,000
				Capital surplus	2,818	2,818	-
				Accumulated losses	<u>(112,476)</u>	<u>(161,716)</u>	<u>(195,667)</u>
				Total equity	<u>1,890,342</u>	<u>1,841,102</u>	<u>1,804,333</u>
Total	<u>\$ 1,899,342</u>	<u>\$ 1,849,849</u>	<u>\$ 1,815,702</u>	Total	<u>\$ 1,899,342</u>	<u>\$ 1,849,849</u>	<u>\$ 1,815,702</u>

Hua Nan Assets Management Co., Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	June 30, 2024	December 31, 2023	June 30, 2023	Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 175,844	\$ 142,340	\$ 106,729	Current liabilities	\$ 3,728,152	\$ 3,777,096	\$ 3,271,293
Financial assets at fair value through other comprehensive income - non-current	8,298	8,823	8,893	Lease liabilities - current	7,584	7,669	1,627
Property and equipment	49,955	124,190	68,477	Long-term borrowings	679,000	755,000	680,000
Right-of-use assets	14,903	18,806	2,877	Deferred tax liabilities	70	70	2,965
Investment properties	5,253,050	5,318,275	4,819,175	Lease liabilities - non-current	57,926	61,507	51,363
Intangible assets	1,870	2,335	3,361	Other non-current liabilities	<u>51,865</u>	<u>51,984</u>	<u>52,354</u>
Deferred tax assets	6,196	6,168	6,338	Total liabilities	<u>4,524,597</u>	<u>4,653,326</u>	<u>4,059,602</u>
Other non-current assets	<u>149,951</u>	<u>169,489</u>	<u>144,010</u>				
				Equity			
				Share capital	1,000,000	1,000,000	1,000,000
				Capital surplus	892	892	892
				Retained earnings	151,280	152,385	115,473
				Other equity	<u>(16,702)</u>	<u>(16,177)</u>	<u>(16,107)</u>
				Total equity	<u>1,135,470</u>	<u>1,137,100</u>	<u>1,100,258</u>
Total	<u>\$ 5,660,067</u>	<u>\$ 5,790,426</u>	<u>\$ 5,159,860</u>	Total	<u>\$ 5,660,067</u>	<u>\$ 5,790,426</u>	<u>\$ 5,159,860</u>

b. Condensed statements of comprehensive income

Hua Nan Commercial Bank, Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2024	2023
Interest revenue	\$ 48,698,207	\$ 40,643,158
Interest expense	<u>(36,131,497)</u>	<u>(26,449,188)</u>
Net interest income	12,566,710	14,193,970
Net revenue other than interest	14,984,401	10,984,775
Allowance for doubtful accounts, commitments and guarantees	(1,479,961)	(766,541)
Operating expenses	<u>(13,310,209)</u>	<u>(12,401,191)</u>
Net profit before income tax	12,760,941	12,011,013
Income tax expenses	<u>(2,493,224)</u>	<u>(2,261,538)</u>
Net profit for the period	10,267,717	9,749,475
Other comprehensive income	<u>4,155,262</u>	<u>2,744,729</u>
Total comprehensive income for the period	<u>\$ 14,422,979</u>	<u>\$ 12,494,204</u>
Earnings per share	<u>\$0.98</u>	<u>\$0.93</u>

Hua Nan Securities Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2024	2023
Revenue	\$ 3,603,949	\$ 2,511,696
Service fee expenses	(670,922)	(384,777)
Employee benefits expenses	(1,028,074)	(793,517)
Share of profit of associates and joint ventures	32,178	23,311
Operating expenses	<u>(677,208)</u>	<u>(560,057)</u>
Net profit before income tax	1,259,923	796,656
Income tax expenses	<u>(200,457)</u>	<u>(108,315)</u>
Net profit for the period	1,059,466	688,341
Other comprehensive income	<u>718,517</u>	<u>334,013</u>
Total comprehensive income for the period	<u>\$ 1,777,983</u>	<u>\$ 1,022,354</u>
Earnings per share	<u>\$1.62</u>	<u>\$1.05</u>

South China Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2024	2023
Operating revenue	\$ 5,657,491	\$ 5,120,527
Operating costs	(3,581,791)	(3,682,744)
Operating expenses	<u>(1,127,715)</u>	<u>(951,847)</u>
Operating income	947,985	485,936
Non-operating revenue and expenses	<u>1,064</u>	<u>964</u>
Net profit before income tax	949,049	486,900
Income tax expenses	<u>(62,928)</u>	<u>(71,371)</u>
Net profit for the period	886,121	415,529
Other comprehensive income (loss)	<u>409,672</u>	<u>552,490</u>
Total comprehensive income (loss) for the period	<u>\$ 1,295,793</u>	<u>\$ 968,019</u>
Earnings per share	<u>\$4.43</u>	<u>\$2.08</u>

Hua Nan Investment Trust Corp.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2024	2023
Operating revenue	\$ 70,702	\$ 53,861
Operating expenses	<u>(72,803)</u>	<u>(67,251)</u>
Operating loss	(2,101)	(13,390)
Non-operating revenue and expenses	<u>16,003</u>	<u>22,723</u>
Net profit before income tax	13,902	9,333
Income tax expenses	<u>(3,711)</u>	<u>(3,970)</u>
Net profit for the period	10,191	5,363
Other comprehensive income	<u>5,390</u>	<u>4,133</u>
Total comprehensive income for the period	<u>\$ 15,581</u>	<u>\$ 9,496</u>
Earnings per share	<u>\$0.33</u>	<u>\$0.17</u>

Hua Nan Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2024	2023
Operating revenue	\$ 106,430	\$ 199,461
Operating costs	(46,812)	(143,362)
Operating expenses	<u>(11,085)</u>	<u>(11,098)</u>
Operating income	48,533	45,001
Non-operating revenue and expenses	<u>3,658</u>	<u>2,482</u>
Net profit before income tax	52,191	47,483
Income tax (expense) benefit	<u>(2,951)</u>	<u>(3,745)</u>
Net profit for the period	49,240	43,738
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 49,240</u>	<u>\$ 43,738</u>
Earnings per share	<u>\$0.23</u>	<u>\$0.22</u>

Hua Nan Assets Management Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2024	2023
Operating revenue	\$ 168,926	\$ 105,067
Operating expenses	<u>(87,513)</u>	<u>(79,650)</u>
Operating income	81,413	25,417
Non-operating revenue and expenses	<u>(28,203)</u>	<u>(20,535)</u>
Net profit before income tax	53,210	4,882
Income tax expense	<u>(29,434)</u>	<u>(14,147)</u>
Net (loss) profit for the period	23,776	(9,265)
Other comprehensive loss	<u>(525)</u>	<u>(882)</u>
Total comprehensive (loss) income for the period	<u>\$ 23,251</u>	<u>\$ (10,147)</u>
(Loss) earnings per share	<u>\$0.24</u>	<u>\$(0.09)</u>

60. SUBSIDIARIES' PROFITABILITY, ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, ANALYSIS OF DUE DATES OF ASSETS AND LIABILITIES AND INTEREST RATE SENSITIVITY INFORMATION

a. Profitability

1) Hua Nan Financial Holdings Corp.

Unit: %

Item		For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Return on total assets	Before income tax	4.39	4.35
	After income tax	4.23	4.43
Return on equity	Before income tax	5.60	5.48
	After income tax	5.39	5.59
Profit margin		93.90	99.17

2) Hua Nan Financial Holdings Corp. and its subsidiaries

Unit: %

Item		For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Return on total assets	Before income tax	0.36	0.35
	After income tax	0.28	0.29
Return on equity	Before income tax	6.95	6.80
	After income tax	5.39	5.59
Profit margin		33.95	35.97

3) Hua Nan Commercial Bank, Ltd.

Unit: %

Item		For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Return on total assets	Before income tax	0.33	0.33
	After income tax	0.26	0.27
Return on equity	Before income tax	5.58	5.77
	After income tax	4.49	4.69
Profit margin		37.27	38.72

4) Hua Nan Securities Co., Ltd.

Unit: %

Item		For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Return on total assets	Before income tax	1.79	1.51
	After income tax	1.50	1.31
Return on equity	Before income tax	9.30	6.85
	After income tax	7.82	5.92
Profit margin		30.66	28.98

5) South China Insurance Co., Ltd.

Unit: %

Item		For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Return on total assets	Before income tax	3.41	1.91
	After income tax	3.19	1.63
Return on equity	Before income tax	12.06	7.64
	After income tax	11.26	6.52
Profit margin		15.66	8.11

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

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

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

Note 4: Income before (after) income tax represented income for the six months ended June 30, 2024 and 2023.

b. Asset quality

Hua Nan Commercial Bank, Ltd.

Items			June 30, 2024				
			Overdue Amounts (Note 1)	Total Loans	Overdue Ratio (Note 2)	Allowance Amounts	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 2,137,539	\$ 647,164,146	0.33%	\$ 8,286,783	387.68%
	Unsecured		622,290	828,917,586	0.08%	10,579,461	1,700.09%
Consumer banking	Mortgage (Note 4)		445,333	766,018,196	0.06%	9,569,016	2,148.73%
	Cash card		-	4,430	-	3,214	-
	Small amount of credit loans (Note 5)		129,438	20,285,786	0.64%	269,449	208.17%
	Others (Note 6)	Secured	345,497	114,890,032	0.30%	1,448,735	419.32%
		Unsecured	27,750	22,706,316	0.12%	298,522	1,075.75%
Total			3,707,847	2,399,986,492	0.15%	30,455,180	821.37%
Items			Overdue Amounts	Receivables Balance	Overdue Ratio	Allowance Amounts	Coverage Ratio
Credit card			9,970	13,013,246	0.08%	36,098	362.07%
Receivable factoring-without recourse (Notes 7 and 8)			-	340,976	-	8,077	-

Items			December 31, 2023				
			Overdue Amounts (Note 1)	Total Loans	Overdue Ratio (Note 2)	Allowance Amounts	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 1,904,990	\$ 641,705,961	0.30%	\$ 8,303,214	435.87%
	Unsecured		477,623	776,847,695	0.06%	9,721,940	2,035.48%
Consumer banking	Mortgage (Note 4)		509,696	696,570,823	0.07%	8,797,639	1,726.06%
	Cash card		-	5,343	-	4,006	-
	Small amount of credit loans (Note 5)		176,379	20,525,145	0.86%	279,288	158.35%
	Others (Note 6)	Secured	315,486	116,423,257	0.27%	1,486,326	471.12%
		Unsecured	26,035	20,239,696	0.13%	269,167	1,033.87%
	Total			3,410,209	2,272,317,920	0.15%	28,861,580
Items			Overdue Amounts	Receivables Balance	Overdue Ratio	Allowance Amounts	Coverage Ratio
Credit card			6,654	10,379,247	0.06%	40,568	609.68%
Receivable factoring-without recourse (Notes 7 and 8)			-	361,152	-	8,623	-

Items			June 30, 2023				
			Overdue Amounts (Note 1)	Total Loans	Overdue Ratio (Note 2)	Allowance Amounts	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 1,367,639	\$ 603,348,780	0.23%	\$ 7,861,849	574.85%
	Unsecured		837,669	710,050,910	0.12%	9,198,734	1,098.13%
Consumer banking	Mortgage (Note 4)		407,448	651,706,115	0.06%	8,419,426	2,066.38%
	Cash card		-	6,453	-	4,775	-
	Small amount of credit loans (Note 5)		203,697	19,864,279	1.03%	279,706	137.31%
	Others (Note 6)	Secured	379,567	117,187,343	0.32%	1,528,507	402.70%
		Unsecured	22,699	18,087,935	0.13%	242,680	1,069.12%
Total			3,218,719	2,120,251,815	0.15%	27,535,677	855.49%
Items			Overdue Amounts	Receivables Balance	Overdue Ratio	Allowance Amounts	Coverage Ratio
Credit card			6,647	12,224,173	0.05%	46,912	705.76%
Receivable factoring-without recourse (Notes 7 and 8)			-	615,380	-	8,648	-

Note 1: The amounts recognized as overdue amounts are in compliance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amounts included in overdue amounts for credit cards are in compliance with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.

Note 2: Overdue ratio = Overdue amounts/Total loans. Overdue ratio of credit cards = Overdue amounts of credit cards/Balance of accounts receivable.

Note 3: Coverage ratio for loans = Allowance amounts of loans/Overdue loans. Coverage ratio for accounts receivable of credit cards = Allowance amounts for accounts receivable of credit cards/Overdue amounts of credit cards.

Note 4: For mortgage loans, the borrower provides his/her (or spouse's or minor child's) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to own house.

Note 5: Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

Note 6: Other consumer loan is specified as secured or unsecured consumer loans other than mortgage loans, cash card services and small amount of credit loans, and excluding credit card services.

Note 7: Pursuant to the Banking Bureau (5) Letter No. 094000494 dated July 19, 2005, the amount of receivable factoring-without recourse will be recognized as overdue amounts within three months after the factor or insurance company resolves not to compensate the loss.

Note 8: Included nonperforming loans transferred from other than loans.

c. Overdue loans and accounts receivable that are exempted from being reported as past-due items

Hua Nan Commercial Bank, Ltd.

Items	June 30, 2024		December 31, 2023		June 30, 2023	
	Overdue Loans That Are Exempted from Being Reported as Past-due Items	Accounts Receivable That Are Exempted from Being Reported as Past-due Items	Overdue Loans That Are Exempted from Being Reported as Past-due Items	Accounts Receivable That Are Exempted from Being Reported as Past-due Items	Overdue Loans That Are Exempted from Being Reported as Past-due Items	Accounts Receivable That Are Exempted from Being Reported as Past-due Items
Amount that are exempted from being reported after negotiations (Note 1)	\$ 1,088	\$ 1,040	\$ 1,396	\$ 1,306	\$ 1,731	\$ 1,740
Amount that are exempted from being reported according to the law of consumer liquidate (Note 2)	54,528	111,182	72,966	113,029	75,622	113,623
Total	\$ 55,616	\$ 112,222	\$ 74,362	\$ 114,335	\$ 77,353	\$ 115,363

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

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

d. Concentration of credit extensions

Hua Nan Commercial Bank, Ltd.

Year	June 30, 2024		
Rank (Note 1)	Industry of the Corporation or Group (Note 2)	Total Amount of Credit, Endorsement or Other Transactions (Note 3)	Percentage of the Company's Equity (%)
1	A Group chemical machinery and equipment manufacturing industry	\$ 40,146,313	17.58
2	B Group of retail sale in general merchandise stores	27,762,635	12.15
3	C Group of real estate development	17,846,198	7.81
4	D Group of real estate sale and rental	15,500,000	6.79
5	E Group of railway transportation	14,419,138	6.31
6	F Group of wholesaling computers personnel equipment and software	14,066,379	6.16
7	G Group of financial leasing	12,512,680	5.48
8	H Group of private finance	11,986,629	5.25
9	I Group of unclassified other financial service	11,425,280	5.00
10	J Group panel and component manufacturing industry	11,336,431	4.96

Year	December 31, 2023		
Rank (Note 1)	Industry of the Corporation or Group (Note 2)	Total Amount of Credit, Endorsement or Other Transactions (Note 3)	Percentage of the Company's Equity (%)
1	A Group chemical machinery and equipment manufacturing industry	\$ 39,499,818	17.27
2	B Group of retail sale in general merchandise stores	30,771,313	13.46
3	C Group of real estate development	17,456,898	7.63
4	D Group of wholesaling computers personnel equipment and software	16,315,849	7.13
5	E Group of financial leasing	14,937,670	6.53
6	F Group of real estate sale and rental	14,540,000	6.36
7	G Group of railway transportation	14,427,477	6.31
8	H Group panel and component manufacturing industry	12,528,949	5.48
9	I Group of private finance	11,365,507	4.97
10	J Group of unclassified other financial service	11,177,514	4.89

Year	June 30, 2023		
Rank (Note 1)	Industry of the Corporation or Group (Note 2)	Total Amount of Credit, Endorsement or Other Transactions (Note 3)	Percentage of the Company's Equity (%)
1	A Group of smelting and refining of iron and steel	\$ 33,084,264	15.49
2	B Group of retail sale in general merchandise stores	26,752,425	12.52
3	C Group of real estate development	15,438,952	7.23
4	D Group of railway transportation	14,583,458	6.83
5	E Group of real estate sale and rental	14,560,000	6.82
6	F Group of wholesaling computers personnel equipment and software	14,236,844	6.66
7	G Group of real estate development	13,902,432	6.51
8	H Group of unclassified other financial service	13,450,142	6.30
9	I Group of financial leasing	12,828,503	6.01
10	J Group panel and component manufacturing industry	11,047,610	5.17

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

Note 2: The Group is referred to as "The Group" in accordance with the Bankers Association letter No. 2911 on November 27, 2001.

Note 3: Total loans balances are the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, unsecured short-term loans, secured short-term loans, margin loans receivable, medium-term unsecured loans, secured medium-term loans, unsecured long-term loans, secured long-term loans and delinquent loans), remittance purchased, receivables factoring-without recourse, acceptance receivable and guarantees.

e. Maturity analysis of assets and liabilities

Hua Nan Commercial Bank, Ltd.

Maturity Analysis of Assets and Liabilities

(In Thousands of New Taiwan Dollars)

	June 30, 2024						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,317,003,237	\$ 451,529,605	\$ 375,399,539	\$ 247,516,595	\$ 228,203,751	\$ 299,329,699	\$ 1,715,023,748
Main capital outflow on maturity	4,311,023,153	203,918,139	266,477,025	451,311,388	529,218,739	812,085,908	2,048,011,954
Gap	\$ (994,019,916)	\$ 247,611,466	\$ 108,922,514	\$ (203,794,493)	\$ (301,014,988)	\$ (512,756,209)	\$ (332,988,206)

	December 31, 2023						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,077,928,987	\$ 390,089,160	\$ 394,009,270	\$ 224,197,689	\$ 232,248,816	\$ 262,953,870	\$ 1,574,430,182
Main capital outflow on maturity	4,031,192,900	102,380,315	203,667,025	437,058,135	517,839,607	743,871,126	2,026,376,692
Gap	\$ (953,263,913)	\$ 287,708,845	\$ 190,342,245	\$ (212,860,446)	\$ (285,590,791)	\$ (480,917,256)	\$ (451,946,510)

	June 30, 2023						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,016,431,770	\$ 406,827,098	\$ 440,314,563	\$ 244,825,355	\$ 219,169,924	\$ 242,836,269	\$ 1,462,458,561
Main capital outflow on maturity	3,969,072,284	101,941,675	227,568,964	434,746,635	494,770,843	721,346,241	1,988,697,926
Gap	\$ (952,640,514)	\$ 304,885,423	\$ 212,745,599	\$ (189,921,280)	\$ (275,600,919)	\$ (478,509,972)	\$ (526,239,365)

Note: The amounts listed above represent the funds denominated in New Taiwan dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Maturity Analysis of Assets and Liabilities

(In Thousands of U.S. Dollars)

	June 30, 2024					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 39,404,563	\$ 12,986,039	\$ 5,267,519	\$ 4,475,582	\$ 3,098,103	\$ 13,577,320
Main capital outflow on maturity	43,763,152	19,518,991	8,762,797	3,757,193	5,380,638	6,343,533
Gap	\$ (4,358,589)	\$ (6,532,952)	\$ (3,495,278)	\$ 718,389	\$ (2,282,535)	\$ 7,233,787

	December 31, 2023					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 38,574,676	\$ 12,525,570	\$ 4,935,820	\$ 5,759,005	\$ 2,546,516	\$ 12,807,765
Main capital outflow on maturity	42,873,365	20,423,528	7,171,492	3,682,701	5,201,623	6,394,021
Gap	\$ (4,298,689)	\$ (7,897,958)	\$ (2,235,672)	\$ 2,076,304	\$ (2,655,107)	\$ 6,413,744

	June 30, 2023					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 37,094,448	\$ 10,409,451	\$ 5,602,596	\$ 5,722,368	\$ 3,555,277	\$ 11,804,756
Main capital outflow on maturity	40,936,030	17,714,295	6,935,541	3,958,982	5,689,787	6,637,425
Gap	\$ (3,841,582)	\$ (7,304,844)	\$ (1,332,945)	\$ 1,763,386	\$ (2,134,510)	\$ 5,167,331

f. Interest rate sensitivity information

Hua Nan Commercial Bank, Ltd.

Interest Rate Sensitivity (New Taiwan Dollars)
June 30, 2024

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	\$ 2,450,382,381	\$ 89,795,929	\$ 210,830,703	\$ 352,699,189	\$ 3,103,708,202
Interest-sensitive liabilities	2,467,439,908	244,917,713	188,540,611	105,603,623	3,006,501,855
Interest-sensitive gap	(17,057,527)	(155,121,784)	22,290,092	247,095,566	97,206,347
Net assets					197,437,298
Ratio of interest-sensitive assets to liabilities (%)					103.23%
Ratio of interest-sensitive gap to net assets (%)					49.23%

December 31, 2023

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	\$ 2,336,322,266	\$ 54,765,574	\$ 170,721,598	\$ 299,750,731	\$ 2,861,560,169
Interest-sensitive liabilities	2,226,609,630	233,622,210	185,251,818	103,872,828	2,749,356,486
Interest-sensitive gap	109,712,636	(178,856,636)	(14,530,220)	195,877,903	112,203,683
Net assets					200,248,133
Ratio of interest-sensitive assets to liabilities (%)					104.08%
Ratio of interest-sensitive gap to net assets (%)					56.03%

June 30, 2023

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	\$ 2,302,793,858	\$ 74,873,807	\$ 159,179,492	\$ 286,357,261	\$ 2,823,204,418
Interest-sensitive liabilities	2,221,579,953	217,836,148	162,051,301	109,069,612	2,710,537,014
Interest-sensitive gap	81,213,905	(142,962,341)	(2,871,809)	177,287,649	112,667,404
Net assets					189,638,767
Ratio of interest-sensitive assets to liabilities (%)					104.16%
Ratio of interest-sensitive gap to net assets (%)					59.41%

Note 1: The above amounts include only New Taiwan dollars held by head office and domestic branches of the Company and exclude contingent assets and contingent liabilities.

Note 2: Interest sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities whose revenues or costs are affected by interest rate changes.

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

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

Interest Rate Sensitivity (USD)
June 30, 2024

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

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	\$ 25,864,626	\$ 4,725,426	\$ 2,385,856	\$ 5,526,311	\$ 38,502,219
Interest-sensitive liabilities	31,660,637	2,360,980	2,801,214	14,992	36,837,823
Interest-sensitive gap	(5,796,011)	2,364,446	(415,358)	5,511,319	1,664,396
Net assets					1,070,707
Ratio of interest-sensitive assets to liabilities (%)					104.52%
Ratio of interest-sensitive gap to net assets (%)					155.45%

December 31, 2023

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

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	\$ 24,682,448	\$ 5,169,275	\$ 1,859,863	\$ 5,682,132	\$ 37,393,718
Interest-sensitive liabilities	31,071,907	2,284,340	2,689,304	9,060	36,054,611
Interest-sensitive gap	(6,389,459)	2,884,935	(829,441)	5,673,072	1,339,107
Net assets					1,051,220
Ratio of interest-sensitive assets to liabilities (%)					103.71%
Ratio of interest-sensitive gap to net assets (%)					127.39%

June 30, 2023

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

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	\$ 22,204,074	\$ 5,694,106	\$ 2,650,719	\$ 5,375,288	\$ 35,924,187
Interest-sensitive liabilities	28,328,476	2,772,578	3,430,082	36,991	34,568,127
Interest-sensitive gap	(6,124,402)	2,921,528	(779,363)	5,338,297	1,356,060
Net assets					905,072
Ratio of interest-sensitive assets to liabilities (%)					103.92%
Ratio of interest-sensitive gap to net assets (%)					149.83%

Note 1: The above amounts include only USD held by head office, domestic branches, OBU and overseas branches of the Company and exclude contingent assets and contingent liabilities.

Note 2: Interest sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities whose revenues or costs are affected by interest rate changes.

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

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

61. OTHERS

As of the date the consolidated financial statements were authorized for issue, the Group evaluated the economic impact caused by COVID-19, and conclude that it was affected to a considerable extent but still under the Group's sustainable range. The Group will continuously observe the situation of COVID-19, and evaluate its impact.

62. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Significant transactions

- 1) Accumulated acquisition and disposal of same investee's marketable security over NT\$300 million or 10% of the issued capital: None.
- 2) Acquisition of individual real estate at costs of over NT\$300 million or 10% of the issued capital: Table 1.
- 3) Disposal of individual real estate at prices of over NT\$300 million or 10% of the issued capital: Table 2.
- 4) Allowance for service fee to related parties over NT\$5 million: Table 3.
- 5) Receivables from related parties amounting to over NT\$300 million or 10% of the issued capital: Table 4.
- 6) Sale of nonperforming loans by subsidiaries: None.
- 7) Securitized instruments and related information which are approved in accordance with the Statute for financial assets securitization and the statute for real estate securitization of subsidiaries: None.
- 8) Other significant transactions which may affect decisions of the users of the financial statements: None.

b. Information on the Company's investees

- 1) Financing provided: Table 5 (Note 1).
- 2) Endorsement/guarantee provided: Table 6 (Note 1).
- 3) Financing provided, endorsements/guarantees provided and acquisition and disposal of marketable securities over NT\$300 million or 10% of the issued capital: None.
- 4) Marketable securities held by investees: Table 7 (Note).
- 5) Information on subsidiaries derivative instruments transactions: Notes 51 and 52.

Note: Subsidiaries belong in finance, insurance and securities industries are exempted from disclosures.

c. The related information and proportionate share in investees: Table 8.

d. Information on investment in Mainland China: Table 9.

e. Business relationships and significant transactions between the Group: Table 10.

f. The Company's shares held by subsidiaries: None.

g. Information of major shareholders: Table 11.

63. DEPARTMENT INFORMATION

The Group's main business is to invest and administer their investee's business; therefore, adopts the information provided by subsidiaries as the references to allocate resources and evaluates performances. Each operating department's accounting policies are identical to the Note 4 "Summary of Significant Accounting Policies." The group should report the departments as follows:

Bank department: The commercial bank business operated by HNCB.

Other operating departments: Other investments such as HNILC and its subsidiaries, HNSC and its subsidiaries, SCIC, HNIT, HNVC and HNAMEC, etc.

Department Income and Operation Results

The following was information of the Group's revenue and results of reportable segments:

	For the Six Months Ended June 30, 2024		
	Bank	Other Operating Departments	Total
Net interest income	\$ 12,566,710	\$ 207,645	\$ 12,774,355
Net non-interest income	<u>14,984,401</u>	<u>5,269,745</u>	<u>20,254,146</u>
Total net income	27,551,111	5,477,390	33,028,501
(Allowance for) reversal of doubtful accounts, commitments and guarantees	(1,479,961)	(86,422)	(1,566,383)
Change in provisions for insurance liabilities, net	-	(577,608)	(577,608)
Operating expenses	<u>(13,310,209)</u>	<u>(3,126,400)</u>	<u>(16,436,609)</u>
Net profit before income tax	12,760,941	1,686,960	14,447,901
Income tax expenses	<u>(2,493,224)</u>	<u>(740,123)</u>	<u>(3,233,347)</u>
Net profit for the period	<u>\$ 10,267,717</u>	<u>\$ 946,837</u>	<u>\$ 11,214,554</u>
	For the Six Months Ended June 30, 2023		
	Bank	Other Operating Departments	Total
Net interest income	\$ 14,193,970	\$ 79,476	\$ 14,273,446
Net non-interest income	<u>10,984,775</u>	<u>3,949,612</u>	<u>14,934,387</u>
Total net income	25,178,745	4,029,088	29,207,833
(Allowance for) reversal of doubtful accounts, commitments and guarantees	(766,541)	11,232	(755,309)
Change in provisions for insurance liabilities, net	-	(631,550)	(631,550)
Operating expenses	<u>(12,401,191)</u>	<u>(2,638,003)</u>	<u>(15,039,194)</u>
Net profit before income tax	12,011,013	770,767	12,781,780
Income tax expenses	<u>(2,261,538)</u>	<u>(14,501)</u>	<u>(2,276,039)</u>
Net profit for the period	<u>\$ 9,749,475</u>	<u>\$ 756,266</u>	<u>\$ 10,505,741</u>

TABLE 1

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Hua Nan Commercial Bank, Ltd.	Hua Nan Bank Information Building, Tucheng District, New Taipei City (Civil Engineering)	August 1, 2018	\$ 640,000	Paid \$617,879 same as contract	BES Engineering Co.	-	-	-	-	\$ -	Not applicable	Operating activities	-
	Hua Nan Bank Information Building, Tucheng District, New Taipei City (Mechanical and Electrical Engineering)	October 15, 2019	559,800	Paid \$545,199 same as contract	BES Engineering Co.	-	-	-	-	-	Not applicable	Operating activities	-

TABLE 2

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Transaction Currency	Carrying Amount	Transaction Amount	Payment Status	Gain (Loss) on Disposal	Counterparty	Counterparty	Purpose of Disposal	Pricing Reference	Other Terms
Hua Nan Assets Management Co., Ltd.	1-6F., No. 1, Aly. 38, Ln. 358, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	May 3, 2024	June 3, 2018	NTD	\$ 297,910	\$ 385,000	Same as contract	\$ 85,721	British Virgin IS. Chlitina Intelligence Limited	-	Operating activities	Bargaining	-
	No. 37, Shuibiantou Section, Taoyuan District, Taoyuan City, Taiwan 330, Taiwan (R.O.C.)	June 20, 2024	December 6, 2021	NTD	300,821	321,380	Same as contract	20,559	Chateau-Development Co., Ltd. Hesun Development Co., Ltd.	-	Operating activities	Bargaining	-

Note: 1-6F., No. 1, Aly. 38, Ln. 358, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.): The disposal price of \$385,000 deducted the output tax of \$1,369 and the carrying amount of \$297,910, resulting in disposal benefits of \$85,721.

TABLE 3

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

ALLOWANCE FOR SERVICE FEE TO RELATED PARTIES OVER NT\$5 MILLION
JUNE 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

Securities Firms	Name	Relationships	Amounts	Situations and Reasons	Note
Hua Nan Securities Co., Ltd.	Hua Nan Commercial Bank, Ltd.	Both are subsidiaries	\$ 13,315	-	-

TABLE 4

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)**

Company Name	Transaction Opponent	Relationship	Receivable Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Hua Nan Financial Holdings Co., Ltd.	Hua Nan Commercial Bank, Ltd.	Subsidiaries	\$ 1,550,487 (Note)	-	\$ -	-	\$ -	\$ -

Note: The amounts of linked tax receivables from related parties had been eliminated in the consolidated financial statements.

TABLE 5

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counterparty	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Financing Type	Transaction Amount	Financing Reasons	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note)	Financing Company's Financing Amount Limit (Note)
													Item	Value		
1	Hua Nan International Leasing Corporation Ltd.	Flagship Square Enterprise	Other receivable	No	\$ 103,000	\$ 91,000	\$ 91,000	1-10	Short-term financing	\$ -	Operating use	\$ 910	Real estate	\$ 112,082	\$ 221,115	\$ 1,474,100
		Xi Quan Co., Ltd.	Other receivable	No	8,267	-	-	1-10	Short-term financing	-	Operating use	-	Real estate	82,471	221,115	1,474,100
		Megaful Co., Ltd.	Other receivable	No	97,260	90,700	90,700	1-10	Short-term financing	-	Operating use	907	Real estate	61,123	221,115	1,474,100
		Hsin Chuan Construction Co., Ltd.	Other receivable	No	58,671	8,440	8,440	1-10	Short-term financing	-	Operating use	84	Stocks	57,528	221,115	1,474,100
		Yu Ding Investments Co., Ltd.	Other receivable	No	195,362	193,503	193,503	1-10	Short-term financing	-	Operating use	1,935	-	-	221,115	1,474,100
		Xiang Xing Trading Ltd.	Other receivable	No	43,594	-	-	1-10	Short-term financing	-	Operating use	-	Stocks	15,000	221,115	1,474,100
		Fu Bao Yi Hao Energy Co., Ltd.	Other receivable	No	100,433	100,000	100,000	1-10	Short-term financing	-	Operating use	1,000	-	-	221,115	1,474,100
2	Hua Nan Assets Management Co., Ltd.	KINGLAND PROPERTY CORPORATION, LTD.	Other receivable	No	80,000	80,000	54,000	4-10	Business dealings	54,000	-	156	-	-	170,565	3,411,300
		Anzhong Construction Co., Ltd. Has Limited company	Other receivable	No	35,000	35,000	-	4-10	Business dealings	-	-	-	-	-	170,565	3,411,300
		Feng Chien Construction Co., Ltd.	Other receivable	No	99,000	99,000	-	4-10	Business dealings	-	-	-	Real estate	1,003,730	170,565	3,411,300
		Jin Jiu Construction and Develop	Other receivable	No	57,000	57,000	-	4-10	Business dealings	-	-	-	-	-	170,565	3,411,300

Note 1: According to Hua Nan International Leasing Corporation Ltd.’s “Operating Procedures of Fund Lending”, the credit limits of the lending which arises from business dealings cannot surpass 15% of the lender’s recent audited net worth. The credit limits of the lending because of operating use without business dealings cannot surpass 15% of the lender’s recent audited net worth. If operating use is of necessity, the credit limits cannot surpass 40% of the lender’s recent audited net worth. If the borrowers is Hua Nan International Leasing Corporation Ltd.’s subsidiary, the credit limits cannot surpass 15% of the lender’s recent audited net worth. Additionally, the lending amounts under preceding two circumstances cannot surpass 100% of the lenders’ recent audited net worth.

Note 2: According to Hua Nan Assets Management Co., Ltd.’s “Operating Procedures of Fund Lending”, the credit limits of the lending cannot surpass the lender’s recent audited net worth. The credit limits of the lending to the same legal person cannot surpass 15% of the lender’s recent audited net worth. The credit limits of the lending to the same related party cannot surpass 20% of the lender’s recent audited net worth. Hua Nan Assets Management Co., Ltd.’s.

TABLE 6

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

**ENDORSEMENT/GUARANTEE PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Counterparty		Limits on Individual Endorsement/ Guarantee Amounts (Note)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Endorsement/ Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/ Guarantee to Net Asset Value of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amounts Allowable (Note)
		Name	Nature of Relationship							
1	Hua Nan International Leasing Corporation Ltd.	Hua Nan International Leasing Corporation Ltd.	Subsidiary	\$ 7,370,498	\$ -	\$ -	\$ -	\$ -	-	\$ 13,266,896

Note: According to Hua Nan International Leasing Corporation Ltd.’s “Operating Procedures to Fund Endorsement and Guarantee”, Hua Nan International Leasing Corporation Ltd. can only endorse or guarantee its subsidiaries. The so called subsidiaries refer to the direct investment Hua Nan International Leasing Corporation Ltd.’s or indirect investment which it holds more than 50% voting rights of the invested company. The endorsement limit to single company cannot surpass 5 times Hua Nan International Leasing Corporation Ltd.’s audited net worth. The endorsement limits to all subsidiaries cannot surpass 9 times Hua Nan International Leasing Corporation Ltd.’s audited net worth.

TABLE 7

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD BY INVESTEES
JUNE 30, 2024
(In Thousands of New Taiwan Dollars/U.S. Dollars)

Holding Company Name	Type and Name of Marketable Security	Relationship with Holding Company	Accounts Recorded	June 30, 2024				Note
				Shares (Units)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Equity	
Hua Nan Investment Trust Corp.	<u>Stocks</u> Taiwan Futures Exchange	Investee company evaluated by fair value method	FVTOCI - equity instruments	1,909,785	\$ 94,324	0.35	\$ 94,324	Note 2
	FundRich Securities Co., Ltd.	Investee company evaluated by fair value method	FVTOCI - equity instruments	171,428	2,480	0.29	2,480	Note 2
Hua Nan Venture Capital Co., Ltd.	<u>Stocks</u> Formosa Advanced Technologies Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	141,000	5,471	0.10	5,471	Note 2
	Msscorks Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	897,500	130,137	1.92	130,137	Note 2
	Groundhog Technologies Inc.	-	Financial assets mandatorily classified as at FVTPL	1,006,000	150,900	3.00	150,900	Note 2
	Prenetics Global Limited	-	Financial assets mandatorily classified as at FVTPL	37,335	7,377	0.35	7,377	Note 2
	Pyxis Oncology	-	Financial assets mandatorily classified as at FVTPL	29,046	3,020	0.05	3,020	Note 2
	AGON-Tech Corp.	-	Financial assets mandatorily classified as at FVTPL	429,584	413	4.17	413	Note 2
	Applied Wireless Identification Group Inc.	-	Financial assets mandatorily classified as at FVTPL	450,682	5,156	0.95	5,156	Note 2
	ProbeLeader Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	513,000	12,234	1.73	12,234	Note 2
	Ultra-PAK Industries Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,164,887	31,116	3.18	31,116	Note 2
	Chin-Shi Electronic Materials Ltd.	-	Financial assets mandatorily classified as at FVTPL	2,772,000	57,493	8.87	57,493	Note 2
	StemCyte International, Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,500,000	61,350	0.93	61,350	Note 2
	Voltafield Technology Corp.	-	Financial assets mandatorily classified as at FVTPL	1,445,111	6,575	4.01	6,575	Note 2
	OTO Photonics Inc.	-	Financial assets mandatorily classified as at FVTPL	1,578,000	12,180	5.27	12,180	Note 2
	Wellhead Biological Technology Corp.	-	Financial assets mandatorily classified as at FVTPL	900,000	514	2.50	514	Note 2
	Minima technology Corp.	-	Financial assets mandatorily classified as at FVTPL	2,548,309	37,261	6.45	37,261	Note 2
	Sunny Pharmetech Inc.	-	Financial assets mandatorily classified as at FVTPL	151,080	2,093	0.10	2,093	Note 2
	Apollo Medical Optics Inc.	-	Financial assets mandatorily classified as at FVTPL	1,666,667	5,653	3.48	5,653	Note 2
	SFI Electronics Technology Inc.	-	Financial assets mandatorily classified as at FVTPL	2,730,000	53,796	6.50	53,796	Note 2
	Innopharmax Inc.	-	Financial assets mandatorily classified as at FVTPL	646,000	5,433	0.68	5,433	Note 2
	Li Ling Film Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	833,000	-	0.54	-	Note 2
	SmartDisplayer Technology Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	600,000	10,432	2.41	10,432	Note 2
	TMY Technology Inc.	-	Financial assets mandatorily classified as at FVTPL	836,929	18,241	1.83	18,241	Note 2
	United Biopharma Holdings Co., LTD.	-	Financial assets mandatorily classified as at FVTPL	867,251	-	0.46	-	Note 2
	Clearmind Biomedical Inc.	-	Financial assets mandatorily classified as at FVTPL	834,285	\$ 27,360	5.16	27,360	Note 2
	ADAT Technology Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,502,121	13,425	6.97	13,425	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with Holding Company	Accounts Recorded	June 30, 2024				Note
				Shares (Units)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Equity	
	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	833,000	\$ 26,045	2.90	\$ 26,045	Note 2
	Ina Energy Corporation	-	Financial assets mandatorily classified as at FVTPL	2,000,000	38,598	1.00	38,598	Note 2
	Lianyou Metals Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	553,800	24,391	2.05	24,391	Note 2
	ACEPODIA Inc.	-	Financial assets mandatorily classified as at FVTPL	616,900	7,023	0.11	7,023	Note 2
	Walrus Pump Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,000,000	47,320	2.83	47,320	
	Taiwan Pressplay Inc.	-	Financial assets mandatorily classified as at FVTPL	605,612	10,834	5.10	10,834	Note 2
	Win Coat Co.	-	Financial assets mandatorily classified as at FVTPL	1,000,000	30,301	2.77	30,301	Note 2
	FREE BIONICS INC	-	Financial assets mandatorily classified as at FVTPL	533,334	10,515	2.06	10,515	Note 2
	Tera Xtal Technology Corp.	-	Financial assets mandatorily classified as at FVTPL	1,276,250	-	0.67	-	Note 2
	EarthGen Materials Corp.	-	Financial assets mandatorily classified as at FVTPL	1,500,000	-	8.33	-	Note 2
	Fitilink Integrated Technology Inc.	-	Financial assets mandatorily classified as at FVTPL	1,596,500	-	5.47	-	Note 2
	Essence Technology Solution, Inc.	-	Financial assets mandatorily classified as at FVTPL	85,357	-	3.16	-	Note 2
	Crystal Applied Technology Inc.	-	Financial assets mandatorily classified as at FVTPL	547,662	-	0.51	-	Note 2
	Groundhog Technologies	-	Financial assets mandatorily classified as at FVTPL	1,666,667	-	-	-	Note 2
	Rheonix, Inc.	-	Financial assets mandatorily classified as at FVTPL	1,031,177	-	2.04	-	Note 2
	Dong-Wang Nano Industrial Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	107,556	-	1.08	-	Note 2
	Quan-Ai Electronics Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,300,000	-	2.13	-	Note 2
	Apexcera Material Tech Corp.	-	Financial assets mandatorily classified as at FVTPL	700,000	-	3.53	-	Note 2
	Supertech Optoelectronics Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,640,000	-	7.45	-	Note 2
	Top Green Energy Technologies Inc.	-	Financial assets mandatorily classified as at FVTPL	1,833,333	-	1.47	-	Note 2
	eTurbotouch Technology Inc.	-	Financial assets mandatorily classified as at FVTPL	999,600	-	3.33	-	Note 2
	Altea Therapeutics Corporation	-	Financial assets mandatorily classified as at FVTPL	344,827	-	1.07	-	Note 2
	Digital Economy Limited Partnership	-	Financial assets mandatorily classified as at FVTPL	-	42,643	11.95	42,643	Note 2
	Taiwania Capital Buffalo II Bioventures, LP	-	Financial assets mandatorily classified as at FVTPL	-	58,668	1.53	58,668	Note 2
	Forward Asset Management Ltd.	-	Financial assets mandatorily classified as at FVTPL	-	1,082	8.00	1,082	Note 2
	Outstanding Capital Limited Partnership	-	Financial assets mandatorily classified as at FVTPL	-	20,248	4.86	20,248	Note 2
	Fuyao Biomedical Ventures Limited Partnership	-	Financial assets mandatorily classified as at FVTPL	-	66,062	11.02	66,062	Note 2
	Fertasia International Development Corporation	-	Investments accounted for using equity method	8,820,800	94,002	29.80	94,002	Note 2
	Chia-Ta International Development Co., Ltd.	-	Investments accounted for using equity method	8,758,134	90,214	25.56	90,214	Note 2
	Zhi Kang Venture Capital Investment Company Ltd.	-	Investments accounted for using equity method	9,800,000	82,806	29.10	82,806	Note 2
Hua Nan Futures Co., Ltd.	<u>Stocks</u>							
	Taiwan Futures Exchange	-	FVTOCI - equity instruments	7,843,791	387,405	1.44	387,405	Note 2
Hua Nan Asset Management Corp.	<u>Stocks</u>							
	Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	FVTOCI - equity instruments	2,500,000	8,298	5.00	8,298	Note 2
Hua Nan Holdings Corp.	<u>Stocks</u>							
	Hua Nan Securities (HK) Limited	Held indirect	Investments accounted for using equity method	79,975,000	3,923	100.00	3,923	Note 1

Note 1: Net equity was based on the latest reviewed financial statements.

Note 2: The market value of mutual funds was based on the net asset value as of June 30, 2024. Market value of the listed stocks was based on the closing price as of June 30, 2024. Market value of the unlisted stocks was based on valuation techniques.

(Concluded)

TABLE 8

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

INFORMATION AND PROPORTIONATE SHARE IN INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)

Investor	Investees' Names	Investees' Location	Principal Business Activities	Percentage of Ownership (%) at the End of Current Period	Carrying Amount	Investment Gain (Loss) Recognized by the Company for Current Period (Note 2)	Consolidated Investment				Note
							Shares	Pro Forma Shares	Total		
									Shares	Percentage of Ownership (%)	
Hua Nan Financial Holdings Co., Ltd.	<u>Financial industry</u>										
	Hua Nan Commercial Bank, Ltd.	Taipei	Banking	100.00	\$ 228,420,362	\$ 10,268,852	9,793,800,000	-	9,793,800,000	100.00	Note 1
	Hua Nan Securities Co., Ltd.	Taipei	Security	100.00	13,882,781	1,059,620	654,774,346	-	654,774,346	100.00	Note 1
	South China Insurance Co., Ltd.	Taipei	Insurance	100.00	8,283,620	886,079	200,138,625	-	200,138,625	100.00	Note 1
	Hua Nan Investment Trust Corp.	Taipei	Securities issuance and investment	100.00	391,464	10,191	30,839,927	-	30,839,927	100.00	Note 1
	Hua Nan Venture Capital Co., Ltd.	Taipei	Venture capital investments	100.00	1,890,342	49,240	200,000,000	-	200,000,000	100.00	Note 1
	Hua Nan Assets Management Co., Ltd.	Taipei	Acquisition of delinquent loans, evaluation, auction, and management	100.00	202,266	23,825	100,000,000	-	100,000,000	100.00	Note 1
	Taiwan Depository & Clearing Corporation	Taipei	Securities depository and clearing service	0.25	84,992	-	4,330,033	-	4,330,033	0.66	
	<u>Non-financial industry</u>										
	Taipei Financial Center Corp.	Taipei	Real estate development, sales and rental	2.90	1,307,486	-	42,630,000	-	42,630,000	2.90	
Taiwan Urban Regeneration & Financial Service Co., Ltd.	Taipei	Parking garage business, residence and buildings lease construction and development, and public works construction and investment	5.00	8,298	-	10,000,000	-	10,000,000	20.00		

Note 1: Current recognition of investment gains or losses for the six months ended June 30, 2024 have been audited and stated in financial statements.

Note 2: Investment gain (loss) refers to gain (loss) on investment accounted for using equity method and gain on financial assets at FVTOCI.

TABLE 9

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2024	Investee’s Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of June 30, 2024	Accumulated Inward Remittance of Earnings as of June 30, 2024
					Outflow	Inflow						
Hua Nan Commercial Bank Shenzhen Branch (Including Boan Branch)	Deposits, loans, foreign exchange	\$ 4,799,651 (US\$ 76,990) (CNY 500,000)	Direct investments	\$ 4,799,651 (Notes 1 and 6) (US\$ 76,990) (CNY 500,000)	\$ -	\$ -	\$ 4,799,651 (Notes 1 and 6) (US\$ 76,990) (CNY 500,000)	\$ 83,326 (CNY 18,811)	100	\$ 83,326 (CNY 18,811)	\$ 6,466,030 (CNY 1,449,133)	\$ -
Hua Nan Commercial Bank Shanghai Branch	Deposits, loans, foreign exchange	2,442,748 (US\$ 78,500)	Direct investments	2,442,748 (Note 2) (US\$ 78,500)	-	-	2,442,748 (Note 2) (US\$ 78,500)	45,516 (CNY 10,275)	100	45,516 (CNY 10,275)	2,859,253 (CNY 640,801)	-
Hua Nan Commercial Bank Fuzhou Branch	Deposits, loans, foreign exchange	2,561,433 (US\$ 83,000)	Direct investments	2,561,433 (Note 5) (US\$ 83,000)	-	-	2,561,433 (Note 5) (US\$ 83,000)	41,548 (CNY 9,380)	100	41,548 (CNY 9,380)	2,913,790 (CNY 653,023)	-
Hua Nan International Leasing Corporation	Leasing	879,840 (US\$ 29,700)	Direct investments	879,840 (Notes 3 and 4) (US\$ 29,700)	-	-	879,840 (Notes 3 and 4) (US\$ 29,700)	18,511	100	18,511	1,074,042	-

Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 10,683,672 (US\$ 268,190) (CNY 500,000)	\$ 10,683,672 (US\$ 268,190) (CNY 500,000)	\$ 137,049,121

Note 1: According to the Investment Commission of the Ministry of Economic Affairs October 11, 2010 audited (Ref. No. 09900349890) approved investment amount (CNY300 million) and the Investment Commission of the Ministry of Economic Affairs March 30, 2012 audited (Ref. No. 10100014380) approved investment amount (CNY200 million), by the remittance date of announcement of the Peoples Bank of China reference exchange rates, the working capital for the establishment of registration branch is US\$76,990 thousand.

Note 2: According to the Investment Commission of the Ministry of Economic Affairs February 5, 2014 audited (Ref. No. 10300024640) approved investment amount (US\$78.50 million).

Note 3: According to the Investment Commission of the Ministry of Economic Affairs August 13, 2012 audited (Ref. No. 10100314860) approved investment amount (US\$20 million).

Note 4: According to the Investment Commission of the Ministry of Economic Affairs March 26, 2012 audited (Ref. No. 10300067600) approved investment amount (US\$9.7 million).

Note 5: Accounting to Investment Commission of Ministry of Economic Affairs April 22, 2014 audited (Ref. No. 10300056440) approved investment amount (US\$83 million).

Note 6: Accounting to Investment Commission of Ministry of Economic Affairs April 23, 2015 audited (Ref. No. 10400038880) approved investment amount (CNY500 million).

TABLE 10

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS BETWEEN THE COMPANY AND ITS SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counter-party	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenues or Total Consolidated Assets (Note 3)
0	Hua Nan Financial Holdings Co., Ltd.	Hua Nan Commercial Bank, Ltd. and subsidiaries	a	Cash and cash equivalents	\$ 16,664,066	Note 4	0.40%
		Hua Nan Commercial Bank, Ltd. and subsidiaries	a	Receivables	1,550,487	Note 4	0.04%
		Hua Nan Commercial Bank, Ltd. and subsidiaries	a	Right-of-use assets	189,572	Note 4	-
		Hua Nan Commercial Bank, Ltd. and subsidiaries	a	Lease liabilities	192,264	Note 4	-
		Hua Nan Securities Co., Ltd. and subsidiaries	a	Receivables	179,952	Note 4	-
		Hua Nan Investment Trust Corp.	a	Receivables	105,439	Note 4	-
		South China Insurance Co., Ltd.	a	Receivables	116,620	Note 4	-
1	Hua Nan Commercial Bank, Ltd. and subsidiaries	Hua Nan Financial Holdings Co., Ltd.	b	Payables	1,550,487	Note 4	0.04%
		Hua Nan Financial Holdings Co., Ltd.	b	Deposits and remittances	16,664,066	Note 4	0.40%
		Hua Nan Securities Co., Ltd. and subsidiaries	c	Deposits and remittances	458,152	Note 4	0.01%
		South China Insurance Co., Ltd.	c	Deposits and remittances	852,909	Note 4	0.02%
		Hua Nan Venture Capital Co., Ltd.	c	Deposits and remittances	497,414	Note 4	0.01%
2	Hua Nan Securities Co., Ltd. and subsidiaries	Hua Nan Financial Holdings Co., Ltd.	b	Payables	179,952	Note 4	-
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Other assets	370,892	Note 4	0.01%
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Cash and cash equivalents	38,335	Note 4	-
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Other financial assets	48,925	Note 4	-
3	South China Insurance Co., Ltd.	Hua Nan Financial Holdings Co., Ltd.	b	Payables	116,620	Note 4	-
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Cash and cash equivalents	767,981	Note 4	0.02%
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Other financial assets	84,928	Note 4	-
4	Hua Nan Venture Capital Co., Ltd.	Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Other financial assets	349,500	Note 4	0.01%
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Cash and cash equivalents	147,914	Note 4	-
6	Hua Nan Investment Trust Corp.	Hua Nan Financial Holdings Co., Ltd.	b	Payables	105,439	Note 4	-

Note 1: Transactions between parent company and subsidiaries are numbered as follows:

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

(Continued)

Note 2: Three types of transactions with related parties are classified as follows:

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

Note 3: For calculating the percentages, asset or liability account is divided by the total consolidated assets and revenue or expense account is divided by the total consolidated net revenues of the same period.

Note 4: The terms for the transactions between the Company and related parties are similar to those with third parties.

Note 5: The significant transactions among the parent company and subsidiaries have been eliminated in the consolidated financial statements.

(Concluded)

TABLE 11**HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2024**

Name of Major Shareholder	Shares	
	Number of Thousands Shares	Percentage of Ownership (%)
Bank of Taiwan Co., Ltd. (BOT)	2,896,525,649	21.23

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

TABLE 12

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
JUNE 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Main Business and Products	Percentage of Ownership (%)			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
Hua Nan Financial Holdings Co., Ltd.	Hua Nan Commercial Bank, Ltd.	Banking	100.00	100.00	100.00	
	Hua Nan Securities Co., Ltd.	Security	100.00	100.00	100.00	
	South China Insurance Co., Ltd.	Insurance	100.00	100.00	100.00	
	Hua Nan Investment Trust Corp.	Securities issuance and investment	100.00	100.00	100.00	
	Hua Nan Venture Capital Co., Ltd.	Venture capital investments	100.00	100.00	100.00	
	Hua Nan Assets Management Co., Ltd.	Acquisition of delinquent loans, evaluation, auction, and management	100.00	100.00	100.00	
Hua Nan Commercial Bank, Ltd.	Hua Nan International Leasing Co., Ltd.	Leasing and financing	100.00	100.00	100.00	
Hua Nan International Leasing Co., Ltd.	Hua Nan International Leasing Corp.	Leasing and financing	100.00	100.00	100.00	
Hua Nan Securities Co., Ltd.	Hua Nan Investment Management Co., Ltd.	Investment consulting	99.95	99.95	99.95	
	Hua Nan Futures Co., Ltd.	Futures brokering, management and consulting	99.80	99.80	99.80	
	Hua Nan Holdings Corp.	Holding company business	100.00	100.00	100.00	
Hua Nan Holdings Corp.	Hua Nan Securities (HK) Limited	Security	100.00	100.00	100.00	

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

BUSINESSES OPERATED IN THE FOREIGN COUNTRIES OR REGIONS WITHOUT COMPETENT AUTHORITIES GOVERNING SECURITIES BUSINESSES
JUNE 30, 2024
(In Thousands of U.S. Dollars)

Company’s Name	Securities Held	Engagement in the Derivative Instruments	Capital Provided by	Revenue from Assets Management	The Major Item of Business	Litigation Event	Financial Position
Hua Nan Holdings Corp.	Table 14	-	Hua Nan Securities Co., Ltd.	\$ -	Holding company business	-	Tables 15 and 16

TABLE 14

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD BY BUSINESSES OPERATED IN THE FOREIGN COUNTRIES OR REGIONS WITHOUT COMPETENT AUTHORITIES GOVERNING WITH NO SECURITIES AUTHORITIES
JUNE 30, 2024
(In Thousands of U.S. Dollars, Except Shares/Units)

Investor	Security	Relationship with the Holder	Accounts Recorded	End of Period				Note
				Shares	Carrying Value	%	Market Value	
Hua Nan Holdings Corp.	Hua Nan Securities (HK) Limited	Indirect holding	Investments accounted for using equity method	79,975,000	US\$ 121	100	US\$ 121	

TABLE 15**HUA NAN HOLDINGS CORPORATION****BALANCE SHEETS****JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023****(In U.S. Dollars)**

	June 30, 2024		December 31, 2023		June 30, 2023	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash	\$ 1,093,154	89	\$ 1,071,593	78	\$ 1,049,596	67
Prepayments	1,044	-	-	-	972	-
Other receivables	7,371	1	20,223	1	602	-
Total current assets	1,101,569	90	1,091,816	79	1,051,170	67
INVESTMENTS						
ACCOUNTED FOR						
USING EQUITY METHOD	120,880	10	289,952	21	525,894	33
TOTAL	<u>\$ 1,222,449</u>	<u>100</u>	<u>\$ 1,381,768</u>	<u>100</u>	<u>\$ 1,577,064</u>	<u>100</u>
LIABILITIES AND						
EQUITY						
LIABILITIES						
Other payables	\$ 940	-	\$ 1,927	-	\$ 982	-
Total liabilities	940	-	1,927	-	982	-
EQUITY						
Share capital	100,000	8	100,000	7	100,000	6
Unappropriated earnings	1,367,855	112	1,828,075	132	1,828,075	116
Net loss for the period	(158,326)	(13)	(460,220)	(33)	(262,544)	(16)
Exchange differences on translating the financial statements of foreign operations	(88,020)	(7)	(88,014)	(6)	(89,449)	(6)
Total equity	1,221,509	100	1,379,841	100	1,576,082	100
TOTAL	<u>\$ 1,222,449</u>	<u>100</u>	<u>\$ 1,381,768</u>	<u>100</u>	<u>\$ 1,577,064</u>	<u>100</u>

TABLE 16**HUA NAN HOLDINGS CORPORATION****STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(In U.S. Dollars)**

	2024		2023	
	Amount	%	Amount	%
REVENUES				
Interest revenue	\$ 13,975	9	\$ 25,851	10
Share of loss of subsidiaries and associates	<u>(169,066)</u>	<u>(109)</u>	<u>(285,778)</u>	<u>(110)</u>
Total revenues	<u>(155,091)</u>	<u>(100)</u>	<u>(259,927)</u>	<u>(100)</u>
EXPENSES				
Operating expenses	<u>3,235</u>	<u>2</u>	<u>2,617</u>	<u>-</u>
NET LOSS FOR THE PERIOD	<u>(158,326)</u>	<u>(102)</u>	<u>(262,544)</u>	<u>(100)</u>
OTHER COMPREHENSIVE LOSS				
Exchange differences on translating the financial statements of foreign operations	<u>(6)</u>	<u>(-)</u>	<u>(4,031)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (158,320)</u>	<u>(102)</u>	<u>\$ (266,575)</u>	<u>(102)</u>

TABLE 17**HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES****DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT
JUNE 30, 2024****(In Thousands of New Taiwan Dollars, %)**

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of HNFH's Equity (%)
1. With the same person		
Central Bank of the Republic of China (Taiwan)	\$ 460,582,330	221.45
National Treasury Agency	126,477,478	60.81
Federal Government of the United States	103,355,656	49.69
Taiwan Power Company	92,751,533	44.60
CPC Corporation, Taiwan	57,701,097	27.74
Hotai Finance Co., Ltd.	21,541,595	10.36
Taiwan High Speed Rail Corp.	17,941,230	8.63
Taiwan Semiconductor Manufacturing Co., Ltd.	16,720,075	8.04
Grand Industrial Limited Company of Baofeng	15,500,000	7.45
Cathay Financial Holding Co., Ltd.	13,179,998	6.34
Fubon Financial Holding Co., Ltd.	12,677,901	6.10
Taiwan Water Corporation	11,929,236	5.74
Kaohsiung City Government	11,197,724	5.38
Chunghwa Telecom Co., Ltd.	11,104,275	5.34
Yuanta Securities Co., Ltd.	9,086,106	4.37
First Financial Holdings Co., Ltd.	8,817,796	4.24
Highwealth Construction corp.	8,816,692	4.24
China Airlines Corp.	8,462,084	4.07
Yageo Corporation.	7,988,801	3.84
Powerchip Semiconductor Manufacturing Corporation	7,891,197	3.79
Government National Mortgage Association	7,474,228	3.59
Far Eastern Department Stores Co., Ltd.	7,300,000	3.51
KB Kookmin Bank with same affiliate	7,249,790	3.49
WESTPAC BANKING CORPORATION	6,806,920	3.27
Cathy Real Estate Development Co., Ltd.	6,750,000	3.25
Nan Ya Plastics Corporation	6,745,161	3.24
Walsin Lihwa Corporation	6,624,275	3.19
Huaku Development Co., Ltd.	6,578,440	3.16
Chailease Finance	6,447,846	3.10
The Korea Development Bank	6,395,434	3.08
AU Options Corp.	6,227,597	2.99

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of HNFH's Equity (%)
WT Microelectronics Co., Ltd.	\$ 6,151,814	2.96
National Australia Bank Limited	5,905,453	2.84
Hon Hai Precision Industry Co., Ltd.	5,824,579	2.80
Reliance Industries Limited	5,802,346	2.79
Woori Bank	5,789,650	2.78
Pan German Motors Ltd.	5,759,675	2.77
Nanzong Construction Developments, Co., Ltd.	5,723,997	2.75
Tainan City Government	5,700,000	2.74
BPCE	5,510,663	2.65
San Miguel Corporation	5,471,574	2.63
Barclays Bank	5,456,723	2.62
The Export-Import Bank Of Korea	5,294,828	2.55
Canadian Imperial Bank Of Commerce	5,228,842	2.51
Formosa Heavy Industries Corporation	5,135,194	2.47
UBS AG	5,086,710	2.45
Commonwealth Bank of Australia	5,062,431	2.43
New Taipei City Government	5,000,000	2.40
Heran Tech Co., Ltd.	4,980,440	2.39
SOCIETE GENERALE	4,960,862	2.39
Yeashin Inter. Development Co., Ltd.	4,952,347	2.38
Synnex Technology International Corporation	4,935,506	2.37
Wan Pao Development Co., Ltd.	4,912,000	2.36
Bank of Montreal, the	4,881,240	2.35
Shen Mao Technology Inc.	4,821,090	2.32
CTBC Financial Holding Co., Ltd with same affiliate	4,749,078	2.28
Nankang Rubber Tire Corp., Ltd.	4,744,399	2.28
China Petrochemical Development Corporation	4,736,340	2.28
Australia and New Zealand Bank	4,710,279	2.26
BNP Paribas	4,700,620	2.26
Pao Hung Construction Co., Ltd.	4,650,000	2.24
Lien Hwa Industrial Corp. with same affiliate	4,613,564	2.22
Taiwan Stock Exchange	4,559,788	2.19
Winbond Electronics Corporation	4,462,618	2.15
Credit Agricole CIB	4,425,920	2.13
First Abu Dhabi Bank PJSC	4,424,529	2.13
JPMorgan Chase Bank N.A.	4,404,937	2.12
China Development Financial Holding Corporation	4,390,118	2.11
Win Semiconductors Corp.	4,278,800	2.06
Uni-President Enterprises Corp.	4,255,673	2.05
Abu Dhabi Commercial Bank	4,240,746	2.04
HDFC Bank Limited	4,201,529	2.02

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of HNFH's Equity (%)
Formosa Plastics Corporation	\$ 4,200,948	2.02
Formosa Chemicals And Fibre Corporation	4,192,244	2.02
Federal Corporation	4,107,346	1.97
YFY Inc.	4,089,846	1.97
Run Long Construction Co., Ltd.	4,054,000	1.95
Bora Pharmaceuticals Co., Ltd.	4,007,710	1.93
Mayfull Corp.	3,919,500	1.88
Farglory land development Co., Ltd.	3,829,480	1.84
Shinkong-synthetic Fibers Corporation	3,806,731	1.83
Qisda Corporation	3,746,623	1.80
Gloria Material Technology Corp.	3,742,315	1.80
Chow Tai Fook Enterprises Limited	3,690,346	1.77
State Bank of India	3,688,400	1.77
Credit Mutuel - CIC Banques	3,675,164	1.77
Tatung Company	3,656,163	1.76
Chinese Television System Corporation	3,620,000	1.74
Taiwan Cement Corporation	3,581,519	1.72
Innolux Corporation	3,514,980	1.69
KGI Securities Investment Trust Co., Ltd.	3,441,184	1.65
Commonwealth of Australia	3,440,573	1.65
Morrihan International Corp.	3,428,610	1.65
BES Engineering Corporation	3,379,291	1.62
Yung Ching Construction Co., Ltd.	3,366,878	1.62
The Bank of Nova Scotia	3,329,240	1.60
Arcoa Construction Co., Ltd.	3,307,960	1.59
Citigroup Global Markets Holdings Inc.	3,276,796	1.58
Cheng Loong Corporation with same affiliate	3,266,791	1.57
Sumitomo Trust and Banking Co.	3,257,270	1.57
Wistron Corporation	3,254,227	1.56
Rec Limited	3,253,345	1.56
Evergreen Asia Holdings Limited	3,229,641	1.55
CTCI Corporation with same affiliate	3,225,759	1.55
Taiwan Mobile Co., Ltd.	3,211,248	1.54
Tong Hwei Enterprise Co., Ltd.	3,183,309	1.53
Royal Bank of Canada	3,181,824	1.53
Inventec Corp.	3,156,536	1.52
Adata Technology Co., Ltd.	3,155,982	1.52
Achem Technology Corporation	3,132,800	1.51
Yulon Finance Corporation	3,113,632	1.50
Banco Santander S.A.	3,101,028	1.49
Formosa Ha Tinh (Cayman) Limited	3,094,150	1.49
Lien Jade Construction Co., Ltd.	3,036,430	1.46

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of HNFH's Equity (%)
2. With the same related person		
Mr. Tsai with same related parties	\$ 21,507,978	10.34
Mr. Shih with same related parties	17,945,348	8.63
Mr. Tsai with same related parties	14,087,998	6.77
Mr. Lin with same related parties	10,090,361	4.85
Mr. Wang with same related parties	10,036,858	4.83
Mr. Huang with same related parties	10,024,618	4.82
Mr. Huang with same related parties	9,784,278	4.70
Mr. Jhuo with same related parties	8,223,594	3.95
Mr. Tsai with same related parties	6,968,000	3.35
Mr. Pan with same related parties	6,831,866	3.28
Mr. Zhang with same related parties	6,292,600	3.03
Mr. Liu with same related parties	6,025,771	2.90
Mr. Tsai with same related parties	5,688,949	2.74
Mr. Huang with same related parties	5,178,506	2.49
Mr. Chen with same related parties	4,960,849	2.39
Mr. Chen with same related parties	4,571,020	2.20
Mr. Liao with same related parties	4,436,076	2.13
Mr. Sheng with same related parties	4,328,776	2.08
Mr. Ke with same related parties	4,250,162	2.04
Mr. Ye with same related parties	3,664,669	1.76
Mr. Wu with same related parties	3,651,109	1.76
Mr. Zhong with same related parties	3,638,695	1.75
Mr. Jhuo with same related parties	3,620,510	1.74
Mr. Xu with same related parties	3,354,414	1.61
Mr. Zhang with same related parties	3,274,628	1.57
Mr. Chu with same related parties	3,262,924	1.57
Mr. Jian with same related parties	3,229,306	1.55
Mr. Zhuo with same related parties	3,215,125	1.55
Mr. Zhang with same related parties	3,203,350	1.54
Mr. Yang with same related parties	3,191,379	1.53
Mr. Lan with same related parties	3,126,935	1.50
Mr. Liu with same related parties	3,064,615	1.47
3. With the same affiliate		
Hotai Finance Co., Ltd. with same affiliate	23,692,699	11.39
Fubon Financial Holding Co., Ltd. with same affiliate	20,062,402	9.65
Taiwan Semiconductor Manufacturing Co., Ltd. with same affiliate	17,706,413	8.51
Chailease Holding Company Limited with same affiliate	15,900,533	7.65
Yuanta Financial Holding Co., Ltd. with same affiliate	14,351,787	6.90
Cathay Financial Holding Co., Ltd. with same affiliate	14,319,244	6.88

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of HNFH's Equity (%)
Nankang Rubber Tire Corp., Ltd. with same affiliate	\$ 13,743,541	6.61
Highwealth Construction Corp. with same affiliate	13,649,231	6.56
China Development Financial Holding Corporation with same affiliate	12,818,311	6.16
Yulon General Motors Ltd. with same affiliate	11,955,763	5.75
Far Eastern New Century Corp. with same affiliate	11,707,510	5.63
AU Options Corp. with same affiliate	11,676,576	5.61
Walsin Lihwa Corporation with same affiliate	11,178,591	5.37
Cathy Real Estate Development Co., Ltd. with same affiliate	10,573,920	5.08
China Airlines Corp. with same affiliate	9,880,460	4.75
Powerchip Semiconductor Manufacturing Corporation with same affiliate	9,832,399	4.73
WT Microelectronics Co., Ltd. with same affiliate	9,736,424	4.68
First Financial Holding Co., Ltd. with same affiliate	9,688,351	4.66
Lin Yuan Investment Co, Ltd. with same affiliate	9,514,400	4.57
Nan Ya Plastics Corporation with same affiliate	9,413,992	4.53
YFY Inc. with same affiliate	9,203,305	4.43
Formosa Chemicals And Fibre Corporation with same affiliate	9,191,162	4.42
Evergreen Marine Corp. (Taiwan) Ltd. with same affiliate	8,962,919	4.31
Yeashin Inter. Development Co., Ltd. with same affiliate	8,625,105	4.15
Pan German Universal Motors Ltd. with same affiliate	8,539,675	4.11
San Miguel Corporation with same affiliate	8,487,837	4.08
Wistron Corporation with same affiliate	8,118,239	3.90
JP Morgan Chase with same affiliate	7,602,383	3.66
Synnex Technology International Corp. with same affiliate	7,239,084	3.48
Taiwan Cement Corp. with same affiliate	7,120,025	3.42
Macquarie Group Ltd. with same affiliate	6,975,991	3.35
Uni-President Enterprises Corp. with same affiliate	6,910,544	3.32
Chung Hsing Land Development Co., Ltd. with same affiliate	6,814,967	3.28
Huaku Development with same affiliate	6,747,837	3.24
WPG Holdings Limited with same affiliate	6,650,557	3.20
CTBC Financial Holding Co., Ltd with same affiliate	6,637,996	3.19
Shinkong-Synthetic Fibers Corporation with same affiliate	6,542,366	3.15
Fong Yi Construction Co., Ltd.	6,539,181	3.14
Asia Cement Corporation with same affiliate	6,537,181	3.14
Formosa Ha Tinh (Cayman) Limited with same affiliate	5,830,030	2.80
Cheng Loong Corporation with same affiliate	5,721,053	2.75
Australia and New Zealand Banking Group Limited. with same affiliate	5,692,533	2.74
Infinite Finance CO., LTD. with same affiliate	5,584,020	2.68
Citigroup Inc. with same affiliate	5,546,913	2.67
Taipei Fullerton Hotel Co., Ltd. with same affiliate	5,517,189	2.65
Heran Co., Ltd. with same affiliate	5,504,209	2.65
Formosa Heavy Industries Corporation with same affiliate	5,485,194	2.64
Yangming Marine Transport Corp. with same affiliate	5,294,967	2.55

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of HNFH's Equity (%)
Shinhan Bank Co., Ltd. with same affiliate	\$ 5,215,584	2.51
Chow Tai Fook Enterprises Limited. with same affiliate	5,150,196	2.48
Longchen Paper & Packaging Co., Ltd. with same affiliate	5,118,823	2.46
Tatung Company with same affiliate	5,083,366	2.44
Lian Shuo Investment & Development Co., Ltd. with same affiliate	5,040,128	2.42
Lien Hwa Industrial Corp. with same affiliate	4,952,704	2.38
Shen Mao Technology Inc. with same affiliate	4,952,090	2.38
Tong Hwei Enterprise Co., Ltd. with same affiliate	4,792,360	2.30
Formosa Plastics Corporation with same affiliate	4,788,641	2.30
Chiao Thai Hsing Enterprise Co., Ltd. with same affiliate	4,765,776	2.29
United Integrated Services Co., Ltd. with same affiliate	4,756,101	2.29
Win Semiconductors Corporation with same affiliate	4,739,122	2.28
IBF Financial Holdings Co., Ltd. with same affiliate	4,651,314	2.24
CTCI Corporation with same affiliate	4,498,618	2.16
Farglory Construction Corp. with same affiliate	4,480,480	2.15
Hongyuan Motor Co., Ltd. with same affiliate	4,477,420	2.15
Lloyds Bank plc. with same affiliate	4,256,148	2.05
Goldman Sachs Group Holdings with same affiliate	4,254,295	2.05
HDFC Bank Limited. with same affiliate	4,201,530	2.02
Chang Chun Plastics Co., Ltd. with same affiliate	4,119,345	1.98
Macquarie International Finance with same affiliate	4,045,850	1.95
Bora Pharmaceuticals Co., Ltd. with same affiliate	4,014,715	1.93
Gloria Material Technology Corp. with same affiliate	3,777,315	1.82
China Times Inc. with same affiliate	3,761,320	1.81
Linde Lienhwa Industrial Gases Co., Ltd. with same affiliate	3,733,160	1.79
Standard Chartered Bank with same affiliate	3,603,249	1.73
China Steel Corp. with same affiliate	3,574,665	1.72
Jaie Haour Industry Corporation. with same affiliate	3,552,132	1.71
U-Ming Marine Transport Corporation with same affiliate	3,547,788	1.71
Inventec Corp. with same affiliate	3,516,536	1.69
Yem Chio Co., Ltd. with same affiliate	3,469,390	1.67
Starlux Airlines Co., Ltd. with same affiliate	3,418,840	1.64
North-Star International Petech Co., Ltd. with same affiliate	3,396,590	1.63
Wistron Corporation. with same affiliate	3,368,496	1.62
Eva Airways Corp. with same affiliate	3,365,989	1.62
Yieh Phui Enterprise Co., Ltd. with same affiliate	3,257,682	1.57
Ardentec Technology Inc. with same affiliate	3,169,207	1.52
Adata Technology Co., Ltd. with same affiliate	3,165,982	1.52
Clevo Co., Ltd. with same affiliate	3,051,638	1.47
Lien Jade Construction Co., Ltd. with same affiliate	3,041,430	1.46

(Concluded)