

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

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Hua Nan Financial Holdings Co., Ltd. (the Company) and its subsidiaries as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended September 30, 2024 and 2023, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 25, 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’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 6 and 44)	\$ 64,528,939	2	\$ 39,596,420	1	\$ 39,642,395	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 6, 7 and 44)	241,230,546	6	245,757,463	6	239,830,446	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 8)	165,077,119	4	118,793,903	3	133,396,419	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 5, 9, 11 and 47)	375,677,213	9	379,784,939	10	378,435,011	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST, NET (Notes 5, 10, 11 and 47)	780,796,456	19	686,891,136	18	692,470,021	18
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	2,169,137	-	2,481,443	-	2,449,154	-
RECEIVABLES, NET (Notes 5, 13 and 44)	84,765,219	2	64,179,226	2	60,228,307	2
CURRENT TAX ASSETS (Notes 4, 42 and 44)	119,849	-	398,393	-	312,303	-
DISCOUNTS AND LOANS, NET (Notes 5, 14 and 44)	2,396,813,147	57	2,243,451,690	58	2,159,752,429	57
REINSURANCE CONTRACTS ASSETS, NET	6,520,817	-	6,917,297	-	7,868,797	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Note 15)	345,254	-	351,351	-	353,802	-
OTHER FINANCIAL ASSETS, NET (Notes 5 and 16)	16,296,129	-	19,050,712	1	18,453,752	1
INVESTMENT PROPERTIES, NET (Notes 19 and 47)	13,030,823	-	14,863,175	-	14,431,595	-
PROPERTY AND EQUIPMENT, NET (Notes 17, 44 and 47)	33,723,528	1	31,978,737	1	31,790,619	1
RIGHT-OF-USE ASSETS (Notes 18 and 44)	2,243,948	-	2,268,659	-	2,185,907	-
INTANGIBLE ASSETS, NET (Note 20)	899,424	-	919,111	-	939,575	-
DEFERRED TAX ASSETS (Notes 4, 42 and 44)	3,905,589	-	3,850,295	-	3,860,658	-
OTHER ASSETS, NET (Notes 21, 44 and 47)	<u>5,214,254</u>	<u>-</u>	<u>4,594,464</u>	<u>-</u>	<u>6,290,760</u>	<u>-</u>
TOTAL	<u>\$ 4,193,357,391</u>	<u>100</u>	<u>\$ 3,866,128,414</u>	<u>100</u>	<u>\$ 3,792,691,950</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 22 and 44)	\$ 259,673,606	6	\$ 190,550,622	5	\$ 185,791,317	5
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 8)	6,686,851	-	8,651,418	-	5,098,289	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 8, 9, 10 and 24)	47,547,285	1	109,103,919	3	112,051,981	3
COMMERCIAL PAPER PAYABLE, NET (Notes 23 and 46)	47,615,697	1	36,316,177	1	35,622,195	1
PAYABLES (Note 25)	69,380,720	2	45,127,555	1	46,722,336	1
CURRENT TAX LIABILITIES (Notes 4, 42 and 44)	2,346,061	-	3,640,732	-	3,004,968	-
DEPOSITS AND REMITTANCES (Notes 26 and 44)	3,339,821,746	80	3,065,364,627	80	2,997,347,970	79
BONDS PAYABLE (Notes 27 and 46)	71,288,636	2	80,586,915	2	79,586,346	2
OTHER BORROWINGS (Notes 28 and 46)	3,813,000	-	3,412,328	-	2,350,206	-
PROVISIONS (Notes 4, 29 and 30)	25,243,073	1	23,659,550	1	25,776,650	1
OTHER FINANCIAL LIABILITIES (Note 31)	85,854,418	2	76,978,878	2	77,046,230	2
LEASE LIABILITIES (Notes 18, 44 and 46)	2,304,561	-	2,325,107	-	2,244,676	-
DEFERRED TAX LIABILITIES (Notes 4, 42 and 44)	6,179,027	-	6,139,717	-	6,168,207	-
OTHER LIABILITIES (Note 32)	<u>7,237,668</u>	<u>-</u>	<u>6,458,533</u>	<u>-</u>	<u>18,198,609</u>	<u>1</u>
Total liabilities	<u>3,974,992,349</u>	<u>95</u>	<u>3,658,316,078</u>	<u>95</u>	<u>3,597,009,980</u>	<u>95</u>
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT (Note 33)						
Share capital						
Ordinary shares	<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>-</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	1
Unappropriated earnings	<u>32,081,695</u>	<u>1</u>	<u>23,117,999</u>	<u>1</u>	<u>18,309,631</u>	<u>-</u>
Total retained earnings	<u>67,202,411</u>	<u>2</u>	<u>63,895,129</u>	<u>2</u>	<u>59,086,761</u>	<u>2</u>
Other equity						
Exchange differences on translating the financial statements of foreign operations	846,514	-	(619,865)	-	953,672	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	11,023,517	-	10,697,410	-	8,739,458	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(16,747,553)	-	(20,563,285)	-	(27,327,171)	(1)
Unrealized gain on other comprehensive income reclassified by overlay approach	<u>484,257</u>	<u>-</u>	<u>211,430</u>	<u>-</u>	<u>40,598</u>	<u>-</u>
Total other equity	<u>(4,393,265)</u>	<u>-</u>	<u>(10,274,310)</u>	<u>-</u>	<u>(17,593,443)</u>	<u>(1)</u>
Total equity attributable to owner of the parent	218,362,684	5	207,810,082	5	195,679,763	5
NON-CONTROLLING INTERESTS	<u>2,358</u>	<u>-</u>	<u>2,254</u>	<u>-</u>	<u>2,207</u>	<u>-</u>
Total equity	<u>218,365,042</u>	<u>5</u>	<u>207,812,336</u>	<u>5</u>	<u>195,681,970</u>	<u>5</u>
TOTAL	<u>\$ 4,193,357,391</u>	<u>100</u>	<u>\$ 3,866,128,414</u>	<u>100</u>	<u>\$ 3,792,691,950</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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 34 and 44)	\$ 25,592,237	142	\$ 22,844,168	145	\$ 75,365,759	147	\$ 64,155,058	142
INTEREST EXPENSES (Notes 34 and 44)	<u>(18,914,051)</u>	<u>(105)</u>	<u>(16,234,500)</u>	<u>(103)</u>	<u>(55,913,218)</u>	<u>(109)</u>	<u>(43,271,944)</u>	<u>(96)</u>
NET INTEREST	<u>6,678,186</u>	<u>37</u>	<u>6,609,668</u>	<u>42</u>	<u>19,452,541</u>	<u>38</u>	<u>20,883,114</u>	<u>46</u>
NET REVENUES OTHER THAN INTEREST								
Commission and fee revenue, net (Notes 35 and 44)	3,996,125	22	3,163,071	20	11,599,148	23	8,331,401	19
Income from insurance premiums, net (Note 37)	1,079,805	6	813,936	5	3,832,247	8	3,199,756	7
(Loss)gain on financial assets and liabilities at fair value through profit or loss, net (Notes 8, 37 and 44)	(1,423,151)	(8)	13,329,565	85	22,476,592	44	22,493,789	50
Gain on investment properties, net (Note 19)	178,523	1	156,441	1	553,044	1	429,611	1
Realized gain or loss on financial assets at fair value through other comprehensive income (Notes 9 and 38)	1,643,311	9	1,133,583	7	2,157,740	4	2,077,338	5
Loss on derecognition of financial assets at amortized cost (Note 10)	(6,391)	-	-	-	(12,532)	-	(2,365)	-
Foreign exchange gain(loss), net (Note 37)	5,751,265	32	(9,656,913)	(61)	(8,795,611)	(17)	(12,233,751)	(27)
Reversal(impairment) loss on assets (Note 11)	397	-	(3,924)	-	(10,180)	-	(15,143)	-
Share of profit of associates accounted for using the equity method (Note 15)	3,261	-	3,347	-	2,785	-	2,849	-
Gain(loss) on profit or loss reclassified by overlay approach (Note 8)	123,340	1	173,510	1	(298,014)	(1)	(340,823)	(1)
Other non-interest income, net (Note 44)	<u>61,776</u>	<u>-</u>	<u>46,275</u>	<u>-</u>	<u>157,188</u>	<u>-</u>	<u>150,616</u>	<u>-</u>
Total net revenues other than interest	<u>11,408,261</u>	<u>63</u>	<u>9,158,891</u>	<u>58</u>	<u>31,662,407</u>	<u>62</u>	<u>24,093,278</u>	<u>54</u>
TOTAL NET REVENUE	<u>18,086,447</u>	<u>100</u>	<u>15,768,559</u>	<u>100</u>	<u>51,114,948</u>	<u>100</u>	<u>44,976,392</u>	<u>100</u>
ALLOWANCE FOR DOUBTFUL ACCOUNTS, COMMITMENTS, AND GUARANTEES (Notes 6, 7, 11, 13, 14, 16 and 29)	<u>(1,477,664)</u>	<u>(8)</u>	<u>(314,084)</u>	<u>(2)</u>	<u>(3,044,047)</u>	<u>(6)</u>	<u>(1,069,393)</u>	<u>(2)</u>
CHANGE IN PROVISIONS FOR INSURANCE LIABILITIES, NET (Note 30)	<u>(156,700)</u>	<u>(1)</u>	<u>(92,199)</u>	<u>-</u>	<u>(734,308)</u>	<u>(1)</u>	<u>(723,749)</u>	<u>(2)</u>
OPERATING EXPENSES (Notes 30, 39, 40, 41 and 44)								
Employee benefits	(5,219,849)	(29)	(4,915,570)	(31)	(15,458,671)	(30)	(14,501,472)	(32)
Depreciation and amortization	(529,910)	(3)	(528,099)	(3)	(1,584,130)	(3)	(1,560,268)	(4)
Others	<u>(2,761,027)</u>	<u>(15)</u>	<u>(2,433,950)</u>	<u>(16)</u>	<u>(7,904,594)</u>	<u>(16)</u>	<u>(6,855,073)</u>	<u>(15)</u>
Total operating expenses	<u>(8,510,786)</u>	<u>(47)</u>	<u>(7,877,619)</u>	<u>(50)</u>	<u>(24,947,395)</u>	<u>(49)</u>	<u>(22,916,813)</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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT BEFORE INCOME TAX	\$ 7,941,297	44	\$ 7,484,657	48	\$ 22,389,198	44	\$ 20,266,437	45
INCOME TAX EXPENSES (Notes 4, 42 and 44)	<u>(1,300,900)</u>	<u>(7)</u>	<u>(1,098,430)</u>	<u>(7)</u>	<u>(4,534,247)</u>	<u>(9)</u>	<u>(3,374,469)</u>	<u>(7)</u>
NET PROFIT FOR THE PERIOD	<u>6,640,397</u>	<u>37</u>	<u>6,386,227</u>	<u>41</u>	<u>17,854,951</u>	<u>35</u>	<u>16,891,968</u>	<u>38</u>
OTHER COMPREHENSIVE INCOME (Notes 8, 33 and 42)								
Items that will not be reclassified subsequently to profit or loss:								
(Loss)gain on investments in equity instruments at fair value through other comprehensive income	(1,526,890)	(9)	(67,740)	-	3,514,201	7	1,536,651	3
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(812,437)	(5)	1,240,792	8	1,466,379	3	1,246,311	3
Gain(loss) on investments in debt instruments at fair value through other comprehensive income	6,249,210	35	(2,899,554)	(19)	3,851,124	7	(1,115,698)	(3)
(Loss)gain on other comprehensive income reclassified by overlay approach	(123,340)	(1)	(173,510)	(1)	298,014	1	340,823	1
Income tax relating to items that may be reclassified subsequently to profit(loss)	<u>(43,447)</u>	<u>-</u>	<u>19,010</u>	<u>-</u>	<u>(60,579)</u>	<u>-</u>	<u>4,120</u>	<u>-</u>
Other comprehensive income (loss) for the period	<u>3,743,096</u>	<u>20</u>	<u>(1,881,002)</u>	<u>(12)</u>	<u>9,069,139</u>	<u>18</u>	<u>2,012,207</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 10,383,493</u>	<u>57</u>	<u>\$ 4,505,225</u>	<u>29</u>	<u>\$ 26,924,090</u>	<u>53</u>	<u>\$ 18,904,175</u>	<u>42</u>
NET PROFIT ATTRIBUTABLE TO:								
Owner of the parent	\$ 6,640,325	37	\$ 6,386,196	41	\$ 17,854,805	35	\$ 16,891,870	38
Non-controlling interests	<u>72</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>146</u>	<u>-</u>	<u>98</u>	<u>-</u>
	<u>\$ 6,640,397</u>	<u>37</u>	<u>\$ 6,386,227</u>	<u>41</u>	<u>\$ 17,854,951</u>	<u>35</u>	<u>\$ 16,891,968</u>	<u>38</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the parent	\$ 10,383,417	57	\$ 4,505,202	29	\$ 26,923,897	53	\$ 18,904,053	42
Non-controlling interests	<u>76</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>193</u>	<u>-</u>	<u>122</u>	<u>-</u>
	<u>\$ 10,383,493</u>	<u>57</u>	<u>\$ 4,505,225</u>	<u>29</u>	<u>\$ 26,924,090</u>	<u>53</u>	<u>\$ 18,904,175</u>	<u>42</u>
EARNINGS PER SHARE (Note 43)								
Basic and diluted	<u>\$ 0.48</u>		<u>\$ 0.46</u>		<u>\$ 1.30</u>		<u>\$ 1.23</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)

							Retained Earnings				Other Equity					
	Share Capital Capital Stock	Share Premium	Treasury Stock	Capital Surplus Donated Assets	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	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
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 nine months ended September 30, 2023	-	-	-	-	-	-	-	-	16,891,870	16,891,870	-	-	-	-	98	16,891,968
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	-	-	1,246,311	1,536,627	(1,102,921)	332,166	24	2,012,207
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	16,891,870	16,891,870	1,246,311	1,536,627	(1,102,921)	332,166	122	18,904,175
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	1,368,071	1,368,071	-	(1,368,071)	-	-	-	-
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 136,427,459</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>\$ 18,309,631</u>	<u>\$ 59,086,761</u>	<u>\$ 953,672</u>	<u>\$ 8,739,458</u>	<u>\$ (27,327,171)</u>	<u>\$ 40,598</u>	<u>\$ 2,207</u>	<u>\$ 195,681,970</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 nine months ended September 30, 2024	-	-	-	-	-	-	-	-	17,854,805	17,854,805	-	-	-	-	146	17,854,951
Other comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	-	-	1,466,379	3,514,154	3,815,732	272,827	47	9,069,139
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	17,854,805	17,854,805	1,466,379	3,514,154	3,815,732	272,827	193	26,924,090
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	3,188,047	3,188,047	-	(3,188,047)	-	-	-	-
BALANCE AT SEPTEMBER 30, 2024	<u>\$ 137,791,734</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>\$ 32,081,695</u>	<u>\$ 67,202,411</u>	<u>\$ 846,514</u>	<u>\$ 11,023,517</u>	<u>\$ (16,747,553)</u>	<u>\$ 484,257</u>	<u>\$ 2,358</u>	<u>\$ 218,365,042</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 Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 22,389,198	\$ 20,266,437
Adjustments for:		
Depreciation expenses	1,320,784	1,277,985
Amortization expenses	263,346	282,283
Allowance for doubtful accounts, commitments, and guarantees	3,044,047	1,069,393
Interest expenses	55,913,218	43,271,944
Net gain on derecognition of financial assets at amortized cost	12,532	2,365
Interest income	(75,365,759)	(64,155,058)
Dividend income	(2,455,311)	(2,315,404)
Change in provisions for insurance liabilities, net	734,308	723,749
Share of profit of associates accounted for using the equity method	(2,785)	(2,849)
Gain on profit or loss reclassified by overlay approach	298,014	340,823
Gain on disposal of property and equipment	(340)	(263)
Gain on disposal of investment properties	(195,849)	(105,327)
Impairment loss recognized on financial assets	14,857	15,143
Reversal of impairment loss recognized on non-financial assets	(4,677)	-
Others	5,812	377
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to other banks	(1,804,717)	(10,288,440)
Increase in financial assets at fair value through profit or loss	(46,689,622)	(41,034,308)
Decrease (increase) in financial assets at fair value through other comprehensive income	11,505,088	(19,199,352)
(Increase) decrease in investment in debt instruments at amortized cost	(93,879,194)	23,823,123
Increase in receivables	(19,012,723)	(10,521,557)
Increase in discounts and loans	(156,133,577)	(123,380,805)
Decrease (increase) in assets under reinsurance contracts	1,336,365	(216,957)
Decrease (increase) decrease in other financial assets	2,703,059	(982,608)
Increase in other assets	(522,525)	(2,353,626)
Increase in deposits from the Central Bank and other banks	69,122,984	3,399,821
Decrease in financial liabilities at fair value through profit or loss	(1,964,567)	(1,135,256)
(Decrease) increase in securities sold under repurchase agreements	(61,556,634)	58,690,776
Increase in payables	24,185,038	3,131,537
Increase in deposits and remittances	274,457,119	53,885,837
Decrease in provisions	(200,924)	(64,495)
Increase in other financial liabilities	8,875,540	12,169,663
(Decrease) increase in other liabilities	(1,208,951)	5,575,984
Cash generated from (used in) operations	15,183,154	(47,829,065)
Interest received	73,981,504	61,473,751
Dividends received	2,445,324	2,264,122
		(Continued)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
Interest paid	\$ (53,480,580)	\$ (37,701,402)
Income tax paid	<u>(6,063,135)</u>	<u>(4,282,687)</u>
Net cash generated from (used in) operating activities	<u>32,066,267</u>	<u>(26,075,281)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,274,222)	(1,774,387)
Proceeds from disposal of property and equipment	359	867
Acquisition of intangible assets	(198,428)	(119,635)
Proceeds from disposal of intangible assets	-	3,000
Net cash outflow on acquisition of subsidiaries	-	(22,000)
Acquisition of investment properties	(288,871)	(177,877)
Proceeds from disposal of investments properties	<u>1,044,732</u>	<u>391,240</u>
Net cash used in investing activities	<u>(716,430)</u>	<u>(1,698,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	591,000	815,000
Decrease in short-term borrowings	(186,000)	(430,794)
Increase in commercial paper payable	11,307,662	15,748,008
Repayments of corporate bonds	-	(7,000,000)
Repayments of bank debentures	(9,300,000)	-
Proceeds from long-term borrowings	533,000	110,000
Repayments of long-term borrowings	(537,328)	-
Repayment of the principal portion of lease liabilities	(559,119)	(555,307)
Cash dividends paid to owners of the Company	(16,318,052)	(8,022,828)
Dividends paid to non-controlling interests	<u>(89)</u>	<u>(90)</u>
Net cash (used in) generated from financing activities	<u>(14,468,926)</u>	<u>663,989</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,411,179</u>	<u>1,152,694</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,292,090	(25,957,390)
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>\$ 184,125,989</u>	<u>\$ 160,864,667</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 September 30, 2024 and 2023:

	September 30	
	2024	2023
Cash and cash equivalents in consolidated balance sheets	\$ 64,528,939	\$ 39,642,395
Due from the Central Bank and other banks that meet the definition of cash and cash equivalents in IAS 7	117,427,913	118,773,118
Securities purchased under resell agreements that meet the definition of cash and cash equivalents in IAS 7	<u>2,169,137</u>	<u>2,449,154</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 184,125,989</u>	<u>\$ 160,864,667</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 NINE MONTHS ENDED SEPTEMBER 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 September 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. (HNAMEC) was invested by HNFH and was established on May 10, 2005. HNAMEC 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 September 30, 2024, December 31, 2023 and September 30, 2023, the Company and its subsidiaries (“the Group”) had 11,327, 11,100 and 11,058 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on November 25, 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 IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a 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
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Amendments to IFRS 9 and IFRS 7 “Amendments to the	January 1, 2026
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Classification and Measurement of Financial Instruments”	
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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
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IFRS 17 “Insurance Contracts”	January 1, 2023
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Amendments to IFRS 17	January 1, 2023
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Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
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IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
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IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
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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.

Modification 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 other impacts of the above amended 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 and the insurance industry could not be reasonably identified, accounts included in the Group’s and its subsidiaries’ 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 11.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 13,437,206	\$ 14,055,049	\$ 13,945,749
Cash in banks	1,567,006	2,971,177	2,711,697
Due from other banks	47,749,808	21,576,386	21,598,789
Notes and checks for clearing	1,701,789	976,963	1,342,200
Cash equivalents	<u>75,737</u>	<u>18,990</u>	<u>45,973</u>
	64,531,546	39,598,565	39,644,408
Allowance for impairment loss	<u>(2,607)</u>	<u>(2,145)</u>	<u>(2,013)</u>
	<u>\$ 64,528,939</u>	<u>\$ 39,596,420</u>	<u>\$ 39,642,395</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of the period	\$ 2,145	\$ 1,305
Provision	358	700
Foreign exchange gains and losses	<u>104</u>	<u>8</u>
Balance, end of the period	<u>\$ 2,607</u>	<u>\$ 2,013</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Call loans to banks	\$ 63,204,296	\$ 82,728,373	\$ 88,604,920
Reserve - checking accounts	46,434,408	44,098,340	44,566,994
Reserve - demand accounts	99,252,058	87,526,697	85,296,243
Reserve - foreign-currency deposit	994,462	944,682	964,492
Deposits of overseas branches with foreign Central Banks	279,852	413,601	354,435
Due from the Central Bank	54,745	45,862	43,087
Interbank settlement funds	<u>31,014,344</u>	<u>30,000,016</u>	<u>20,000,275</u>
	241,234,165	245,757,571	239,830,446
Allowance for impairment loss	<u>(3,619)</u>	<u>(108)</u>	<u>-</u>
	<u>\$ 241,230,546</u>	<u>\$ 245,757,463</u>	<u>\$ 239,830,446</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of the period	\$ 108	\$ -
Provision (reversal)	3,424	(105)
Foreign exchange gains and losses	<u>87</u>	<u>105</u>
Balance, end of the period	<u>\$ 3,619</u>	<u>\$ -</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

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily classified as at FVTPL			
Investments in bill	\$ 124,805,609	\$ 97,031,423	\$ 92,465,101
Government bonds	15,350,506	3,732,122	4,313,388
Listed stocks	7,379,180	6,839,454	6,597,909
Currency swap	3,378,306	2,965,595	18,475,395
Financial debentures	3,163,643	-	-
Interest swap	3,088,181	2,159,789	3,228,103
Operating securities - dealing	2,457,405	2,137,079	1,993,797

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
Beneficiary certificates	\$ 2,109,036	\$ 1,906,965	\$ 1,792,319
Operating securities - underwriting	945,730	307,782	507,082
Unlisted stocks	628,233	830,295	782,945
Beneficiary securities	484,479	503,091	469,463
Negotiable certificates of deposits	431,440	-	-
Corporate bonds	397,513	-	-
Options	218,115	98,805	159,952
Forward	113,175	161,124	72,540
Margin deposits - future	78,455	45,792	71,246
Cross currency swap	48,113	74,587	483,460
Treasury bills	-	-	1,983,719
	<u>\$ 165,077,119</u>	<u>\$ 118,793,903</u>	<u>\$ 133,396,419</u>
Held-for-trading financial liabilities			
Currency swap	\$ 3,254,128	\$ 6,274,427	\$ 1,473,719
Interest swap	3,097,905	2,159,789	3,228,103
Options	220,045	100,642	160,789
Forward	74,916	77,985	135,969
Cross currency swap	39,825	2,480	870
Futures	32	3,551	-
Bond investment with resale - financing	-	32,544	98,839
	<u>\$ 6,686,851</u>	<u>\$ 8,651,418</u>	<u>\$ 5,098,289</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:

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets at FVTPL</u>			
Listed stocks	\$ 6,759,537	\$ 6,012,308	\$ 5,755,853
Unlisted stocks	81,136	91,105	94,068
Beneficiary certificates	2,098,180	1,889,928	1,743,967
Beneficiary securities	<u>20,413</u>	<u>22,815</u>	<u>22,603</u>
	<u>\$ 8,959,266</u>	<u>\$ 8,016,156</u>	<u>\$ 7,616,491</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Gain recognized in profit and loss on application of IFRS 9	\$ 604,764	\$ 731,590
Less: Gain recognized in profit and loss if IAS 39 was applied	<u>(306,750)</u>	<u>(390,767)</u>
Gain on overlay approach	<u>\$ 298,014</u>	<u>\$ 340,823</u>

The amounts of financial assets at FVTPL for the nine months ended September 30, 2024 and 2023, decreased from \$619,982 to \$321,968 and from \$527,323 to \$186,500, 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 September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Forward and currency swap	NT\$ 406,953,538	NT\$ 457,132,749	NT\$ 486,352,625
Interest swap	NT\$ 106,486,261	NT\$ 103,362,920	NT\$ 107,844,052
Options	NT\$ 33,762,198	NT\$ 16,780,429	NT\$ 27,950,230
Cross currency swap	NT\$ 6,320,000	NT\$ 3,070,500	NT\$ 6,521,570
Futures	NT\$ 1,909,821	NT\$ 1,790,448	NT\$ 1,867,251
Forward and currency swap	US\$ 12,228	US\$ 14,968	US\$ 12,218
Asset swap	NT\$ -	NT\$ -	NT\$ 10,000

The principal of debt investments, which are financial assets mandatorily classified as at FVTPL, amounting to \$1,281,400, \$1,482,449 and \$1,040,043 as of September 30, 2024, December 31, 2023 and September 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 \$1,494,972 \$1,938,466 and \$1,736,384 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively, had been sold under repurchase agreements.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in equity instruments at FVTOCI	\$ 27,263,374	\$ 45,670,617	\$ 42,300,445
Investments in debt instruments at FVTOCI	<u>348,413,839</u>	<u>334,114,322</u>	<u>336,134,566</u>
	<u>\$ 375,677,213</u>	<u>\$ 379,784,939</u>	<u>\$ 378,435,011</u>

a. Investments in equity instruments at FVTOCI

	September 30, 2024	December 31, 2023	September 30, 2023
Listed stocks	\$ 16,574,992	\$ 35,401,604	\$ 32,526,911
Unlisted stocks	10,199,272	9,777,458	9,315,486
Real estate investment trust beneficiary securities	<u>489,110</u>	<u>491,555</u>	<u>458,048</u>
	<u>\$ 27,263,374</u>	<u>\$ 45,670,617</u>	<u>\$ 42,300,445</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 nine months ended September 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 \$3,188,047 and \$1,368,071 were transferred to retained earnings.

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

b. Investments in debt instruments at FVTOCI

	September 30, 2024	December 31, 2023	September 30, 2023
Government bonds	\$ 142,122,534	\$ 135,180,627	\$ 135,401,150
Corporate bonds	113,846,632	107,626,543	111,255,151
Bank debentures	84,164,491	82,622,166	80,953,796
Agency mortgage - backed securities	7,397,999	7,483,538	7,301,032
Negotiable certificates of deposits	882,183	1,052,389	1,069,255
Treasury bills	<u>-</u>	<u>149,059</u>	<u>154,182</u>
	<u>\$ 348,413,839</u>	<u>\$ 334,114,322</u>	<u>\$ 336,134,566</u>

The principal of debt investments, which are financial assets at FVTOCI, amounting to \$36,893,861, \$72,601,483 and \$71,976,684 as of September 30, 2024, December 31, 2023 and September 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 September 30, 2024, December 31, 2023 and September 30, 2023 relating to investments in debt instruments at FVTOCI pledged as security.

10. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
Negotiable certificates of deposits	\$ 459,273,778	\$ 441,656,524	\$ 447,591,153
Bank debentures	122,123,449	97,149,157	97,393,434
Government bonds	104,379,809	84,589,456	98,816,799
Corporate bonds	93,114,491	61,458,916	46,803,138
Treasury bills	<u>2,248,369</u>	<u>2,368,479</u>	<u>2,192,897</u>
	781,139,896	687,222,532	692,797,421
Less: Refundable deposits	(296,766)	(296,613)	(296,562)
Allowance for impairment losses	<u>(46,674)</u>	<u>(34,783)</u>	<u>(30,838)</u>
	<u>\$ 780,796,456</u>	<u>\$ 686,891,136</u>	<u>\$ 692,470,021</u>

The principal of debt investments, which are financial assets at amortized cost, amounting to \$7,877,052, \$33,081,521 and \$37,298,870 as of September 30, 2024, December 31, 2023 and September 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 September 30, 2024, December 31, 2023 and September 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:

September 30, 2024

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 366,149,036	\$ 780,843,130
Less: Allowance for impairment loss	<u>(66,697)</u>	<u>(46,674)</u>
Amortized cost	366,082,339	<u>\$ 780,796,456</u>
Adjustment to fair value	<u>(17,668,500)</u>	
	<u>\$ 348,413,839</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>	

September 30, 2023

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 364,762,491	\$ 692,500,859
Less: Allowance for impairment loss	<u>(52,506)</u>	<u>(30,838)</u>
Amortized cost	364,709,985	<u>\$ 692,470,021</u>
Adjustment to fair value	<u>(28,575,419)</u>	
	<u>\$ 336,134,566</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:

September 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%	\$ 342,109,542	\$ 779,360,708
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	-	-	-

September 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%	\$ 342,126,652	\$ 690,864,167
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:

September 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%	\$ 20,157,767
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	-	-

September 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%	\$ 19,088,017
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:

September 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%- 0.2195%	\$ 3,819,373	\$ 1,482,422
Stage 2	There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired	17.6618%	62,354	-
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	-	-	-

September 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	0.0257%- 0.6294%	\$ 3,491,111	\$ 1,636,692
Stage 2	There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired	0.8398%	56,711	-
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	7,693	-	-
Derecognition	(4,502)	-	-
Change in model or risk parameters	34	434	-
Change in exchange rates or others	<u>40</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2024	<u>\$ 55,383</u>	<u>\$ 11,314</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 48,394	\$ -	\$ -
New debt instruments purchased	5,457	-	-
Derecognition	(1,697)	-	-
Change in model or risk parameters	(123)	497	-
Change in exchange rates or others	<u>(22)</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2023	<u>\$ 52,009</u>	<u>\$ 497</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	18,936	-	-
Derecognition	(7,380)	-	-
Change in model or risk parameters	(358)	-	-
Change in exchange rates or others	<u>693</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2024	<u>\$ 46,674</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 18,586	\$ -	\$ -
New debt instruments purchased	14,473	-	-
Derecognition	(3,628)	-	-
Change in model or risk parameters	164	-	-
Change in exchange rates or others	<u>1,243</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2023	<u>\$ 30,838</u>	<u>\$ -</u>	<u>\$ -</u>

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Government bonds	\$ 1,800,000	\$ 2,032,587	\$ 2,000,000
Investments in bill	<u>369,137</u>	<u>448,856</u>	<u>449,154</u>
	<u>\$ 2,169,137</u>	<u>\$ 2,481,443</u>	<u>\$ 2,449,154</u>

Securities purchased under resell agreements as of September 30, 2024, December 31, 2023 and September 30, 2023 were expired in October 2024, January 2024 and October 2023 and the amounts agreed to resell were \$2,170,419, \$2,483,217 and \$2,450,809, respectively.

13. RECEIVABLES, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Margin loans receivable	\$ 22,497,334	\$ 16,988,035	\$ 15,521,754
Accounts receivable	20,893,138	15,069,252	11,448,343
Interest receivables	12,654,084	10,573,079	10,227,709
Credit card receivables	11,532,702	10,364,557	10,585,663
Receivable of securities business money lending - non-restricted purpose	7,333,038	2,246,390	2,488,540
Receivables from PEM Group incident (Note 50)	6,702,863	7,178,259	7,894,391
Acceptances	2,777,811	3,057,173	2,866,431
Receivables factoring - without recourse	475,664	361,152	452,698
Accounts receivable for settlement - options	177,020	239,156	227,156
Others	<u>5,336,305</u>	<u>3,586,028</u>	<u>4,172,550</u>
	90,379,959	69,663,081	65,885,235
Allowance for impairment losses	<u>(5,614,740)</u>	<u>(5,483,855)</u>	<u>(5,656,928)</u>
	<u>\$ 84,765,219</u>	<u>\$ 64,179,226</u>	<u>\$ 60,228,307</u>

The changes in the allowance for impairment losses were as follows:

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of the period	\$ 5,483,855	\$ 5,641,739
Provision	205,147	67,794
Write-off	(75,020)	(53,576)
Foreign exchange gains and losses	<u>758</u>	<u>971</u>
Balance, end of the period	<u>\$ 5,614,740</u>	<u>\$ 5,656,928</u>

The Group reversed the bad debt loss of receivables amounted to \$27,471 and \$26,495 for the nine months ended September 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

	September 30, 2024	December 31, 2023	September 30, 2023
Short-term loans and overdraft	\$ 213,248,196	\$ 223,376,736	\$ 225,984,325
Secured short-term loans and secured overdraft	274,617,998	279,899,547	270,134,419
Medium-term loans	581,318,308	536,502,571	498,259,481
Secured medium-term loans	316,741,949	305,546,560	299,936,396
Long-term loans	61,184,010	55,458,042	51,784,875
Secured long-term loans	975,235,841	866,781,036	835,878,166
Discounts and import and export bill negotiation	2,069,362	1,455,737	2,601,355
Nonperforming loans transferred from loans	3,478,811	3,254,403	3,709,249
Receivables financing	<u>118,036</u>	<u>152,175</u>	<u>118,651</u>
	2,428,012,511	2,272,426,807	2,188,406,917
Allowance for impairment losses	(30,996,248)	(28,863,213)	(28,615,915)
Adjustment of premium or discount	<u>(203,116)</u>	<u>(111,904)</u>	<u>(38,573)</u>
	<u>\$ 2,396,813,147</u>	<u>\$ 2,243,451,690</u>	<u>\$ 2,159,752,429</u>

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

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of the period	\$ 28,863,213	\$ 27,675,781
Provision	4,020,456	2,851,844
Write-off	(1,940,457)	(2,036,255)
Foreign exchange gains and losses	<u>53,036</u>	<u>124,545</u>
Balance, end of the period	<u>\$ 30,996,248</u>	<u>\$ 28,615,915</u>

The Group have recovered the written-off credits amounted to \$1,301,372 and \$1,928,254 for the nine months ended September 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

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	Amount	%	Amount	%	Amount	%
Fertasia International Development Co., Ltd.	\$ 96,777	29.80	\$ 99,741	29.80	\$ 97,242	29.80
Chia-Ta International Development Co., Ltd.	92,209	25.56	90,631	25.56	89,833	25.56
Zhi-Kang Venture Capital Investment Company, Ltd.	82,453	29.10	83,785	29.10	91,092	29.10
Chung-Hua Real Estate Management Co., Ltd.	<u>73,815</u>	30.00	<u>77,194</u>	30.00	<u>75,635</u>	30.00
	<u>\$ 345,254</u>		<u>\$ 351,351</u>		<u>\$ 353,802</u>	

The Group's share of:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2024	2023	2024	2023
The Group's share of:				
Income from continuing operations	\$ 3,261	\$ 3,347	\$ 2,785	\$ 2,849
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 3,261</u>	<u>\$ 3,347</u>	<u>\$ 2,785</u>	<u>\$ 2,849</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 nine months ended September 30, 2024 and 2023 were not based on the associate's financial statements reviewed by the auditors for the same periods. The Group's management regarded that the financial statements of above companies not reviewed by auditors will not cause significant problems.

16. OTHER FINANCIAL ASSETS, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits no qualified for cash equivalents	\$ 8,970,119	\$ 11,650,290	\$ 11,526,878
Customers' margin account	5,865,716	5,435,701	5,128,572
Security leading margin	381,942	1,042,226	1,023,060
Long-term receivables	994,858	847,028	704,025
Nonperforming loans transferred from other than loans	177,213	259,166	283,637
Others	<u>115</u>	<u>4,002</u>	<u>3,292</u>
	16,389,963	19,238,413	18,669,464
Allowance for impairment loss	<u>(93,834)</u>	<u>(187,701)</u>	<u>(215,712)</u>
	<u>\$ 16,296,129</u>	<u>\$ 19,050,712</u>	<u>\$ 18,453,752</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of the period	\$ 187,701	\$ 76,830
Provision	55,131	154,025
Write-off	(149,328)	(15,165)
Foreign exchange gains and losses	<u>330</u>	<u>22</u>
Balance, end of the period	<u>\$ 93,834</u>	<u>\$ 215,712</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 50. On September 30, 2024, December 31, 2023 and September 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

	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 21,516,018	\$ 20,815,292	\$ 20,742,814
Buildings	7,842,707	7,100,859	7,046,702
Computer and machinery	1,226,816	1,265,668	1,187,483
Transportation equipment	125,975	130,282	119,391
Other equipment	322,175	348,765	339,431
Lease improvements	87,586	63,554	65,246
Construction in progress and prepayments for equipment, land and buildings	<u>2,602,251</u>	<u>2,254,317</u>	<u>2,289,552</u>
	<u>\$ 33,723,528</u>	<u>\$ 31,978,737</u>	<u>\$ 31,790,619</u>

The movements of property and equipment were as follows:

For the Nine Months Ended September 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	-	11,247	245,371	18,365	51,438	16,260	931,541	1,274,222
Decrease	-	-	(487,644)	(19,432)	(30,884)	(27,106)	-	(565,066)
Reclassification	700,726	961,832	15,807	4,910	24,740	25,388	(583,607)	1,149,796
Foreign exchange gains and losses	-	-	4,161	1,379	2,122	1,999	-	9,661
Balance, end of the period	<u>21,516,018</u>	<u>16,613,549</u>	<u>6,997,990</u>	<u>1,142,806</u>	<u>3,849,645</u>	<u>208,490</u>	<u>2,602,251</u>	<u>52,930,749</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	-	237,702	300,747	27,785	102,901	17,814	-	686,949
Decrease	-	-	(487,638)	(19,432)	(30,871)	(27,106)	-	(565,047)
Reclassification	-	(6,471)	-	-	-	-	-	(6,471)
Foreign exchange gains and losses	-	-	3,438	1,176	1,976	1,801	-	8,391
Balance, end of the period	-	<u>8,770,842</u>	<u>5,771,174</u>	<u>1,016,831</u>	<u>3,527,470</u>	<u>120,904</u>	-	<u>19,207,221</u>
Net amount	<u>\$ 21,516,018</u>	<u>\$ 7,842,707</u>	<u>\$ 1,226,816</u>	<u>\$ 125,975</u>	<u>\$ 322,175</u>	<u>\$ 87,586</u>	<u>\$ 2,602,251</u>	<u>\$ 33,723,528</u>
For the Nine Months Ended September 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	\$ 1,362,654	\$ 51,342,756
Additions	-	7,964	230,803	20,611	43,679	15,267	1,456,063	1,774,387
Decrease	-	-	(278,014)	(15,590)	(13,121)	(27,960)	-	(334,685)
Acquired by business combination	-	-	1,812	-	-	-	-	1,812
Reclassification	(675,873)	(954,957)	30,816	-	50,310	23,827	(529,165)	(2,055,042)
Foreign exchange gains and losses	-	-	3,148	1,207	2,191	748	-	7,294
Balance, end of the period	<u>20,742,814</u>	<u>15,506,509</u>	<u>7,096,342</u>	<u>1,129,428</u>	<u>3,778,698</u>	<u>193,179</u>	<u>2,289,552</u>	<u>50,736,522</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	-	230,587	293,383	25,729	94,243	14,247	-	658,189
Decrease	-	-	(277,410)	(15,590)	(13,121)	(27,960)	-	(334,081)
Reclassification	-	(8,615)	5	-	(146)	-	-	(8,756)
Foreign exchange gains and losses	-	(131)	2,546	1,028	2,201	745	-	6,389
Balance, end of the period	-	<u>8,459,807</u>	<u>5,908,859</u>	<u>1,010,037</u>	<u>3,439,267</u>	<u>127,933</u>	-	<u>18,945,903</u>
Net amount	<u>\$ 20,742,814</u>	<u>\$ 7,046,702</u>	<u>\$ 1,187,483</u>	<u>\$ 119,391</u>	<u>\$ 339,431</u>	<u>\$ 65,246</u>	<u>\$ 2,289,552</u>	<u>\$ 31,790,619</u>

- Apportionment of depreciation expense from HNCB to HNFH were \$0 and \$8,081 for the nine months ended September 30, 2024 and 2023.
- The amounts of property and equipment pledged as collateral as of September 30, 2024, December 31, 2023 and September 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	1-60 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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts</u>			
Buildings	\$ 2,091,837	\$ 2,117,455	\$ 2,025,368
Computer and machinery	4,023	5,030	5,402
Transportation equipment	77,761	84,759	88,192
Other equipment	<u>70,327</u>	<u>61,415</u>	<u>66,945</u>
	<u>\$ 2,243,948</u>	<u>\$ 2,268,659</u>	<u>\$ 2,185,907</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2024	2023	2024
			2023
Additions to right-of-use assets			<u>\$ 568,049</u>
Depreciation charge for right-of-use assets			<u>\$ 719,184</u>
Buildings	\$ 169,308	\$ 170,384	\$ 508,325
Computer and machinery	448	420	1,325
Transportation equipment	11,828	11,394	35,483
Other equipment	<u>8,814</u>	<u>7,068</u>	<u>25,296</u>
	<u>\$ 190,398</u>	<u>\$ 189,266</u>	<u>\$ 570,429</u>
			<u>\$ 563,830</u>

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts</u>			
Buildings	\$ 2,089,337	\$ 2,113,563	\$ 2,023,671
Computer and machinery	3,667	4,816	5,234
Transportation equipment	82,568	88,903	92,698
Superficies	50,578	50,288	50,185
Other equipment	<u>78,411</u>	<u>67,537</u>	<u>72,888</u>
	<u>\$ 2,304,561</u>	<u>\$ 2,325,107</u>	<u>\$ 2,244,676</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 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	4.186%	4.186%	4.186%
Other equipment	1.035%-2.420%	1.035%-2.300%	1.030%-2.210%

c. Material lease-in activities and terms

The Group leases certain building with lease terms of 1 to 13 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 arrangement for the investment properties under the operating lease contract, refer to Note 19.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expense relating to short-term leases	\$ 18,511	\$ 21,052	\$ 57,657	\$ 56,552
Expense relating to low-value asset leases	\$ 5,697	\$ 2,894	\$ 10,540	\$ 9,099
Expense relating to variable lease payments not included in the measurement of lease liabilities	\$ 18,105	\$ 16,934	\$ 52,798	\$ 46,022
Total cash outflow for leases			\$ 714,825	\$ 698,991

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

	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 9,201,346	\$ 9,963,276	\$ 9,538,228
Buildings	2,191,801	3,193,927	3,109,123
Construction in progress	1,413,104	1,525,157	1,606,874
Right-of-use assets	222,547	177,672	175,920
Others	2,025	3,143	1,450
	<u>\$ 13,030,823</u>	<u>\$ 14,863,175</u>	<u>\$ 14,431,595</u>

The movements of investment properties were as follows:

	For the Nine Months Ended September 30	
	2024	2023
<u>Cost</u>		
Balance, beginning of the period	\$ 16,207,351	\$ 13,924,705
Additions	288,871	177,877
Decrease	(874,666)	(335,601)
Reclassification	<u>(1,207,141)</u>	<u>1,985,465</u>
Balance, end of the period	<u>14,414,415</u>	<u>15,752,446</u>
<u>Accumulated depreciation and impairment</u>		
Balance, beginning of the period	1,344,176	1,297,605
Depreciation	63,406	64,047
Decrease	(23,183)	(18,300)
Reversal of impairment loss	(7,277)	(31,388)
Reclassification	<u>6,470</u>	<u>8,887</u>
Balance, end of the period	<u>1,383,592</u>	<u>1,320,851</u>
Investment properties, net	<u>\$ 13,030,823</u>	<u>\$ 14,431,595</u>

HNCB's investment properties with lease terms of 1 to 18 years. HNSC's investment properties with lease terms of 10 years. SCIC's investment properties with lease terms of 3 to 12 years. HNAME'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 September 30, 2024, December 31, 2023 and September 30, 2023 is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Year 1	\$ 470,819	\$ 475,560	\$ 427,031
Year 2	368,726	389,799	337,567
Year 3	206,104	280,672	233,033
Year 4	134,160	107,516	125,585
Year 5	92,983	78,768	73,918
Onwards	<u>475,816</u>	<u>477,467</u>	<u>479,438</u>
	<u>\$ 1,748,608</u>	<u>\$ 1,809,782</u>	<u>\$ 1,676,572</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 6-57 years, using the straight-line method.

- c. The fair value of the Group's investment properties as of September 30, 2024, December 31, 2023 and September 30, 2023 were \$36,240,781, \$38,326,285 and \$36,665,739, respectively.

The fair value of HNCB's investment properties as of September 30, 2024, December 31, 2023 and September 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 September 30, 2024, December 31, 2023 and September 30, 2023 were \$194,311, \$197,669 and \$169,486, respectively. The fair value by management of the Group evaluated local market price.

The fair value of SCIC's investment properties as of September 30, 2023 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 September 30, 2023 and December 31, 2022 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:

	September 30, 2024	December 31, 2023	September 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:

	September 30, 2024	December 31, 2023	September 30, 2023
The fair value	<u>\$ 2,436,096</u>	<u>\$ 3,039,021</u>	<u>\$ 2,593,972</u>
Income capital interest rate	0.20%-2.31%	0.35%-2.55%	0.35%-2.55%

The fair value of the others HNAMEC's investment properties were not performed by independent qualified professional values. The Management of HNAMEC 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:

	September 30, 2024	December 31, 2023	September 30, 2023
The fair value	<u>\$ 5,829,257</u>	<u>\$ 3,844,936</u>	<u>\$ 4,421,458</u>

- d. The accumulated impairment of investment properties as of September 30, 2024, December 31, 2023 and September 30, 2023 were \$12,472, \$19,750 and \$19,749, respectively.
- e. For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, the rental income from investment properties were \$149,086, \$138,882, \$439,170 and \$411,754, respectively. For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, the direct operating expenses of investment properties including depreciation expenses were \$50,549, \$54,528, \$145,381 and \$151,517, respectively. The gain on disposal of investment properties were \$58,663, \$49,162, \$195,849 and \$105,327 for the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, respectively. Refer to Note 47 for information relating to investment properties pledged as security.

20. INTANGIBLE ASSETS, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Computer software	\$ 758,780	\$ 768,848	\$ 786,168
Goodwill	40,662	40,662	40,662
Others	<u>99,982</u>	<u>109,601</u>	<u>112,745</u>
	<u>\$ 899,424</u>	<u>\$ 919,111</u>	<u>\$ 939,575</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 September 30, 2024, December 31, 2023 and September 30, 2023.

The movements of computer software and others were as follows:

	For the Nine Months Ended September 30	
	2024	2023
<u>Cost</u>		
Balance, beginning of the period	\$ 4,417,817	\$ 4,193,155
Additions	198,638	119,364
Decrease	(21,619)	(90,688)
Acquired by business combination (Note 46)	-	64,188
Reclassification	39,717	67,880
Foreign exchange gains and losses	<u>8,652</u>	<u>4,144</u>
Balance, end of the period	<u>4,643,205</u>	<u>4,358,043</u>
<u>Accumulated amortization</u>		
Balance, beginning of the period	3,539,368	3,265,683
Amortization	258,897	277,379
Decrease	(21,619)	(87,688)
Foreign exchange gains and losses	<u>7,797</u>	<u>3,756</u>
Balance, end of the period	<u>3,784,443</u>	<u>3,459,130</u>
Net amount	<u>\$ 858,762</u>	<u>\$ 898,913</u>

Apportionment of amortization expense from HNCB to HNFH were \$101 and \$1,015 for the nine months ended September 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

	September 30, 2024	December 31, 2023	September 30, 2023
Claims recovered from reinsurers	\$ 355,145	\$ 746,591	\$ 474,892
Less: Allowance for impairment loss	<u>(1,780)</u>	<u>(3,925)</u>	<u>(3,440)</u>
	<u>353,365</u>	<u>742,666</u>	<u>471,452</u>
Due from reinsurers and ceding companies	672,024	1,616,943	917,166
Less: Allowance for impairment loss	<u>(135,929)</u>	<u>(35,308)</u>	<u>(26,836)</u>
	<u>536,095</u>	<u>1,581,635</u>	<u>890,330</u>
Ceded unearned premium reserve	2,402,410	1,964,075	2,289,113
Ceded reserve for claims	3,228,947	2,628,921	4,217,902
Ceded premium deficiency reserve	<u>-</u>	<u>-</u>	<u>-</u>
Reinsurance reserve assets	<u>5,631,357</u>	<u>4,592,996</u>	<u>6,507,015</u>
	<u>\$ 6,520,817</u>	<u>\$ 6,917,297</u>	<u>\$ 7,868,797</u>

22. OTHER ASSETS, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Refundable deposits	\$ 2,931,184	\$ 2,872,023	\$ 4,455,440
Operating deposits and settlement fund	907,410	915,974	914,631
Prepayments	574,357	343,214	580,187
Temporary receipts	222,772	233,859	115,730
Others, net	<u>578,531</u>	<u>229,394</u>	<u>224,772</u>
	<u>\$ 5,214,254</u>	<u>\$ 4,594,464</u>	<u>\$ 6,290,760</u>

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

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	September 30, 2024	December 31, 2023	September 30, 2023
Call loans from banks	\$ 192,569,107	\$ 174,085,210	\$ 170,230,070
Deposits from Chunghwa Post Co., Ltd.	50,173,324	215,947	227,550
Call loans from the Central Bank	14,220,000	10,746,750	11,299,750
Overdraft	1,847,809	3,397,607	2,724,830
Deposits from banks	809,026	2,026,689	1,231,047
Deposits from the Central Bank	<u>54,340</u>	<u>78,419</u>	<u>78,070</u>
	<u>\$ 259,673,606</u>	<u>\$ 190,550,622</u>	<u>\$ 185,791,317</u>

24. COMMERCIAL PAPER PAYABLE, NET

a. Commercial paper

Institution	September 30, 2024	December 31, 2023	September 30, 2023
Mega Bills Finance Corp.	\$ 8,160,000	\$ 2,600,000	\$ 3,035,000
China Bills Finance Corp.	6,345,000	5,845,000	3,130,000
Yuanta Commercial Bank	5,700,000	4,600,000	3,600,000
Union Bank of Taiwan Corp.	5,310,000	2,200,000	3,420,000
Taishin International Bank Corp.	4,150,000	2,300,000	2,600,000
Bank SinoPac	4,000,000	8,500,000	8,090,000
CTBC Bank Co., Ltd.	3,400,000	-	800,000
Grand Bills Finance Corp.	2,888,000	3,078,000	2,923,000
E.SUN Commercial Bank, Ltd.	1,700,000	900,000	2,900,000
Dah Chung Bills Finance Corp.	1,400,000	1,105,000	1,105,000
Taipei Fubon Commercial Bank Co., Ltd.	1,400,000	1,100,000	200,000
Ta Ching Bills Finance Corp.	1,000,000	2,300,000	2,090,000
Sunny Bank	1,000,000	300,000	300,000
International Bills Finance Corp.	625,000	738,000	733,000
Taiwan Finance Corp.	301,000	425,000	430,000
KGI Commercial Bank Co., Ltd.	180,000	200,000	200,000
Taiwan Cooperative Bills Finance Corp.	130,000	180,000	120,000
Discount of commercial paper payable	<u>(73,303)</u>	<u>(54,823)</u>	<u>(53,805)</u>
	<u>\$ 47,615,697</u>	<u>\$ 36,316,177</u>	<u>\$ 35,622,195</u>

- b. Ranges of annual interest rates of the commercial paper payable were 1.68%-2.03%, 1.47%-1.89% and 1.45%-2.17% as of September 30, 2024, December 31, 2023 and September 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 \$47,547,285, \$109,103,919 and \$112,051,981 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Ranges of interest rates were 0.77%-5.47%, 0.10%-5.75% and 0.10%-5.71% as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. The agreed-upon repurchase price were \$47,824,500, \$110,286,089 and \$113,186,329, respectively. The maturity date of securities sold under repurchase agreements were August 2025, November 2024 and August 2024, respectively.

26. PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	\$ 19,609,691	\$ 13,772,603	\$ 9,939,180
Collections for others	18,021,605	1,826,238	6,250,801
Interests payable	11,144,185	8,614,564	10,437,683
Accrued expenses	5,914,957	6,602,170	5,802,877
Acceptances	2,824,522	3,156,121	2,950,037
Notes and checks in clearing	1,701,789	976,964	1,342,200
Short sales proceeds payable	1,625,165	1,547,907	1,786,143
Deposits for short sales	1,409,580	1,363,438	1,548,760
Due to reinsurers and ceding companies	1,158,233	607,487	1,058,927
Dividends payable	676,265	623,398	623,571
Temporary received customs	220,375	220,410	354,186
Attachment of debts	188,763	202,485	203,747
Payables for settlement - options	177,455	238,289	226,823
Payables - factoring	111,486	131,771	220,323
Insurance claims and benefits payable	-	1,231,269	-
Others	<u>4,596,649</u>	<u>4,012,441</u>	<u>3,977,078</u>
	<u>\$ 69,380,720</u>	<u>\$ 45,127,555</u>	<u>\$ 46,722,336</u>

27. DEPOSITS AND REMITTANCES

	September 30, 2024	December 31, 2023	September 30, 2023
Demand deposits	\$ 887,605,306	\$ 878,623,111	\$ 862,810,361
Checking account deposits	47,607,975	66,113,826	57,053,560
Savings deposits	1,422,676,816	1,383,674,356	1,350,202,019
Time deposits	931,182,339	731,802,254	715,457,388
Negotiable certificates of deposits	49,662,622	3,827,398	11,169,975
Remittances	<u>1,086,688</u>	<u>1,323,682</u>	<u>654,667</u>
	<u>\$ 3,339,821,746</u>	<u>\$ 3,065,364,627</u>	<u>\$ 2,997,347,970</u>

28. BONDS PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
Bank debentures	\$ 49,600,000	\$ 58,900,000	\$ 57,900,000
Corporate bonds	21,700,000	21,700,000	21,700,000
Discount of corporate debentures	<u>(11,364)</u>	<u>(13,085)</u>	<u>(13,654)</u>
	<u>\$ 71,288,636</u>	<u>\$ 80,586,915</u>	<u>\$ 79,586,346</u>

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

	September 30, 2024	December 31, 2023	September 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
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; 2.70% 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
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

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
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>\$ 49,600,000</u>	<u>\$ 58,900,000</u>	<u>\$ 57,900,000</u> (Concluded)

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 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 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 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	September 30, 2024	December 31, 2023	September 30, 2023
Credit loans	<u>\$ 1,708,000</u>	<u>\$ 1,233,000</u>	<u>\$ 910,206</u>
Guaranteed loans	<u>\$ 1,350,000</u>	<u>\$ 1,420,000</u>	<u>\$ 760,000</u>

b. Long-term debts

Character of Debts	September 30, 2024	December 31, 2023	September 30, 2023
Credit loans	<u>\$ 755,000</u>	<u>\$ 759,328</u>	<u>\$ 680,000</u>

- c. The ranges of interest rate of other borrowings were 1.88%-2.50%, 1.65%-4.30% and 1.70%-2.34% as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. The maturity date of other borrowings were on September 2027, November 2026 and June 2026, respectively.
- d. The aforementioned related collaterals of other borrowings please refer to Note 48.

30. PROVISIONS

	September 30, 2024	December 31, 2023	September 30, 2023
Reserves of insurance industry	\$ 17,964,729	\$ 16,173,244	\$ 18,649,676
Provisions for employee benefits	5,476,146	5,677,070	5,449,840
Reserve for losses on guarantees	1,265,053	1,204,168	1,168,816
Provisions for loan commitments	486,921	556,344	459,594
Others	<u>50,224</u>	<u>48,724</u>	<u>48,724</u>
	<u>\$ 25,243,073</u>	<u>\$ 23,659,550</u>	<u>\$ 25,776,650</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of the period	\$ 1,204,168	\$ 1,130,148
Provision	60,411	37,630
Foreign exchange gains and losses	<u>474</u>	<u>1,038</u>
Balance, end of the period	<u>\$ 1,265,053</u>	<u>\$ 1,168,816</u>

The movements of provision for loan commitment were as follows:

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of the period	\$ 556,344	\$ 563,797
(Reversal) provision	(70,547)	(105,763)
Foreign exchange gains and losses	<u>1,124</u>	<u>1,560</u>
Balance, end of the period	<u>\$ 486,921</u>	<u>\$ 459,594</u>

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

	January 1, 2024	Provision	Release	Foreign Exchange Gains and Losses	September 30, 2024
Unearned premium reserve	\$ 6,495,557	\$ 7,380,638	\$ 6,503,514	\$ 7,957	\$ 7,380,638
Less: Ceded unearned premium reserve	<u>(1,964,075)</u>	<u>(2,402,410)</u>	<u>(1,964,075)</u>	<u>-</u>	<u>(2,402,410)</u>
	<u>4,531,482</u>	<u>4,978,228</u>	<u>4,539,439</u>	<u>7,957</u>	<u>4,978,228</u>
Reserve for deficiency premium	131,053	117,743	132,583	1,530	117,743
Less: Ceded reinsurance business	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>131,053</u>	<u>117,743</u>	<u>132,583</u>	<u>1,530</u>	<u>117,743</u>
Special reserve					
Catastrophe	262,975	-	8,311	-	254,664
Risk-volatility	<u>2,549,980</u>	<u>35,207</u>	<u>136,988</u>	<u>-</u>	<u>2,448,199</u>
	<u>2,812,955</u>	<u>35,207</u>	<u>145,299</u>	<u>-</u>	<u>2,702,863</u>
Claims reserve					
Reported but not paid	5,578,523	6,483,842	5,587,242	8,719	6,483,842
Incurred but not reported	<u>1,155,156</u>	<u>1,279,643</u>	<u>1,155,766</u>	<u>610</u>	<u>1,279,643</u>
	<u>6,733,679</u>	<u>7,763,485</u>	<u>6,743,008</u>	<u>9,329</u>	<u>7,763,485</u>
Less: Ceded claims reserve	<u>(2,628,921)</u>	<u>(3,228,947)</u>	<u>(2,628,921)</u>	<u>-</u>	<u>(3,228,947)</u>
	<u>4,104,758</u>	<u>4,534,538</u>	<u>4,114,087</u>	<u>9,329</u>	<u>4,534,538</u>
Add: Ceded unearned premium reserve	1,964,075	2,402,410	1,964,075	-	2,402,410
Ceded claims reserve	<u>2,628,921</u>	<u>3,228,947</u>	<u>2,628,921</u>	<u>-</u>	<u>3,228,947</u>
	<u>\$ 16,173,244</u>				<u>\$ 17,964,729</u>

	January 1, 2023	Provision	Release	Foreign Exchange Gains and Losses	September 30, 2023
Unearned premium reserve	\$ 5,942,301	\$ 7,034,873	\$ 5,951,394	\$ 9,093	\$ 7,034,873
Less: Ceded unearned premium reserve	<u>(1,698,553)</u>	<u>(2,289,113)</u>	<u>(1,698,553)</u>	<u>-</u>	<u>(2,289,113)</u>
	<u>4,243,748</u>	<u>4,745,760</u>	<u>4,252,841</u>	<u>9,093</u>	<u>4,745,760</u>
Reserve for deficiency premium	156,024	122,048	157,721	1,697	122,048
Less: Ceded reinsurance business	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>156,024</u>	<u>122,048</u>	<u>157,721</u>	<u>1,697</u>	<u>122,048</u>
Special reserve					
Catastrophe	274,053	-	8,310	-	265,743
Risk-volatility	<u>2,395,026</u>	<u>120,584</u>	<u>4,370</u>	<u>-</u>	<u>2,511,240</u>
	<u>2,669,079</u>	<u>120,584</u>	<u>12,680</u>	<u>-</u>	<u>2,776,983</u>
Claims reserve					
Reported but not paid	6,463,569	7,342,005	6,477,839	14,270	7,342,005
Incurred but not reported	<u>1,403,705</u>	<u>1,373,767</u>	<u>1,405,121</u>	<u>1,416</u>	<u>1,373,767</u>
	<u>7,867,274</u>	<u>8,715,772</u>	<u>7,882,960</u>	<u>15,686</u>	<u>8,715,772</u>
Less: Ceded claims reserve	<u>(3,543,689)</u>	<u>(4,217,902)</u>	<u>(3,543,689)</u>	<u>-</u>	<u>(4,217,902)</u>
	<u>4,323,585</u>	<u>4,497,870</u>	<u>4,339,271</u>	<u>15,686</u>	<u>4,497,870</u>
Add: Ceded unearned premium reserve	1,698,553	2,289,113	1,698,553	-	2,289,113
Ceded claims reserve	<u>3,543,689</u>	<u>4,217,902</u>	<u>3,543,689</u>	<u>-</u>	<u>4,217,902</u>
	<u>\$ 16,634,678</u>				<u>\$ 18,649,676</u>

b. Unearned premium reserve

1) Details of unearned premium reserve are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
One-year commercial fire insurance	\$ 552,955	\$ 406,215	\$ 509,187
Personal automobile property damage insurance	2,066,203	1,857,098	1,927,820
Personal automobile liabilities insurance	1,287,786	1,159,987	1,193,301
Compulsory personal automobile liability insurance	300,509	296,576	295,826
Engineering insurance	439,934	309,746	337,887
Injury insurance	483,731	475,531	511,660
Other insurance	<u>2,249,520</u>	<u>1,990,404</u>	<u>2,259,192</u>
	<u>\$ 7,380,638</u>	<u>\$ 6,495,557</u>	<u>\$ 7,034,873</u>

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:

September 30, 2024					
	Unearned Premium Reserve			Ceded Unearned Premium	Retention
	Direct Insurance	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	
Fire insurance	\$ 1,299,020	\$ 31,105	\$ 1,330,125	\$ 782,787	\$ 547,338
Marine insurance	263,258	1,063	264,321	218,440	45,881
Motor insurance	4,098,371	170,173	4,268,544	899,090	3,369,454
Casualty insurance	872,860	58,636	931,496	448,918	482,578
Health and injury insurance	500,699	3,392	504,091	53,175	450,916
Foreign inward business insurance	-	82,061	82,061	-	82,061
	<u>\$ 7,034,208</u>	<u>\$ 346,430</u>	<u>\$ 7,380,638</u>	<u>\$ 2,402,410</u>	<u>\$ 4,978,228</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>
September 30, 2023					
	Unearned Premium Reserve			Ceded Unearned Premium	Retention
	Direct Insurance	Assumed Reinsurance Business	Total	Reserve Ceded Reinsurance Business	
Fire insurance	\$ 1,149,778	\$ 25,352	\$ 1,175,130	\$ 682,319	\$ 492,811
Marine insurance	243,569	1,565	245,134	195,604	49,530
Motor insurance	3,835,913	165,499	4,001,412	944,611	3,056,801
Casualty insurance	756,848	37,148	793,996	365,600	428,396
Health and injury insurance	582,647	4,172	586,819	100,966	485,853
Foreign inward business insurance	-	232,382	232,382	13	232,369
	<u>\$ 6,568,755</u>	<u>\$ 466,118</u>	<u>\$ 7,034,873</u>	<u>\$ 2,289,113</u>	<u>\$ 4,745,760</u>

c. Claims reserve

1) Details of claims reserve are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
One-year commercial fire insurance	\$ 1,159,053	\$ 1,170,798	\$ 1,559,717
Hull insurance	318,115	303,443	362,936
Personal automobile property damage insurance	879,074	899,433	952,498
Personal automobile liability insurance	1,397,608	1,337,749	1,348,468
Compulsory personal automobile liability insurance	503,325	423,955	513,103
General liability insurance	425,893	359,020	393,762
Cargo insurance	113,652	124,258	1,498,147
Injury insurance	366,784	458,249	438,380
Commercial earthquake insurance	500,277	4,973	7,839
Other insurance	<u>2,099,704</u>	<u>1,651,801</u>	<u>1,640,922</u>
	<u>\$ 7,763,485</u>	<u>\$ 6,733,679</u>	<u>\$ 8,715,772</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:

	September 30, 2024				
	Claim Reserve			Ceded Claims Reserve	
	Direct Underwriting Business	Assumed Reinsurance Business	Total	Ceded Reinsurance Business	Retention
<u>Reported but not paid</u>					
Fire insurance	\$ 1,889,321	\$ 9,038	\$ 1,898,359	\$ 1,467,793	\$ 430,566
Marine insurance	402,338	4,973	407,311	271,882	135,429
Motor insurance	2,875,982	85,202	2,961,184	624,747	2,336,437
Casualty insurance	750,972	3,490	754,462	391,075	363,387
Health and injury insurance	83,330	8	83,338	12,866	70,472
Foreign inward business insurance	-	379,188	379,188	223	378,965
	<u>6,001,943</u>	<u>481,899</u>	<u>6,483,842</u>	<u>2,768,586</u>	<u>3,715,256</u>
<u>Incurred but not reported</u>					
Fire insurance	6,015	536	6,551	824	5,727
Marine insurance	93,520	2,117	95,637	67,710	27,927
Motor insurance	416,536	158,610	575,146	217,900	357,246
Casualty insurance	234,019	12,755	246,774	98,925	147,849
Health and injury insurance	325,663	2,409	328,072	75,002	253,070
Foreign inward business insurance	-	27,463	27,463	-	27,463
	<u>1,075,753</u>	<u>203,890</u>	<u>1,279,643</u>	<u>460,361</u>	<u>819,282</u>
	<u>\$ 7,077,696</u>	<u>\$ 685,789</u>	<u>\$ 7,763,485</u>	<u>\$ 3,228,947</u>	<u>\$ 4,534,538</u>

December 31, 2023

	Claim Reserve			Ceded Claims Reserve	
	Direct Underwriting Business	Assumed Reinsurance Business	Total	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>

September 30, 2023

	Claim Reserve			Ceded Claims Reserve	
	Direct Underwriting Business	Assumed Reinsurance Business	Total	Ceded Reinsurance Business	Retention
<u>Reported but not paid</u>					
Fire insurance	\$ 1,586,159	\$ 2,658	\$ 1,588,817	\$ 1,316,830	\$ 271,987
Marine insurance	1,797,967	13,559	1,811,526	1,402,615	408,911
Motor insurance	2,878,719	59,265	2,937,984	659,228	2,278,756
Casualty insurance	605,329	9,851	615,180	306,348	308,832
Health and injury insurance	80,404	12	80,416	18,511	61,905
Foreign inward business insurance	-	308,082	308,082	982	307,100
	<u>6,948,578</u>	<u>393,427</u>	<u>7,342,005</u>	<u>3,704,514</u>	<u>3,637,491</u>
<u>Incurred but not reported</u>					
Fire insurance	8,495	107	8,602	1,130	7,471
Marine insurance	88,368	1,973	90,341	58,871	31,470
Motor insurance	422,635	154,202	576,837	225,688	351,149
Casualty insurance	234,193	12,052	246,245	96,380	149,865
Health and injury insurance	418,580	3,218	421,798	131,319	290,480
Foreign inward business insurance	-	29,944	29,944	-	29,944
	<u>1,172,271</u>	<u>201,496</u>	<u>1,373,767</u>	<u>513,388</u>	<u>860,379</u>
	<u>\$ 8,120,849</u>	<u>\$ 594,923</u>	<u>\$ 8,715,772</u>	<u>\$ 4,217,902</u>	<u>\$ 4,497,870</u>

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

For the Nine Months Ended September 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	\$ 1,889,321	\$ 1,207,505	\$ 9,038	\$ 2,517	\$ 688,337	\$ 1,467,793	\$ 1,016,511	\$ 451,282
Marine insurance	402,338	398,991	4,973	4,077	4,243	271,882	265,365	6,517
Motor insurance	2,875,982	2,846,406	85,202	82,940	31,838	624,747	658,722	(33,975)
Casualty insurance	750,972	609,845	3,490	7,621	136,996	391,075	300,217	90,858
Health and injury insurance	83,330	111,722	8	11	(28,395)	12,866	15,995	(3,129)
Foreign inward business insurance	-	-	379,188	315,607	63,581	223	854	(631)
	<u>6,001,943</u>	<u>5,174,469</u>	<u>481,899</u>	<u>412,773</u>	<u>896,600</u>	<u>2,768,586</u>	<u>2,257,664</u>	<u>510,922</u>
<u>Incurred but not reported</u>								
Fire insurance	6,015	4,427	536	46	2,078	824	736	88
Marine insurance	93,520	52,771	2,117	726	42,140	67,710	38,006	29,704
Motor insurance	416,536	301,268	158,610	155,685	118,193	217,900	156,048	61,852
Casualty insurance	234,019	182,471	12,755	8,471	55,832	98,925	67,204	31,721
Health and injury insurance	325,663	425,712	2,409	2,971	(100,611)	75,002	109,263	(34,261)
Foreign inward business insurance	-	-	27,463	21,218	6,245	-	-	-
	<u>1,075,753</u>	<u>966,649</u>	<u>203,890</u>	<u>189,117</u>	<u>123,877</u>	<u>460,361</u>	<u>371,257</u>	<u>89,104</u>
	<u>\$ 7,077,696</u>	<u>\$ 6,141,118</u>	<u>\$ 685,789</u>	<u>\$ 601,890</u>	<u>\$ 1,020,477</u>	<u>\$ 3,228,947</u>	<u>\$ 2,628,921</u>	<u>\$ 600,026</u>

	For the Nine Months Ended September 30, 2023							
	Direct Underwriting Business		Assumed Reinsurance Business			Ceded Reinsurance Business		
	Provision	Release	Provision	Release	Net Change	Provision	Release	Net Change
<u>Reported but not paid</u>								
Fire insurance	\$ 1,586,159	\$ 2,239,321	\$ 2,658	\$ 5,017	\$ (655,521)	\$ 1,316,830	\$ 1,806,430	\$ (489,600)
Marine insurance	1,797,967	472,684	13,559	12,604	1,326,238	1,402,615	280,095	1,122,520
Motor insurance	2,878,719	2,664,960	59,265	84,060	188,964	659,228	625,525	33,703
Casualty insurance	605,329	583,912	9,851	11,037	20,231	306,348	296,077	10,271
Health and injury insurance	80,404	91,019	12	12	(10,615)	18,511	26,908	(8,397)
Foreign inward business insurance	-	-	308,082	313,213	(5,131)	982	629	353
	<u>6,948,578</u>	<u>6,051,896</u>	<u>393,427</u>	<u>425,943</u>	<u>864,166</u>	<u>3,704,514</u>	<u>3,035,664</u>	<u>668,850</u>
<u>Incurred but not reported</u>								
Fire insurance	8,495	6,525	107	74	2,003	1,130	1,404	(274)
Marine insurance	88,368	70,369	1,973	615	19,357	58,871	46,416	12,455
Motor insurance	422,635	401,163	154,202	150,687	24,987	225,688	210,007	15,681
Casualty insurance	234,193	260,017	12,052	11,421	(25,193)	96,380	106,704	(10,324)
Health and injury insurance	418,580	469,962	3,218	3,268	(51,432)	131,319	143,494	(12,175)
Foreign inward business insurance	-	-	29,944	31,020	(1,076)	-	-	-
	<u>1,172,271</u>	<u>1,208,036</u>	<u>201,496</u>	<u>197,085</u>	<u>(31,354)</u>	<u>513,388</u>	<u>508,025</u>	<u>5,363</u>
	\$ 8,120,849	\$ 7,259,932	\$ 594,923	\$ 623,028	\$ 832,812	\$ 4,217,902	\$ 3,543,689	\$ 674,213

- 4) Reinsurance assets - reported but paid claiming liabilities arising from indemnity refundable on reinsurance ceded

	September 30, 2024	December 31, 2023	September 30, 2023
	Claim Paid	Claim Paid	Claim Paid
Fire insurance	\$ 49,973	\$ 143,154	\$ 58,543
Marine insurance	16,100	211,076	29,345
Motor insurance	226,398	272,201	245,481
Casualty insurance	25,739	42,159	56,404
Health and injury insurance	<u>36,935</u>	<u>78,001</u>	<u>85,119</u>
	355,145	746,591	474,892
Less: Allowance for losses	<u>(1,780)</u>	<u>(3,925)</u>	<u>(3,440)</u>
	<u>\$ 353,365</u>	<u>\$ 742,666</u>	<u>\$ 471,452</u>

d. Special reserve

- 1) Details of special reserve were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Catastrophe	\$ 254,664	\$ 262,975	\$ 265,743
Risk-volatility	<u>2,448,199</u>	<u>2,549,980</u>	<u>2,511,240</u>
	<u>\$ 2,702,863</u>	<u>\$ 2,812,955</u>	<u>\$ 2,776,983</u>

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

For the Nine Months Ended September 30, 2024				
Liabilities				
Risk-Volatility				
	Catastrophe	Special Reserve - Compulsory Automobile Liability Insurance	Special Reserve - Non-compulsory Automobile Liability Insurance	Total
Balance, beginning of the period	\$ 262,975	\$ 733,281	\$ 1,816,699	\$ 2,812,955
Provision	-	-	35,207	35,207
Release	<u>(8,311)</u>	<u>(136,988)</u>	<u>-</u>	<u>(145,299)</u>
Balance, end of the period	<u>\$ 254,664</u>	<u>\$ 596,293</u>	<u>\$ 1,851,906</u>	<u>\$ 2,702,863</u>

For the Nine Months Ended September 30, 2023				
Liabilities				
Risk-Volatility				
	Catastrophe	Special Reserve - Compulsory Automobile Liability Insurance	Special Reserve - Non-compulsory Automobile Liability Insurance	Total
Balance, beginning of the period	\$ 274,053	\$ 733,281	\$ 1,661,745	\$ 2,669,079
Provision	-	-	120,584	120,584
Release	<u>(8,310)</u>	<u>-</u>	<u>(4,370)</u>	<u>(12,680)</u>
Balance, end of the period	<u>\$ 265,743</u>	<u>\$ 733,281</u>	<u>\$ 1,777,959</u>	<u>\$ 2,776,983</u>

- e. 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		September 30, 2024	December 31, 2023	September 30, 2023
1.	Cash and cash in banks	\$ 2,602,859	\$ 2,511,003	\$ 2,498,483
2.	Cash equivalents	-	-	-
3.	Notes receivable	7,981	6,661	7,371
4.	Premiums receivable	14,553	18,045	14,942
5.	Indemnity refundable on reinsurance ceded	56,699	69,043	44,541
6.	Refundable reinsurance	49,916	48,985	48,680
7.	Other receivables	-	-	-
8.	Financial assets at FVTOCI	-	-	-
9.	Ceded unearned premium reserve	229,935	223,592	221,271
10.	Ceded claims reserve	349,051	287,878	355,437
11.	Temporary payments	849	5,665	214
12.	Other assets	-	-	-
13.	Total	\$ 3,311,843	\$ 3,170,872	\$ 3,190,939

Items		Amount		
Liabilities		September 30, 2024	December 31, 2023	September 30, 2023
1.	Notes payable	\$ -	\$ -	\$ -
2.	Insurance claims and benefits payable	-	-	-
3.	Reinsurance indemnity payable	-	-	-
4.	Due to reinsurance and ceding companies	68,065	73,401	65,952
5.	Unearned premium reserve	551,001	536,988	532,319
6.	Claims reserve	823,716	719,262	804,002
7.	Special reserve	1,851,906	1,816,699	1,777,959
8.	Temporary receipts	16,736	24,103	10,288
9.	Other liabilities	419	419	419
10.	Total	\$ 3,311,843	\$ 3,170,872	\$ 3,190,939

2) The revenues and costs of compulsory automobile liability insurance

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Operating revenues				
Direct written premiums	\$ 175,877	\$ 167,223	\$ 518,371	\$ 498,788
Reinsurance premiums	<u>76,863</u>	<u>74,815</u>	<u>228,103</u>	<u>222,172</u>
Premiums income	252,740	242,038	746,474	720,960
Less: Reinsurance premiums ceded	(105,527)	(100,338)	(311,036)	(299,283)
Net changes in unearned premium reserve	<u>(3,165)</u>	<u>(846)</u>	<u>(7,670)</u>	<u>(3,759)</u>
Net premium	144,048	140,854	427,768	417,918
Interest revenue	<u>7,721</u>	<u>6,542</u>	<u>22,595</u>	<u>19,110</u>
Total operating revenues	<u>\$ 151,769</u>	<u>\$ 147,396</u>	<u>\$ 450,363</u>	<u>\$ 437,028</u>
Operating costs				
Claims incurred and paid	\$ 137,189	\$ 132,493	\$ 441,652	\$ 390,802
Reinsurance claims incurred	72,981	71,106	212,809	203,203
Less: Claims recovered from reinsurance	<u>(81,923)</u>	<u>77,584</u>	<u>(263,375)</u>	<u>(228,974)</u>
Net claims	128,247	126,015	391,086	365,031
Net changes of reserve for claims reserve	3,774	(26,185)	43,281	(25,833)
Net changes of reserve for special reserve (Note)	<u>26,364</u>	<u>53,810</u>	<u>35,207</u>	<u>116,214</u>
Total operating costs	<u>\$ 158,385</u>	<u>\$ 153,640</u>	<u>\$ 469,574</u>	<u>\$ 455,412</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.

f. Reserve for deficiency premium

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

	September 30, 2024			
	Reserve for Deficiency Premium		Ceded Reserve for Deficiency Premium	
	Direct Underwriting Business	Assumed Reinsurance Business	Ceded Reinsurance Business	Retention
Fire insurance	\$ 99,260	\$ 63	\$ -	\$ 99,323
Marine insurance	4,354	17	-	4,371
Motor insurance	-	-	-	-
Casualty insurance	-	-	-	-
Health and injury insurance	4,112	-	-	4,112
Foreign inward business insurance	-	9,937	-	9,937
	<u>\$ 107,726</u>	<u>\$ 10,017</u>	<u>\$ -</u>	<u>\$ 117,743</u>
	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>

September 30, 2023				
	Reserve for Deficiency Premium		Ceded Reserve for Deficiency Premium	Retention
	Direct Underwriting Business	Assumed Reinsurance Business	Ceded Reinsurance Business	
Fire insurance	\$ 48,359	\$ 82	\$ -	\$ 48,441
Marine insurance	23,097	11	-	23,108
Motor insurance	-	-	-	-
Casualty insurance	-	8	-	8
Health and injury insurance	-	-	-	-
Foreign inward business insurance	-	50,491	-	50,491
	<u>\$ 71,456</u>	<u>\$ 50,592</u>	<u>\$ -</u>	<u>\$ 122,048</u>

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

For the Nine Months Ended September 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	\$ 99,260	\$ 72,891	\$ 63	\$ 73	\$ 26,359	\$ -	\$ -	\$ -	\$ 26,359
Marine insurance	4,354	5,035	17	24	(688)	-	-	-	(688)
Motor insurance	-	-	-	-	-	-	-	-	-
Casualty insurance	-	-	-	-	-	-	-	-	-
Health and injury insurance	4,112	2,950	-	-	1,162	-	-	-	1,162
Foreign inward business insurance	-	-	9,937	51,610	(41,673)	-	-	-	(41,673)
	<u>\$ 107,726</u>	<u>\$ 80,876</u>	<u>\$ 10,017</u>	<u>\$ 51,707</u>	<u>\$ (14,840)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,840)</u>

For the Nine Months Ended September 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	\$ 48,359	\$ 35,245	\$ 82	\$ 164	\$ 13,032	\$ -	\$ -	\$ -	\$ 13,032
Marine insurance	23,097	24,919	11	-	(1,811)	-	-	-	(1,811)
Motor insurance	-	-	-	-	-	-	-	-	-
Casualty insurance	-	-	8	-	8	-	-	-	8
Health and injury insurance	-	62,280	-	-	(62,280)	-	-	-	(62,280)
Foreign inward business insurance	-	-	50,491	35,113	15,378	-	-	-	15,378
	<u>\$ 71,456</u>	<u>\$ 122,444</u>	<u>\$ 50,592</u>	<u>\$ 35,277</u>	<u>\$ (35,673)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,673)</u>

31. PROVISIONS FOR EMPLOYEE BENEFITS

	September 30, 2024	December 31, 2023	September 30, 2023
Recognized in consolidated balance sheet			
Defined benefit plans	\$ 3,997,843	\$ 4,206,337	\$ 4,015,820
Preferential interest on employees' deposits	<u>1,478,303</u>	<u>1,470,733</u>	<u>1,434,020</u>
	<u>\$ 5,476,146</u>	<u>\$ 5,677,070</u>	<u>\$ 5,449,840</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 September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023 were \$114,661, \$102,328, \$337,630 and \$305,882, 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 September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023 were \$70,021, \$74,057, \$210,343 and \$222,189, respectively.

32. OTHER FINANCIAL LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Principal of structured products	\$ 80,140,356	\$ 71,771,662	\$ 72,131,942
Futures traders' equity	5,628,403	5,206,318	4,896,557
Appropriations loan funds	<u>85,659</u>	<u>898</u>	<u>17,731</u>
	<u>\$ 85,854,418</u>	<u>\$ 76,978,878</u>	<u>\$ 77,046,230</u>

33. OTHER LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Receipts under custody from customer's securities subscription	\$ 1,955,277	\$ 38,044	\$ 8,737
Advance receipts	1,429,099	1,311,258	1,211,021
Guarantee deposits received	1,329,857	2,131,655	13,680,562
Deposits from securities borrowing	1,326,098	1,878,180	2,056,053
Temporary receipt and suspense accounts	737,887	729,120	873,907
Others	<u>459,450</u>	<u>370,276</u>	<u>368,329</u>
	<u>\$ 7,237,668</u>	<u>\$ 6,458,533</u>	<u>\$ 18,198,609</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 issued common stocks of a par value of \$10 are 13,779,173 thousand shares as of September 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:

	September 30, 2024	December 31, 2023	September 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 September 30, 2024 were as follows:

	September 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 HNTI 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 Nine Months Ended September 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	3,514,154	-
Unrealized gain or loss - debt instruments	-	3,858,818
Income tax related to unrealized gain or loss - debt instruments	-	(35,392)
Adjustment for allowance gain - debt instruments	-	3,659
Disposal of investments in debt instruments	-	(11,353)
Cumulative gain of equity instruments transferred to retained earnings due to disposal	<u>(3,188,047)</u>	<u>-</u>
Balance, end of the period	<u>\$ 11,023,517</u>	<u>\$ (16,747,553)</u>

	For the Nine Months Ended September 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	1,536,627	-
Unrealized gain or loss - debt instruments	-	(1,019,321)
Income tax related to unrealized gain or loss - debt instruments	-	12,777
Adjustment for allowance gain - debt instruments	-	4,134
Disposal of investments in debt instruments	-	(100,511)
Cumulative gain of equity instruments transferred to retained earnings due to disposal	<u>(1,368,071)</u>	<u>-</u>
Balance, end of the period	<u>\$ 8,739,458</u>	<u>\$ (27,327,171)</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of the period	\$ (211,430)	\$ (291,568)
Gain or loss on other comprehensive income reclassified by overlay approach	298,014	340,823
Income tax related to gain or loss on other comprehensive income reclassified by overlay approach	<u>(25,187)</u>	<u>(8,657)</u>
Balance, end of the period	<u>\$ 484,257</u>	<u>\$ 40,598</u>

35. NET INTEREST

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest revenue				
Discounts and loans	\$ 17,857,098	\$ 15,652,700	\$ 51,751,102	\$ 44,111,631
Securities investments	5,875,281	4,908,667	16,899,214	13,520,353
Due from and call loans to other banks	1,613,512	1,744,646	5,212,357	5,123,390
Others	<u>246,346</u>	<u>538,155</u>	<u>1,503,086</u>	<u>1,399,684</u>
	<u>25,592,237</u>	<u>22,844,168</u>	<u>75,365,759</u>	<u>64,155,058</u>
Interest expense				
Deposits	13,720,951	11,021,928	39,779,777	30,456,186
Due to the Central Bank and banks	3,151,257	2,821,572	9,302,051	6,785,834
Others	<u>2,041,843</u>	<u>2,391,000</u>	<u>6,831,390</u>	<u>6,029,924</u>
	<u>18,914,051</u>	<u>16,234,500</u>	<u>55,913,218</u>	<u>43,271,944</u>
	<u>\$ 6,678,186</u>	<u>\$ 6,609,668</u>	<u>\$ 19,452,541</u>	<u>\$ 20,883,114</u>

36. COMMISSION AND FEE REVENUES, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Commission and fee revenues				
Insurance commission	\$ 1,298,881	\$ 969,165	\$ 3,851,632	\$ 3,005,481
Brokerage business	1,261,581	1,100,299	3,672,311	2,733,406
Trust and financial management business	1,248,296	816,079	3,289,020	2,116,760
Loan business	311,474	351,715	1,324,682	904,074
Credit card business	419,129	404,066	1,261,007	1,142,799
Remittance business	158,506	146,728	459,315	419,710
Others	<u>434,306</u>	<u>462,373</u>	<u>1,183,936</u>	<u>1,151,854</u>
	<u>5,132,173</u>	<u>4,250,425</u>	<u>15,041,903</u>	<u>11,474,084</u>
Commission and fee expenses				
Insurance commission	500,468	504,693	1,594,704	1,584,803
Credit card business	341,910	307,576	993,393	844,664
Brokerage business	122,450	103,959	349,986	253,783
Others	<u>171,220</u>	<u>171,126</u>	<u>504,672</u>	<u>459,433</u>
	<u>1,136,048</u>	<u>1,087,354</u>	<u>3,442,755</u>	<u>3,142,683</u>
	<u>\$ 3,996,125</u>	<u>\$ 3,163,071</u>	<u>\$ 11,599,148</u>	<u>\$ 8,331,401</u>

37. INCOME FROM INSURANCE PREMIUMS, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Insurance revenue				
Direct written premiums	\$ 3,747,778	\$ 3,590,856	\$ 11,545,342	\$ 11,078,597
Indemnity refundable on reinsurance ceded	<u>514,055</u>	<u>521,973</u>	<u>1,532,325</u>	<u>2,018,374</u>
	<u>4,261,833</u>	<u>4,112,829</u>	<u>13,077,667</u>	<u>13,096,971</u>
Insurance expenses				
Insurance claims and benefits	1,822,222	1,981,569	5,216,126	5,976,088
Reinsurances premiums ceded	1,352,531	1,308,596	4,007,019	3,905,279
Disbursements toward industry stability	<u>7,275</u>	<u>8,728</u>	<u>22,275</u>	<u>15,848</u>
	<u>3,182,028</u>	<u>3,298,893</u>	<u>9,245,420</u>	<u>9,897,215</u>
	<u>\$ 1,079,805</u>	<u>\$ 813,936</u>	<u>\$ 3,832,247</u>	<u>\$ 3,199,756</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Realized gain or loss on financial assets and liabilities at FVTPL				
Currency swap	\$ 8,472,623	\$ 5,688,870	\$ 15,203,839	\$ 11,704,297
Listed stocks	(36,814)	103,365	583,971	409,420
Cross currency swap	39,144	30	282,855	750,806
Government bonds	99,169	(13,137)	133,502	11,678
Exchange rate option	20,426	49,522	123,554	128,217
Unlisted stocks	25,172	8,542	85,973	91,943
Forward	(70,411)	(100,578)	(217,140)	(78,693)
Others	8,572	(2,599)	45,561	13,001
	<u>8,557,881</u>	<u>5,734,015</u>	<u>16,242,115</u>	<u>13,030,669</u>
Unrealized gain or loss on financial assets and liabilities at FVTPL				
Currency swap	(11,140,216)	7,061,297	3,455,670	8,317,398
Listed stocks	(90,941)	(223,528)	405,145	381,317
Forward	33,952	(57,332)	(42,815)	(44,799)
Unlisted stocks	3,518	(1,132)	(44,962)	(92,609)
Cross currency swap	(173,814)	282,971	(63,819)	(311,748)
Others	82,415	(30,098)	35,662	(40,931)
	<u>(11,285,086)</u>	<u>7,032,178</u>	<u>3,744,881</u>	<u>8,208,628</u>
Dividend income on financial assets at FVTPL	<u>192,416</u>	<u>206,962</u>	<u>308,924</u>	<u>338,577</u>
Interest revenue on financial assets at FVTPL	<u>1,113,783</u>	<u>356,410</u>	<u>2,182,817</u>	<u>915,915</u>
Interest expense on financial liabilities at FVTPL	<u>(2,145)</u>	<u>-</u>	<u>(2,145)</u>	<u>-</u>
	<u>\$ (1,423,151)</u>	<u>\$ 13,329,565</u>	<u>\$ 22,476,592</u>	<u>\$ 22,493,789</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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Dividends income	\$ 1,666,317	\$ 1,144,771	\$ 2,146,387	\$ 1,976,827
Gain (loss) from disposal				
Government bonds	17,992	2,073	74,356	119,186
Agency mortgage-backed securities	1,382	1,492	3,747	3,948
Bank debentures	2	(31)	2,597	(2,236)
Corporate bonds	(42,382)	(14,722)	(69,347)	(20,387)
	<u>(23,006)</u>	<u>(11,188)</u>	<u>11,353</u>	<u>100,511</u>
	<u>\$ 1,643,311</u>	<u>\$ 1,133,583</u>	<u>\$ 2,157,740</u>	<u>\$ 2,077,338</u>

40. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Salaries and wages	\$ 4,212,187	\$ 4,008,800	\$ 12,405,609	\$ 11,728,946
Labor insurance and national health insurance	272,690	252,680	915,683	863,348
Pension and compensation	196,769	184,631	579,194	551,317
Others	<u>538,203</u>	<u>469,459</u>	<u>1,558,185</u>	<u>1,357,861</u>
	<u>\$ 5,219,849</u>	<u>\$ 4,915,570</u>	<u>\$ 15,458,671</u>	<u>\$ 14,501,472</u>

For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, the amount of incentives and bonus were \$1,629,269, \$1,625,968, \$4,856,896 and \$4,622,022, 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 nine months ended September 30, 2024, the employees' compensation and remuneration of directors were \$14,782 and \$184,775, representing 0.8‰ and 1‰ of the base net profit, respectively. For the nine months ended September 30, 2023, the employees' compensation and remuneration of directors were \$13,439 and \$167,989, 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 \$174,522, 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 resolved by the Company's board of directors for 2023 and 2022 is available at 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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Depreciation expense				
Property and equipment				
Buildings	\$ 78,971	\$ 77,626	\$ 237,702	\$ 230,587
Computer and machinery	101,520	98,825	300,747	285,302
Transportation equipment	9,163	8,756	27,785	25,729
Other equipment	34,291	32,272	102,901	94,243
Lease improvements	<u>6,523</u>	<u>5,137</u>	<u>17,814</u>	<u>14,247</u>
	230,468	222,616	686,949	650,108
Right-of-use assets	190,398	189,266	570,429	563,830
Investments properties	<u>21,323</u>	<u>22,925</u>	<u>63,406</u>	<u>64,047</u>
	442,189	434,807	1,320,784	1,277,985
Amortization expenses	86,489	91,434	258,796	276,364
Deferred expenses	<u>1,232</u>	<u>1,858</u>	<u>4,550</u>	<u>5,919</u>
	<u>\$ 529,910</u>	<u>\$ 528,099</u>	<u>\$ 1,584,130</u>	<u>\$ 1,560,268</u>

42. OTHER OPERATING EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Taxation and government fee	\$ 1,183,118	\$ 990,326	\$ 3,230,793	\$ 2,782,193
Printing, binding and advertising fee	207,553	165,876	544,282	427,382
Membership fee	187,970	175,713	525,625	500,340
Insurance	164,090	154,464	502,310	464,229
Rent	152,268	147,819	476,516	407,409
Postage fee	153,896	154,783	468,572	444,634
Professional fee	135,137	109,880	398,259	362,079
Maintenance and warranty fee	106,637	92,125	311,681	273,549
Others	<u>470,358</u>	<u>442,964</u>	<u>1,446,556</u>	<u>1,193,258</u>
	<u>\$ 2,761,027</u>	<u>\$ 2,433,950</u>	<u>\$ 7,904,594</u>	<u>\$ 6,855,073</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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 1,133,809	\$ 978,159	\$ 4,011,043	\$ 2,687,581
Income tax of overseas branches	153,890	216,475	702,568	779,237
In respect of prior periods	56,772	(84,720)	(152,130)	(319,428)
Others	<u>20,010</u>	<u>-</u>	<u>49,472</u>	<u>-</u>
	1,364,481	1,109,914	4,610,953	3,147,390
Deferred tax				
In respect of the current period	<u>(63,581)</u>	<u>(11,484)</u>	<u>(76,706)</u>	<u>227,079</u>
Income tax expenses recognized through profit or loss	<u>\$ 1,300,900</u>	<u>\$ 1,098,430</u>	<u>\$ 4,534,247</u>	<u>\$ 3,374,469</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current period				
Unrealized gain or loss on investments in debt instruments at FVTOCI	\$ (36,647)	\$ 20,541	\$ (35,392)	\$ 12,777
Gain or loss on other comprehensive income reclassified by overlay approach	<u>(6,800)</u>	<u>(1,531)</u>	<u>(25,187)</u>	<u>(8,657)</u>
	<u>\$ (43,447)</u>	<u>\$ 19,010</u>	<u>\$ (60,579)</u>	<u>\$ 4,120</u>

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

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

As of September 30, 2024, income tax returns through 2022 of HNFC, HNSIM 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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic and diluted earnings per share				
Profit for the period attributable to HNFH's shareholders	\$ 0.48	\$ 0.46	\$ 1.30	\$ 1.23

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit for the period attributable to HNFH's shareholders	\$ 6,640,325	\$ 6,386,196	\$ 17,854,805	\$ 16,891,870

Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares in computation of basic and diluted earnings per share	13,779,173	13,779,173	13,779,173	13,779,173

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 and related party transactions of subsidiaries over \$100 million were summarized below, and the transactions wrote-off were disclosed in Table 9.

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 HNCB 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 Trasing Co., Ltd. (Chien Hsin Trading)	Substantive related party
Taiwan Futures Exchange (TAIFEX)	Substantive related party
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

	September 30, 2024	December 31, 2023	September 30, 2023
BOT	\$ 206,442	\$ 194,185	\$ 217,366

2) Call loans to banks

For the Nine Months Ended September 30, 2024			
	Highest Balance	Ending Balance	Interest Income
BOT	\$ 9,377,300	\$ -	\$ 48,604
			Interest Rate (%)
			0.70-5.90

	For the Nine Months Ended September 30, 2023			
	Highest Balance	Ending Balance	Interest Income	Interest Rate (%)
BOT	\$ 10,614,100	\$ -	\$ 19,601	0.83-5.20

3) Call loans from banks

	For the Nine Months Ended September 30, 2024			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
BOT	\$ 20,562,020	\$ 10,764,840	\$ 420,278	0.70-5.93

	For the Nine Months Ended September 30, 2023			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
BOT	\$ 14,751,645	\$ 5,652,340	\$ 283,232	0.65-5.73

4) Deposits

	For the Nine Months Ended September 30					
	2024			2023		
	Ending Balance	Interest Rate (%)	Interest Expenses	Ending Balance	Interest Rate (%)	Interest Expenses
TAIFEX	\$ 40,677,714	0-5.75	\$ 396,296	\$ 25,398,671	0.001-5.58	\$ 298,491
Yuan-Ding						
Investment	474,815	-	-	160,722	-	-
Entrust Investment	277,187	-	-	39,164	-	-
Chien Hsin Trading	246,765	0-4.6	816	179,761	0-3.5	907
Mega Securities	236,048	0-0.707	3	2,753	0-0.5815	2
Chung-Hua Real Estate	155,407	0-1.7	1,209	153,045	0-1.45	953
Reliance Securities	14,999	0.611-0.67	59	1,688	0.5-0.58	7
Others	8,436,762	0-13	81,647	9,231,901	0-13	61,924
	<u>\$ 50,519,697</u>		<u>\$ 480,030</u>	<u>\$ 35,167,705</u>		<u>\$ 362,284</u>

5) Loans

For the Nine Months Ended September 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	\$ 496	\$ 496	\$ -	None	Yes
Household mortgages	37	386,799	321,803	321,803	-	Real estate	Yes
Others	Others	23,476	22,411	22,411	-	Real estate and deposits	Yes

For the Nine Months Ended September 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	7	\$ 1,726	\$ 1,270	\$ 1,270	\$ -	None	Yes
Household mortgages	40	355,808	288,469	288,469	-	Real estate	Yes
Others	Others	23,719	19,037	19,037	-	Real estate and deposits	Yes

	September 30, 2024	December 31, 2023	September 30, 2023
SCIC			
Others	\$ 75,636	\$ 87,508	\$ 98,261

Interest revenue generated from loans

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
SCIC				
Others	\$ 402	\$ 491	\$ 1,221	\$ 1,406

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 nine months ended September 30, 2024 and 2023.

6) Customers' margin account

	September 30, 2024	December 31, 2023	September 30, 2023
TAIFEX	\$ 1,563,589	\$ 1,288,944	\$ 1,008,458

7) Settlement fund

	September 30, 2024	December 31, 2023	September 30, 2023
TAIFEX	\$ 107,214	\$ 106,733	\$ 85,390

8) Other receivable

	September 30, 2024	December 31, 2023	September 30, 2023
TAIFEX	\$ 2,100	\$ 600	\$ 300

9) Futures traders' equity

	September 30, 2024	December 31, 2023	September 30, 2023
Fund under HNIT	<u>\$ 28,165</u>	<u>\$ 132</u>	<u>\$ 132</u>

10) Notes payable and accounts payable

	September 30, 2024	December 31, 2023	September 30, 2023
TAIFEX	<u>\$ 12,514</u>	<u>\$ 10,943</u>	<u>\$ 11,933</u>

11) Securities transaction

As of September 30, 2024, December 31, 2023 and September 30, 2023, open-end mutual funds purchased by HNSC from HNIT amounted to \$1,000, \$5,000 and \$1,000, respectively. HNSC purchased open-end mutual funds for \$5,347, \$85,047 and \$85,047, respectively. The disposal gain 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 HNIT amounted to \$1,000, \$5,096 and \$998 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively (recorded as financial assets at fair value through profit or loss).

The cost of mutual funds purchased by SCIC from HNIT on September 30, 2024, December 31, 2023 and September 30, 2023, amounts to \$151,205, \$160,086 and \$0, respectively (recorded as financial assets at fair value through profit or loss).

SCIC's profit or loss of selling HNIT's mutual funds were profit \$49 and \$1,645 as of September 30, 2024 and 2023, respectively (recorded as financial assets at fair value through profit or loss).

12) Receivables - management expense

	September 30, 2024	December 31, 2023	September 30, 2023
Fund under HNIT	<u>\$ 9,997</u>	<u>\$ 12,897</u>	<u>\$ 9,364</u>

13) Sales or purchase of bills and bonds

For the Nine Months Ended September 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 Nine Months Ended September 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 HNIT	-	-	199,000	-	66

14) Trust business commission

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Fund under HNIT	\$ 30,949	\$ 31,545	\$ 100,568	\$ 84,878

15) Brokerage commission

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Fund under HNIT	\$ 821	\$ 1,031	\$ 3,070	\$ 3,080
Others	<u>2,390</u>	<u>1,909</u>	<u>7,383</u>	<u>4,948</u>
	<u>\$ 3,211</u>	<u>\$ 2,940</u>	<u>\$ 10,453</u>	<u>\$ 8,028</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Others	\$ 1,403	\$ 1,075	\$ 4,283	\$ 2,765

17) Premium income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Others	\$ 6,558	\$ 4,848	\$ 52,862	\$ 47,570

18) Commission

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
BOT	\$ 3,391	\$ 1,051	\$ 8,547	\$ 5,025
SKLI	223	2,159	697	20,099
BTLI	204	222	292	338
Chung-Hua Real Estate	<u>59</u>	<u>5</u>	<u>102</u>	<u>5</u>
	<u>\$ 3,877</u>	<u>\$ 3,437</u>	<u>\$ 9,638</u>	<u>\$ 25,467</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

		September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of right-of-use assets	Chien Hsin Trading	\$ -	\$ 31,406	\$ 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>\$ 51,679</u>
Lease liabilities	SKLI	\$ 27,595	\$ 35,371	\$ 38,163
	Chien Hsin Trading	23,340	27,904	29,410
	Yung-Chi AMC	4,677	6,514	6,480
	Chou Dang-Zheng	1,872	2,738	3,024
	BOT	1,140	1,618	1,776
	Yong Da Construction	<u>699</u>	<u>3,816</u>	<u>4,845</u>
		<u>\$ 59,323</u>	<u>\$ 77,961</u>	<u>\$ 83,698</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 September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Interest expense	SKLI	\$ 147	\$ 203	\$ 483	\$ 648
	Chien Hsin Trading	121	151	386	213
	Yung-Chi AMC	25	73	83	111
	Chou Dang-Zheng	10	16	34	28
	Yong Da Construction	6	28	33	98
	BOT	<u>4</u>	<u>7</u>	<u>16</u>	<u>24</u>
		<u>\$ 313</u>	<u>\$ 478</u>	<u>\$ 1,035</u>	<u>\$ 1,122</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 3 to 5 years, rent is charged monthly.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Mega Securities	\$ 12,534	\$ -	\$ 270
Reliance Securities	1,764	2,592	2,903
Other	<u>286</u>	<u>4,150</u>	<u>5,124</u>
	<u>\$ 14,584</u>	<u>\$ 6,742</u>	<u>\$ 8,297</u>

The rental income is summarized as follows:

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Interest expense	SKLI	\$ 3,000	\$ 2,982	\$ 8,966	\$ 8,948
	Chien Hsin Trading	1,650	1,650	4,950	4,950
	Yong Da	1,050	1,050	3,150	3,150
	Construction				
	Mega Securities	843	270	1,782	810
	YungChi AMC	492	494	1,477	1,483
	Other	<u>484</u>	<u>1,420</u>	<u>2,075</u>	<u>4,252</u>
		<u>\$ 7,519</u>	<u>\$ 7,866</u>	<u>\$ 22,400</u>	<u>\$ 23,593</u>

21) Dividend income

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
TAIFEX		<u>\$ 38,246</u>	<u>\$ 17,446</u>	<u>\$ 38,246</u>	<u>\$ 46,453</u>

22) Other interest revenues

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
TAIFEX		<u>\$ 97</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ -</u>

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

23) Interest expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Fund under HNIT	\$ <u>36</u>	\$ <u>5</u>	\$ <u>36</u>	\$ <u>29</u>

24) Other operating expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
TAIFEX	\$ <u>858</u>	\$ <u>698</u>	\$ <u>2,210</u>	\$ <u>2,160</u>

25) Other non-interest net revenues

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
TAIFEX	\$ 4,608	\$ 1,928	\$ 10,172	\$ 3,697
YJE	<u>148</u>	<u>127</u>	<u>394</u>	<u>359</u>
	\$ <u>4,756</u>	\$ <u>2,055</u>	\$ <u>10,566</u>	\$ <u>4,056</u>

26) Handling charges - brokerage

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
TAIFEX	\$ <u>25,095</u>	\$ <u>24,410</u>	\$ <u>72,724</u>	\$ <u>61,801</u>

27) Handling charge - proprietary trading

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
TAIFEX	\$ <u>631</u>	\$ <u>736</u>	\$ <u>2,225</u>	\$ <u>1,927</u>

28) Service charge - clearing and settlement

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
TAIFEX	\$ <u>17,306</u>	\$ <u>16,972</u>	\$ <u>50,464</u>	\$ <u>43,001</u>

29) Cash and cash equivalents

Checking deposits and savings deposits (foreign currency included)

	September 30, 2024	December 31, 2023	September 30, 2023
BOT	\$ 29,683	\$ 23,968	\$ 29,051
SKCB	1	1	1
Others	<u>7,054</u>	<u>10,445</u>	<u>12,172</u>
	<u>\$ 36,738</u>	<u>\$ 34,414</u>	<u>\$ 41,224</u>

Time deposits

	September 30, 2024	December 31, 2023	September 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 \$488, \$1,004, \$2,242 and \$3,551 for the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, respectively.

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

HNAMC paid \$20,090, \$18,661 and \$17,947 to Chung-Hua Real Estate to build an information technology center on September 30, 2024, December 31, 2023 and September 30, 2023, respectively. It is recognized in investment properties and other properties.

31) Compensation of key personnel managements

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 138,816	\$ 115,921	\$ 405,011	\$ 349,863
Post-employment benefits	3,826	11,738	12,439	22,256
Other long-term employee benefits	<u>5</u>	<u>6</u>	<u>20</u>	<u>21</u>
	<u>\$ 142,647</u>	<u>\$ 127,665</u>	<u>\$ 417,470</u>	<u>\$ 372,140</u>

32) 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 Nine Months Ended September 30					
	2024			2023		
	Ending Balance	Interest Rate (%)	Interest Expense	Ending Balance	Interest Rate (%)	Interest Expense
TAIFEX	\$ 40,677,714	0-5.75	\$ 396,296	\$ 25,398,671	0.001-5.58	\$ 298,491
HNSC	2,174,370	0-1.69	4,101	433,942	0-1.565	3,175
SCIC	937,737	0-1.7	5,708	1,018,976	0-1.575	5,052
HNVC	540,088	0-1.7	4,875	489,053	0-3.55	3,840
Yuan-Ding Investment	474,815	-	-	160,722	-	-
HNFH	280,375	0.602-0.969	28,207	271,762	0.472-0.856	7,688
Entrust Investment	277,187	-	-	39,164	-	-
Chien Hsin Trading	246,765	0-4.6	816	179,761	0-3.5	907
Mega Securities	236,048	0-0.707	3	2,753	0-0.5815	2
HNILC Shenzhen	221,981	0.05-1.35	1,087	109,450	0-2.25	3,421
Chung-Hua Real Estate	155,407	0-1.7	1,209	153,045	0-1.45	953
	<u>\$ 46,222,487</u>		<u>\$ 442,302</u>	<u>\$ 28,257,299</u>		<u>\$ 323,529</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Tax payable to the parent company	<u>\$ 514,122</u>	<u>\$ 2,468,456</u>	<u>\$ 1,796,103</u>

c) Other operating expenses-share other expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
HNSC	<u>\$ 40,436</u>	<u>\$ 38,442</u>	<u>\$ 118,530</u>	<u>\$ 110,732</u>

2) HNSC

a) Cash and cash equivalents

	September 30, 2024		December 31, 2023		September 30, 2023	
	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)
HNCB	<u>\$ 2,174,370</u>	0-1.69	<u>\$ 478,895</u>	0-1.565	<u>\$ 433,942</u>	0-1.565

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

	September 30, 2024	December 31, 2023	September 30, 2023
Tax payable to the parent company	\$ <u>177,242</u>	\$ <u>238,021</u>	\$ <u>175,897</u>

c) Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
HNCB	\$ <u>40,436</u>	\$ <u>38,442</u>	\$ <u>118,530</u>	\$ <u>110,732</u>

3) SCIC

a) Cash and cash equivalents

	September 30, 2024		December 31, 2023		September 30, 2023	
	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)
HNCB	\$ <u>937,737</u>	0-1.7	\$ <u>779,896</u>	0-1.575	\$ <u>1,018,976</u>	0-1.575

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

	September 30, 2024	December 31, 2023	September 30, 2023
Tax payable to the parent company	\$ <u>103,597</u>	\$ <u>93,801</u>	\$ <u>68,092</u>

c) Marketable securities

	September 30, 2024		December 31, 2023		September 30, 2023	
	Ending Balance	Value of Assets Entrusted	Ending Balance	Value of Assets Entrusted	Ending Balance	Value of Assets Entrusted
HNIT	\$ <u>100,000</u>	\$ <u>105,379</u>	\$ <u>150,000</u>	\$ <u>157,944</u>	\$ <u>150,000</u>	\$ <u>150,597</u>

4) HNIT

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

	September 30, 2024	December 31, 2023	September 30, 2023
Tax payable to the parent company	\$ <u>105,439</u>	\$ <u>105,439</u>	\$ <u>105,439</u>

5) HNVC

Cash dividends equivalents

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	Ending Balance	%	Ending Balance	%	Ending Balance	%
HNCB	<u>\$ 540,088</u>	0-1.7	<u>\$ 452,727</u>	0-3.55	<u>\$ 489,053</u>	0-3.55

6) HNILC - Shenzhen

Cash and cash equivalents

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)	Ending Balance	Annual Interest Rate (%)
HNCB	<u>\$ 221,981</u>	0.05-1.35	<u>\$ 47,038</u>	0.05-4.5	<u>\$ 109,450</u>	0-2.25

7) Subsidiaries of HNSC

Futures traders' equity

	September 30, 2024	December 31, 2023	September 30, 2023
HNCB	<u>\$ 202,509</u>	<u>\$ 197,978</u>	<u>\$ 203,805</u>

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 nine months ended September 30, 2024 and 2023:

The Group acquired intangible assets with an aggregate fair value of \$198,638 and \$119,364 on September 30, 2024 and 2023 (refer to Note 20). Related payables on intangible assets (recorded as accounts payable) increased \$210 and decrease by \$271, respectively. Total cash used in acquisition of intangible assets were \$198,428 and \$119,635, respectively.

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2024

	Opening Balance	Cash Flows	Non-cash Changes			Other	Closing Balance
			Increase in Leasing	Change in Exchange Rates	Other Changes		
Short-term debts	\$ 2,653,000	\$ 405,000	\$ -	\$ -	\$ -	\$ -	\$ 3,058,000
Commercial paper payable	36,316,177	11,307,662	-	-	(8,142)	-	47,615,697
Corporate bonds payable	21,686,915	-	-	-	1,721	-	21,688,636
Bank debentures payable	58,900,000	(9,300,000)	-	-	-	-	49,600,000
Long-term debts	759,328	(4,328)	-	-	-	-	755,000
Lease liabilities	2,325,107	(559,119)	568,049	19,818	(14,583)	(34,711)	2,304,561
	<u>\$ 122,640,527</u>	<u>\$ 1,849,215</u>	<u>\$ 568,049</u>	<u>\$ 19,818</u>	<u>\$ (21,004)</u>	<u>\$ (34,711)</u>	<u>\$ 125,021,894</u>

For the nine months ended September 30, 2023

	Opening Balance	Cash Flows	Non-cash Changes			Other	Closing Balance
			Increase in Leasing	Change in Exchange Rates	Other Changes		
Short-term debts	\$ 1,286,000	\$ 384,206	\$ -	\$ -	\$ -	\$ -	\$ 1,670,206
Commercial paper payable	19,879,471	15,748,008	-	-	(5,284)	-	35,622,195
Corporate bonds payable	28,684,626	(7,000,000)	-	-	1,720	-	21,686,346
Bank debentures payable	57,900,000	-	-	-	-	-	57,900,000
Long-term debts	570,000	110,000	-	-	-	-	680,000
Lease liabilities	2,075,114	(555,307)	719,184	18,068	19,628	(32,011)	2,244,676
	<u>\$ 110,395,211</u>	<u>\$ 8,686,907</u>	<u>\$ 719,184</u>	<u>\$ 18,068</u>	<u>\$ 16,064</u>	<u>\$ (32,011)</u>	<u>\$ 119,803,423</u>

48. PLEDGED ASSETS

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

	September 30, 2024	December 31, 2023	September 30, 2023
Equity instruments at FVTOCI	\$ 749,940	\$ 742,676	\$ 579,314
Debt instruments at FVTOCI	657,346	645,588	991,733
Debt instruments at amortized cost - bond investments	8,119,600	8,004,000	7,927,700
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	907,410	915,974	914,631
Other assets - restricted asset	39,690	39,690	44,590
Property and equipment - land	596,727	596,727	596,727
Property and equipment - buildings, net	79,562	82,814	83,898

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
Investment properties - land	\$ 867,802	\$ 867,802	\$ 867,802
Investment properties - buildings, net	<u>11,140</u>	<u>11,439</u>	<u>11,539</u>
	<u>\$ 51,229,217</u>	<u>\$ 51,106,710</u>	<u>\$ 51,217,934</u>
			(Concluded)

49. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. HNCB and its subsidiaries

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

	September 30, 2024	December 31, 2023	September 30, 2023
Undrawn loan commitments	\$ 119,775,283	\$ 113,093,465	\$ 119,938,624
Undrawn credit card commitments	104,678,924	100,644,210	99,915,897
Standby letters of credit	27,544,939	27,703,497	33,593,297
Guarantees issued	108,240,991	105,123,922	103,466,974
Collections for customers	79,830,170	86,167,451	86,343,184
Commissioned deposits	1,263	1,263	1,263
Guarantee notes payable	47,933,600	47,804,575	47,913,400
Trust assets	1,688,893,386	1,181,397,888	1,106,071,430
Marketable securities under custody	45,194,550	46,292,509	49,057,925
Agent for book-entry government bonds	133,851,300	100,158,700	102,210,900
Agent for short-term bills under custody	88,349,470	105,550,738	88,204,951

b. SCIC

Unrecognized contractual agreements

	September 30, 2024	December 31, 2023	September 30, 2023
Purchase of property, equipment and intangible assets	<u>\$ 58,859</u>	<u>\$ 78,610</u>	<u>\$ 81,264</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 September 30, 2024, HNCB and HNIT had bought back \$5,141,915 and \$1,560,948, 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 \$3,907,491 and \$1,334,135. 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's financial instruments were as follows:

Assets and Liabilities Items	September 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	\$ 9,160,289	\$ 8,372,591	\$ 143,791	\$ 643,907
Investment in bonds	21,161,921	7,128,196	14,033,725	-
Others	127,909,019	2,187,491	125,237,049	484,479
Financial assets at FVTOCI				
Investment in stocks	26,774,264	16,574,992	-	10,199,272
Investment in bonds	340,133,657	7,279,123	332,854,534	-
Others	8,769,292	489,110	8,280,182	-
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Financial liabilities held for trading	-	-	-	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	6,845,890	4,481	6,841,409	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	6,686,851	5,150	6,681,701	-

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	326,175,965	9,806,560	316,369,405	-
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	September 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	\$ 8,309,119	\$ 7,441,581	\$ 84,593	\$ 782,945
Investment in bonds	5,886,002	695,206	5,190,796	-
Others	96,781,848	1,863,565	94,448,820	469,463
Financial assets at FVTOCI				
Investment in stocks	41,842,397	32,526,911	-	9,315,486
Investment in bonds	327,610,097	3,000,890	324,609,207	-
Others	8,982,517	458,048	8,524,469	-
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held for trading financial liabilities	98,839	-	98,839	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	22,419,450	1,528	22,417,922	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	4,999,450	1,866	4,997,584	-

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 nine months ended September 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	\$ (34,419)	\$ -	\$ 23,169	\$ -	\$ 64,035	\$ 124,063	\$ -	\$ 643,907
Beneficiary securities	503,091	(41,554)	-	28,642	-	5,700	-	-	484,479
Financial assets at FVTOCI									
Unlisted stocks	9,777,458	-	422,684	-	-	-	-	870	10,199,272

As of September 30, 2024, the valuation loss included in profit and loss for assets still held \$75,973.

For the nine months ended September 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	\$ (77,130)	\$ -	\$ 30,088	\$ -	\$ (95,763)	\$ -	\$ -	\$ 782,945
Beneficiary securities	511,768	(40,231)	-	23,100	-	(25,174)	-	-	469,463
Financial assets at FVTOCI									
Unlisted stocks	10,721,818	-	(1,400,971)	-	-	-	-	5,361	9,315,486
Other financial assets									
Overdue receivables	10,003	21,108	-	-	-	31,111	-	-	-

As of September 30, 2023, the valuation loss included in profit and loss for assets still held \$96,253.

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

As of September 30, 2024, December 31, 2023 and September 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 September 30, 2024	Fair Value on December 31, 2023	Fair Value on September 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	\$ 643,907	\$ 843,225	\$ 782,945	Market approach or market prices adjusted according to liquidity discount	Volatility	10%-20%	Positive correlation
Beneficiary securities	484,479	503,091	469,463	Balance sheet approach	Volatility	10%-20%	Positive correlation
Financial assets at FVTOCI							
Unlisted stocks	10,199,272	9,777,458	9,315,486	Market approach or market prices adjusted according to liquidity discount or balance sheet approach	Minority interest and volatility	10%-20%	Positive correlation

HNFH

As of September 30, 2024, December 31, 2023 and September 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 September 30, 2024	Fair Value on December 31, 2023	Fair Value on September 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	\$ 1,351,162	\$ 1,363,092	\$ 1,647,260	Market approach or market prices adjusted according to liquidity discount and balance sheet approach	Minority interest and volatility	10%-20%	Positive correlation

HNCB and its subsidiaries

As of September 30, 2024, December 31, 2023 and September 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 September 30, 2024	Fair Value on December 31, 2023	Fair Value on September 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 securities	\$ 267,183	\$ 288,976	\$ 286,303	Balance sheet approach	Volatility	10%	Positive correlation
Financial assets at FVTOCI							
Unlisted stocks	7,987,091	7,601,465	6,880,621	Market approach or market prices adjusted according to liquidity discount and 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 September 30, 2024	Fair Value on December 31, 2023	Fair Value on September 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	\$ 15,674	\$ 12,960	\$ -	Market approach or market prices adjusted according to liquidity discount	Volatility	20%	Positive correlation
Financial assets at FVTOCI							
Unlisted stocks	749,682	701,768	681,622	Balance sheet approach	Minority interest and 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 September 30, 2024	Fair Value on December 31, 2023	Fair Value on September 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	\$ 81,136	\$ 91,105	\$ 94,068	Market approach or market prices adjusted according to liquidity discount	Volatility	10%-20%	Positive correlation
Beneficiary securities	20,413	22,815	22,603	Balance sheet approach	Minority interest and volatility	10%	Positive correlation
Financial assets at FVTOCI							
Unlisted stocks	6,046	10,896	8,011	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	\$ 97,317	\$ 91,414	\$ 88,985	Balance sheet approach	Minority 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	\$ 547,097	\$ 739,190	\$ 688,877	Market approach or market prices adjusted according to liquidity discount	Volatility	20%	Positive correlation
Beneficiary certificates	196,883	191,300	160,557	Balance sheet approach	Volatility	10%-20%	Positive correlation

HNAMC

Significant unobservable inputs are as follow:

Name	Fair Value on September 30, 2024	Fair Value on December 31, 2023	Fair Value on September 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	\$ 7,974	\$ 8,823	8,987	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 4 to 6 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 September 30, 2024, December 31, 2023 and September 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>September 30, 2024</u>				
<u>Assets</u>				
Financial assets mandatory at FVTPL				
Beneficiary securities	\$ 2,969	\$ (2,969)	\$ -	\$ -
Financial assets at FVTOCI - equity instruments				
Unlisted stocks	-	-	185,932	(185,932)

Items	The Change in Fair Value Influence Current Net Income		The Change in Fair Value Influence Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>December 31, 2023</u>				
<u>Assets</u>				
Financial assets mandatory at FVTPL				
Beneficiary securities	\$ 3,211	\$ (3,211)	\$ -	\$ -
Financial assets at FVTOCI - equity instruments				
Unlisted stocks	-	-	186,378	(186,378)

Items	The Change in Fair Value Influence Current Net Income		The Change in Fair Value Influence Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>September 30, 2023</u>				
<u>Assets</u>				
Financial assets mandatory at FVTPL				
Beneficiary securities	\$ 3,181	\$ (3,181)	\$ -	\$ -
Financial assets at FVTOCI - equity instruments				
Unlisted stocks	-	-	168,447	(168,447)

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>September 30, 2024</u>		
Financial assets		
Investments in debt instruments at amortized cost	\$ 779,314,703	\$ 774,780,437
Non-financial assets		
Investment properties	9,046,816	30,423,544
Financial liabilities		
Bank debentures	49,600,000	43,051,677
<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>September 30, 2023</u>		
Financial assets		
Investments in debt instruments at amortized cost	690,834,785	680,173,492
Non-financial assets		
Investment properties	11,652,884	32,189,366
Financial liabilities		
Bank debentures	57,900,000	58,484,021

b. Hierarchy information of fair value of financial instruments

Assets and Liabilities Items	September 30, 2024			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 774,780,437	\$ 11,089,371	\$ 763,691,066	\$ -
Non-financial assets				
Investment properties	30,423,544	-	-	30,423,544
Financial liabilities				
Bank debentures	43,051,677	-	43,051,677	-

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	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 680,173,492	\$ 6,737,462	\$ 673,436,030	\$ -
Non-financial assets				
Investment properties	32,189,366	-	-	32,189,366
Financial liabilities				
Bank debentures	58,484,021	-	58,484,021	-

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.

The fair value of the fixed rate mid-term and long-term loans should be determined by the discounted present value of the future cash flows. However, the mid-term and long-term loans is not significant in this item; thus, it's reasonable to estimate the fair value using the carrying amount in consideration of the possibility of 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 1.9085% to 1.9699%.

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.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatory at FVTPL	\$ 3,494,482	\$ 2,508,539	\$ 2,616,323
Financial assets at amortized cost (Note 1)	55,438,401	39,346,414	35,140,123
Financial assets at FVTOCI			
Investments in equity instruments	4,786,178	4,460,658	4,115,507
Investments in debt instruments	20,240,533	19,015,259	19,152,116
<u>Financial liabilities</u>			
FVTPL			
Held for trading	6,710	36,736	104,861
Financial liabilities at amortized cost (Note 2)	71,207,264	53,635,131	50,000,768

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) The carrying amounts of financial assets and financial liabilities are not measured at fair value that differed significantly from their fair values are as follow:

September 30, 2024

		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost (Note)					
Domestic bank debentures	\$ 89,801	\$ -	\$ 89,204	\$ -	\$ 89,204
Domestic government bonds	296,766	290,149	-	-	290,149
Foreign bank debentures	392,858	-	383,530	-	383,530
Foreign corporate bonds	904,353	-	871,762	-	871,762
Foreign government bonds	<u>94,741</u>	<u>93,350</u>	<u>-</u>	<u>-</u>	<u>93,350</u>
	<u>\$ 1,778,519</u>	<u>\$ 383,499</u>	<u>\$ 1,344,496</u>	<u>\$ -</u>	<u>\$ 1,727,995</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>

September 30, 2023

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost (Note)					
Domestic bank debentures	\$ 149,049	\$ -	\$ 149,994	\$ -	\$ 149,994
Domestic government bonds	296,562	296,824	-	-	296,824
Foreign bank debentures	473,096	-	426,738	-	426,738
Foreign corporate bonds	916,605	-	827,251	-	827,251
Foreign government bonds	<u>96,486</u>	<u>90,912</u>	<u>-</u>	<u>-</u>	<u>90,912</u>
	<u>\$ 1,931,798</u>	<u>\$ 387,736</u>	<u>\$ 1,403,983</u>	<u>\$ -</u>	<u>\$ 1,791,719</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.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Under the balance sheet approach on investments in domestic unlisted equity, the overall value of a company or business is evaluated by the total market value of individual assets and individual liabilities of the target company with the consideration of the discount for lack of marketability and for minority interest, which are negatively related to the fair value of these investments.

b. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatory at FVTPL	\$ 9,039,378	\$ 8,106,879	\$ 7,639,779
Financial assets at amortized costs (Note 1)	9,469,009	9,922,989	9,660,855
Financial assets at FVTOCI			
Investments in equity instruments	6,046	10,896	8,011
Investments in debt instruments	3,695,431	2,994,298	2,952,040

Financial liabilities

Financial liabilities at FVTPL			
Held for trading	13,489	36,165	206,556
Financial liabilities at amortized cost (Note 2)	1,494,439	2,108,006	1,382,873

Note 1: Balance 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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 387,759	\$ 438,221	\$ 497,111
Financial assets at FVTOCI - equity instruments	97,317	91,415	88,985
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	301,146	331,323	360,500

Note 1: Balances include 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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL	\$ 1,092,200	\$ 1,071,357	\$ 997,148
Financial assets at amortized cost (Note 1)	628,396	501,326	528,717
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	123	272	128

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

Note 2: Balances include 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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 353,689	\$ 260,623	\$ 201,575
Financial assets at FVTOCI - equity instruments	7,974	8,823	8,987
Mandatorily at FVTPL	-	-	-

Financial liabilities

Financial liabilities at amortized cost (Note 2)	4,334,350	4,391,767	4,041,606
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Note 1: Balances include 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 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:

September 30, 2024

	Book Value	Allowance Impairment	Exposure	Collateral Fair Value
Receivables				
Credit card				
receivables	\$ 125,122	\$ 16,996	\$ 108,126	\$ -
Others	5,390,352	4,029,386	1,360,966	-
Discounts and loans	<u>9,463,828</u>	<u>1,994,925</u>	<u>7,468,903</u>	<u>10,967,724</u>
Total pledge of impaired financial assets amount	<u>\$ 14,979,302</u>	<u>\$ 6,041,307</u>	<u>\$ 8,937,995</u>	<u>\$ 10,967,724</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>

September 30, 2023

	Book Value	Allowance Impairment	Exposure	Collateral Fair Value
Receivables				
Credit card receivables	\$ 121,013	\$ 12,422	\$ 108,591	\$ -
Others	6,426,068	4,079,731	2,346,337	-
Discounts and loans	<u>10,809,177</u>	<u>2,628,877</u>	<u>8,180,300</u>	<u>16,087,628</u>
Total pledge of impaired financial assets amount	<u>\$ 17,356,258</u>	<u>\$ 6,721,030</u>	<u>\$ 10,635,228</u>	<u>\$ 16,087,628</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 main and subordinate 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 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 six months, should be written off in three 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 loss allowance of loan business of HNCB and its subsidiaries

Changes in loss allowance for discounts and loans

	For the Nine Months Ended September 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	(1,049,681)	1,050,118	(437)	-	-	-
To credit impaired financial assets	(42,938)	(34,406)	77,344	-	-	-
To 12-month ECL	9,908	(9,895)	(13)	-	-	-
Derecognizing financial assets during the current period	(1,034,270)	(2,190,318)	(607,748)	(3,832,336)	-	(3,832,336)
Purchased or originated financial assets	1,844,472	2,908,062	884,125	5,636,659	-	5,636,659
Loss recognized based on the regulations	-	-	-	-	284,285	284,285
Exchange rate and other changes	21,124	17,186	6,616	44,926	-	44,926
Balance, September 30	<u>\$ 1,325,686</u>	<u>\$ 5,505,233</u>	<u>\$ 1,994,925</u>	<u>\$ 8,825,844</u>	<u>\$ 22,169,270</u>	<u>\$ 30,995,114</u>

	For the Nine Months Ended September 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	(2,464,378)	2,583,113	(118,735)	-	-	-
To credit impaired financial assets	(83,732)	(5,334)	89,066	-	-	-
To 12-month ECL	13,854	(13,655)	(199)	-	-	-
Derecognizing financial assets during the current period	(3,294,446)	(1,903,471)	(2,546,756)	(7,744,673)	-	(7,744,673)
Purchased or originated financial assets	3,219,659	1,404,316	1,480,272	6,104,247	-	6,104,247
Loss recognized based on the regulations	-	-	-	-	2,474,131	2,474,131
Exchange rate and other changes	77,574	44	29,466	107,084	-	107,084
Balance, September 30	<u>\$ 1,505,258</u>	<u>\$ 3,979,992</u>	<u>\$ 2,628,877</u>	<u>\$ 8,114,127</u>	<u>\$ 20,499,881</u>	<u>\$ 28,614,008</u>

Changes in the total carrying amount of discounts and loans

	For the Nine Months Ended September 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	(23,731,720)	23,738,812	(7,092)	-
To credit impaired financial assets	(315,248)	(266,835)	582,083	-
To 12-month ECL	14,496,212	(14,484,940)	(11,272)	-
Derecognizing financial assets during the current period	(780,137,465)	(85,681,876)	(3,810,385)	(869,629,726)
Purchased or originated financial assets	928,313,297	83,506,479	2,821,371	1,014,641,147
Exchange rate and other changes	9,728,441	826,288	52,805	10,607,534
Balance, September 30	<u>\$ 2,264,103,157</u>	<u>\$ 154,369,890</u>	<u>\$ 9,463,828</u>	<u>\$ 2,427,936,875</u>

	For the Nine Months Ended September 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	(71,741,848)	76,688,105	(4,946,257)	-
To credit impaired financial assets	(412,256)	(72,001)	484,257	-
To 12-month ECL	28,726,565	(27,930,022)	(796,543)	-
Derecognizing financial assets during the current period	(755,210,262)	(15,649,820)	(6,391,821)	(777,251,903)
Purchased or originated financial assets	805,875,093	78,669,422	3,848,794	888,393,309
Exchange rate and other changes	12,212,427	27,567	117,669	12,357,663
Balance, September 30	<u>\$ 2,025,653,413</u>	<u>\$ 151,817,187</u>	<u>\$ 10,809,177</u>	<u>\$ 2,188,279,777</u>

Changes in loss allowance for receivables

	For the Nine Months Ended September 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	(3,340)	3,342	(2)	-	-	-
To credit impaired financial assets	(2,353)	(2,699)	5,052	-	-	-
To 12-month ECL	39	(38)	(1)	-	-	-
Derecognizing financial assets during the current period	(26,193)	(12,971)	(31,607)	(70,771)	-	(70,771)
Purchased or originated financial assets	32,269	5,892	21,369	59,530	-	59,530
Loss recognized based on the regulations	-	-	-	-	40,486	40,486
Exchange rate and other changes	547	(56,234)	138,751	83,064	-	83,064
Balance, September 30	<u>\$ 43,865</u>	<u>\$ 21,813</u>	<u>\$ 4,046,382</u>	<u>\$ 4,112,060</u>	<u>\$ 105,140</u>	<u>\$ 4,217,200</u>

	For the Nine Months Ended September 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	(7,816)	7,923	(107)	-	-	-
To credit impaired financial assets	(3,298)	(849)	4,147	-	-	-
To 12-month ECL	65	(62)	(3)	-	-	-
Derecognizing financial assets during the current period	(40,946)	(10,031)	(155,303)	(206,280)	-	(206,280)
Purchased or originated financial assets	44,358	5,388	17,216	66,962	-	66,962
Loss recognized based on the regulations	-	-	-	-	(5,164)	(5,164)
Exchange rate and other changes	677	38,039	149,340	188,056	-	188,056
Balance, September 30	<u>\$ 48,135</u>	<u>\$ 85,486</u>	<u>\$ 4,092,153</u>	<u>\$ 4,225,774</u>	<u>\$ 67,625</u>	<u>\$ 4,293,399</u>

Changes in the total carrying amount of receivables

	For the Nine Months Ended September 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	(116,342)	116,406	(64)	-
To credit impaired financial assets	(60,161)	(11,847)	72,008	-
To 12-month ECL	33,255	(33,049)	(206)	-
Derecognizing financial assets during the current period	(9,941,660)	(604,597)	(126,317)	(10,672,574)
Purchased or originated financial assets	12,248,549	440,266	48,929	12,737,744
Exchange rate and other changes	145,541	3,510,690	(375,631)	3,280,600
Balance, September 30	<u>\$ 21,126,936</u>	<u>\$ 16,384,494</u>	<u>\$ 5,515,474</u>	<u>\$ 43,026,904</u>

	For the Nine Months Ended September 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	(233,914)	240,819	(6,905)	-
To credit impaired financial assets	(35,240)	(7,389)	42,629	-
To 12-month ECL	65,807	(63,555)	(2,252)	-
Derecognizing financial assets during the current period	(9,590,417)	(265,178)	(227,669)	(10,083,264)
Purchased or originated financial assets	11,471,908	320,636	58,824	11,851,368
Exchange rate and other changes	115,745	3,476,906	305,406	3,898,057
Balance, September 30	<u>\$ 18,895,462</u>	<u>\$ 11,688,913</u>	<u>\$ 6,547,081</u>	<u>\$ 37,131,456</u>

Changes in loss on allowance for other financial assets

	For the Nine Months Ended September 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:						
To lifetime ECL	-	-	-	-	-	-
To credit impaired financial assets	-	-	-	-	-	-
To 12-month ECL	-	-	-	-	-	-
Derecognizing financial assets during the current period	(6,030)	-	(133,962)	(139,992)	-	(139,992)
Purchased or originated financial assets	6,509	-	46,808	53,317	-	53,317
Loss recognized based on the Regulations	-	-	-	-	1,046	1,046
Exchange rate and other changes	377	-	3,643	4,020	-	4,020
Balance, September 30	<u>\$ 12,024</u>	<u>\$ -</u>	<u>\$ 54,217</u>	<u>\$ 66,241</u>	<u>\$ 4,646</u>	<u>\$ 70,887</u>

	For the Nine Months Ended September 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:						
To lifetime ECL	(57)	57	-	-	-	-
To credit impaired financial assets	-	-	-	-	-	-
To 12-month ECL	-	-	-	-	-	-
Derecognizing financial assets during the current period	(2,666)	-	(8,863)	(11,529)	-	(11,529)
Purchased or originated financial assets	9,355	-	136,587	145,942	-	145,942
Loss recognized based on the Regulations	-	-	-	-	6,494	6,494
Exchange rate and other changes	2	-	-	2	-	2
Balance, September 30	<u>\$ 12,424</u>	<u>\$ 57</u>	<u>\$ 138,523</u>	<u>\$ 151,004</u>	<u>\$ 9,285</u>	<u>\$ 160,289</u>

Changes in the total carrying amount of other financial assets

	For the Nine Months Ended September 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:				
To lifetime ECL	-	-	-	-
To credit impaired financial assets	-	-	-	-
To 12-month ECL	-	-	-	-
Derecognizing financial assets during the current period	(432,739)	-	(138,403)	(571,142)
Purchased or originated financial assets	552,090	-	64,116	616,206
Exchange rate and other changes	25,109	-	3,613	28,722
Balance, September 30	<u>\$ 994,858</u>	<u>\$ -</u>	<u>\$ 79,370</u>	<u>\$ 1,074,228</u>

	For the Nine Months Ended September 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:				
To lifetime ECL	(2,857)	2,857	-	-
To credit impaired financial assets	-	-	-	-
To 12-month ECL	-	-	-	-
Derecognizing financial assets during the current period	(134,737)	-	(15,566)	(150,303)
Purchased or originated financial assets	533,084	-	141,094	674,178
Exchange rate and other changes	157	-	-	157
Balance, September 30	<u>\$ 703,384</u>	<u>\$ 2,857</u>	<u>\$ 147,717</u>	<u>\$ 853,958</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 Nine Months Ended September 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	\$ 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	(77,075)	77,075	-	-	-	-
To credit impaired financial assets	(872)	(68)	940	-	-	-
To 12-month ECL	3,962	(3,962)	-	-	-	-
Derecognizing financial assets during the current period	(141,605)	(627,058)	(3,153)	(771,816)	-	(771,816)
Purchased or originated financial assets	139,626	184,584	2,172	326,382	-	326,382
Loss recognized based on the Regulations	-	-	-	-	435,016	435,016
Exchange rate and other changes	952	928	-	1,880	-	1,880
Balance, September 30	<u>\$ 126,390</u>	<u>\$ 505,827</u>	<u>\$ 8,966</u>	<u>\$ 641,183</u>	<u>\$ 1,110,791</u>	<u>\$ 1,751,974</u>

	For the Nine Months Ended September 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	\$ 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	(670,989)	670,989	-	-	-	-
To credit impaired financial assets	(307)	(21)	328	-	-	-
To 12-month ECL	4,501	(4,453)	(48)	-	-	-
Derecognizing financial assets during the current period	(438,526)	(584,407)	(47,222)	(1,070,155)	-	(1,070,155)
Purchased or originated financial assets	756,965	82,495	2,345	841,805	-	841,805
Loss recognized based on the Regulations	-	-	-	-	157,421	157,421
Exchange rate and other changes	4,954	126	314	5,394	-	5,394
Balance, September 30	<u>\$ 206,122</u>	<u>\$ 751,874</u>	<u>\$ 8,699</u>	<u>\$ 966,695</u>	<u>\$ 661,715</u>	<u>\$ 1,628,410</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. HNCB and its subsidiaries' maximum credit exposures (excluding collaterals) off balance sheet are shown as follows:

Off-balance Sheet Items	The Maximum Credit Exposure		
	September 30, 2024	December 31, 2023	September 30, 2023
Undrawn loan commitments	\$ 119,775,283	\$ 113,093,465	\$ 119,938,624
Undrawn credit card commitments	104,678,924	100,644,210	99,915,897
Standby letters of credit	27,544,939	27,703,497	33,593,297
Guarantees issued	108,240,991	105,123,922	103,466,974
Total	\$ 360,240,137	\$ 346,565,094	\$ 356,914,792

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:

September 30, 2024

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Financial assets at FVTOCI		
Bond investments	\$ 316,197,693	\$ 1,199,994
Others	8,280,182	-
Amortized costs - debt instruments		
Bond investments	317,838,561	7,298,003
Others	461,522,147	-
Receivables		
Credit cards business	11,551,649	-
Others	25,348,859	-
Discounts and loans	2,427,936,875	1,763,424,794
Other financial assets		
Credit cards business	62,276	-
Others	17,209	-
<u>Off-balance sheet items</u>		
Undrawn loan commitments	119,775,283	3,704,801
Undrawn credit card commitments	104,678,924	-
Standby letters of credit	27,544,939	11,121,566
Guarantees issued	108,240,991	55,956,120

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	-
(Continued)		

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
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
		(Concluded)

September 30, 2023

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Financial assets at FVTOCI		
Bond investments	\$ 305,505,941	\$ 1,199,994
Others	8,524,469	-
Amortized costs - debt instruments		
Bond investments	241,080,117	1,899,987
Others	449,784,050	-
Receivables		
Credit cards business	10,600,514	-
Others	23,017,235	-
Discounts and loans	2,188,279,777	1,582,255,070
Other financial assets		
Credit cards business	147,587	-
Others	3,292	-
<u>Off-balance sheet items</u>		
Undrawn loan commitments	119,938,624	6,222,972
Undrawn credit card commitments	99,915,897	-
Standby letters of credit	33,593,297	11,910,455
Guarantees issued	103,466,974	47,704,016

- iii. HNCB and its subsidiaries total book value of the maximum credit risk exposures discounted and loans

September 30, 2024				
Categories of Financial Assets	Stage 1	Stage 2	Stage 3	Total
	12-month Expected Credit Losses			
		Duration Period Credit Losses	Duration Period Credit Losses	
Ratings				
Corporate finance	\$ 1,314,609,733	\$ 150,123,810	\$ 8,194,927	\$ 1,472,928,470
Personal finance	<u>949,493,424</u>	<u>4,246,080</u>	<u>1,268,901</u>	<u>955,008,405</u>
Total book value of discounted and loans	<u>\$ 2,264,103,157</u>	<u>\$ 154,369,890</u>	<u>\$ 9,463,828</u>	<u>2,427,936,875</u>
Allowance for impairment loss	<u>\$ (1,325,686)</u>	<u>\$ (5,505,233)</u>	<u>\$ (1,994,925)</u>	(8,825,844)
Recognized loss by regulations				<u>(22,169,270)</u>
Premium discount adjustment of discounted and loans				<u>(203,116)</u>
Discounted and loans, net				<u>\$ 2,396,738,645</u>
December 31, 2023				
Categories of Financial Assets	Stage 1	Stage 2	Stage 3	Total
	12-month Expected Credit Losses			
		Duration Period Credit Losses	Duration Period 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>	(6,976,595)
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	September 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	\$ 1,209,926,530	\$ 148,042,868	\$ 9,359,257	\$ 1,367,328,655
Personal finance	<u>815,726,883</u>	<u>3,774,319</u>	<u>1,449,920</u>	<u>820,951,122</u>
Total book value of discounted and loans	<u>\$ 2,025,653,413</u>	<u>\$ 151,817,187</u>	<u>\$ 10,809,177</u>	<u>2,188,279,777</u>
Allowance for impairment loss	<u>\$ (1,505,258)</u>	<u>\$ (3,979,992)</u>	<u>\$ (2,628,877)</u>	(8,114,127)
Recognized loss by regulations				<u>(20,499,881)</u>
Premium discount adjustment of discounted and loans				<u>(38,573)</u>
Discounted and loans, net				<u>\$ 2,159,627,196</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at FVTPL			
Bonds	\$ 18,911,662	\$ 3,732,122	\$ 4,313,388
Derivative financial instruments	6,763,742	5,368,328	22,400,316
Others	<u>125,775,655</u>	<u>98,006,678</u>	<u>95,429,465</u>
	<u>\$ 151,451,059</u>	<u>\$ 107,107,128</u>	<u>\$ 122,143,169</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	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
Private enterprise	\$ 1,108,989,522	46	\$ 1,063,833,221	47	\$ 1,024,577,613	47
Nature person	951,667,679	40	849,727,748	38	816,962,706	38
Foreign institution	301,770,880	12	288,462,835	13	284,100,586	13
Public enterprise	56,100,000	2	33,015,047	1	29,207,917	1
Government agency	6,550,726	-	32,406,020	1	29,612,208	1
Non-profit organization	2,348,164	-	1,824,049	-	1,218,747	-
Financial institutions	509,904	-	3,049,000	-	2,600,000	-
Total	\$ 2,427,936,875	100	\$ 2,272,317,920	100	\$ 2,188,279,777	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 35.1%, 28.5%, 18.1% and 18.3%, respectively. In compliance with the conservatism principles, Group invests in subjects above the investment grade with lower country risk as the guideline of expanding business. Currently, the country risk exposure in all regions is within sustainable limits of HNCB and its subsidiaries.

iii. By collateral

Industries	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
Credit	\$ 664,512,081	27	\$ 636,826,243	28	\$ 606,024,706	28
Secured						
Stocks	30,783,162	1	31,900,071	1	29,897,974	1
Liabilities	32,383,881	1	37,748,949	2	33,449,904	2
Real estate	1,497,321,056	62	1,376,974,346	61	1,339,586,828	60
Movables	44,700,585	2	40,913,527	2	38,390,484	2
Receivables	10,375,288	1	10,375,172	-	11,137,145	1
Guarantees	131,712,985	5	120,558,360	5	112,606,636	5
Others	16,147,837	1	17,021,252	1	17,186,100	1
Total	\$ 2,427,936,875	100	\$ 2,272,317,920	100	\$ 2,188,279,777	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 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.

September 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	\$ 58,634,774	\$ 2,246,847	\$ 1,492,586	\$ 771,560	\$ -	\$ 63,145,767
Due from the Central Bank and call loans to other banks	127,644,520	31,807,828	15,559,770	15,803,390	50,415,038	241,230,546
Financial assets mandatorily at FVTPL	144,420,132	-	-	-	-	144,420,132
Securities purchased under resell agreements	1,800,000	-	-	-	-	1,800,000
Loans (excluding nonperforming loans)	203,285,154	229,762,733	189,706,862	229,744,871	1,540,760,214	2,393,259,834
Financial assets at FVTOCI	1,942,397	1,933,744	4,130,220	13,232,783	324,253,428	345,492,572
Amortized cost - debt instruments	332,233,259	34,725,256	46,953,778	61,491,527	303,910,883	779,314,703
Other capital inflow	8,944,859	2,628,253	3,154,713	1,445,018	1,123,989	17,296,832
Subtotal	878,905,095	303,104,661	260,997,929	322,489,149	2,220,463,552	3,985,960,386
Main capital outflow on maturity						
Deposits from the Central Bank and banks	110,018,083	93,289,284	3,586,489	52,779,748	2	259,673,606
Deposits and remittances	415,027,914	453,847,853	460,584,926	536,636,390	1,477,759,186	3,343,856,269
Securities sold under repurchase agreements	11,991,648	12,318,002	2,272,647	-	-	26,582,297
Bank debentures payable	-	1,900,000	-	-	47,700,000	49,600,000
Lease liabilities	69,139	97,509	181,410	313,646	1,568,550	2,230,254
Other capital outflow	11,512,452	9,350,793	11,971,530	11,382,985	48,628,144	92,845,904
Subtotal	548,619,236	570,803,441	478,597,002	601,112,769	1,575,655,882	3,774,788,330
Gap	\$ 330,285,859	\$ (267,698,780)	\$ (217,599,073)	\$ (278,623,620)	\$ 644,807,670	\$ 211,172,056

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

September 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	\$ 29,020,929	\$ 1,982,763	\$ 2,784,754	\$ 3,382,796	\$ -	\$ 37,171,242
Due from the Central Bank and call loans to other banks	122,120,900	43,965,052	11,783,846	13,818,581	48,142,067	239,830,446
Financial assets mandatorily at FVTPL	99,456,550	-	-	-	-	99,456,550
Securities purchased under resell agreements	2,000,000	-	-	-	-	2,000,000
Loans (excluding nonperforming loans)	210,180,503	222,374,133	170,917,424	202,055,993	1,350,389,894	2,155,917,947
Financial assets at FVTOCI	1,767,489	2,818,153	4,699,945	14,276,588	326,899,930	350,462,105
Amortized cost - debt instruments	320,902,112	46,912,236	38,522,597	67,847,116	216,650,724	690,834,785
Other capital inflow	6,752,009	2,345,459	2,708,695	1,190,009	820,812	13,816,984
Subtotal	792,200,492	320,397,796	231,417,261	302,571,083	1,942,903,427	3,589,490,059
Main capital outflow on maturity						
Deposits from the Central Bank and banks	107,815,524	77,809,814	87,506	78,473	-	185,791,317
Deposits and remittances	294,064,302	357,611,581	405,469,301	477,005,740	1,465,508,014	2,999,658,938
Securities sold under repurchase agreements	28,803,565	61,748,368	1,528,976	-	-	92,080,909
Bank debentures payable	-	-	4,300,000	5,000,000	48,600,000	57,900,000
Lease liabilities	71,500	100,389	175,030	279,833	1,581,514	2,208,266
Other capital outflow	9,046,553	12,599,572	6,802,075	6,993,506	47,802,036	83,243,742
Subtotal	439,801,444	509,869,724	418,362,888	489,357,552	1,563,491,564	3,420,883,172
Gap	\$ 352,399,048	\$ (189,471,928)	\$ (186,945,627)	\$ (186,786,469)	\$ 379,411,863	\$ 168,606,887

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:

September 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	\$ 122,363,871	\$ 83,497,975	\$ 158,579,373	\$ 41,836,532	\$ 3,261,661	\$ 409,539,412
Cash inflow	122,821,364	83,895,373	159,567,105	42,214,112	3,252,605	411,750,559

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

September 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	\$ 136,009,690	\$ 117,594,155	\$ 124,028,259	\$ 85,884,827	\$ 4,039,282	\$ 467,556,213
Cash inflow	138,094,750	125,629,574	131,381,887	91,105,627	4,029,332	490,241,170

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 amounts in the consolidated balance sheet.

September 30, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn credit card commitments	\$ -	\$ 2,124,000	\$ 3,648,424	\$ 9,777,291	\$ 89,129,209	\$ 104,678,924
Undrawn loan commitments	1,836,727	53,666,671	9,724,224	7,995,747	46,551,914	119,775,283
Standby letters of credit	5,491,482	14,161,176	4,010,596	424,585	3,457,100	27,544,939
Guarantee issued	11,140,837	11,747,351	9,200,582	20,644,258	55,507,963	108,240,991
Total	\$ 18,469,046	\$ 81,699,198	\$ 26,583,826	\$ 38,841,881	\$ 194,646,186	\$ 360,240,137

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

September 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn credit card commitments	\$ 189,962	\$ 1,106,419	\$ 2,236,353	\$ 10,253,708	\$ 86,129,455	\$ 99,915,897
Undrawn loan commitments	1,720,332	51,958,218	11,421,096	6,262,927	48,576,051	119,938,624
Standby letters of credit	7,464,666	17,349,005	5,222,544	1,822,479	1,734,603	33,593,297
Guarantee issued	13,225,675	11,786,460	5,974,354	15,836,766	56,643,719	103,466,974
Total	\$ 22,600,635	\$ 82,200,102	\$ 24,854,347	\$ 34,175,880	\$ 193,083,828	\$ 356,914,792

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 Nine Months Ended September 30					
	2024			2023		
	Average	Highest	Lowest	Average	Highest	Lowest
Exchange rate risk	\$ 114,367	\$ 176,716	\$ 24,910	\$ 62,646	\$ 75,596	\$ 21,256
Interest rate risk	100,831	213,226	48,615	191,572	248,215	29,404
Equity securities risk	18,232	24,978	10,451	14,653	28,610	3,726
Diversified risk	148,665	215,818	81,711	188,590	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 ± 200 bps, decreases in securities 30%, 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

September 30, 2024			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 1,327,297	21.8700	\$ 29,027,980
CAD	49,608	23.3900	1,160,333
CNY	7,160,591	4.5200	32,365,869
EUR	683,234	35.2800	24,104,480
GBP	263,198	42.3000	11,133,280
HKD	3,966,476	4.0650	16,123,726
JPY	149,785,895	0.2218	33,222,512
NZD	75,436	20.1100	1,517,009
SGD	101,758	24.6800	2,511,385
USD	9,201,863	31.6000	290,778,858
VND	5,363,194,862	0.0013	6,885,860
ZAR	624,000	1.8460	1,151,904
PHP	1,271,488	0.5636	716,611
MOP	123,927	3.9466	489,090
Nonmonetary items			
AUD	2,866,956	21.8700	62,700,323
CNY	1,781,538	4.5200	8,052,552
EUR	14,194	35.2800	500,752
GBP	78,672	42.3000	3,327,845
HKD	613,967	4.0650	2,495,777
SGD	84,647	24.6800	2,089,096
USD	9,616,714	31.6000	303,888,155
ZAR	1,644,827	1.8460	3,036,351
PHP	1,034,518	0.5636	583,054
<u>Financial liabilities</u>			
Monetary items			
AUD	3,196,982	21.8700	69,917,994
CAD	50,671	23.3900	1,185,189
CNY	6,718,392	4.5200	30,367,133
EUR	686,966	35.2800	24,236,177
GBP	365,123	42.3000	15,444,702
HKD	2,225,488	4.0650	9,046,611
JPY	210,343,210	0.2218	46,654,124
NZD	74,826	20.1100	1,504,745
SGD	48,024	24.6800	1,185,230
THB	235,463	0.9819	231,201
USD	25,874,554	31.6000	817,635,918
VND	5,366,362,268	0.0013	6,889,926
ZAR	2,280,564	1.8460	4,209,921
Nonmonetary items			
AUD	28,242	21.8700	617,661
CNY	287,441	4.5200	1,299,231
EUR	27,225	35.2800	960,498
USD	782,119	31.6000	24,714,966
ZAR	324,840	1.8460	599,654

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

September 30, 2023

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 1,109,300	20.5700	\$ 22,818,301
CAD	64,970	23.9400	1,555,383
CNY	8,203,514	4.4120	36,193,902
EUR	728,210	33.9400	24,715,440
GBP	250,223	39.2200	9,813,735
HKD	4,386,133	4.1250	18,092,798
JPY	64,757,709	0.2161	13,994,141
NZD	68,704	19.1900	1,318,435
SGD	63,051	23.5400	1,484,211
USD	9,615,059	32.2850	310,422,177
VND	4,553,599,439	0.0013	6,027,509
ZAR	258,277	1.6820	434,422
PHP	777,812	0.5667	440,786
MOP	75,784	4.0049	303,506
Nonmonetary items			
AUD	2,421,847	20.5700	49,817,395
CNY	2,326,207	4.4120	10,263,225
EUR	9,732	33.9400	330,301
GBP	85	39.2200	3,316
HKD	219,809	4.1250	906,711
SGD	76,688	23.5400	1,805,227
USD	9,042,736	32.2850	291,944,727
ZAR	1,644,343	1.6820	2,765,785
MOP	96,799	4.0049	387,665
PHP	1,533,079	0.5667	868,796
<u>Financial liabilities</u>			
Monetary items			
AUD	2,574,902	20.5700	52,965,726
CAD	65,730	23.9400	1,573,573
CNY	8,584,202	4.4120	37,873,499
EUR	843,679	33.9400	28,634,459
GBP	248,507	39.2200	9,746,448
HKD	2,721,025	4.1250	11,224,229
JPY	152,663,340	0.2161	32,990,548
NZD	68,200	19.1900	1,308,767
SGD	41,810	23.5400	984,196
USD	26,556,166	32.2850	857,365,819
VND	4,557,683,574	0.0013	6,032,915
ZAR	2,468,505	1.6820	4,152,026
Nonmonetary items			
USD	3,998	32.2850	129,062

6) 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 September 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 and Synthetic LIBOR

Bonds held-financial assets at FVTOCI

\$ 1,200,800

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.

7) 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 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	September 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	\$ 1,505,724	\$ 1,494,972	\$ 1,505,724	\$ 1,494,972	\$ 10,752
Financial assets at FVTOCI	21,206,171	17,210,273	19,796,701	19,241,284	555,417
Investments in debt instruments at amortized cost	8,295,817	7,877,052	8,546,206	8,804,831	(258,625)

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	September 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	\$ 1,742,014	\$ 1,736,384	\$ 1,742,014	\$ 1,736,384	\$ 5,630
Financial assets at FVTOCI	61,021,358	53,045,655	52,721,129	53,044,543	(323,414)
Investments in debt instruments at amortized cost	37,977,134	37,298,870	36,564,325	37,296,962	(732,637)

8) 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:

September 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	\$ 6,763,742	\$ -	\$ 6,763,742	\$ 2,307,342	\$ 445,876	\$ 4,010,524
Securities purchased under resell agreements	1,800,000	-	1,800,000	1,800,000	-	-

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	\$ 6,666,652	\$ -	\$ 6,666,652	\$ 2,307,342	\$ 1,971,524	\$ 2,387,786
Securities sold under repurchase agreements	26,582,297	-	26,582,297	31,007,712	9,480	(4,434,895)

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)

September 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	\$ 22,400,316	\$ -	\$ 22,400,316	\$ 3,009,733	\$ 12,206,959	\$ 7,183,624
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	\$ 4,786,872	\$ -	\$ 4,786,872	\$ 3,009,733	\$ 1,453,471	\$ 323,668
Securities sold under repurchase agreements	92,080,909	-	92,080,909	100,740,506	2,074,376	(10,733,973)

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

HNSC and its subsidiaries face major operational risks, including market risks (such as exchange rate risk, interest rate risk, and other price risks), credit risk, liquidity risk, and operational risk. To enhance and strengthen their risk management culture and capabilities, HNSC and its subsidiaries have formulated relevant risk management policies, which have been reviewed and approved by the Board of Directors. Additionally, they have developed advanced risk measurement tools to effectively identify, assess, monitor, and control various risks, thereby achieving the goal of comprehensive and robust risk management.

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 Nine Months Ended September 30, 2024			September 30, 2024	December 31, 2023	September 30, 2023
	Average	Min	Max			
Equity risk	\$ 113,097	\$ 61,225	\$ 185,368	\$ 183,236	\$ 62,046	\$ 83,539
Interest risk	33,030	23,961	38,778	34,301	28,976	27,466
Exchange rate risk	60,078	50,669	66,553	61,909	55,503	54,794
Volatility risk	688	-	6,210	754	204	373
Risk diversification	<u>(100,990)</u>			<u>(130,722)</u>	<u>(83,769)</u>	<u>(89,205)</u>
Sum of risk level after risk diversification	<u>\$ 105,903</u>			<u>\$ 149,478</u>	<u>\$ 62,960</u>	<u>\$ 76,967</u>

Historic Risk Value (Daily Risk Level in 99% Confidence Level)	For the Nine Months Ended September 30, 2023			September 30, 2023	December 31, 2022	September 30, 2022
	Average	Min	Max			
Equity risk	\$ 74,413	\$ 35,226	\$ 120,877	\$ 83,539	\$ 34,212	\$ 32,083
Interest risk	28,330	22,193	33,408	27,466	23,675	25,414
Exchange rate risk	43,206	34,210	54,794	54,794	33,790	27,431
Volatility risk	221	13	509	373	186	250
Risk diversification	<u>(69,468)</u>			<u>(89,205)</u>	<u>(53,284)</u>	<u>(52,749)</u>
Sum of risk level after risk diversification	<u>\$ 76,702</u>			<u>\$ 76,967</u>	<u>\$ 38,579</u>	<u>\$ 32,429</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 Nine Months Ended September 30	
	2024	2023
Total profit or loss	\$ (275,830) *	\$ (191,139) *

* 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

September 30, 2024

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,681	31.65	\$ 2,078,804
AUD	118,567	21.93	2,600,174
<u>Financial liabilities</u>			
Monetary items			
USD	60,309	31.65	1,908,785
AUD	109,395	21.93	2,399,035

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
<u>Financial liabilities</u>			
Monetary items			
USD	85,586	30.71	2,627,922
AUD	58,582	20.98	1,229,041

September 30, 2023

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 70,665	32.27	\$ 2,280,362
AUD	42,901	20.55	881,614
<u>Financial liabilities</u>			
Monetary items			
USD	111,110	32.27	3,585,524
AUD	39,270	20.55	807,006

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate risk of fair value			
Financial assets (Note 1)	\$ 23,775,065	\$ 22,247,571	\$ 22,223,524
Financial liabilities (Note 2)	48,314,018	37,205,973	37,038,851
Interest rate risk of cash flow			
Financial assets	1,115,666	1,069,287	1,145,146

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 September 30, 2024, December 31, 2023 and September 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 \$596,539, \$531,839 and \$534,145, 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 \$8,368 and \$8,588 for the nine months ended September 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 \$203,284 as a whole measured mandatorily at fair value through profit or loss and \$339,803 in investments through other comprehensive income due to fair value fluctuations on September 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 \$107,828 as a whole measured mandatorily at fair value through profit or loss and \$162,242 in investments through other comprehensive income due to fair value fluctuations on September 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:

September 30, 2024

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Securities financing receivable	\$ 22,440,616	\$ 22,440,616
Securities borrowing receivable	10,502	10,502
Securities borrowing receivable - unlimited used	7,333,038	7,333,038

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

September 30, 2023

	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral
<u>Balance sheet items</u>		
Securities financing receivable	\$ 15,482,672	\$ 15,482,672
Securities borrowing receivable	14,251	14,251
Securities borrowing receivable - unlimited used	2,488,540	2,488,540

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 September 30, 2024, December 31, 2023 and September 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.

September 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	\$ 17,362,719	\$ -	\$ 784,388	\$ -	\$ 124,566
Lease liabilities	4,877	9,577	39,640	70,420	-
Floating interest rate instruments	5,830,709	-	-	-	-
Fixed interest rate instruments	<u>33,062,323</u>	<u>483,945</u>	<u>11,886,095</u>	<u>2,991,950</u>	<u>-</u>
	<u>\$ 56,260,628</u>	<u>\$ 493,522</u>	<u>\$ 12,710,123</u>	<u>\$ 3,062,370</u>	<u>\$ 124,566</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	\$ 11,265,611	\$ -	\$ 839,681	\$ -	\$ 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>\$ 40,395,854</u>	<u>\$ 1,012,896</u>	<u>\$ 10,699,449</u>	<u>\$ 2,942,998</u>	<u>\$ 133,179</u>

September 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	\$ 8,331,078	\$ -	\$ 673,975	\$ -	\$ 108,269
Lease liabilities	5,039	9,610	39,566	94,831	-
Floating interest rate instruments	5,100,422	-	-	-	-
Fixed interest rate instruments	<u>23,711,625</u>	<u>637,239</u>	<u>9,652,367</u>	<u>3,095,810</u>	<u>-</u>
	<u>\$ 37,148,164</u>	<u>\$ 646,849</u>	<u>\$ 10,365,908</u>	<u>\$ 3,109,641</u>	<u>\$ 108,269</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.

September 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>Net delivery</u>					
Exchange rate swap	<u>\$ 1,336</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash inflow	<u>\$ 1,336</u>	<u>\$ -</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 inflow	<u>\$ 7,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

September 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	\$ (5,718)	\$ -	\$ -	\$ -	\$ -
Net cash outflow	<u>\$ (5,718)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ii. Finance facilities

	September 30, 2024	December 31, 2023	September 30, 2023
Nonguaranteed bank facilities			
Drawn amount	\$ 19,690,000	\$ 8,980,000	\$ 8,860,000
Undrawn amount	<u>12,012,350</u>	<u>13,922,350</u>	<u>13,542,350</u>
	<u>\$ 31,702,350</u>	<u>\$ 22,902,350</u>	<u>\$ 22,402,350</u>
Guaranteed bank facilities			
Drawn amount	\$ 1,350,000	\$ 1,420,000	\$ 760,000
Undrawn amount	<u>2,997,650</u>	<u>2,427,650</u>	<u>3,087,650</u>
	<u>\$ 4,347,650</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	September 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	\$ 21,297,571	\$ 20,964,988	\$ 21,297,571	\$ 20,964,988	\$ 332,583

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	September 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	\$ 20,182,929	\$ 19,971,072	\$ 20,182,929	\$ 19,971,072	\$ 211,857

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 for 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

	September 30, 2024	December 31, 2023	September 30, 2023
Risk level of trading book	\$ 29	\$ 73	\$ 12
Risk level of non-trading book	258,350	206,341	266,202

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.

Unit: Thousand Dollars		
	Impact of USD	
	For the Nine Months Ended	
	September 30	
	2024	2023
Total profit or loss	\$ (20,637)	\$ (19,224)

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

September 30, 2024

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 195,589	31.65	\$ 6,190,397
EUR	11,807	35.38	417,759
<u>Financial liabilities</u>			
Monetary items			
USD	1,441	31.65	45,618

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

September 30, 2023

	Foreign Currencies	Exchange Rate	Book Value
<u>Financial assets</u>			
Monetary items			
USD	\$ 171,691	32.27	\$ 5,540,674
EUR	14,306	33.91	485,119
<u>Financial liabilities</u>			
Monetary items			
USD	1,843	32.27	59,485

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		
	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate risk with fair value			
Financial assets	\$ 9,089,952	\$ 8,306,152	\$ 8,032,658
Interest rate risk with cash flow			
Financial assets	1,878,055	1,762,103	2,032,039

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 \$94 for the nine months ended September 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 \$152 for the nine months ended September 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, beneficiary certifications and convertible bonds 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 \$63 in the FVTPL due to fair value fluctuations; other comprehensive income would increase/decrease by \$89,653 for the nine months ended September 30, 2024.

If equity price increase/decrease by 1%, the income before tax would increase/decrease by \$60 in the FVTPL due to fair value fluctuations; other comprehensive income would increase/decrease by \$76,245 for the nine months ended September 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:

September 30, 2024

	Notes Receivable	Premiums Receivable	Other Receivable	Loans
Expected loss rate	0.1074%	0.0557%	(Note)	0.0000%
Gross carrying amount	\$ 182,840	\$ 763,506	\$ 288,573	\$ 75,636
Impairment under IFRS 9	196	425	-	-
Differences in Impairments According to Law	<u>718</u>	<u>5,378</u>	<u>1,443</u>	<u>1,134</u>
Allowance loss	<u>\$ 914</u>	<u>\$ 5,803</u>	<u>\$ 1,443</u>	<u>\$ 1,134</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>

September 30, 2023

	Notes Receivable	Premiums Receivable	Other Receivable	Loans
Expected loss rate	0.1108%	0.0558%	(Note)	0.0000%- 0.2151%
Gross carrying amount	\$ 161,737	\$ 807,650	\$ 118,629	\$ 127,140
Impairment under IFRS 9	179	451	-	2
Differences in Impairments According to Law	<u>752</u>	<u>5,458</u>	<u>593</u>	<u>1,905</u>
Allowance loss	<u>\$ 931</u>	<u>\$ 5,909</u>	<u>\$ 593</u>	<u>\$ 1,907</u>

Note: As of September 30, 2024, December 31, 2023 and September 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, 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 nine months ended September 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	-	828	-	100,621	855	-	102,304
Less: Amounts reversed	(61)	-	(2,145)	-	-	(499)	(2,705)
Less: Write-off	(34)	-	-	-	-	-	(34)
Allowance loss	<u>\$ 914</u>	<u>\$ 5,803</u>	<u>\$ 1,780</u>	<u>\$ 135,929</u>	<u>\$ 1,443</u>	<u>\$ 1,134</u>	<u>\$ 147,003</u>

For the nine months ended September 30, 2023

	Notes Receivable	Premiums Receivable	Indemnity Refundable on Reinsurance Ceded	Refundable Reinsurance	Other Receivable	Loans	Total
Balance, January 1	\$ 955	\$ 1,937	\$ 2,926	\$ 10,133	\$ 564	\$ 2,562	\$ 19,077
Provision	-	4,771	514	16,703	29	-	22,017
Less: Amounts reversed	(24)	-	-	-	-	(655)	(679)
Less: Write-off	-	(799)	-	-	-	-	(799)
Allowance loss	<u>\$ 931</u>	<u>\$ 5,909</u>	<u>\$ 3,440</u>	<u>\$ 26,836</u>	<u>\$ 593</u>	<u>\$ 1,907</u>	<u>\$ 39,166</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.

September 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
<u>Non-derivatives financial liabilities</u>					
Liabilities with no interest	\$ -	\$ 319,001	\$ 1,158,413	\$ 16,705	\$ 320
Lease liabilities	<u>2,694</u>	<u>7,723</u>	<u>17,004</u>	<u>42,100</u>	<u>10,613</u>
	<u>\$ 2,694</u>	<u>\$ 326,724</u>	<u>\$ 1,175,417</u>	<u>\$ 58,805</u>	<u>\$ 10,933</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
<u>Non-derivatives financial liabilities</u>					
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>

September 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	\$ 280	\$ 283,521	\$ 1,058,977	\$ 17,595	\$ -
Lease liabilities	<u>2,534</u>	<u>5,274</u>	<u>20,455</u>	<u>38,695</u>	<u>9,195</u>
	<u>\$ 2,814</u>	<u>\$ 288,795</u>	<u>\$ 1,079,432</u>	<u>\$ 56,290</u>	<u>\$ 9,195</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.

September 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>15,487</u>	\$ <u>5,909</u>	\$ -	\$ -
<u>Gross delivery</u>				
Currency swap				
Inflow	\$ 1,918,862	\$ 1,608,561	\$ -	\$ -
Outflow	<u>(1,902,817)</u>	<u>(1,585,713)</u>	-	-
	\$ <u>16,045</u>	\$ <u>22,848</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	\$ <u>29,148</u>	\$ <u>(5,473)</u>	\$ -	\$ -
<u>Gross delivery</u>				
Currency swap				
Inflow	\$ 1,813,197	\$ 1,746,206	\$ -	\$ -
Outflow	<u>(1,827,073)</u>	<u>(1,711,853)</u>	-	-
	\$ <u>(13,876)</u>	\$ <u>34,353</u>	\$ -	\$ -

September 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	\$ (16,943)	\$ (12,220)	\$ -	\$ -
<u>Gross delivery</u>				
Currency swap				
Inflow	\$ 1,978,498	\$ 1,097,997	\$ -	\$ -
Outflow	(2,084,862)	(1,151,761)	-	-
	<u>\$ (106,364)</u>	<u>\$ (53,764)</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:

	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate risk of fair value			
Financial assets	\$ 59,762	\$ 27,625	\$ -
Interest rate risk with cash flow			
Financial assets	39,899	20,703	30,192
Financial liabilities	(295,000)	(325,000)	(355,058)

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 \$383 and \$487, respectively, for the nine months ended September 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 92%, 94% and 97% of total trade receivables as of September 30, 2024, December 31, 2023 and September 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 HNIT. Please refer to the following illustration of ii for the undrawn financing facilities on September 30, 2024, December 31, 2023 and September 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.

September 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	\$ 416	\$ 1,952	\$ 688	\$ 2,782
Lease liabilities	64	128	513	536
Floating interest rate instruments	<u>491</u>	<u>295,982</u>	<u>-</u>	<u>-</u>
	<u>\$ 971</u>	<u>\$ 298,062</u>	<u>\$ 1,201</u>	<u>\$ 3,318</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>

September 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	\$ 819	\$ 884	\$ 533	\$ 2,927
Lease liabilities	38	75	338	605
Floating interest rate instruments	<u>279</u>	<u>355,058</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,136</u>	<u>\$ 356,017</u>	<u>\$ 871</u>	<u>\$ 3,532</u>

ii. Financing facilities

	September 30, 2024	December 31, 2023	September 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>45,000</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 250,000</u>

f. HNVC

1) 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Assets			
USD	\$ 2	\$ 7,257	\$ 7,713
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 Nine Months Ended September 30	
	2024	2023
<u>Profit and loss</u>		
Currency assets		
USD	\$ -	\$ 77

ii. Interest rate risk

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

	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate risk of fair value			
Financial assets	\$ 576,200	\$ 54,086	\$ 24,444
Financial liabilities	1,062	2,347	2,769
Interest rate risk cash flow			
Financial assets	50,878	445,506	481,466

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 \$382 and \$3,611, respectively, for the nine months ended September 30, 2024 and 2023 due to the interest rate risk exposure derived from financial assets.

iii. Other price risk

Other risk refers to the equity price risk accrued in investing listed equity securities. To manage the risk, the management of HNVC holds investment portfolio with different risks.

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 \$10,922 and \$9,971 in the financial assets at FVTPL due to fair value rise/drop for the nine months ended September 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.

September 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	\$ 21	\$ 102	\$ -	\$ -
Lease liabilities	<u>148</u>	<u>295</u>	<u>519</u>	<u>114</u>
	<u>\$ 183</u>	<u>\$ 383</u>	<u>\$ 519</u>	<u>\$ 114</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>

September 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	\$ 128	\$ -	\$ -	\$ -
Lease liabilities	<u>148</u>	<u>295</u>	<u>1,329</u>	<u>1,076</u>
	<u>\$ 276</u>	<u>\$ 295</u>	<u>\$ 1,329</u>	<u>\$ 1,076</u>

g. HNAME

- Goal and policy of financial risk management

The primary financial instruments of HNAME include accounts receivable 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.

1) Interest rate risk

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

	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate risk of fair value			
Financial liabilities	\$ 3,368,912	\$ 3,378,421	\$ 3,157,348
Interest rate risk of cash flow			
Financial assets	20,625	53,761	21,248
Financial liabilities	886,000	920,000	825,000

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 \$865 for the nine months ended September 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 \$804 for the nine months ended September 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 nine months ended September 30, 2024 and 2023 would have increased/decreased by \$80 and \$90, 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 September 30, 2024, December 31, 2023 and September 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.

September 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	\$ 2,331	\$ 2,486	\$ -	\$ 74,621	\$ -
Floating interest rate instruments	1,436	233,682	233,041	442,982	-
Fixed interest rate instruments	2,107,490	1,269,252	-	-	-
Lease liabilities	<u>785</u>	<u>1,569</u>	<u>7,068</u>	<u>12,656</u>	<u>181,039</u>
	<u>\$ 2,112,042</u>	<u>\$ 1,506,989</u>	<u>\$ 240,109</u>	<u>\$ 530,259</u>	<u>\$ 181,039</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>

September 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	\$ 568	\$ 1,766	\$ -	\$ 56,925	\$ -
Floating interest rate instruments	1,227	166,747	6,792	663,569	-
Fixed interest rate instruments	3,472	3,142,052	314	20,706	-
Lease liabilities	<u>808</u>	<u>1,616</u>	<u>7,294</u>	<u>20,292</u>	<u>182,828</u>
	<u>\$ 6,075</u>	<u>\$ 3,312,181</u>	<u>\$ 14,400</u>	<u>\$ 761,492</u>	<u>\$ 182,828</u>

2) Financing facilities

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank overdraft facilities			
Drawn amount	\$ 4,033,000	\$ 4,301,000	\$ 3,986,000
Undrawn amount	<u>6,117,000</u>	<u>4,549,000</u>	<u>4,964,000</u>
	<u>\$ 10,150,000</u>	<u>\$ 8,850,000</u>	<u>\$ 8,950,000</u>
Secured bank overdraft facilities			
Drawn amount	\$ 225,000	\$ -	\$ -
Undrawn amount	<u>375,000</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.

54. INFORMATION REGARDING THE TRUST BUSINESS UNDER THE TRUST LAW

As of September 30, 2024, December 31, 2023 and September 30, 2023, trust assets (liabilities) of HNCB and its subsidiaries were \$1,668,893,386, \$1,181,397,888 and \$1,106,071,430.

55. PUBLIC ANNOUNCEMENTS PRESCRIBED IN ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT: NONE

56. COLLABORATIVE MARKETING

HNCB, HNSC, SCIC, HNIT, HNVC, HNAME and HNFC signed an agreement and the term of the agreement was from January 2021 to December 2021. (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 September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, HNCB paid HNSC and its subsidiaries \$41,210, \$39,058, \$120,978 and \$112,947, respectively; HNSC and its subsidiaries paid HNCB \$27,426, \$22,134, \$72,504 and \$50,806, respectively, for business promotion and infrastructures sharing, respectively. For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, SCIC paid HNCB \$24,265, \$24,816, \$71,152 and \$72,602, respectively; HNCB paid SCIC \$149, \$88, \$415 and \$437 for the remuneration, respectively. For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, HNIT paid HNCB \$3,128, \$4,032, \$11,504 and \$9,290, respectively. For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, HNVC paid HNCB \$63, \$61, \$184 and \$176 for the remuneration, respectively. For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, HNAME paid HNCB \$0, \$0, \$22 and \$7, respectively, for the remuneration, respectively.

57. SEGMENT INFORMATION

	For the Nine Months Ended September 30, 2024				
	Bank Division	Securities Division	Insurance Division	Other Divisions	Consolidation
Net interest income (loss)	\$ 19,650,206	\$ 191,100	\$ 175,964	\$ (564,729)	\$ 19,452,541
Net non-interest income	<u>23,149,493</u>	<u>4,452,089</u>	<u>3,492,975</u>	<u>567,850</u>	<u>31,662,407</u>
Net income	42,799,699	4,643,189	3,668,939	3,121	51,114,948
Allowance for doubtful accounts, commitments and guarantees	(2,924,501)	(19,304)	(99,599)	(643)	(3,044,047)
Changes in provisions for insurance liabilities, net	-	-	(734,308)	-	(734,308)
Operating expenses	<u>(20,042,142)</u>	<u>(2,677,716)</u>	<u>(1,520,877)</u>	<u>(706,660)</u>	<u>(24,947,395)</u>
Net profit (loss) before income tax from continuing operations	19,833,056	1,946,169	1,314,155	(704,182)	22,389,198
Income tax benefit (expense)	<u>(3,635,144)</u>	<u>(327,171)</u>	<u>(95,396)</u>	<u>(476,536)</u>	<u>(4,534,247)</u>
Net profit (loss) from continuing operations	<u>\$ 16,197,912</u>	<u>\$ 1,618,998</u>	<u>\$ 1,218,759</u>	<u>\$ (1,180,718)</u>	<u>\$ 17,854,951</u>

	For the Nine Months Ended September 30, 2023				
	Bank Division	Securities Division	Insurance Division	Other Divisions	Consolidation
Net interest income (loss)	\$ 20,820,600	\$ 417,550	\$ 131,680	\$ (486,716)	\$ 20,883,114
Net non-interest income	<u>17,868,851</u>	<u>3,156,103</u>	<u>2,721,481</u>	<u>346,843</u>	<u>24,093,278</u>
Net income (loss)	38,689,451	3,573,653	2,853,161	(139,873)	44,976,392
(Allowance for) reversal of doubtful accounts, commitments and guarantees	(1,077,971)	(1,712)	(21,338)	31,628	(1,069,393)
Changes in provisions for insurance liabilities, net	-	-	(723,749)	-	(723,749)
Operating expenses	<u>(18,672,880)</u>	<u>(2,253,140)</u>	<u>(1,340,405)</u>	<u>(650,388)</u>	<u>(22,916,813)</u>
Net profit (loss) before income tax from continuing operations	18,938,600	1,318,801	767,669	(758,633)	20,266,437
Income tax benefit (expense)	<u>(3,342,628)</u>	<u>(206,014)</u>	<u>(68,159)</u>	<u>242,332</u>	<u>(3,374,469)</u>
Net profit (loss) from continuing operations	<u>\$ 15,595,972</u>	<u>\$ 1,112,787</u>	<u>\$ 699,510</u>	<u>\$ (516,301)</u>	<u>\$ 16,891,968</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	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Cash and cash equivalents	\$ 280,395	\$ 376,150	\$ 271,781	Commercial paper payable, net	\$ 24,842,384	\$ 24,250,017	\$ 23,752,069
Financial assets at fair value through other comprehensive income	1,351,162	1,363,092	1,647,260	Payables	2,705,557	2,463,820	2,530,043
Receivables, net	38,028	41,064	41,540	Current tax liabilities	1,374,898	2,835,200	2,043,638
Current tax assets	995,092	3,028,701	2,237,048	Bonds payable	19,188,636	19,186,915	19,186,346
Investments accounted for using equity method, net	263,832,200	251,773,982	239,032,307	Provisions	26,120	42,397	43,904
Property and equipment, net	1,699	2,397	2,056	Lease liabilities	189,617	232,214	246,546
Right-of-use assets	186,535	229,801	244,466	Other liabilities	379	677	677
Intangible assets, net	2,004	3,327	3,720	Total liabilities	<u>48,327,591</u>	<u>49,011,240</u>	<u>47,803,223</u>
Deferred tax assets	2,808	2,808	2,808				
Other assets, net	<u>352</u>	<u>-</u>	<u>-</u>	Equity			
				Share capital			
				Ordinary shares	<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>32,081,695</u>	<u>23,117,999</u>	<u>18,309,631</u>
				Total retained earnings	<u>67,202,411</u>	<u>63,895,129</u>	<u>59,086,761</u>
				Other equity			
				Exchange differences on translating foreign operations	846,514	(619,865)	953,672
				Unrealized gain or loss on equity instruments at fair value through other comprehensive income	11,023,517	10,697,410	8,739,458
				Unrealized gain or loss on debt instruments at fair value through other comprehensive income	(16,747,553)	(20,563,285)	(27,327,171)
				Unrealized gain or loss on overlay approach measured at fair value through other comprehensive income	<u>484,257</u>	<u>211,430</u>	<u>40,598</u>
				Total other equity	<u>(4,393,265)</u>	<u>(10,274,310)</u>	<u>(17,593,443)</u>
				Total equity	<u>218,362,684</u>	<u>207,810,082</u>	<u>195,679,763</u>
Total	<u>\$ 266,690,275</u>	<u>\$ 256,821,322</u>	<u>\$ 243,482,986</u>	Total	<u>\$ 266,690,275</u>	<u>\$ 256,821,322</u>	<u>\$ 243,482,986</u>

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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
REVENUE				
Interest revenue	\$ 23,227	\$ 5,864	\$ 28,207	\$ 8,138
Share of profit of subsidiaries and associates	6,968,660	6,621,865	19,266,467	17,517,045
Other non-interest net income	<u>59,508</u>	<u>41,073</u>	<u>53,725</u>	<u>36,814</u>
Total revenue	<u>7,051,395</u>	<u>6,668,802</u>	<u>19,348,399</u>	<u>17,561,997</u>
OPERATING EXPENSES AND LOSSES				
Interest expenses	(203,178)	(164,807)	(557,033)	(464,864)
Employee benefits	(125,059)	(121,361)	(359,741)	(340,447)
Depreciation and amortization expenses	(15,358)	(15,382)	(46,133)	(46,153)
Other operating expenses	<u>(67,475)</u>	<u>(59,819)</u>	<u>(107,539)</u>	<u>(93,083)</u>
Total operating expenses and losses	<u>(411,070)</u>	<u>(361,369)</u>	<u>(1,070,446)</u>	<u>(944,547)</u>
NET PROFIT BEFORE INCOME TAX	6,640,325	6,307,433	18,277,953	16,617,450
INCOME TAX BENEFIT (EXPENSES)	<u>-</u>	<u>78,763</u>	<u>(423,148)</u>	<u>274,420</u>
NET PROFIT FOR THE PERIOD	<u>6,640,325</u>	<u>6,386,196</u>	<u>17,854,805</u>	<u>16,891,870</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	(1,477,280)	(366,705)	3,526,084	978,960
Gain or loss on investments in equity instruments at fair value through other comprehensive income	(49,614)	298,973	(11,930)	557,667
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	5,313,433	(1,832,272)	5,615,517	471,436
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(43,447)</u>	<u>19,010</u>	<u>(60,579)</u>	<u>4,120</u>
Total other comprehensive income (loss) for the period	<u>3,743,092</u>	<u>(1,880,994)</u>	<u>9,069,092</u>	<u>2,012,183</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 10,383,417</u>	<u>\$ 4,505,202</u>	<u>\$ 26,923,897</u>	<u>\$ 18,904,053</u>
BASIC AND DILUTED EARNINGS PER SHARE	<u>\$ 0.48</u>	<u>\$ 0.46</u>	<u>\$ 1.30</u>	<u>\$ 1.23</u>

HUA NAN FINANCIAL HOLDINGS CO., LTD.

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

											Other Equity				Total
	Share Capital Ordinary Shares	Share Premium	Treasury Stock	Capital Surplus		Total	Retained Earnings				Exchange Differences on Translating The financial Statements of Foreign Operations	Gain or Loss on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	Gains or Loss on Investment in Debt Instruments at Fair Value through Other Comprehensive Income	Gain or Loss on Other Comprehensive Income Reclassified by Overlay Approach	
				Donated Assets Received	Others		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 nine months ended September 30, 2023	-	-	-	-	-	-	-	-	16,891,870	16,891,870	-	-	-	-	16,891,870
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	-	-	1,246,311	1,536,627	(1,102,921)	332,166	2,012,183
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	16,891,870	16,891,870	1,246,311	1,536,627	(1,102,921)	332,166	18,904,053
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	1,368,071	1,368,071	-	(1,368,071)	-	-	-
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 136,427,459</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>\$ 18,309,631</u>	<u>\$ 59,086,761</u>	<u>\$ 953,672</u>	<u>\$ 8,739,458</u>	<u>\$ (27,327,171)</u>	<u>\$ 40,598</u>	<u>\$ 195,679,763</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 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)
Share dividends	1,364,275	-	-	-	-	-	-	-	(1,364,275)	(1,364,275)	-	-	-	-	-
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	17,854,805	17,854,805	-	-	-	-	17,854,805
Other comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	-	-	1,466,379	3,514,154	3,815,732	272,827	9,069,092
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	17,854,805	17,854,805	1,466,379	3,514,154	3,815,732	272,827	26,923,897
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	3,188,047	3,188,047	-	(3,188,047)	-	-	-
BALANCE AT SEPTEMBER 30, 2024	<u>\$ 137,791,734</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>\$ 32,081,695</u>	<u>\$ 67,202,411</u>	<u>\$ 846,514</u>	<u>\$ 11,023,517</u>	<u>\$ (16,747,553)</u>	<u>\$ 484,257</u>	<u>\$ 218,362,684</u>

Hua Nan Financial Holdings Co., Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 18,277,953	\$ 16,617,450
Adjustments for		
Depreciation expenses	44,810	44,760
Amortization expenses	1,323	1,393
Interest expenses	557,033	464,864
Interest income	(28,207)	(8,138)
Dividend income	(62,553)	(44,066)
Share of profit of subsidiaries and associates accounted for using the equity method	(19,266,467)	(17,517,045)
Gain on change in leasing contracts	-	(68)
Changes in operating assets and liabilities		
Decrease in receivables	3,586	35,098
(Increase) decrease in other assets	(352)	200
Increase in payables	208,063	168,035
(Decrease) increase in provisions	(16,277)	2,942
Decrease in other liabilities	(298)	-
Interest received	27,657	8,729
Dividends received	16,351,824	2,212,923
Interest paid	(429,597)	(398,220)
Income tax paid	(2,758)	(24,686)
	<u>15,665,740</u>	<u>1,564,171</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(60)	(582)
	<u>(60)</u>	<u>(582)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	600,000	6,400,000
Repayments of corporate bonds	-	(7,000,000)
Repayments of the principal portion of lease liabilities	(43,383)	(42,557)
Cash dividends paid	(16,318,052)	(8,022,828)
	<u>(15,761,435)</u>	<u>(8,665,385)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(95,755)	(7,101,796)
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>\$ 280,395</u>	<u>\$ 271,781</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	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Cash and cash equivalents	\$ 63,083,697	\$ 36,799,731	\$ 37,084,332	Deposits from the Central Bank and other banks	\$ 259,673,606	\$ 190,550,622	\$ 185,791,317
Due from the Central Bank and call loans to other banks	241,230,546	245,757,463	239,830,446	Financial liabilities at fair value through profit or loss	6,666,652	8,578,517	4,786,872
Financial assets at fair value through profit or loss	151,451,059	107,107,128	122,143,169	Securities sold under repurchase agreements	26,582,297	89,005,442	92,080,909
Financial assets at fair value through other comprehensive income	345,492,572	351,840,499	350,462,105	Payables	46,272,494	25,822,391	30,906,687
Investments in debt instruments at amortized cost, net	779,314,703	685,304,417	690,834,785	Current tax liabilities	1,434,346	3,238,156	2,712,817
Securities purchased under resell agreements	1,800,000	2,000,000	2,000,000	Deposits and remittances	3,344,093,169	3,067,662,275	2,999,801,215
Receivables, net	37,052,712	32,067,373	31,541,604	Bank debentures payable	49,600,000	58,900,000	57,900,000
Current tax assets	37,856	308,193	222,664	Other financial liabilities	80,226,015	71,772,560	72,149,673
Discounts and loans, net	2,396,738,645	2,243,344,436	2,159,627,196	Provisions	6,911,643	7,087,072	6,752,311
Investments accounted for using equity method, net	1,574,589	1,518,821	1,535,821	Lease liabilities	2,092,107	2,081,672	1,998,859
Other financial assets, net	4,403,548	8,740,709	8,491,800	Deferred tax liabilities	6,026,744	6,020,553	6,011,414
Property and equipment, net	30,292,172	27,700,106	27,477,158	Other liabilities	<u>2,808,804</u>	<u>3,495,090</u>	<u>15,081,912</u>
Right-of-use assets, net	2,085,701	2,079,442	1,993,570	Total liabilities	<u>3,832,387,877</u>	<u>3,534,214,350</u>	<u>3,475,973,986</u>
Investment properties, net	9,067,567	11,665,462	11,673,792				
Intangible assets, net	521,007	531,146	565,637	Equity			
Deferred tax assets	3,461,700	3,374,792	3,303,071	Share capital			
Other assets, net	<u>3,098,904</u>	<u>2,756,925</u>	<u>4,606,023</u>	Ordinary shares	104,450,000	97,938,000	97,938,000
				Capital surplus	37,762,777	37,762,777	37,762,777
				Retained earnings	103,031,706	104,832,869	100,281,953
				Other equity	<u>(6,925,382)</u>	<u>(11,851,353)</u>	<u>(18,563,543)</u>
				Total equity	<u>238,319,101</u>	<u>228,682,293</u>	<u>217,419,187</u>
Total	<u>\$ 4,070,706,978</u>	<u>\$ 3,762,896,643</u>	<u>\$ 3,693,393,173</u>	Total	<u>\$ 4,070,706,978</u>	<u>\$ 3,762,896,643</u>	<u>\$ 3,693,393,173</u>

Hua Nan Securities Co., Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 48,852,848	\$ 33,112,513	\$ 29,073,029	Current liabilities	\$ 63,927,687	\$ 46,794,169	\$ 43,418,769
Financial assets at fair value through profit or loss				Corporate bonds payable	2,500,000	2,500,000	2,500,000
- current	3,493,484	2,503,444	2,615,325	Deferred tax liabilities	3,574	-	1,598
Financial assets at fair value through other				Lease liabilities - current	50,293	53,551	50,806
comprehensive income - current	24,227,208	22,723,943	22,535,787	Lease liabilities - non-current	67,930	87,968	90,664
Financial assets at fair value through other				Other non-current liabilities	119,512	128,376	102,847
comprehensive income - non-current	409,903	385,983	375,414	Total liabilities	<u>66,668,996</u>	<u>49,564,064</u>	<u>46,164,684</u>
Investments accounted for using equity method	1,246,195	1,198,721	1,180,265				
Property and equipment	1,565,838	1,563,826	1,487,285	Equity			
Right-of-use assets	116,729	139,719	140,015	Share capital	6,547,743	6,547,743	6,547,743
Investment properties	99,639	99,939	100,039	Capital surplus	503,998	503,998	503,998
Intangible assets	235,131	242,190	238,310	Retained earnings	5,838,089	5,231,310	4,952,849
Deferred tax assets	34,341	34,803	32,267	Other equity	1,466,028	921,942	392,168
Other non-current assets	<u>743,538</u>	<u>763,976</u>	<u>783,706</u>	Total equity	<u>14,355,858</u>	<u>13,204,993</u>	<u>12,396,758</u>
Total	<u>\$ 81,024,854</u>	<u>\$ 62,769,057</u>	<u>\$ 58,561,442</u>	Total	<u>\$ 81,024,854</u>	<u>\$ 62,769,057</u>	<u>\$ 58,561,442</u>

South China Insurance Co., Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Cash and cash equivalents	\$ 2,113,222	\$ 3,473,048	\$ 3,463,685	Payables	\$ 1,729,421	\$ 2,381,887	\$ 1,541,142
Receivables	1,226,759	432,345	1,080,583	Current tax liabilities	103,597	93,801	68,092
Financial assets at fair value through profit or loss	9,039,378	8,106,879	7,639,779	Financial liabilities at fair value through profit or loss	13,489	36,165	206,556
Financial assets at fair value through other				Reserves of insurance industry	17,964,729	16,173,244	18,649,676
comprehensive income	3,701,477	3,005,194	2,960,051	Provisions	185,612	193,913	192,224
Investments in debt instruments at amortized cost	1,481,753	1,586,719	1,635,236	Lease liabilities	77,241	69,286	73,900
Other financial assets	3,314,908	1,624,908	1,624,908	Deferred tax liabilities	148,252	118,904	151,735
Right-of-use assets	75,875	67,969	72,882	Other liabilities	448,945	488,146	496,003
Investment properties	61,514	61,749	61,828	Total liabilities	<u>20,671,286</u>	<u>19,555,346</u>	<u>21,379,328</u>
Loans	74,502	107,254	125,233				
Reinsurance contracts assets	6,520,817	6,917,297	7,868,797	Equity			
Property and equipment	942,756	912,395	900,027	Share capital	2,001,386	2,001,386	2,001,386
Intangible assets	86,009	93,893	82,656	Capital surplus	5,278	5,278	5,278
Deferred tax assets	129,602	159,299	248,307	Retained earnings	6,229,443	5,521,981	5,270,226
Other assets	<u>489,323</u>	<u>467,681</u>	<u>465,813</u>	Other equity	350,502	(67,361)	(426,433)
				Total equity	<u>8,586,609</u>	<u>7,461,284</u>	<u>6,850,457</u>
Total	<u>\$ 29,257,895</u>	<u>\$ 27,016,630</u>	<u>\$ 28,229,785</u>	Total	<u>\$ 29,257,895</u>	<u>\$ 27,016,630</u>	<u>\$ 28,229,785</u>

Hua Nan Investment Trust Corp.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 113,521	\$ 63,903	\$ 41,182	Current liabilities	\$ 472,199	\$ 505,941	\$ 528,953
Financial assets at fair value through other comprehensive income - non-current	97,317	91,414	88,985	Deferred tax liabilities	174	109	77
Property and equipment	115,566	115,287	113,012	Lease liabilities - current	688	741	437
Right-of-use assets	1,234	1,795	1,029	Lease liabilities - non-current	<u>531</u>	<u>1,033</u>	<u>597</u>
Intangible assets	3,263	1,994	1,222	Total liabilities	<u>473,592</u>	<u>507,824</u>	<u>530,064</u>
Deferred tax assets	225,918	226,016	222,506	Equity			
Other non-current assets	<u>292,650</u>	<u>383,298</u>	<u>457,599</u>	Share capital	308,399	308,399	308,399
				Capital surplus	3,113	3,113	3,113
				Retained earnings (accumulated losses)	(23,518)	(17,609)	4,408
				Other equity	<u>87,883</u>	<u>81,980</u>	<u>79,551</u>
				Total equity	<u>375,877</u>	<u>375,883</u>	<u>395,471</u>
Total	<u>\$ 849,469</u>	<u>\$ 883,707</u>	<u>\$ 925,535</u>	Total	<u>\$ 849,469</u>	<u>\$ 883,707</u>	<u>\$ 925,535</u>

Hua Nan Venture Capital Co., Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 628,126	\$ 501,074	\$ 528,447	Current liabilities	\$ 7,656	\$ 4,794	\$ 8,102
Financial assets at fair value through profit or loss - current	348,220	140,867	147,714	Lease liabilities - current	949	1,721	1,707
Financial assets at fair value through profit or loss - non-current	743,980	930,490	849,434	Deferred tax liabilities	-	1	74
Investments accounted for using equity method	271,439	274,157	278,167	Lease liabilities - non-current	113	627	1,062
Property and equipment	193	298	252	Other non-current liabilities	<u>1,619</u>	<u>1,604</u>	<u>1,594</u>
Right-of-use assets	1,036	2,317	2,744	Total liabilities	<u>10,337</u>	<u>8,747</u>	<u>12,539</u>
Intangible assets	55	53	61	Equity			
Deferred tax assets	73	73	71	Share capital	2,000,000	2,000,000	2,000,000
Other non-current assets	<u>423</u>	<u>520</u>	<u>450</u>	Capital surplus	2,818	2,818	-
				Accumulated losses	<u>(19,610)</u>	<u>(161,716)</u>	<u>(205,199)</u>
				Total equity	<u>1,983,208</u>	<u>1,841,102</u>	<u>1,794,801</u>
Total	<u>\$ 1,993,545</u>	<u>\$ 1,849,849</u>	<u>\$ 1,807,340</u>	Total	<u>\$ 1,993,545</u>	<u>\$ 1,849,849</u>	<u>\$ 1,807,340</u>

Hua Nan Assets Management Co., Ltd.

Condensed Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	September 30, 2024	December 31, 2023	September 30, 2023	Liabilities	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 366,814	\$ 224,776	\$ 287,600	Current liabilities	\$ 3,719,569	\$ 3,777,096	\$ 3,479,021
Financial assets at fair value through other comprehensive income - non-current	7,974	8,823	8,987	Lease liabilities - current	7,841	7,669	7,711
Property and equipment	67,999	38,834	38,579	Long-term borrowings	755,000	755,000	680,000
Right-of-use assets	13,250	18,806	20,758	Deferred tax liabilities	70	70	2,964
Investment properties	5,146,880	5,318,275	4,880,579	Lease liabilities - non-current	56,128	61,507	63,277
Intangible assets	1,670	2,335	3,006	Other non-current liabilities	83,807	51,984	51,822
Deferred tax assets	6,210	6,168	6,353	Total liabilities	<u>4,622,415</u>	<u>4,653,326</u>	<u>4,284,795</u>
Other non-current assets	<u>149,951</u>	<u>172,409</u>	<u>144,009</u>	Equity			
				Share capital	1,000,000	1,000,000	1,000,000
				Capital surplus	892	892	892
				Retained earnings	154,467	152,385	120,197
				Other equity	<u>(17,026)</u>	<u>(16,177)</u>	<u>(16,013)</u>
				Total equity	<u>1,138,333</u>	<u>1,137,100</u>	<u>1,105,076</u>
Total	<u>\$ 5,760,748</u>	<u>\$ 5,790,426</u>	<u>\$ 5,389,871</u>	Total	<u>\$ 5,760,748</u>	<u>\$ 5,790,426</u>	<u>\$ 5,389,871</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 Nine Months Ended September 30	
	2024	2023
Interest revenue	\$ 74,131,881	\$ 63,066,646
Interest expense	<u>(54,578,405)</u>	<u>(42,323,461)</u>
Net interest income	19,553,476	20,743,185
Net revenue other than interest	23,401,700	18,084,536
Allowance for doubtful accounts, commitments and guarantees	(2,914,141)	(1,067,301)
Operating expenses	<u>(20,161,747)</u>	<u>(18,787,612)</u>
Net profit before income tax	19,879,288	18,972,808
Income tax expenses	<u>(3,624,215)</u>	<u>(3,335,883)</u>
Net profit for the period	16,255,073	15,636,925
Other comprehensive income (loss)	<u>8,071,805</u>	<u>667,480</u>
Total comprehensive income (loss) for the period	<u>\$ 24,326,878</u>	<u>\$ 16,304,405</u>
Earnings per share	<u>\$1.56</u>	<u>\$1.50</u>

Hua Nan Securities Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2024	2023
Revenue	\$ 5,565,034	\$ 4,151,273
Service fee expenses	(1,037,644)	(653,735)
Employee benefits expenses	(1,559,224)	(1,263,764)
Share of profit of associates and joint ventures	66,887	35,697
Operating expenses	<u>(1,057,377)</u>	<u>(897,554)</u>
Net profit before income tax	1,977,676	1,371,917
Income tax expenses	<u>(312,338)</u>	<u>(197,658)</u>
Net profit for the period	1,665,338	1,174,259
Other comprehensive income (loss)	<u>586,299</u>	<u>482,866</u>
Total comprehensive income for the period	<u>\$ 2,251,637</u>	<u>\$ 1,657,125</u>
Earnings per share	<u>\$2.54</u>	<u>\$1.79</u>

South China Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2024	2023
Operating revenue	\$ 8,504,403	\$ 7,938,627
Operating costs	(5,577,088)	(5,773,145)
Operating expenses	<u>(1,652,393)</u>	<u>(1,437,319)</u>
Operating income	1,274,922	728,163
Non-operating revenue and expenses	<u>1,484</u>	<u>927</u>
Net profit before income tax	1,276,406	729,090
Income tax expenses	<u>(95,396)</u>	<u>(68,159)</u>
Net profit for the period	1,181,010	660,931
Other comprehensive income	<u>417,863</u>	<u>302,032</u>
Total comprehensive income for the period	<u>\$ 1,598,873</u>	<u>\$ 962,963</u>
Earnings per share	<u>\$5.90</u>	<u>\$3.30</u>

Hua Nan Investment Trust Corp.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2024	2023
Operating revenue	\$ 102,404	\$ 85,957
Operating expenses	<u>(109,187)</u>	<u>(100,141)</u>
Operating loss	(6,783)	(14,184)
Non-operating revenue and expenses	<u>1,024</u>	<u>32,731</u>
Net profit before income tax	(5,759)	18,547
Income tax expenses	<u>(150)</u>	<u>(6,175)</u>
Net (loss) profit for the period	(5,909)	12,372
Other comprehensive income	<u>5,903</u>	<u>2,926</u>
Total comprehensive (loss) income for the period	<u>\$ (6)</u>	<u>\$ 15,298</u>
Earnings per share	<u>\$0.19</u>	<u>\$0.40</u>

Hua Nan Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2024	2023
Operating revenue	\$ 221,281	\$ 233,708
Operating costs	(64,035)	(182,791)
Operating expenses	<u>(16,956)</u>	<u>(16,500)</u>
Operating income	140,290	34,417
Non-operating revenue and expenses	<u>5,625</u>	<u>4,245</u>
Net profit before income tax	145,915	38,662
Income tax expense	<u>(3,809)</u>	<u>(4,455)</u>
Net profit for the period	142,106	34,207
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 142,106</u>	<u>\$ 34,207</u>
Earnings per share	<u>\$0.71</u>	<u>\$0.17</u>

Hua Nan Assets Management Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2024	2023
Operating revenue	\$ 246,527	\$ 167,166
Operating expenses	<u>(132,268)</u>	<u>(118,147)</u>
Operating income	114,259	49,019
Non-operating revenue and expenses	<u>(37,867)</u>	<u>(32,103)</u>
Net profit before income tax	76,392	16,916
Income tax expense	<u>(49,429)</u>	<u>(21,458)</u>
Net profit (loss) for the period	26,963	(4,542)
Other comprehensive loss	<u>(849)</u>	<u>(789)</u>
Total comprehensive income (loss) for the period	<u>\$ 26,114</u>	<u>\$ (5,331)</u>
Earnings (loss) per share	<u>\$0.26</u>	<u>\$(0.05)</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		September 30, 2024	September 30, 2023
Return on total assets	Before income tax	6.98	6.96
	After income tax	6.82	7.08
Return on equity	Before income tax	8.58	8.73
	After income tax	8.38	8.88
Profit margin		95.02	98.80

2) Hua Nan Financial Holdings Corp. and its subsidiaries

Unit: %

Item		September 30, 2024	September 30, 2023
Return on total assets	Before income tax	0.56	0.55
	After income tax	0.44	0.45
Return on equity	Before income tax	10.51	10.65
	After income tax	8.38	8.88
Profit margin		34.93	37.56

3) Hua Nan Commercial Bank, Ltd.

Unit: %

Item		September 30, 2024	September 30, 2023
Return on total assets	Before income tax	0.51	0.52
	After income tax	0.42	0.43
Return on equity	Before income tax	8.51	9.04
	After income tax	6.96	7.45
Profit margin		37.84	40.27

4) Hua Nan Securities Co., Ltd.

Unit: %

Item		September 30, 2024	September 30, 2023
Return on total assets	Before income tax	2.75	2.61
	After income tax	2.32	2.24
Return on equity	Before income tax	14.35	11.48
	After income tax	12.08	9.82
Profit margin		31.16	29.79

5) South China Insurance Co., Ltd.

Unit: %

Item		September 30, 2024	September 30, 2023
Return on total assets	Before income tax	4.54	2.77
	After income tax	4.20	2.51
Return on equity	Before income tax	15.91	11.45
	After income tax	14.72	10.38
Profit margin		13.89	8.33

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 nine months ended September 30, 2024 and 2023.

b. Asset quality

Hua Nan Commercial Bank, Ltd.

Items			September 30, 2024				
			Overdue Amounts (Note 1)	Total Loans	Overdue Ratio (Note 2)	Allowance Amounts	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 2,098,853	\$ 657,350,673	0.32%	\$ 7,280,277	346.87%
	Unsecured		727,665	815,440,133	0.09%	9,147,543	1,257.11%
Consumer banking	Mortgage (Note 4)		392,305	776,323,336	0.05%	12,590,795	3,209.44%
	Cash card		-	3,971	-	2,846	-
	Small amount of credit loans (Note 5)		103,461	20,376,929	0.51%	232,343	224.57%
	Others (Note 6)	Secured	350,859	135,501,079	0.26%	1,478,718	421.46%
		Unsecured	28,594	22,940,754	0.12%	262,592	918.35%
	Total			3,701,737	2,427,936,875	0.15%	30,995,114
Items			Overdue Amounts	Receivables Balance	Overdue Ratio	Allowance Amounts	Coverage Ratio
Credit card			10,668	11,551,649	0.09%	34,886	327.02%
Receivable factoring-without recourse (Notes 7 and 8)			-	475,664	-	8,195	-

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%	\$ 7,208,160	378.38%
	Unsecured		477,623	776,847,695	0.06%	8,439,780	1,767.04%
Consumer banking	Mortgage (Note 4)		509,696	696,570,823	0.07%	11,443,207	2,245.10%
	Cash card		-	5,343	-	4,006	-
	Small amount of credit loans (Note 5)		176,379	20,525,145	0.86%	242,455	137.46%
	Others (Note 6)	Secured	315,486	116,423,257	0.27%	1,290,304	408.99%
		Unsecured	26,035	20,239,696	0.13%	233,668	897.51%
	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			September 30, 2023				
			Overdue Amounts (Note 1)	Total Loans	Overdue Ratio (Note 2)	Allowance Amounts	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 2,260,040	\$ 625,418,663	0.36%	\$ 7,224,932	319.68%
	Unsecured		613,152	741,758,558	0.08%	8,295,541	1,352.93%
Consumer banking	Mortgage (Note 4)		459,202	666,120,253	0.07%	11,288,795	2,458.35%
	Cash card		-	5,839	-	4,379	-
	Small amount of credit loans (Note 5)		187,285	19,814,194	0.95%	243,842	130.20%
	Others (Note 6)	Secured	353,241	116,464,438	0.30%	1,333,849	377.60%
		Unsecured	24,760	18,697,832	0.13%	222,670	899.31%
Total			3,897,680	2,188,279,777	0.18%	28,614,008	734.13%
Items			Overdue Amounts	Receivables Balance	Overdue Ratio	Allowance Amounts	Coverage Ratio
Credit card			6,773	10,600,514	0.06%	41,919	618.91%
Receivable factoring-without recourse (Notes 7 and 8)			-	452,698	-	8,712	-

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	September 30, 2024		December 31, 2023		September 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)	\$ 948	\$ 912	\$ 1,396	\$ 1,306	\$ 1,548	\$ 1,576
Amount that are exempted from being reported according to the law of consumer liquidate (Note 2)	48,391	113,593	72,966	113,029	75,594	113,637
Total	\$ 49,339	\$ 114,505	\$ 74,362	\$ 114,335	\$ 77,142	\$ 115,213

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	September 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 Steel Smelting Industry	\$ 41,685,131	17.49
2	B Group of retail sale in general merchandise stores	27,573,360	11.57
3	C Group of real estate development	17,438,813	7.32
4	D Group of wholesaling computers personnel equipment and software	15,556,873	6.53
5	E Group of real estate sale and rental	15,490,000	6.50
6	F Group of financial leasing	14,635,025	6.14
7	G Group of railway transportation	14,419,138	6.05
8	H Group of private finance	12,847,564	5.39
9	I Group of real estate development	12,066,205	5.06
10	J Group panel and component manufacturing industry	11,284,716	4.74

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	September 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 chemical machinery and equipment manufacturing industry	\$ 39,429,037	18.14
2	B Group of retail sale in general merchandise stores	27,656,851	12.72
3	C Group of railway transportation	14,569,850	6.70
4	D Group of real estate sale and rental	14,550,000	6.69
5	E Group of wholesaling computers personnel equipment and software	14,444,685	6.64
6	F Group of financial leasing	13,972,934	6.43
7	G Group of real estate development	13,743,230	6.32
8	H Group panel and component manufacturing industry	12,820,069	5.90
9	I Group of private finance	12,470,681	5.74
10	J Group of unclassified other financial service	11,139,713	5.12

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)

	September 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	\$ 3,320,002,759	\$ 432,891,841	\$ 366,459,890	\$ 261,216,346	\$ 240,745,613	\$ 281,657,799	\$ 1,737,031,270
Main capital outflow on maturity	4,327,011,474	127,891,464	273,316,918	444,109,960	645,097,070	802,794,015	2,033,802,047
Gap	\$(1,007,008,715)	\$ 305,000,377	\$ 93,142,972	\$ (182,893,614)	\$ (404,351,457)	\$ (521,136,216)	\$ (296,770,777)

	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)

	September 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	\$ 2,975,589,473	\$ 383,517,949	\$ 381,100,694	\$ 245,385,810	\$ 194,567,310	\$ 257,959,802	\$ 1,513,057,908
Main capital outflow on maturity	3,931,225,664	81,176,406	182,258,036	405,568,012	541,381,882	745,682,480	1,975,158,848
Gap	\$ (955,636,191)	\$ 302,341,543	\$ 198,842,658	\$ (160,182,202)	\$ (346,814,572)	\$ (487,722,678)	\$ (462,100,940)

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)

	September 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	\$ 38,318,248	\$ 13,186,078	\$ 3,788,738	\$ 5,291,327	\$ 2,409,979	\$ 13,642,126
Main capital outflow on maturity	42,890,711	17,740,088	7,871,682	4,944,583	5,690,428	6,643,930
Gap	\$ (4,572,463)	\$ (4,554,010)	\$ (4,082,944)	\$ 346,744	\$ (3,280,449)	\$ 6,998,196

	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

	September 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	\$ 38,321,970	\$ 11,341,111	\$ 6,076,982	\$ 4,890,699	\$ 3,847,710	\$ 12,165,468
Main capital outflow on maturity	42,381,840	19,070,556	6,612,811	4,780,556	4,936,386	6,981,531
Gap	\$ (4,059,870)	\$ (7,729,445)	\$ (535,829)	\$ 110,143	\$ (1,088,676)	\$ 5,183,937

f. Interest rate sensitivity information

Hua Nan Commercial Bank, Ltd.

Interest Rate Sensitivity (New Taiwan Dollars) September 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	\$ 2,472,737,526	\$ 100,073,520	\$ 176,192,484	\$ 367,508,050	\$ 3,116,511,580
Interest-sensitive liabilities	2,350,795,911	359,348,590	173,611,411	107,565,902	2,991,321,814
Interest-sensitive gap	121,941,615	(259,275,070)	2,581,073	259,942,148	125,189,766
Net assets					204,079,735
Ratio of interest-sensitive assets to liabilities (%)					104.19%
Ratio of interest-sensitive gap to net assets (%)					61.34%

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%

September 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	\$ 2,292,354,555	\$ 54,282,801	\$ 164,026,467	\$ 284,365,730	\$ 2,795,029,553
Interest-sensitive liabilities	2,105,221,949	265,573,037	183,109,036	103,454,949	2,657,358,971
Interest-sensitive gap	187,132,606	(211,290,236)	(19,082,569)	180,910,781	137,670,582
Net assets					193,755,762
Ratio of interest-sensitive assets to liabilities (%)					105.18%
Ratio of interest-sensitive gap to net assets (%)					71.05%

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)
September 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	\$ 24,860,689	\$ 5,628,351	\$ 1,459,662	\$ 5,235,329	\$ 37,184,031
Interest-sensitive liabilities	28,944,575	3,447,948	3,044,956	26,101	35,463,580
Interest-sensitive gap	(4,083,886)	2,180,403	(1,585,294)	5,209,228	1,720,451
Net assets					1,193,488
Ratio of interest-sensitive assets to liabilities (%)					104.85%
Ratio of interest-sensitive gap to net assets (%)					144.15%

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%

September 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	\$ 24,163,527	\$ 4,662,992	\$ 2,911,823	\$ 5,467,189	\$ 37,205,531
Interest-sensitive liabilities	29,616,287	3,458,625	2,615,479	14,052	35,704,443
Interest-sensitive gap	(5,452,760)	1,204,367	296,344	5,453,137	1,501,088
Net assets					862,854
Ratio of interest-sensitive assets to liabilities (%)					104.20%
Ratio of interest-sensitive gap to net assets (%)					173.97%

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 amounting to over NT\$5 million: Table 3.
- 5) Receivables from related parties 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).
- 2) Endorsement/guarantee provided: Table 6 (Note).
- 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 50 and 51.

Note: Subsidiaries belong in finance, insurance and securities industries are exempted from disclosures.

c. The related information and proportionate share in investees: None.

d. Information on investment in Mainland China: Table 8.

e. Business relationships and significant transactions between the Company and its subsidiaries: Table 9.

f. The Company's shares held by subsidiaries: None.

g. Information of major shareholders: Table 10.

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 Nine Months Ended September 30, 2024		
	Bank	Other Operating Departments	Total
Net interest income	\$ 19,553,476	\$ (100,935)	\$ 19,452,541
Net non-interest income	<u>23,401,700</u>	<u>8,260,707</u>	<u>31,662,407</u>
Total net income	42,955,176	8,159,772	51,114,948
(Allowance for) reversal of doubtful accounts, commitments and guarantees	(2,914,141)	(129,906)	(3,044,047)
Change in provisions for insurance liabilities, net	-	(734,308)	(734,308)
Operating expenses	<u>(20,161,747)</u>	<u>(4,785,648)</u>	<u>(24,947,395)</u>
Net profit before income tax	19,879,288	2,509,910	22,389,198
Income tax expenses	<u>(3,624,215)</u>	<u>(910,032)</u>	<u>(4,534,247)</u>
Net profit for the period	<u>\$ 16,255,073</u>	<u>\$ 1,599,878</u>	<u>\$ 17,854,951</u>

For the Nine Months Ended September 30, 2023

	Bank	Other Operating Departments	Total
Net interest income	\$ 20,743,185	\$ 139,929	\$ 20,883,114
Net non-interest income	<u>18,084,536</u>	<u>6,008,742</u>	<u>24,093,278</u>
Total net income	38,827,721	6,148,671	44,976,392
Allowance for doubtful accounts, commitments and guarantees	(1,067,301)	(2,092)	(1,069,393)
Change in provisions for insurance liabilities, net	-	(723,749)	(723,749)
Operating expenses	<u>(18,787,612)</u>	<u>(4,129,201)</u>	<u>(22,916,813)</u>
Net profit before income tax	18,972,808	1,293,629	20,266,437
Income tax expenses	<u>(3,335,883)</u>	<u>(38,586)</u>	<u>(3,374,469)</u>
Net profit for the period	<u>\$ 15,636,925</u>	<u>\$ 1,255,043</u>	<u>\$ 16,891,968</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 NINE MONTHS ENDED SEPTEMBER 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 \$556,304 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 NINE MONTHS ENDED SEPTEMBER 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.

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

ALLOWANCE FOR SERVICE FEE TO RELATED PARTIES OVER NT\$5 MILLION
SEPTEMBER 30, 2024
(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	\$ 18,915	-	-

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 NINE MONTHS ENDED SEPTEMBER 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	\$ 514,122 (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 NINE MONTHS ENDED SEPTEMBER 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 receivables	No	\$ 103,000	\$ 79,581	\$ 79,581	1-10	Short-term financing	\$ -	Operating use	\$ 796	Real estate	\$ 112,082	\$ 221,638	\$ 1,477,585
		Xi Quan Co., Ltd.	Other receivables	No	8,267	-	-	1-10	Short-term financing	-	Operating use	-	Real estate	82,471	221,638	1,477,585
		Megaful Co., Ltd.	Other receivables	No	97,260	66,820	66,820	1-10	Short-term financing	-	Operating use	668	Real estate	61,123	221,638	1,477,585
		Hsin Chuan Construction Co., Ltd.	Other receivables	No	58,671	-	-	1-10	Short-term financing	-	Operating use	-	Stock	57,528	221,638	1,477,585
		Yu Ding Investments Co., Ltd.	Other receivables	No	195,362	187,888	187,888	1-10	Short-term financing	-	Operating use	1,879	-	-	221,638	1,477,585
		Xiang Xing Trading Ltd.	Other receivables	No	43,594	-	-	1-10	Short-term financing	-	Operating use	-	Stock	15,000	221,638	1,477,585
		Fu Bao Yi Hao Energy Co., Ltd.	Other receivables	No	100,433	60,000	60,000	1-10	Short-term financing	-	Operating use	600	-	-	221,638	1,477,585
2	Hua Nan Assets Management Co., Ltd.	KINGLAND PROPERTY CORPORATION, LTD.	Other receivables	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 receivables	No	35,000	35,000	35,000	4-10	Business dealings	35,000	-	253	-	-	170,565	3,411,300
		Feng Chien Construction Co., Ltd.	Other receivables	No	99,000	-	-	4-10	Business dealings	-	-	-	-	-	170,565	3,411,300
		Jin Jiu Construction and Developpe	Other receivables	No	57,000	57,000	30,000	4-10	Business dealings	30,000	-	182	-	-	170,565	3,411,300
		Jingwang Development & Construction Co., Ltd.	Other receivables	No	149,000	149,000	24,870	4-10	Business dealings	24,870	-	180	-	-	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 NINE MONTHS ENDED SEPTEMBER 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	\$ 7,387,926	\$ -	\$ -	\$ -	\$ -	-	\$ 13,298,267

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

SEPTEMBER 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	September 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	\$ 94,859	0.35	\$ 94,859	Note 2
	FundRich Securities Co., Ltd.	Investee company evaluated by fair value method	FVTOCI - equity instruments	179,999	2,458	0.29	2,458	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	5,132	0.10	5,132	Note 2
	Msscorps Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	897,500	158,857	1.92	158,857	Note 2
	Groundhog Technologies Inc.	-	Financial assets mandatorily classified as at FVTPL	1,006,000	176,050	3.00	176,050	Note 2
	Prenetics Global Limited	-	Financial assets mandatorily classified as at FVTPL	37,335	4,857	0.35	4,857	Note 2
	Pyxis Oncology	-	Financial assets mandatorily classified as at FVTPL	29,046	3,324	0.05	3,324	Note 2
	AGON-Tech Corp.	-	Financial assets mandatorily classified as at FVTPL	429,854	400	4.17	400	Note 2
	Applied Wireless Identification Group Inc.	-	Financial assets mandatorily classified as at FVTPL	450,682	5,255	0.95	5,255	Note 2
	ProbeLeader Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	513,000	12,739	1.73	12,739	Note 2
	Ultra-PAK Industries Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,164,887	24,612	3.18	24,612	Note 2
	Chin-Shi Electronic Materials Ltd.	-	Financial assets mandatorily classified as at FVTPL	2,772,000	51,987	8.87	51,987	Note 2
	StemCyte International, Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,500,000	61,350	0.79	61,350	Note 2
	Voltafield Technology Corp.	-	Financial assets mandatorily classified as at FVTPL	1,445,111	4,994	4.01	4,994	Note 2
	OTO Photonics Inc.	-	Financial assets mandatorily classified as at FVTPL	1,578,000	11,273	5.27	11,273	Note 2
	Wellhead Biological Technology Corp.	-	Financial assets mandatorily classified as at FVTPL	900,000	181	2.50	181	Note 2
	Minima technology Corp.	-	Financial assets mandatorily classified as at FVTPL	2,548,309	33,147	6.45	33,147	Note 2
	Sunny Pharmetech Inc.	-	Financial assets mandatorily classified as at FVTPL	151,080	2,030	0.10	2,030	Note 2
	Apollo Medical Optics Inc.	-	Financial assets mandatorily classified as at FVTPL	1,666,667	5,202	3.48	5,202	Note 2
	SFI Electronics Technology Inc.	-	Financial assets mandatorily classified as at FVTPL	2,730,000	43,647	5.97	43,647	Note 2
	Innopharmax Inc.	-	Financial assets mandatorily classified as at FVTPL	646,000	12,306	0.68	12,306	Note 2
	Li Ling Film Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	249,900	890	0.54	890	Note 2
	SmartDisplayer Technology Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	600,000	23,395	2.41	23,395	Note 2
	TMY Technology Inc.	-	Financial assets mandatorily classified as at FVTPL	836,929	15,028	1.83	15,028	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	27,827	5.16	27,827	Note 2
	ADAT Technology Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,502,121	9,480	6.97	9,480	Note 2
	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	833,000	39,006	2.90	39,006	Note 2
	Ina Energy Corporation	-	Financial assets mandatorily classified as at FVTPL	1,345,000	42,578	1.00	42,578	Note 2
	Lianyou Metals Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	620,327	24,242	2.05	24,242	Note 2
	ACEPODIA Inc.	-	Financial assets mandatorily classified as at FVTPL	556,900	6,265	0.11	6,265	Note 2
	Walrus Pump Co., Ltd.	-	Financial assets mandatorily classified as at FVTPL	1,000,000	44,380	2.83	44,380	Note 2
	Taiwan Pressplay Inc.	-	Financial assets mandatorily classified as at FVTPL	605,612	11,015	5.10	11,015	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with Holding Company	Accounts Recorded	September 30, 2024				Note
				Shares (Units)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Equity	
	Win Coat Co.	-	Financial assets mandatorily classified as at FVTPL	1,100,000	\$ 23,353	2.77	\$ 23,353	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	-	43,008	11.95	43,008	Note 2
	Taiwania Capital Buffalo II Bioventures, LP	-	Financial assets mandatorily classified as at FVTPL	-	61,235	1.53	61,235	Note 2
	Forward Asset Management Ltd.	-	Financial assets mandatorily classified as at FVTPL	-	1,106	8.00	1,106	Note 2
	Outstanding Capital Limited Partnership	-	Financial assets mandatorily classified as at FVTPL	-	20,179	4.86	20,179	Note 2
	Fuyao Biomedical Ventures Limited Partnership	-	Financial assets mandatorily classified as at FVTPL	-	69,195	11.02	69,195	Note 2
	TaiAx Life Science Fund L.P.	-	Financial assets mandatorily classified as at FVTPL	-	2,160	1.01	2,160	Note 2
	Fertasia International Development Corporation	-	Investments accounted for using equity method	8,820,800	96,777	29.80	96,777	Note 2
	Chia-Ta International Development Co., Ltd.	-	Investments accounted for using equity method	8,758,134	92,209	25.56	92,209	Note 2
	Zhi Kang Venture Capital Investment Company Ltd.	-	Investments accounted for using equity method	9,800,000	82,453	29.10	82,453	Note 2
Hua Nan Futures Co., Ltd.	<u>Stocks</u> Taiwan Futures Exchange	-	FVTOCI - equity instruments	8,941,927	389,600	1.44	389,600	Note 2
Hua Nan Asset Management Corp.	<u>Stocks</u> Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	FVTOCI - equity instruments	2,500,000	7,974	5.00	7,974	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	2,138	100.00	2,138	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 September 30, 2024. Market value of the listed stocks was based on the closing price as of September 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 ON INVESTMENT IN MAINLAND CHINA
SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Investee's Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of September 30, 2024	Accumulated Inward Remittance of Earnings as of September 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)	\$ 109,086 (CNY 24,454)	100	\$ 109,086 (CNY 24,454)	\$ 6,575,589 (CNY 1,454,776)	\$ -
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)	61,402 (CNY 13,765)	100	61,402 (CNY 13,765)	2,912,192 (CNY 644,290)	-
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)	53,373 (CNY 11,965)	100	53,373 (CNY 11,965)	2,963,352 (CNY 655,609)	-
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)	27,785	100	27,785	1,097,306	-

Accumulated Investment in Mainland China as of September 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)	\$ 142,991,461

- 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 9

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS BETWEEN THE COMPANY AND ITS SUBSIDIARIES
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 280,375	Note 4	0.01%
		Hua Nan Commercial Bank, Ltd. and subsidiaries	a	Receivables	514,122	Note 4	0.01%
		Hua Nan Securities Co., Ltd. and subsidiaries	a	Receivables	177,242	Note 4	-
		South China Insurance Co., Ltd.	a	Receivables	103,597	Note 4	-
		Hua Nan Investment Trust Corp.	a	Receivables	105,439	Note 4	-
1	Hua Nan Commercial Bank, Ltd. and subsidiaries	Hua Nan Financial Holdings Co., Ltd.	b	Payables	514,122	Note 4	0.01%
		Hua Nan Financial Holdings Co., Ltd.	b	Deposits and remittances	280,375	Note 4	0.01%
		Hua Nan Securities Co., Ltd. and subsidiaries	c	Deposits and remittances	2,241,209	Note 4	0.05%
		Hua Nan Securities Co., Ltd. and subsidiaries	c	Other operating and management expenses	118,530	Note 4	0.23%
		South China Insurance Co., Ltd.	c	Deposits and remittances	923,902	Note 4	0.02%
		Hua Nan Venture Capital Co., Ltd.	c	Deposits and remittances	540,088	Note 4	0.01%
2	Hua Nan Securities Co., Ltd. and subsidiaries	Hua Nan Financial Holdings Co., Ltd.	b	Payables	177,242	Note 4	-
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Other assets	2,161,544	Note 4	0.05%
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Cash and cash equivalents	31,140	Note 4	-
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Other financial assets	48,525	Note 4	-
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Other income	118,530	Note 4	0.23%
3	South China Insurance Co., Ltd.	Hua Nan Financial Holdings Co., Ltd.	b	Payables	103,597	Note 4	0.02%
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Cash and cash equivalents	838,974	Note 4	-
		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	Cash and cash equivalents	155,588	Note 4	-
		Hua Nan Commercial Bank, Ltd. and subsidiaries	c	Other financial assets	384,500	Note 4	0.01%
5	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.

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.

TABLE 10**HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2024**

Name of Major Shareholder	Shares	
	Number of Thousands Shares	Percentage of Ownership (%)
Bank of Taiwan Co., Ltd. (BOT)	2,925,490,905	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 11

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
SEPTEMBER 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Main Business and Products	Percentage of Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 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	