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Cathay United Bank

2023 Annual Report

Dated: April 22, 2024

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One. Letter to Shareholders

I. Foreword

After the trend of interest rate hikes in the previous year, central banks around the world slowed down the pace of interest rate hikes in 2023, giving financial markets a chance to catch their breath. However, a series of international political events, including the ongoing Russia Ukraine conflict, the Israel-Hamas war, and the geopolitical tension caused by the confrontation between the United States and China, continue to disrupt the global economic development and further aggravate the challenges of banking operations. Despite such a challenging environment, we have successfully delivered a consolidated after-tax profit of NT\$28.97 billion (US\$946.0 million) in 2023 through our years of transformation efforts and the concerted efforts of all our colleagues, reaching a record high!

At the same time, we have also continued to refine the customer service experience. First of all, in the physical channel, we promote the customer's single window service model in domestic branches, realize the one-stop service to meet customers' financial needs in terms of assets and liabilities, not only improve the efficiency of service to customers, but also increase the convenience for customers; In overseas locations, we not only continue to deepen cooperation with local companies, but also establishing dedicated teams for cross-border services to meet the increasingly diverse cross-border needs of customers. In terms of digital channels, the Bank's CUBE App adopts the Open ID verification method to create a secure and convenient digital entrance gate, allowing customers to log in with one-time ease and enjoy the diversified service scenarios offered by the Bank and other subsidiaries of the Group, and we continue to strive to upgrade various software and hardware infrastructures to ensure the safety and reliability of digital services. This series of concrete actions have not only won us high praise from customers, but also won numerous awards from domestic and foreign evaluation institutions. These include: the "Retail Banker International" Award for Best Consumer Experience App, "The Asian Banker" Taiwan's Best Mobile Banking Service Award, "Best Wealth Management" for the Best Wealth Management Award for eight consecutive years, "IDC" Future Enterprise Award, "Asian Private Banker" for the Award of the Best Private Bank in Taiwan for four consecutive years, and also winning "The Stevie Awards" for five gold, two silver and four bronze awards, a total of eleven awards as the only award-winning Taiwanese

enterprise this year. The total number of Gold Awards we obtained ranks up to second in the world.

In addition, the Bank has also made concrete achievements in the field of ESG and corporate sustainability. In addition to actively participating in the perpetual banking policies promoted by the competent authority, the Bank was ranked in the top 20% of the leading banks in the “Perpetual Banking Appraisal” conducted by the FSC. In addition, the Bank introduced advanced data models to detect abnormal head accounts and other fraud prevention mechanisms, resulting in the best fraud prevention effect in the industry. At the same time, we are also committed to promoting green finance. By deepening the negotiation with investment and financing partners, we jointly build a low-carbon economic ecosystem and demonstrate our leading role in the financial industry. These positive actions have earned us not only high praise in the industry, but also the recognition of many organizations. Including: the 5th National Enterprise Environmental Protection Award - Bronze Award from the Environmental Protection Administration, Executive Yuan, the Social Welfare Development Award from the “Business Asia,” the “The Asset” Best Green Project Financing Award, and the “Best Renewable Energy”. Meanwhile, the Bank's Mainland China subsidiary was the only foreign bank awarded the “China Finance Magazine” Corporate Social Responsibility Case Study of the Year Award. Hong Kong Branch was also awarded the “Hong Kong Quality Assurance Agency's Outstanding Green and Sustainable Lending Consultant Award” for two consecutive years!

Looking ahead to 2024, changes in the monetary policies of central banks and political and economic situations around the world will have a profound impact on domestic and foreign markets and increase the challenges for banks. Cathay United Bank will adhere to the core vision of “One Bank” and accelerate business development in three main areas: new retail, new corporate banking, and new markets with digital and intelligence as the main engines, investment in infrastructure such as talent, information technology, risk management and sustainable operation to gradually realize the goal of “positioning in Asia Pacific and challenging the peaks!”

II. Business Report for the year 2023

Change in domestic and foreign financial environment and outcomes of business plans and strategies for 2023 are explained below:

The global economy is recovering weakly. Benefited from the cycle of interest rate hikes, business performance such as interest income and investment income have performed well. However, the homogeneity of products among domestic financial banks is still high, and maintaining profits is challenging. Continue to pay attention to the follow up effects, improve preparations to face various scenarios, and quickly adjust strategies in response.

In response to the implementation of the Controlled Foreign Corporation (CFC) system for profit-making enterprises in the country, which affects the willingness of enterprises to return to Taiwan for investment and the development of the capital market, as well as the derived business opportunities such as adjustment of holding structure and tax planning, the Group has effectively integrated the abundant resources of various subsidiaries and co-design of capital operation solutions that meet customers' needs.

The growing popularity of digital banking is creating greater competition for digital customers. The Bank has been actively enhancing channel services and digital product features, using big data analysis to grasp customer needs and preferences in real time, the Bank will provide customers with a smoother and more convenient digital banking experience.

The Bank will strive to maintain consistency of its business performance, bring more complete financial services and account features to customers, secure deposit source, and optimize customer experience. The Bank also aims to develop integrated investment solutions for customers of special needs, and take advantage of group synergy by cross-selling them through Cathay subsidiaries online as well as offline to attract new capital.

In addition, the Bank is well aware of the importance of climate action to strengthening the resilience of financial assets, and has set short-, medium-, and long-term growth targets for green deposit products or services, hoping to support enterprises and industries creating opportunities for low-carbon transformation or mitigate and adapt to climate change through capital or financial products and services. It make industrials transformation more competitive and promote an orderly advancement of society to the era of

green economy.

■ The Bank had been able to maintain growth across all main business activities, key accomplishments:

(I) Consumer banking service

The Bank continues to improve fundamental services to customers by adopting a needs-driven approach. With a comprehensive network of physical and digital channels available at disposal, the Bank is able to introduce integrated financial services and the ultimate one-stop shopping experience for customers of various profiles. As the domestic epidemic becomes more common, driven by factors such as interest rate hikes, inflationary pressure, and capital return, the overall market price and volume are benefited from customers' rigid demand for self-occupation and long-term maintenance of value on property. Demand in the consumer banking market is still strong, the Bank continues to improve the transaction service process and experience for customers who apply for loans online. As of the end of 2023, the Bank's consumer banking credit balance grew steadily compared to 2022.

1. Deposit balance amounted to NT\$3,483.2 billion at the end of 2023, up 9% compared to 2022; 71.9% of the NTD deposit balance were demand deposits.
2. At the end of December 2023, outstanding balance across mortgage products (including: home equity loan) totaled NT\$1,129.5 billion, up NT\$128.9 billion or 13% from the end of 2022. Balance of personal loan products amounted to NT\$142.1 billion, up NT\$6.7 billion or 5% from the end of 2022.

(II) Corporate banking service

The Bank's corporate banking business has continued to grow steadily, and responded with lightness. To implement industry management and efficient collaboration, product potential labeling and operation toolkits are used to enhance business expansion efficiency, provide customers with the most suitable solutions, and reduce capital dependence business, optimize the limit adjustment method, and maintain the balance between profit and risk. As of the end of 2023, the balance of loans from domestic channel's corporate banking business was NT\$641 billion.

(III) Wealth management service

The Bank adheres to a “customer-centric” philosophy for its wealth management business, actively understands customers' needs, and provides professional financial consultation and asset allocation solutions based on the Bank's market analysis and investment strategies. Under the “portfolio-centric” principle, an investment strategy office (CIO) has been established to continuously strengthen and control customers' investment risks from the perspective of asset allocation and provide customers with the best financial investment advice. In addition, based on customer feedback, the Bank has made a number of upgrades such as asset overview, online transaction, and digital service personalization to satisfy customers' needs before, during, and after investment, and enrich their one-stop experience. We are committed to improving the service experience of all customers. The number of wealth management customers in 2023 has grown by 11%, and the size of total assets of wealth management customers in the Bank has grown by 10%. The overall wealth management business continues to grow steadily.

The robo-advisor uses algorithms and models to give customers professional financial advice, allowing more customers to have suitable investment allocations and achieving the benefits of financial inclusion. Due to the changes in customer behaviors affected by the pandemic, coupled with the continuous volatility of the investment market in recent years, customers' demand for real-time control of their investment portfolios has increased, and they can receive real-time monitoring and reminders through intelligent investments. In order to serve a broader customer base, the intelligent -investment team will continue to optimize the online shopping guide process, and develop more diversified investment products by combining the products and specialties of other subsidiaries of the group, so that a broader customer base can enjoy professional and financial advice.

(IV) Trust service

Aum of real estate trusts of the Bank totaled NT\$93 billion, whereas aum of personal and corporate trusts amounted to NT\$95.5 billion. Total assets under custody amounted to NT\$1,183.2 billion, increasing 11%, 6%, and 10% respectively compared to 2022.

(V) Foreign currency service

1. The Bank has been active in the establishment of correspondence banking relations in ASEAN and Greater China regions as a means to support international businesses and facilitate more efficient transfer of capital in Asia. In the presence of a strong correspondence banking network, the Bank is able to appeal to a larger number of customers by introducing competitive remittance solutions and trade financing products, and thereby secure the foundation of success in the foreign currency market.
2. Despite the challenging global environment, the Bank has been focusing on growing its foreign currency service. Using pattern analysis, the Bank was able to strengthen relationships across all customer segments for mutual benefit. Foreign currency deposit balance amounted to US\$31 billion in 2023, up 13% compared to 2022.

(VI) Credit card service

1. By the end of December 2023, the Bank had a total of 7.20 million cards in circulation and 4.63 million valid cards, with a total transaction amount of NT\$685 billion, an increase of 18% over the same period last year. The growth was mainly due to the significant growth in overseas spending and tax transactions.
2. With the recovery of consumption after the pandemic, the Bank has gained insight into factors such as customers' spending power returning to physical channels and changes in people's lifestyles, combined with flexible and autonomous digital marketing models such as CUBE APP coupon collection, flexibly adding themed benefits, etc., and works closely with large channels to develop customers personalized marketing collaborations are used to enhance customer experience in high-frequency consumption scenarios. In 2023, the Bank's cards have performed well in department stores, hypermarkets, and supermarkets.
3. Continue to deepen the cooperative relationship with strategic partners, and grasp the post-pandemic overseas travel boom based on customer preferences and market dynamics, and combined with the resources of the EVA Group to create the EVA Airways co-branded card to be relaunched in September 2023 to reward the customers

with better mileage and travel benefits, and we have successfully recruited frequent flyers and high-net-worth groups, and the number of EVA Airways co-branded card approvals has tripled since the relaunch. Meanwhile, the spending amount on EVA Air co-brand cards has increased by more than 25% from the pre-pandemic level in 2019, reaching a record high since the card was first issued.

4. The capital cost of credit cards hit a record high due to the Central Bank's interest rate hikes. It is necessary to focus on reaching a balance from customers with high contribution potentials. Based on the characteristics and preferences of these customers, we will combine online and offline channels to provide customers with the most appropriate marketing communication channels, thereby increasing the penetration of potential customers, and committed to digitize credit card products, improve the user-friendly interface of wealth management products for young customers, promote the seamless experience to improve the digital management of revenue-generating products. As of the end of December, 2023, the amount of credit card installment applications increased by 44% over the previous year, and the growth of new customers through digital channels was as high as 54%.

(VII) Payment service

1. Acquiring for special stores business: The Bank won the tender for the multi-payment project in Taichung MRT, and completed the acceptance of the first stage of credit card acquiring function in October 2023. It is expected to be launched in April 2024 together with the multi-payment such as electronic payment. The public will be able to use credit cards or Apple Pay and other mobile phone credit cards to board TMRT. As of December 2023, the Bank had contracted with 116,329 merchants.
2. Emerging payment business: The Bank is working with Emerging Payment to connect daily consumption with financial service scenarios and provide differentiated digital services that enhance the customer experience between the Bank and its merchants and create emerging business opportunities. In 2023, the Bank joined Cathay Life Insurance Co., Ltd and 7-Eleven, a leading supermarket in the industry, to launch a trial service of “Pay Cathay Life Insurance Co., Ltd Premium with OP Wallet.” This is the first online wallet service

in Taiwan to be used as an insurance application tool. At the same time, the Bank has also collaborated with Formosa Petrochemical to integrate card payment into the APP. In addition, the Bank will discuss with Formosa Plastics Co., Ltd. the “financial area” of the Formosa APP will provide permanent spaces for credit cards, property and life insurance, and other activities of the Bank. It is expected to achieve the effect of precision marketing for merchant members, promote the consumers, merchant partners, and PH diversion members are all win-win.

3. Automated channels business: In addition to improving financial facilities in remote areas and for the disabled, expand high-quality channels such as Hi-Life, PX Mart, FamilyMart and Metro Taipei; introduce branch functions and digital services to expand the financial life circle that provides customers with convenience. ATM usage exceeded 17 million in 2023, the number of ATMs exceeded 5,000 in 2023, for a market share of about 15%, ranking 2nd in the market.

(VIII) Digital banking service

As the main entry point for the Bank’s digital user management, the CUBE App has exceeded 5.67 million, with a five-fold growth and a seven-fold increase in monthly active users within six years. Starting point for various financial services, the Bank will be connected with more group businesses and provide digital financial services in all aspects, the number of financial service users via the CUBE App and online banking has reached nearly 35 million every month, and the number of users and transactions using the CUBE App has doubled in the past three years and digital revenue grew by 6 times.

In 2023, the CUBE App and online banking expanded to provide personalized cross-product asset integration service. A new “Insurance Section” was launched to integrate individual insurance policies of Cathay Group and related information, to provide users with considerate account management. In addition, the Bank has also enhanced the digital experience of foreign currency exchange, extended the time of online currency exchange until 2 a.m., and introduced the function of setting up foreign currency contracting accounts at other banks via video call service to provide users with a more convenient digital experience. In terms of digital security, the Company continues to strengthen digital security through services such as 2-step login, security health check, and

security gatekeeper.

(IX) Overseas operations

As MNCs expand their supply chain, the Bank continues to focus on China and Southeast Asia, two major markets, to develop more comprehensive financial service products and networks.

1. Successfully established the Bank's image and influence as a leading brand in green finance: CUBCN Bank launched the first green bank acceptance discount service, leading a Taiwanese bank in 2023, Hong Kong Branch was awarded the “Outstanding Green and Sustainable Lending Structure Consultant” award by the Hong Kong Quality Assurance Agency again, and Manila Branch has also successfully undertaken several perpetual-linked loans.
2. Ho Chi Minh City Branch and Singapore Branch, in addition to continuing to strengthen the relationship with local enterprises, have also strengthened their professional cross-border service teams and have successfully assisted many customers in raising funds in the international market to meet the diversified financial needs of customers. In addition, the asset size of the Singapore Branch's private banking business grew by 166% compared to the previous year.
3. CUBC Bank continued to develop consumer banking services. In 2023, the “CUBC mBanking App” was launched, becoming the first Taiwanese bank in Cambodia to launch digital account opening and successfully connected to the Bakong system. Currently, the accumulated user has exceeded 10,000.

(X) Treasury service

In 2023, despite the negative factors of high global inflation, geopolitical turbulence, weak terminal demand and tightening credit environment, the number of people claiming unemployment benefits in the United States is still low and the job market is stable. As the interest rate remained high and customers were more willing to invest in bonds, the revenue from bond services in 2023 grew by nearly 300% from the previous year, and the derivative spread income increased by 4% from the previous year.

■ Changes in the Bank’s organization

1. To promote the development of overseas consumer banking digital services in Southeast Asia, an “International Consumer Banking Development Department” was established.
2. A “Digital Cloud Technology Development Department” was established to improve the migration of digital business services to the cloud and the self-development capabilities, to enhance the service stability, usability and testing quality of the digital platform system, and to continuously improve the formation and cultivation of the talent team.
3. To facilitate the development of the wealth management business and continue to consolidate the advantage in distribution channels, the Bank has added a “Wealth Management Agents Department”.

■ Budget execution

The Bank achieved 104.28% of its NT\$3,340.3 billion deposit target and 104.31% of its NT\$2,158 billion loan target (including revolving credit on credit cards) in 2023.

Unit: NT\$ billion

Business activities	2023-actual	2023-target	Achievement rate
Deposit	3,483.2	3,340.3	104.28%
Credit (including revolving credit on credit cards)	2,251.1	2,158.0	104.31%

■ Research and development

The Bank has undertaken multiple digital projects to improve the efficiency and depth of services provided, the competitiveness of products offered, customer satisfaction, quality of credit assets, and overall reputation.

In 2023, we completed the major projects in 2023 by completing the upgrade of the credit card system mainframe and disk drives, and the upgrade of the Fibre Channel switch in the remote computer room to build the core capabilities required for a resilient enterprise, the construction of the application and transaction fraud detection system applied the modern and emerging technologies to drive business development, in addition, cloud development has established a cloud-based off-site backup mechanism to build

up strength for cloud-based banking services in the future, automation of firewall maintenance and operation has also been introduced to further strengthen change management.

Future research and development plans will place greater emphasis on infrastructure for information resilience, including the maintenance of stability at Neihu Information Center and the development of Qingpu Information Center. The infrastructure modernization project will be used to benchmark the experience of leading banks and IT technology trends in order to develop a forward-looking foundation. In terms of core products, the key actions for business development are the modernization of banking core and the core of credit card, in the section of channel products, the establishment of the CRM system of FSC and GMB 3.0 are included.

■ Revenue, expense, and profitability analysis

Unit: NT\$ millions, %

Item \ Year	2023	2022	Growth rate (%)
Net interest income	48,435	45,074	7.46%
Net income other than interest	34,873	26,203	33.08%
Total net revenues	83,308	71,277	16.88%
Loan loss, commitment and guarantee liability provision expense	4,233	4,407	-3.95%
Operating expenses	43,420	36,090	20.31%
Net profit before tax	35,655	30,780	15.84%
Income tax expense	6,850	5,190	31.98%
Net profit after tax	28,805	25,590	12.56%
EPS (after tax)(NT\$)	2.65	2.36	-
Return on assets (after tax)	0.73%	0.72%	-
Return on shareholders' equity (after-tax)	11.30%	10.57%	-

III. 2024 Business Plan

■ Operational strategies for 2024

(I) Consumer banking credit service:

The Bank will continue taking advantage of its broad customer base, focusing on customers with high revenue contributions, and strengthening customer relations by offering a full range of financial products and services. Meanwhile, the Bank will provide services to customers via tangible channels tied with the online services to improve the consolidated effects of customer management and cross-selling of products, and continue to optimize the end-to-end service process to provide customers with a more convenient digital experience and build the fine-quality service experience across all channels.

(II) Wholesale banking credit service:

We will target customers in the industry, continue to strengthen control of operating cash flow and diversify cross-selling, create the best financial experience while ensuring good asset quality, and eliminate weak players to retain the strong players, so as to deepen the spirit of One Bank collaboration. At the same time, strengthen the mechanism of troop management and use of auxiliary marketing resources, supplemented by data and public opinion analysis, customer group tagging and other targeted marketing, in order to accelerate business development and improve the efficiency of capital use under the high consensus of the entire bank. Rooted in ESG philosophy and commitment, and exerted financial influence in the corporate sustainable value chain.

(III) Deposit and remittance service:

In order to deepen customer management and provide a digital and personalized business model that is closer to daily needs, a module of privileges for NT\$accounts and foreign currency accounts has been established to provide customers with more privileges and increase customer loyalty and contribution. In addition, to meet customers' needs for foreign currency services and continue to optimize digital foreign exchange services to enhance customer experience, generate profits for the bank and improve service efficiency.

(IV) Wealth management service:

As the global economy normalizes, we will continue to assist customers in building a stable investment portfolio, and give full play to the protection and inheritance function of insurance, and use the expert team to provide comprehensive financial product consulting services to manage sustainable customer relationships. At the same time, through data and behavioral trajectory analysis, we grasp the needs and preferences of customers, develop differentiated value propositions for wealth management, and expand the digital wealth management customer base and the scope of wealth management services.

(V) Trust service:

Using trust as a medium, the Bank aims to package financial products with services offered by partners from different industries that are relevant to customers' lifestyles, and introduce solutions that satisfy customers' every need from children's financial protection, retirement to wealth transfer.

(VI) Foreign currency service:

Strengthen the completeness of the domestic and overseas current foreign exchange management products, optimize the service functions of the digital platform, provide diversified foreign exchange services and service performance through the integration of online and offline channels, help customers improve the efficiency of capital utilization, and deepen customer loyalty, and become a preferred bank for customers to operate accounts in order to enhance the competitiveness of the Bank's foreign exchange business in the international market and generate revenue for the Bank. The Bank will promote its trade financing services by exploring customers and cross-selling products needed for customers' operating accounts through available channels. Automated services will be developed for corporate banking customers for improved experience and satisfaction, whereas cooperation will be made with peers on a higher level to further complete product offerings locally and abroad.

(VII) Credit card service:

The CUBE card continues to promote the "one card for all" strategy concept. Each benefit plan is equivalent to a card and is under brand management at the same time. According to customer preferences, the

Bank has new expanded to five major benefits plans. “Play Digital, Fun Shopping, Fun Travel, and Collection” to satisfy each cardholder's “1” benefit plan that best matches their consumption pattern. When combined with the CUBE App, there is also the flexibility to switch between the “N” additional benefit plans, i.e. The bank offers a “co-branded card” exclusive to individuals to gradually develop the “1+N” benefit plan for cardholders and a new lifestyle habit.

(VIII) Transaction acquisition service:

Acquiring for special stores: Continue the government's goal of cashless transactions and provide acquiring cash flow services to meet the needs of different types of merchants. Externally, the Bank will actively grasp emerging models and regulations, enter the market in a timely manner, and provide merchants with a convenient and fast digital application process to continuously expand the market scale: Internally, the Bank will continue to optimize the acquisition review mechanism to control potential risks and reduce labor costs at the same time to build an efficient digital service team.

(IX) ATM service:

Maintain stable and high-quality service capabilities and improve customer experience. By combining internal and external resources to create a high-quality digital service platform, the diversified values of customers can be extended to expand operating synergy.

(X) Payment Hub service:

Through the digital payment cooperation to connect daily consumption and financial service scenarios to provide differentiated digital services, improve customer experience, and create emerging business opportunities.

(XI) Digital banking and online corporate services:

Emphasis will be placed on strengthening the relationship with digital users by optimizing digital experience across different platforms, empowering customers with features of a full-fledge branch, and continually developing innovative financial products. Meanwhile, the Bank aims to incorporate financial services seamlessly into daily business scenarios and progressively transform into a digital consultant for businesses, and shall replicate its successful experience to other

overseas locations.

(XII) Overseas operations:

Through the cross-border financial platform in Greater China and ASEAN, continue to optimize financial services such as wealth management, consumer banking, digital banking, corporate banking, international banking, private banking, trust investment, and extend overseas countries influence as the leading brand of green finance.

For the Greater China market, the China subsidiary worked closely with the Hong Kong Branch to develop diversified cross-border services, actively improve green finance and digital financial services, and adjust the structure of deposits and loans in response to the turbulent economic situation.

With respect to the Southeast Asian market, as the international political and economic situation changes, enterprises pay more and more attention to the flexibility and resilience of the supply chain, which in turn accelerates the economic integration and regional trade activities in the ASEAN market. enterprises to strengthen cross-border cooperation.

(XIII) Private banking:

Private banking continues to adhere to a diversified portfolio-oriented strategy to achieve customers' financial goals, and uses diversified and flexible financial instruments to build more comprehensive investment portfolios that are more adaptable to the market for high-net-worth customers, and the related resources and service momentum are improved, the private banking will provide high-asset families with a full range of investment portfolio consulting and management services, while at the same time continue to introduce alternative investment products, connect to the international financial market, and consolidate its leading position.

(XIV) Treasury service:

Increase the breadth and depth of wealth management and hedging products to provide comprehensive professional services for different types of customers. Through customer segmentation and customer interviews, we will further develop potential customer groups to increase market share and market visibility.

■ Expected business targets and basis of estimate

2024 business targets

Unit: NT\$ billion

Main business category	Target
Deposit	3,750.5
Credit (including revolving credit on credit cards)	2,443.6
Credit card (outstanding cards)	7.42 million cards

Basis of target

The Bank prepares its budget in a manner that achieves optimal allocation of capital. To achieve this purpose, the Bank evaluates market outlook, economic cycle and interest rate trends for the coming year before the end of each year in order to determine business-related factors. The management then makes assumptions by taking into consideration product profitability in previous years and possible growth opportunities before setting growth targets and interest rates for the coming year. With the growth forecast in place, the Bank is able to review budgeted expenses and loan loss provisions.

■ Key policies

In response to the changes in business opportunities brought about by international market volatility and climate change, the Bank will be guided by its “One Bank” customer-centric vision and driven by digital and intelligence. Accelerate business development in major areas: new retail, new corporate banking, and new markets, and continue to lay out infrastructure in talents, information technology, risk management, and sustainability, in order to achieve the goal of “positioning in Asia Pacific and challenging the peaks!”

IV. Future Strategies

(I) Consumer banking service

1. In response to changes in the international market, regulators' increasing capital requirements for supervisors, and business development needs, the Bank will continue to improve the efficiency of capital utilization and make preparations for the new rules and regulations that will be implemented by regulators. Promote various business strategies and risk management including climate change, and enhance the efficiency and

adequacy of capital utilization in a changing environment.

2. Starting from customer needs, combining with O2O digital marketing communication, through joint operation of physical and digital channels, actively develop digital financial services, continue to improve customer service and product cross-selling, optimize loan service processes at the same time to create a quality loan application environment for all channels to provide customers with a more convenient digital service experience.
3. Apply data-mining techniques and analyze customers' information collected through different channels for better understanding of customers' requirements, so that the right products/services can be offered at the right time through the right channel.
4. Offer diverse range of integrated financial products to facilitate transfer of customer relations within group and maximize synergy in the use of group resources. Optimize physical and digital channels from a customer experience perspective, and strengthen relationship with customers through more user-friendly and convenient services, direct business efforts toward high potential customers and high-margin products for increased revenue contribution, improved operational performance and higher customer value.
5. Strengthen the sales force and expand the scope of sales and services through the establishment of a new type of sales force and digital tools in response to potential business opportunities in the market; at the same time, continue to use data models to analyze customer potentials and provide professional sales assistance and training resources to revitalize customer operations value and enhance the cross-selling effect.
6. Use technology to deepen customer interactions, grasp customer preferences through digital tools and data, and tailor services to enhance customer interactions. Furthermore, the Bank will be adopting a more stringent identity verification method used by the Financial Holding Company to create a secure and convenient digital entrance for users to access services offered by the bank and other subsidiaries of the Financial Holding Company.

(II) Corporate banking service

The Bank will target customers in the industry, continue to strengthen control of operating cash flow and diversify cross-selling, create the optimal financial experience while ensuring excellent asset quality, and strengthen the spirit of One Bank collaboration, and utilize overseas branches to cultivate cross-border services and develop overseas business opportunities. Overseas business opportunities; in addition, it is intended to strengthen the mechanism of troop management and utilization of auxiliary marketing resources, supplemented by data public opinion analysis, customer group labeling and other precise marketing, in order to accelerate business development and improve the efficiency of capital use based on a high level of consensus across the bank. Rooted in ESG philosophy and commitment, and exerted financial influence in the corporate sustainable value chain.

(III) Wealth management service

1. The bank will continue to develop and introduce new wealth management products to capitalize on market opportunities by making full use of internal and external resources and to satisfy the diversified asset allocation planning needs of high-end customers through differentiated and customized products and services.
2. The bank continues to build more digital channels for communication with customers and actively improves the end-to-end trading experience of digital customers. Moreover, due to the rise of young digital native investors, digital dependence has increased. On the other hand, an aging population has reduced pension benefits, and the public has become more and more aware of retirement planning and inheritance needs, and demanded more diverse and different wealth management services. In the future, the Bank will continue to promote digital technology to create differentiated wealth management services to meet the wealth management needs of all customers.
3. Improving customer service satisfaction and asset health are the primary goals to effectively link our investment advice and post-investment services. While pursuing channel consistency, we will integrate intelligent technology at each service node to complete the intelligent transformation of all wealth management.

4. Affected by climate change and the pandemic, investors around the world have more consciously invested their capital into sustainable development issues. The Bank will continue to incorporate ESG issues and products into its product promotion strategies to stay in line with international frameworks and trends.
5. In view of the increasingly stringent insurance supervision and the high uncertainty in the market environment, the future insurance sales are expected to be more challenging. The Bank will adjust its product sales strategies dynamically based on the market development, and use digitalization of operations and data analysis technologies to strengthen risk control at each node of operations, and enable business development and internal control to complement each other, and continue to optimize the insurance application process to provide customers with a better experience when purchasing insurance.

(IV) Trust service

1. In response to aging demographics and increase in wealth transfer needs, a diversified and innovative trust platform offering complete asset planning solutions and investment instruments will be created to make good use of trust independence and customization resilience, help customers retire without worry, and stable wealth succession and transfer.
2. Faced with the aging housing problem in Taiwan, we provide real estate trust services to assist the government to accelerate urban renewal, promote the reconstruction of dangerous and old buildings, and improve building safety to protect people's housing safety and quality of life.
3. Engage top-performing investment trust companies to hold custody of public (private) funds, and promote custodian service for investment-linked insurance and discretionary investment accounts.

(V) Foreign currency service

Strategically lend the channels introduce cash flow and cross-selling opportunities through trade and finance products, strengthen the integrity of domestic and overseas foreign exchange products and upgrade the SWIFT system, and provide safer, faster and more convenient remittance services. Through optimization of foreign exchange platform, integration of physical and virtual channels and introduction of diverse foreign

currency services, the Bank aims to increase the efficiency of customers' capital allocation as well as their attachment to the Bank's services, which ultimately improves the Bank's competitiveness in the market.

(VI) Credit card service

1. The CUBE card continues to promote the strategy of “one card for all” and conducts privilege brand management; according to customer preferences, the Bank has now expanded to five major benefit plans to satisfy the “1” exclusive among cardholders that best matches their consumption pattern. Combined with the CUBE App, you can also switch “N” number of additional benefit plans flexibly, i.e. a “co-branded” exclusive to you, and gradually form a new habit for card users with the “1+N” benefit plan. In order to continue to create market volume and consumption momentum, the gap of the main rights and interests coverage will be explored, and the consumption will be concentrated through the breadth and precision of the rights and interests coverage, the rules for the launch and removal of rights will be established to maintain the health of the product. Develop a personalized rights grading system to shift the spending power of customers with low spending power, internal and external.
2. With the CUBE management strategy of one card, one account, one app, the digital level of cardholders has been greatly improved, which is helpful for the development of personalized marketing. Using factors such as customers' transaction frequency and consumption preferences, and using data model calculations, we will try innovative business models and cooperation with merchants. We hope that by jointly injecting resources into managing customer groups, we can bring more feedback to our customers and deepen the willingness of merchants to do business with the Bank.
3. Based on customer needs and driven by digital, data and technology, we provide personalized marketing and financial services to meet different customer needs, and use the CUBE flexible and independent platform to practice product distribution and successfully divert strategic merchants to inject marketing resources for joint management high-value customers, help merchants acquire new customers and increase sales. We will also continue to create more cooperation opportunities with strategic merchants, and gradually expand the channels of financial cooperation with the Cathay group to provide customers with more

convenient, diversified consumption experience and one-stop financial services, and create a win-win situation for the bank, merchants, and customers.

4. In response to the payment market trends, the Bank will continue to explore partners that match customers' consumption fields and behaviors, and expand cooperation in diverse aspects. By taking advantage of the CUBE platform, the Bank can connect customers' daily payment behaviors and experiences through CUBE card benefit plans or coupon collection applications, expand the scope of non-cash payment scenarios, enhance customer relationship, provide optimal customer experience, and satisfy daily financial needs.
5. The Bank uses comprehensive data to gain insight into customers, combine online and offline consumption journeys, introduce machine learning and AI models, grasp the real-time needs of customers, improve the forecasting ability in precision marketing, explore high-contribution customer groups, effectively focus marketing resources on potential customers, and maximize customer value.

(VII) Payment service

1. Acquiring for special stores business: Continue the government's goal of cashless transactions and provide acquiring cash flow services to meet the needs of different types of merchants. Externally, the Bank will actively grasp emerging models and regulations, enter the market in a timely manner, and provide merchants with a convenient and fast digital application process to continuously expand the market scale. Internally, the Bank will continue to optimize the acquisition review mechanism to control potential risks and reduce labor costs at the same time to build an efficient digital service team.
2. Emerging payment business: Digital transformation is the general trend of all industries. The Bank will lock target industries to discuss cooperation with digital platforms such as APP, and at the same time use payment as a bridge to connect with the Cathay Group's various financial partners, and continue to expand the breadth and knowledge of our daily life finance services degree.

3. Automated channel business: Focus on customer experience, enhance cash flow service, improve operating performance, and continue to assist branches in migrating over-the-counter transactions and digital applications to create the best service platform for the front-line customers.

(VIII) Overseas operations

The Bank will continue to make good use of the Group's competitive advantages to strengthen overseas operations to provide customers with better service and experience, improve digital service capabilities to respond to the financial technology trend, and develop various business in line with important policies and regulatory measures promoted by governments.

1. Actively deploy overseas channels, expand product services, and improve operational procedures to enhance customer experience.
2. Integrate the cross-border collaboration between overseas branches and subsidiaries, optimize the customer management system for multinational groups, give full play to the synergy of overseas business connections and collaboration, and build a cross-border platform advantage.
3. Promote green finance, establish the Bank's leading brand in green finance, and extend influence to overseas countries.
4. Accelerate the digital transformation, optimize the platform, and try new business models to promote digital lending to improve operational efficiency.
5. Focus on customer service and risk control, strengthen legal compliance, Anti-Money Laundering, information security, and risk management and other internal control mechanisms to achieve balanced development and ensure a sound capital structure.
6. Strengthen the mechanism for the cultivation and development of international financial talents, expand the database of international financial talents, and improve the succession plan and system.
7. Integrate the resources of the Group and improve the overseas service and deployment through channels such as banking, life insurance, and property insurance.

V. Impacts from the External Competitive Environment, Regulatory Environment and Overall Business Environment

(I) External competition

The investment market continues to face the threat of uncertainties such as inflation, rising interest rates, and geopolitics. The Bank focuses on customers' financial health and continues to work towards the goal of sustainable wealth management by diversifying investment risks through equities, bonds, and flexible asset allocation to help customers grasp investment opportunities. Looking forward, given the trend and opportunity of interest rate cuts, the Bank will participate in global investments through bonds, thematic trends, and balanced funds with stable cash flow advantages.

The Bank emphasizes the stability of customers' asset allocation, helps customers participate flexibly in the market through diversified asset allocation and equity and bond layout, and construct a robust and shock-resistant investment portfolio by utilizing bond funds and balances funds, as well as overseas bonds, to repond the market turbulence.

In addition, the selective credit control measures by the Central Bank of Taiwan have caused the housing market to cool down, but the policy interest rate will remain unchanged. Domestic and foreign institutions are also very optimistic about Taiwan's economic growth rate in 2024, with an average forecast value of 3.09%. And as the demand for AI and related supply chains increases, the export momentum is good. With the recovery of private investment and continued green energy business opportunities, the domestic economic prospect is still good.

Taiwan has abundant liquidity in its financial system, but local banks have been operating in an environment characterized by low margin, over-competition, and excessive competitors for extended periods of time. To prevent engaging in all-out price competition, the Bank continues to innovate with the help of digital tools and strives to provide business customers with financial services that address a wide range of needs. This effort is further supported with tightened control over credit position and limited capital, which enable the Bank to grow while maintaining sound asset quality and consistent revenues.

The development of technology has brought about changes in the ecology of the financial industry. Banks' traditional business and marketing models are gradually being changed by digital banking services. The physical

branches are undergoing transformation. The original business model based on traditional and physical branches is gradually shifting to virtual channels (e.g. (e-banking and mobile banking), banks have to invest considerable cost to establish an online banking environment and guide branch transformation, while at the same time attaching importance to customer experience and transaction security. The challenge for banks is not only the banking industry, but also the strong FinTech companies. The rise of virtual and cloud-based services will change the financial operating model and territory.

(II) The regulatory environment

The Bank improves overall information security and meets the requirements of the financial industry information security regulations by conducting annual computer system information security assessments, including those at overseas branches, and commissioned an independent professional consulting firm to evaluate the Bank's overall information security implementation throughout the year and submit the evaluation result together with the internal control statement to the board of directors before the first quarter of the following year. In addition, in order to gain an in-depth understanding of the information security implementation of overseas branches, the Bank has arranged for information security personnel to conduct on-site inspections together with third-party consultants to ensure that overseas operations comply with information security regulations and the implementation of various information security control requirements. We hope to embed information security in the corporate culture, and implement and enhance the ability of information security protection.

In response to important issues such as fair treatment of customers, Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT), and corporate social responsibility, the Bank has established internal policies, organized the Bank's internal control measures, such as AML/CFT institutional risk assessment and AML/CFT review project reviews by independent third-party certified public accountants, in order to instill a compliance culture in the Bank's staff and incorporate issues that are valued by the Bank as part of its internal control and the implementation of legal compliance.

The competent authority promotes the protection measures for senior customers. In addition to protecting the rights and interests of customers, the Bank accurately understands the business needs of senior customers, and provides friendly care and protection to customers with Alzheimer's disease.

financial products in order to improve financial-friendly services and protect customers' interests.

The competent authority has increased the life insurance liability reserve, so that the high protection multiple life insurance can improve the product conditions and reduce its risk, which will be more advantageous to customers' rights and interests, which is conducive to the promotion of insurance business.

(III) The overall business environment

As we enter the post-pandemic era, customers are familiar with and prefer digital financial services. The Bank will continue to improve its online wealth management services, and create a more comprehensive one-stop investment platform through multiple personalized modules to satisfy the investment needs of all customers.

As global inflation slows down, the monetary policy of the Federal Reserve becomes loose, and other central banks may follow suit. However, it remains to be seen whether the consumption momentum can be improved. The uncertainties of the market are including extreme weather attack in red sea, Korean crisis and the US presidential election still remain, which affects the willingness to invest and trade.

Despite the global continuing economic recovery, the economic outlook still needs to deal with the downside risks including raging variant virus, hindrance by the supply chain bottleneck and increasing commodity price index. At present, the global economy is facing the impact of inflation and wars, and major international organizations have lowered their growth forecasts for the global economy and world trade volume. Under the highly uncertain international political and economic situation, the Bank will strive to maintain consistency of its business performance, bring more complete financial services and account features to customers, secure deposit source, and optimize customer experience. The Bank also aims to develop integrated investment solutions for customers of special needs, and take advantage of group synergy by cross-selling them through Cathay subsidiaries online as well as offline to attract new capital.

VI. Credit Rating

Institution for credit rating	Rating Received		Rating Outlook	Date of last rating
	Long-term	Short-term		
Taiwan Ratings	twAA+	twA-1+	Stable	2023.10
Standard & Poor's	A	A-1	Stable	2023.10
Moody's	A1	Prime-1	Stable	2023.10

Two. Bank Profile

I. Date of establishment: January 4, 1975

II. Bank history:

The Bank was founded following a merger between “United World Chinese Commercial Bank” (UWCCB) and “Cathay Commercial Bank.” The former of the founding members (UWCCB) was founded in September 1971 during the 4th Cathay Financial Association Gathering, where members and overseas Chinese leaders representing Chinese businesses from 17 countries and regions worldwide gathered and founded a new banking establishment out of commitment to supporting economic growth in the home country, with all 17 members of The Bankers Association of Taipei each contributing 50% of capital. During the founders’ meeting held in May 1974, a resolution was passed to set share capital at US\$12 million, 50% of which was allocated to domestic shareholders while another 50% was allocated to overseas shareholders. In December 1974, the Executive Yuan approved UWCCB’s license application submitted through Ministry of Finance, and UWCCB later commenced official business activities on May 20, 1975 at No. 10 Yongsui Street, Taipei City. On April 17, 1995, UWCCB merged “Overseas Chinese Trust and Investment Co., Ltd” into its organization.

The latter of the founding members (Cathay Commercial Bank) was initially founded as “First Trust and Investment Co., Ltd.” in June 1971. The board re-election held in 1993 elected Mr. Chen-Yu Tsai as the chairman of First Trust and Investment, who introduced a “5-year transformation program” that successfully re-organized the institution into “Huitong Commercial Bank Co., Ltd.” on November 16, 1998. On July 3, 2002, Huitong Commercial Bank Co., Ltd. was renamed “Cathay Commercial Bank.”

As a response to ongoing changes such as the government’s financial reform initiative, the implementation of Financial Holding Company Act and intensifying competition from financial conglomerates after joining the World Trade Organization, Cathay Commercial Bank and UWCCB joined Cathay Financial Group and became 100%-owned subsidiaries of Cathay Financial Holding Co., Ltd. (Cathay Financial Holdings) on April 22 and December 18, 2002, respectively, to provide more complete financial services to a wider range of customers. A decision was later made to merge UWCCB and Cathay Commercial Bank according to The Financial Institutions Merger Act and related laws, with UWCCB being the

surviving company and Cathay Commercial Bank the dissolved company. Merging had a number of advantages such as integrated resource, reduced cost, enhanced performance, improved service and creation of synergy. Terms and details of the merger agreement were passed during the board of directors meeting held on April 21, 2003, and were later approved by the Ministry of Finance on June 26. The merger baseline date was set on October 27, 2003, from which time the surviving entity was renamed Cathay United Bank Co., Ltd.

To ensure further growth in terms of service scope and market share, the Bank later merged with Lucky Bank (January 1, 2007 being the baseline date) and acquired a certain part of assets, liabilities, and business activities from China United Trust & Investment Corporation on December 29, 2007. Following the merger, the Bank was able to increase the domestic branch count to 165.

III. Awards

- 《Asian Private Banker》 The Strongest Banks Rankings- Best Private Bank, Taiwan Domestic
- 《Wealth Magazine》 2023 Wealth Management Award- Best Wealth Management
- 《Wealth Magazine》 2023 Wealth Management Award- Best Digital Smart System
- 《Wealth Magazine》 2023 Wealth Management Award- Best Innovative Trust Service
- 《Retail Banker International》 Asia Trailblazers Awards- Best App for Customer Experience, Winner
- 《Retail Banker International》 Asia Trailblazers Awards- Best Training and Development Course, Winner
- 《Global View Magazine》 ESG Corporate Sustainability Award- Outstanding Program - Talent Development
- 《The Asset 》 Triple A Digital Awards 2023- Best Digital Upgrade
- 《The Asset 》 Triple A Treasurise Awards 2023- Best Service Provider - Cash Management
- 《The Asset 》 Triple A Treasurise Awards 2023- Editors' Triple Star for CUB Payroll Ecosystem
- 《Asiamoney》 Best Bank Award- Best Bank for SMEs
- 《China Times》 Financial Services Awards- Best Innovation- Innovative Platform
- 《Enterprise Asia》 Asia responsible enterprise awards- Social Empowerment
- 《Taiwan Institute for Sustainable Energy》 Taiwan Sustainable Investment Awards- Model of Influential Institution
- 《Asian Banking & Finance》 Wholesale Banking Awards 2023- Cash

Management

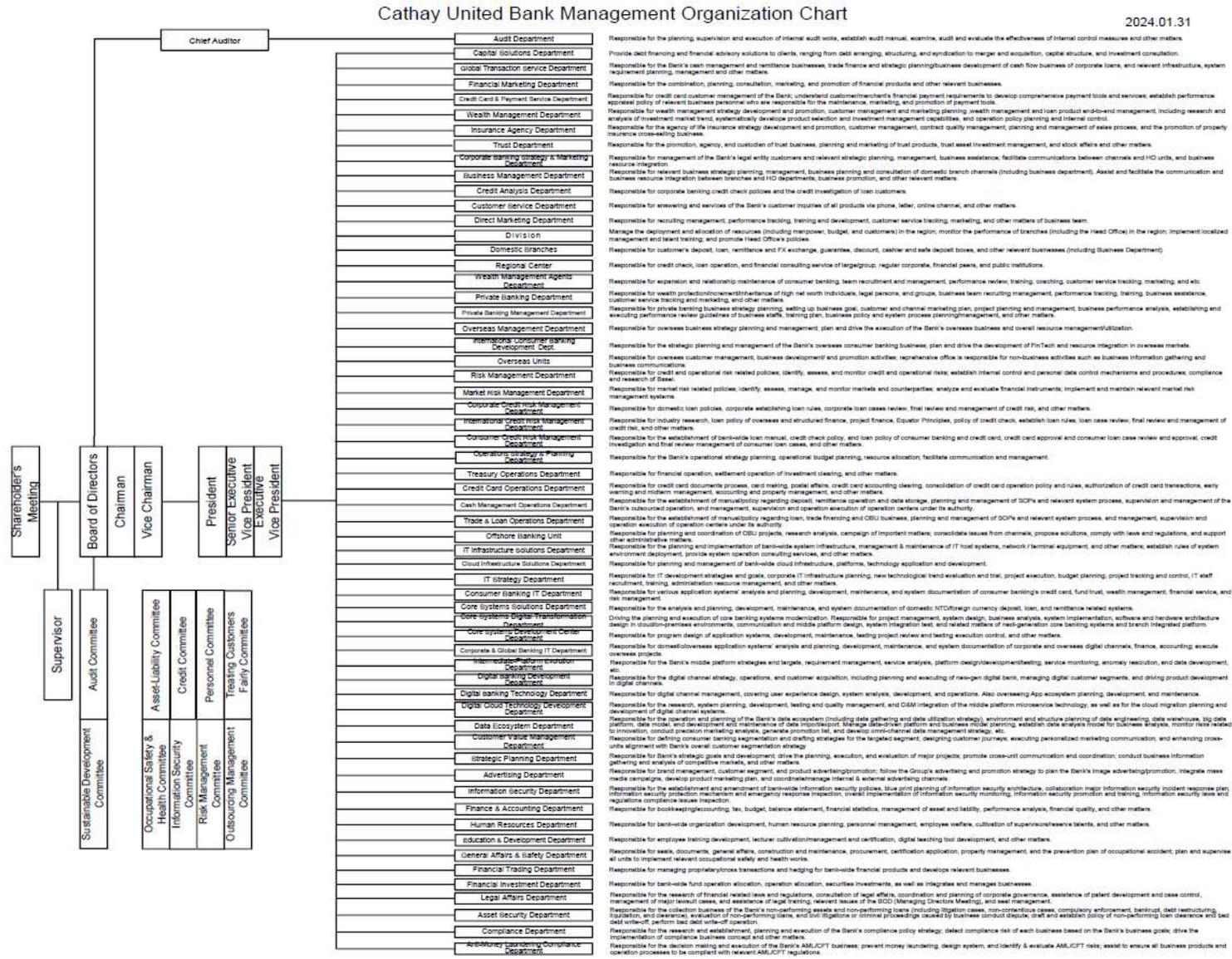
- 《Asian Banking & Finance》 Wholesale Banking Awards 2023- Trade Finance
- 《Asian Banking & Finance》 Retail Banking Awards 2023- Domestic Retail Bank of the Year, Taiwan
- 《Asian Banking & Finance》 Retail Banking Awards 2023- the Insurance Product Innovation of the Year, Taiwan
- 《Financial Supervisory Commission》 Trust 2.0 Program- Employee Benefits Awards
- 《The Asset》 The Asset Triple A Sustainable Infrastructure Awards 2023- Deal Awards- Project finance deal of the year
- 《The Asset》 The Asset Triple A Sustainable Infrastructure Awards 2023- Deal Awards -Green project of the year
- 《The Asset》 The Asset Triple A Sustainable Infrastructure Awards 2023- Deal Awards- Renewable energy deal of the year
- 《The Asset》 The Asset Triple A Sustainable Infrastructure Awards 2023- Project Finance Bank by Country, Taiwan
- 《The Asian Banker》 Taiwan Awards 2023- Best Mobile Banking Service in Taiwan
- 《Excellence Magazine》 2023 Excellence Bank Rating Survey- Best Image Award Financial Industry Category
- 《Business Today Magazine》 2023 17th Wealth Management Bank and Securities Assessment- Best Wealth Management Bank
- 《Business Today Magazine》 2023 17th Wealth Management Bank and Securities Assessment- Best Asset Protector, First Place
- 《Business Today Magazine》 2023 17th Wealth Management Bank and Securities Assessment- Best Smart Wealth Management, Second Place
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Best Leadership Development Program, Gold Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Best Transformation Strategy, Gold Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Employee Engagement Solution – Implementation, Gold Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Remote Workforce Management Solution - New or New-Version, Gold Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Workforce Management Solution - Implementation, Gold Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Achievement in Succession and Career Management, Silver Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Best Talent Management Strategy, Silver Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Achievement in Leadership Development, Bronze Stevie Winner

- 《The Stevie Awards》 The Stevie Awards for Great Employers - Achievement in Talent Management Technology Implementation, Bronze Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Achievement in Workforce Development and Learning, Bronze Stevie Winner
- 《The Stevie Awards》 The Stevie Awards for Great Employers - Learning/Training Team of the Year, Bronze Stevie Winner
- 《The Asset》 Triple A Awards for Private Capital Awards 2023- Best Private Bank, Taiwan
- 《The Asset》 Triple A Awards for Private Capital Awards 2023- Best Private Bank for HNWI, Taiwan
- 《The Asset》 Triple A Awards for Private Capital Awards 2023- Editors' Triple Star-Fintech Innovation and ESG Integration
- 《Wealth Magazine》 2023 Taiwan Financial Award- Impact Investment Trust, Excellence Award
- 《Wealth Magazine》 2023 Taiwan Financial Award- Consumers' Award for Financial Brands: Best Customer Referral for Domestic Bank, Premium Award
- 《The Stevie Awards》 2023 International Business Awards- Brand Experience of the Year - Consumer, Gold Stevie Winner
- 《The Stevie Awards》 2023 International Business Awards- Branded Content Campaign of the Year, Gold Stevie Winner
- 《The Stevie Awards》 2023 International Business Awards- Financial Services, Silver Stevie Winner
- 《The Stevie Awards》 2023 International Business Awards- Best Technical Support Strategy and Implementation, Bronze Stevie Winner
- 《The Stevie Awards》 2023 International Business Awards- Sustainability Initiative of the Year - in Asia, Australia and New Zealand, Bronze Stevie Winner
- 《IDC》 2023 IDC Future Enterprise Awards- Future Enterprise of the Year 2023
- 《IDC》 2023 IDC Future Enterprise Awards- Best in Future of Customer Experience
- 《Commercial Times》 3rd Taiwan Fintech Award- Digital Innovation Award
- 《Republic of China National Enterprise Competitiveness Development Association》 2023 20th National Brand Yushan Award - Best Product
- 《Republic of China National Enterprise Competitiveness Development Association》 2023 20th National Brand Yushan Award - Best Popular Brand
- 《The Asset》 Benchmark Research Awards 2023 - Asian G3 Bond- Top Investment House, Commercial banks, Taiwan
- 《Taiwan Institute for Sustainable Energy》 2023 16th Taiwan Corporate Sustainability Awards- Information Security Leadership Award

- 《Taiwan Institute for Sustainable Energy》 2023 16th Taiwan Corporate Sustainability Awards- Talent Development Leadership Award
- 《Taiwan Institute for Sustainable Energy》 2023 16th Taiwan Corporate Sustainability Awards- Employee Benefit Leadership Award
- 《Ministry of Culture》 16th Arts and Business Awards- Gold Award
- 《Environmental Protection Administration, Executive Yuan》 5th National Enterprise Environmental Protection Award- Bronze Award”
- 《HR Asia》 Asia Best Companies to Work for in Asia Singapore 2023- Best Companies to Work for in Asia 2023
- 《HR Asia》 Asia Best Companies to Work for in Asia Singapore 2023- Most Caring Company Award 2023
- 《HR Asia》 Asia Best Companies to Work for in Asia Singapore 2023- Diversity, Equity and Inclusion Award 2023
- 《Hong Kong Quality Assurance Agency (HKQAA)》 2023 Green and Sustainable Finance Awards- Outstanding Award for Green and Sustainable Loan Structuring Advisor (Water Industry)
- 《Hong Kong Quality Assurance Agency (HKQAA)》 2023 Green and Sustainable Finance Awards- Outstanding Award for Green and Sustainable Loan Structuring Advisor (Real Estate Industry)
- 《Ctgoodjobs》 Best HR Awards 2023- Employer of the Year, Grand
- 《Ctgoodjobs》 Best HR Awards 2023- Best Corporate Wellbeing Programme Award, Grand
- 《Ctgoodjobs》 Best HR Awards 2023- Best Innovative HR Initiative Award, Grand
- 《Ctgoodjobs》 Best HR Awards 2023- Best Employee Engagement Strategy Award, Gold
- 《Commercial Times》 2023 Trust Award- Insurance Trust Innovation Gold Award
- 《Commercial Times》 2023 Trust Award- Family Trust Innovation Gold Award
- 《Commercial Times》 2023 Trust Award- Securities Trust Innovation Excellence Award

Three. Corporate Governance Report

I. Organization: Organizational responsibilities of main departments.



II. Directors, Supervisors, President, Executive Vice Presidents, Assistant Executive Vice Presidents, Heads of Various Departments and Branches, and Consultants:

(I) Board Members and Supervisors Information (Table 1)

Board Members and Supervisors Information (1)

March 31, 2023

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Office Term	Date first Elected	Shareholding when Elected		Current shareholding		Shares held by spouses and minor children		Shares held in the name of others		Education and selected past positions	Concurrent duties in the Bank and in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Chairman	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Andrew Ming-Jian Kuo	M 61-70	2022.06.30	3 years	2007.07.03	(Note)	(Note)	-	-	-	-	-	-	Chairman, Cathay United Bank (M.B.A., Baruch College, City University of New York, USA)	Independent Director, Samson Holding Ltd., and Zhongshan Huali Industrial Group Co., Ltd.; Director, Cathay Financial Holdings, Cathay Securities Investment Trust, Cathay Private Equity Co., Ltd., Far East Horizon Limited, Cathay Medical Care Corporate and Financial Information Service Co.,Ltd.;Supervisor of The Bankers Association of Taipei and NTU Children's Health Foundation	None			
Vice Chairman	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Tzung-Han Tsai	M 41-50	2022.06.30	3 years	2011.06.29	(Note)	(Note)	-	-	-	-	-	-	Vice Chairman of Cathay United Bank (J.D., Georgetown University, USA)	Director, Cathay Life Insurance Company, Conning Holdings Limited, The Taiwan Entrepreneurs Fund Limited, 7-Eleven Malaysia Holdings Berhad, Srisawad Corporation Public Company Limited, Harvard University Scholarship Foundation; Executive Vice Presiden, Tung Chi Industrial Co., Ltd.; Taiwan Yushan Vice Chairman, Science and Technology Association	Director	Tsung-Hsien Tsai	Brothers	

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Office Term	Date first Elected	Shareholding when Elected		Current shareholding		Shares held by spouses and minor children		Shares held in the name of others		Education and selected past positions	Concurrent duties in the Bank and in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Managing Director (Independent Director)	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Tang-Chieh Wu	M 61-70	2022.06.30	3 years	2019.06.26	(Note)	(Note)	-	-	-	-	-	-	Secretary-General, Taiwan Financial Services Roundtable; Former Chairman, Hua Nan Financial Holdings Co., Ltd., Hua Nan Bank, Land Bank of Taiwan; Former Political Deputy Minister, Ministry of Finance; Former Vice Chairman, Financial Supervisory Commission Republic of China (Taiwan); Former DirectorGeneral, Securities and Futures Bureau, Financial Supervisory Commission Republic of China (Taiwan) (Master of National Chengchi University (Dept. of Public Finance))	Independent Director, Cathay Financial Holdings, Cathay Life Insurance and Cathay Century Insurance; Secretary-General, Taiwan Financial Services Roundtable; Consultant, Accounting Research and Development Foundation; Director, Foundation of Pacific Basin Financial Research and Development and Mr. Guo-Fu Chen Foundation, Mr. Chao Chin Huang Foundation; Chairman, Alumni Association of Department of Public Finance, National Taipei University; Supervisor, Alumni Association of National Taipei University, Taiwan-Russia Association, etc.	None			
Managing Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Alan Lee	M 51-60	2022.06.30	3 years	2010.05.13	(Note)	(Note)	-	-	-	-	-	-	President of Cathay United Bank (Master of Business, National Taiwan University)	President, Cathay United Bank; Director, Cathay United Bank (China), CDIB Partners Investment Holding Corp., Taiwan Real Estate Management, Taiwan Finance Corporation, National Credit Card Center of R.O.C., Cathay Charity Foundation, and Cathay United Bank Culture & Education Foundation, etc.	None			

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Office Term	Date first Elected	Shareholding when Elected		Current shareholding		Shares held by spouses and minor children		Shares held in the name of others		Education and selected past positions	Concurrent duties in the Bank and in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Independent Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Feng-Chiang Miao	M 71-78	2022.06.30	3 years	2016.06.20	(Note)	(Note)	-	-	-	-	-	-	Chairman of MiTAC Holdings Corporation; Former ITRI Laureate; President of UPC Technology Corporation, President of Linde Lienhwa Industrial Gases Co., Ltd.; Chairman of Synnex Corporation; Independent Director of Galileo International Shipping Co., Ltd.; Independent Director of British Oxygen Company, Independent Director of Linde Group; Representative of APEC Business Advisory Council (ABAC); Convener of Civil Advisory Committee of National Information and Communications Initiative Committee (NICI); (Honorary Doctorate of National Chiao Tung University, Master of Business Administration of Santa Clara University, U.S.A., Bachelor of Electrical Engineering, University of California, Berkeley, U.S.A.)	Independent Director, Cathay Financial Holdings; Chairman, Lien Hwa Industrial Holdings Corp., UPC Technology Corporation, Synnex Technology International Corp., MiTAC Holdings Corporation, MiTAC Incorporated, MiTAC International Corporation, Harbinger Venture Management Co., Ltd., Harbinger Venture Capital, UPC Venture Capital; Director, Getac Holdings Corporation, MiTAC Computing Technology Corporation, MiTAC Digital Technology Corporation, MiTAC Information Technology Corp., Linde Lienhwa Industrial Gases Co., Ltd. Lien Hwa Milling Corporation, Harbinger III Venture Capital Corp., MiTAC Advance Technology Corp., GLORY ACE INTERNATIONAL INC., Synnex Global Ltd., CTCI Foundation; Chairman of Chinese National Federation of Industries, etc.				

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Office Term	Date first Elected	Shareholding when Elected		Current shareholding		Shares held by spouses and minor children		Shares held in the name of others		Education and selected past positions	Concurrent duties in the Bank and in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Independent Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Edward Yung-Do Way	M 71-78	2022.06.30	3 years	2017.06.16	(Note)	(Note)	-	-	-	-	-	-	Chairman, YCSY Co., Ltd.; Former CEO, Deloitte Taiwan (M.B.A., of University of Georgia, USA)	Independent Director, Cathay Financial Holdings, Cathay Securities, Far Eastern Department Stores and Taita Chemical Co., Ltd.; Chairman, CSY Co., Ltd.; Director, Iron Force Industrial, Vanguard International Semiconductor and MiTAC Holdings, etc.	None			
Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Tsung-Hsien Tsai	M 41-50	2022.06.30	3 years	2013.07.12	(Note)	(Note)	-	-	-	-	-	-	Senior Executive Vice President of Cathay Financial Holdings (M.S. in Electronic Engineering, Harvard University, USA)	Senior Executive Vice President, Cathay Financial Holdings and Cathy Century Insurance; Director, Cathay Century Insurance; Vice Chairman, Symphox Information Co., Ltd.	Vice Chairman	Joseph Tsai	Brothers	
Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Chi-Wei Joong	M 61-70	2022.06.30	3 years	2013.07.12	(Note)	(Note)	-	-	-	-	-	-	Chairman and CEO (legal representative) of Moderntimes (Shanghai) Co., Ltd.; Former President, CMB Credit Card Center (B.A., Kean College of New Jersey, USA)	Chairman and CEO (legal representative), Moderntimes Co., Ltd.; Director, Cathay Financial Holdings, and Moderntimes Information Co., Ltd., etc.	None			
Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Han-Kuo Chen	M 51-60	2022.06.30	3 years	2018.11.03	(Note)	(Note)	-	-	-	-	-	-	Bank of Taiwan - Deputy Manager of Department of Planning and Chief of Legal Affairs Center (Master of Law, Soochow University)	Bank of Taiwan - Deputy Manager of Department of Planning and Chief of Legal Affairs Center				

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Office Term	Date first Elected	Shareholding when Elected		Current shareholding		Shares held by spouses and minor children		Shares held in the name of others		Education and selected past positions	Concurrent duties in the Bank and in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Grace Chen	F 51-60	2022.06.30	3 years	2003.10.24	(Note)	(Note)	-	-	-	-	-	-	Senior Executive Vice President of Cathay Financial Holdings (M.B.A. of National Chengchi University)	Senior Executive Vice President, Cathay Financial Holdings; Director, Cathay Financial Holding and Cathay United Bank Foundation	None			
Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Sophia Cheng	F 51-60	2022.06.30	3 years	110.03.11	(Note)	(Note)	-	-	-	-	-	-	Senior Executive Vice President of Cathay Financial Holdings (M.S., Golden Gate University, USA)	Senior Executive Vice President, Cathay Financial Holdings; Director, Genome Frontier Therapeutics, INC., Pioneer Biotechnology, and Cathay Life Insurance Foundation	None			

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Office Term	Date first Elected	Shareholding when Elected		Current shareholding		Shares held by spouses and minor children		Shares held in the name of others		Education and selected past positions	Concurrent duties in the Bank and in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Jian-Hsing Wu	M 61-70	2022.06.30	3 years	2016.06.20	(Note)	(Note)	-	-	-	-	-	-	Senior Executive Vice President of Cathay United Bank (Master of Computer Science and Information Engineering, Tamkang University)	Director, Cathay United Bank Foundation; Senior Executive Vice President, Cathay Financial Holdings and Cathay United Bank	None			
Director	R.O.C.	(Representative for Cathay Financial Holding Co., Ltd.) Wei-Hua Chou	M 51-60	2022.06.30	3 years	2017.06.29	(Note)	(Note)	-	-	-	-	-	-	Chairman of Cathay United Bank (China) (Master of Finance, National Chengchi University)	Chairman, Cathay United Bank (China); Senior Executive Vice President, Cathay United Bank; Director, Taiwan Finance Corporation	None			

Note: The Bank entered into Cathay Financial Holding Co., Ltd. after transfer of shares on December 18, 2002. The Bank is a 100%-owned subsidiary of Cathay Financial Holding Co., Ltd. All directors are institutional representatives appointed by Cathay Financial Holding Co., Ltd.

Note: Information on directors holding concurrent positions as of February and March 2023.

Note 1: Cathay Financial Holding Co., Ltd. appointed the Bank's 17th board of directors on June 30, 2022, for a term of three years from June 30, 2022 to June 29, 2025. The Bank established the "Audit Committee" on June 30, 2022 to replace supervisors.

Note 2: The Bank's 17th Round Board of Directors meeting elected the Bank's Managing Director on June 30, 2022 at an extraordinary 1st extraordinary meeting. The Managing Directors elected Mr. Andrew Ming-Jian Kuo as Chairman and Mr. Joseph Tsai as Vice Chairman.

Note 3: Mr. Chung-Yi Teng resigned from the position of Director of the Bank on April 14, 2023, with effect on April 14, 2023.

Note 4: Mr. Chang-Ken Lee resigned from the position of Director on June 12, 2023, with effect on June 12, 2023.

Chart 1: Major Shareholders of Institutional Shareholders

April 16, 2024

Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)
Cathay Financial Holding Co., Ltd.	Wan Pao Development Co., Ltd. (15.68%), Lin Yuan Investment Co., Ltd. (13.88%), New Labor Pension Fund Scheme (2.75%), Shin Kong Life Insurance Co., Ltd. (1.8%), Labor Insurance Fund (1.36%), Pai Hsing Investment Co., Ltd. (1.21%), TransGlobe Life Insurance Inc. (1.13%), Wan Ta Investment Co., Ltd. (1.12%), Citibank (Taiwan) in its capacity as Master Custodian for Investment Account of GIC Pte Ltd. (1.10%), Chang Gung Medical Foundation (1.09%),

Note 1: For directors and supervisors who are representatives of institutional shareholders, the name of the institutional shareholder should be filled.

Note 2: The above table shows the names and shareholding percentages of major shareholders (top 10 shareholders) for each of the corporate shareholders (shareholding percentage includes common shares and Class A and Class B preferred shares).

Fill in Chart 2 below, if the major shareholders are institutions/corporate.

Note 3: For corporate shareholders that are not corporate entities, the name of capital contributor or donor(referring to the Judicial Yuan’s public announcement for reference) and percentage of capital contribution or donation are shown instead of shareholder name and shareholding percentage. And add a note “deceased” for donors who have passed away.

Chart 2: Major Shareholders of the Entities from Chart 1 that Are Institutions/Corporate

April 16, 2024

Institutional Shareholders (Note)	Major Shareholders of Institutional Shareholders
Wan Pao Development Co., Ltd.	Tung Chi Capital Co., Ltd. (19.96%), Chia Yi Capital Co., Ltd. (19.85%), Liang Ting Industrial Co., Ltd. (17.85%), Lin Yuan Investment Co., Ltd. (14.70%), Wan Ta Investment Co., Ltd. (12.89%), Pai Hsing Investment Co., Ltd. (9.18%), Chen Sheng Industrial Co., Ltd. (3.57%), Tzung Lien Industrial Co., Ltd. (2.00%)
Lin Yuan Investment Co., Ltd.	Chia Yi Capital Co., Ltd. (19.75%), Tung Chi Capital Co., Ltd. (19.69%), Liang Ting Industrial Co., Ltd. (17.74%), Wan Pao Development Co., Ltd. (14.81%), Wan Ta Investment Co., Ltd. (13.01%), Pai Hsing Investment Co., Ltd. (9.45%), Chen Sheng Industrial Co., Ltd. (3.54%), Tzung Lien Industrial Co., Ltd. (2.01%)
New Labor Pension Fund Scheme	None
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding Co., Ltd. 100%
Labor Insurance Fund	None
Pai Hsing Investment Co., Ltd.	Hong-Tu Tsai (31.47%), Tung Chi Trust Property Account (68.52%), Tzung-Han Tsai (0.01%)

Institutional Shareholders (Note)	Major Shareholders of Institutional Shareholders
TransGlobe Life Insurance Inc.	Chung Wei Yi Co., Ltd. 100%
Wan Ta Investment Co., Ltd.	Cheng-Ta Tsai (97.60%), Lin Yuan Investment Co., Ltd. (1.97%), Liang Ting Industrial Co., Ltd. (0.43%)
Citibank (Taiwan) as Directed Trustee For GIC-Government of Singapore	None
Chang Gung Medical Foundation	Nan Ya Plastics Corporation (17.98%), Formosa Chemicals & Fibre Corporation (13.84%), Formosa Plastics Corporation (13.28%), Yung-Tsai Wang (11.24%), Yung-Ching Wang (7.35%) (donation percentage)

Note 1: The name of the institutional shareholder should be filled in for an institutional investor, like that in Chart 1.

Note 2: Fill in the major shareholders (top-10 shareholdings) of the institutional shareholders and their individual holding percentage.

Note 3: For corporate shareholders that are not corporate entities, the name of capital contributor or donor and percentage of capital contribution or donation are shown instead of shareholder name and shareholding percentage.

III. Background Information of the President, Executive Vice Presidents, Assistant Executive Vice Presidents, and Heads of Departments and Branch Offices (Table 1-1)

March 31, 2024

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
President	R.O.C.	Alan Lee	M	20160711	(Note)	—	—	—	—	—	Master of Commerce, National Taiwan University	Managing Director of Cathay United Bank; Director of Cathay United Bank (China) Limited, Development International Investment, Taiwan Real-estate Management Corp., Taiwan Finance Corp., National Credit Card Center of R.O.C., Cathay Life Insurance Foundation, Cathay United Bank Foundation, etc.	—	—	—	—
Chief Auditor	R.O.C.	Su-Chu Li	F	20210702	(Note)	—	—	—	—	—	MBA, University of Central Florida		—	—	—	—
Senior Executive Vice President	R.O.C.	Chung-Yi Teng	M	20140711	(Note)	—	—	—	—	—	MBA, Massachusetts Institute of Technology, USA	Senior Executive Vice President of Cathay Financial Holding; Director of Cathay United Bank, Cathay United Bank (China), Cathay Venture Capital, Cathay United Bank Foundation, and Taiwan Real-estate Management Corp.; Chairman of Cathay United Bank (Cambodia) Corporation Limited	—	—	—	—
Senior Executive Vice President	R.O.C.	Jian-Hsing Wu	M	20160118	(Note)	—	—	—	—	—	Master of Information Engineering, Tamkang University	Director of Cathay United Bank, Cathay United Bank Foundation; Senior Executive Vice President of Cathay Financial Holding Co., Ltd.	—	—	—	—
Senior Executive Vice President	R.O.C.	Wei-Hua Chou	M	20170501	(Note)	—	—	—	—	—	Master of Finance, National Chengchi University	Chairman of Cathay United Bank (China) Limited; Director of Cathay United Bank and Taiwan Finance Corporation	—	—	—	—
Senior Executive Vice President	R.O.C.	Yu-Chin Cheng	M	20200312	(Note)	—	—	—	—	—	Master of Civil Engineering, National Taiwan University		—	—	—	—
Senior Executive Vice President	R.O.C.	Hsiang-Hsin Tsai	F	20200312	(Note)	—	—	—	—	—	MBA, Thunderbird School of Global Management	Senior Executive Vice President of Cathay Financial Holding; Supervisor of Cathay United Bank (China) Limited; Director of Cathay Financial Holding	—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Senior Executive Vice President	R.O.C.	Xu-Jie Yao	M	20200312	(Note)	—	—	—	—	—	MBA., Massachusetts Institute of Technology, USA	Senior Executive Vice President of Cathay Financial Holdings; Director of TPISoftware Corporation	—	—	—	—
Senior Executive Vice President	R.O.C.	Ching-Li Chang	M	20220127	(Note)	—	—	—	—	—	MBA, Massachusetts Institute of Technology, USA		—	—	—	—
Senior Executive Vice President	R.O.C.	Chih-Fong Wang	M	20220127	(Note)	—	—	—	—	—	MBA, Tsinghua University Beijing	Director of Cathay United Bank (Cambodia) Corporation Limited	—	—	—	—
Senior Executive Vice President	R.O.C.	Hsing-Hsien Hu	M	20220207	(Note)	—	—	—	—	—	MBA, University of Southern California		—	—	—	—
Senior Executive Vice President	R.O.C.	Fa-Hsiang Chang	M	20240131	(Note)	—	—	—	—	—	Master of Finance, New York University		—	—	—	—
Executive Vice President	R.O.C.	Chao-Kuei Kuo	M	20130101	(Note)	—	—	—	—	—	Bachelor of Cooperative Economy, Tamkang University	Director of Cathay Futures Co., Ltd.	—	—	—	—
Executive Vice President	R.O.C.	Tsung-Meng Huang	M	20130101	(Note)	—	—	—	—	—	Bachelor of Economics, National Taiwan University		—	—	—	—
Executive Vice President	R.O.C.	Chang-Li Tsao	M	20130501	(Note)	—	—	—	—	—	Bachelor of Business Administration, Soochow University		—	—	—	—
Executive Vice President	R.O.C.	Hsing-Ming Lee	M	20160308	(Note)	—	—	—	—	—	MBA, University of Southern Queensland		—	—	—	—
Executive Vice President	Hong Kong	Chi-Yuan Chien	M	20160419	(Note)	—	—	—	—	—	MBA, York University (Canada)		—	—	—	—
Executive Vice President	R.O.C.	Chen-Tung Chang	M	20180210	(Note)	—	—	—	—	—	MBA, Chiayi University		—	—	—	—
Executive Vice President	R.O.C.	Ching-Hsiang Chan	M	20180210	(Note)	—	—	—	—	—	Master of Investment Management, City University of London		—	—	—	—
Executive Vice President	USA	Hua-Ben Miao	M	20180210	(Note)	—	—	—	—	—	MBA, Pennsylvania State University	Executive Vice President of Cathay Financial Holding Co., Ltd.; Director of Cathay United Bank (Cambodia) Corporation Limited.; Independent Director of CircuTech International Holdings Limited	—	—	—	—
Executive Vice President	R.O.C.	Chien-Hui Hung	F	20180210	(Note)	—	—	—	—	—	Master of Law, The London School of Economics and Political Science		—	—	—	—
Executive Vice President	R.O.C.	Po-Shen Fuh	M	20180613	(Note)	—	—	—	—	—	Master of Finance, Victoria University of Wellington	Supervisor of Cathay Securities Corporation.	—	—	—	—
Executive Vice President	R.O.C.	Chen-Han Wen	M	20180701	(Note)	—	—	—	—	—	PhD, Economics, Xiamen University		—	—	—	—
Executive Vice President	R.O.C.	Yen-Wen Chen	M	20210116	(Note)	—	—	—	—	—	Bachelor, Department of Food Nutrition, Fu Jen Catholic University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Executive Vice President	R.O.C.	Kuan-Hsueh Chen	M	20210204	(Note)	—	—	—	—	—	MBA, University of California, LA	Executive Vice President of Cathay Financial Holdings	—	—	—	—
Executive Vice President	R.O.C.	Cheng-Lu Chen	M	20220312	(Note)	—	—	—	—	—	Master of Finance, National Chengchi University		—	—	—	—
Executive Vice President	R.O.C.	Chang-Ying Tu	M	20220312	(Note)	—	—	—	—	—	Bachelor of Applied Mathematics, Chinese Culture University		—	—	—	—
Executive Vice President	R.O.C.	Ting-Lun Li	M	20220312	(Note)	—	—	—	—	—	MBA, National Taiwan University	Director of Cathay Walbrook Holding 1 Limited, Cathay Woolgate Exchange Holding 1 Limited, and Cathay Venture Capital Co., Ltd.	—	—	—	—
Executive Vice President	R.O.C.	Ming-Chiao Liang	M	20220819	(Note)	—	—	—	—	—	Master of Information Management, Ming Chuan University	Executive Vice President of Cathay Financial Holdings	—	—	—	—
Executive Vice President	R.O.C.	Li-Meng Lin	F	20230118	(Note)	—	—	—	—	—	MBA, National Taiwan University of Science and Technology		—	—	—	—
Executive Vice President	R.O.C.	Kuan-Ling Kuo	F	20230118	(Note)	—	—	—	—	—	MBA, University of Southern Queensland		—	—	—	—
Executive Vice President	R.O.C.	Chia Chi Wang	F	20230201	(Note)	—	—	—	—	—	Master of Law, University of Connecticut		—	—	—	—
Executive Vice President	Singapore	Wei-Kun Huang	M	20230214	(Note)	—	—	—	—	—	Bachelor of Business Administration, National University of Singapore		—	—	—	—
Executive Vice President	R.O.C.	Hsiu-Chu Chuang	F	20230701	(Note)	—	—	—	—	—	MBA, New York Institute of Technology		—	—	—	—
Executive Vice President	R.O.C.	Chun-Ping Chen	F	20240131	(Note)	—	—	—	—	—	Master of Business Administration, National Taiwan University of Science and Technology		—	—	—	—
Executive Vice President	R.O.C.	Yao-Te Wang	M	20240131	(Note)	—	—	—	—	—	Master of Computer Science, University of Southern California		—	—	—	—
Assistant Executive Vice President	R.O.C.	Shu-Yu Tu	F	20040501	(Note)	—	—	—	—	—	MBA, National Chengchi University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Shu-Chun Chuang	F	20090122	(Note)	—	—	—	—	—	Master of Investment Analysis, University of Stirling		—	—	—	—
Assistant Executive Vice President	R.O.C.	Tzu-Jen Chao	M	20101101	(Note)	—	—	—	—	—	Bachelor of Accounting, Tamkang University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Wen-Hung Li	M	20141001	(Note)	—	—	—	—	—	MBA, the University of Texas at Arlington		—	—	—	—
Assistant Executive Vice President	R.O.C.	Min-Hsiu Yen	F	20150320	(Note)	—	—	—	—	—	Bachelor of Finance, National Kaohsiung University of Applied Sciences		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chun-Liang Lin	M	20150501	(Note)	—	—	—	—	—	MBA, Soochow University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Hsin-Pei Lin	F	20150501	(Note)	—	—	—	—	—	Bachelor of Business Administration, National Chung Cheng University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Assistant Executive Vice President	R.O.C.	Wan-Ching Li	F	20160726	(Note)	—	—	—	—	—	Master of Industrial Economics, National Central University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Yu-Peng Wu	M	20160819	(Note)	—	—	—	—	—	MBA, National Chengchi University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Jung-Hsi Li	M	20171109	(Note)	—	—	—	—	—	Bachelor of Law, National Taiwan University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chung-Che Li	M	20180427	(Note)	—	—	—	—	—	MBA, Chiayi University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chun-Wei Lai	M	20181103	(Note)	—	—	—	—	—	Master of Insurance, Feng Chia University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chih-Tung Huang	M	20190131	(Note)	—	—	—	—	—	Bachelor of Accounting, National Chung Hsing University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Yu-Cheng Yeh	M	20200312	(Note)	—	—	—	—	—	Master of Finance, Dressel University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chi-Hua Su	M	20200613	(Note)	—	—	—	—	—	Master of Commerce, City University of New York Baruch College		—	—	—	—
Assistant Executive Vice President	R.O.C.	Lin-Shu Hu	M	20200915	(Note)	—	—	—	—	—	MBA, National Chiao Tung University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Pei-Wen Wu	F	20101113	(Note)	—	—	—	—	—	M.S., National Yunlin University of Science and Technology		—	—	—	—
Assistant Executive Vice President	R.O.C.	Yuan-Ti Yao	M	20210116	(Note)	—	—	—	—	—	Master of Commerce, The University of Sydney		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chen-Kuei Chu	M	20210116	(Note)	—	—	—	—	—	Bachelor of Computer Science Department, Chinese Culture University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Pen-Chieh Liu	M	20210116	(Note)	—	—	—	—	—	Master of Information Management, Tatung University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Yueh-Chun Hou	F	20210311	(Note)	—	—	—	—	—	Master of Law, University of Pennsylvania		—	—	—	—
Assistant Executive Vice President	R.O.C.	I-Chuan Shih	F	20210316	(Note)	—	—	—	—	—	Master of Finance, National Taiwan University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Cheng-Lueh Cheng	M	20210820	(Note)	—	—	—	—	—	Bachelor of Mechanical Engineering, National Taipei University of Technology		—	—	—	—
Assistant Executive Vice President	R.O.C.	Kung-Yun Lin	F	20220101	(Note)	—	—	—	—	—	Master of Finance, National Chengchi University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chung-Wei Li	F	20220127	(Note)	—	—	—	—	—	Master of Biostatistics, University of Michigan, USA		—	—	—	—
Assistant Executive Vice President	R.O.C.	Yu-Yun Hsu	F	20220127	(Note)	—	—	—	—	—	Department of Banking and Insurance, Takming University of Science and Technology		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Assistant Executive Vice President	R.O.C.	Chih-Yu Su	M	20220127	(Note)	–	–	–	–	–	Bachelor of Information Management, Tamkang University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Li-Hsun Chen	F	20220127	(Note)	–	–	–	–	–	Bachelor of Business Administration, National Chengchi University	Assistant Executive Vice President of Cathay Financial Holdings	–	–	–	–
Assistant Executive Vice President	R.O.C.	Kai-Chung Cheng	M	20220127	(Note)	–	–	–	–	–	MBA, National Chung Cheng University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Mei-Chuan Chen	F	20220819	(Note)	–	–	–	–	–	Master of Finance, Tamkang University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Shin-Yu Chung	M	20220819	(Note)	–	–	–	–	–	Master of Financial Management, University of Exeter, UK		–	–	–	–
Assistant Executive Vice President	R.O.C.	Hao-Hsiang Liu	M	20220819	(Note)	–	–	–	–	–	Master of Economics, National Sun Yat-Sen University	Assistant Executive Vice President of Cathay Financial Holdings	–	–	–	–
Assistant Executive Vice President	R.O.C.	Yi-Min Lin	M	20221111	(Note)	–	–	–	–	–	Master of Civil Engineering, National Taiwan University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Wan-Yu He	F	20230428	(Note)	–	–	–	–	–	MBA, National Taiwan University of Science and Technology		–	–	–	–
Assistant Executive Vice President	R.O.C.	Yi-Feng Huang	M	20230428	(Note)	–	–	–	–	–	Bachelor of Information Management, Chinese University of Science and Technology		–	–	–	–
Assistant Executive Vice President	R.O.C.	Chiu-Chen Chang	F	20230512	(Note)	–	–	–	–	–	Department of Industrial Engineering and Management, Oriental Institute of Technology		–	–	–	–
Assistant Executive Vice President	R.O.C.	Ming-Chi Hsu	F	20190907	(Note)	–	–	–	–	–	Bachelor of Business Administration, National Central University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Ming-Jen Yang	M	20240101	(Note)	–	–	–	–	–	Master of Industrial Engineering, National Tsing Hua University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Sheng-Yu Huang	M	20240101	(Note)	–	–	–	–	–	MBA, Feng Chia University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Yi-Chung Hsiao	M	20240101	(Note)	–	–	–	–	–	Ph.D. in Commerce, Chung Yuan Christian University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Ming-Chun Wang	M	20240101	(Note)	–	–	–	–	–	Master of Finance and Risk Management, Shu-Te University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Lung-Hao Ko	M	20240116	(Note)	–	–	–	–	–	Bachelor of Business Administration, National Chengchi University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Chien-Liang Chen	M	20240116	(Note)	–	–	–	–	–	MBA, Royal Roads University		–	–	–	–
Assistant Executive Vice President	R.O.C.	Li-de Liu	M	20240131	(Note)	–	–	–	–	–	Bachelor, Mathematics, Tamkang University		–	–	–	–

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Assistant Executive Vice President	R.O.C.	Shang-Wen Wang	M	20240131	(Note)	—	—	—	—	—	Bachelor of Financial Management, National Chengchi University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Wu, Ming-Yang	M	20240131	(Note)	—	—	—	—	—	MBA, Peking University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chang-hao Liu	M	20240131	(Note)	—	—	—	—	—	Master of Finance, University of Leicester		—	—	—	—
Assistant Executive Vice President	R.O.C.	Chao-Tang Yu	M	20240131	(Note)	—	—	—	—	—	Master of Accounting, University of Reading		—	—	—	—
Assistant Executive Vice President	R.O.C.	Li-Hsin Wu	F	20240131	(Note)	—	—	—	—	—	Master of Marketing, University of Edinburgh		—	—	—	—
Assistant Executive Vice President	R.O.C.	Hsueh Hsiang-Chu	M	20240131	(Note)	—	—	—	—	—	MBA, Boston University		—	—	—	—
Assistant Executive Vice President	R.O.C.	Guo-dong Tseng	M	20240131	(Note)	—	—	—	—	—	Bachelor, Department of Business Administration, Tamsui Institute of Business Administration		—	—	—	—
Assistant Executive Vice President	R.O.C.	Cheng-Tse Lin	M	20240131	(Note)	—	—	—	—	—	Master of Economics, National Taiwan University		—	—	—	—
Assistant Executive Vice President of Regional Center	R.O.C.	Li-Hua Feng	F	20180817	(Note)	—	—	—	—	—	Master of Finance, Fu Jen Catholic University		—	—	—	—
Assistant Executive Vice President of Regional Center	R.O.C.	Shih-Hsing Lin	F	20210116	(Note)	—	—	—	—	—	Department of Finance, Open College Affiliated with National Taipei College of Business		—	—	—	—
Assistant Executive Vice President of Regional Center	R.O.C.	Ying-Kun Chen	M	20240131	(Note)	—	—	—	—	—	Master of Finance, National Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiao-Kuang Li	F	20030919	(Note)	—	—	—	—	—	MBA, Preston University, U.S.A		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ling-Yu Lin	F	20031027	(Note)	—	—	—	—	—	Department of Accounting and Statistics, Shih Chien University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yu-Hsing Fan	M	20031027	(Note)	—	—	—	—	—	Bachelor of Cooperative Economy, Tamkang University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yung-Ching Hung	M	20031027	(Note)	—	—	—	—	—	Bachelor of Economics, Soochow University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Kuang-Chung Chen	M	20031027	(Note)	—	—	—	—	—	MBA, Yuan Ze University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chun-Hsiang Hsu	F	20031027	(Note)	—	—	—	—	—	MBA, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsin-Chun Li	M	20040407	(Note)	—	—	—	—	—	Bachelor of International Trade, Feng Chia University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Wen-Yuan Li	M	20040407	(Note)	—	—	—	—	—	Bachelor of Cooperative Economy, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Tao-Huang Lin	M	20040407	(Note)	—	—	—	—	—	Master of Finance, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Wen-Kai Chen	M	20040530	(Note)	—	—	—	—	—	Master of Finance, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yu-Chu Hsiao	F	20040801	(Note)	—	—	—	—	—	MBA, University of Leicester		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ping-Hui Lin	M	20050301	(Note)	—	—	—	—	—	MBA, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yung-Chin Tsai	M	20050322	(Note)	—	—	—	—	—	Bachelor of Industrial Construction Management, National Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yen-Chin Lin	M	20050418	(Note)	—	—	—	—	—	Bachelor of Industrial Construction Management, National Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Pai-Shun Li	M	20050516	(Note)	—	—	—	—	—	Bachelor of Business Administration, Soochow University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ya-Ling Hsieh	F	20050520	(Note)	—	—	—	—	—	M.B.A, Yuan Ze University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiu-Chin Huang	F	20050523	(Note)	—	—	—	—	—	MBA, National Pingtung University of Science and Technology		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Kuei-Chu Chen	F	20050607	(Note)	—	—	—	—	—	Master of Finance, National Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hui-Ying Chiang	F	20050615	(Note)	—	—	—	—	—	MBA, Providence University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Shih-Cheng Chen	M	20050616	(Note)	—	—	—	—	—	Master of Finance, National Taiwan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Tsung-Han Lu	M	20050617	(Note)	—	—	—	—	—	Bachelor of Finance, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Jui-Pin Tseng	M	20050617	(Note)	—	—	—	—	—	Bachelor of Statistics, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Te-Ching Ou	M	20050701	(Note)	—	—	—	—	—	Department of Finance, National Taipei College of Business		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ling-Yi Chuang	F	20050901	(Note)	—	—	—	—	—	Master of Economics, Oklahoma State University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Wen-Feng Chen	F	20061110	(Note)	—	—	—	—	—	MBA, Schiller International University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chih-Jui Shen	M	20070101	(Note)	—	—	—	—	—	MBA, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Shu-Ling Chen	F	20070101	(Note)	—	—	—	—	—	International MBA, Asia University Taiwan		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ming-Chih Tsai	M	20070101	(Note)	—	—	—	—	—	Bachelor of International Trade, Chung Yuan Christian University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chao-Chun Tseng	M	20070401	(Note)	—	—	—	—	—	International MBA, Asia University Taiwan		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Li-Ping Hsu	F	20070401	(Note)	—	—	—	—	—	Bachelor of Cooperative Economy, Feng Chia University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiang-Lan Chang Chien	F	20070401	(Note)	—	—	—	—	—	Bachelor of Economics, Tunghai University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Feng-Chu Lin	F	20070618	(Note)	—	—	—	—	—	MBA, Soochow University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Jung-Sung Hsu	M	20070625	(Note)	—	—	—	—	—	MBA, University of Houston		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chun-Ting Lin	M	20071015	(Note)	—	—	—	—	—	MBA, Chaoyang University of Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Liang-Jung Fan	M	20071229	(Note)	—	—	—	—	—	Bachelor of International Trade, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Mei-Ling Chen	F	20080430	(Note)	—	—	—	—	—	Bachelor of Banking, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ya-Hui Chi	F	20080601	(Note)	—	—	—	—	—	MBA, University of Southern Queensland		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Wen-Kan Lin	M	20080707	(Note)	—	—	—	—	—	Master of Finance, National Taipei University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chung-Ping Jen	M	20080822	(Note)	—	—	—	—	—	Bachelor of Statistics, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiu-Chen Wu	F	20080908	(Note)	—	—	—	—	—	Bachelor of Accounting, Tamkang University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chien-Yu Chen	M	20081110	(Note)	—	—	—	—	—	Master of Commerce, National Taiwan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Cheng-Chi Hsiao	M	20081111	(Note)	—	—	—	—	—	Bachelor of International Trade, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Wei-Te Hsu	M	20081215	(Note)	—	—	—	—	—	Bachelor of Business Administration, Ming Chuan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsing-Chu Chiu	F	20081215	(Note)	—	—	—	—	—	MBA, University of Southern Queensland		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiao-Hua Cho	F	20090122	(Note)	—	—	—	—	—	Department of Accounting and Statistics, National Taipei University of Business		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Jen-Kai Tseng	M	20090122	(Note)	-	-	-	-	-	Bachelor of Law, Chinese Culture University		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Mei-Ling Ting	F	20090826	(Note)	-	-	-	-	-	Department of International Trade, National Taipei University of Business		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Chun-An Chen	M	20090826	(Note)	-	-	-	-	-	MBA, National Taiwan University of Science and Technology		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Cheng-Tien Wu	M	20090826	(Note)	-	-	-	-	-	Bachelor of Finance, Fortune University		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Chien-Cheng Tsung	M	20090826	(Note)	-	-	-	-	-	Bachelor of Business Administration, National Chung Hsing University		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Chun-Huan Chiang	F	20090826	(Note)	-	-	-	-	-	Department of International Trade, National Taipei University of Business		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Jung-Tsung Tsao	M	20100429	(Note)	-	-	-	-	-	Bachelor of Business Administration, Fu Jen Catholic University		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Jung-Chin Wu	M	20100524	(Note)	-	-	-	-	-	MBA, Tamkang University		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Shih-Kuang Yueh	M	20100901	(Note)	-	-	-	-	-	Department of Electrical Engineering, National Kaohsiung Institute and Technology		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Sung-Hsing Chen	M	20110101	(Note)	-	-	-	-	-	Department of Business Administration, Tamsui Institute of Business Administration		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Feng-Hsu Ko	M	20110315	(Note)	-	-	-	-	-	MBA, University of Illinois		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Hui-Fang Chen	F	20110503	(Note)	-	-	-	-	-	Bachelor of Commerce, Open University of Kaohsiung		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Chen-Chung Li	M	20110503	(Note)	-	-	-	-	-	Master of Finance, National Taiwan University of Science and Technology		-	-	-	-
Branch Assistant Executive Vice President	R.O.C.	Min-Cheng Chiang	M	20110503	(Note)	-	-	-	-	-	International MBA, National Changhua University of Education		-	-	-	-

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Hsueh-Fen Yeh	F	20110503	(Note)	—	—	—	—	—	Bachelor of Commerce, Open University of Kaohsiung		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chia-Hui Sun	F	20120501	(Note)	—	—	—	—	—	Bachelor of Theatre Arts, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chih-Wen Chang	M	20120628	(Note)	—	—	—	—	—	Master of Economics, National Taiwan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Su-Yen Chi	F	20130625	(Note)	—	—	—	—	—	Department of Business Administration (On-job Program), Open College Affiliated with National Taipei University of Business		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ming-Chi Li	M	20130715	(Note)	—	—	—	—	—	EMBA, National Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiung-Hui Lin	M	20130826	(Note)	—	—	—	—	—	MBA, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Jen-Chieh Liao	M	20140315	(Note)	—	—	—	—	—	Ph.D. in Commerce, Chung Yuan Christian University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Lung-San Fu	M	20140315	(Note)	—	—	—	—	—	Bachelor of Applied Foreign Languages, National United University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Tzu-Chen Tsao	F	20140827	(Note)	—	—	—	—	—	Bachelor of International Trade, Chung Yuan Christian University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Shih-Lin Sung	M	20140827	(Note)	—	—	—	—	—	Master of Accounting, National Changhua University of Education		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chi-Wei Lu	M	20141113	(Note)	—	—	—	—	—	Bachelor of Economics, Tunghai University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chien-Hui Yu	F	20150320	(Note)	—	—	—	—	—	MBA, National Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Li-Ling Yang	F	20150320	(Note)	—	—	—	—	—	Department of International Trade, National Taipei University of Business		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chi-Chen E	F	20150320	(Note)	—	—	—	—	—	Department of Accounting and Statistics, Tainan Junior College of Home Economics		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Ming-Liang Chen	M	20150320	(Note)	—	—	—	—	—	Master of Finance, National Kaohsiung First University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yao-Yi Huang	M	20150821	(Note)	—	—	—	—	—	Bachelor of Laws, National Taipei University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsi-Chiu Chen	M	20150821	(Note)	—	—	—	—	—	MBA, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ping-Tsang Lin	M	20160128	(Note)	—	—	—	—	—	MBA, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Shu-Hui Tsai	F	20160401	(Note)	—	—	—	—	—	Bachelor of Land Administration, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Kung-Pin Li	M	20160401	(Note)	—	—	—	—	—	Bachelor of Economics, Fu Jen Catholic University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chia-Ching Shen	F	20161114	(Note)	—	—	—	—	—	Bachelor of International Trade, Fu Jen Catholic University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chien-Ta Chen	M	20161114	(Note)	—	—	—	—	—	Bachelor of Law, Tunghai University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chun-Yi Chen	M	20170101	(Note)	—	—	—	—	—	Master of Technology Management, National Chiao Tung University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsi-Jen Liu	M	20170101	(Note)	—	—	—	—	—	Master of Finance, Chaoyang University of Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chao-Chi Hsu	M	20170126	(Note)	—	—	—	—	—	MBA, Feng Chia University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chia-Ching Lin	M	20180210	(Note)	—	—	—	—	—	Bachelor of International Trade, National Tamkang University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chien-Ming Chen	M	20180210	(Note)	—	—	—	—	—	Bachelor of International Trade, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chiu-Chin Chen	F	20180210	(Note)	—	—	—	—	—	Bachelor of Business Administration, Tamkang University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Chien-Chang Tseng	M	20180210	(Note)	—	—	—	—	—	MBA, St. John's University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Jen-Ming Liu	M	20180210	(Note)	—	—	—	—	—	Master of Finance, National Chung Cheng University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Jen-Yi Huang	M	20180210	(Note)	—	—	—	—	—	Bachelor of Urban Planning and Development, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chih-Hsun Chang	M	20180210	(Note)	—	—	—	—	—	MBA, Tamkang University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Kuei-Ying Wu	F	20180210	(Note)	—	—	—	—	—	Bachelor of Statistics, Fu Jen Catholic University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Kuo-Yang Wu	M	20190131	(Note)	—	—	—	—	—	Bachelor of Banking, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Cheng-Yu Chen	M	20190131	(Note)	—	—	—	—	—	Master of Financial Management, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiu-Chuan Chou	F	20190131	(Note)	—	—	—	—	—	Bachelor of International Trade, Yung Ta Institute of Technology and Commerce		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chao-Chi Chen	M	20190131	(Note)	—	—	—	—	—	Bachelor of I-SHOU University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chih-Chun Chung	M	20190722	(Note)	—	—	—	—	—	Bachelor of Banking and Insurance, Shih Chien University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chin-Yung Chu	M	20190816	(Note)	—	—	—	—	—	Master of Finance, Tamkang University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Shih-Wei Li	M	20190916	(Note)	—	—	—	—	—	MBA, University of Southern Queensland		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yi-Man Liu	F	20200121	(Note)	—	—	—	—	—	Bachelor of Statistics, Tamkang University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chiu-Ling Hung	F	20200201	(Note)	—	—	—	—	—	Bachelor of Economics, Soochow University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Yi-Pou Chen	F	20200201	(Note)	—	—	—	—	—	MBA, National Taipei University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ching-Hui Lin	F	20200201	(Note)	—	—	—	—	—	Bachelor of Insurance, Chaoyang University of Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yin-Chi Lin	F	20200201	(Note)	—	—	—	—	—	Bachelor of Business Administration, Fu Jen Catholic University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Neng-Che Shih	M	20200201	(Note)	—	—	—	—	—	Master of Finance, National Chung Cheng University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yi-Che Su	M	20200201	(Note)	—	—	—	—	—	Department of Business Administration, Chihlee Institute of Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Keng-Ping Lin	M	20200201	(Note)	—	—	—	—	—	Bachelor of Industrial Engineering, Feng Chia University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Cheng-Tsung Yen	F	20200201	(Note)	—	—	—	—	—	Department of Banking and Insurance, Ming Chuan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yu-Ching Su	M	20200201	(Note)	—	—	—	—	—	EMBA, National Taiwan Normal University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yi-Ching Lin	F	20200201	(Note)	—	—	—	—	—	Bachelor of Economics, Fu Jen Catholic University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chi-Jen Yeh	M	20200312	(Note)	—	—	—	—	—	Bachelor of International Trade, Tunghai University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hui-Ting Li	F	20200821	(Note)	—	—	—	—	—	Master of Non-Profit Organization Management, Fu Jen Catholic University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yu-Lan Lu	F	20200821	(Note)	—	—	—	—	—	MBA, National Taiwan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chien-Wei Peng	M	20201012	(Note)	—	—	—	—	—	MBA, Soochow University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Kao Yeh	M	20201113	(Note)	—	—	—	—	—	Master of Finance, National Chung Hsing University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Ya-Fen Lin	F	20210116	(Note)	—	—	—	—	—	Department of Banking and Insurance, Ming Chuan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ching-Ya Huang	F	20210116	(Note)	—	—	—	—	—	Bachelor of Business Administration, Soochow University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Kuang-Nan Fan Chiang	M	20210116	(Note)	—	—	—	—	—	Master of Finance, National Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chi-Chu Peng	F	20210116	(Note)	—	—	—	—	—	MBA, Chiayi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Wei-Li Liang	M	20210116	(Note)	—	—	—	—	—	Bachelor of Industrial Engineering, Tunghai University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chin-Yu Chiu	M	20210116	(Note)	—	—	—	—	—	EMBA, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yu-Jen Chiu	M	20210116	(Note)	—	—	—	—	—	MBA, Feng Chia University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yueh-Hung Hsu	M	20210116	(Note)	—	—	—	—	—	Master of Insurance, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Shou-Lu Liu	M	20210116	(Note)	—	—	—	—	—	Bachelor of Business Administration, National Central University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yi-Hung Yu	M	20210116	(Note)	—	—	—	—	—	Bachelor of Economics, Feng Chia University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chi-Yao Chang	F	20210116	(Note)	—	—	—	—	—	Bachelor of Business Administration, Tunghai University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiu-Hua Chen	F	20210820	(Note)	—	—	—	—	—	Department of International Trade, Ming Chuan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chun-Hsiang Tseng	M	20210820	(Note)	—	—	—	—	—	EMBA, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ming-Hui Chang	M	20210820	(Note)	—	—	—	—	—	Master of Accounting, National Taipei University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Te-Li Yang	M	20210820	(Note)	—	—	—	—	—	Bachelor of English Literature, Providence University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hui-Wen Lin	F	20220127	(Note)	—	—	—	—	—	Master of Finance, National Central University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Che-Wei Ho	M	20220127	(Note)	—	—	—	—	—	Master of Commerce Automation & Management, National Taipei University of Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Shu-Wei Chang	M	20220127	(Note)	—	—	—	—	—	Bachelor of Information Management, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chun-Hsiang Tseng	M	20220127	(Note)	—	—	—	—	—	MBA, National Chengchi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	An-Ju Yang	M	20220127	(Note)	—	—	—	—	—	Master of Finance, The City University of New York		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chih-Kao Tu	M	20220127	(Note)	—	—	—	—	—	Master of International Business, Soochow University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Fu-Tsung Cheng	M	20220127	(Note)	—	—	—	—	—	MBA, Chiayi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chih-Wei Lin	M	20220127	(Note)	—	—	—	—	—	Bachelor of Law, Fu Jen Catholic University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ming-Hui Shih	M	20200201	(Note)	—	—	—	—	—	Bachelor of Information Management, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Pei-Hsun Lin	M	20220127	(Note)	—	—	—	—	—	MBA, Southern Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Fu-Yao Hsieh	M	20220127	(Note)	—	—	—	—	—	Master of Finance, Fu Jen Catholic University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Lu-Cheng Liu	M	20220127	(Note)	—	—	—	—	—	Master of Construction Engineering, National kaohsiung University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Ying-Hsuan Lai	F	20220514	(Note)	—	—	—	—	—	Master of Financial Management, University of London, UK		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Yu-Chi Yu	M	20220514	(Note)	—	—	—	—	—	Master of Public Administration, National Sun Yat-Sen University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yu-teng Hsueh	M	20220514	(Note)	—	—	—	—	—	Master of Social Science, National Chung Hsing University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Wen-Hsien Cheng	M	20220819	(Note)	—	—	—	—	—	MBA, National Taiwan University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Pei-Shan Lin	F	20220819	(Note)	—	—	—	—	—	Chinese Culture University Business Administration		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Min-Ching Wu	M	20220819	(Note)	—	—	—	—	—	M.S., National Yunlin University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Meng-hong Lin	M	20220901	(Note)	—	—	—	—	—	Master of International Business, Chinese Culture University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Hsiao-Ying Chen	F	20230118	(Note)	—	—	—	—	—	Bachelor, Accounting, Feng Chia University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Wei-lung Chang	M	20230118	(Note)	—	—	—	—	—	Bachelor of Economics, National Taiwan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Yong-Huei Yang	M	20230118	(Note)	—	—	—	—	—	Master of Financial Management, National Kaohsiung University of Science and Technology		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chun-Ming Liu	M	20240116	(Note)	—	—	—	—	—	MBA, National Chiao Tung University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Chun-Lin Li	M	20240116	(Note)	—	—	—	—	—	Bachelor of Economics, Soochow University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	He-Tsung Hsu	M	20230428	(Note)	—	—	—	—	—	Bachelor, Risk Management and Insurance, Ming Chuan University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Jia-hong Liu	M	20230818	(Note)	—	—	—	—	—	Bachelor of Business Administration, Jinyi University		—	—	—	—
Branch Assistant Executive Vice President	R.O.C.	Pin-Hsuan Chen	F	20230818	(Note)	—	—	—	—	—	Master of Finance, National Chung Cheng University		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Branch Assistant Executive Vice President	R.O.C.	Jie-Hua Cheng	F	20230901	(Note)	—	—	—	—	—	University of New Brunswick Master of Business Administration		—	—	—	—
Branch Manager	R.O.C.	Ching-Yi Yeh	F	20240131	(Note)	—	—	—	—	—	Department of International Trade, Business School		—	—	—	—
Branch Manager	R.O.C.	Kai-Yuan Ho	M	20240131	(Note)	—	—	—	—	—	Master of Finance, Yuan Ze University		—	—	—	—
Branch Manager	R.O.C.	Wei-Ling Shang	F	20240131	(Note)	—	—	—	—	—	Bachelor, Department of Industrial Engineering and Management, Chien Kuo Institute of Technology		—	—	—	—
Branch Manager	R.O.C.	De-Ru Chen	F	20240131	(Note)	—	—	—	—	—	Bachelor, Department of Business Administration, Chung Yuan Christian University		—	—	—	—
Branch Manager	R.O.C.	Yi-Chun Chou	F	20240131	(Note)	—	—	—	—	—	Bachelor, Department of Economics, National Taipei University		—	—	—	—
Branch Manager	R.O.C.	Chieh-Ren Chen	M	20240131	(Note)	—	—	—	—	—	Master of International Trade, Soochow University		—	—	—	—
Overseas branch Assistant Executive Vice President	R.O.C.	Hai-Ching Chen	M	20150401	(Note)	—	—	—	—	—	Master of Finance, National Taiwan University		—	—	—	—
Overseas branch Assistant Executive Vice President	R.O.C.	Chung-En Pan	M	20160401	(Note)	—	—	—	—	—	Bachelor of Statistics, National Chengchi University		—	—	—	—
Overseas branch Assistant Executive Vice President	R.O.C.	Shih-Jen Cheng	M	20180817	(Note)	—	—	—	—	—	Master of Finance, National Central University		—	—	—	—
Overseas branch Assistant Executive Vice President	R.O.C.	Wei-Chieh Lu	M	20190401	(Note)	—	—	—	—	—	Master of Finance, Chaoyang University of Technology		—	—	—	—
Overseas branch Assistant Executive Vice President	R.O.C.	Du-Heng, Tsai	M	20190816	(Note)	—	—	—	—	—	Master of Financial Management, California State University		—	—	—	—
Representative of Overseas Office	Indonesia	Setio Soejanto	M	20161014	(Note)	—	—	—	—	—	Bachelor of Business Administration, University of San Francisco		—	—	—	—
Representative of Overseas Office	R.O.C.	Chi-bo Chen	M	20230118	(Note)	—	—	—	—	—	MBA, National Taiwan University of Science and Technology		—	—	—	—
Representative of Overseas Office	R.O.C.	Shi-Chen Chao	M	20230620	(Note)	—	—	—	—	—	MBA, University of Iowa-Derbeek, USA		—	—	—	—

Title (Note 1)	Nationality	Name	Gender	On-Board Date	Number of shares held		Shares held by spouses, minor children		Shares held in the name of others		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding			Title	Name	Relationship	
Representative of Overseas Office	R.O.C.	Kuo-Chang Huang	M	20240106	(Note)	—	—	—	—	—	Master of Business Administration, National Chiao Tung University		—	—	—	—

Note 1: Includes information on presidents, Executive Vice Presidents, assistant Executive Vice Presidents, and the heads of various departments and branches. Any position equivalent to a president, Executive Vice President, or assistant Executive Vice President must also be disclosed, regardless of their job titles.

Note 2: Experience related to the current position. If the employee served in a CPA firm or an affiliated enterprise during the aforementioned period, the job title and responsibilities should be detailed.

Note 3: If the general manager or the highest manager of an equivalent position and the chairperson are the same person, spouses, or relatives more than half of the directors do not serve as employees or managers concurrently).

There is no instance where the Chairman and the President or the person of equivalent position (the highest level manager) are the same person, spouses or relatives within the first degree of kinship.

IV. Implementation of the Internal Control System

Declaration of Internal Control System of Cathay United Bank

On behalf of Cathay United Bank, we hereby declare that during the period from January 1, 2023 to December 31, 2023, the Bank duly implemented internal control system and exercised risk management in accordance with “Implementation Regulations for Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries” The audit shall be conducted by an independent audit department, with regular reports to the Board of Directors and Audit Committee, and the compliance with Article 38(5) and Article 38(1) of the aforementioned Regulations as well as the information security self-discipline specifications established by the industry association; The Company also engages in securities business. The effectiveness of the design and execution of the internal control system is judged in accordance with the “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets” to determine whether the design and execution of the internal control system is effective; also engage in insurance agency operations. For business operations, the effectiveness of the design and implementation of the internal control system is judged in accordance with the criteria for the effectiveness of the internal control system stipulated in the “Implementation Rules of Internal Control Audit System and Solicitation Handling System for Insurance Agents and Insurance Brokers.” After a careful assessment, it was found that except for the matters identified in the attached schedule, all units were able to effectively implement internal control, legal compliance and information security tasks during the year.

This declaration constitutes part of the Bank’s annual report and prospectus, and shall be disclosed to the public. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liabilities.

Sincerely,

Financial Supervisory Commission

Stated by:

Chairman: Andrew Ming-Jian Kuo

President: Alan Lee

Chief Auditor: Su-Chu Li

Chief Compliance Officer: Chia-Chi Wang

CIO: Yao-Te Wang

March 9, 2023

**Items of Internal Control System Improvement and Improvement Plan of
Cathay United Bank**

(Baseline date: December 31, 2023)

Issues-to-be-improved	Improvement	Estimated Completion Date
I. The lack of on-site inspection of CUBCN Bank by Shanghai Bureau in 2021.	Amendments have been made to the relevant regulations to establish a list of positions eligible for deferred payment of performance-based remuneration, refinement of the requirements for the measurement of working capital requirements, and strengthening of the internal control system. The CUBCN Bank has held accountable personnel responsible for violations and internal control deficiencies, and completed corrections.	Rectified
II. While the securities investment consulting business is concurrently engaged in providing robo-investment services, most of the customers have not signed the securities investment consulting contract.	(1) A notification letter has been sent to customers who have not yet signed the investment consultation contract, reminding customers to read and sign the investment consultation contract with the Bank. (2) Add a reminder mechanism to guide customers who have not signed the contract after logging in.	Rectified 2024/3/31
III. Deficiencies in the misappropriation of customers' funds by the former brokers and employees.	(1) The Bank has strengthened the management mechanism for accounts associated with the financial institution to prevent abnormal fund transactions with customers through the affiliated accounts of the financial institution. (2) The Company continues to promote the importance of protecting their rights and interests to customers, and sends out care messages to	Rectified 2024/6/30

	<p>remind customers of the importance of self-examination of statements.</p> <p>(3) The follow-up monitoring mechanism for internal audits has been strengthened.</p>	<p>Rectified</p>
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V. Report on the Implementation of Agreement Procedures

CPA Due Diligence Report on Cathay United Bank Co., Ltd.

Cathay United Bank Co., Ltd.:

Cathay United Bank has reported on the accuracy of data reported to the competent authority in the year ended December 31, 2023, the implementation of internal control system and compliance system, the adequacy of the bad debt provisioning policy, and the personal data protection project. The CPAs have completed the implementation in accordance with the agreed procedures. Given that the due diligence process was determined by the Company, we, the auditors, do not express opinion on the adequacy of such a process. This meeting was conducted in accordance with the Other Related Service Standards No. 4400 “Execution of Financial Information Agreement Procedures” and Article 24 of the “Implementation Regulations for Internal Audit and Internal Control System and Solicitation Disposal System of Insurance Brokers”, the compliance with the above regulations is the responsibility of the Company's management. The procedures chosen by us as auditors, along with our findings, have been disclosed in the Attachment.

Since we did not perform audit according to generally accepted auditing principles, we do not provide any assurance with regards to the accuracy of regulatory reports, execution of internal control system and compliance system and adequacy of bad debt allowance provision policy, and the personal data protection projects, of Cathay United Bank Co., Ltd. If the CPA were to undertake additional procedures or follow the generally accepted audit principles, other findings or relevant issues may have been discovered.

This report has been prepared for the Company for the purpose described in Paragraph 1, and should not be used for other purposes or distributed to other parties..

Deloitte & Touche

CPAs: Hsu-Jan Cheng

March 25, 2024

Four. Capital Overview

I. Capital and Shares

The Company's capital amounted to NT\$108,598,655,270 divided into 10,859,865,527 shares issued at NT\$10 per share. The share capital is entirely issued in common shares. The Company has been a 100%-owned subsidiary of Cathay Financial Holding Co., Ltd. since December 18, 2002, making Cathay Financial Holding Co., Ltd. the sole shareholder of the Company from that day onwards. A breakdown of issued capital is presented below:

(I) Capital Source

Baseline date: March 31, 2024 Unit: shares/\$

Date	Issue price	Registered Capital		Total Paid-in Capital		Remarks	
		Number of shares	Amount	Number of shares	Amount	Capital Source	Others
2003.10	10	4,318,240,663	\$43,182,406,630	4,318,240,663	\$43,182,406,630	-	-
2005.06	10	4,642,051,816	\$46,420,518,160	4,642,051,816	\$46,420,518,160	Capitalization of earnings NT\$ 3,238,111,530	Note 1
2006.11	10	4,868,941,336	\$48,689,413,360	4,868,941,336	\$48,689,413,360	Cash issue totaling NT\$ 2,268,895,200 for the merger of Lucky Bank	Note 2
2009.09	10	5,227,702,586	\$52,277,025,860	5,227,702,586	\$52,277,025,860	Capitalization of earnings NT\$ 3,587,612,500	Note 3
2013.08	10	6,142,471,362	\$61,424,713,620	6,142,471,362	\$61,424,713,620	Capitalization of earnings NT\$ 9,147,687,760	Note 4
2013.09	37	6,466,849,362	\$64,668,493,620	6,466,849,362	\$64,668,493,620	Private cash issue of NT\$ 12,001,986,000, which increased paid-up capital by NT\$3,243,780,000	Note 5
2014.06	10	6,711,276,198	\$67,112,761,980	6,711,276,198	\$67,112,761,980	Capitalization of earnings NT\$ 2,444,268,360	Note 6
2015.06	10	6,947,960,503	\$69,479,605,030	6,947,960,503	\$69,479,605,030	Capitalization of earnings NT\$ 2,366,843,050	Note 7
2016.06	10	7,209,981,464	\$72,099,814,640	7,209,981,464	\$72,099,814,640	Capitalization of earnings NT\$ 2,620,209,610	Note 8
2017.06	28	7,745,624,324	\$77,456,243,240	7,745,624,324	\$77,456,243,240	Private cash issue of NT\$ 14,998,000,080, which increased paid-up capital by NT\$ 5,356,428,600	Note 9
2017.06	10	7,860,405,965	\$78,604,059,650	7,860,405,965	\$78,604,059,650	Capitalization of earnings NT\$ 1,147,816,410	Note 10
2018.06	10	9,119,762,236	\$91,197,622,360	9,119,762,236	\$91,197,622,360	Capitalization of earnings NT\$ 12,593,562,710	Note 11
2019.06	10	9,665,835,208	\$96,658,352,080	9,665,835,208	\$96,658,352,080	Capitalization of earnings NT\$ 5,460,729,720	Note 12
2019.11	20	10,165,835,208	\$101,658,352,080	10,165,835,208	\$101,658,352,080	Private cash issue of NT\$10,000,000,000, which increased paid-up capital by NT\$5,000,000,000	Note 13
2020.06	10	10,698,582,892	\$106,985,828,920	10,698,582,892	\$106,985,828,920	Capitalization of earnings NT\$ 5,327,476,840	Note 14
2022.06	10	10,859,865,527	\$108,598,655,270	10,859,865,527	\$108,598,655,270	Capitalization of earnings NT\$ 1,612,826,350	Note 15

Note 1: Approved by the Financial Supervisory Commission under letter Jin-Guan-Zheng-Yi-Zi No. 0940124410 on 2005.06.24.
 Note 2: Approved by the Financial Supervisory Commission under Letter Jin-Guan-Zheng-Yi-Zi No. 0950150920 on 2006.11.15.
 Note 3: Approved by the Financial Supervisory Commission under Letter Jin-Guan-Zheng-Yi-Zi No. 0980048422 on 2009.09.22.
 Note 4: Approved by the Financial Supervisory Commission under Letter Jin-Guan-Zheng-Fa-Zi No. 1020027960 on 2013.7.24.
 Note 5: Approved by the Financial Supervisory Commission under Letter Jin-Guan-Yin-Kong-10200250381 on 2013.9.18.
 Note 6: Approved by Financial Supervisory Commission Letter Jin-Guan-Zheng-Fa-Zi No. 1030021170 on 2014.6.10.
 Note 7: Approved by the Financial Supervisory Commission Jin-Guan-Zheng-Fa-Zi No. 1040022239 on 2015.6.18.
 Note 8: Effective on 2016.06.22 by the Financial Supervisory Commission.
 Note 9: Approved by the Financial Supervisory Commission's letter Jin-Guan-Yin-Kong-10600114621 on 2017.05.31.
 Note 10: Effective on 2017.06.13 by the Financial Supervisory Commission.
 Note 11: Effective on 2018.06.19 by the Financial Supervisory Commission.
 Note 12: Effective on 2019.06.21 by the Financial Supervisory Commission.
 Note 13: Approved by the Financial Supervisory Commission's Letter Jin-Guan-Yin-Kong-10802216072 on 2019.11.21.
 Note 14: Effective on 2020.06.29 by the Financial Supervisory Commission.
 Note 15: Effective on 2022.06.21 by the Financial Supervisory Commission.

Unit: shares

Share Type	Registered Capital			Remarks
	Outstanding shares	Un-issued shares	Total	
Common stocks	10,859,865,527	0	10,859,865,527	-

(II) Shareholder structure

Baseline date: March 31, 2024

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	—	1	—	—	—	1
Number of shares held	—	10,859,865,527	—	—	—	10,859,865,527
Ratio of shareholding	—	100%	—	—	—	100%

(III) Distribution of shareholdings

1. Common stock (face value of NT\$10 per share) record

Baseline date: March 31, 2024

Shareholding levels	Number of shareholders	Number of shares held	Ratio of shareholding
1 to 999	—	—	—
1,000 to 5,000	—	—	—
5,001 to 10,000	—	—	—
10,001 to 15,000	—	—	—
15,001 to 20,000	—	—	—
20,001 to 30,000	—	—	—
30,001 to 40,000	—	—	—
40,001 to 50,000	—	—	—
50,001 to 100,000	—	—	—
100,001 to 200,000	—	—	—
200,001 to 400,000	—	—	—
400,001 to 600,000	—	—	—
600,001 to 800,000	—	—	—
800,001 to 1,000,000	—	—	—
Over 1,000,001	1	10,859,865,527	100%
Total	1	10,859,865,527	100%

Note: The company is a 100%-owned subsidiary of Cathay Financial Holding Co., Ltd.

2. Preferred shares: None.

(IV) List of major shareholders

Shares	Number of shares held	Ratio of shareholding
Major Shareholders Cathay Financial Holding Co., Ltd.	10,859,865,527	100%

Note: The company is a 100%-owned subsidiary of Cathay Financial Holding Co., Ltd.

(V) Information on market price, net worth, earnings and dividends per share

Item		Year (Note 8)	2022	2023	As of March 31, 2024
		Market Share Price (Note 1)	Highest	-	-
	Lowest	-	-	-	
	Average	-	-	-	
Share Book Value (Note 2)	Before payout	21.89	25.04	26.07	
	After payout	21.89	Not yet resolved in a shareholder meeting	-	
Earnings Per Share (Note 3)	Weighted Average No of Shares	10,859,866 thousand shares	10,859,866 thousand shares	10,859,866 thousand shares	
	Earnings Per Share	Before adjustment: 2.36	2.65	0.95	
		After adjustment: 2.36			
Per Share Dividend	Cash dividends		0.19	Not yet resolved in a shareholder meeting	-
	Stock Dividend	From Retained Earnings	-	Not yet resolved in a shareholder meeting	-
		From Special Reserve	-	-	-
	Accumulated Unpaid Dividend (Note 4)		-	-	-
ROI Analysis (Note 1)	Price/Earnings Ratio (Note 5)		-	-	-
	Price/Dividend Ratio (Note 6)		-	-	-
	Cash Dividend Yield (Note 7)		-	-	-

Note 1: The Bank became a member of Cathay Financial Holding Co., Ltd. upon transfer of shares on December 18, 2002. The Bank's shares were terminated from TWSE after the transfer.

Note 2: Based on the number of issued shares at the end of the year and filled in according to the resolution of the Board of Directors or the shareholders' meeting of the following year.

Note 3: Earnings per share before and after adjustments are retrospectively adjusted due to share grants.

Note 4: If the equity securities are issued under the terms and conditions, the accumulated unpaid dividends of the current year should be disclosed separately.

Note 5: Price-earnings ratio = Average closing price per share for the year/earnings per share.

Note 6: Cost-benefit ratio = Average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividends per share/average closing price per share for the year.

Note 8: Relevant figures for 2022 - 2023 are prepared in accordance with IFRSs. The relevant disclosures as of March 31, 2024 are self-review and have not been reviewed by CPAs.

(VI) Dividend policy and implementation

1. Dividend policy and execution status:

Given the prevailing competitive environment, the Bank has adopted a residual dividend policy to accommodate business growth and capital adequacy requirements at the same time. The Bank will retain the amount of cash capital needed for operations by paying out stock dividends, and pay the remaining amount of proposed dividends in cash, subject to the maximum limit stipulated by law.

2. The 2023 dividend distribution proposed at the shareholders' meeting is as follows:

- (1) Legal reserve: NT\$8,347,090,023
- (2) Special reserve - other equity: NT\$(8,418,550,857)
- (3) Special reserve - net effect on the fair value of investment properties:
NT\$90,812,573
- (4) Distribution of stock dividends: NT\$11,514,483,390
- (5) Distribution of cash dividends: NT\$16,289,798,282

(VII) Impacts of the stock dividends proposed at the current shareholders' meeting on the Company's operating performance and earnings per share:

The Bank does not make public financial forecast and is unable to disclose predictive information such as net income and earnings per share, hence not applicable.

(VIII) Remuneration to employees, directors and supervisors:

1. The percentages or ranges with respect to the remuneration of employees, directors, and supervisors as set forth in the Articles of Incorporation of the Bank:

According to the Bank's Articles of Incorporation, earnings concluded from a financial year are subject to employee remuneration of 0.05% and director/supervisor remuneration of no more than 0.1%. However, profits must first be taken to offset against cumulative losses if any.

2. The basis for estimating the amount of remuneration to employees, directors, and supervisors, the basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment if there is a discrepancy between the actual amount distributed: None.

3. Information on the distribution of remuneration approved by the Board of Directors for 2023:
 - (1) The proposed cash distribution as remuneration to employees is NT\$17,839,370, and the remuneration to directors is NT\$5,400,000.
 - (2) The amount of employee remuneration proposed to be distributed in stocks and its ratio to the after-tax net profit in the parent company's or standalone financial report for the current period and the ratio of the total employee remuneration: None.
4. The actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares, amount, and stock price), and the difference from the recognized remuneration to employees, directors, and supervisors, the amount, reason, and actions taken:

The actual distribution of remuneration to employees and directors in 2023 was no different from that recognized in the 2023 financial statements.

(IX) Buyback of own shares:

None.

Five. Overview of Operations

I. Business description:

(I) The main business activities are summarized as follows:

■ Consumer banking service

1. Deposits and remittance services

Diversify deposit products and complete digital services in New Taiwan Dollar and foreign currencies, including optimizing the basic functions of deposit accounts and creating modules for preferential benefits for New Taiwan Dollar and foreign currency accounts, to meet personal cash flow collection and digital banking needs. In addition, the Bank operates a network of physical and digital channels and automated service equipment that satisfies customers' needs for payment and fund transfer.

2. Credit business

The Bank offers secured and unsecured consumer loans for natural persons, such as: adjustable-rate mortgage, revolving mortgage, government-subsidized mortgage and other consumer loans etc.

■ Corporate banking

1. Corporate finance

Our bank's corporate financing covers operating working capital financing, capital expenditure financing, bill financing, SME financing, and loans to six core strategic industries, which can meet a variety of capital needs of customers.

2. Policy-based project lending

The Bank offers financing solution for special purposes such as SME assistance, promotion of private brand to overseas market, and small business starters.

3. Syndicated and structured loans

The Bank possesses the professional capacity to coordinate syndicated loans of high magnitude as a lead arranger, and satisfy corporate customers' needs for capital such as fixed asset purchase, performance bond for public construction or major project, acquisition financing, and infrastructure project financing.

4. Guarantee and acceptance service

Services in this category include tender bond guarantee, performance bond guarantee, prepayment guarantee, loan guarantee, promissory note guarantee, post-dated check guarantee, medium/long term debt

guarantee, and bill acceptance.

5. Trade financing

The Bank offers a broad diversity of trade financing solutions including import/export service, supply chain financing, forfeiting and factoring to help customers optimize capital management and utilization.

6. Cash management

The Bank offers a diverse range of collection, payment and currency exchange services that can be integrated with global accounts to satisfy customers' needs for regional fund transfer.

7. Factoring and supply chain financing

Through debt transfer, the Bank accepts from corporate customers a set of accounts receivable for goods sold or services rendered, and provides banking services such as cash advance, receivables management and collection while assuming buyers' credit risk.

8. Foreign currency service

Cash management services include foreign currency deposits, green deposits, outward and inward remittances in multiple foreign currencies, naked check collection and purchase, travelers' checks, foreign currency cash, forward foreign exchange, and various cross-border services in conjunction with overseas branches and optimize the related electronic trading platform functions. In terms of credit service, the Bank offers foreign currency financing and foreign currency guarantee. As for import/export, the Bank provides import/export collection, import/export negotiation, L/C and international trade-related services.

■ Wealth management business

The Bank offers a diverse range of services from investment, insurance, trust planning, insurance planning to integrated wealth management solutions to help customers build a robust portfolio that addresses their every financial need and goal.

■ Trust business

1. Mutual fund and foreign securities service

Mutual funds and foreign securities are offered to satisfy investment needs of different customers.

2. Real estate trust

The Bank offers a variety of real estate-related trust solutions, such as real estate escrow trust, joint construction trust, urban renewal trust, and real estate inheritance trust.

3. Personal trust

Provide various personal property trust services, including Children's Protection Trust, Yo-Huo Retirement Trust, Insurance Payment Trust, Foreign Currency Money Trust, Equity Planning Trust, Capital Contribution Trust, Dividend Donation Trust, Estate Succession Trust, and Charity Trust, etc.

4. Corporate trust

For corporate customers, the Bank offers solutions such as employee welfare trust, escrow trust and electronic payment service trust that help enforce employees' benefits, consumer protection and security of equity transaction.

5. Custodian service

The Bank offers custodian service for investment trust funds, discretionary investment accounts, foreigners' investments, private equity funds, performance bonds, investment-linked insurance policies, and securities.

■ Credit card services

1. Create a mechanism for the free selection of rights, and use the CUBE card to work with the CUBE App digital platform to develop four daily benefits, namely "Play Digital, Fun Shopping, Fun Travel, and Collection". The special privilege "Birthday Month" aims to create personalized and exclusive privileges for birthdays and meet the various consumption patterns of cardholders. It is hoped that technology will enable customers to explore and experience the fun brought by innovative finance, so that consumers can establish an "active choice" to enhance the interaction between users and the Bank.

2. This year's marketing strategy was oriented toward the development of personalized operation and innovative merchant cooperation models, targeting specific value customers, and integrating merchant resources through systematic mechanisms and marketing models to improve customer operating efficiency.

3. The Bank offers credit card wealth management services such as credit card issuance, credit card revolving credit, installment and cash advance payment services, and diverse, innovative, and convenient payment services, packaged with privileges and privileges, promotions, and Tree Point. The entire process of card usage is digitized without interruption, and the latest risk changes of customers are regularly assessed every quarter to provide differentiated optimal interest rate pricing. The bank helps to achieve the meticulous customer segmentation operation, provides the optimal process for exclusive scenarios, and gives customers a good financial service experience.

■ Financial payment service

1. Transaction acquisition service

Provide merchants with card swiping cash flow services (physical, online, installment, small tree point discount transactions), and work with third-party vendors to introduce acquiring and multiple payment integration functions (e-payment, third-party payment, Alipay, etc.).

2. New payment service

The Bank offers mobile payment modules to cooperate with major merchants, integrates cash flow services in the merchant's digital channel, and helps merchants to develop membership management through mobile payment, and gives channel members access to more financial applications of the Bank through the digital platform.

3. Automated channels service

The Bank delivers a multitude of financial services (including but not limited to deposit, withdrawal, fund transfer, bill/tax payment and balance inquiry) over automated channels to satisfy customers' financial needs.

■ Electronic banking services

Guide digital functions to optimize ATM service experience to meet diversified financial needs; assist branches in the automation of business applications to save customers waiting time in-person.

■ Digital banking services

1. Personal digital banking service: to provide users with complete digital services, the Company integrates the CUBE App and online banking services to present the greatest advantage of one-stop service experience, build a bridge between the CUBE online banking and the APP, and satisfy customers' information inquiries through a smooth user

experience on both platforms. Therefore, users can complete personalized financial service inquiry and transactions on their mobile devices and apply for various financial products.

2. Smart investment service: The algorithm and model are used to provide diversified investment portfolios for customers to choose from according to different investment purposes. In addition to the target investment and thematic strategic investment linked to the fund, and approved by the Insurance Bureau to pilot and launch a variable life insurance policy linked to the target investment in 2022, to meet the needs of customers for investment and protection. In the future, the company plans to launch products such as linked ETF to make the service model of intelligent investment more diversified and complete.

■ International banking

The Bank provides a broad range of services for offshore individuals and businesses, including deposit, remittance, import/export trade, credit, cross-border syndicated loan, international factoring, and special purpose money trust for investment in foreign currency securities, structured instruments, derivatives etc. Not only is the Bank able to explore overseas customers and structure cross-border solutions through offshore branches, it also has the advantage to utilize platforms and services of other subsidiaries within the financial group to deliver more competitive service and enhance customers' attachment.

■ Overseas business

Through the network in the Greater China and ASEAN regions, the Bank provides customers with a variety of cross-border financing (such as syndicated loans, strategic participation in loans, and self-financing) and cash management services, as well as financial marketing services based on customers' financial plans to assist them in hedging; and provide private banking services in Hong Kong and Singapore to meet the wealth management needs of high net worth customers. With the increasing awareness of ESG among enterprises and investors, the Bank will continue to launch green financial services actively, such as green deposits and perpetually-linked loans, and accelerate digital transformation to improve operating efficiency.

■ Investment and sale of financial products

The Bank's financial marketing business covers derivative instruments (including structured instruments) and bonds. It provides consultation, design, quotation and contracting of the aforementioned products, and conducts product and business promotion and legal compliance education and training for business execution and customer units.

(II) Proportion of operating revenue:

Business types	2023	2022
Corporate banking service	12%	12%
Consumer banking service	69%	64%
Wealth management service	15%	14%
Investment and others	4%	10%

(III) 2024 business plans

■ Consumer banking services

1. Enhance data analysis and associate services with customers' lifestyle scenarios and capital requirements through financial technology; share and integrate information with participants of different industries to create a loan ecosystem that satisfies customers' needs in a timely manner.
2. Continue to focus on the management of loan target customers and enhance digital marketing and customer communication through the use of innovative technology and big data.
3. Integrate the Bank's tangible channels and local operating ability, leverage the advantages of a branch engaged in providing omnibus services, and provide customers with comprehensive financial services to deepen the management relationship with customers.
4. Capitalize on the extensive distribution channels of Cathay subsidiaries and coordinate group resources into providing all-round financial service for customers. Shift emphasis toward customers of high potential and products of high profit contribution for stronger customer attachment, higher customer contribution, and product penetration.
5. Provide customers with more convenient mobile payment tools and services through product optimization and new digital features. Attract potential customers through the use of digital marketing tools and the help of cross selling and promotional campaigns; enhance product features for optimal customer experience.
6. Enhance deposit infrastructure and standardize online/offline service for consistent customer experience. Incorporate financial service into customers' routine activities for closer interaction between the Bank and its customers.

■ Corporate Banking

1. Implement corporate credit investigation and post-loan control, supplemented by the account planning-based post-loan tracking mechanism, to improve the overall credit asset quality.
2. Continue to improve the talent cultivation mechanism, refine the competency training courses, and optimize the talent digital dashboard to ensure that the quality and quantity of the sales staff match the development direction of the legal finance business.
3. Construct comprehensive trade finance and cash management product lines, and plan for a full range of innovative products; be customer-oriented; aim to provide customers with quality and convenient products and services; and thereby increase the Bank's market competitiveness and market share.
4. Develop a variety of corporate trade financing and cash management products so that corporations can use the Bank as their operating accounts to control the cash flow of corporate collections and payments, and improve the adhesion between customers and the bank, thereby bringing stable and continuous revenues to the bank.
5. The Bank will spare no efforts to expand its digital capabilities by integrating New Taiwan Dollar and foreign currency products as well as online and offline deposit and remittance-related products. The goal is to build and optimize the Bank's digital channel from inside and outside the bank to digitalization, digital optimization, and digital innovation. This will help to reduce the operating cost of ATM, improve product efficiency and enhance transaction security, and ensure future success and continuous competitive advantage.
6. While introducing new services, we will continue to implement the goal of money laundering prevention and counter terrorism measures, improve the internal and external operating procedures of each product, and strengthen account and transaction management and control to reduce money laundering risks.
7. In light of the increasing deregulation of the foreign exchange market and cross-border cash flow, the Bank will actively explore overseas trade financing cash management services in response to the competent authority's relaxation of financial regulations and the deregulation of overseas financial services to enhance the Bank's local advantages; The network of overseas branches and bases focuses on cross-border service integration. Under the “innovative and robust” mindset, the Bank

continues to cultivate in the Greater China and Southeast Asia regions, and provides overseas customers with holistic and diversified services to meet the needs of domestic and foreign customers.

8. Continually provide working capital, trade financing, corporate investment, and cash management solutions as well as customized services including project financing and capital market fundraising, while aiming to become customers' best business partner. Grow wealth management service with customers' satisfaction in mind and thereby improve overall performance.
9. Effectively connect middle- and back-office resources to establish end-to-end credit risk standardization, and optimize the development process of legal finance business through credit service consultation and case progress transparency plans.
10. Exclude customers from sensitive industries, promote sustainable financial products, and assist customers in achieving carbon emission targets.

■ Wealth management business

1. The Bank offers a diverse range of services from investment, insurance, trust planning, insurance planning to integrated wealth management solutions to help customers build a robust portfolio that addresses their every financial need and goal.
2. Through standardized training modules, the ability of professional financial consultants is strengthened, and the Bank actively assists in the management of customers' investment positions, grasps market changes and major financial events in real time, provides customers with asset allocation adjustment suggestions, and manages customers' assets properly. Create value from wealth management services.
3. Expand personalized digital service scenarios and provide more convenient wealth management product application process, including online signing, transaction reservation, instant message inquiry service, with simplicity and convenience as the demand, optimize customers' one-stop experience, and improve customers' asset management efficiency and overall satisfaction.

- Trust business

Market children's trust, insurance trust, inheritance trust, share ownership trust and real estate trust combined with other investment products as family wealth transfer solutions, and satisfy customers' needs to transfer wealth across generations.

- Credit card service

1. Develop a multi-dimensional cooperation model with merchants, target different customers through different credit cards, work with major channels to continuously introduce innovative and diversified business cooperation, and focus on customer experience by partnering with merchants to provide resources and privileges to help the Bank acquire quality customers and expand the scope of financial services, deepen customer value, and strengthen business relationships with the Bank.
2. The bank uses new types of data analysis and forecasting models to grasp customer behavior trajectory data, uses machine learning algorithms to continuously grasp the needs of high-contribution customer groups, works with large merchants to introduce innovative embedded financial services, and connects various markets to provide market-leading financial experience, actively implement the goal of mobile-first intelligent transformation, and further improve the cross-channel and cross-scenario personal banking experience.

- Financial payment service

1. Acquiring for special-purpose stores: The Bank will develop a collection model that meets market needs and satisfy the needs of different types of merchants; continue to optimize the automated application process for ordering, improve customers' digital experience, and accelerate the cash flow connection.
2. Emerging Payment: The Bank will collaborate with emerging payment to connect daily consumption with financial service scenarios to provide differentiated digital services. The Company will also adopt the card issuer management strategy to develop the target customers' lifestyle through cash flow services.
3. Automated channels: Centering on customer experience, the Bank will improve the performance of its automated devices, optimize the customer interface, and enhance digital collaboration through strategic channels.

■ Electronic banking service

Guide digital functions to optimize ATM service experience to meet diversified financial needs; assist branches in the automation of business applications to save customers waiting time in-person.

■ Digital banking service

1. Become the key service channel that customers may depend upon for transactions.
2. Enhance customers' digital experience and digital service penetration: Focus on the user and gain insight into customer demand scenarios; integrate online and offline channel experiences; and provide seamless optimized services on the digital platform.
3. Creation of closely working digital ecosystem: Develop whole-channel experience through the use of API.
4. Establish a customer acquisition and customer group management-oriented digital channel: Create a digital customer acquisition model, deepen customer management, increase digital customer acquisition and contribution of various products, and drive digital revenues.
5. Build the industry's first and most comprehensive intelligent investment platform: Lower the investment threshold, optimize the shopping guide and rebalancing process and services, increase product diversity, and integrate online and offline investment experiences, hoping to make intelligent wealth management services more popular and better broader customer base and bring more substantial revenue.

■ Overseas business

1. Coordinate branches throughout the Greater China Region and ASEAN to secure the foundation for overseas development.
2. Grow corporate credit business stably, optimize customer structure, focus on target industries, develop Taiwanese and local customers, and explore potential business opportunities.
3. Optimize platforms and operating procedures, strengthen the infrastructure construction of overseas branches and enrich the product services such as cash management, trade financing, and financial transactions.

4. Improve personal banking services and products to satisfy customers' asset allocation needs.
5. Promote green financing business, and build the role of overseas branch banks as green financial centers.
6. To develop credit services through new business model trials and digital methods.
7. Focus on risk monitoring, legal compliance, information security and other control mechanisms, and continue to improve asset quality.
8. Integrate the Group's services and network to provide customers with diversified financial services to maximize the synergy of the Group.

■ Investment and sale of financial products

1. Raise the intensity of online services for business systems and transaction processes.
2. Improve the product items in width and depth to strengthen customers' attachment to the Bank's business.
3. Expand customer base and increase market share and market visibility.
4. Assit overseas branches and subsidiaries to develop overseas financial derivatives and bond business.

(IV) Market analysis

1. Analysis of location of business, future market supply, demand and growth, and competition

(1) Supply

Integrate digital and physical resources to provide uninterrupted investment product recommendations based on customers' preferences and wealth management product features. At the same time, it will improve the convenience of customers and gradually improve the pre-, mid- and post- investment service on the digital platform.

The competition in the domestic financial market is fierce, low-interest rate customer acquisition has become the new normal, and the product homogeneity among the industry is high, and the challenge of maintaining profit is increasing. Therefore, providing professional services oriented to customer needs is the primary business direction. In addition to actively transforming into digital, the Bank also uses physical channels and digital channels to expand customer contact channels, so that customers can meet different capital needs in a timely

manner and increase transaction rate.

(2) Demand and growth

Under the stabilizing domestic epidemic situation, despite the impact of interest rate hikes and inflationary pressures, the overall consumer finance market is still supported by customers' rigid demand for self-occupation and long-term maintenance of value on home purchases. The personal loan business is expected to grow steadily.

In view of the aging population in Taiwan, retirement planning is more important. Our bank has developed a retirement preparation website to provide rich retirement preparation knowledge, assist customers in examining their retirement gaps, and provide appropriate advice and product allocations.

(3) Competitive advantage

Faced with saturated domestic financial market, financial innovation and service differentiation will become important competitive advantages of the banking industry. The Bank will develop innovative practices that are different from traditional banking services through more cross-industry alliances and resource integration. In addition, we will make use of our rich customer base and data model analysis technology, as well as the integration and connection of physical branches and digital channels, to provide investment solutions that meet customers' needs. The health of asset allocation reduces the market volatility risk of investment positions and enhances customer trust.

The Bank has overseas branches in China, Hong Kong and 9 ASEAN countries, mainly serving corporate customers and financial institutions. The Bank also offered consumer banking services at its Cambodian subsidiary and Ho Chi Minh City branch. The Bank will continue to focus on target industries, develop Taiwanese and local customers, and explore potential business opportunities. With a relatively complete service network and network in the Greater China region and the ASEAN region, the Bank can provide cross-border financial services to Taiwanese multinational companies and explore local companies to optimize customer structure. At the same time, we use the resources of the Group to provide cross-disciplinary and cross-industry solutions to meet the various needs of customers in the Asia

Pacific region.

The Bank is a leading brand in digital financial services. In 2021, Cathay Financial Holdings set up a CDC in Wuri, Taichung, as the headquarters for Cathay's technology export overseas, to support the digital development of bases throughout Southeast Asia.

The Bank reached its 10th anniversary in 2023 and established branches in Taiwan, Hong Kong, and Singapore that can provide family office services to customers in the Asia Pacific region, satisfy customers' needs for asset preservation, and develop second-generation successors.

2. Future opportunities, threats, and response strategies

(1) Opportunities, threats and response strategies in Taiwan

■ Opportunities

- ① With the resource advantages of a financial holding group, the Bank has assembled its internal and external professional market analysis and diversified financial product resources to provide customers with new wealth management products and investment strategies. Besides, the Bank is exclusively engaged in sale of the insurance policies of Cathay Life and Cathay Century Insurance and, therefore, able to respond to any problems about design and adjustment of products more quickly than peers in the same industry and also leverage the competitive strengths of Cathay Financial Holdings' platform effectively.
- ② The Bank continues to invest in the digital transformation of financial services and will introduce more emerging smart technologies to expand the interaction between customers and the bank. By leveraging on the Bank's overall branch strength, the Bank will serve customers through physical and digital channels and optimize the loan service process to enhance the Bank's experience between customers and the Bank.
- ③ CUBE Card has become the largest credit card in the market, with a total number of more than 5 million and growing continuously. CUBE customers are now familiar with the on-demand payment method and the diverse applications of the CUBE App, which helps Cathay Group combine its life insurance, securities, property and casualty insurance and its

investment trust subsidiaries. Leveraging on the advantages of the CUBE platform, the Company can deepen customer relations with banks, provide more financial service opportunities, and develop innovative cross-industry alliance and cooperation models to effectively provide financial services and manage customer value.

- ④The Bank's automated equipment has been expanded to a wide variety of locations, reaching a wide range of customers and facilitating the expansion of financial services.
- ⑤After the general election, the central bank's policy interest rate will remain unchanged, and the inflation rate is expected to continue to fall to about 2%. In addition, the semi-conductor economy will improve, and AI applications will extend business opportunities to promote the return of capital and increase export momentum. The domestic demand for catering and other services is stable, and the long-term development is optimistic.

■ Threats

- ①Taiwan is faced with the uncertainties of the global economy, wars and conflicts, customer consumption behaviors and rapid changes in the market. It is a major challenge to understand and forecast customers' future needs and provide the optimal business model.
- ②The market competition has intensified due to the transactions of large co-branding groups. Peers have successively seized channel resources and increased credit card numbers, which drove up operating costs and squeezed profit margins.
- ③The diversified and fast-changing payment market with high equipment transaction cost and the rapid development of mobile payment market such as electronic payment and third-party payment have also affected the payment service offered by our channel members.
- ④The financial industry has entered the trend of high digitization, but related non-financial industries have also gradually introduced digital financial service scenarios. How to create differentiated services to gain a competitive advantage and meet

customer expectations while ensuring information security challenges.

- ⑤ As financial oversight becomes stricter and laws and regulations are adjusted frequently, how to maximize revenue while taking into account risks and legal compliance is also a challenge for the financial industry.
- ⑥ Wealth management products have a high degree of overlap and homogeneity. How to quickly adjust sales strategies and develop market-oriented products and improve customer adhesion are challenges in the future.
- ⑦ Due to the saturation of the domestic financial market and the conservative view of the future economy of the enterprises, they may suppress the profit of the banking industry. Moreover, the rapid change of financial products and the environment requires banks to adjust their products continuously and become more flexible, posing a major challenge to the banks.
- ⑧ Looking forward to 2024, many countries maintain loose control measures, which will help the overall consumption rebound. However, given the rise and fall of raw material prices, China's economic recovery not as expected, and geopolitical risks, international research institutions have forecasted that the growth rate of major economies will weaken, slightly lower than that in 2023; in addition, due to inflation and structural changes in the supply chain in recent years, the market expects that the cycle of interest rate hikes in the US and Europe is coming to an end and the economic growth is relatively flat, which will affect the operating environment of the banking industry.

■ Response measures

- ① Continue to observe the market overview and customer behavior, grasp the consumption patterns and demand trends of customers through real-time and detailed data analysis, and form the Bank's competitive advantage. Develop the business cooperation model of joint operation with merchants, and strive for external merchant resources to jointly invest in customer

management, and also expand customer value.

- ② Under the impact of the pandemic, we accelerated the changes in the business model of enterprises and the lifestyles of consumers. Unlike the past, credit card operators had to constantly replace old cards with new privileges, which resulted in the requirement for customers to hold multiple cards to meet different spending needs. The CUBE card uses a modular parameter platform to enable rapid and dynamic adjustment of privileges and timely expansion in response to market demand. Customers only need to hold one card in hand and switch privileges through the CUBE App to meet diverse consumption needs. To integrate resources, actively use AI to provide customized financial services, improve the Bank's brand competitiveness, and grasp the post-pandemic business opportunities to open up new blue oceans in the market.
- ③ In promoting wealth management business, the Bank focuses on examining customers' asset positions, and helps customers build stable investment portfolios through multiple asset allocations such as bond and balanced funds, and overseas bonds. Meanwhile, we refine the analysis of customers' needs and offer suitable insurance products to give full play to the protection and inheritance function of insurance, and deepen the management of customers.
- ④ In response to the challenges of digital wealth management services, in addition to strengthening information and network security measures, the Bank also adheres to the “customer-centric” concept. Through data and behavioral trace analysis, we grasp customer needs and preferences, and increase customized service content. At the same time, we are actively improving the end-to-end trading experience of digital customers, integrating demand forecasting and cross-product traffic flow into the process, breaking the concept of selling one product, providing customers with timely and comprehensive products and services, and consolidating the relationship between customers

and the Bank.

- ⑤ Through more diverse data content and model technology, we can accurately grasp a more real customer profile and needs, in order to create personalized wealth management solutions, and interact with customers at the most suitable time and scenario. Meanwhile, it effectively connects the online platform with the collaboration of offline experts to provide customers with a more convenient and consistent experience.
- ⑥ As supervisory regulations become stricter, the Bank will continue to strengthen its internal control system and execution efficiency, attach importance to customer needs and services, implement the principle of fair customer treatment, protect customer assets, and enhance customers' trust and loyalty to the Bank.
- ⑦ Through cross-device/cross-platform integration, the Bank offers digital cash flow services and enhances account collection/payment functions, thereby becoming customers' mainstay accounts.
- ⑧ The financial industry is in a highly competitive environment. The Bank will continue to comply with the digital and agile transformation trends, cultivate professional talents, and create a diversified application environment where information technology is combined with legal banking business to ensure competitive advantages.

(2) Opportunities, threats and response strategies in overseas markets

■ Opportunities

- ① Cathay Group's brand image and network in the Asia Pacific region are the Bank's competitive advantages.
- ② Despite the sluggish global environment, the economic development in China and Southeast Asia is still favorable. As the Bank has established presence in these two markets, it is expected that the Bank will benefit from the recovery of domestic demand and cross-border business activities.

- ③ Geopolitics triggers fund transfers, multinational corporations continue to adjust supply chain structure and deployment, and high net worth individuals continue to pay increasing attention to asset diversification and investment product diversification; our Bank's close network in Asia and the wealth of products and services, which can provide comprehensive financial services to various customers.
- ④ As the public and enterprises gradually accept and demand digital banking, the Bank can leverage on the experience in Taiwan to develop digital banking services overseas to expand the scope of services and enhance customer experience.

■ Threats

- ① Global economic growth has slowed down. Although the inflation pressure in major economies has gradually eased, the Federal Reserve and central banks around the world are expected to adopt relatively loose monetary policies in 2024, which will help economic growth. However, the ongoing geopolitical conflicts, the and elections in other countries, which will increase market uncertainty and affect economic recovery and the financial market.
- ② As private consumption declines and foreign capital “goes”, China's economic growth slows down and China may fall into a larger debt problem; whether the government's fiscal policies can improve the current situation remains to be seen.
- ③ Financial oversight standards in various countries continue to be upgraded, and the regulations on compliance, internal audit and control, money laundering prevention, and information security are becoming more and more stringent, which increases the cost of compliance for financial institutions.

■ Response measures

- ① Continue to integrate domestic and overseas resources, optimize platforms and operating procedures, strengthen the infrastructure of overseas branches and branches, and enrich cash management, trade financing, financial transactions and other products and services to satisfy customers' capital allocation and allocation needs.
- ② Continue digital transformation to maintain uninterrupted financial services; make good use of the abundant resources of our bank and the financial holdings to launch new financial products and services.
- ③ As regulators around the world tighten their standards for ESG disclosure, our bank will continue to implement ESG policies and promote green banking services.
- ④ Enhance risk monitoring, compliance, information security, and other mechanisms, and continue to invest in system upgrades and personnel training to comply with international legal requirements.
- ⑤ Integrate the Group's services and network, and continue to create financial services and customer experience that exceed the expectations of domestic and foreign customers, so that the Bank can become the best overseas partner in the eyes of customers and the best leading bank in the Asia Pacific region.

(V) Overview of financial product research and business development

1. Major financial products and business units established in the past two years, and their current size and profit and loss as of the date of publication of the annual report:

(1) Deposits and loans

Item	End of 2023	End of 2022
Deposit balance	NT\$3,483.2 billion	NT\$3,196.1 billion
Mortgage (including: home equity loan) balance	NT\$1,129.5 billion	NT\$1,000.6 billion
Unsecured credit balance	NT\$142.1 billion	NT\$135.4 billion

- ① As of the end of December 2023, the deposit balance of the Bank was NT\$3,483.2 billion, an increase of NT\$287.1 billion or 9% from the end of 2022. Among them, demand deposits were NT\$2,196.8 billion, and time deposits were NT\$1,286.4 billion.
- ② As of the end of December 2023, the total credit balance of mortgage products (including equity loans) was NT\$1,129.5 billion, an increase of NT\$128.9 billion from the end of 2022, with a growth rate of 13%.
- ③ As of the end of December 2023, the total balance of credit products was NT\$142.1 billion, an increase of NT\$6.7 billion from the end of 2022, or a growth rate of 5%.

(2) Finance

- ① Major financial products: financial derivatives (including structured products) and bonds.
- ② In February 2022, the Bank offered its first sale of structured bonds to high-asset customers.

2. R&D expenditures and results in the last two years, and future R&D plans:

(1) R&D expenditures in the last two years are as follows:

Unit: NT\$ thousand

Year	2022	2023	2024 forecast
Amount	704,389	790,789	1,098,711
Growth rate (%)	23.15%	12.27%	38.94%

(2) Results of R&D completed in 2023

Name of major project	Costs invested (NT\$ thousand)
Replacement and upgrade of credit card system mainframe and hard-disk drives	148,806
Replacement and upgrade of Fibre Channel switches in remote computer rooms	75,000
Construction of application and trading fraud detection system	67,480
Establish a cloud-based off-site backup mechanism	19,920
Firewall maintenance and operation automation mechanism introduced	1,427

(3) Future R&D plans and progress

March 31, 2024

Plan/project in the most recent year	Progress	Additional budget required (NT\$ thousand)	Estimated time of completion	Factors critical to the success of research and development
Consulting for Core Modernization of the Bank	In progress (36% incomplete)	26,000	2024/07	Effective communication with the departments in need
Consultancy for Information Infrastructure Modernization	In progress (80% incomplete)	44,950	2024/12	Effective communication with the departments in need
Establishment of financial CRM system	In progress (95% incomplete)	43,572	2025/01	Effective communication with the departments in need
GMB 3.0	In progress (82% incomplete)	13,500	2025/12	Effective communication with the departments in need
Qingpu Information Center Phase 2 Expansion Project	In progress (95% incomplete)	500,000	2026/03	Integration and optimization of IT infrastructure

(VI) Long-term and short-term business development plans

1. Short-term plan:

(1) Consumer banking

- ① The bank continues to optimize the end-to-end lending process for real estate and credit to improve efficiency and provide digital services.
- ② Utilize big data analysis to grasp the demand trends of target customers for precision marketing.
- ③ Continue to promote the joint-selling business cooperation model among the group's subsidiaries, expand the scale of customer operation, and use the cash flow service network to provide integrated financial products and services to maximize business synergy.
- ④ The bank will focus on increasing the overall customer base and contribution effect, actively manage the high net worth customer base with potential, and establish relevant integration projects to improve product adhesion.
- ⑤ Optimize the customer contact interface and create a quality customer experience to strengthen customer relationships and improve operating performance.
- ⑥ Our bank and Cathay Life Insurance will continue to promote the value-oriented management principles, return to the protection essence of insurance, strengthen the promotion of protection-based products, improve the concept of insurance for the public, and develop new types of life insurance products based on the needs of our various customer groups and market trends to meet the needs of the public. Meeting diverse needs of customers.

(2) Corporate banking

From the perspective of sustainable operation, the foundation is laid out through talent mobility and digital sales management. At the same time, small and medium-sized credit guarantees, financial assets, and other risk-mitigating collateral are used effectively to effectively use capital and ensure that the Bank will be able to identify weak players and retain top performers based on the asset quality revenue structure.

(3) Trust service

Develop employee stock ownership trust in response to deregulations and policy incentives, and work with Cathay Life Insurance on insurance trust to help Taiwanese people plan for retirement and protect property safety.

(4) Credit card service

①Use the CUBE product and the CUBE App to reach cross-product and cross-team customers. With the support of the platform, the Bank will continue to launch real-time promotions and customized tasks in response to the market demand. From the perspective of personalized customer group management, each cardholder has the exclusive “1” benefit plan that best matches their consumption pattern, and has the flexibility to switch among the “N” additional benefit plans to create more personalized features. Through data analysis, the most accurate incentives are given to cross-sell products while maintaining customer loyalty and increasing revenue.

②In the second half of the year, the Bank plans to introduce a grading mechanism for the CUBE card rights and set a reward limit to reduce the overall reward cost, maintain product health, and invest resources in the management of the valuable customer group, VIP customers. Based on the Bank's strategy of “one card, one account, and one app”, the relationship between customers and the Bank is enhanced and the contribution of the entire bank is enhanced.

③The Bank uses the CUBE flexible platform to extend differentiated marketing cooperation with different merchants, work with distributors to invest resources, and use data to instantly grasp the needs of different customer groups and launch personalized marketing to attract new customers and increase customer loyalty. Maximize the benefits of investment of resources.

④Through intelligent analysis tools and quality user research, we can gain insight into the behavioral trajectories, consumption preferences, and activity venues of valuable customers. By investing resources from the Group and our strategic partners, we

can enhance customer loyalty and diversify the use of products. At the same time, through agile to attract new high-value customers by introducing new credit card product design and promotion.

(5) Payment service

- ① Special store acquiring business: Digital services are used to replace the traditional acquiring application and routine maintenance of general affairs, thereby improving the efficiency of application and digital experience for merchants.
- ② Emerging payment businesses: The Bank will continue to deepen cooperation with merchants to connect daily consumption and financial service scenarios, and further integrate CUBE's flexible and independent digital model and channel digital platform to enhance the Bank's customers' differentiated digital service experience.
- ③ Automated channel business: The Bank will strengthen its cooperative relationship with channels and provide customers with more comprehensive and convenient digital banking services.

(6) Digital banking

Continue enhancement of online and offline service integration; empower customers the high personal resilient experience from the customer single view to deepen customers' attachment to transactions with the Bank.

(7) Offshore banking

- ① The bank continues to strengthen cross-border cooperation between its branches in Greater China and Southeast Asia, develop local features, and expand products and services (such as cash management, trade finance, project finance, financial marketing, green finance, digital finance, private banking, etc.). Assist clients in cross-border deployment and sustainable operations.
- ② Improve the productivity and operational capacity of overseas branches. The bank continues to improve operating efficiency by optimizing customer base, strengthening product services and cross-selling mechanisms, and accelerating digital transformation.

- ③ Enhance education and training for corporate finance personnel and cross-country credit risk analysis; enhance professional training for corporate finance staff and customer service personnel to improve service quality and customer satisfaction.
- ④ Continue to optimize asset and liability allocation and risk management, strengthen financial health, implement internal control management mechanism, and balance risk tolerance and profit target.

(8) Investments and financial products

- ① Enhance customer contribution through referrals for corporate assets and liabilities.
- ② An online trading platform was created to reduce manual operations.
- ③ Enhance customer loyalty through sales support and workshops.
- ④ Continue to optimize business processes to improve business operation efficiency and transaction volume.

2. Long-term plan:

(1) Consumer banking

- ① The Bank will continue its customer-centric business philosophy and provide a variety of financial services based on customer characteristics; and actively develop digital cash flow services, optimize the personal loan service experience through digital channels, increase account utilization, and integrate banking services into customers' daily lives and business scenarios. Become the main bank for customers.
- ② To make optimal use of the Group's resources; to integrate and plan for marketing manpower, sales channels and various commodities, to maximize the synergy of business promotion.
- ③ Optimize asset/liability structure to improve capital efficiency and profitability.
- ④ Customer-centric, connect customer base, product, and channel, identify customers' individual needs with data, provide comprehensive financial consulting services based on needs, create

personalized wealth management solutions, and synchronize various information online and online to improve the Bank's consistent experience for each customer.

- ⑤ Actively expand the wealth management business for high net worth customers, deepen customer management, provide diversified and customized products and services, and create a stable and comprehensive asset allocation to meet the investment, wealth management and inheritance needs of high net worth customers, and create value services and strengthen the competitiveness of the Bank.
- ⑥ Consider risk control and customer experience, design a new type of wealth management transaction process, and continue to strengthen internal processes and risk control.

(2) Corporate banking

The company upholds the principle of sustainable corporate operation, deeply cultivates the green finance field, implements the ESG concept, and enhances the operating synergy through the construction of various system software and hardware, diverse application of scenarios, process optimization, and sound sales channels, while establishing a flat, light-weight, management structure to continuously achieve the medium-term and long-term goals of the Bank.

(3) Trust service

Continue to construct the omnibearing trust platform in response to the social trends, in order to satisfy nationals' needs.

(4) Credit card service

- ① Focus on the CUBE card operation, continue to expand product privileges and meticulous customer diversity, enrich the diversity of privilege plans, and quickly respond to market trends and consumer needs. The goal is to increase the proportion of merchants' investment to maintain product strength and product operation health. Provide integrated financial services and equity design through digital tools and Apps, connect with other products/services, expand the scope of services, improve security, and create personal financial services that you can feel comfortable

with.

- ② Continue to operate the Cathay Group to develop the Little Tree lifestyle community with points, reduce repetitive operating costs of each unit, and jointly fund with merchants to provide member benefits to achieve a win-win situation. Expand the distribution channels of Little Tree Points. In addition to using them at Cathay Promotions, Little Tree Mall, and partners from other industries, they can be used in any channel/domestic and overseas. All purchases of Little Tree Points can be used to offset purchases through digital channels. High convenience will greatly increase the willingness of customers to accumulate points. The large and diverse customer base and point base increase the intention of merchants to cooperate, and enter a positive business cycle of small trees points accumulation. In the future, the Bank will continue to plan to use the credits for more services of Cathay Group, expand the application scenarios of the credits, and implement this technique of customer acquisition, customer care, and customer retention in all aspects. Create a business ecosystem with cross-regional value.
- ③ Evaluate cooperation scenarios with merchants, observe market dynamics and customers' performance closely, and strengthen cooperation effects by developing business connections. CUBE card, CUBE App, and one-stop financial services are connected in series to increase customer loyalty through cooperation with merchants. We will also integrate financial services into daily life to create more complete personal financial services.
- ④ Expand the high-contribution customer base with business value, create a customer journey with a demand-oriented as the core value, and make continuous adjustments to the needs of customers through in-depth learning, continue to provide innovative services, maintain customer experience, focus on the customer group with business value, and create a profit engine product.

(5) Payment service

- ① Acquisition of special-purpose stores: The Bank will keep abreast of emerging models and regulations and enter the market in a timely manner, in order to keep up with the times, provide merchants with a convenient, independent and fast cash flow service model, and continue to expand the market scale.
- ② Emerging payment services: The Bank will continue to strengthen the connection between channel members and our customers, and integrate group resources to create a comprehensive financial ecosystem.
- ③ Automated channel business: Improve the financial service community, innovate business models, and build the best service platform for the front-line services.

(6) Digital banking

Digital empowerment drives the continuous growth of the CUBE brand. The innovative spirit of the CUBE is practiced in more cross-product connections and experiential design to create an independent and diversified personal financial experience and a customer's financial butler.

(7) Offshore banking

- ① Under the development vision of “The Best Financial Institution in Asia Pacific Region,” it will continue to integrate its domestic and overseas system platforms and connect with the development trends of the bank by making good use of its domestic and overseas branches and partners.
- ② To comply with the relevant policies and regulations, we will expand the trade financing and cash management services, increase the willingness of customers to use our bank as their cross-border accounts, provide comprehensive and convenient financial services as needed, help customers to use their funds effectively and increase the convenience of dispatch. Promote cross-border banking services in Greater China and Southeast Asia.
- ③ Build a comprehensive digital deposit and remittance service channel and improve customer experience through physical and

physical channels to strengthen customer relationship and increase the volume of foreign currency deposits and remittances.

- ④ Improve the training and development system for international talents, improve the Bank's learning platform and on-the-job and professional training, in order to cope with the overseas deployment strategy and achieve the goal of becoming the best financial institution in the Asia Pacific region.
- ⑤ To grasp the digital banking trend, to develop digital consumer banking business, to create diversified and innovative financial services, to actively promote the development and innovation of green financial business models, and to pursue service innovation and financial business growth, while implementing risk management mechanisms and corporate sustainability development.

(8) Investments and financial products

- ① Introduce the user-end commodity online system to improve transaction efficiency and service quality.
- ② Provide diversified product consulting and design services to develop customer base with potential.
- ③ Improve pre-transaction offering documents to reduce potential customer complaints in the future.
- ④ Provide niche products to increase the utilization rate of the financial transaction limit and generate fee revenue.

II. Employee background, professional certification and education in the last 2 years:

March 31, 2023

Year		2022	2023	As of March 31, 2024
Number of employees	Managers	768	823	790
	General employees	9,964	10,253	10,419
	Total	10,732	11,076	11,209
Average Age		39.04 year-old	39.17 year-old	39.27 year-old
Average years of services		9.98 years	9.99 years	9.98 years
Highest educational attainment	Doctorate	0.15%	0.14%	0.14%
	Master	20.95%	21.88%	21.70%
	University/college	74.80%	74.38%	74.48%
	High School	4.09%	3.58%	3.66%
	Below High School	0.02%	0.03%	0.03%
Professional certificates held by employees	Proficiency Test for Financial Planning Personnel	1,567	1,519	1,521
	Basic Proficiency Test for Junior Credit Personnel	3,448	3,429	3,411
	Basic Proficiency Test for Bank Internal Controls	6,779	6,727	6,757
	Basic Proficiency Test for Junior Foreign Exchange Personnel	2,927	3,037	3,029
	Qualification Exam for Personal Insurance Representative	6,221	6,207	6,282
	Qualification Exam for Non-Life Insurance Representative	6,116	5,968	5,954
	Proficiency Test for Trust Operations Personnel	6,229	6,207	6,222
	Qualification Exam for Investment-orientated Insurance Product Representative	3,223	3,269	3,274
	Real Estate Appraiser	1	1	1
	Taiwan Bar Exam	4	14	15
	Certified Public Accountant	10	10	10
	CIA	13	13	13
	FRM	21	22	21
	CFA	28	31	33
	CAMS	43	44	44
	CFSA	6	5	5
	PMP	65	62	62
	CFP	264	271	267
CISA	5	4	4	

Note: The management refers to officers of manager grade and above.

III. Corporate responsibility and moral conduct

The Bank undertook Cathay Financial Group on the three main axes of sustainability - “climate, health, and empowerment.” The empowerment is further divided into workplace empowerment and social empowerment. The key achievements are summarized as follows:

- (I) Workplace empowerment: The Bank has long been committed to talent cultivation and development with the goal of “nurturing young people, re-training, and building sustainable talents” from the perspective of our key customers. Commitment to the four strategic pillars.

① Upgrade employee skills:

In order to continuously improve the key skills of employees, through the cultivation mechanism of modular training resources and the integration of training and warfare, training is systematically provided according to different job roles. It also provides end-to-end career development tools to help employees understand their development paths and ability gaps. By setting personal development plans, introducing diversified learning resources and platforms, the company can intelligently recommend suitable training resources.

② Reshaping employee skills:

In response to the changing trends in the future and corporate digital transformation strategies, provide employees with learning resources such as sustainability and digital literacy, from concept establishment to work practices, so as to improve employees' ability to face future challenges.

③ Building a leadership team:

In order to promote the organization of talents and cultivate diverse and integrated talents, the rotation paths are planned based on the personal characteristics, experience and organizational development, and the actual combat experience scenarios are supplemented as needed. The successor echelon has leadership skills such as breadth of thinking, decision-making and judgment, and at the same time promotes the awareness of development of supervisors.

④Diverse and inclusive workplace:

DEI courses, seminars and other learning activities are organized to cultivate employees' embrace of new ideas and create a collaborative environment for the organization to create a diverse and inclusive workplace where talents can realize their potential at Cathay and enhance organizational competitiveness. In addition, we continue to pay attention to women's issues and support female colleagues at different stages of their careers. For example, we provide colleagues with continuous learning resources during their stay, and ensure that they stay on the line when slowing down.

(II) Social empowerment: One in every two people in Taiwan is a customer of Cathay Group. As such, the Bank actively uses group resources to promote sustainability. With the vision of helping to build an inclusive and equitable society as our vision, the Bank has formed diverse strategic partners to promote social sustainability to support the youth and disadvantaged groups in developing the knowledge and skills to enable them to be confident, independent, and successful in the face of a rapidly changing social environment.

①Youth empowerment:

To help young people learn about themselves and explore career opportunities, the Bank is actively working with colleges and universities throughout Taiwan to provide young people with scenarios to “explore careers in the financial sector” and “build diverse skills in different grades.” Practical training is also provided during internships by participating in business promotion, we understand the Bank's strategic trends, shorten the gap between students and teachers, and improve the soft and hard skills in the workplace. Relevant training programs include the Summer Internship CIP (Cathay Intern Program), which mainly focuses on the professional training of departments of the Head Office, covering IT specialist, digital finance, treasury and business planning grades, to recruit non-financial business students to provide the Bank with diversified perspectives and ideas. At the same time, through the Cathay Seed Program (CSP), which is jointly organized by the school and the school, the Bank allows students to understand the actual content of banking before they are studying. The first-line business-related grades are offered, including branches, operation financial institution

ARM and individual ARM provide a practical learning experience in the workplace. During the internship period, we observe the potential of the students and pass the solid practical training to strengthen the preparation for the interns to enter the Bank after graduation. In addition, JAVA programming language training courses are also arranged to recruit candidates with non-traditional IT background who are interested in IT-related work. Through 15 weeks of programming language training and implementation planning, candidates' programming language skills are cultivated, and then they can be transferred to basic development manpower to cultivation of IT professionals in the industry.

②Support for the disadvantaged:

To reduce social inequality, the Bank continues to devote resources to support the education of children living in rural areas. We recruit employees to serve as volunteer lecturers. By leveraging the professional capabilities of the financial industry, the Bank helps children in rural areas use needs, and learn to realize their dreams through financial planning. In addition, we have also used the charity funds from all walks of life for many years to sponsor the county and city governments to support the education of rural school children and the development of youth sports. With the concept of “it is better to give fish food than fishing rods”, the rural school children are given equal access to their education, and quality education.

The Bank set a precedent in the financial industry by setting up the Cathay United Bank Foundation in 1970 and the Cathay United Arts Center in 1990. The foundation promotes the “ Big Tree Project - Turning Seedlings into Big Trees “ to support educational and public welfare causes; meanwhile, it also sponsors domestic arts and cultural events, promotes arts and culture, and charity to fulfill corporate social responsibility. The main activities of the foundation are summarized as follows:

(I) Children's education:

①Big Tree Project - Turning Seedlings into Big Trees:

Continue to promote the “ Big Tree Project - Turning Young Seedlings into Big Trees” to help them learn with peace of mind and help them develop self-confidence and open up the future. In 2023, a total of 5,854 outstanding and disadvantaged elementary and junior high school children were assisted under the “Big Tree Project - Scholarship

Donation.”

In order to extend the spirit of “Big Tree Project - Turning seedlings into big trees” and encourage students to engage in sports activities, the “Big Tree Project - Physical Education Donation” also supports the development of physical education in schools, develops self-discipline and team spirit in students, and helps them participate in large-scale sports events to discover oneself in the competition. In 2023, the foundation sponsored the participation fees, training expenses, and purchase of equipment for 7 sports teams including the basketball team of Nan'ao Junior School in Yilan County; it also sponsored the Taitung “Xu Cun Cup” National Youth Soccer Tournament. The company also sponsored 13 rural schools, including Ludao Elementary School in Taitung County, to develop characteristic education and support diverse learning for children in remote areas.

②Activities jointly organized by Cathay Public Welfare Group:

Participation in “Cathay Excellence Award Program”, “Teacher For Taiwan Flipped Education Collaborative Program”, “Cathay School Children's Dream Project”, “After-school Care Program in Remote Rural Areas” and “ Winter Warming” and other activities, and the preparation of Cathay Public Welfare Group's annual report.

(II) Arts and cultural activities:

Based on the core philosophy of support for the local arts and promotion of art education, Cathay United Art Center organizes the art exhibitions and seminars periodically to provide Taiwan’s artists with the stage for their performance and also enable the public to have the chance to appreciate, and learn from, the arts without charge.

In 2023, a total of 10 art exhibitions and 5 art lectures were held, including a public welfare exhibition jointly held by inviting artists to contribute to rural school children. The foundation also sponsored the “86th Taiyang Art Exhibition” organized by the Taiyang Fine Arts Association and the “47th National Oil Painting Competition and National Oil Painting Exhibition” organized by the Oil Painting Association of the Republic of China. In addition, in order to let more people know local artists, the “2024” group art calendar will be produced with relevant works of art, conveying blessings through art and appreciating the beauty of art.

(III) Charity and sponsorship activities:

In order to care for the indigenous tribes and support the development of social enterprises, in 2023, we purchased self-made products from the “Yocheng Foundation” and “Pingtung Bethany Home”, and sponsored the “Taitung Bunun Cultural and Educational Foundation” and “Pingtung Bethany Home” and participated in Jinshitang Hope School Bag Charity Event to help the tribe promote tourism, support disadvantaged groups, and care for schoolchildren in remote areas with practical actions.

(IV) Social welfare:

The Bank encourages colleagues to implement energy conservation and carbon reduction initiatives. Since 2017, the Bank has held an electricity-saving competition at the branch each year, and allocated part of the electricity-saving money to assist non-profit organizations Replacing old light fixtures and doing our part for environmental protection.

(V) Environmental protection system:

The Bank regards environmental responsibility as an important task for the company, and follows the “Environment and Energy Policy” formulated by Cathay Financial Holding as a guiding principle for the maintenance of natural resource capital. In addition to the credit policy, it fully supports the development of green energy, and includes ESG factors into green finance management systems, including the ISO14001 environmental management system, ISO50001 energy management system, and ISO46001 water resource efficiency management system. In response to the national net zero In response to the SBTi target in 2021, the Bank has implemented an annual carbon reduction of 4.2%. It is expected that a cumulative carbon reduction of at least 42% by 2029 compared to 2020 has been achieved. The Bank conducts "Greenhouse Gas Inventory" every year in accordance with ISO14064-1:2018 standards to track environmental data, which serves as a reference for setting the Bank's reduction targets. The Bank actively promotes environmentally friendly measures such as energy conservation and carbon reduction, renewable energy use, resource reduction in major product service processes, and promotion of digital banking to reduce paper consumption. the impact of the process on the environment; the Bank has also followed Cathay Financial Holding's official membership of the first RE100 financial institution in Taiwan in April 2022, and has achieved the goal of using 100% renewable energy for all operating headquarters in 2023. The goal is to use 100% renewable energy in all Taiwan operations in 2030

and 100% in global operations in 2050 to implement energy transformation and environmental sustainability.

Six. Address and contact number of Head Office and global branches

Unit name	Address	Tel
Head Office	No.7, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan (R.O.C.)	(02)8722-6666
Financial Trading Department	2F., No.7, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan (R.O.C.)	(02)8722-6666
Financial Marketing Department	2F., No.7, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan (R.O.C.)	(02)8722-6666
Offshore Banking Unit (OBU)	3F., No. 65, Guanqian Rd., Zhongzheng Dist., Taipei City 10047, Taiwan (R.O.C.)	(02)2316-3555
Trust Department	2F., No.7, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan (R.O.C.)	(02)8722-6666
Direct Marketing Department	2F., No. 136, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 10488, Taiwan (R.O.C.)	(02)2173-2899
Customer Service Department	3F., No. 35, Guangfu S. Rd., Songshan Dist., Taipei City 10563, Taiwan (R.O.C.)	(02)2171-2288
Private Banking Department	24F., No. 458, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 11052, Taiwan (R.O.C.)	(02)2176-5068
Business Department	No.7, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan (R.O.C.)	(02)8722-6677
Taipei Branch	3F., No. 77, Bo'ai Rd., Zhongzheng Dist., Taipei City 10045, Taiwan (R.O.C.)	(02)2331-9595
Guanchian Branch	1F., No. 2, Guanqian Road, Zhongzheng District, Taipei City 10047	(02)2312-5555
Huashan Branch	No. 128, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 10053, Taiwan (R.O.C.)	(02)2395-2121
Linyi Branch	No. 71, Sec. 2, Ren'ai Rd., Zhongzheng Dist., Taipei City 10062, Taiwan (R.O.C.)	(02)2397-0686
Nanmen Branch	No. 5, Sec. 2, Roosevelt Rd., Zhongzheng Dist., Taipei City 10093, Taiwan (R.O.C.)	(02)2322-2777
Tatung Branch	No. 50, Sec. 2, Chongqing N. Rd., Datong Dist., Taipei City 10345, Taiwan (R.O.C.)	(02)2555-2468
Chienchen Branch	No. 36, Nanjing W. Rd., Datong Dist., Taipei City 10352, Taiwan (R.O.C.)	(02)2555-1688
Guanghua Branch	No. 136, Songjiang Rd., Zhongshan Dist., Taipei City 10417, Taiwan (R.O.C.)	(02)2551-0168

Unit name	Address	Tel
Hsinsheng Branch	No. 55, Sec. 1, Minsheng E. Rd., Zhongshan Dist., Taipei City 10451, Taiwan (R.O.C.)	(02)2562-1666
Chungshan Branch	No. 183, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 10461, Taiwan (R.O.C.)	(02)2591-7585
Dajhih Branch	No. 589, Mingshui Rd., Zhongshan Dist., Taipei City 10466, Taiwan (R.O.C.)	(02)8509-7878
Sungjiang Branch	No. 328, Songjiang Road, Zhongshan District, Taipei City 10468	(02)2563-9241
Minsheng Branch	No. 141, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 10483, Taiwan (R.O.C.)	(02)2506-5166
Jianguo Branch	No. 132, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 10488, Taiwan (R.O.C.)	(02)2773-2200
Nanking E. Road. Branch	No. 132, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 10489, Taiwan (R.O.C.)	(02)2506-1333
Minchuan Branch	No. 144, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City 10542, Taiwan (R.O.C.)	(02)2545-2155
Neike Branch	No. 333, Ruiguang Rd., Neihu Dist., Taipei City 11492, Taiwan (R.O.C.)	(02)2659-0998
Jhonglun Branch	No. 182, Sec. 3, Bade Rd., Songshan Dist., Taipei City 10555, Taiwan (R.O.C.)	(02)2570-5080
Pathe Branch	No. 656-1, Sec. 4, Bade Rd., Songshan Dist., Taipei City 10566, Taiwan (R.O.C.)	(02)3765-1188
Sisong Branch	No. 230, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City 10570, Taiwan (R.O.C.)	(02)2745-6199
Kuangfu Branch	No. 99, Section 5, Nanjing East Road, Songshan District, Taipei 10571	(02)2765-4222
Sanmin Branch	No. 165-7, Sec. 5, Minsheng E. Rd., Songshan Dist., Taipei City 10589, Taiwan (R.O.C.)	(02)2747-5688
Fuhsin Branch	No. 248, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City 10595, Taiwan (R.O.C.)	(02)2721-0306
Chengtung Branch	No. 126, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 10595, Taiwan (R.O.C.)	(02)2577-7300
Qingcheng Branch	No. 158, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 10596, Taiwan (R.O.C.)	(02)2545-5559
Yongping Branch	No. 199, Fuxing N. Rd., Songshan Dist., Taipei City 10596, Taiwan (R.O.C.)	(02)8712-5510

Unit name	Address	Tel
Heping Branch	No. 197, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 10644, Taiwan (R.O.C.)	(02)2365-5627
Tungmen Branch	No. 149, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 10647, Taiwan (R.O.C.)	(02)2363-2931
Dongmen Branch	No. 9, Sec. 3, Xinyi Rd., Da'an Dist., Taipei City 10657, Taiwan (R.O.C.)	(02)2703-8879
Xinan Branch	No. 149, Sec. 3, Xinyi Rd., Da'an Dist., Taipei City 10658, Taiwan (R.O.C.)	(02)2325-5989
Tunhua Branch	No. 218, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 10669, Taiwan (R.O.C.)	(02)2377-6999
Anho Branch	No. 92, Sec. 2, Anhe Rd., Da'an Dist., Taipei City 10680, Taiwan (R.O.C.)	(02)2325-5007
Hsinyi Branch	No. 32, Section 2, Dunhua South Road, Daan District, Taipei City 10683	(02)2705-2316
Daan Branch	No. 33, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 10685, Taiwan (R.O.C.)	(02)2777-1795
Renai Branch	No. 85, Section 4, Ren'ai Road, Daan District, Taipei City 10688	(02)2752-5353
Tunnan Branch	No. 185, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 10690, Taiwan (R.O.C.)	(02)2740-8811
Chungshiao Branch	No. 293, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 10696, Taiwan (R.O.C.)	(02)2772-1252
Chungcheng Branch	No. 99, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 10697, Taiwan (R.O.C.)	(02)2711-8168
Hsimen Branch	No. 93, Sec. 2, Changsha St., Wanhua Dist., Taipei City 10846, Taiwan (R.O.C.)	(02)2381-3188
Wanhua Branch	No. 450, Wanda Rd., Wanhua Dist., Taipei City 10872, Taiwan (R.O.C.)	(02)2337-7101
World Trade Center Branch	No. 456, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 11052, Taiwan (R.O.C.)	(02)2720-9191
Songqin Branch	No. 106, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 11047, Taiwan (R.O.C.)	(02)8780-6669
Yongchun Branch	No. 687, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 11061, Taiwan (R.O.C.)	(02)8785-6868
Sungshan Branch	No. 151, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 11070, Taiwan (R.O.C.)	(02)2763-3310

Unit name	Address	Tel
Wunchang Branch	No. 557, Guangfu S. Rd., Xinyi Dist., Taipei City 11074, Taiwan (R.O.C.)	(02)8789-7171
Jungcheng Branch	No. 247, Sec. 2, Zhongcheng Rd., Shilin Dist., Taipei City 11153, Taiwan (R.O.C.)	(02)2873-6556
Tienmou Branch	No. 24, Tianmu W. Rd., Shilin Dist., Taipei City 11157, Taiwan (R.O.C.)	(02)2871-7040
Lanya Branch	No. 45, Dexing W. Rd., Shilin Dist., Taipei City 11158, Taiwan (R.O.C.)	(02)2835-5658
Shihlin Branch	No. 197, Zhongzheng Rd., Shilin Dist., Taipei City 11163, Taiwan (R.O.C.)	(02)8861-4040
Beitou Branch	No. 150, Sec. 1, Zhongyang S. Rd., Beitou Dist., Taipei City 11263, Taiwan (R.O.C.)	(02)2896-0399
Shipai Branch	No. 188, Sec. 1, Shipai Rd., Beitou Dist., Taipei City 11271, Taiwan (R.O.C.)	(02)2828-6779
Wende Branch	No. 12, Ln. 174, Sec. 3, Chenggong Rd., Neihu Dist., Taipei City 11460, Taiwan (R.O.C.)	(02)8792-6189
Sinhu Branch	No. 111, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City 11490, Taiwan (R.O.C.)	(02)8791-7088
Donghu Branch	No. 452, Sec. 5, Chenggong Rd., Neihu Dist., Taipei City 11490, Taiwan (R.O.C.)	(02)2631-9986
Ruihu Branch	No. 292, Yangguang St., Neihu Dist., Taipei City 11491, Taiwan (R.O.C.)	(02)2658-0608
Neihu Branch	No. 310, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 11493, Taiwan (R.O.C.)	(02)2659-6899
South Neihu Branch	No. 169, Xing'ai Rd., Neihu Dist., Taipei City 11494, Taiwan (R.O.C.)	(02)8792-8068
Nankang Branch	No. 66-3, Sanchong Rd., Nangang Dist., Taipei City 11502, Taiwan (R.O.C.)	(049)220-6686
Wenshan Branch	No. 94, Sec. 2, Muzha Rd., Wenshan Dist., Taipei City 11648, Taiwan (R.O.C.)	(02)8661-6262
Jingmei Branch	No. 285, Sec. 6, Roosevelt Rd., Wenshan Dist., Taipei City 11674, Taiwan (R.O.C.)	(02)2930-3088
Keelung Branch	No. 5, Zhong 1st Rd., Ren'ai Dist., Keelung City 20041, Taiwan (R.O.C.)	(02)2421-3898
Huachiang Branch	No. 43, Zhuangjing Rd., Banqiao Dist., New Taipei City 22042, Taiwan (R.O.C.)	(02)2254-3939

Unit name	Address	Tel
Panchiao Branch	No. 102, Zhongzheng Rd., Banqiao Dist., New Taipei City 22054, Taiwan (R.O.C.)	(02)2965-1811
Houpu Branch	No. 260, Chongqing Rd., Banqiao Dist., New Taipei City 22063, Taiwan (R.O.C.)	(02)2954-6688
Sinban Branch	No. 156, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 22065, Taiwan (R.O.C.)	(02)2951-8533
Pantung Branch	No. 216, Sec. 1, Sanmin Rd., Banqiao Dist., New Taipei City 22067, Taiwan (R.O.C.)	(02)8951-9355
Puchien Branch	No. 196, Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City 22069, Taiwan (R.O.C.)	(02)2961-8700
Sijhih Branch	No. 196, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City 22184, Taiwan (R.O.C.)	(02)2641-0666
Baoqiao Branch	No. 96, Baoqiao Rd., Xindian Dist., New Taipei City 23145, Taiwan (R.O.C.)	(02)2218-9339
Beishin Branch	No. 190, Zhongzheng Rd., Xindian Dist., New Taipei City 23146, Taiwan (R.O.C.)	(02)2917-3999
Hsintien Branch	No. 542-4, Zhongzheng Rd., Xindian Dist., New Taipei City 23148, Taiwan (R.O.C.)	(02)2218-4881
Yungho Branch	No. 15, Sec. 1, Yonghe Rd., Yonghe Dist., New Taipei City 23445, Taiwan (R.O.C.)	(02)2925-8861
Yongjhen Branch	No. 225, Sec. 1, Zhongshan Rd., Yonghe Dist., New Taipei City 23446, Taiwan (R.O.C.)	(02)2927-3300
Fuhe Branch	No. 353-1, Fuhe Rd., Yonghe Dist., New Taipei City 23450, Taiwan (R.O.C.)	(02)2924-1010
Liancheng Branch	No. 236, Liancheng Rd., Zhonghe Dist., New Taipei City 23553, Taiwan (R.O.C.)	(02)8228-6976
Chungho Branch	No. 296, Sec. 2, Zhongshan Rd., Zhonghe Dist., New Taipei City 23557, Taiwan (R.O.C.)	(02)2242-2178
Shuangheh Branch	No. 102, Zhonghe Rd., Zhonghe Dist., New Taipei City 23575, Taiwan (R.O.C.)	(02)2244-7890
Shiuefu Branch	No. 122, Sec. 1, Xuefu Rd., Tucheng Dist., New Taipei City 23657, Taiwan (R.O.C.)	(02)2266-8669
Tucheng Branch	No. 209, Sec. 2, Zhongyang Rd., Tucheng Dist., New Taipei City 23669, Taiwan (R.O.C.)	(02)2273-9911
Shulin Branch	No. 166, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 23844, Taiwan (R.O.C.)	(02)2682-2988

Unit name	Address	Tel
Sanchuang Branch	No. 29, Sec. 2, Chongyang Rd., Sanchong Dist., New Taipei City 24141, Taiwan (R.O.C.)	(02)2982-2101
Jhengyi Branch	No. 9, Sec. 2, Chongxin Rd., Sanchong Dist., New Taipei City 24147, Taiwan (R.O.C.)	(02)2982-3131
North Sanchuang Branch	No. 111, Sec. 4, Sanhe Rd., Sanchong Dist., New Taipei City 24152, Taiwan (R.O.C.)	(02)2286-1133
Erh Chung Branch	No. 4, Ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City 24159, Taiwan (R.O.C.)	(02)2278-9999
Chungshin Branch	No. 87, Sec. 4, Chongxin Rd., Sanchong Dist., New Taipei City 24161, Taiwan (R.O.C.)	(02)2972-3329
Hsinchuang Branch	No. 245, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 24243, Taiwan (R.O.C.)	(02)2996-8491
Shintai Branch	No. 387, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 24243	(02)8201-0788
Singfu Branch	No. 692, Xingfu Rd., Xinzhuang Dist., New Taipei City 24248, Taiwan (R.O.C.)	(02)8992-9911
Hsinshu Branch	No. 499, Xinshu Rd., Xinzhuang Dist., New Taipei City 24262, Taiwan (R.O.C.)	(02)2208-0077
Danfeng Branch	No. 879-17, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 24256, Taiwan (R.O.C.)	(02)2903-2500
Lucho Branch	No. 79, Zhongzheng Rd., Luzhou Dist., New Taipei City 24757, Taiwan (R.O.C.)	(02)8282-5588
Danshuei Branch	No. 106, Zhongshan Rd., Tamsui Dist., New Taipei City 25151, Taiwan (R.O.C.)	(02)2620-5601
East Linkou Branch	No. 337, Sec. 1, Wenhua 3rd Rd., Linkou Dist., New Taipei City 24448, Taiwan (R.O.C.)	(02)2600-9177
Ilen Branch	No. 105, Sec. 1, Shennong Rd., Yilan City, Yilan County 26047, Taiwan (R.O.C.)	(03)935-8797
Chuchen Branch	1F & 2F, No. 189, Central Road, East District, Hsinchu City 30041	(03)531-1122
Hsinchu Branch	No. 307, Beida Rd., North Dist., Hsinchu City 30044, Taiwan (R.O.C.)	(03)524-1111
HSIP Branch	No. 369, Sec. 1, Guangfu Rd., East Dist., Hsinchu City 30074, Taiwan (R.O.C.)	(03)666-1666
Xiangshan Branch	No. 582, Sec. 4, Zhonghua Rd., Xiangshan Dist., Hsinchu City 30094, Taiwan (R.O.C.)	(03)538-0388

Unit name	Address	Tel
Chubei Branch	No. 87-1, Guangming 6th Rd., Zhubei City, Hsinchu County 30268, Taiwan (R.O.C.)	(03)657-0336
Liujia Branch	No. 301, Sec. 1, Wenxing Rd., Zhubei City, Hsinchu County 30272, Taiwan (R.O.C.)	(02)2218-9339
Chungli Branch	No. 11, Sec. 1, Zhongyang W. Rd., Zhongli Dist., Taoyuan City 32042, Taiwan (R.O.C.)	(03)422-4066
North Chungli Branch	No. 129, Cihui 3rd St., Zhongli Dist., Taoyuan City 32085, Taiwan (R.O.C.)	(03)427-0355
Tongde Branch	No. 1125, Zhongzheng Rd., Taoyuan Dist., Taoyuan City 33045, Taiwan (R.O.C.)	(03)325-0567
North Taoyuan Branch	No. 448, Zhongzheng Road, Taoyuan District, Taoyuan City 33047	(03)339-8855
Taoshing Branch	No. 469, Zhongshan Rd., Taoyuan Dist., Taoyuan City 33066, Taiwan (R.O.C.)	(03)335-6255
Taoyuan Branch	No. 170, Fuxing Rd., Taoyuan Dist., Taoyuan City 33066, Taiwan (R.O.C.)	(03)335-9955
Linkou Branch	No. 319, Wenhua 3rd Rd., Guishan Dist., Taoyuan City 33377, Taiwan (R.O.C.)	(03)327-1689
Danan Branch	No. 30, Jinhe Rd., Bade Dist., Taoyuan City 33461, Taiwan (R.O.C.)	(03)367-5777
Nankan Branch	No. 70, Zhongzheng Rd., Luzhu Dist., Taoyuan City 33858, Taiwan (R.O.C.)	(03)311-0355
Miaoli Branch	No. 408, Zhongzheng Rd., Miaoli City, Miaoli County 36043, Taiwan (R.O.C.)	(037)377-855
East Taichung Branch	No. 735, Jiancheng Rd., East Dist., Taichung City 40150, Taiwan (R.O.C.)	(04)2283-1666
Changping Branch	No. 36-1, Sec. 2, Changping Rd., Beitun Dist., Taichung City 40673, Taiwan (R.O.C.)	(04)2205-0867
West Taichung Branch	No. 185, Minquan Rd., West Dist., Taichung City 40341, Taiwan (R.O.C.)	(04)2220-8937
Taichung Branch	No. 148, Sec. 1, Ziyou Rd., West Dist., Taichung City 40342, Taiwan (R.O.C.)	(04)2223-1031
Gongyi Branch	No. 53, Sec. 2, Gongyi Rd., Nantun Dist., Taichung City 40861, Taiwan (R.O.C.)	(04)2225-9111
Nantun Branch	No. 1-128, Wuquan Rd., West Dist., Taichung City 40346, Taiwan (R.O.C.)	(04)2371-6663

Unit name	Address	Tel
Wuchuan Branch	No. 530, Yingcai Rd., West Dist., Taichung City 40360, Taiwan (R.O.C.)	(04)2301-4000
Dushing Branch	No. 190, Wuquan Rd., North Dist., Taichung City 40446, Taiwan (R.O.C.)	(04)2205-5858
Jiansing Branch	No. 590, Jianxing Rd., North Dist., Taichung City 40459, Taiwan (R.O.C.)	(04)2205-0867
Chongde Branch	No. 128, Sec. 2, Chongde Rd., Beitun Dist., Taichung City 40653, Taiwan (R.O.C.)	(04)2238-9278
Fengjia Branch	No. 363-5, Sec. 2, Henan Rd., Xitun Dist., Taichung City 40744, Taiwan (R.O.C.)	(04)2706-7998
Situn Branch	No. 219, Chaofu Rd., Xitun Dist., Taichung City 40757, Taiwan (R.O.C.)	(04)2371-6663
Shueinan Branch	No. 215, Sec. 2, Zhongqing Rd., Xitun Dist., Taichung City 40754, Taiwan (R.O.C.)	(04)2297-1718
Shizheng Branch	No. 31, Shizheng N. 3rd Rd., Xitun Dist., Taichung City 40756, Taiwan (R.O.C.)	(04)2251-9389
Chungkang Branch	No. 600, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City 40759, Taiwan (R.O.C.)	(04)2313-5678
Wenshin Branch	No. 666, Sec. 2, Wuquan W. Rd., Nantun Dist., Taichung City 40869, Taiwan (R.O.C.)	(04)2381-3168
Taiping Branch	No. 142, Zhongxing E. Rd., Taiping Dist., Taichung City 41167, Taiwan (R.O.C.)	(04)2275-2979
Dali Branch	No. 259, Sec. 2, Guoguang Rd., Dali Dist., Taichung City 41266, Taiwan (R.O.C.)	(04)2406-5678
Fongyuan Branch	No. 199, Sanmin Rd., Fengyuan Dist., Taichung City 42061, Taiwan (R.O.C.)	(04)2528-8700
Tanzih Branch	No. 46, Sec. 3, Tanxing Rd., Tanzi Dist., Taichung City 42751, Taiwan (R.O.C.)	(04)2531-6666
Daya Branch	No. 125, Sec. 1, Minsheng Rd., Daya Dist., Taichung City 42866, Taiwan (R.O.C.)	(04)2569-1155
Shalu Branch	No. 476, Zhongshan Rd., Shalu Dist., Taichung City 43352, Taiwan (R.O.C.)	(04)2665-5959
Chingshui Branch	No. 170, Zhongshan Rd., Qingshui Dist., Taichung City 43654, Taiwan (R.O.C.)	(04)2623-5798
Dajia Branch	No. 222-1, Shuntian Rd., Dajia Dist., Taichung City 43741, Taiwan (R.O.C.)	(04)2686-0779

Unit name	Address	Tel
Changmei Branch	No. 136, Cixiu Rd., Changhua City, Changhua County 50059, Taiwan (R.O.C.)	(04)725-3424
Changhwa Branch	No. 35, Huashan Rd., Changhua City, Changhua County 50063, Taiwan (R.O.C.)	(04)728-9288
Yuanlin Branch	No. 320, Sec. 2, Zhongshan Rd., Yuanlin City, Changhua County 51049, Taiwan (R.O.C.)	(04)832-4122
Nantou Branch	No. 13, Sanhe 3rd Rd., Nantou City, Nantou County 54057, Taiwan (R.O.C.)	(049)220-6686
Chiatai Branch	No. 242-1, Zhongshan Rd., East Dist., Chiayi City 60044, Taiwan (R.O.C.)	(05)223-2466
Chiayi Branch	No. 26, Minsheng N. Rd., West Dist., Chiayi City 60048, Taiwan (R.O.C.)	(05)227-5552
Douliu Branch	No. 89, Zhongshan Rd., Douliu City, Yunlin County 64051, Taiwan (R.O.C.)	(05)537-1321
Tainan Branch	No. 62, Sec. 1, Minsheng Rd., West Central Dist., Tainan City 70048, Taiwan (R.O.C.)	(06)228-0171
East Tainan Branch	No. 395, Sec. 1, Linsen Rd., East Dist., Tainan City 70151, Taiwan (R.O.C.)	(06)276-1166
Linan Branch	No. 17, Sec. 2, Lin'an Rd., North Dist., Tainan City 70458, Taiwan (R.O.C.)	(06)258-1736
Yeongkong Branch	No. 423, Zhonghua Rd., Yongkang Dist., Tainan City 71079, Taiwan (R.O.C.)	(06)233-8077
Hsinhsing Branch	No. 1, Zhonghua Road, Yongkang District, Tainan City 71084	(06)312-0266
Xinying Branch	No. 134, Zhongshan Rd., Xinying Dist., Tainan City 73065, Taiwan (R.O.C.)	(06)632-5556
Shanhua Branch	No. 349, Zhongshan Rd., Shanhua Dist., Tainan City 74157, Taiwan (R.O.C.)	(06)581-0607
Xinxing Branch	No. 55, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City 80054, Taiwan (R.O.C.)	(07)227-4171
Chianjin Branch	No. 148, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City 80147, Taiwan (R.O.C.)	(07)286-1720
Lingya Branch	No. 89, Linsen 2nd Rd., Lingya Dist., Kaohsiung City 80242, Taiwan (R.O.C.)	(07)333-8911
Szewe Branch	No. 7, Siwei 4th Rd., Lingya Dist., Kaohsiung City 80247, Taiwan (R.O.C.)	(07)331-9918

Unit name	Address	Tel
East Kaohsiung Branch	No. 72, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 80271, Taiwan (R.O.C.)	(07)224-1531
Mingcheng Branch	No. 152, Mingcheng 4th Road, Gushan District, Kaohsiung 80457, Taiwan (R.O.C.)	(07)586-7888
Qianzhen Branch	No. 355, Baotai Rd., Qianzhen Dist., Kaohsiung City 80643, Taiwan (R.O.C.)	(07)726-0676
South Kaohsiung Branch	No. 385, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City 80658, Taiwan (R.O.C.)	(07)338-6656
Kaohsiung Branch	No. 366, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 80757, Taiwan (R.O.C.)	(07)323-7711
Dachang Branch	No. 76, Dachang 2nd Rd., Sanmin Dist., Kaohsiung City 80780, Taiwan (R.O.C.)	(07)380-9339
Zuoying Branch	No. 366, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 81358, Taiwan (R.O.C.)	(07)550-7366
Gangshan Branch	No. 28, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City 82065, Taiwan (R.O.C.)	(07)622-6678
Fengshan Branch	No. 203, Zhongshan W. Rd., Fengshan Dist., Kaohsiung City 83068, Taiwan (R.O.C.)	(07)742-6325
Pingtung Branch	No. 125, Zhongzheng Rd., Pingtung City, Pingtung County 90074, Taiwan (R.O.C.)	(08)733-0456
Taidung Branch	No. 258, Zhongshan Rd., Taitung City, Taitung County 95043, Taiwan (R.O.C.)	(089)352-211
Hualien Branch	No. 163, Minguo Rd., Hualien City, Hualien County 97049, Taiwan (R.O.C.)	(03)833-7168
Cathay United Bank (China) Ltd.	Unit 01 & 04B of 15F, Unit 01-03 of 8F, Foxconn Building, No. 1366, Lujiazui Ring Road, Pilot Free Trade Zone, Shanghai, China	+86-21-6886-3785
Cathay United Bank (China) Ltd. Shanghai Branch	Unit 04, 8F, Foxconn Building, No. 1366, Lujiazui Ring Road, Pilot Free Trade Zone, Shanghai, China	+86-21-6886-3785
Cathay United Bank (China) Ltd. Shanghai Minhang Sub-Branch	Unit 802B & 803, Shanghai Hongqiao Libao Plaza Building 2, 159 Shenwu Road, Minhang District, Shanghai, China	+86-21-6491-9929
Cathay United Bank (China) Ltd. Shanghai Pilot Free Trade Zone Sub-Branch	Unit 203, 2F, Block B, Lane 2899, Jinke Road, Pudong New Area, Shanghai, China	+86-21-6877-8099
Cathay United Bank (China) Ltd. Shanghai Jiading Sub-	Room 1805-1808, No.1068 Shuangdan Road, Jiading District, Shanghai, China	+86-21-6040-6939

Unit name	Address	Tel
Branch		
Cathay United Bank (China) Ltd. Qingdao Branch	Room 2305-2307, 23F, No.26, Hong Kong Middle Road, Shinan District, Qingdao, Shandong, China	+86-532-5576-9888
Cathay United Bank (China) Ltd. Shenzhen Branch	Room 2501, Tower A of East Pacific International Center, No. 7888, Shennan Road, Futian District, Shenzhen, China	+86-755-8866-3939
Cathay United Bank (Cambodia) Corporation Limited	No. 48, Samdach Pan Avenue, Sangkat Boeng Reang, Khan Doun Penh, Phnom Penh, Cambodia	+855-2321-1211
Hong Kong Branch	Room 1102, 10&11F, Lee Garden Three, No. 1, Sunning Road, Causeway Bay, Hong Kong	+852-2877-5488
Singapore Branch	8 Marina Boulevard #13-01/03, Marina Bay Financial Centre, Singapore 018981	+65-6593-9280
Ho Chi Minh City Branch	19 Floor, Lim Tower 3, 29A Nguyen Dinh Chieu, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam	+84-28-38258768
Manila Branch	Unit 1, 15/F, Tower 6789, No. 6789, Ayala Avenue, Makati City, Metro Manila, Philippines, 1226	+63-2-7751-1161
Vientiane Capital Branch	No.40, Tut Mai Rd., Hatsady Village, Chanthabouly District, Vientiane Capital, Lao PDR	+856-21-255688
Yangon Branch	#21-07 to 10, 21st Floor, Junction City Tower, No. 3/A, Corner of Bogyoke Aung San Rd & 27th St, Pabedan Township, Yangon, Myanmar	+95-01-9253386
Labuan Branch	Unit 13F (2), Main Office Tower, Financial Park Labuan Complex, 87000 W.P. Labuan, Malaysia	+60-87-452168
Kuala Lumpur Co-Located Office	Unit 28-03, Level 28 Menara Public Bank 2, No. 78, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	+60-3-2070-6729
Bangkok Representative Office	No.388 Exchange Tower, 19 Floor Unit 1904, Sukhumvit Road, Klongtoey Subdistrict, Klongtoey District, Bangkok, Thailand	+66-2258-6155
Hanoi Representative Office	Unit No. 506 on 5th Floor, Hanoi Tower, 49 Hai Ba Trung Street, Hoan Kiem District, Hanoi City, Vietnam	+84-243-9366566
Quang Nam Representative Office	4 Floor, Viettel Quang Nam Building, No. 121, Hung Vuong Street, Tam Ky City, Quang Nam Province, Vietnam	+84-235-3813035
Jakarta Representative Office	Mayapada Tower 18-03 Jl. Jend. Sudirman Kav. 28 Jakarta 12920, Indonesia	+62-21-2951-8572

Appendix I

Cathay United Bank Co., Ltd. 2023 Consolidated Financial Statements and Independent Auditor's Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

CATHAY UNITED BANK CO., LTD.

By:

March 5, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Cathay United Bank Co., Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's consolidated financial statements for the year ended December 31, 2023 is as follows:

Impairment Assessment of Loans

The domestic loans of the Bank which amounted to \$2,134,975,661 thousand were considered material to the financial statements as a whole. The assessment of impairment of loans involves accounting estimates and management's significant judgment, and since the amount of impairment assessed on loans under the relevant regulations issued by the authorities is substantially larger than those assessed under IFRS 9, we determined the impairment of the loans assessed under the relevant regulations prescribed by the authorities as a key audit matter.

The Bank's management regularly assesses its loans for impairment. Recognition of impairment loss on loans is based on compliance with regulations issued by the authorities regarding the classification of credit assets and the provision of impairment loss. For the accounting policies and relevant information on the impairment assessment of loans, refer to Notes 4, 5 and 14.

The main audit procedures we performed in response to the key audit matter described above were as follows:

1. We obtained an understanding of and tested its internal controls of impairment assessment on loans.
2. We tested the classification of the credit assets into their respective categories out of the total five categories and confirmed that such classification complies with the relevant regulations issued by the authorities.
3. We performed the tests on selected samples and confirmed the appropriateness of impairment by the length of the overdue period and the value of the collateral for each respective loan.
4. We calculated the provision of impairment loss by classifying the credit assets into their respective categories and confirmed that such provision complies with the relevant regulations issued by the authorities.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2024

Notice to Readers

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

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 44)	\$ 105,837,938	2	\$ 119,616,535	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 4, 7, 44 and 45)	336,768,960	8	266,322,216	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 44 and 49)	322,291,636	8	234,300,043	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11, 44, 45 and 49)	296,069,646	7	480,180,321	12
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST (Notes 4, 10, 11, 45 and 49)	677,745,166	16	516,862,982	13
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 12)	24,166,326	-	22,766,209	1
RECEIVABLES, NET (Notes 4, 13, 15 and 44)	116,540,618	3	119,638,809	3
CURRENT INCOME TAX ASSETS (Note 4)	60,174	-	9,243	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 44)	2,280,571,067	54	2,045,082,457	53
INVESTMENTS MEASURED BY EQUITY METHOD, NET (Notes 4 and 17)	1,792,673	-	1,622,125	-
OTHER FINANCIAL ASSETS, NET	153,713	-	-	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	24,373,269	1	24,261,902	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 19 and 44)	3,640,704	-	3,613,004	-
INVESTMENT PROPERTIES, NET (Notes 4 and 20)	2,287,293	-	2,220,443	-
INTANGIBLE ASSETS, NET (Notes 4 and 21)	8,302,654	-	8,378,349	-
DEFERRED TAX ASSETS (Notes 4 and 42)	4,195,335	-	4,139,231	-
OTHER ASSETS, NET (Notes 22 and 44)	28,903,636	1	38,017,257	1
TOTAL	\$ 4,233,700,808	100	\$ 3,887,031,126	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 23 and 44)	\$ 117,130,854	3	\$ 97,309,239	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 44 and 49)	123,125,951	3	121,052,878	3
NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS (Notes 4 and 24)	18,318,492	-	30,731,806	1
PAYABLES (Notes 25 and 44)	41,715,928	1	34,397,688	1
CURRENT TAX LIABILITIES (Notes 4 and 42)	323,344	-	324,437	-
DEPOSITS AND REMITTANCES (Notes 26 and 44)	3,543,557,812	84	3,246,161,847	84
FINANCIAL DEBENTURES PAYABLE (Note 27)	27,100,000	1	37,147,398	1
OTHER FINANCIAL LIABILITIES (Note 28)	64,668,563	1	56,019,197	1
PROVISIONS (Notes 4, 15 and 29)	3,827,230	-	3,942,660	-
LEASE LIABILITIES (Notes 4, 19 and 44)	3,673,568	-	3,636,660	-
DEFERRED TAX LIABILITIES (Notes 4 and 42)	2,210,371	-	1,633,989	-
OTHER LIABILITIES (Notes 4, 31 and 44)	12,183,020	-	12,949,241	-
Total liabilities	3,957,835,133	93	3,645,307,040	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 32)				
Capital stock	108,598,655	3	108,598,655	3
Common stock	38,869,080	1	38,858,661	1
Capital surplus				
Retained earnings				
Legal reserve	85,964,149	2	78,748,709	2
Special reserve	16,832,170	-	2,077,665	-
Unappropriated earnings	27,823,633	1	24,025,533	1
Total retained earnings	130,619,952	3	104,851,907	3
Other equity	(6,156,444)	-	(14,574,995)	(1)
Total equity attributable to owners of the Bank	271,931,243	7	237,734,228	6
NON-CONTROLLING INTERESTS (Note 32)	3,934,432	-	3,989,858	-
Total equity	275,865,675	7	241,724,086	6
TOTAL	\$ 4,233,700,808	100	\$ 3,887,031,126	100

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Changes (%)
	Amount	%	Amount	%	
NET INTEREST REVENUE (Notes 4, 32 and 44)					
Interest income	\$ 109,474,073	126	\$ 70,173,678	94	56
Interest expense	<u>(57,730,783)</u>	<u>(66)</u>	<u>(21,469,188)</u>	<u>(29)</u>	169
Total net interest revenue	<u>51,743,290</u>	<u>60</u>	<u>48,704,490</u>	<u>65</u>	6
NET REVENUE OTHER THAN INTEREST					
Net service fee revenue (Notes 4, 34 and 44)	20,843,725	24	18,245,515	24	14
Gain on financial assets or liabilities at fair value through profit or loss (Notes 4, 35 and 44)	14,324,548	16	5,204,765	7	175
Realized loss on financial assets at fair value through other comprehensive income (Notes 4, 9 and 36)	(2,466,912)	(3)	(484,378)	(1)	409
Loss arising from derecognition of financial assets measured at amortised cost (Notes 4, 10 and 14)	(107,531)	-	(128,826)	-	(17)
Foreign exchange gain (Notes 4 and 50)	1,814,170	2	2,180,645	3	(17)
Impairment loss on assets (Notes 4 and 37)	(127,675)	-	(90,202)	-	42
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 17)	38,927	-	29,074	-	34
Net other revenue other than interest income (Notes 4 and 44)	<u>835,288</u>	<u>1</u>	<u>1,180,365</u>	<u>2</u>	(29)
Total net revenue other than interest	<u>35,154,540</u>	<u>40</u>	<u>26,136,958</u>	<u>35</u>	35
NET REVENUE	<u>86,897,830</u>	<u>100</u>	<u>74,841,448</u>	<u>100</u>	16
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 13, 14, 15 and 38)	<u>(5,076,962)</u>	<u>(6)</u>	<u>(5,523,994)</u>	<u>(8)</u>	(8)

(Continued)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Changes (%)
	Amount	%	Amount	%	
TOTAL OPERATING EXPENSES					
Employee benefits expenses (Notes 4, 39 and 44)	\$ (21,966,481)	(25)	\$ (19,304,586)	(26)	14
Depreciation and amortization expense (Notes 4, 18, 19, 21 and 40)	(3,834,527)	(5)	(3,635,350)	(5)	5
Other general and administrative expense (Notes 4, 41 and 44)	<u>(19,950,667)</u>	<u>(23)</u>	<u>(15,367,198)</u>	<u>(20)</u>	30
Total operating expenses	<u>(45,751,675)</u>	<u>(53)</u>	<u>(38,307,134)</u>	<u>(51)</u>	19
PROFIT BEFORE TAX	36,069,193	41	31,010,320	41	16
INCOME TAX EXPENSE (Notes 4 and 42)	<u>(7,102,387)</u>	<u>(8)</u>	<u>(5,298,617)</u>	<u>(7)</u>	34
NET INCOME	<u>28,966,806</u>	<u>33</u>	<u>25,711,703</u>	<u>34</u>	13
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 32)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax					
Remeasurement of defined benefit plans	(320,076)	-	(418,071)	(1)	(23)
Gain on property revaluation	-	-	1,322,404	2	(100)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	991,102	1	(4,133,074)	(5)	124
Change in fair value of financial liability attributable to change in credit risk of liability	(506,248)	-	575,753	1	(188)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	3,552	-	(5,073)	-	170
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 42)	201,371	-	103,523	-	95

(Continued)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Changes (%)
	Amount	%	Amount	%	
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax					
Exchange differences on translating the financial statements of foreign operations	\$ (285,523)	-	\$ 2,225,364	3	(113)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	128,084	-	(170,735)	-	175
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	7,897,238	9	(18,289,400)	(24)	143
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 4 and 42)	<u>(419,132)</u>	<u>(1)</u>	<u>368,985</u>	<u>-</u>	(214)
Other comprehensive income (loss), net of tax	<u>7,690,368</u>	<u>9</u>	<u>(18,420,324)</u>	<u>(24)</u>	142
TOTAL COMPREHENSIVE INCOME	<u>\$ 36,657,174</u>	<u>42</u>	<u>\$ 7,291,379</u>	<u>10</u>	403
PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	\$ 28,805,499	33	\$ 25,590,195	34	13
Non-controlling interests	<u>161,307</u>	<u>-</u>	<u>121,508</u>	<u>-</u>	33
	<u>\$ 28,966,806</u>	<u>33</u>	<u>\$ 25,711,703</u>	<u>34</u>	13
COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 36,242,199	42	\$ 7,259,606	10	399
Non-controlling interests	<u>414,975</u>	<u>-</u>	<u>31,773</u>	<u>-</u>	1206
	<u>\$ 36,657,174</u>	<u>42</u>	<u>\$ 7,291,379</u>	<u>10</u>	403
EARNINGS PER SHARE (Note 43)					
Basic	<u>\$ 2.65</u>		<u>\$ 2.36</u>		

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

(Concluded)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank						Other Equity					Total	Non-controlling Interests	Total Equity
	Capital Stock Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Changes in the Fair Value of Financial Liabilities Attributable to Changes in the Credit Risk	Losses on Remeasurements of Defined Benefit Plans	Gain on Property Revaluation				
			Legal Reserve	Special Reserve	Unappropriated Earnings									
BALANCE AT JANUARY 1, 2022	\$ 106,985,830	\$ 38,687,276	\$ 71,182,447	\$ 2,083,756	\$ 25,236,235	\$ (2,766,438)	\$ 7,527,083	\$ (889,397)	\$ (1,980,688)	\$ 285,008	\$ 2,175,568	\$ 4,376,091	\$ 250,727,203	
Appropriation of 2021 earnings	-	-	7,566,262	-	(7,566,262)	-	-	-	-	-	-	-	-	
Legal reserve	-	-	7,566,262	-	(7,566,262)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(16,047,875)	-	-	-	-	-	-	-	(16,047,875)	
Stock dividends	1,612,825	-	-	-	(1,612,825)	-	-	-	-	-	-	-	-	
Net income for the year ended December 31, 2022	-	-	-	-	25,590,195	-	-	-	-	-	-	121,508	25,711,703	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,474,468	(21,245,202)	460,602	(332,184)	1,311,727	(18,330,589)	(89,735)	(18,420,324)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	25,590,195	1,474,468	(21,245,202)	460,602	(332,184)	1,311,727	(18,330,589)	31,773	7,291,379	
Recognition of share-based payments granted by the parent company	-	171,385	-	-	-	-	-	-	-	-	-	-	171,385	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(418,006)	(418,006)	
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,564,662)	-	1,564,662	-	-	-	1,564,662	-	-	
Others	-	-	-	(6,091)	(9,273)	-	-	-	-	15,364	15,364	-	-	
BALANCE AT DECEMBER 31, 2022	108,598,655	38,858,661	78,748,709	2,077,665	24,025,533	(1,291,970)	(12,153,457)	(428,795)	(2,312,872)	1,612,099	(14,574,995)	3,989,858	241,724,086	
Changes in equity of associates accounted for using the equity method	-	-	-	-	(15)	-	-	-	-	-	-	-	(15)	
Appropriation of 2022 earnings	-	-	7,215,440	-	(7,215,440)	-	-	-	-	-	-	-	-	
Legal reserve	-	-	7,215,440	-	(7,215,440)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	14,783,830	(14,783,830)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(2,055,588)	-	-	-	-	-	-	-	(2,055,588)	
Net income for the year ended December 31, 2023	-	-	-	-	28,805,499	-	-	-	-	-	-	161,307	28,966,806	
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(228,490)	8,324,353	(404,998)	(254,165)	-	7,436,700	253,668	7,690,368	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	28,805,499	(228,490)	8,324,353	(404,998)	(254,165)	-	7,436,700	414,975	36,657,174	
Recognition of share-based payments granted by the parent company	-	10,419	-	-	-	-	-	-	-	-	-	-	10,419	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(470,401)	(470,401)	
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(981,851)	-	981,851	-	-	-	981,851	-	-	
Others	-	-	-	(29,325)	29,325	-	-	-	-	-	-	-	-	
BALANCE AT DECEMBER 31, 2023	\$ 108,598,655	\$ 38,869,080	\$ 85,964,149	\$ 16,832,170	\$ 27,823,633	\$ (1,520,460)	\$ (2,847,253)	\$ (833,793)	\$ (2,567,037)	\$ 1,612,099	\$ (6,156,444)	\$ 3,934,432	\$ 275,865,675	

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 36,069,193	\$ 31,010,320
Adjustments:		
Depreciation expense	3,185,448	3,061,162
Amortization expense	649,079	574,188
Expected credit loss/bad debt expense	5,076,962	5,523,994
Net gains on financial assets and liabilities at fair value through profit or loss	(14,324,548)	(5,204,765)
Interest expense	57,730,783	21,469,188
Net losses arising from derecognition of financial assets measured at amortised cost	107,531	128,826
Interest income	(109,474,073)	(70,173,678)
Dividend income	(1,582,814)	(1,452,773)
Compensation costs of share-based payments	10,419	171,385
Share of profit of associates and joint ventures accounted for using equity method	(38,927)	(29,074)
(Gains) losses on disposal of property and equipment	(153,308)	26,692
Gains on disposal of investment properties	-	(2,300)
Gains on disposal of assets held for sale	-	(440,613)
Losses on disposal of investments	4,049,726	1,937,151
Impairment loss on financial assets	127,675	90,202
Gains on fair value adjustment of investment property	(111,774)	(208,109)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(2,648,951)	(8,406,645)
Financial assets at fair value through profit or loss	4,227,486	182,416,550
Financial assets at fair value through other comprehensive income	188,830,511	(191,248,975)
Investments in debt instruments at amortised cost	(160,998,612)	54,897,299
Receivables	7,358,792	(12,348,330)
Discounts and loans	(239,732,485)	(243,452,897)
Other financial assets	(153,713)	4,346,973
Other assets	(160,381)	(852,568)
Deposits from the Central Bank and banks	19,821,615	22,704,065
Financial liabilities at fair value through profit or loss	(80,405,426)	(81,213,178)
Notes and bonds issued under repurchase agreement	(12,413,314)	(6,429,846)
Payables	1,398,069	1,710,451
Deposits and remittances	297,395,965	310,467,880
Other financial liabilities	8,649,366	24,516,468
Provisions	(799,051)	(326,584)
Other liabilities	(136,129)	511,333
Cash generated from operations	11,555,114	43,773,792
Interest received	110,244,130	69,112,725
Dividends received	1,632,065	1,493,044

(Continued)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Interest paid	\$ (54,611,491)	\$ (19,819,761)
Income tax paid	<u>(5,509,919)</u>	<u>(2,765,287)</u>
Net cash generated from operating activities	<u>63,309,899</u>	<u>91,794,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of assets held for sale	-	723,700
Acquisition of property and equipment	(1,468,930)	(1,400,606)
Proceeds from disposal of property and equipment	10,696	2,115
Acquisition of intangible assets	(265,580)	(325,823)
Proceeds from disposal of investment properties	-	36,800
Other assets	8,957,312	(9,873,814)
Dividends received	<u>-</u>	<u>63,407</u>
Net cash generated from (used in) investing activities	<u>7,233,498</u>	<u>(10,774,221)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and banks	-	(1,076,000)
Proceeds from issuance of financial debentures	-	693,116
Repayments of financial debentures payable	(10,048,944)	(10,384,260)
Payments of the principal portion of lease liabilities	(1,666,792)	(1,561,131)
Other liabilities	(601,867)	4,019,118
Cash dividends paid	<u>(2,525,989)</u>	<u>(16,465,881)</u>
Net cash used in financing activities	<u>(14,843,592)</u>	<u>(24,775,038)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(296,365)</u>	<u>2,068,728</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	55,403,440	58,313,982
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>312,895,760</u>	<u>254,581,778</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 368,299,200</u>	<u>\$ 312,895,760</u>

(Continued)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
RECONCILIATIONS OF CASH AND CASH EQUIVALENTS REPORTED IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THOSE REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022		
Cash and cash equivalents reported in the consolidated balance sheets	\$ 105,837,938	\$ 119,616,535
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	238,294,936	170,513,016
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	<u>24,166,326</u>	<u>22,766,209</u>
Cash and cash equivalents at the end of the year	<u>\$ 368,299,200</u>	<u>\$ 312,895,760</u>

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

(Concluded)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. INFORMATION ON THE BUSINESS

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

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Bank and its subsidiaries (collectively, the “Company”) were approved by the Bank’s board of directors on March 5, 2024.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies:

Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company’s exposure to Pillar Two income taxes. The requirements that the Company applies the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

The Company assessed that the application of the above standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: A Company shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the Company recognizes any effect as an adjustment to the opening balance of retained earnings. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Company assessed that the application of the above standards and interpretations will not have a material impact. The Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC.

Basis of Preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and 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.

Basis of Consolidation

Principles for preparing the consolidated financial statements

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

The accounting policies of the consolidated entities are same.

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

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

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

Entities included in the consolidated financial statements

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

Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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

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

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

Current and Non-current Assets and Liabilities

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

Cash and Cash Equivalents

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement categories

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

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

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

b) Financial assets at amortised cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost, including cash and cash equivalents, due from the Central Bank and call loans to banks, investments in debt instruments at amortised cost, receivables and discounts and loans, are measured at amortised cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

c) Investments in debt instruments at FVTOCI

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

- i. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

d) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

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

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

According to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, the Bank assesses the customers' financial position, the overdue payments of the principal and interest, and the value of collateral to classify credit assets into normal credit assets (excluding loans to the ROC government) and unsound assets which should be further classified as special mention, substandard, doubtful and losses, for which the

minimum provisions are 1%, 2%, 10%, 50%, and 100% of the outstanding balance, respectively. Furthermore, the FSC stipulates that banks should recognize provision of at least 1.5% of normal credit assets in mainland China (including short-term advances for trade finance) and loans for mortgage and construction loans that have been classified as normal assets, and further determine the allowance for losses based on the higher of the above-mentioned provision and the assessment of the expected credit losses.

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

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

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. The changes in fair value of the outstanding liabilities are recognized in profit or loss. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

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

b) Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

- i. The amount of the loss allowance reflecting expected credit loss; and
- ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

2) Derecognition of financial liabilities

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

d. Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

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

e. Modification of financial instruments

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

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

Investments in Associates

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

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

Profits or losses resulting from downstream transactions are eliminated in full only in the Bank's financial statements. Profits and losses resulting from upstream transactions and transactions between associates are recognized only in the Bank's financial statements only to the extent of interests in the associates that are not related to the Bank.

Nonperforming Loans

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the authorities, loans and other credits (including the accrued interest) that remain unpaid on their maturity are transferred immediately to nonperforming loans if the transfer is approved by the board of directors.

Nonperforming loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

Repurchase and Resale Transactions

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

Property and Equipment

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

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

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

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

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

Investment Properties

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

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

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

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

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

Goodwill

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

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

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

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

Foreclosed Collateral

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

Intangible Assets (Excluding Goodwill)

a. Intangible assets acquired separately

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

b. Derecognition

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

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

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

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

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

Leasing

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

a. The Company as lessor

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

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

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

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

b. The Company as lessee

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

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

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

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

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

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

Provisions

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

c. Termination benefits

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

d. Employee preferential interest rate deposits

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

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

Income Tax

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

a. Current tax

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

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

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

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

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

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

c. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Recognition of Interest Revenue and Expense

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

Recognition of Service Fee Revenue and Expense

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

Customer Loyalty Program

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Assessment of Impairment of Loans

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 27,744,892	\$ 25,744,576
Checks for clearance	5,947,591	5,633,023
Due from banks	<u>72,206,499</u>	<u>88,281,746</u>
	105,898,982	119,659,345
Less: Allowance for impairment loss	<u>(61,044)</u>	<u>(42,810)</u>
	<u>\$ 105,837,938</u>	<u>\$ 119,616,535</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Deposit reserves - general account	\$ 88,367,789	\$ 83,990,724
Deposit reserves - foreign currency account	10,142,523	11,854,260
Deposits in the Central Bank - general account	26,257,299	25,215,119
Call loans and overdrafts	<u>212,037,637</u>	<u>145,297,897</u>
	336,805,248	266,358,000
Less: Allowance for impairment loss	<u>(36,288)</u>	<u>(35,784)</u>
	<u>\$ 336,768,960</u>	<u>\$ 266,322,216</u>

The Bank

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

In addition, the foreign-currency deposit reserves are determined at prescribed rates on balances of additional foreign-currency deposits and recorded as deposit reserves - foreign currency account. These non-interest bearing reserves may be withdrawn at any time. As of December 31, 2023 and 2022, the balances of foreign-currency deposit reserves were \$2,315,127 thousand and \$4,298,282 thousand, respectively.

Indovina Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the State Bank of Vietnam were \$1,386,267 thousand and \$1,381,026 thousand as of December 31, 2023 and 2022, respectively.

CUBC Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the National Bank of Cambodia were \$1,281,214 thousand and \$1,182,039 thousand as of December 31, 2023 and 2022, respectively.

CUBCN Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the People's Bank of China were \$5,159,915 thousand and \$4,992,913 thousand as of December 31, 2023 and 2022, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>		
Treasury bills	\$ 9,785,086	\$ 4,917,106
Commercial paper	133,425,456	86,829,486
Government bonds	2,633,293	8,409,187
Corporate bonds	17,986,951	10,367,120
Financial debentures	68,299,923	35,099,739
Negotiable certificates of deposit	9,187,557	3,859,257
Stock investments	1,157,662	132,394
Fund beneficiary certificates	-	52,075
	<u>242,475,928</u>	<u>149,666,364</u>
Derivative financial instruments		
Foreign exchange forward contracts	43,796,706	42,758,817
Interest rate swap contracts	30,815,168	34,242,846
Options	3,093,077	4,981,547
Cross-currency swap contracts	1,842,232	2,229,121
Others	268,525	421,348
	<u>79,815,708</u>	<u>84,633,679</u>
	<u>\$ 322,291,636</u>	<u>\$ 234,300,043</u>
<u>Financial liabilities designated as at fair value through profit or loss</u>		
Bonds	<u>\$ 40,481,221</u>	<u>\$ 39,076,751</u>
<u>Financial liabilities held for trading</u>		
Derivative financial instruments		
Foreign exchange forward contracts	44,518,614	39,069,048
Interest rate swap contracts	30,515,151	33,295,671
Options	5,147,729	6,295,307
Cross-currency swap contracts	2,171,803	3,031,966
Others	291,433	284,135
	<u>82,644,730</u>	<u>81,976,127</u>
	<u>\$ 123,125,951</u>	<u>\$ 121,052,878</u>

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

The contract amounts (nominal amounts) of derivative transactions for accommodating customers' needs and for managing the Company's exposure positions as of December 31, 2023 and 2022 were as follows:

(Unit: Thousands of U.S. Dollars)

	Contract Amounts	
	December 31	
	2023	2022
<u>The Bank</u>		
Foreign exchange forward contracts	\$ 128,266,087	\$ 117,307,501
Interest rate swap contracts	41,592,820	47,107,566
Cross-currency swap contracts	4,691,641	3,147,051
Options	4,327,293	5,433,124
Equity swap contracts	1,080,320	295,240
Futures	1,071,785	536,581
Commodity swap contracts	793	7,702

	Contract Amounts	
	December 31	
	2023	2022

Indovina Bank

Foreign exchange forward contracts	\$ 141,000	\$ 362,768
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	Contract Amounts	
	December 31	
	2023	2022

CUBCN Bank

Foreign exchange forward contracts	\$ 14,426,128	\$ 6,672,220
Interest rate swap contracts	4,965,620	3,360,319
Cross-currency swap contracts	9,600	9,597
Options	3,379	16,260

As of December 31, 2023 and 2022, none of the financial assets at FVTPL was sold under repurchase agreements.

Financial Liabilities Designated as at Fair Value through Profit or Loss

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

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

The Bank converted fixed interest rates into floating interest rates with interest rate swap contracts to hedge against the fair value risk resulting from interest rate fluctuations. For the years ended December 31, 2023 and 2022, such interest rate swaps were valued with a net gain of \$254,352 thousand and a net loss of \$6,342,801 thousand, respectively.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in equity instruments		
Domestic listed shares	\$ 9,905,782	\$ 3,361,854
Overseas stock investments	9,578,784	9,669,582
Domestic unlisted shares	<u>5,285,115</u>	<u>4,154,125</u>
	<u>24,769,681</u>	<u>17,185,561</u>
Investments in debt instruments		
Corporate bonds	74,772,295	73,261,694
Financial debentures	51,748,813	56,897,017
Asset-backed securities	18,546,743	7,052,947
Negotiable certificates of deposit	31,934,434	246,261,699
Government bonds	<u>94,297,680</u>	<u>79,521,403</u>
	<u>271,299,965</u>	<u>462,994,760</u>
	<u>\$ 296,069,646</u>	<u>\$ 480,180,321</u>

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

In consideration of its investment strategy, the Bank sold its investments in equity instruments at FVTOCI with the fair value of \$25,770,281 thousand and \$27,789,536 thousand during the years ended December 31, 2023 and 2022, respectively, and the related unrealized losses of \$981,851 thousand and \$1,564,662 thousand were transferred from other equity to retained earnings, accordingly.

Dividends of \$1,582,814 thousand and \$1,452,773 thousand were recognized as income for the years ended December 31, 2023 and 2022, respectively. Those related to investments held as of December 31, 2023 and 2022 were \$1,212,780 thousand and \$679,009 thousand, respectively, and the remaining amounts were related to investments derecognized for the years ended December 31, 2023 and 2022.

As of December 31, 2023 and 2022, certain financial assets at FVTOCI were sold under repurchase agreements with notional amounts of \$21,084,718 thousand and \$20,288,287 thousand, respectively. The proceeds amounting to \$17,909,086 thousand and \$18,969,910 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and were repurchased for \$18,024,511 thousand and \$19,113,099 thousand before the end of May 2024 and May 2023, respectively.

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

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term bills	\$ 429,259,324	\$ 325,589,626
Government bonds	61,268,043	46,855,258
Corporate bonds	25,394,982	25,976,684
Financial debentures	91,130,103	53,881,003
Asset-backed bonds	<u>70,746,917</u>	<u>64,605,102</u>
	677,799,369	516,907,673
Less: Allowance for impairment loss	<u>(54,203)</u>	<u>(44,691)</u>
	<u>\$ 677,745,166</u>	<u>\$ 516,862,982</u>

For the years ended December 31, 2023 and 2022, the Bank disposed of certain bonds in advance due to the expected increase in credit risk, and recognized the gain or loss arising from derecognition of financial assets measured at amortised cost amounting to loss of \$107,531 thousand and gain of \$81,293 thousand, respectively.

As of December 31, 2023 and 2022, certain financial assets measured at amortised cost were sold under repurchase agreements with notional amounts of \$491,760 thousand and \$16,286,483 thousand, respectively. The proceeds amounting to \$409,406 thousand and \$11,761,896 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and were repurchased for \$415,453 thousand and \$11,835,606 thousand before the end of February 2024 and March 2023, respectively.

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

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

December 31, 2023

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

December 31, 2022

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	\$ 479,373,514	\$ 516,907,673	\$ 996,281,187
Less: Allowance for impairment loss	(195,806)	(44,691)	(240,497)
Adjustment to fair value	<u>(16,182,948)</u>	<u>-</u>	<u>(16,182,948)</u>
	<u>\$ 462,994,760</u>	<u>\$ 516,862,982</u>	<u>\$ 979,857,742</u>

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

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

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

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at December 31, 2023
Low credit risk	Low credit risk at the reporting date	12-month ECLs	\$ 956,937,282
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	436,904
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	68,618
Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at December 31, 2022
Low credit risk	Low credit risk at the reporting date	12-month ECLs	\$ 995,403,595
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	623,950
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	253,642

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

For the year ended December 31, 2023

	Credit Rating		
	Low Credit Risk (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In Default (Lifetime ECLs - Credit-impaired)
Balance at the beginning of the period	\$ 148,750	\$ 13,424	\$ 78,323
New debt instruments purchased	83,116	-	108,369
Derecognition	(68,512)	-	(187,252)
Effect of exchange rate changes and others	<u>10,863</u>	<u>(7,007)</u>	<u>560</u>
Balance at the end of the period	<u>\$ 174,217</u>	<u>\$ 6,417</u>	<u>\$ -</u>

For the year ended December 31, 2022

	Credit Rating		
	Low Credit Risk (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In Default (Lifetime ECLs - Credit-impaired)
Balance at the beginning of the period	\$ 122,072	\$ 12,576	\$ -
Changes in credit risk classification			
Low credit risk transferred to in default	(26,685)	-	80,110
New debt instruments purchased	115,376	-	-
Derecognition	(79,409)	-	(4,304)
Effect of exchange rate changes and others	<u>17,396</u>	<u>848</u>	<u>2,517</u>
Balance at the end of the period	<u>\$ 148,750</u>	<u>\$ 13,424</u>	<u>\$ 78,323</u>

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	December 31	
	2023	2022
Corporate bonds	\$ 15,367,864	\$ 10,159,241
Government bonds	7,720,628	7,710,509
Financial debentures	<u>1,080,009</u>	<u>4,909,562</u>
	24,168,501	22,779,312
Less: Allowance for impairment loss	<u>(2,175)</u>	<u>(13,103)</u>
	<u>\$ 24,166,326</u>	<u>\$ 22,766,209</u>

As of December 31, 2023 and 2022, none of the securities purchased under resell agreements were sold under repurchase agreements.

13. RECEIVABLES, NET

	December 31	
	2023	2022
Notes and accounts receivables	\$ 95,543,659	\$ 98,831,933
Interest receivable	14,014,235	9,325,062
Acceptance	1,316,484	996,607
Factoring receivable	2,695,574	4,523,885
Others	<u>5,717,630</u>	<u>8,478,332</u>
	119,287,582	122,155,819
Less: Allowance for impairment loss	<u>(2,746,964)</u>	<u>(2,517,010)</u>
	<u>\$ 116,540,618</u>	<u>\$ 119,638,809</u>

Refer to Note 50 for impairment loss analysis of receivables.

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

For the year ended December 31, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	\$ 118,271,889	\$ 1,880,551	\$ 2,003,379	\$ 122,155,819
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(490,224)	493,220	(2,996)	-
Transferred to credit-impaired financial assets	(476,441)	(170,752)	647,193	-
Transferred to 12-month ECLs	289,602	(285,101)	(4,501)	-
Derecognition of financial assets in the period	(87,623,995)	(1,649,933)	(400,680)	(89,674,608)
New financial assets purchased or originated	85,501,873	1,589,457	558,879	87,650,209
Written-off as bad debt expense	-	-	(645,789)	(645,789)
Effects of exchange rate changes and others	<u>(196,628)</u>	<u>(1,065)</u>	<u>(356)</u>	<u>(198,049)</u>
Balance at the end of the period	<u>\$ 115,276,076</u>	<u>\$ 1,856,377</u>	<u>\$ 2,155,129</u>	<u>\$ 119,287,582</u>

For the year ended December 31, 2022

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	\$ 101,532,216	\$ 2,692,899	\$ 2,105,098	\$ 106,330,213
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(468,820)	470,837	(2,017)	-
Transferred to credit-impaired financial assets	(63,787)	(18,981)	82,768	-
Transferred to 12-month ECLs	803,485	(800,774)	(2,711)	-
Derecognition of financial assets in the period	(83,364,876)	(1,838,847)	(176,139)	(85,379,862)
New financial assets purchased or originated	99,659,550	1,370,739	376,828	101,407,117
Written-off as bad debt expense	-	-	(387,020)	(387,020)
Effects of exchange rate changes and others	<u>174,121</u>	<u>4,678</u>	<u>6,572</u>	<u>185,371</u>
Balance at the end of the period	<u>\$ 118,271,889</u>	<u>\$ 1,880,551</u>	<u>\$ 2,003,379</u>	<u>\$ 122,155,819</u>

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

For the year ended December 31, 2023

	12-month ECLs	Lifetime ECLs (Collectivel y Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairmen t Loss under IFRS 9	Differences of Impairmen t Loss under Regulations	Total
Balance at the beginning of the period	\$ 506,839	\$ 360,011	\$ 1,591,166	\$ 2,458,016	\$ 58,994	\$ 2,517,010
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(15,909)	192,785	(2,148)	174,728	-	174,728
Transferred to credit-impaired financial assets	(20,810)	(72,889)	614,736	521,037	-	521,037
Transferred to 12-month ECLs	11,044	(101,358)	(3,162)	(93,476)	-	(93,476)
Derecognition of financial assets in the period	(309,925)	(140,863)	(261,008)	(711,796)	-	(711,796)
New financial assets purchased or originated	315,039	146,900	389,701	851,640	-	851,640
Differences of impairment loss under the regulations	-	-	-	-	(1,739)	(1,739)
Written-off as bad debt expense	-	-	(645,789)	(645,789)	-	(645,789)
Effects of exchange rate changes and others	<u>79,076</u>	<u>9,385</u>	<u>46,888</u>	<u>135,349</u>	<u>-</u>	<u>135,349</u>
Balance at the end of the period	<u>\$ 565,354</u>	<u>\$ 393,971</u>	<u>\$ 1,730,384</u>	<u>\$ 2,689,709</u>	<u>\$ 57,255</u>	<u>\$ 2,746,964</u>

For the year ended December 31, 2022

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 418,248	\$ 288,704	\$ 1,658,913	\$ 2,365,865	\$ 69,669	\$ 2,435,534
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(4,470)	190,986	(1,287)	185,229	-	185,229
Transferred to credit-impaired financial assets	(1,173)	(3,929)	114,964	109,862	-	109,862
Transferred to 12-month ECLs	22,288	(164,304)	(1,924)	(143,940)	-	(143,940)
Derecognition of financial assets in the period	(347,571)	(105,202)	(89,433)	(542,206)	-	(542,206)
New financial assets purchased or originated	248,195	109,888	255,448	613,531	-	613,531
Differences of impairment loss under the regulations	-	-	-	-	(10,675)	(10,675)
Written-off as bad debt expense	-	-	(387,020)	(387,020)	-	(387,020)
Effects of exchange rate changes and others	171,322	43,868	41,505	256,695	-	256,695
Balance at the end of the period	<u>\$ 506,839</u>	<u>\$ 360,011</u>	<u>\$ 1,591,166</u>	<u>\$ 2,458,016</u>	<u>\$ 58,994</u>	<u>\$ 2,517,010</u>

14. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022
Discounts and overdrafts	\$ 1,279,933	\$ 1,328,114
Short-term loans	539,297,933	477,974,557
Medium-term loans	592,246,028	519,849,556
Long-term loans	1,178,654,623	1,073,727,040
Export negotiations	1,249,512	1,246,793
Overdue loans	<u>6,751,086</u>	<u>5,974,697</u>
	2,319,479,115	2,080,100,757
Less: Allowance for impairment loss	<u>(38,908,048)</u>	<u>(35,018,300)</u>
	<u>\$ 2,280,571,067</u>	<u>\$ 2,045,082,457</u>

As of December 31, 2023, the amount of the domestic loans of the Bank was \$2,134,975,661 thousand and allowance for impairment loss was \$35,080,127 thousand.

For the years ended December 31, 2023 and 2022, the Bank disposed credit assets in order to increase debt recovery, and recognized the losses arising from the derecognition of credit assets measured at amortised cost amounting to \$0 thousand and \$210,119 thousand, respectively.

As of December 31, 2023 and 2022, the loan and credit balances of nonaccrual loans were \$6,751,086 thousand and \$5,974,697 thousand, respectively. For the years ended December 31, 2023 and 2022, the Company did not write off certain credits without completing the required legal procedures.

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

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

For the year ended December 31, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	\$ 1,996,179,020	\$ 66,527,131	\$ 17,394,606	\$ 2,080,100,757
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(34,203,912)	34,353,357	(149,445)	-
Transferred to credit-impaired financial assets	(4,367,780)	(808,435)	5,176,215	-
Transferred to 12-month ECLs	27,600,042	(26,736,649)	(863,393)	-
Derecognition of financial assets in the period	(614,676,723)	(26,735,900)	(1,854,547)	(643,267,170)
New financial assets purchased or originated	862,803,923	22,834,280	2,008,441	887,646,644
Written-off as bad debt expense	-	-	(2,749,476)	(2,749,476)
Effects of exchange rate changes and others	<u>(2,036,819)</u>	<u>(35,603)</u>	<u>(179,218)</u>	<u>(2,251,640)</u>
Balance at the end of the period	<u>\$ 2,231,297,751</u>	<u>\$ 69,398,181</u>	<u>\$ 18,783,183</u>	<u>\$ 2,319,479,115</u>

For the year ended December 31, 2022

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	\$ 1,763,964,944	\$ 60,965,797	\$ 12,124,070	\$ 1,837,054,811
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(27,346,268)	27,458,018	(111,750)	-
Transferred to credit-impaired financial assets	(2,730,203)	(2,554,899)	5,285,102	-
Transferred to 12-month ECLs	20,228,289	(19,961,440)	(266,849)	-
Derecognition of financial assets in the period	(573,498,422)	(23,625,402)	(3,230,779)	(600,354,603)
New financial assets purchased or originated	804,347,543	21,687,133	4,408,441	830,443,117
Written-off as bad debt expense	-	-	(1,101,143)	(1,101,143)
Effects of exchange rate changes and others	<u>11,213,137</u>	<u>2,557,924</u>	<u>287,514</u>	<u>14,058,575</u>
Balance at the end of the period	<u>\$ 1,996,179,020</u>	<u>\$ 66,527,131</u>	<u>\$ 17,394,606</u>	<u>\$ 2,080,100,757</u>

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

For the year ended December 31, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 3,408,785	\$ 2,480,491	\$ 6,433,892	\$ 12,323,168	\$ 22,695,132	\$ 35,018,300
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(143,697)	1,732,965	(43,899)	1,545,369	-	1,545,369
Transferred to credit-impaired financial assets	(29,600)	(133,134)	3,081,441	2,918,707	-	2,918,707
Transferred to 12-month ECLs	81,471	(743,747)	(159,716)	(821,992)	-	(821,992)
Derecognition of financial assets in the period	(1,452,905)	(978,231)	(1,233,927)	(3,665,063)	-	(3,665,063)
New financial assets purchased or originated	1,977,555	1,048,936	1,371,609	4,398,100	-	4,398,100
Differences of impairment loss under the regulations	-	-	-	-	1,526,691	1,526,691
Written-off as bad debt expense	-	-	(2,749,476)	(2,749,476)	-	(2,749,476)
Effects of exchange rate changes and others	367,119	(152,611)	522,904	737,412	-	737,412
Balance at the end of the period	<u>\$ 4,208,728</u>	<u>\$ 3,254,669</u>	<u>\$ 7,222,828</u>	<u>\$ 14,686,225</u>	<u>\$ 24,221,823</u>	<u>\$ 38,908,048</u>

For the year ended December 31, 2022

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 3,442,880	\$ 1,990,988	\$ 5,005,473	\$ 10,439,341	\$ 19,538,811	\$ 29,978,152
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(81,193)	1,080,204	(22,786)	976,225	-	976,225
Transferred to credit-impaired financial assets	(20,584)	(91,642)	1,822,236	1,710,010	-	1,710,010
Transferred to 12-month ECLs	137,543	(796,822)	(44,544)	(703,823)	-	(703,823)
Derecognition of financial assets in the period	(1,509,476)	(571,063)	(1,061,679)	(3,142,218)	-	(3,142,218)
New financial assets purchased or originated	1,722,256	703,288	1,290,838	3,716,382	-	3,716,382
Differences of impairment loss under the regulations	-	-	-	-	3,156,321	3,156,321
Written-off as bad debt expense	-	-	(1,101,143)	(1,101,143)	-	(1,101,143)
Effects of exchange rate changes and others	(282,641)	165,538	545,497	428,394	-	428,394
Balance at the end of the period	<u>\$ 3,408,785</u>	<u>\$ 2,480,491</u>	<u>\$ 6,433,892</u>	<u>\$ 12,323,168</u>	<u>\$ 22,695,132</u>	<u>\$ 35,018,300</u>

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

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

For the year ended December 31, 2023

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 185,168	\$ 63,139	\$ 5,801	\$ 254,108	\$ 192,553	\$ 446,661
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(1,828)	25,284	(12)	23,444	-	23,444
Transferred to credit-impaired financial assets	(134)	(7,733)	69,097	61,230	-	61,230
Transferred to 12-month ECLs	1,384	(13,567)	(373)	(12,556)	-	(12,556)
Derecognition of financial assets in the period	(81,818)	(51,723)	(1,954)	(135,495)	-	(135,495)
New financial assets purchased or originated	104,832	58,660	2,659	166,151	-	166,151
Differences of impairment loss under the regulations	-	-	-	-	(3,802)	(3,802)
Effects of exchange rate changes and others	8,359	(1,005)	12,320	19,674	-	19,674
Balance at the end of the period	<u>\$ 215,963</u>	<u>\$ 73,055</u>	<u>\$ 87,538</u>	<u>\$ 376,556</u>	<u>\$ 188,751</u>	<u>\$ 565,307</u>

For the year ended December 31, 2022

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 173,324	\$ 72,005	\$ 4,532	\$ 249,861	\$ 184,559	\$ 434,420
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(2,076)	29,896	(21)	27,799	-	27,799
Transferred to credit-impaired financial assets	(29)	(75)	4,663	4,559	-	4,559
Transferred to 12-month ECLs	2,877	(43,980)	(265)	(41,368)	-	(41,368)
Derecognition of financial assets in the period	(65,954)	(30,296)	(925)	(97,175)	-	(97,175)
New financial assets purchased or originated	86,608	15,771	1,594	103,973	-	103,973
Differences of impairment loss under the regulations	-	-	-	-	7,994	7,994
Effects of exchange rate changes and others	(9,582)	19,818	(3,777)	6,459	-	6,459
Balance at the end of the period	<u>\$ 185,168</u>	<u>\$ 63,139</u>	<u>\$ 5,801</u>	<u>\$ 254,108</u>	<u>\$ 192,553</u>	<u>\$ 446,661</u>

16. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

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

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%)		Description
			2023	2022	
The Bank	Indovina Bank Limited (Indovina Bank) (Note 1)	Bank business	50	50	Incorporated in Vietnam on November 21, 1990
	Cathay United Bank (Cambodia) Corporation Limited (CUBC Bank) (Note 2)	Bank business	100	100	SBC Bank was incorporated in Cambodia on July 5, 1993, and renamed as CUBC Bank as of January 14, 2014
	Cathay United Bank (China) Limited (CUBCN Bank) (Note 3)	Bank business	100	100	Incorporated in China on September 3, 2018
Cambodia CUBC Bank	CUBC Investment Co., LTD. (CUBC-I) (Note 2)	Invest business	49 (Note 4)	49 (Note 4)	Incorporated in Cambodia on August 14, 2012

Note 1: Immaterial subsidiary, but its financial statements have been audited.

Note 2: As an immaterial subsidiary, its financial statements have not been audited.

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

Note 4: Cambodia CUBC Bank held 49% of the shares of CUBC-I. Through an agency agreement with the rest of shareholders, it actually controls the operations of CUBC-I and the composition of its board of directors, and obtains 100% of its economic benefits, therefore, CUBC-I is listed as a subsidiary of CUBC Bank.

17. INVESTMENTS MEASURED BY EQUITY METHOD, NET

	December 31	
	2023	2022
<u>Associates that are not individually material</u>		
Taiwan Real-estate Management Corp.	\$ 99,255	\$ 95,880
Taiwan Finance Corp.	<u>1,693,418</u>	<u>1,526,245</u>
	<u>\$ 1,792,673</u>	<u>\$ 1,622,125</u>

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

	For the Year Ended December 31	
	2023	2022
The Bank's share of		
Current net profit	\$ 38,927	\$ 29,074
Current other comprehensive income (loss)	<u>131,636</u>	<u>(175,808)</u>
Current comprehensive income (loss)	<u>\$ 170,563</u>	<u>\$ (146,734)</u>

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

18. PROPERTY AND EQUIPMENT, NET

For the year ended December 31, 2023

	Land	Buildings	Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Equipment	Total
<u>Cost</u>								
Balance at the beginning of the period	\$ 15,319,962	\$ 9,697,850	\$ 5,505,376	\$ 122,611	\$ 8,226,357	\$ 401,536	\$ 434,585	\$ 39,708,277
Additions	-	-	282,643	1,154	227,960	1,290	955,883	1,468,930
Disposals	-	-	(202,900)	(972)	(289,651)	(24)	-	(493,547)
Reclassification	-	-	215,574	5,567	384,498	22,060	(633,620)	(5,921)
Others (Note)	(31,559)	105,401	-	-	80,625	-	-	154,467
Exchange differences	512	292	(4,953)	52	(1,861)	(5,146)	(288)	(11,392)
Balance at the end of the period	<u>15,288,915</u>	<u>9,803,543</u>	<u>5,795,740</u>	<u>128,412</u>	<u>8,627,928</u>	<u>419,716</u>	<u>756,560</u>	<u>40,820,814</u>
<u>Accumulated depreciation and impairment</u>								
Balance at the beginning of the period	-	4,841,740	4,023,962	88,215	6,257,643	234,815	-	15,446,375
Depreciation	-	206,013	668,939	8,327	567,562	40,344	-	1,491,185
Disposals	-	-	(202,591)	(972)	(278,105)	(24)	-	(481,692)
Reclassification	-	-	1,366	-	(1,366)	-	-	-
Exchange differences	-	(61)	(3,596)	(15)	(1,903)	(2,748)	-	(8,323)
Balance at the end of the period	<u>-</u>	<u>5,047,692</u>	<u>4,488,080</u>	<u>95,555</u>	<u>6,543,831</u>	<u>272,387</u>	<u>-</u>	<u>16,447,545</u>
<u>Net</u>								
Balance at the end of the period	<u>\$ 15,288,915</u>	<u>\$ 4,755,851</u>	<u>\$ 1,307,660</u>	<u>\$ 32,857</u>	<u>\$ 2,084,097</u>	<u>\$ 147,329</u>	<u>\$ 756,560</u>	<u>\$ 24,373,269</u>

For the year ended December 31, 2022

	Land	Buildings	Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Equipment	Total
<u>Cost</u>								
Balance at the beginning of the period	\$ 15,440,070	\$ 9,886,194	\$ 5,223,402	\$ 114,426	\$ 7,899,628	\$ 377,974	\$ 299,800	\$ 39,241,494
Additions	-	-	455,780	880	273,943	5,794	664,209	1,400,606
Disposals	-	(4,363)	(313,884)	(6,794)	(389,301)	-	-	(714,342)
Reclassification	(177,256)	(216,908)	88,484	1,850	425,087	2,568	(532,869)	(409,044)
Exchange differences	57,148	32,927	51,594	12,249	17,000	15,200	3,445	189,563
Balance at the end of the period	<u>15,319,962</u>	<u>9,697,850</u>	<u>5,505,376</u>	<u>122,611</u>	<u>8,226,357</u>	<u>401,536</u>	<u>434,585</u>	<u>39,708,277</u>
<u>Accumulated depreciation and impairment</u>								
Balance at the beginning of the period	-	4,762,428	3,616,695	77,200	6,094,199	186,884	-	14,737,406
Depreciation	-	204,791	680,776	8,652	515,955	39,053	-	1,449,227
Disposals	-	(3,276)	(313,447)	(6,033)	(362,779)	-	-	(685,535)
Reclassification	-	(136,359)	744	-	501	-	-	(135,114)
Exchange differences	-	14,156	39,194	8,396	9,767	8,878	-	80,391
Balance at the end of the period	<u>-</u>	<u>4,841,740</u>	<u>4,023,962</u>	<u>88,215</u>	<u>6,257,643</u>	<u>234,815</u>	<u>-</u>	<u>15,446,375</u>
<u>Net</u>								
Balance at the end of the period	<u>\$ 15,319,962</u>	<u>\$ 4,856,110</u>	<u>\$ 1,481,414</u>	<u>\$ 34,396</u>	<u>\$ 1,968,714</u>	<u>\$ 166,721</u>	<u>\$ 434,585</u>	<u>\$ 24,261,902</u>

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

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

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

As of December 31, 2023 and 2022, no property and equipment was pledged.

In January and April 2022, the Bank disposed of two vacant premises with a carrying amount of \$283,087 thousand for proceeds of \$23,700 thousand and \$700,000 thousand, respectively, and recognized a disposal gain of \$440,613 thousand.

19. LEASE AGREEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount of right-of-use assets		
Land and buildings	\$ 3,585,526	\$ 3,560,288
Equipment	1,710	2,435
Transportation equipment	<u>53,468</u>	<u>50,281</u>
	<u>\$ 3,640,704</u>	<u>\$ 3,613,004</u>
	For the Year Ended December 31	
	2023	2022
Additions of right-of-use assets	<u>\$ 1,764,542</u>	<u>\$ 1,498,942</u>
Depreciation expense of right-of-use assets		
Land and buildings	\$ 1,659,087	\$ 1,581,010
Equipment	931	877
Transportation equipment	<u>34,245</u>	<u>30,048</u>
	<u>\$ 1,694,263</u>	<u>\$ 1,611,935</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount of lease liabilities	<u>\$ 3,673,568</u>	<u>\$ 3,636,660</u>

The discount rate intervals of lease liabilities are as follows:

	December 31	
	2023	2022
Land and buildings	0.05%-8.12%	0.05%-4.68%
Equipment	0.36%-3.49%	0.36%-4.15%
Transportation equipment	0.25%-8.76%	0.22%-4.12%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Short-term rental expenses	<u>\$ 520,382</u>	<u>\$ 515,371</u>
Low-value assets rental expenses	<u>\$ 331,105</u>	<u>\$ 300,362</u>
Variable lease payment expenses not included in measurable lease liabilities	<u>\$ 36</u>	<u>\$ 3</u>
Gross cash outflow for leases	<u>\$ 2,555,447</u>	<u>\$ 2,414,935</u>

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

20. INVESTMENT PROPERTIES, NET

	Land	Buildings	Total
Balance at January 1, 2023	\$ 2,115,138	\$ 105,305	\$ 2,220,443
Gain on fair value adjustment	90,711	21,063	111,774
Others (Note)	<u>(44,924)</u>	<u>-</u>	<u>(44,924)</u>
Balance at December 31, 2023	<u>\$ 2,160,925</u>	<u>\$ 126,368</u>	<u>\$ 2,287,293</u>
Balance at January 1, 2022	\$ 542,841	\$ 114,599	\$ 657,440
Transfers from property and equipment	1,446,280	134,720	1,581,000
Disposals	(28,829)	(5,671)	(34,500)
Reclassification	134,720	(134,720)	-
Gain (loss) on fair value adjustment	211,732	(3,623)	208,109
Others (Note)	<u>(191,606)</u>	<u>-</u>	<u>(191,606)</u>
Balance at December 31, 2022	<u>\$ 2,115,138</u>	<u>\$ 105,305</u>	<u>\$ 2,220,443</u>

Note: Compensation for urban renewal and demolition.

- a. As of December 31, 2023 and 2022, no investment property was pledged.
- b. Some of the Bank's properties are held for earning rental income or for capital appreciation, while some are for self-use. When the part held for self-use is less than 5% of the individual real estate, the real estate is classified as investment properties.
- c. The fair values of the Bank's investment properties were based on the valuations carried out by qualified real estate appraisers in Taiwan in accordance with the "Regulations on Real Estate Appraisal." The valuation dates were December 31, 2023 and 2022, respectively.

Appraiser Office	December 31	
	2023	2022
Euro-Asia Real Estate Appraisers Firm	Zong-Ting, Xie	-
REPro Knight Frank Real Estate Appraiser Firm	-	Xiang-Yi, Hsu; You-Xiang, Cai

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

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

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

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

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

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

The main inputs used are as follows:

	December 31	
	2023	2022
Direct capitalization rates	1.50%-1.94%	1.13%-4.03%
Overall capital interest rate	1.09%-1.18%	0.84%-2.50%

Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Generating rental income	\$ -	\$ -
Not generating rental income	<u>4,502</u>	<u>10,710</u>
	<u>\$ 4,502</u>	<u>\$ 10,710</u>

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

21. INTANGIBLE ASSETS, NET

For the year ended December 31, 2023

	Computer Software	Goodwill	Others	Total
<u>Cost</u>				
Balance at the beginning of the period	\$ 3,493,480	\$ 6,997,679	\$ -	\$ 10,491,159
Additions	262,585	-	2,995	265,580
Disposals	(554,466)	-	-	(554,466)
Reclassification	310,610	-	-	310,610
Exchange differences	<u>(7,185)</u>	<u>286</u>	<u>-</u>	<u>(6,899)</u>
Balance at the end of the period	<u>3,505,024</u>	<u>6,997,965</u>	<u>2,995</u>	<u>10,505,984</u>
<u>Accumulated amortization</u>				
Balance at the beginning of the period	2,112,810	-	-	2,112,810
Amortization	649,079	-	-	649,079
Disposals	(554,466)	-	-	(554,466)
Exchange differences	<u>(4,093)</u>	<u>-</u>	<u>-</u>	<u>(4,093)</u>
Balance at the end of the period	<u>2,203,330</u>	<u>-</u>	<u>-</u>	<u>2,203,330</u>
<u>Net</u>				
Balance at the end of the period	<u>\$ 1,301,694</u>	<u>\$ 6,997,965</u>	<u>\$ 2,995</u>	<u>\$ 8,302,654</u>

For the year ended December 31, 2022

	Computer Software	Goodwill	Others	Total
<u>Cost</u>				
Balance at the beginning of the period	\$ 3,050,318	\$ 6,965,778	\$ -	\$ 10,016,096
Additions	325,823	-	-	325,823
Disposals	(246,939)	-	-	(246,939)
Reclassification	336,004	-	-	336,004
Exchange differences	<u>28,274</u>	<u>31,901</u>	<u>-</u>	<u>60,175</u>
Balance at the end of the period	<u>3,493,480</u>	<u>6,997,679</u>	<u>-</u>	<u>10,491,159</u>
<u>Accumulated amortization</u>				
Balance at the beginning of the period	1,765,496	-	-	1,765,496
Amortization	574,188	-	-	574,188
Disposals	(246,939)	-	-	(246,939)
Exchange differences	<u>20,065</u>	<u>-</u>	<u>-</u>	<u>20,065</u>
Balance at the end of the period	<u>2,112,810</u>	<u>-</u>	<u>-</u>	<u>2,112,810</u>
<u>Net</u>				
Balance at the end of the period	<u>\$ 1,380,670</u>	<u>\$ 6,997,679</u>	<u>\$ -</u>	<u>\$ 8,378,349</u>

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

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

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

22. OTHER ASSETS, NET

	<u>December 31</u>	
	2023	2022
Prepayments	\$ 1,205,013	\$ 1,248,126
Temporary payments and suspense accounts	343,907	533,747
Interbank clearing funds	10,468,668	10,413,892
Refundable deposits, net	16,094,677	25,220,365
Operating deposits	632,890	464,514
Others	<u>158,481</u>	<u>136,613</u>
	<u>\$ 28,903,636</u>	<u>\$ 38,017,257</u>

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	<u>December 31</u>	
	2023	2022
Deposits from the Central Bank and banks	\$ 51,480,935	\$ 44,266,725
Call loans from the Central Bank and banks	47,925,529	34,635,693
Due to Chunghwa Post Co., Ltd.	17,709,405	17,709,405
Bank overdrafts	<u>14,985</u>	<u>697,416</u>
	<u>\$ 117,130,854</u>	<u>\$ 97,309,239</u>

24. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	<u>December 31</u>	
	2023	2022
Government bonds	\$ 16,415,766	\$ 11,322,277
Financial debentures	1,493,320	8,752,284
Asset-backed securities	<u>409,406</u>	<u>10,657,245</u>
	<u>\$ 18,318,492</u>	<u>\$ 30,731,806</u>

25. PAYABLES

	December 31	
	2023	2022
Interest payable	\$ 10,983,630	\$ 6,405,434
Accrued expenses	10,475,775	9,637,585
Accounts payable	6,387,180	6,104,036
Payable on notes and bonds trade settle	1,856,690	2,225,148
Banker's acceptances	1,316,820	1,087,703
Receipts under custody	929,754	692,669
Others	<u>9,766,079</u>	<u>8,245,113</u>
	<u>\$ 41,715,928</u>	<u>\$ 34,397,688</u>

26. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Checking deposits	\$ 17,487,151	\$ 17,098,557
Demand deposits	794,495,204	851,018,644
Demand savings deposits	1,417,582,060	1,331,212,632
Time deposits	874,530,259	646,620,918
Time savings deposits	432,986,511	392,058,316
Negotiable certificates of deposits	3,906,933	5,897,706
Outward remittances and remittances payable	<u>2,569,694</u>	<u>2,255,074</u>
	<u>\$ 3,543,557,812</u>	<u>\$ 3,246,161,847</u>

27. FINANCIAL DEBENTURES PAYABLE

	December 31	
	2023	2022
1st issue of subordinated financial debentures in 2013; fixed rate at 1.70%; maturity: April 2023	\$ -	\$ 9,900,000
1st issue of subordinated financial debentures in 2014; fixed rate at 1.85%; maturity: May 2024	12,000,000	12,000,000
2nd issue of subordinated financial debentures in 2017; fixed rate at 1.85%; maturity: April 2027	12,700,000	12,700,000
2nd issue of subordinated financial debentures in 2017; fixed rate at 1.50%; maturity: April 2024	2,400,000	2,400,000
6-month USD linked structured note; rate at 4.8%-5.6%; maturity: June 2023 (US\$4,800 thousand)	<u>-</u>	<u>147,398</u>
	<u>\$ 27,100,000</u>	<u>\$ 37,147,398</u>

28. OTHER FINANCIAL LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Principal of structured products	<u>\$ 64,668,563</u>	<u>\$ 56,019,197</u>

29. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Reserve for employee benefits		
Defined benefit plan	\$ 1,843,617	\$ 2,420,093
Retired employees' preferential interest rate deposits	1,045,707	941,750
Reserve for losses on guarantees	218,049	211,478
Reserve for finance commitments	342,686	233,293
Other operating reserve	372,599	134,156
Other reserve - letter of credit	<u>4,572</u>	<u>1,890</u>
	<u>\$ 3,827,230</u>	<u>\$ 3,942,660</u>

30. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

For the years ended December 31, 2023 and 2022, the Company recognized expenses of \$539,237 thousand and \$461,876 thousand in the consolidated statements of comprehensive income in accordance with the defined contribution plan, respectively.

b. Defined benefit plan

The defined benefit plan adopted by domestic branches of the Bank under the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Bank contributes a fixed proportion of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy.

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 5,415,574	\$ 5,435,881
Fair value of plan assets	<u>(3,571,957)</u>	<u>(3,015,788)</u>
Net defined benefit liabilities	<u>\$ 1,843,617</u>	<u>\$ 2,420,093</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 5,505,898</u>	<u>\$ (2,907,122)</u>	<u>\$ 2,598,776</u>
Service cost			
Current service cost	147,407	-	147,407
Net interest expense (income)	<u>36,022</u>	<u>(19,035)</u>	<u>16,987</u>
Recognized in profit or loss	<u>183,429</u>	<u>(19,035)</u>	<u>164,394</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(161,492)	(161,492)
Actuarial (gain) loss			
Changes in financial assumptions	(241,705)	-	(241,705)
Experience adjustments	<u>461,416</u>	<u>-</u>	<u>461,416</u>
Recognized in other comprehensive income	<u>219,711</u>	<u>(161,492)</u>	<u>58,219</u>
Contributions from the employer	-	(401,416)	(401,416)
Benefits paid	(473,277)	473,277	-
Effects of exchange rate change	<u>120</u>	<u>-</u>	<u>120</u>
Balance at December 31, 2022	<u>5,435,881</u>	<u>(3,015,788)</u>	<u>2,420,093</u>
Service cost			
Current service cost	225,514	-	225,514
Net interest expense (income)	<u>65,829</u>	<u>(41,139)</u>	<u>24,690</u>
Recognized in profit or loss	<u>291,343</u>	<u>(41,139)</u>	<u>250,204</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(33,055)	(33,055)
Actuarial (gain) loss			
Changes in financial assumptions	27,390	-	27,390
Experience adjustments	<u>108,064</u>	<u>-</u>	<u>108,064</u>
Recognized in other comprehensive income	<u>135,454</u>	<u>(33,055)</u>	<u>102,399</u>
Contributions from the employer	-	(929,110)	(929,110)
Benefits paid	(447,135)	447,135	-
Effects of exchange rate change	<u>31</u>	<u>-</u>	<u>31</u>
Balance at December 31, 2023	<u>\$ 5,415,574</u>	<u>\$ (3,571,957)</u>	<u>\$ 1,843,617</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate(s)	1.18%	1.25%
Expected rate(s) of salary increase	2.00%	2.00%

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

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (97,392)</u>	<u>\$ (103,207)</u>
0.25% decrease	<u>\$ 97,392</u>	<u>\$ 103,207</u>
Expected rate(s) of salary increase		
0.50% increase	<u>\$ 194,783</u>	<u>\$ 206,413</u>
0.50% decrease	<u>\$ (183,962)</u>	<u>\$ (195,550)</u>

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 360,000</u>	<u>\$ 977,000</u>
Average duration of the defined benefit obligation	7.6 years	7.8 years

c. Employee preferential interest rate deposit plan

The Bank's obligations on preferential interest rate deposits for current employees and those retired employees and current employees after retirement are in compliance with the Bank's internal rules. Under the Regulations Governing the Preparation of Financial Reports by Public Banks, the excess of the interests incurred from post-employment preferential interest rate deposits over those inputted by the market rate should be applicable to the requirements for defined benefit plans in IAS 19 Employee Benefits since the employee's retirement and accrued by actuarial method.

The amounts included in the consolidated balance sheets arising from the Bank's obligation on the post-employment preferential interest rate deposits plan were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 1,045,707	\$ 941,750
Fair value of plan assets	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 1,045,707</u>	<u>\$ 941,750</u>

The changes in present value of obligations on the post-employment preferential interest rate deposits were as follows:

	Present Value of the Defined Benefit Obligation
Balance at January 1, 2022	<u>\$ 673,225</u>
Net interest expense (income)	<u>24,983</u>
Recognized in profit or loss	<u>24,983</u>
Remeasurement	
Experience adjustments	137,279
Changes in financial assumptions	<u>222,573</u>
Recognized in other comprehensive income	<u>359,852</u>
Benefits paid	<u>(116,310)</u>
Balance at December 31, 2022	<u>941,750</u>
Net interest expense (income)	<u>34,667</u>
Recognized in profit or loss	<u>34,667</u>
Remeasurement	
Experience adjustments	171,258
Changes in financial assumptions	<u>46,419</u>
Recognized in other comprehensive income	<u>217,677</u>
Benefits paid	<u>(148,387)</u>
Balance at December 31, 2023	<u>\$ 1,045,707</u>

Under Order No. 10110000850 issued by the FSC, effective March 15, 2012, the actuarial assumptions for the employee benefits expense of the post-employment preferential interest rate deposit were as follows:

	December 31	
	2023	2022
Discount rate(s)	4.00%	4.00%
Return on deposits	2.00%	2.00%
Withdrawal rate of post-employment preferential rate deposits	1.00%	1.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of obligations on the post-employment preferential interest rate deposits will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.5% increase	<u>\$ (52,285)</u>	<u>\$ (47,088)</u>
0.5% decrease	<u>\$ 57,514</u>	<u>\$ 51,796</u>
Mortality rate(s)		
Adjusted to 105%	<u>\$ (9,411)</u>	<u>\$ (8,476)</u>
Adjusted to 95%	<u>\$ 9,411</u>	<u>\$ 8,476</u>
Excess interest rate of employee preferential interest rate deposits		
0.5% increase	<u>\$ 201,821</u>	<u>\$ 190,234</u>
0.5% decrease	<u>\$ (201,821)</u>	<u>\$ (190,234)</u>

The sensitivity analysis presented above shows the effect on the present value of obligations on the post-employment preferential interest rate deposits of a change in single assumption while all other assumptions remain unchanged. The sensitivity analysis presented above might not be representative of the actual change in the present value of obligations on the post-employment because it was unlikely that the change in assumptions would occur independently of each other because some of the assumptions might be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 167,499</u>	<u>\$ 150,148</u>
Average duration of the defined benefit obligation	10.8 years	10.9 years

31. OTHER LIABILITIES

	December 31	
	2023	2022
Guarantee deposits received	\$ 7,885,919	\$ 8,487,786
Temporary receipts and suspense accounts	2,454,512	2,563,454
Contract liabilities	1,621,833	1,619,078
Advance receipts	219,761	278,382
Others	<u>995</u>	<u>541</u>
	<u>\$ 12,183,020</u>	<u>\$ 12,949,241</u>

32. EQUITY

a. Capital stock

Common stock

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of authorized shares (in thousands)	<u>10,859,866</u>	<u>10,859,866</u>
Amount of authorized shares	<u>\$ 108,598,655</u>	<u>\$ 108,598,655</u>
Number of shares issued and fully paid (in thousands)	<u>10,859,866</u>	<u>10,859,866</u>
Amount of shares issued	<u>\$ 108,598,655</u>	<u>\$ 108,598,655</u>

On May 4, 2022, the Bank's board of directors resolved on behalf of the shareholders to transfer the retained earnings of \$1,612,825 thousand in the form of dividends to increase capital and issued 161,283 thousand new shares for total authorized capital of \$108,598,655 thousand. The capital increase was approved by the FSC on June 21, 2022 and the recapitalization record date was June 29, 2022.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Capital surplus from the merger	\$ 10,949,303	\$ 10,949,303
Additional paid-in capital	27,648,873	27,648,873
Others	<u>270,904</u>	<u>260,485</u>
	<u>\$ 38,869,080</u>	<u>\$ 38,858,661</u>

c. Legal reserve

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

d. Special reserve

	December 31	
	2023	2022
The debit balance of other equity	\$ 14,574,995	\$ -
Investment properties at fair value	1,698,493	1,518,983
Financial technology development employee transfer and placement expenditure	287,673	287,673
Trading loss reserve transfer	268,791	268,791
Changes recognized under the equity method	<u>2,218</u>	<u>2,218</u>
	<u>\$ 16,832,170</u>	<u>\$ 2,077,665</u>

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

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

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

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

e. Retained earnings and dividends policy

According to the Bank’s Articles of Incorporation, if the Bank made a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting deficits of prior years, if any. If the legal reserve is less than the paid-in capital, profit shall be appropriated to legal reserve and special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Bank’s board of directors as the basis for proposing a plan for the distribution of dividends and bonuses to shareholders, which should be resolved by the shareholders.

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

The appropriations of earnings for 2022 and 2021 which were approved by the Bank's board of directors on behalf of the shareholders in accordance with the Company Act on April 27, 2023 and May 4, 2022, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 7,215,440	\$ 7,566,262		
Special reserve	14,783,830	-		
Cash dividends	2,055,588	16,047,875	\$ 0.19	\$ 1.50
Stock dividends	-	1,612,825	-	0.15

The appropriation of earnings for 2023 had been proposed by the Bank's board of directors on March 5, 2024; the amounts were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 8,347,090	
Special reserve	(8,327,738)	
Cash dividends	16,289,798	\$ 1.50
Stock dividends	11,514,483	1.06

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholder's meeting.

f. Other equity items

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at the beginning of the period	\$ (1,291,970)	\$ (2,766,438)
Exchange differences generated from translating the net assets of foreign operations	(285,612)	1,843,083
Tax effect	57,122	(368,615)
Other comprehensive (loss) income	(228,490)	1,474,468
Balance at the end of the period	\$ (1,520,460)	\$ (1,291,970)

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at the beginning of the period	\$ (12,153,457)	\$ 7,527,083
Recognized for the period		
Unrealized gains (losses)		
Debt instruments	3,636,792	(19,804,889)
Equity instruments	991,102	(4,133,074)
Net remeasurement of loss allowance	(42,859)	50,354
Share from subsidiaries and associates accounted for using equity method	129,740	(178,081)

(Continued)

	For the Year Ended December 31	
	2023	2022
Reclassification adjustments		
Disposal of investment in debt instruments	\$ 4,049,726	\$ 1,937,151
Tax effect	<u>(440,148)</u>	<u>883,337</u>
Other comprehensive income (loss)	<u>8,324,353</u>	<u>(21,245,202)</u>
Accumulated unrealized gains on equity instruments transferred to retained earnings due to disposal	<u>981,851</u>	<u>1,564,662</u>
Balance at the end of the period	<u>\$ (2,847,253)</u>	<u>\$ (12,153,457)</u> (Concluded)

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

	For the Year Ended December 31	
	2023	2022
Balance at the beginning of the period	<u>\$ (428,795)</u>	<u>\$ (889,397)</u>
Changes in fair value attributed to changes in credit risk	(506,248)	575,753
Tax effect	<u>101,250</u>	<u>(115,151)</u>
Other comprehensive (loss) income	<u>(404,998)</u>	<u>460,602</u>
Balance at the end of the period	<u>\$ (833,793)</u>	<u>\$ (428,795)</u>

- 4) Remeasurement of the defined benefit plans

	For the Year Ended December 31	
	2023	2022
Balance at the beginning of the period	<u>\$ (2,312,872)</u>	<u>\$ (1,980,688)</u>
Remeasurement	(320,076)	(418,071)
Share from associates accounted for using equity method	1,896	2,273
Tax effect	<u>64,015</u>	<u>83,614</u>
Other comprehensive loss	<u>(254,165)</u>	<u>(332,184)</u>
Balance at the end of the period	<u>\$ (2,567,037)</u>	<u>\$ (2,312,872)</u>

- 5) Gain on property revaluation

	For the Year Ended December 31	
	2023	2022
Balance at the beginning of the period	<u>\$ 1,612,099</u>	<u>\$ 285,008</u>
Gain on property revaluation	-	1,322,404
Tax effect	<u>-</u>	<u>(10,677)</u>
Other comprehensive income	<u>-</u>	<u>1,311,727</u>
Transferred to retained earnings	<u>-</u>	<u>15,364</u>
Balance at the end of the period	<u>\$ 1,612,099</u>	<u>\$ 1,612,099</u>

g. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at the beginning of the period	\$ 3,989,858	\$ 4,376,091
Net income attributable to non-controlling interests	161,307	121,508
Exchange differences on translating the financial statements of foreign operations	89	382,281
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	253,579	(472,016)
Change in non-controlling interests	<u>(470,401)</u>	<u>(418,006)</u>
Balance at the end of the period	<u>\$ 3,934,432</u>	<u>\$ 3,989,858</u>

33. NET INTEREST REVENUE

	For the Year Ended December 31	
	2023	2022
Interest income		
Discounts and loans	\$ 70,411,258	\$ 49,534,577
Investment securities	18,379,584	11,709,986
Due from banks and call loans to banks	16,201,851	5,683,967
Revolving credit	2,678,156	2,448,538
Others	<u>1,803,224</u>	<u>796,610</u>
	<u>109,474,073</u>	<u>70,173,678</u>
Interest expense		
Deposits	47,296,704	17,332,117
Structured products	3,480,267	1,058,461
Due to the Central Bank and other banks	4,288,462	1,449,375
Notes and bonds issued under repurchase agreements	1,573,209	651,068
Financial debentures	547,839	748,297
Interest on lease liabilities	37,132	38,068
Others	<u>507,170</u>	<u>191,802</u>
	<u>57,730,783</u>	<u>21,469,188</u>
	<u>\$ 51,743,290</u>	<u>\$ 48,704,490</u>

34. NET SERVICE FEE REVENUE

	For the Year Ended December 31	
	2023	2022
Service fee income		
Credit card business	\$ 13,076,104	\$ 9,751,259
Trust business	5,207,243	4,257,904
Loan business	1,092,226	1,006,199
Cross-selling marketing	6,223,767	6,417,276
Others	<u>3,055,684</u>	<u>3,207,372</u>
	<u>28,655,024</u>	<u>24,640,010</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Service fee expenses		
Credit card business	\$ 6,294,499	\$ 4,780,451
Others	<u>1,516,800</u>	<u>1,614,044</u>
	<u>7,811,299</u>	<u>6,394,495</u>
	<u>\$ 20,843,725</u>	<u>\$ 18,245,515</u>
		(Concluded)

The Bank also engaged in the business of online payment services. For the years ended December 31, 2023 and 2022, service fee revenue was \$589 thousand and \$866 thousand, respectively, and the revenue and other income resulting from the funds collected were both zero.

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

	For the Year Ended December 31	
	2023	2022
Stock	\$ 67,851	\$ (174,831)
Short-term bills	1,838,223	815,497
Fund beneficiary certificates	(23,707)	(29,687)
Investments in debt instruments	5,044,315	4,137,172
Derivative financial instruments	<u>7,397,866</u>	<u>456,614</u>
	<u>\$ 14,324,548</u>	<u>\$ 5,204,765</u>
Realized gain (loss)		
Gain on disposal	\$ 8,881,712	\$ 6,028,441
Interest income	5,487,455	2,163,886
Dividend income	49,169	37,692
Interest expense	(1,458,904)	(1,401,995)
Unrealized gain (loss)		
Valuation gain (loss)	<u>1,365,116</u>	<u>(1,623,259)</u>
	<u>\$ 14,324,548</u>	<u>\$ 5,204,765</u>

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

	For the Year Ended December 31	
	2023	2022
Net loss on disposal - debt instruments	\$ (4,049,726)	\$ (1,937,151)
Dividend income	<u>1,582,814</u>	<u>1,452,773</u>
	<u>\$ (2,466,912)</u>	<u>\$ (484,378)</u>

37. IMPAIRMENT LOSS ON ASSETS

	For the Year Ended December 31	
	2023	2022
Debt instruments at FVTOCI	\$ (118,778)	\$ (77,567)
Debt instruments at amortised cost	<u>(8,897)</u>	<u>(12,635)</u>
	<u>\$ (127,675)</u>	<u>\$ (90,202)</u>

38. BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION

	For the Year Ended December 31	
	2023	2022
Discounts and loans	\$ 4,243,875	\$ 5,447,099
Receivables	470,945	36,234
Guarantee liability provisions	10,681	(2,067)
Financial commitment provisions	115,185	13,105
Others	<u>236,276</u>	<u>29,623</u>
	<u>\$ 5,076,962</u>	<u>\$ 5,523,994</u>

39. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2023	2022
Salaries	\$ 19,260,014	\$ 17,096,006
Insurance	1,368,460	1,239,491
Post-employment benefits	839,423	666,319
Remuneration of directors	8,885	9,420
Others	<u>489,699</u>	<u>293,350</u>
	<u>\$ 21,966,481</u>	<u>\$ 19,304,586</u>

For the years ended December 31, 2023 and 2022, the average number of the Company's employees was 12,842 and 12,315, including 19 and 21 non-executive directors, respectively.

As of December 31, 2023 and 2022, the number of employees of the Company was 13,093 and 12,500, respectively.

Under the Articles of Incorporation of the Bank, the Bank accrued compensation of employees and remuneration of directors at the rates of 0.05% and no higher than 0.1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors (after offsetting accumulated deficits).

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

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

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021, respectively.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

40. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2023	2022
Depreciation expense		
Property and equipment	\$ 1,491,185	\$ 1,449,227
Right-of-use assets	1,694,263	1,611,935
Amortization expense		
Intangible assets	<u>649,079</u>	<u>574,188</u>
	<u>\$ 3,834,527</u>	<u>\$ 3,635,350</u>

41. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Year Ended December 31	
	2023	2022
Product promotion expenses	\$ 7,397,243	\$ 4,742,318
Tax expenses	3,816,112	3,092,973
Insurance expenses	1,004,105	919,241
Rental expenses	851,523	815,736
Others	<u>6,881,684</u>	<u>5,796,930</u>
	<u>\$ 19,950,667</u>	<u>\$ 15,367,198</u>

42. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 6,788,063	\$ 5,046,456
Adjustments for prior year	28,770	2,456
Deferred tax		
In respect of the current year	33,167	141,088
Income tax of overseas subsidiaries	<u>252,387</u>	<u>108,617</u>
Income tax expense recognized in profit or loss	<u>\$ 7,102,387</u>	<u>\$ 5,298,617</u>

Reconciliations of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 36,069,193</u>	<u>\$ 31,010,320</u>
Income tax expense calculated at the statutory rate	\$ 7,213,839	\$ 6,202,064
Nondeductible expenses in determining taxable income/ tax-exempt income	(826,078)	(1,245,626)
Unrecognized deductible temporary differences	157,386	242,172
Income tax of overseas branches	276,083	(11,066)
Adjustments for prior years' tax	28,770	2,456
Income tax of overseas subsidiaries	<u>252,387</u>	<u>108,617</u>
Income tax expense recognized in profit or loss	<u>\$ 7,102,387</u>	<u>\$ 5,298,617</u>

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

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2023	2022
Current tax		
Derecognition of equity instruments at FVTOCI	\$ (92,229)	\$ (50,080)
Deferred tax		
Derecognition of equity instruments at FVTOCI	<u>92,229</u>	<u>50,080</u>
Total income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Recognized in other comprehensive income		
Remeasurement of defined benefit plans	\$ (64,015)	\$ (83,614)
Gain on property revaluation	-	10,677
Changes in the fair value of financial liabilities attributable to changes in the credit risk	(101,250)	115,151
Exchange differences on translating the financial statements of foreign operations	(57,122)	368,615
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>440,148</u>	<u>(883,337)</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ 217,761</u>	<u>\$ (472,508)</u>

d. Deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Ending Balance
Temporary differences					
Allowance for doubtful account	\$ 2,431,785	\$ 266,146	\$ -	\$ -	\$ 2,697,931
Financial assets at FVTPL	(15,888)	7,239	101,250	-	92,601
Investment property	(73,412)	(32,800)	-	-	(106,212)
Equity instruments at FVTOCI	(503,584)	-	36,106	(92,229)	(559,707)
Debt instruments at FVTOCI	637,347	-	(476,254)	-	161,093
Impairment of property and equipment	129,773	(2,128)	-	-	127,645
Investments measured by equity method	(541,131)	(99,529)	-	-	(640,660)
Fair value adjustments arising from business combinations	(900,868)	(46,712)	-	-	(947,580)
Reserve for land value increment tax	(262,340)	(16,749)	-	-	(279,089)
Defined benefit plans	483,995	(135,752)	20,480	-	368,723
Retired employees' preferential interest rate deposits	188,350	(22,744)	43,535	-	209,141
Income tax resulting from translating the financial statements of foreign operations	322,994	-	57,122	-	380,116
Deferred income of customer loyalty programs	323,815	551	-	-	324,366
Other	<u>41,293</u>	<u>49,311</u>	<u>-</u>	<u>-</u>	<u>90,604</u>
Deferred tax expense/(income)		<u>\$ (33,167)</u>	<u>\$ (217,761)</u>	<u>\$ (92,229)</u>	
Net deferred tax assets/(liabilities)	<u>\$ 2,262,129</u>				<u>\$ 1,918,972</u>
Net deferred tax assets/(liabilities) of overseas branches	<u>\$ 16,236</u>				<u>\$ 31,948</u>
Net deferred tax assets/(liabilities) of overseas subsidiaries	<u>\$ 226,877</u>				<u>\$ 34,044</u>
Reflected in balance sheets as follows:					
Deferred tax assets	<u>\$ 4,139,231</u>				<u>\$ 4,195,335</u>
Deferred tax liabilities	<u>\$ (1,633,989)</u>				<u>\$ (2,210,371)</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Ending Balance
Temporary differences					
Allowance for doubtful account	\$ 2,118,355	\$ 313,430	\$ -	\$ -	\$ 2,431,785
Financial assets at FVTPL	246,221	(146,958)	(115,151)	-	(15,888)
Investment property	(89,013)	26,278	(10,677)	-	(73,412)
Equity instruments at FVTOCI	(599,241)	-	145,737	(50,080)	(503,584)
Debt instruments at FVTOCI	(100,253)	-	737,600	-	637,347
Impairment of property and equipment	148,216	(18,443)	-	-	129,773
Investments measured by equity method	(352,071)	(189,060)	-	-	(541,131)
Fair value adjustments arising from					
business combinations	(854,156)	(46,712)	-	-	(900,868)
Reserve for land value increment tax	(216,149)	(46,191)	-	-	(262,340)
Defined benefit plans	519,756	(47,405)	11,644	-	483,995
Retired employees' preferential interest rate deposits	134,645	(18,265)	71,970	-	188,350
Income tax resulting from translating the financial statements of foreign operations	691,609	-	(368,615)	-	322,994
Deferred income of customer loyalty programs	291,577	32,238	-	-	323,815
Other	41,293	-	-	-	41,293
Deferred tax expense/(income)		<u>\$ (141,088)</u>	<u>\$ 472,508</u>	<u>\$ (50,080)</u>	
Net deferred tax assets/(liabilities)	<u>\$ 1,980,789</u>				<u>\$ 2,262,129</u>
Net deferred tax assets/(liabilities) of overseas branches	<u>\$ 77,465</u>				<u>\$ 16,236</u>
Net deferred tax assets/(liabilities) of overseas subsidiaries	<u>\$ (318,102)</u>				<u>\$ 226,877</u>
Reflected in balance sheets as follows:					
Deferred tax assets	<u>\$ 4,612,273</u>				<u>\$ 4,139,231</u>
Deferred tax liabilities	<u>\$ (2,872,121)</u>				<u>\$ (1,633,989)</u>

e. As of December 31, 2023 and 2022, the deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets were \$1,476,215 thousand and \$978,535 thousand, respectively.

f. Income tax assessments

The Bank's income tax returns through 2017 have been assessed by the tax authority; however, the Bank was dissatisfied and invoked the administrative remedy for fiscal years from 2015 to 2017. The Bank assessed relevant income tax based on prudence principle.

g. Pillar Two income tax legislation

In November 2023, the government of Vietnam, where the Ho Chi Minh City branch of the Bank and the Indovina Bank, the subsidiary of the Bank, are incorporated, enacted the Pillar Two income tax legislation effective January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Company has no related current tax exposure.

In accordance with Article 49 of the Financial Holding Company Act, the Company elects its parent company, Cathay Financial Holding, as the taxpayer, to jointly declare and report profit-seeking enterprise income tax and the tax surcharge on surplus retained earnings of a profit-seeking enterprise with parent company's subsidiaries, which have existed for the entire 12 months of the tax year in compliance with the relevant provisions of the Income Tax Act.

43. EARNINGS PER SHARE

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

	Unit: Dollar Per Share	
	<u>For the Year Ended December 31</u>	
	2023	2022
Basic earnings per share	<u>\$ 2.65</u>	<u>\$ 2.36</u>

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

Net income

	<u>For the Year Ended December 31</u>	
	2023	2022
Net income for calculating basic earnings per share	<u>\$ 28,805,499</u>	<u>\$ 25,590,195</u>

Number of shares

	Unit: In Thousands	
	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used for calculating basic earnings per share	<u>10,859,866</u>	<u>10,859,866</u>

44. RELATED-PARTY TRANSACTIONS

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

a. Related parties and relationships

<u>Related Party</u>	<u>Relationship with the Company</u>
Cathay Financial Holding Co., Ltd.	Parent company
Taiwan Real-estate Management Corp.	Associate
Taiwan Finance Corp.	Associate
Cathay Life Insurance Co., Ltd.	Other related party
Cathay Century Insurance Co., Ltd.	Other related party
Cathay Securities Co., Ltd.	Other related party
Cathay Venture Inc.	Other related party
Cathay Securities Investment Trust Co., Ltd.	Other related party
Cathay Securities Investment Consulting Co., Ltd.	Other related party
Cathay Futures Co., Ltd.	Other related party
Cathay Life Insurance (Vietnam) Co., Ltd.	Other related party
Cathay Insurance (Vietnam) Co., Ltd.	Other related party

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
Symphox Information Co., Ltd.	Other related party
Seaward Card Co., Ltd.	Other related party
Cathay Charity Foundation	Other related party
Cathay United Bank Foundation	Other related party
Cathay Cultural Foundation	Other related party
Cathay United Bank Employees' Welfare Committee	Other related party
Cathay Life Insurance Employees' Welfare Committee	Other related party
Cathay Real Estate Development Employees' Welfare Committee	Other related party
Vietinbank	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Lin Yuan Property Management Co., Ltd.	Other related party
Yua-Yung Marketing (Taiwan) Co., Ltd.	Other related party
Sino Greenergy Group	Other related party
TaiYang Solar Power Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Bannan Realty Co., Ltd.	Other related party
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Other related party
Cathay Industrial Research and Design Center Co., Ltd.	Other related party
Sanchong Realty Co., Ltd.	Other related party
Cathay Real Estate Management Co., Ltd.	Other related party
TPIsoftware Corporation	Other related party
An Feng Enterprise Co., Ltd.	Other related party
Daiwa-Cathay Capital Markets Co., Ltd.	Other related party
EasyCard Corporation	Other related party
PSS Co., Ltd.	Other related party
Zhulun Realty Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Srisawad Corporation Public Company Limited	Other related party
Quantifeed Holdings Limited	Other related party
Taiwan Asset Management Corporation	Other related party
HanTech Venture Capital Corporation	Other related party
Taipei Forex Inc.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Financial Information Service Co., Ltd.	Other related party
Hongtaiyi Energy Co., Ltd.	Other related party (Note 1)
Kee Fresh & Safe Foodtech Co., Ltd.	Other related party
Witraise Industrial Technologies, Inc.	Other related party (Note 1)
Private Equity Funds managed by Cathay Private Equity	Other related party
Directors, supervisors, managers, and their relatives and affiliates	Other related party (Note 2)

(Concluded)

Note 1: Starting from the third quarter of the year 2023, it has been newly categorized as a related party.

Note 2: The Bank established audit committee on June 30, 2022. Therefore, supervisors have not been related parties since then.

b. Significant transactions between the Company and related parties

1) Loans and deposits

Loans and interest revenue

December 31, 2023

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

December 31, 2022

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-12.31	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	29	\$ 259,204	\$ 11,735	V	\$ -	None	None	\$ (233)	\$ 184
Self-used housing mortgage loans	262	2,986,723	2,644,407	V	-	Real estate, stocks and certificates of deposits	None	6,687	33,375
Others	Taiwan Real-estate Management Corp.	33,000	33,000	V	-	Real estate	None	-	330
Others	Sino Greenery Group	75,465	67,919	V	-	Property	None	(76)	679
Others	TaiYang Solar Power Co., Ltd.	59,939	54,647	V	-	Property	None	(53)	546
Others	Cathay Real Estate Development Co., Ltd.	2,420,000	620,000	V	-	Real estate	None	6,200	6,200
Others	Daiwa-Cathay Capital Markets Co., Ltd.	3,600	-	V	-	None	None	-	-

Interest Revenue
For the Year Ended December 31

Related Parties	2023	2022
Associate		
Taiwan Real-estate Management Corp.	\$ 776	\$ 635
Other related parties		
Sino Greenery Group	1,826	1,648
TaiYang Solar Power Co., Ltd.	1,425	1,318
Cathay Real Estate Development Co., Ltd.	19,737	11,113
Hongtaiyi Energy Co., Ltd.	2,560	-
Kee Fresh & Safe Foodtech Co., Ltd.	92	-
Witraise Industrial Technologies, Inc.	1,844	-
Others	54,411	40,123
	<u>81,895</u>	<u>54,202</u>
	<u>\$ 82,671</u>	<u>\$ 54,837</u>

Deposits and interest expense

Related Parties	For the Year Ended December 31			
	2023		2022	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Parent company				
Cathay Financial Holding Co., Ltd.	\$ 81,256	\$ 3,950	\$ 438,003	\$ 4,388
Associate				
Other	13,548	62	13,424	23
Other related parties				
Cathay Life Insurance Co., Ltd.	33,200,245	380,888	44,848,736	135,469
Cathay Century Insurance Co., Ltd.	2,525,605	20,586	3,790,370	7,074
Cathay Securities Co., Ltd.	2,776,622	29,325	3,365,442	8,703
Cathay Venture Inc.	209,748	254	410,300	122
Cathay Futures Co., Ltd.	965,712	54,667	1,722,934	15,206
Cathay Real Estate Management Co., Ltd.	155,810	1,407	110,936	815
Cathay Securities Investment Trust Co., Ltd.	212,960	715	216,349	239
Cathay Securities Investment Consulting Co., Ltd.	616,660	7,727	621,212	1,369
Cathay Real Estate Development Co., Ltd.	341,027	2,089	429,818	289
Cathay Medical Care Corp.	326,077	2,500	522,260	570
Cathay Hospitality Management Co., Ltd.	142,382	901	263,959	260
Cathay Life Insurance (Vietnam) Co., Ltd.	2,640,257	212,391	3,234,204	148,787
Cathay Insurance (Vietnam) Co., Ltd.	272,326	17,373	272,684	13,676
Symphox Information Co., Ltd.	83,270	605	220,167	217
Cathay United Bank Foundation	563,916	7,851	556,325	5,623
Cathay Charity Foundation	312,693	4,389	311,735	2,862
Cathay Cultural Foundation	227,113	3,195	210,841	2,245
Cathay United Bank Employees' Welfare Committee	837,374	32,446	761,220	30,417
Cathay Life Insurance Employees' Welfare Committee	2,201,734	34,545	2,301,702	24,533
Cathay Real Estate Development Employees' Welfare Committee	472,994	7,241	467,213	5,215
Lin Yuan Property Management Co., Ltd.	305,118	2,399	247,327	1,606
Bannan Realty Co., Ltd.	332,397	1,734	544,195	532
Yua-Yung Marketing (Taiwan) Co., Ltd.	199,817	856	168,200	238
Cathay Industrial Research and Design Center Co., Ltd.	1,507,881	5,407	514,600	838
Sanchong Realty Co., Ltd.	75,820	560	479,732	594
Cathay Hospitality Consulting Co., Ltd.	187,679	1,241	410,749	230
Zhulun Realty Co., Ltd.	214,504	1,063	-	-
EasyCard Corporation	123,746	1,476	101,163	474
Private Equity Funds managed by Cathay Private Equity	665,735	1,710	551,457	683
Cathay Healthcare Management Co., Ltd.	114,136	487	53,942	105
PSS Co., Ltd.	157,891	464	67,840	104
Lin Yuan (Shanghai) Real Estate Co., Ltd.	1,929,924	18,900	1,626,645	40,546
Others	9,068,805	117,731	8,913,867	70,051
	<u>63,967,978</u>	<u>975,123</u>	<u>78,318,124</u>	<u>519,692</u>
	<u>\$ 64,062,782</u>	<u>\$ 979,135</u>	<u>\$ 78,769,551</u>	<u>\$ 524,103</u>

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

Accounts/Related Parties	For the Year Ended December 31			
	2023		2022	
	Ending Balance	Interest Income (Expense)	Ending Balance	Interest Income (Expense)
<u>Due from commercial banks</u>				
Other related party				
Vietinbank	\$ 27,974	\$ 72	\$ 169,946	\$ 139
<u>Due to commercial banks</u>				
Other related party				
Vietinbank	27,223	(30,645)	1,296,629	(4,111)

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

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

Accounts/Related Parties	For the Year Ended December 31			
	2023		2022	
	Ending Balance	Interest Income	Ending Balance	Interest Income
<u>Bond investment</u>				
Other related party				
Vietinbank	\$ -	\$ 11,222	\$ 386,264	\$ 24,266

Accounts/Related Parties	December 31	
	2023	2022
<u>Stock investment</u>		
Other related parties		
Srisawad Corporation Public Company Limited	\$ 2,312,077	\$ 2,793,164
Quantifeed Holdings Limited	63,062	62,162
Taiwan Asset Management Corporation	984,621	1,021,279
HanTech Venture Capital Corporation	71,983	72,622
Taipei Forex Inc.	57,197	58,603
Financial Information Service Co., Ltd.	758,469	577,792
CDIB & PARTNERS Investment Holding Corporation	822,480	694,781
An Feng Enterprise Co., Ltd.	16,536	14,463
EasyCard Corporation	123,697	14,940

3) Guarantees

December 31, 2023

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

December 31, 2022

Related Parties	Highest Balance	Ending Balance	Balance of Guarantee Liability Provisions	Rate Interval	Collateral
Other related party Yua-Yung Marketing (Taiwan) Co., Ltd.	\$ 63,513	\$ 49,443	\$ 6	0.65%-0.8%	Demand deposits

4) Derivatives

December 31, 2023

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2023.03.16-2024.03.25	\$ 42,721,650	\$ 1,237,609	Valuation adjustment for FVTPL financial assets	\$ 1,237,609
					Valuation adjustment for FVTPL financial liabilities	-
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2023.01.11-2024.12.23	2,716,974	(12,383)	Valuation adjustment for FVTPL financial assets	21,541
					Valuation adjustment for FVTPL financial liabilities	(33,924)

December 31, 2022

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2022.04.08-2023.12.21	\$ 133,272,720	\$ 3,066,201	Valuation adjustment for FVTPL financial assets	\$ 3,095,742
					Valuation adjustment for FVTPL financial liabilities	(29,541)
	Cross-currency swap contracts (USD)	2021.04.29-2023.05.04	1,535,400	(13,862)	Valuation adjustment for FVTPL financial assets	126,487
					Valuation adjustment for FVTPL financial liabilities	(142,400)
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2022.01.11-2023.12.21	2,791,357	52,130	Valuation adjustment for FVTPL financial assets	78,977
					Valuation adjustment for FVTPL financial liabilities	(26,847)
	Currency swap contracts (EUR)	2022.02.22-2023.06.06	57,251	2,061	Valuation adjustment for FVTPL financial assets	2,061
					Valuation adjustment for FVTPL financial liabilities	-

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

Item/Related Parties	For the Year Ended December 31	
	2023	2022
Gain on financial assets or liabilities at fair value through profit or loss		
Other related parties		
Cathay Life Insurance Co., Ltd.	\$ 4,116,740	\$ 356,622
Cathay Century Insurance Co., Ltd.	89,286	12,767
Taiwan Finance Corp.	521	420
	<u>\$ 4,206,547</u>	<u>\$ 369,809</u>

5) Lease agreement - the Company as lessee

Related Parties	Acquisition of Right-of-use Assets For the Year Ended December 31	
	2023	2022
Other related parties		
Cathay Life Insurance Co., Ltd.	\$ 44,529	\$ 690,622
Cathay Real Estate Development Co., Ltd.	-	29,491

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

	Lease Liabilities	
	December 31	
	2023	2022
Related Parties		
Other related parties		
Cathay Life Insurance Co., Ltd.	\$ 377,428	\$ 1,074,210
Cathay Real Estate Development Co., Ltd.	14,034	23,799

	Interest Expense	
	For the Year Ended December 31	
	2023	2022
Related Parties		
Other related parties		
Cathay Life Insurance Co., Ltd.	\$ 3,262	\$ 6,808
Cathay Real Estate Development Co., Ltd.	67	58

	Rental Expense		
	For the Year Ended December 31		
	2023	2022	Payment Term
Related Parties			
Other related parties			
Cathay Life Insurance Co., Ltd.	\$ 5,334	\$ -	Monthly
Cathay Real Estate Development Co., Ltd.	9,190	9,190	Monthly

	Refundable Deposits	
	December 31	
	2023	2022
Related Parties		
Other related parties		
Cathay Life Insurance Co., Ltd.	\$ 196,542	\$ 191,579
Cathay Real Estate Development Co., Ltd.	4,482	4,482

6) Lease agreement - the Company as lessor

	Rental Income		
	For the Year Ended December 31		
	2023	2022	Receive Term
Related Parties			
Other related parties			
Cathay Life Insurance Co., Ltd.	\$ 30,768	\$ 31,916	Monthly
Cathay Century Insurance Co., Ltd.	8,102	8,743	Monthly
Cathay Securities Co., Ltd.	9,322	9,361	Monthly

	Guarantee Deposits Received	
	December 31	
	2023	2022
Related Parties		
Other related parties		
Cathay Life Insurance Co., Ltd.	\$ 7,283	\$ 7,694
Cathay Century Insurance Co., Ltd.	2,003	1,994
Cathay Securities Co., Ltd.	1,816	2,662

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

7) Others

Item/Related Parties	For the Year Ended December 31	
	2023	2022
<u>Service fee income</u>		
Other related parties		
Cathay Life Insurance Co., Ltd.	\$ 6,917,152	\$ 6,848,712
Cathay Century Insurance Co., Ltd.	265,854	220,554
Cathay Securities Co., Ltd.	171,693	211,477
Cathay Securities Investment Trust Co., Ltd.	93,033	61,825
Cathay Securities Investment Consulting Co., Ltd.	40,402	38,288
Cathay Real Estate Development Co., Ltd.	6,520	7,403
<u>Securities underwriting income</u>		
Parent company		
Cathay Financial Holding Co., Ltd.	5,300	-
Other related party		
Cathay Life Insurance Co., Ltd.	11,656	-
<u>Interest income from refundable deposit</u>		
Other related party		
Cathay Futures Co., Ltd.	5,096	1,926
<u>Miscellaneous income</u>		
Parent company		
Cathay Financial Holding Co., Ltd.	11,091	7,132
Other related parties		
Cathay Life Insurance Co., Ltd.	13,802	10,063
Cathay Century Insurance Co., Ltd.	5,293	2,483
<u>Service fee expenses</u>		
Other related parties		
Cathay Securities Co., Ltd.	2,098	3,309
Cathay Futures Co., Ltd.	4,793	5,197
<u>Other operating expenses</u>		
Parent company		
Cathay Financial Holding Co., Ltd.	3,798	-
Other related parties		
Cathay Life Insurance Co., Ltd.	199,645	218,851
Cathay Securities Investment Trust Co., Ltd.	7,200	5,400
Cathay Real Estate Development Co., Ltd.	5,436	4,788
Symphox Information Co., Ltd.	833,859	521,346
Lin Yuan Property Management Co., Ltd.	104,303	58,907
Cathay Healthcare Management Co., Ltd.	20,416	10,983

(Continued)

Item/Related Parties	For the Year Ended December 31	
	2023	2022
Seaward Card Co., Ltd.	\$ 292,456	\$ 228,703
An Feng Enterprise Co., Ltd.	172,786	194,897
TPIsoftware Corporation	56,576	54,024
EasyCard Corporation	5,250	5,250

Insurance expenses paid

Other related parties		
Cathay Life Insurance Co., Ltd.	134,354	141,978
Cathay Century Insurance Co., Ltd.	166,936	169,888
		(Concluded)

Item/Related Parties	December 31	
	2023	2022
<u>Receivables</u>		
Other related party		
Cathay Securities Investment Trust Co., Ltd.	\$ 8,501	\$ 4,921
<u>Related party receivables for commission of collecting insurances</u>		
Other related party		
Cathay Life Insurance Co., Ltd.	249,593	303,859

Refundable deposit

Other related party		
Cathay Futures Co., Ltd.	1,179,579	1,496,350

Accrued expenses

Other related party		
Seaward Card Co., Ltd.	37,950	13,970

Accounts payable

Parent company		
Cathay Financial Holding Co., Ltd.	5,400	5,400
Other related parties		
Cathay Century Insurance Co., Ltd.	64,278	67,637
Symphox Information Co., Ltd.	37,420	49,769

Related party payables for allocation of integrated income tax systems account

Parent company		
Cathay Financial Holding Co., Ltd.	4,252,290	3,157,131

The Bank paid construction planning and design maintenance service fees to Lin Yuan Property Management Co., Ltd. in the amount of \$15,925 thousand and \$13,355 thousand and recorded as property and equipment during the years ended December 31, 2023 and 2022, respectively.

The Bank purchased bonus points from Symphox Information Co., Ltd. The bonus points can be earned by the Bank's customers and exchanged for merchandise. As of December 31, 2023 and 2022, the unconverted bonus points amounted to \$50,258 thousand and \$65,454 thousand, respectively.

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

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

c. Compensation of key management personnel

Compensation of directors and other key management personnel for the years ended December 31, 2023 and 2022 was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employment benefits	\$ 570,403	\$ 493,473
Post-employment benefits	7,057	5,743
Other long-term employment benefits	<u>59</u>	<u>64</u>
	<u>\$ 577,519</u>	<u>\$ 499,280</u>

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

45. PLEDGED ASSETS

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

	December 31	
	2023	2022
Financial assets at FVTOCI	\$ 14,753,925	\$ 56,800,000
Investments in debt instruments at amortised cost	43,062,739	995,314

46. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. The Bank

1) Entrusted items and guarantees:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Trust and security held for safekeeping	\$ 1,064,373,453	\$ 962,935,721
Collection and payment on behalf of customers	30,178,208	29,385,182
Book-entry for government bonds and depository for short-term marketable securities under management	457,093,479	498,066,239
Entrusted financial management business	22,391,339	15,904,189
Guarantees on duties and contracts	18,835,713	19,613,957
Unused commercial letters of credit	7,473,158	6,869,348
Irrevocable loan commitments	174,872,790	167,371,093
Unused credit card commitments	684,215,639	709,319,021
Underwritten securities	-	500,000
Revolving insurance and underwriting on commercial paper commitments	15,900,000	13,900,000

2) The Bank's significant lawsuits and proceedings arising due to normal business relationships are as follows:

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

b. Indovina Bank

Entrusted items and guarantees

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial guarantee contracts	\$ 1,157,447	\$ 1,308,628
Unused commercial letters of credit	524,797	387,030

c. CUBC Bank

Entrusted items and guarantees

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial guarantee contracts	\$ 16,628	\$ 19,684
Credit card commitments	352,725	330,599
Irrevocable loan commitments	219,358	268,441

d. CUBCN Bank

Entrusted items and guarantees

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial guarantee contracts	\$ 266,732	\$ 289,824
Unused commercial letters of credit	196,114	573,635
Irrevocable loan commitments	271,323	262,406

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

- a. In accordance with Article 17 of “Enforcement Rules of the Trust Enterprise Act”, the balance sheets and income statements based on trust and details of trust properties and equipment were as follows:

Balance Sheets of Trust Accounts

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trust assets</u>		
Bank deposits	\$ 29,144,527	\$ 26,430,470
Receivables	6,302	5,130
Bonds	106,176,755	63,559,224
Stocks	76,811,310	73,053,311
Mutual funds	323,010,742	302,949,247
Insurances	2,553,520	2,585,836
Real estate		
Land	70,113,629	63,370,878
Buildings (net)	36,309	37,525
Construction in progress	7,933,204	6,243,367
Custody securities	123,311,810	120,792,657
Other assets	<u>9,000</u>	<u>9,000</u>
Total trust assets	<u>\$ 739,107,108</u>	<u>\$ 659,036,645</u>

(Continued)

	December 31	
	2023	2022
<u>Trust liabilities</u>		
Payables	\$ 77	\$ 69
Tax payable	87	11
Custody securities payable	123,311,810	120,792,657
Other liabilities	932	402
Trust capital	615,582,960	538,082,414
Provisions and accumulated losses		
Net income	9,558,538	4,585,937
Accumulated losses	<u>(9,347,296)</u>	<u>(4,424,845)</u>
Total trust liabilities	<u>\$ 739,107,108</u>	<u>\$ 659,036,645</u> (Concluded)

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2023	2022
<u>Trust revenue</u>		
Interest income	\$ 193,028	\$ 97,988
Rent revenue	2,402	1,616
Cash dividends income	9,313,908	4,610,081
Realized capital gain - bonds	22	-
Realized capital gain - stocks	51,918	20,946
Realized capital gain - mutual funds	8,239	23,613
Unrealized capital gain - stocks	56,282	22,286
Unrealized capital gain - mutual funds	2,314	1,848
Others	<u>16</u>	<u>68</u>
	<u>9,628,129</u>	<u>4,778,446</u>
<u>Trust expense</u>		
Management fee	23,507	23,826
Supervisor fee	1,341	1,094
Taxes	7,012	2,830
Service fee	6,006	1,449
Realized capital loss - stocks	2,820	62,771
Realized capital loss - mutual funds	20,465	88,160
Unrealized capital loss - stocks	6,422	10,136
Unrealized capital loss - mutual funds	1,461	1,469
Others	<u>557</u>	<u>774</u>
	<u>69,591</u>	<u>192,509</u>
<u>Income equalization</u>		
Net income before tax	9,558,538	4,585,937
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 9,558,538</u>	<u>\$ 4,585,937</u>

Note: The above trust income statements were the profit and loss of the entrusted assets of the trust department in the Bank. The above trust income statements were not included in the Bank's income statements.

Trust Property and Equipment Accounts

Investment Portfolio	December 31	
	2023	2022
Bank deposits	\$ 29,144,527	\$ 26,430,470
Receivables	6,302	5,130
Bonds	106,176,755	63,559,224
Stocks	76,811,310	73,053,311
Mutual funds	323,010,742	302,949,247
Insurances	2,553,520	2,585,836
Real estate		
Land	70,113,629	63,370,878
Buildings (net)	36,309	37,525
Construction in progress	7,933,204	6,243,367
Custody securities	123,311,810	120,792,657
Other assets	9,000	9,000
	\$ 739,107,108	\$ 659,036,645

- b. The Bank conducts trust business by Trust Enterprise Act Article 3. The related trust business information as of December 31, 2023 and 2022 were as follows:

Trust Business

Item	December 31	
	2023	2022
Special trust of money that invest in foreign securities	\$ 337,873,685	\$ 282,873,343
Special trust of money that invest in domestic securities	89,497,739	81,755,509
Trust of money - custody securities	123,311,810	120,792,657
Trust of real estate	79,636,481	70,276,312
Trust of real estate price	13,336,054	13,187,160
Trust of insurance claims	156,179	163,285
Personal and corporate trust	53,087,831	51,675,539
Trust of business employee's savings	2,560,867	2,068,101
Trust of securities	39,646,462	36,244,739
	\$ 739,107,108	\$ 659,036,645

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

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

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

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

49. FINANCIAL INSTRUMENTS

a. Information on fair value hierarchy

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

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

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

1) Level 1

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

- a) All financial instruments in the market are homogeneous.
- b) There are willing buyers and sellers in the market all the time.
- c) The public can access the price information easily.

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

2) Level 2

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

- a) Quoted prices of similar products in an active market. This means the fair value can be derived from the current trading prices of similar products, and whether they are similar products should be judged on the characteristics and trading rules. The fair price valuation in this circumstance may be adjusted due to time differences, trading rule differences, transaction prices involving related parties, and the correlation of price between the product itself and similar goods;
- b) Quoted prices for identical or similar financial instruments in inactive markets;
- c) For the marking-to-model method, the inputs to the model should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be obtained from the market and can reflect the expectation of market participants;
- d) Inputs that are derived from observable market data through correlation or other means.

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

3) Level 3

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

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

c. Measured at fair value on a recurring basis

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

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

Item	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Measured at fair value on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	\$ 132,394	\$ 113,080	\$ -	\$ 19,314
Bonds	53,876,046	12,537,035	41,339,011	-
Others	95,657,924	52,075	95,605,849	-
Financial assets at fair value through other comprehensive income				
Stocks	17,185,561	9,258,355	-	7,927,206
Bonds	216,733,061	82,712,139	134,020,922	-
Others	246,261,699	-	246,261,699	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	39,076,751	-	39,076,751	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	84,633,679	159,417	79,515,298	4,958,964
Liabilities				
Financial liabilities at fair value through profit or loss	81,976,127	9,659	77,007,504	4,958,964

2) Financial instruments measured at fair value

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

a) Marking to market

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

- i. Ensure the consistency and integrity of market data.
- ii. Market data should be obtained from publicly available, easily accessible and independent sources.
- iii. Listed securities with tradable prices should be valued at closing prices.
- iv. Evaluation of unlisted securities that lack tradable closing prices should use quoted prices from independent brokers and comply with the rules issued by the authorities.

b) Marking to model

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

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

3) Fair value adjustments

Credit risk valuation adjustments

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

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

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

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

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

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

4) Transfers between Level 1 and Level 2 during the period

Except for the active market adjustments of some bond prices, there were no significant transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair value measurements

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

For the year ended December 31, 2023

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Effects of Exchange	Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3		
Financial assets at fair value through profit or loss									
Stocks	\$ 19,314	\$ 5,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,894
Derivative financial instruments	4,958,964	(653,430)	-	-	-	223,079	-	-	4,082,455
Financial assets at fair value through other comprehensive income									
Stocks	7,927,206	-	732,731	130,291	-	5,469	-	(62,806)	8,721,953
Bonds	-	-	(1,449)	-	258,134	187,252	-	(815)	68,618

For the year ended December 31, 2022

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Effects of Exchange	Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3		
Financial assets at fair value through profit or loss									
Stocks	\$ 24,943	\$ (5,629)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,314
Derivative financial instruments	4,365,620	776,056	-	68,922	-	251,634	-	-	4,958,964
Financial assets at fair value through other comprehensive income									
Stocks	9,155,787	-	(1,492,712)	221,708	-	9,128	-	51,551	7,927,206

Total gains or losses shown in the tables above that contain unrealized gains and losses related to assets held as of December 31, 2023 and 2022 amounted to losses of \$537,651 thousand and gains of \$641,085 thousand, respectively.

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

For the year ended December 31, 2023

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	\$ 4,958,964	\$ (653,430)	\$ -	\$ -	\$ -	\$ 223,079	\$ -	\$ 4,082,455

For the year ended December 31, 2022

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	\$ 4,365,620	\$ 776,056	\$ -	\$ 68,922	\$ -	\$ 251,634	\$ -	\$ 4,958,964

Total gains or losses shown in the tables above that contain unrealized gains and losses related to liabilities committed as of December 31, 2023 and 2022 amounted to gains of \$543,231 thousand and losses of \$646,714 thousand, respectively.

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

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

December 31, 2023

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

December 31, 2022

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
<u>Measured at fair value on a recurring basis</u>						
<u>Financial assets</u>						
Financial assets at fair value through profit or loss	Stock	\$ 19,314	Market approach	Discount for lack of marketability	15%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	7,077,791	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		80,900	Income approach	Cost of equity rate	6%-7%	The higher the cost of equity rate, the lower the fair value of the stock
		768,515	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock

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

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

d. Financial instruments that were not measured at fair value

1) Information on fair value

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

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Investments in debt instruments at amortised cost	\$ 677,745,166	\$ 652,380,573	\$ 516,862,982	\$ 489,173,287

2) Information on fair value hierarchy

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

Item	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost	\$ 489,173,287	\$ 36,153,010	\$ 452,536,173	\$ 484,104

3) Valuation techniques

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

- a) Cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, other financial assets, due to the Central Bank and other banks, call loans from the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances whose maturity date is very near or the future payment price approximates the carrying amount take the amount in the book on the balance sheet date as the fair value.
- b) Discounts and loans, deposits, financial debentures and structured commodity principals are all interest-bearing financial assets/liabilities whose carrying amount is taken as the current fair value. The carrying amount of nonperforming loan is the estimated recoverable amount after deduction of allowance for impairment loss, hence its carrying amount is used as its fair value.
- c) If an investment in a debt instrument at amortised cost has a public quoted price in an active market, the market price is used as its fair value; if no market price is available for reference, a valuation method is used to estimate the fair value. The estimates and assumptions used by the Bank in the valuation method are consistent with the information and assumptions used by market participants in the estimation of the fair value of financial products.

50. FINANCIAL RISK MANAGEMENT

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

The Bank has set up its risk management committee, whose responsibilities are as follows:

- a. To amend the risk management policies, risk appetite, or risk tolerance, and regularly submit significant risk management issues and report the above issues to the board of directors for approval;
- b. To manage and decide the strategy for the Bank's credit risk, market risk and operational risk;
- c. To report the significant risk management issues and summary review matters of other relating project, such as credit ratings, market assessment, risk indicators and capital adequacy;
- d. To develop, verify and monitor credit rating models;
- e. Results of the Bank's stress testing;
- f. Important research and discussion matters raised by various risk management-related units of the Bank;
- g. Other issues.

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

- a. Credit risk

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

The Bank, Indovina Bank and CUBCN Bank

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

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

CUBC Bank

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

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

Judgment of significant increase in credit risk after initial recognition

The Bank

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

1) Quantitative indicators

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicators

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

- a) Bounced checks are reported.
- b) Auditors have expressed significant doubt on the entity's ability to continue as a going concern.
- c) Auditors' opinion - adverse opinion.
- d) Auditors' opinion - disclaimer of opinion.
- e) The stock was placed in full-cash delivery stock.
- f) Other changes in the internal or external information on judging the credit quality changes.

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

CUBCN Bank

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

1) Quantitative indicators

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicators

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

a) Any financial instruments are classified as special mention.

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

Indovina Bank

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

1) Quantitative indicators

a) Changes in credit rating

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

b) Low credit risk criteria

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

c) Information on the overdue status of a contract

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

d) Internal credit assessment indicators

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

2) Qualitative indicators

- a) Bounced checks are reported.
- b) Auditors have expressed significant doubt on the entity's ability to continue as a going concern.
- c) Other changes in the internal or external information on judging the credit quality changes.

CUBC Bank

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

1) Information on the overdue status of a contract

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

2) Loan classification from National Bank of Cambodia

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

3) Internal credit assessment indicators

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

Default and credit impairment of financial asset

The Bank

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

1) Quantitative indicator

- a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicator

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

- a) Bailout, reorganization, individual agreement due to debtor's financial difficulties;
- b) Lawsuit action has been taken;
- c) Debt settlement, debt negotiation;
- d) Other internal or external information on judging the deterioration in credit quality.

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

CUBCN Bank

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

1) Quantitative indicator

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

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

Financial instruments have not defaulted yet at the reporting date, and the customers' credit records from PBOC are classified by any financial institutions as NPLs (including substandard, doubtful or loss) which have not been paid off, or any contract payment is overdue for more than 90 days at the reporting date.

2) Qualitative indicator

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

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

- b) The lowest credit risk is classified as substandard, doubtful or loss.
- c) Other internal rating is determined to have fallen into default level.

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

Indovina Bank

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

1) Quantitative indicator

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicator

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

b) Lawsuit action has been taken;

c) Debt settlement, debt negotiation;

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

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

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

CUBC Bank

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

1) Information on the overdue status of a contract

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

2) Loan classification from National Bank of Cambodia

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

3) Internal credit assessment indicators

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

Measurement of expected credit loss

The Bank

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

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

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

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

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

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

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

- 1) The EAD is measured at the amortised cost of a financial asset plus its interest receivable.
- 2) The PD is based on the information regularly published by Moody's, and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information (e.g., gross domestic product and economic growth rate, etc.).
- 3) The LGD is selected according to the type of debt instruments based on the information regularly published by Moody's.

CUBCN Bank

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

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

Credit Category	Definition
Loan activities, interbank borrowing business and off-balance sheet credit business	Grouped by product category and internal/external credit rating
Bills business and accounts receivable factoring business that occupy interbank credit	Grouped by product category and internal/external credit rating
Bond business and interbank deposit business	Grouped by product category and internal/external credit rating
Due from banks, call loan to banks business, and reverse repurchase	Grouped by product category and internal/external credit rating
Other receivables	Grouped by product category and internal/external credit rating

- 2) CUBCN Bank grouped the non-retail business risk group according to the forward-looking model.
- a) The expected credit losses of financial instruments are measured on a case-by-case basis as follows:
- i. For financial instruments in Stage 1, the allowance for losses is measured by the 12-month expected credit losses.
 - ii. For financial instruments in Stage 2, the allowance for losses is measured by the lifetime expected credit losses.
 - iii. For financial instruments in Stage 3, if the single account loan balance exceeds a certain amount, the discounted cash flow method can be used for individual assessment; if not using individual assessment, the allowance for losses is measured by the lifetime expected credit losses, and the PD is 100%.
- b) The expected credit loss parameters of financial instruments are calculated according to the following principles respectively:
- i. The PD is based on the information regularly published by Moody's, and calculated on the basis of the historical data which is adjusted according to the currently observable data and the forward-looking macroeconomic information.
 - ii. The LGD is based on the LGD regulated in the Capital of Commercial Banks (for trial implementation) published by the China banking supervisory authority as the reference for evaluation.
 - iii. The EAD is measured at current exposure method. Besides, off-balance sheet credit businesses also convert exposure using the credit conversion factor regulated in the Capital of Commercial Banks (for trial implementation) published by China banking supervisory authority.

Indovina Bank

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

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

1) Loan portfolio

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

2) Bond portfolio

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

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

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

CUBC Bank

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

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

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

Write-off policy

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

- 1) The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.
- 2) The collateral and property of the primary/subordinate debtors have been appraised at a very low value or have become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Bank might collect from the debtors where there is no financial benefit in execution.
- 3) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Bank's taking possession of such collateral.
- 4) More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and collection efforts have failed.

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

Consideration of forward-looking information

The Bank

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

The significant economic factors identified by the Bank in 2023 are as follows:

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

CUBCN Bank

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

The relevant economic factors identified by CUBCN Bank in 2023 include but are not limited to gross domestic product (GDP) published by the National Bureau of Statistics of China and other government authorities, consumer price index (CPI), producer price index (PPI) and supply of currency, etc.

Indovina Bank

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

The significant economic factors identified by Indovina Bank in 2023 are as follows:

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

CUBC Bank

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

The significant economic factors identified by CUBC Bank in 2023 are as follows:

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

The valuation techniques or significant assumptions used by the Company for assessing the expected credit losses have no significant change for the year ended December 31, 2023.

Credit risk management policy

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

1) Category of credit asset

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

2) Grade of credit quality

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

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

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

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

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

3) Hedge of credit risk and easing policy

a) Collateral

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

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

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

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

c) Net settlement agreement

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

4) Maximum exposures to credit risk

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

a) The Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk	
	December 31, 2023	December 31, 2022
Irrevocable loan commitments	\$ 174,872,790	\$ 167,371,093
Credit card commitments	780,378,572	805,391,737
Unused commercial letters of credit	7,473,158	6,869,348
Guarantees on duties and contracts	18,835,713	19,613,957

b) Indovina Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk	
	December 31, 2023	December 31, 2022
Financial guarantee contracts	\$ 1,157,447	\$ 1,308,628
Unused commercial letters of credit	524,797	387,030

c) CUBC Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk	
	December 31, 2023	December 31, 2022
Financial guarantee contracts	\$ 16,628	\$ 19,684
Credit card commitments	352,725	330,599
Irrevocable loan commitments	219,358	268,441

d) CUBCN Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk	
	December 31, 2023	December 31, 2022
	Financial guarantee contracts	\$ 266,732
Unused commercial letters of credit	196,114	573,635
Irrevocable loan commitments	271,323	262,406

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

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

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

December 31, 2023

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

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

December 31, 2022

	Discounts and Loans				Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	
Total carrying amount	\$ 1,996,179,020	\$ 66,527,131	\$ 17,394,606	\$ -	\$ 2,080,100,757
Less: Allowance for impairment	(3,408,785)	(2,480,491)	(6,433,892)	-	(12,323,168)
Less: Differences of impairment loss under regulations	-	-	-	(22,695,132)	(22,695,132)
	<u>\$ 1,992,770,235</u>	<u>\$ 64,046,640</u>	<u>\$ 10,960,714</u>	<u>\$ (22,695,132)</u>	<u>\$ 2,045,082,457</u>

	Receivables				Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Differences of Impairment Loss under Regulations	
Total carrying amount	\$ 118,271,889	\$ 1,880,551	\$ 2,003,379	\$ -	\$ 122,155,819
Less: Allowance for impairment	(506,839)	(360,011)	(1,591,166)	-	(2,458,016)
Less: Differences of impairment loss under regulations	-	-	-	(58,994)	(58,994)
	<u>\$ 117,765,050</u>	<u>\$ 1,520,540</u>	<u>\$ 412,213</u>	<u>\$ (58,994)</u>	<u>\$ 119,638,809</u>

5) Credit concentration risk of the Company

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

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

a) Industry type

Industry Type	December 31			
	2023		2022	
	Amount	%	Amount	%
Manufacturing	\$ 205,649,922	8.78	\$ 180,834,137	8.60
Financial institutions and insurance	101,379,845	4.33	88,601,202	4.21
Leasing and real estate	228,379,255	9.75	206,214,278	9.80
Individuals	1,500,439,286	64.07	1,326,538,540	63.07
Others	<u>306,092,565</u>	<u>13.07</u>	<u>301,179,305</u>	<u>14.32</u>
Total	<u>\$ 2,341,940,873</u>	<u>100.00</u>	<u>\$ 2,103,367,462</u>	<u>100.00</u>

b) Geographic region

Geographic Region	December 31			
	2023		2022	
	Amount	%	Amount	%
Domestic	\$ 2,057,589,878	87.86	\$ 1,824,223,790	86.73
Asia	225,881,867	9.64	225,080,654	10.70
America	41,933,105	1.79	39,009,043	1.85
Others	<u>16,536,023</u>	<u>0.71</u>	<u>15,053,975</u>	<u>0.72</u>
Total	<u>\$ 2,341,940,873</u>	<u>100.00</u>	<u>\$ 2,103,367,462</u>	<u>100.00</u>

b. Liquidity risk

1) Source and definition of liquidity risk

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

2) Liquidity risk management strategy and principles

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

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

a) Financial assets held to manage liquidity risk

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

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

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

	December 31, 2023				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 40,467,947	\$ 28,002,343	\$ 30,033,933	\$ 829,245	\$ 99,333,468
Non-derivative financial liabilities at fair value through profit or loss	-	-	610,807	39,648,150	40,258,957
Securities sold under repurchase agreements	8,662,306	1,009,618	-	7,853,418	17,525,342
Payables	25,444,637	3,875,097	46,958	543,586	29,910,278
Deposits and remittances	636,004,859	1,465,878,993	1,208,481,287	131,109,766	3,441,474,905
Financial debentures payable	-	14,563,066	-	12,865,620	27,428,686
Lease liabilities	137,548	493,459	502,076	2,120,575	3,253,658
Other capital outflow at maturity	25,858,441	35,035,011	2,256,610	897,997	64,048,059
	December 31, 2022				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 26,294,815	\$ 24,698,838	\$ 29,836,399	\$ 33,136	\$ 80,863,188
Non-derivative financial liabilities at fair value through profit or loss	93,455	-	516,815	39,613,320	40,223,590
Securities sold under repurchase agreements	19,238,256	8,399,398	-	-	27,637,654
Payables	23,033,030	3,674,958	58,834	496,028	27,262,850
Deposits and remittances	509,020,050	1,238,894,551	1,259,165,792	149,088,303	3,156,168,696
Financial debentures payable	-	10,493,264	-	27,100,000	37,593,264
Lease liabilities	129,360	547,937	675,597	1,783,493	3,136,387
Other capital outflow at maturity	20,809,680	27,951,203	4,986,616	534,345	54,281,844

Additional information about the maturity analysis of lease liabilities:

	December 31	
	2023	2022
Less than 1 year	\$ 1,133,083	\$ 1,352,894
1-5 years	1,715,536	1,537,290
5-10 years	<u>405,039</u>	<u>246,203</u>
	<u>\$ 3,253,658</u>	<u>\$ 3,136,387</u>

c) Maturity analysis of derivative financial liabilities

Net settled derivative financial instruments engaged by the Bank include:

- i. Foreign exchange derivative instruments: Non-delivery forwards and net settled foreign exchange options;
- ii. Interest rate derivative instruments: Swaptions, net settled interest rate swaps and other interest rate agreements.

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

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

	December 31, 2022				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	\$ 141,969	\$ 10,196	\$ 6,961	\$ 48	\$ 159,174
Interest rate derivative instruments	<u>41,516</u>	<u>1,906,874</u>	<u>543,514</u>	<u>27,585,335</u>	<u>30,077,239</u>
Total	<u>\$ 183,485</u>	<u>\$ 1,917,070</u>	<u>\$ 550,475</u>	<u>\$ 27,585,383</u>	<u>\$ 30,236,413</u>

Gross settled derivative financial instruments engaged by the Bank include:

- i. Foreign exchange derivative instruments: Foreign exchange forwards, foreign exchange swaps and gross settled foreign exchange options;
- ii. Interest rate derivative instruments: Cross currency swaps;

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

	December 31, 2023				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	\$ (414,572,102)	\$ (444,892,193)	\$ (40,418,411)	\$ (6,388,153)	\$ (906,270,859)
Cash inflow	406,725,701	435,318,902	40,097,255	6,380,659	888,522,517
Interest rate derivative instruments					
Cash outflow	(1,536,750)	(122,404)	(4,634,554)	(7,131,402)	(13,425,110)
Cash inflow	1,390,250	119,419	4,462,141	6,927,048	12,898,858
Cash outflow subtotal	(416,108,852)	(445,014,597)	(45,052,965)	(13,519,555)	(919,695,969)
Cash inflow subtotal	408,115,951	435,438,321	44,559,396	13,307,707	901,421,375
Net cash flow	\$ (7,992,901)	\$ (9,576,276)	\$ (493,569)	\$ (211,848)	\$ (18,274,594)
	December 31, 2022				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	\$ (324,842,748)	\$ (501,385,923)	\$ (106,664,116)	\$ (11,172,117)	\$ (944,064,904)
Cash inflow	316,664,323	487,806,235	104,373,667	10,794,877	919,639,102
Interest rate derivative instruments					
Cash outflow	(2,474,451)	(5,469,504)	(9,945,031)	(3,674,320)	(21,563,306)
Cash inflow	2,250,080	5,068,272	9,090,580	3,422,140	19,831,072
Cash outflow subtotal	(327,317,199)	(506,855,427)	(116,609,147)	(14,846,437)	(965,628,210)
Cash inflow subtotal	318,914,403	492,874,507	113,464,247	14,217,017	939,470,174
Net cash flow	\$ (8,402,796)	\$ (13,980,920)	\$ (3,144,900)	\$ (629,420)	\$ (26,158,036)

d) Maturity analysis of off-balance sheet items

- i. Irrevocable commitments: Include the Bank's irrevocable loan commitments and credit card commitments.
- ii. Financial guarantee contracts: The Bank acts as a guarantor or an issuer of standby letter of credit.

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

	December 31, 2023			
	Not Later Than 1 Year	1-5 Years	Later Than 5 Years	Total
Irrevocable loan commitments	\$ 136,394,665	\$ 32,014,131	\$ 6,463,994	\$ 174,872,790
Credit card commitments	202,422,445	230,536,858	347,419,269	780,378,572
Financial guarantee contracts	20,878,211	5,427,238	3,422	26,308,871
	December 31, 2022			
	Not Later Than 1 Year	1-5 Years	Later Than 5 Years	Total
Irrevocable loan commitments	\$ 134,435,530	\$ 23,859,560	\$ 9,076,003	\$ 167,371,093
Credit card commitments	50,692,716	205,458,267	549,240,754	805,391,737
Financial guarantee contracts	21,216,584	5,225,513	41,208	26,483,305

c. Market risk

1) Source and definition of market risk

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

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

2) Market risk management strategy and process

Market risk management process

a) Identification and measurement

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

b) Monitoring and reporting

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

3) Risk management policy of the trading book

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

a) Strategy

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

b) Policy and procedure

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

c) Valuation policy

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

d) Method of measurement

- i. The assumptions and calculation method are described in the VaR section.
- ii. The Bank executes the stress testing monthly based on the following scenarios: The fluctuation of interest rate at 150bp, changes in domestic and foreign equity securities price at 15% and 20% respectively and foreign exchange rate at 5%, and reports to the risk management committee regularly.

4) Interest risk management of trading book

a) Definition of interest risk

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

b) Interest risk management procedure of trading book

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

c) Method of measurement

- i. The assumptions and calculation method are described in the VaR section.
- ii. The Bank measures the investment portfolio's interest risk exposure with DV01 monthly.

5) Interest risk management of banking book

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

a) Strategy

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

b) Management procedure

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

c) Method of measurement

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

6) Foreign exchange risk management

a) Definition of foreign exchange risk

Foreign exchange risk is the gain/loss caused by two currencies exchange at different times. The Bank's foreign exchange risk arises from the derivative instruments, such as spot exchange, forward exchange and foreign exchange option, etc. The Bank's foreign exchange transactions are implemented daily to offset clients' positions. Thus, the Bank is not exposed to significant foreign exchange risk.

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

In order to control foreign exchange risk, the Bank sets the limits of transaction and stop-loss limits for the dealing room and traders. Meanwhile, the Bank also sets the maximum annual loss limit to control the loss within the tolerable extent. Foreign exchange risk is controlled based on VaR. The assumption and calculation of VaR are described in the VaR section.

For foreign exchange risk, the Bank sets the scenario at 5% fluctuation of foreign exchange rates of major currencies to execute the stress testing quarterly, and reports to the risk management committee.

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

Unit: In Thousands of Foreign Currency

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 20,934,420	30.7350	\$ 643,419,399
AUD	3,160,037	21.0058	66,379,105
HKD	12,738,573	3.9340	50,113,546
Non-monetary items			
USD	887,476	30.7350	27,276,575
HKD	5,090,023	3.9340	20,024,150
THB	3,473,375	0.8988	3,121,869

(Continued)

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 25,048,202	30.7350	\$ 769,856,488
CNY	7,199,103	4.3305	31,175,716
AUD	1,119,410	21.0058	23,514,103
Non-monetary items			
USD	937,040	30.7350	28,799,924
HKD	4,559,398	3.9340	17,936,672
AUD	979	21.0058	20,565
			(Concluded)

	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,533,277	30.7080	\$ 507,703,870
AUD	2,313,708	20.8246	48,182,044
HKD	9,921,435	3.9383	39,073,587
Non-monetary items			
USD	938,639	30.7080	28,823,726
HKD	2,986,734	3.9383	11,762,655
THB	3,473,375	0.8894	3,089,220

	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial liabilities</u>			
Monetary items			
USD	22,859,666	30.7080	701,974,624
CNY	7,663,025	4.4079	33,777,848
AUD	1,146,528	20.8246	23,875,987
Non-monetary items			
USD	968,299	30.7080	29,734,526
HKD	3,405,919	3.9383	13,413,531
CNY	2,494	4.4079	10,993

As the Company has a large variety of foreign currencies, it is not practicable to disclose foreign currency exchange gain or loss based on each foreign currency's exposure to major impact. The foreign currency exchange gains were \$1,814,170 thousand and \$2,180,645 thousand for the years ended December 31, 2023 and 2022, respectively.

7) Risk management of equity securities price

a) Definition of risk of equity securities price

The market risk of equity securities held by the Bank includes the individual risk from the fluctuation of individual equity securities' market price and general market risk from the fluctuation of the overall price trend.

b) Purpose of risk management of equity securities price

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

c) Procedure of risk management of equity securities price

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

d) Measurement method

The risk of equity securities price in trading book is mainly controlled by VaR.

8) Value-at-risk of the trading books

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

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

December 31, 2022				
Factors of Market Risk	Average	Maximum	Minimum	Ending
Interest rate	\$ 252,904	\$ 292,247	\$ 215,547	\$ 267,725
Foreign exchange rate	154,112	227,124	84,253	149,695
Equity securities price	159,701	365,415	61,215	69,494

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

9) Market risk stress testing

The stress testing is used to measure the maximum loss of risk asset portfolio under the worst-case scenario. The Bank takes into consideration various types of risk factors for holding positions during market risk stress testing and the results will be reported to the executive management regularly.

Stress Testing			
Market/Product	Scenarios	December 31, 2023	December 31, 2022
Stock market	Major domestic stock exchanges + 15%	\$ 1,688,630	\$ 524,137
	Major domestic stock exchanges - 15%	(1,688,630)	(524,137)
	Major foreign stock exchanges + 20%	-	39,238
	Major foreign stock exchanges - 20%	-	(39,238)
Interest rate/bond market	Major interest rate + 150bp	(3,727,660)	(2,596,593)
	Major interest rate - 150bp	1,328,162	1,408,178
Foreign exchange market	Major currencies +5%	327,284	277,947
	Major currencies - 5%	(327,284)	(277,947)

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

10) Market risk sensitivity analysis

a) Interest rate risk

Interest rate factor sensitivities (the present value of one basis point, or “PVBP”) represent the change in the net present value of the interest rate derivative portfolios caused by a parallel unit shift of 0.01% (1 basis point) in the interest rates in various yield curves affecting the portfolio. The Bank’s interest rate-sensitive portfolios include government bonds, corporate bonds, interest rate swaps, forward rate agreements and interest rate collars.

b) Foreign exchange risk

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

c) Equity securities price risk

Equity securities price factor sensitivities (“Equity delta”) represent the change of the equity securities price portfolio caused by a parallel unit shift of 1% in the underlying stocks prices fluctuation. The Bank’s equity portfolios include stocks and equity index options.

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

		December 31, 2022	
Risk Factors	Changes (+/-)	Sensitivity of Profit or Loss	Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	\$ 55,589	\$ -
	Exchange rate of each currency - 1%	(55,589)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(17,311)	-
	Yield curves parallel shift - 1bp	9,388	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	1,564	35,340
	Equity securities price - 1%	(1,564)	(35,340)

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

11) Effect of interest rate benchmark reform

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

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Bank's counterparties are not successfully concluded before the cessation of USD LIBOR, the case will bring significant uncertainties to the future interest rate basis applied to financial instruments, and give rise to additional interest rate risk that was not anticipated when the contracts were entered into. If a hedged financial instrument and the related hedging derivative instruments are transitioned to alternative benchmark rates at different times, it could result in hedge ineffectiveness.

The Bank established a USD LIBOR transition project plan to handle risk management policy changes, internal process adjustments, IT system updates and valuation model adjustments, as well as any related tax and accounting issues in accordance with interest rate benchmark reform. As of December 31, 2023, changes required to IT systems and internal processes have been identified, and the Bank has completed the transition of LIBOR derivatives and non-derivative financial assets and liabilities to the benchmark interest rate.

d. Transfers of financial assets

Financial assets transferred that have not been fully removed

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

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

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

December 31, 2022					
Category of Financial Assets	Transferred Financial Assets Carrying Value	Related Financial Liabilities Carrying Value	Transferred Financial Assets Fair Value	Related Financial Liabilities Fair Value	Net Fair Value
Financial assets at fair value through other comprehensive income					
Repurchase agreements	\$ 18,473,749	\$ 18,969,910	\$ 18,473,749	\$ 18,969,910	\$ (496,161)
Investments in debt instruments measured at amortised cost					
Repurchase agreements	15,297,777	11,761,896	13,290,096	11,761,896	1,528,200

e. Offsetting financial assets and liabilities

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

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

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

December 31, 2023

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

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

December 31, 2022

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	\$ 84,633,679	\$ -	\$ 84,633,679	\$ 81,976,127	\$ 2,657,552	\$ -

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	\$ 81,976,127	\$ -	\$ 81,976,127	\$ 81,976,127	\$ -	\$ -
Repurchase agreements	30,731,806	-	30,731,806	26,843,862	3,887,944	-

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

51. CAPITAL MANAGEMENT

a. Capital adequacy maintain strategy

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

b. Capital assessment procedure

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

c. Information on the Company's CAR was as follows:

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

Items		Year	December 31, 2023		
			Standalone	Consolidated	
Eligible capital	Common equity		245,759,810	249,264,018	
	Other Tier 1 capital		35,283,100	35,283,100	
	Tier 2 capital		42,759,357	43,834,688	
	Eligible capital		323,802,267	328,381,806	
Risk-weighted assets	Credit risk	Standardized approach	1,750,913,872	1,836,940,334	
		Internal ratings-based approach	-	-	
		Securitization	32,296,588	32,296,588	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	188,561,652	197,900,392	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	73,135,692	77,798,753	
		Internal model approach	-	-	
	Risk-weighted assets			2,044,907,804	2,144,936,067
	Capital adequacy ratio (%)			15.83%	15.31%
Ratio of common equity to risk-weighted assets (%)			12.02%	11.62%	
Ratio of Tier 1 capital to risk-weighted assets (%)			13.74%	13.27%	
Leverage ratio (%)			6.52%	6.36%	

Items		Year	December 31, 2022		
			Standalone	Consolidated	
Eligible capital	Common equity		207,933,529	214,850,222	
	Other Tier 1 capital		35,265,280	35,265,280	
	Tier 2 capital		46,796,841	47,815,554	
	Eligible capital		289,995,650	297,931,056	
Risk-weighted assets	Credit risk	Standardized approach	1,651,800,920	1,733,297,988	
		Internal ratings-based approach	-	-	
		Securitization	25,284,925	25,284,925	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	156,375,480	165,441,898	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	52,682,253	55,965,239	
		Internal model approach	-	-	
	Risk-weighted assets			1,886,143,578	1,979,990,050
	Capital adequacy ratio (%)			15.38%	15.05%
Ratio of common equity to risk-weighted assets (%)			11.02%	10.85%	
Ratio of Tier 1 capital to risk-weighted assets (%)			12.89%	12.63%	
Leverage ratio (%)			6.16%	6.12%	

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

Note 2: Formulas used were as follows:

- 1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital
- 2) Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets
- 4) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets
- 5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets
- 6) Leverage ratio = Tier 1 capital ÷ Exposure measurement

The Banking Law and related regulations require the Bank to maintain its unconsolidated and consolidated CARs at a minimum of 10.5%, the Tier 1 Capital Ratio at a minimum of 8.5% and the Common Equity Tier 1 Ratio at a minimum of 7%. In addition, if the Bank’s CAR falls below the minimum requirement, the authorities may impose certain restrictions on the amount of cash dividends that the Bank can declare or, in certain conditions, totally prohibit the Bank from declaring cash dividends.

52. UNCONSOLIDATED STRUCTURED ENTITIES

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

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

The carrying amounts of assets recognized by the Company as of December 31, 2023 and 2022 relating to its interests in unconsolidated structured entities are disclosed as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets at FVTOCI	\$ 18,546,743	\$ 7,052,947
Investments in debt instruments measured at amortised cost	<u>70,736,135</u>	<u>64,589,746</u>
	<u>\$ 89,282,878</u>	<u>\$ 71,642,693</u>

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

The Bank

a. Credit risk

- 1) Asset quality: Please refer to Table 1.
- 2) Concentration of credit extensions

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

<u>December 31, 2023</u>			
<u>Rank</u>	<u>Industry Category of Company or Group</u>	<u>Credit Extension Balance</u>	<u>% to Net Asset Value</u>
1	Group A - other financial service activities not elsewhere classified	\$ 24,761,050	9.11
2	Group B - packaging and testing of semi-conductors	17,226,054	6.33
3	Group C - manufacture of computers	12,171,333	4.48
4	Group D - casting of aluminum	10,000,000	3.68
5	Group E - convenience stores, chain	8,096,142	2.98
6	Group F - real estate development activities	7,919,540	2.91
7	Group G - real estate activities for sale and rental with own or leased property	7,154,000	2.63
8	Group H - real estate development activities	6,982,857	2.57
9	Group I - manufacture of computers	6,385,530	2.35
10	Group J - activities of other holding companies	6,208,578	2.28

December 31, 2022			
Rank	Industry Category of Company or Group	Credit Extension Balance	% to Net Asset Value
1	Group A - other financial service activities not elsewhere classified	\$ 24,871,373	10.46
2	Group B - manufacture of computers	11,951,585	5.03
3	Group C - real estate activities for sale and rental with own or leased property	6,688,000	2.81
4	Group D - manufacture of computers	6,682,966	2.81
5	Group E - real estate development activities	6,678,900	2.81
6	Group F - casting of aluminum	6,000,000	2.52
7	Group G - wired telecommunications activities	5,832,124	2.45
8	Group H - real estate development activities	5,380,257	2.26
9	Group I - manufacture of computers	5,030,605	2.12
10	Group J - activities of other holding companies	4,250,693	1.79

b. Market risk

Interest Rate Sensitivity (New Taiwan Dollars)

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

December 31, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,555,384,283	\$ 46,005,367	\$ 93,540,923	\$ 166,381,743	\$ 2,861,312,316
Interest rate-sensitive liabilities	209,611,134	1,966,210,900	313,789,044	54,815,646	2,544,426,724
Interest rate sensitivity gap	2,345,773,149	(1,920,205,533)	(220,248,121)	111,566,097	316,885,592
Net worth					271,931,243
Ratio of interest rate-sensitive assets to liabilities					112.45%
Ratio of interest rate sensitivity gap to net worth					116.53%

December 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,317,133,829	\$ 48,638,662	\$ 146,349,593	\$ 149,035,769	\$ 2,661,157,853
Interest rate-sensitive liabilities	184,758,528	1,850,755,542	281,073,767	67,059,704	2,383,647,541
Interest rate sensitivity gap	2,132,375,301	(1,802,116,880)	(134,724,174)	81,976,065	277,510,312
Net worth					237,734,228
Ratio of interest rate-sensitive assets to liabilities					111.64%
Ratio of interest rate sensitivity gap to net worth					116.73%

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

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

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

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

Interest Rate Sensitivity (U.S. Dollars)

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

December 31, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 11,681,053	\$ 2,509,636	\$ 1,926,256	\$ 9,924,929	\$ 26,041,874
Interest rate-sensitive liabilities	16,872,723	4,601,223	5,613,955	4,555,065	31,642,966
Interest rate sensitivity gap	(5,191,670)	(2,091,587)	(3,687,699)	5,369,864	(5,601,092)
Net worth					8,847,608
Ratio of interest rate-sensitive assets to liabilities					82.30%
Ratio of interest rate sensitivity gap to net worth					(63.31%)

December 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 12,410,651	\$ 1,728,541	\$ 912,236	\$ 8,776,882	\$ 23,828,310
Interest rate-sensitive liabilities	15,504,653	4,287,079	5,490,219	5,533,033	30,814,984
Interest rate sensitivity gap	(3,094,002)	(2,558,538)	(4,577,983)	3,243,849	(6,986,674)
Net worth					7,741,769
Ratio of interest rate-sensitive assets to liabilities					77.33%
Ratio of interest rate sensitivity gap to net worth					(90.25%)

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

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

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

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

c. Liquidity risk

1) Profitability (consolidated information)

(Unit: %)

Items	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Before income tax	0.89
	After income tax	0.71
Return on equity	Before income tax	13.94
	After income tax	11.19
Net income ratio	33.33	34.35

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

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

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

Note 4: Income before (after) income tax represents income for the years ended December 31, 2023 and 2022.

2) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(Unit: In Thousands of New Taiwan Dollars)

December 31, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,478,224,689	\$ 527,532,916	\$ 369,053,716	\$ 332,701,870	\$ 254,690,594	\$ 390,683,886	\$ 1,603,561,707
Main capital outflow on maturity	4,307,534,770	213,455,065	280,477,385	640,935,447	677,633,343	781,545,438	1,713,488,092
Gap	(829,310,081)	314,077,851	88,576,331	(308,233,577)	(422,942,749)	(390,861,552)	(109,926,385)

December 31, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,427,100,716	\$ 493,947,489	\$ 357,472,895	\$ 399,922,375	\$ 290,172,438	\$ 459,769,160	\$ 1,425,816,359
Main capital outflow on maturity	4,126,929,540	274,755,910	227,848,929	620,704,006	604,177,127	753,511,191	1,645,932,377
Gap	(699,828,824)	219,191,579	129,623,966	(220,781,631)	(314,004,689)	(293,742,031)	(220,116,018)

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

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

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

December 31, 2023

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 99,195,230	\$ 40,720,995	\$ 24,945,404	\$ 12,758,246	\$ 8,110,737	\$ 12,659,848
Main capital outflow on maturity	101,553,407	35,613,226	25,738,526	13,711,195	17,314,295	9,176,165
Gap	(2,358,177)	5,107,769	(793,122)	(952,949)	(9,203,558)	3,483,683

December 31, 2022

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 90,902,217	\$ 30,135,120	\$ 23,226,426	\$ 15,171,143	\$ 11,018,366	\$ 11,351,162
Main capital outflow on maturity	94,818,479	26,469,765	23,748,428	15,681,219	19,004,002	9,915,065
Gap	(3,916,262)	3,665,355	(522,002)	(510,076)	(7,985,636)	1,436,097

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

54. OPERATING SEGMENTS

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

- a. Corporate banking unit: Syndicated loan, large scale, group and general credit business;
- b. Individual banking unit: Deposits and consumer loans, foreign exchange service, endorsement guarantees business, note discounting, safe deposits boxes, credit card - related products, and trust business;
- c. International banking unit: Offshore banking units, overseas branches and representative office; and
- d. Other units: These parts contain the Company's assets, liabilities, revenues and expenses that cannot be attributed to or allocated reasonably to certain operating segments.

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

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

	For the Year Ended December 31, 2023				
	Corporate Banking	Individual Banking	International Banking	Others	Total
Net interest (externally)	<u>\$ 12,536,362</u>	<u>\$ 10,581,653</u>	<u>\$ 6,378,776</u>	<u>\$ 22,246,499</u>	<u>\$ 51,743,290</u>
Segment revenue (expense)	<u>\$ (3,894,575)</u>	<u>\$ 34,742,009</u>	<u>\$ 3,507,607</u>	<u>\$(34,355,041)</u>	<u>\$ -</u>
Segment net income	<u>\$ 6,220,743</u>	<u>\$ 30,269,530</u>	<u>\$ 4,959,707</u>	<u>\$ (5,380,787)</u>	<u>\$ 36,069,193</u>
Income tax expense					<u>(7,102,387)</u>
Income after income tax					<u>\$ 28,966,806</u>
	For the Year Ended December 31, 2022				
	Corporate Banking	Individual Banking	International Banking	Others	Total
Net interest (externally)	<u>\$ 10,663,190</u>	<u>\$ 19,897,287</u>	<u>\$ 6,966,913</u>	<u>\$ 11,177,100</u>	<u>\$ 48,704,490</u>
Segment revenue (expense)	<u>\$ (3,096,839)</u>	<u>\$ 17,398,681</u>	<u>\$ 1,605,954</u>	<u>\$(15,907,796)</u>	<u>\$ -</u>
Segment net income	<u>\$ 5,713,961</u>	<u>\$ 30,239,971</u>	<u>\$ 4,678,087</u>	<u>\$ (9,621,699)</u>	<u>\$ 31,010,320</u>
Income tax expense					<u>(5,298,617)</u>
Income after income tax					<u>\$ 25,711,703</u>

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

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

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

55. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments	Others	
Financial debentures payable	\$ 37,147,398	\$ (10,048,944)	\$ -	\$ -	\$ 1,546	\$ 27,100,000
Financial liabilities designated as at fair value through profit or loss - financial debentures	39,076,751	-	-	1,369,640	34,830	40,481,221
Guarantee deposits received	8,487,786	(601,867)	-	-	-	7,885,919
Lease liabilities	3,636,660	(1,703,924)	1,764,542	-	(23,710)	3,673,568

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments	Others	
Due to the Central Bank and banks	\$ 1,076,000	\$ (1,076,000)	\$ -	\$ -	\$ -	\$ -
Financial debentures payable	46,800,000	(9,691,144)	-	-	38,542	37,147,398
Financial liabilities designated as at fair value through profit or loss - financial debentures	40,587,123	-	-	(5,403,592)	3,893,220	39,076,751
Guarantee deposits received	4,468,668	4,019,118	-	-	-	8,487,786
Lease liabilities	3,679,114	(1,599,199)	1,498,942	-	57,803	3,636,660

56. ADDITIONAL DISCLOSURES

a. Related information of significant transactions:

- 1) Financing provided: The Bank - not applicable; subsidiaries - not applicable
- 2) Endorsement/guarantee provided: The Bank - not applicable; subsidiaries - not applicable
- 3) Marketable securities held: The Bank - not applicable; subsidiaries - not applicable
- 4) Investees' securities acquired or disposed of at costs or prices of at least \$300 million or 10% of the paid-in capital: The Bank - none; subsidiaries - none
- 5) Acquisition of individual real estate at costs of at least \$300 million or 10% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least \$300 million or 10% of the paid-in capital: None
- 7) Allowance of service fees to related parties amounting to at least \$5 million: None
- 8) Receivables from related parties amounting to at least \$300 million or 10% of the paid-in capital: None
- 9) Sale of nonperforming loans: None
- 10) Asset securitization under the "Regulations for Financial Asset Securitization": None
- 11) Other significant transactions which may affect the decisions of users of financial reports: Table 1 (attached)
- 12) Derivative transactions: Note 8

- b. Related information and proportionate share in investees: Table 2 (attached)
- c. Investments in mainland China: Table 3 (attached)
- d. Intercompany relationships and significant intercompany transactions

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

- e. Information on major shareholders

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

TABLE 1

CATHAY UNITED BANK CO., LTD.

ASSET QUALITY - NONPERFORMING LOANS
AS OF DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)

Period		December 31, 2023					December 31, 2022					
		Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
Corporate banking	Secured	\$ 351,596	\$ 417,319,682	0.08%	\$ 2,226,855	633.36%	\$ 202,628	\$ 362,477,214	0.06%	\$ 2,066,060	1019.63%	
	Unsecured	256,523	354,592,441	0.07%	10,923,436	4258.26%	213,726	321,503,794	0.07%	9,536,652	4462.09%	
	Housing mortgage (Note 4)	511,314	561,454,493	0.09%	8,872,209	1735.18%	261,954	537,259,813	0.05%	8,362,419	3192.32%	
	Cash cards	-	-	-	-	-	-	-	-	-	-	
Consumer banking	Small-scale credit loans (Note 5)	617,034	142,052,519	0.43%	6,350,300	1029.17%	332,382	135,356,408	0.25%	5,074,001	1526.56%	
	Other (Note 6)	Secured	758,802	701,084,992	0.11%	7,500,658	988.49%	472,542	612,557,071	0.08%	7,069,223	1496.00%
		Unsecured	24,097	55,400,843	0.04%	735,340	3051.54%	26,712	25,180,026	0.11%	350,285	1311.35%
Loans		\$ 2,519,366	\$ 2,231,904,970	0.11%	\$ 36,608,798	1453.10%	\$ 1,509,944	\$ 1,994,334,326	0.08%	\$ 32,458,640	2149.66%	
		Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio	Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio	
Credit cards		\$ 197,516	\$ 95,453,456	0.21%	\$ 2,423,613	1227.05%	\$ 110,659	\$ 98,759,035	0.11%	\$ 2,194,012	1982.68%	
Accounts receivable factored without recourse (Note 7)		-	2,695,574	-	42,668	-	-	4,523,885	-	45,687	-	

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

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

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

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

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

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

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

(Continued)

Not reported as nonperforming loans or nonperforming receivables

Types	Items	December 31, 2023		December 31, 2022	
		Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables
Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)		\$ 322	\$ 15,247	\$ 672	\$ 24,228
Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)		147,370	1,016,657	117,647	1,101,341
Total		\$ 147,692	\$ 1,031,904	\$ 118,319	\$ 1,125,569

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

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

(Concluded)

TABLE 2

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEEES
AS OF DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, %)

Investor Company	Investee Company (Note 1)	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Proportionate Shares of the Bank and Its Subsidiaries in Investees (Note 1)			
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total Shares (Thousands)	Percentage of Ownership (%)
Cathay United Bank Co., Ltd.	Financial-related business									
	Taiwan Depository & Clearing Corporation	Taipei	Centralized securities depository of enterprises	0.17	\$ 84,340	\$ 2,872	3,823	-	3,823	0.38
	Taiwan Futures Inc.	Taipei	Foreign exchange broker	4.04	57,197	7,040	800	-	800	4.04
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures exchange	0.62	804,254	8,071	3,408	-	3,408	0.62
	Financial Information Service Co., Ltd.	Taipei	Data processing services	2.41	758,469	34,584	12,577	-	12,577	2.41
	Taiwan Finance Corporation	Taipei	Bills financing	24.57	1,693,418	35,981	126,814	-	126,814	24.57
	Wantedland Securities Co., Ltd.	Taipei	Integrated securities houses	10.52	1,108,158	21,437	122,874	-	122,874	12.03
	Taiwan Asset Management Corporation	Taipei	Financial institution's debt purchase, evaluation or auction business	5.79	984,621	40,392	61,200	-	61,200	5.79
	Taiwan Financial Asset Service Corporation	Taipei	Financial institution credit evaluation or auction services	5.88	195,108	1,450	10,000	-	10,000	5.88
	Sunny Asset Management Co.	Taipei	Financial institution's debt purchase and other services	9.37	15,479	763	562	-	562	9.37
	EasyCard Corporation	Taipei	Electronic payment	1.96	123,697	1,033	1,701	-	1,701	2.43
	Visa	Los Angeles	Credit card business	0.02	3,706,172	27,086	476	-	476	0.02
	Indovina Bank Limited	Vietnam	Commercial banking	50.00	3,934,432	161,308	Note 3	-	Note 3	50.00
	Cathay United Bank (Cambodia) Corporation Limited	Cambodia	Commercial banking	100.00	4,059,111	80,725	100,000	-	100,000	100.00
	Taiwan Mobile Payment Co.	Taipei	Trust service manager (TSM)	4.00	15,238	-	2,400	-	2,400	4.00
	Philippine Clearing House Corporation (PCHC)	Philippines	Bills financing	1.69	32,319	-	21	-	21	1.69
	Quantified Holdings Limited	Cayman Islands	Bills financing	5.45	63,062	-	2,829	-	2,829	5.45
	Cathay United Bank (China) Limited	China	Commercial banking	100.00	16,389,165	255,613	Note 3	-	Note 3	100.00
	Sinawad Corp. PCL	Thailand	Holding industry	4.60	2,312,077	180,937	125,827	-	125,827	9.16
		Non-financial-related business								
	Aa Fung Enterprises Co., Ltd.	Taipei	ATM bill replacement business	15.00	16,536	630	450	-	450	15.00
Taiwan Real Estate Management Co., Ltd.	Taipei	Real estate management	30.15	99,255	2,946	9,044	-	9,044	30.15	
CD&B & PARTNERS Investment Holding Corporation	Taipei	Investment	4.95	822,480	-	108,000	-	108,000	9.90	
EasyCard Investment Holding Co., Ltd.	Taipei	Investment	4.91	185,098	3,679	4,184	-	4,184	6.28	
Kaohsiung Rapid Transit Corporation	Kaohsiung	Public rapid transit	1.38	41,811	-	3,845	-	3,845	1.38	
HsuTech Venture Capital Co., Ltd.	Taipei	Venture capital	12.95	71,985	3,191	7,692	-	7,692	12.95	
Harburger Venture Capital Co., Ltd.	Taipei	Venture capital	5.55	46	-	26	-	26	13.35	
Cathay United Bank (Cambodia) Corporation Limited	Non-financial-related business									
	CUBC Investment Co., LTD.	Cambodia	Investment	49.00	52,984	(248)	Note 3 and 4	-	Note 3 and 4	49.00
Cathay United Bank (China) Limited	Financial-related business									
	Chongqing Aui Consumer Finance Co., Ltd.	China	Consumer financing	3.48	3,464,367	-	Note 3	-	Note 3	3.48

Note 1: Shares or pro forma shares held by the Bank, directors, president, vice president and affiliates have been included in accordance with the Company Act.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of Banking Law.
b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of "Securities and Exchange Law Enforcement Rule".
c. Derivative contracts, such as stock options, are those conforming to the definition of derivatives in IFRS 9.

Note 3: Unlisted stock.

Note 4: Cathay United Bank (Cambodia) Corporation Limited held 49% of the shares of CUBC-I. Through an agency agreement with the rest of shareholders, it actually controls the operations of CUBC-I and the composition of its board of directors, and obtains 100% of its economic benefits; therefore, CUBC-I is listed as a subsidiary of CUBC Bank.

TABLE 3

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023 (Note 3)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Cathay United Bank (China) Limited	Local government approved banking	\$ 14,377,562 (CNY 3,000,000 thousand)	Direct	\$ 14,377,562 (CNY 3,000,000 thousand)	\$ -	\$ -	\$ 14,377,562 (CNY 3,000,000 thousand)	\$ 255,613	100	\$ 255,613	\$ 16,589,165	\$ -	

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amount Approved by the Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 1)
\$14,377,562 (CNY3,000,000 thousand)	\$14,377,562 (CNY3,000,000 thousand)	\$165,519,405

- Note 1: Based on the Investment Commission's "Regulation on Examination of Investment or Technical Cooperation in Mainland China" investments are limited to the larger of 60% of the Bank's net asset value or 60% of the Company's consolidated net asset value.
- Note 2: The Investment Commission of the Ministry of Economic Affairs ("MOEAIC") authorized the Bank to remit US\$60,067,239 (CNY400,000,000). Based on the capital verification report issued by local accountants in mainland China, the Shanghai branch of the Bank was authorized to remit the total amount of working capital of US\$59,768,397.46, and the remaining amount of US\$298,841.54 was repatriated on November 5, 2010. The Bank reported to MOEAIC to revise the amount of the investment on January 18, 2011, and it was authorized by MOEAIC on January 24, 2011. Also, MOEAIC authorized the Bank to remit US\$95,024,128 (CNY600,000,000). Based on the capital verification report issued by local accountants in mainland China, Shanghai branch of the Bank was authorized to remit the total amount of working capital of US\$94,929,198.64, and the remaining amount of US\$94,929.36 was repatriated on February 1, 2012. The Bank reported to MOEAIC to revise the amount of the investment on March 20, 2012, and it was authorized by MOEAIC on March 26, 2012. MOEAIC agreed to the Bank to increase the working capital of Shanghai branch by US\$164,000,000 (CNY1,000,000,000) on February 27, 2014, and was authorized by MOEAIC on July 10, 2014. MOEAIC agreed to the Bank to increase the working capital of the Qingdao branch by US\$98,199,673 (CNY600,000,000) on January 21, 2014, and was authorized by MOEAIC on October 30, 2014. The Bank obtained approval from MOEAIC to increase the working capital of Shenzhen branch by US\$60,708,160.70 (CNY400,000,000) on January 5, 2015, and was authorized by MOEAIC on December 22, 2016.
- Note 3: The registered capital of Cathay United Bank (China) Limited was CNY3,000,000,000, which was transferred to the working capital of Cathay United Bank (China) Limited after the merger of Cathay United Bank Shanghai branch, Qingdao branch and Shenzhen branch was approved by the authorities.

TABLE 4

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, %)

No. (Note 1)	Transacting Company	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			Percentage of Total Revenue or Total Assets (Note 3)
				Financial Statement Account	Amounts	Terms of Transaction	
0	Cathay United Bank	CUBC Bank	a	Call loans to banks - interest revenue	\$ 311,859	Note 4	0.36
		CUBC Bank	a	Call loans to banks	5,255,685	Note 4	0.12
		CUBC Bank	a	Due from banks	677,090	Note 4	0.02
		CUBC Bank	a	Interest receivable	140,717	Note 4	0.00
		CUBCN Bank	a	Call loans to banks - interest revenue	126,915	Note 4	0.15
		CUBCN Bank	a	Other financial assets	3,031,321	Note 4	0.07
		CUBCN Bank	a	Interest receivable	193,915	Note 4	0.00

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

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

Note 2: The flow of transactions is as follows:

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

Note 3: The percentage is calculated as follows:

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

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

Appendix II

Cathay United Bank Co., Ltd. 2023 Standalone Financial Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Cathay United Bank Co., Ltd. (the “Bank”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2023 and 2022, its financial performance, and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Bank for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Bank's financial statements for the year ended December 31, 2023 is as follows:

Impairment Assessment of Loans

The domestic loans of the Bank which amounted to \$2,134,975,661 thousand were considered material to the financial statements as a whole. The assessment of impairment of loans involves accounting estimates and management's significant judgment, and since the amount of impairment assessed on loans under the relevant regulations issued by the authorities is substantially larger than those assessed under IFRS 9, we determined the impairment of the loans assessed under the relevant regulations prescribed by the authorities as a key audit matter.

The Bank's management regularly assesses its loans for impairment. Recognition of impairment loss on loans is based on compliance with regulations issued by the authorities regarding the classification of credit assets and the provision of impairment loss. For the accounting policies and relevant information on the impairment assessment of loans, refer to Notes 4, 5 and 14.

The main audit procedures we performed in response to the key audit matter described above were as follows:

1. We obtained an understanding of and tested its internal controls of impairment assessment on loans.
2. We tested the classification of the credit assets into their respective categories out of the total five categories and confirmed that such classification complies with the relevant regulations issued by the authorities.
3. We performed the tests on selected samples and confirmed the appropriateness of impairment by the length of the overdue period and the value of the collateral for each respective loan.
4. We calculated the provision of impairment loss by classifying the credit assets into their respective categories and confirmed that such provision complies with the relevant regulations issued by the authorities.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2024

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

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

CATHAY UNITED BANK CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 43)	\$ 84,443,195	2	\$ 106,863,137	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 4, 7, 43 and 44)	326,078,941	8	259,255,611	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 43 and 48)	309,791,531	8	230,116,229	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11, 43, 44 and 48)	263,403,313	6	445,571,701	12
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST (Notes 4, 10, 11, 44 and 48)	675,711,671	16	513,909,296	13
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 12)	24,166,326	1	17,613,991	1
RECEIVABLES, NET (Notes 4, 13, 15 and 43)	115,111,400	3	118,560,892	3
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 43)	2,194,402,572	54	1,960,898,333	52
INVESTMENTS MEASURED BY EQUITY METHOD, NET (Notes 4 and 16)	26,375,381	1	26,210,448	1
OTHER FINANCIAL ASSETS, NET (Notes 6 and 43)	3,185,034	-	4,407,889	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 17)	23,240,260	-	23,065,875	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 18 and 43)	3,199,137	-	3,094,570	-
INVESTMENT PROPERTIES, NET (Notes 4 and 19)	2,287,293	-	2,220,443	-
INTANGIBLE ASSETS, NET (Notes 4 and 20)	7,720,765	-	7,851,363	-
DEFERRED TAX ASSETS (Notes 4 and 41)	4,002,806	-	3,891,662	-
OTHER ASSETS, NET (Notes 21 and 43)	27,952,712	1	37,564,033	1
TOTAL	\$ 4,091,072,337	100	\$ 3,761,095,473	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 22 and 43)	\$ 98,537,489	2	\$ 80,353,346	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 43 and 48)	118,617,221	3	118,438,521	3
NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS (Notes 4 and 23)	17,452,214	-	27,425,356	1
PAYABLES (Notes 24 and 43)	38,831,333	1	32,031,854	1
CURRENT TAX LIABILITIES (Notes 4 and 41)	259,354	-	213,942	-
DEPOSITS AND REMITTANCES (Notes 25 and 43)	3,434,524,066	84	3,152,915,221	84
FINANCIAL DEBENTURES PAYABLE (Note 26)	27,100,000	1	37,147,398	1
OTHER FINANCIAL LIABILITIES (Note 27)	63,275,636	2	53,934,322	2
PROVISIONS (Notes 4, 15 and 28)	3,803,246	-	3,920,792	-
LEASE LIABILITIES (Notes 4, 18 and 43)	3,214,934	-	3,108,736	-
DEFERRED TAX LIABILITIES (Notes 4 and 41)	2,051,886	-	1,613,297	-
OTHER LIABILITIES (Notes 4, 30 and 43)	11,473,715	-	12,258,460	-
Total liabilities	3,819,141,094	93	3,523,361,245	94
EQUITY (Note 31)				
Capital stock				
Common stock	108,598,655	3	108,598,655	3
Capital surplus	38,869,080	1	38,858,661	1
Retained earnings				
Legal reserve	85,964,149	2	78,748,709	2
Special reserve	16,832,170	-	2,077,665	-
Unappropriated earnings	27,823,633	1	24,025,533	1
Total retained earnings	130,619,952	3	104,851,907	3
Other equity	(6,156,444)	-	(14,574,995)	(1)
Total equity	271,931,243	7	237,734,228	6
TOTAL	\$ 4,091,072,337	100	\$ 3,761,095,473	100

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

CATHAY UNITED BANK CO., LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022		Changes (%)
	Amount	%	Amount	%	
NET INTEREST REVENUE (Notes 4, 32 and 43)					
Interest income	\$ 101,813,247	122	\$ 63,225,297	89	61
Interest expense	<u>(53,377,926)</u>	<u>(64)</u>	<u>(18,151,219)</u>	<u>(26)</u>	194
Total net interest revenue	<u>48,435,321</u>	<u>58</u>	<u>45,074,078</u>	<u>63</u>	7
NET REVENUE OTHER THAN INTEREST					
Net service fee revenue (Notes 4, 33 and 43)	20,710,468	25	18,053,206	25	15
Gain on financial assets or liabilities at fair value through profit or loss (Notes 4, 34 and 43)	13,954,648	17	5,400,275	8	158
Realized loss on financial assets at fair value through other comprehensive income (Notes 4, 9 and 35)	(2,699,232)	(3)	(604,748)	(1)	346
Loss arising from derecognition of financial assets measured at amortised cost (Notes 4, 10 and 14)	(107,531)	-	(128,826)	-	(17)
Foreign exchange gain (Notes 4 and 49)	1,636,256	2	1,797,608	2	(9)
Impairment reversal (loss) on assets (Notes 4 and 36)	5,933	-	(15,780)	-	138
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (Notes 4 and 16)	536,573	-	516,220	1	4
Net other revenue other than interest income (Notes 4 and 43)	<u>835,301</u>	<u>1</u>	<u>1,185,249</u>	<u>2</u>	(30)
Total net revenue other than interest	<u>34,872,416</u>	<u>42</u>	<u>26,203,204</u>	<u>37</u>	33
NET REVENUE	<u>83,307,737</u>	<u>100</u>	<u>71,277,282</u>	<u>100</u>	17
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 13, 14, 15 and 37)	<u>(4,232,581)</u>	<u>(5)</u>	<u>(4,407,253)</u>	<u>(6)</u>	(4)

(Continued)

CATHAY UNITED BANK CO., LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022		Changes
	Amount	%	Amount	%	(%)
TOTAL OPERATING EXPENSES					
Employee benefits expenses (Notes 4, 38 and 43)	\$ (20,612,116)	(25)	\$ (18,038,715)	(25)	14
Depreciation and amortization expense (Notes 4, 17, 18, 20 and 39)	(3,512,376)	(4)	(3,326,249)	(5)	6
Other general and administrative expense (Notes 4, 40 and 43)	<u>(19,295,165)</u>	<u>(23)</u>	<u>(14,724,870)</u>	<u>(21)</u>	31
Total operating expenses	<u>(43,419,657)</u>	<u>(52)</u>	<u>(36,089,834)</u>	<u>(51)</u>	20
PROFIT BEFORE TAX	35,655,499	43	30,780,195	43	16
INCOME TAX EXPENSE (Notes 4 and 41)	<u>(6,850,000)</u>	<u>(8)</u>	<u>(5,190,000)</u>	<u>(7)</u>	32
NET INCOME	<u>28,805,499</u>	<u>35</u>	<u>25,590,195</u>	<u>36</u>	13
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 31)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax					
Remeasurement of defined benefit plans	(320,076)	-	(418,071)	(1)	(23)
Gain on property revaluation	-	-	1,322,404	2	(100)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	1,158,601	1	(4,104,960)	(6)	128
Change in fair value of financial liability attributable to change in credit risk of liability	(506,248)	(1)	575,753	1	(188)
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	(163,947)	-	(33,187)	-	394
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 41)	201,371	-	103,523	-	95

(Continued)

CATHAY UNITED BANK CO., LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022		Changes (%)
	Amount	%	Amount	%	
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax					
Exchange differences on translating the financial statements of foreign operations	\$ (285,612)	-	\$ 1,843,083	3	(115)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	371,199	-	(874,633)	(1)	142
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	7,400,544	9	(17,113,486)	(24)	143
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 4 and 41)	<u>(419,132)</u>	<u>-</u>	<u>368,985</u>	<u>-</u>	(214)
Other comprehensive income (loss), net of tax	<u>7,436,700</u>	<u>9</u>	<u>(18,330,589)</u>	<u>(26)</u>	141
TOTAL COMPREHENSIVE INCOME	<u>\$ 36,242,199</u>	<u>44</u>	<u>\$ 7,259,606</u>	<u>10</u>	399
EARNINGS PER SHARE (Note 42)					
Basic	<u>\$ 2.65</u>		<u>\$ 2.36</u>		

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

(Concluded)

CATHAY UNITED BANK CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Capital Stock		Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Equity			Total	Total Equity
			Common Stock	Capital Surplus	Legal Reserve			Special Reserve	Unappropriated Earnings	Changes in the Fair Value of Financial Liabilities Attributable to Changes in the Credit Risk		
BALANCE AT JANUARY 1, 2022	\$ 106,985,830	\$ 38,687,276	\$ 71,182,447	\$ 2,083,756	\$ 25,236,235	\$ (2,766,438)	\$ 7,527,083	\$ (889,397)	\$ (1,980,688)	\$ 285,008	\$ 2,175,568	\$ 246,351,112
Appropriation of 2021 earnings:												
Legal reserve	-	-	7,566,262	-	(7,566,262)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(16,047,875)	-	-	-	-	-	-	(16,047,875)
Stock dividends	1,612,825	-	-	-	(1,612,825)	-	-	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	25,590,195	-	-	-	-	-	-	25,590,195
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,474,468	(21,245,202)	460,602	(332,184)	1,311,727	(18,330,589)	(18,330,589)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	25,590,195	1,474,468	(21,245,202)	460,602	(332,184)	1,311,727	(18,330,589)	7,259,606
Recognition of share-based payments granted by the parent company	-	171,385	-	-	-	-	-	-	-	-	-	171,385
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,564,662)	-	1,564,662	-	-	-	1,564,662	-
Others	-	-	-	(6,091)	(9,273)	-	-	-	-	15,364	15,364	-
BALANCE AT DECEMBER 31, 2022	108,598,655	38,858,661	78,748,709	2,077,665	24,025,533	(1,291,970)	(12,153,457)	(428,795)	(2,312,872)	1,612,099	(14,574,995)	237,734,228
Changes in equity of associates accounted for using the equity method	-	-	-	-	(15)	-	-	-	-	-	-	(15)
Appropriation of 2022 earnings:												
Legal reserve	-	-	7,215,440	-	(7,215,440)	-	-	-	-	-	-	-
Special reserve	-	-	-	14,783,830	(14,783,830)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,055,588)	-	-	-	-	-	-	(2,055,588)
Net income for the year ended December 31, 2023	-	-	-	-	28,805,499	-	-	-	-	-	-	28,805,499
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(228,490)	8,324,353	(404,998)	(254,165)	-	7,436,700	7,436,700
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	28,805,499	(228,490)	8,324,353	(404,998)	(254,165)	-	7,436,700	36,242,199
Recognition of share-based payments granted by the parent company	-	10,419	-	-	-	-	-	-	-	-	-	10,419
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(981,851)	-	981,851	-	-	-	981,851	-
Others	-	-	-	(29,325)	29,325	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 108,598,655	\$ 38,869,080	\$ 85,964,149	\$ 16,832,170	\$ 27,823,633	\$ (1,520,460)	\$ (2,847,253)	\$ (833,793)	\$ (2,567,037)	\$ 1,612,099	\$ (6,156,444)	\$ 271,931,243

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

CATHAY UNITED BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 35,655,499	\$ 30,780,195
Adjustments:		
Depreciation expense	2,913,836	2,792,939
Amortization expense	598,540	533,310
Expected credit loss/bad debt expense	4,232,581	4,407,253
Net gains on financial assets and liabilities at fair value through profit or loss	(13,954,648)	(5,400,275)
Interest expense	53,377,926	18,151,219
Net losses arising from derecognition of financial assets measured at amortised cost	107,531	128,826
Interest income	(101,813,247)	(63,225,297)
Dividend income	(1,582,814)	(1,452,773)
Compensation costs of share-based payments	10,419	171,385
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(536,573)	(516,220)
(Gains) losses on disposal of property and equipment	(153,557)	26,460
Gains on disposal of investment properties	-	(2,300)
Gains on disposal of assets held for sale	-	(440,613)
Losses on disposal of investments	4,282,046	2,057,521
Impairment (reversal) loss on financial assets	(5,933)	15,780
Gains on fair value adjustment of investment property	(111,774)	(208,109)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(2,393,819)	(7,535,398)
Financial assets at fair value through profit or loss	8,053,618	182,244,923
Financial assets at fair value through other comprehensive income	186,458,124	(187,276,601)
Investments in debt instruments at amortised cost	(161,916,610)	56,478,706
Receivables	7,329,741	(12,093,498)
Discounts and loans	(236,911,954)	(232,363,256)
Other financial assets	1,222,855	4,286,057
Other assets	(150,519)	(813,195)
Deposits from the Central Bank and banks	18,184,143	17,743,057
Financial liabilities at fair value through profit or loss	(77,914,673)	(81,254,390)
Notes and bonds issued under repurchase agreement	(9,973,142)	(3,872,229)
Payables	1,305,453	1,985,467
Deposits and remittances	281,608,845	306,441,952
Other financial liabilities	9,341,314	25,279,279
Provisions	(798,561)	(328,089)
Other liabilities	(133,357)	505,617
Cash generated from operations	6,331,290	57,247,703
Interest received	102,535,711	62,051,150
Dividends received	1,632,065	1,493,044
Interest paid	(50,684,779)	(16,791,741)
Income tax paid	(5,352,929)	(2,165,379)
Net cash generated from operating activities	<u>54,461,358</u>	<u>101,834,777</u>

(Continued)

CATHAY UNITED BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of assets held for sale	\$ -	\$ 723,700
Acquisition of property and equipment	(1,312,248)	(1,288,021)
Proceeds from disposal of property and equipment	10,493	442
Acquisition of intangible assets	(256,983)	(313,388)
Proceeds from disposal of investment properties	-	36,800
Other assets	9,455,028	(9,809,792)
Dividends received	<u>470,401</u>	<u>481,413</u>
Net cash generated from (used in) investing activities	<u>8,366,691</u>	<u>(10,168,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and banks	-	(1,076,000)
Proceeds from issuance of financial debentures	-	693,116
Repayments of financial debentures payable	(10,048,944)	(10,384,260)
Payments of the principal portion of lease liabilities	(1,517,453)	(1,423,356)
Other liabilities	(623,163)	3,572,997
Cash dividends paid	<u>(2,055,588)</u>	<u>(16,047,875)</u>
Net cash used in financing activities	<u>(14,245,148)</u>	<u>(24,665,378)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(15,315)</u>	<u>857,816</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,567,586	67,858,369
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>295,468,539</u>	<u>227,610,170</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 344,036,125</u>	<u>\$ 295,468,539</u>

(Continued)

CATHAY UNITED BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
RECONCILIATIONS OF CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENTS OF CASH FLOWS WITH THOSE REPORTED IN THE BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022		
Cash and cash equivalents reported in the balance sheets	\$ 84,443,195	\$ 106,863,137
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	235,426,604	170,991,411
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	<u>24,166,326</u>	<u>17,613,991</u>
Cash and cash equivalents at the end of the year	<u>\$ 344,036,125</u>	<u>\$ 295,468,539</u>

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

(Concluded)

Cathay United Bank Co., Ltd.

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