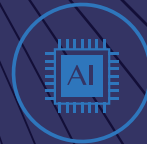




遠東國際商業銀行
Far Eastern Int'l Bank

Stock Code:2845 | www.feib.com.tw | mops.twse.com.tw | Published Date:February 28, 2023



2022

Annual Report
中華民國111年 年報

Spokesperson

Name: Jiann Jong Lin
Title: Chief Executive Vice President
Tel.:(02) 2378-6868
Email: camilahsiao@feib.com.tw

Acting Spokesperson

Name: Shin Hwa Chou
Title: Executive Vice President
Tel.:(02) 2378-6868
Email: camilahsiao@feib.com.tw

Headquarter and branches address and telephone

Add.: 26, 27F, No. 207, Sec.2, Dunhua S. Rd., Daan Dist., Taipei City, Taiwan
Tel.: (02) 2378-6868
Branches address refer to context

Stock Agent

Name: Oriental Securities Corporation
Add.: 13F., No. 16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan
Tel.:(02) 7753-1699
Website: <https://www.osc.com.tw>

Credit Rating Institution

Name: Fitch Australia Pty Ltd., Taiwan Branch
Add.: Rm. A2, 23F., No. 68, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Tel: (02) 8175-7600

Recent Annual Financial Statement Auditor

Name: Deloitte & Touche
CPA: Chun-Hung Chen, Ying-Chou Chen
Add.: 20F, Taipei Nan Shan Plaza, No. 100, Songren Rd., Xinyi Dist., Taipei, Taiwan
Tel.: (02) 2725-9988
Website: <https://www.deloitte.com.tw>

Name of Exchange of Overseas Securities and Inquiry Contact

Luxembourg Stock Exchange
Website: <https://www.bourse.lu/>
ISIN: US30733T2069, US30733T1079

Our website

<https://www.feib.com.tw>

CONTENTS

I. Chairperson's Message	5
II. Company Profile	12
1. Date of Establishment.....	12
2. Company History.....	12
III. Corporate Governance Report	14
1. Organization Structure.....	14
2. Information of Directors, Management Team, Department Heads, Branch Manager and Consultants	17
3. Implementation of Corporate Governance	48
4. Information of CPA Audit Fees.....	85
5. Replacement of CPAs.....	85
6. Chairman, President, and Managers in Charge of Finance or Accounting who Holds Any Position in the Bank's Independent Auditing Firm or Its Affiliates in Recent Years	85
7. The Changes in Shareholding	86
8. Relationship among the Top Ten Shareholders	90
9. Shareholding in Affiliated Enterprises	91
IV. Fund Raising Activities	92
1. Capital and Shares	92
2. Issuance of Bank Debentures	97
3. Issuance of Preferred Stocks	101
4. Issuance of Global Depository Receipts	102
5. Issuance of Employee Stock Options.....	102
6. Issuance of New Restricted Shares to Employee	102
7. Mergers and Acquisitions.....	102
8. The Execution of Fund Utilization Plan.....	103
V. Operation Highlights	104
1. Business Activities	104
2. Human Resources	114
3. Corporate Social Responsibilities.....	119
4. Number of Full Time Non-Managers, the Average and Median of Non-Managers' Salary	123
5. IT Investment.....	123
6. Cyber Security Management.....	124
7. Labor Relations	126
8. Important Contracts	129
9. Securitization	132

CONTENTS

VI. Financial Information	133
1. Five-Year Financial Summary	133
2. Five-Year Financial Analysis	139
3. 2022 Audit Committee's Review Report	144
4. 2022 Audited Consolidated Financial Statements	144
5. 2022 Audited Unconsolidated Financial Statements	144
6. Impact to the Bank from Financial Difficulty of the Bank or Its Affiliates	144
VII. Review of Financial Conditions, Financial Performance, and Risk Management	145
1. Analysis of Financial Status	145
2. Analysis of Financial Performance	146
3. Analysis of Cash Flow	146
4. Major Capital Expenditure in Last Year	146
5. Investment Policy in Last Year, Main Causes of Profits or Losses, Improvement Plans and Investment Plans for the Coming Year	147
6. Analysis of Risk Management	148
7. Contingency Plans for Crisis Management	159
8. Other Important Items	159
VIII. Special Disclosure	160
1. Summary of Affiliated Companies	160
2. Private Placement and Financial Debentures	162
3. The Company Shares Held or Disposed by Subsidiaries	162
4. Other Major Supplementary Information	162
5. Major Events Affecting Shareholders' Equity or Share Price	162
IX. Major Events and Information of Headquarter and Branches	163



Chairperson Ms. Ching-Ing Hou

Chairperson's Message

Looking back in 2022, the global economy was impacted by the Russia-Ukraine war, high inflation, Fed's interest rate hike, and China's zero-COVID policy. The financial markets plunged, economic and trade momentum staggered, and Taiwan GDP growth rate was down to 2.43%. Looking forward to 2023, the global interest rates will remain high and the economic outlook is full of challenges. Taiwan domestic economy is expected to grow moderately, and financial market volatility will gradually ease. Thus, the banking industry's profitability is expected to remain and of small growth.

FEIB, following the core strategy of long-term steady growth, grew total assets by 2.4% to exceeding NT\$740 billion, and increased revenue by 9% in 2022. Net interest income grew by 9% by improved lending margin following the interest rate hikes. Net income increased by 25%, to NT\$3.68 billion, supported by prudent control of operation expenses and provision cost. Earnings per share (EPS) rose to NT\$1. In 4Q'2022, FEIB completed NT\$4.8 billion cash capital injection, which increased CET1 ratio to 11.70%, and BIS ratio to 14.98% on YE'2022.

In 2022, FEIB actively expanded its core business. In Digital Banking, Bankee's digital deposit accounts increased by 40%, and won FEIB the "Best Innovative Digital Bank Award in Taiwan" by The Global Economics. A first-ever new cross-border remittance service, through cooperation with MasterCard, was also launched in Taiwan. In Retail Banking, the number of "Elder Care Trust" accounts ranked top in Financial Supervisory Commission's Group B category, and the business gained 10 wealth management professional awards locally and globally, affirming the BU's WM brand to the public. In Corporate Banking, the net interest income grew significantly and fee income remained unchallenged, which was contributed by aggressive increase of SME lending and USD loan spreads, and striving lead bank role in international syndication loans. In Financial Market, amid the market volatility, the BU took conservative strategies in stock and bond investment and TMU product selling, for reducing investment and transaction losses. Nonetheless, the BU launched gold futures and OBU securities brokerage to create new revenue.

FEIB supported sustainable finance and launched 「FEIB 30, Sustainable 30」 ESG activities in 2022. For environment protection, FEIB joined peers signing the Equator Principles and preparing climate-risk-related financial disclosure (such as TCFD), provided sustainable finance to customers, and implemented greenhouse emission checking and environmental protection management system internally. For society responsibility, FEIB supported charity to Eden Foundation by launching an auto donation machine, which was the first of its kind in Taiwan. FEIB carried the legacy publishing the theme calendar in 2022 titling "Appreciating Beauty of Taiwan Theaters". As an advocator to a fair and friendly workplace, FEIB was awarded the "Asia's Best Employer Award" by HR ASIA, and "TTQS Talent Development Quality Management System Gold Medal" award by Ministry of Labor. For corporate governance, FEIB's board of directors satisfied diversification requirement, a "Unit of Managing and Promoting Staff Integrity" and "Corporate Sustainability Committee" were established and responsible for supervising all related activities. In all, FEIB ranked among the top 5% listed companies by Taiwan Stock Exchange's "Corporate Governance Evaluation", and among the top 25% banks by Financial Supervisory Commission's "Customer Fairness Evaluation".

In 2023, FEIB continues following the long-term steady growth strategy for business development and growth. FEIB will expand asset scale further to capitalize the benefit of capital injection, and solidify the core profitability by focusing on high-profit, high-growth businesses, and by readjusting financial investment portfolio. Through digital acceleration, FEIB will strengthen digital branding value and competitiveness against peers. Meanwhile, along with activities responding to regulation and investor's expectation on ESG, FEIB will continue increasing business value to shareholders, customers, employees and society.



Vice Chairman Mr. Douglas Tong Hsu

Operating Results for 2022 and Business Outlook for 2023 Are Summarized as Follows:

Operating Results for 2022 (as consolidated report)

1. Business Plan and Operating Results (by consolidated financials)

Item	Year				(NT\$MM)
		2022	2021	Change Rate	Budget Achievement
Total Asset		740,540	723,055	+2%	99%
Deposit and Remittance		607,424	612,107	-1%	96%
Total Loan		444,082	412,872	+8%	102%
Equity-Method Long Term Investment		54,972	49,702	+11%	-
Revenue		11,739	10,793	+9%	-
PPOP		4,735	4,116	+15%	-
Net Income		3,678	2,939	+25%	-
EPS (NT\$)		1.00	0.82	+22%	-

2. Ratings

Fitch Ratings issued FEIB rating report on May 5, 2022, affirming FEIB's credit rating remained at BBB / F3 for foreign currency LT / ST IDR, and A+ (tw) / F1 (tw) for national long-term / short-term rating, and the rating outlooks remained as stable. The rating result reflected the Bank's moderate risk appetite and sufficient loss buffer, and FEIB is considered a stable financial institution of investment grade.

3. Research and Development

FEIB continued developing and upgrading digital application platforms, such as launching on-line credit / installment loan application, big-ticket FX in APP, for creating handy and convenient transaction channels to improve customers' digital experience. And, FEIB developed innovative digital banking business, such as "full speed remittance" as a new type of cross-border remittance platform, a 24-hour offshore equity trading platform, and a three-in-one securities account opening including "Bankee" foreign currency deposit account, foreign currency and LCY securities settlement accounts. FEIB also expanded branch functions from off-line to on-line, such as launching online transfer-limit adjustment for non-discretionary accounts, online application of discretionary accounts, and digital ID authentication in supermarkets, etc. For strengthening digital innovation image, FEIB created virtual reality banking experience via metaverse interface in Bankee and at a few branches.



President Mr. Thomas Chou

4. Organization Changes

FEIB relocated, renamed, merged, and/or renovated three branches in 2022. Taipei Jinhua Branch was renamed after merger between Taipei Jinhua Simple Branch and Taipei Nong'an Simple Branch. Taipei Chengde Branch was relocated and renamed from former Taipei Zhongshan Branch. FEIB's branches were renovated not only for purpose of business expansion, but also for enhancing branch's image value.

5. Impact of External Competitions, Legal and Overall Operating Environment

In 2022, FEIB, along with peers in the banking industry, grew net interest income substantially, which was benefited from increased lending spread following rate hikes locally and globally, and from increased lending base following post-COVID asset quality improvement. But, due to heightened volatility in international and local stock and bond markets, wealth management business declined, trading income merely maintained, and mark-to-market unrealized investment losses surged. COVID-19 pandemic has changed customer transaction behavior, which combined with 3 internet-only banks entering the market, intensified the digital banking competition. FEIB thus developed various innovated and online banking platforms to strengthen digital competitiveness. A few regulation or government policies were updated or newly implemented in 2022, such as regulations for fair customer treatment, for corporate governance, and for anti-money laundering and counter-terrorism financing. FEIB promulgated internal control guidelines and provided staff trainings, in order to comply with these new or updated regulation. In responding to international trend of ESG sustainable finance, and FSC's "Green Finance Action Plan 3.0", FEIB launched sustainable finance, formulated ESG risk management, and implemented ESG action plans.

Operating Plans for 2023

1. Operating Goals

Major operating goals for 2023 (by consolidated financials) are summarized as follows:

- (1) Total asset: NT\$784.2 billion
- (2) Total deposit: NT\$643.3 billion
- (3) Total loan: NT\$476.9 billion

2. Policies and Major Strategies

(1) Retail Banking:

For WM, the BU strengthens product competitiveness by deepening and widening product lines with "theme", and develops new customer and funding base, to increase WM AUM. For digital banking development, the BU integrates online and offline channels, and launches special promotions to increase NTD and FCY digital deposits. For lending, the BU focuses on branches' WM and high net worth customers to gain more mortgage cases, develops new credit products and increases interest spreads to gain more business earnings. For credit card, the BU promotes "Far Eastern YA Card" as daily usage card, which combined with exclusive benefits offered in FEG's retail channel, is aimed for increasing number of cards and card spending.

(2) Corporate Banking:

To provide differentiated and comprehensive value-added financing, the BU extends business in both domestic and overseas markets, through an APAC lending platform across China, Taiwan, Singapore and Vietnam. To increase corporate lending scale, the BU aims for opportunities in global supply chain, SME lending and sustainable finance, to also respond to government impetus policy. To strengthen deposit base, the BU develops niche GTS business, promotes online corporate banking service and B2B2C lending, in order to secure relationship with high-quality deposit customers.

(3) Financial Markets:

In order to strengthen market leading position in "Foreign exchange margin trading", the BU continues developing digital customer base and enhancing 24-hour services in 24-hour trading platform. To provide diversified structured products, the BU focuses on professional institutional investors and high net worth investors for yield enhancement and risk-hedging solutions. The BU promotes foreign bond trading, gold futures brokerage, and emerging market-related SWAP transactions to increase product diversity and create new sources of earnings. For proprietary trading and investment, the BU improves portfolio quality through base-line valuation and quant. analysis, which coupled with derivatives trading is to reduce investment risks. The BU also increases ESG bond investment as investment theme under sustainable finance practice.

(4) Digital Banking:

The BU's business focus is to improve digital services and extend digital channels to increase off-counter transaction rate and digital customer acquisition rate. New digital finance products are under development, such as loans and investments, Bankee's new-structured deposits, and micro-enterprise's digital products, etc. In addition, in response to government's inclusive financial policy, the BU strategizes alliance across industries and with new venture entrepreneurs to form ecosystems, and to expand digital customer scales.

Chairperson

侯金英



II. Company Profile

1. Date of Establishment:

January 11, 1992.

2. Company History

The Far Eastern International Bank (FEIB) was established by entrepreneur Mr. Y. Z. Hsu, founder of various renowned enterprises including Far Eastern New Century Corp., Far Eastern Department Stores, Asia Cement Corp., etc. with significant contributions to Taiwan's economic developments.

In 1989, Far Eastern Group founder Y. Z. Hsu established a bank organizing committee with a view to establish a private bank in responding to the government's amendment of the Bank Law and policy to liberalize private banks, which aimed to modernize and globalize Taiwan's financial sector. With founding mottos and service guidelines of "Sincerity, Diligence, Thrift and Prudence", the Convokers' Meeting was held on May 14, 1990 and then application was submitted to the Ministry of Finance in October for approval to establish a new bank with capital of NT\$10 billion.

On August 1, 1991, the Ministry of Finance approved the establishment of FEIB. After conducting public offer shares, the Establishment Meeting was held on December 9, which passed the article of incorporation and elected nine Directors and three Supervisors for the Board. On January 11, 1992, the Ministry of Economic Affairs approved FEIB's registration and issued a company license; thereafter on April 9, the Ministry of Finance issued an operating license. Soon on April 11, 1992, the HQ branch, Saving Department and Taipei Yisen Branch of FEIB began operations. In the early start, FEIB was authorized to operate general banking and saving businesses, then the trust and international banking departments were inaugurated to offer trust, investment, asset management, finance consulting and foreign exchange services. With continuous expansions of operations, the Bank is able to provide clients with new and diversified financial services. At the same time, new branches from north to south of Taiwan were set up at the selected areas with growth potential to build up an island-wide network of service channels.

In November 1995, FEIB went public by listed on the Over the Counter (OTC) market of the Republic of China. In November 1998, the Bank was listed on the Taiwan Stock Exchange. FEIB's investment grade ratings were assessed by world renowned ratings companies and the Bank has been considered a stable financial institution of investment grade. To cope with its enlarging foreign exchange asset and the need for diversified and international portfolio, FEIB was approved by the Ministry of Finance to issue in July 2003 US\$110 million worth of Unsecured Convertible Bonds overseas.

Responding to the growing businesses and dynamic market, FEIB underwent several restructurings. In 1999, it was the first bank in Taiwan to set up three major independent Business Groups – Administration, Consumer Banking, and Corporate Banking. Till 2006, FEIB integrated its business units into four Banking Groups – Corporate Banking, Financial Markets, Individual Banking, and Consumer Banking & Credit Cards, and added three management units – Administration & Support Group, Risk Management and IT Management. Then E-banking Business Units were formed under Corporate Banking and Individual Banking Groups specifically responsible for offering borderless, real-time, and 24/7 online banking services. Operating separately and independently, the Bank's respective business groups continued to bring forth innovative products and services, enhanced their expertise, elevated their efficiency, and enabled many businesses to rank first in their respective categories.

To provide customers with more complete international financial services, the first overseas branch of FEIB across the Strait was established in Hong Kong in 1996. In order to enhance

operating efficiency, FEIB established in 2008 "Operations & Technology (O&T) Service Center" as a high-efficiency supporting unit to the Bank's front desk, which not only saved costs with centralized operations, but also streamlined processing by setting up various efficiency indicators.

Recently, FEIB has engaged with various world-class financial institutions. In 2008 FEIB co-invested with Deutsche Bank AG to establish Deutsche Far Eastern Asset Management Company Limited, acquired AIG's credit cards and accounts receivable business in 2009, and acquired 100% ING Securities Company Limited in 2011 from ING Insurance International B.V., renamed it as Far Eastern International Securities Company Ltd. after completion of the transaction.

To expand both physical and virtual branches, FEIB launched FE Direct internet-banking service in early 2010, completed acquisition of Chin-Fon Bank's 19 domestic branches in April, established the "Small and Medium-sized Enterprise Banking Unit" in May under Individual Banking Group to implement Big Branch Plan as well as cultivate wealth management and small & medium-sized enterprise financing business in this segment. In 2013, the Bank opened Taipei 101 Branch, which aligning with affiliated Far Eastern International Securities Company, offered global investments and private banking services to high net-worth customers. In addition, Hsinchu Big City Branch and Banqiao Chungben Branch were opened in 2014 as boutique branches in shopping malls that offer wealth management services embedded with customers' lifestyle.

In 2017, to integrate resources, streamline business management and elevate operation synergy, Far Eastern Life Insurance Agency Co., Ltd. and Far Eastern Property Insurance Agency Co., Ltd. were merged into FEIB to establish the Insurance Agency Group.

In 2018, to improve the information security level, the "Information Security Department" is set up for formulating the Bank's information security strategy and the related planning and management.

In 2020, "Individual Banking Group", "Consumer Banking and Credit Card Group", and "insurance agency Group" were consolidated into a single customer-centric "Retail Banking Group", of which, three functional departments are included: "Product & Marketing Department", "Channel & Sales Department", and "Administration Department". The purpose of re-org is to provide full range of products, multi coverage of channels, and high value-added customers' relationship management. For developing the local ASEAN market, a rep. office in Ho Chi Minh City in Vietnam was set up.

In 2021, for developing digital financial and providing more comprehensive information and operation support services, FEIB adjusted "Operation and Technology Center" into two different Group, as "Information Technology Group" and "Operations Group". "Information Technology Group" is responsible for information system structure and maintenance. "Operation Group" provided centralized operation supporting services and processing improvement.

For extending footprints in ASEAN market and catching business opportunities in international syndication loan market, the Singapore representative office was set up and open for business in 2021, which is the fourth overseas office of the Bank.

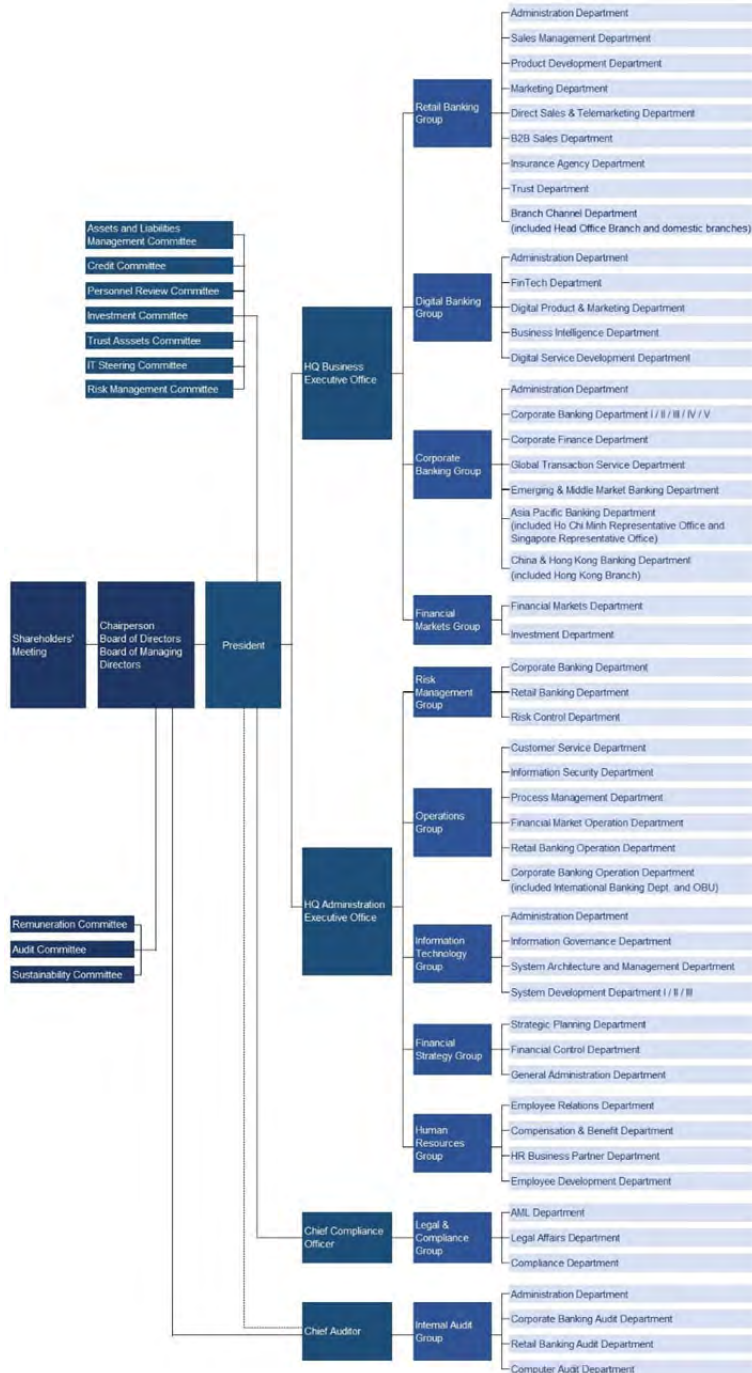
To provide more convenient services to customers, the Taipei Nungan Mini Branch and the Taipei Jinhua Mini Branch were merged and becoming the Taipei Jinhua Branch in 2022. In addition, to deepen business engagement in the area, the Taipei Chungshan Branch was relocated and becomes the Taipei Chengde Branch. FEIB has 55 domestic branches (including HQ branch), 1 offshore branch in Hong Kong, 2 representative offices in Ho Chi Minh City and Singapore, respectively. Other than physical offices, FEIB is expanding service arms by online digital platform to customers.

III. Corporate Governance Report

1. Organization Structure

(1) FEIB's Organization Chart

December 31, 2022



(2) Major Business Function of Each Department

A. Retail Banking Group

Take the responsibility of wealth management, consumer finance, credit card payment, trust, personal and property insurance agency business, brand image development and marketing planning; manage the sales and branches' operation, telephone marketing, and strategic alliance sales; handle strategic planning, performance management, regulation compliance, internal control and general administration of retail banking

B. Financial Markets Group

Handle operating, funding, FX and derivative transaction, securities investment and trading, planning and execution of the Bank's asset and liability management, financial advisory, performance review and mid and long-term investment strategy management, review, as well as other relevant advisory.

C. Corporate Banking Group

Plan corporate banking operation strategy, select target market, promote, execute and review corporate banking products, optimize operating process, upgrade and establish relevant systems to satisfy corporate banking's account profit and risk management, and also manage overseas branch's corporate banking business.

D. Digital Banking Group

Engage in practical Fintech development strategy, promote FEIB's various innovative banking services, and provide customers the safest, smart, and friendly digital banking experience.

E. Operations Group

Formulate operational policies and regulations, control and improve operational procedures, and process operation for each BU. Formulate and implement information security strategy for the Bank, set standard of information security technology, and responsible for planning, promotion, management and verification of information security matters. Provide customer online consultation and transaction services, customer complaint acceptance, personal financial product referral, and promote various customer service projects.

F. Information Technology Group

Plan, develop, and maintain information operation strategies and system, and provide related consulting services. Cooperate with information security units to establish an Information Security Defense in Depth System, and also build, manage and maintain information security equipment. Establish system technical architecture standards, and responsible for planning, promotion and management.

G. Financial Strategy Group

Responsible for FEIB's financial planning, performance analysis, accounting and taxation. Manage corporate governance, premises & equipment management and ESG

execution. Strategize FEIB's medium to long-term business plan, long-term investment feasibility analysis and evaluation, and communicate with rating agency, investors, and regulators.

H. Risk Management Group

Responsible for formulating of the risk management framework, implementing credit, market, operation risk assessment and management, establishing control measures for related risk, supervising the bank to follow the risk management mechanism mentioned above.

I. Human Resources Group

Responsible for personnel recruiting, attendance, compensation, benefits, appraisal, rewards and discipline, promotion, rotation, resignation, employee relations, education and training, and career development and health management.

J. Legal & Compliance Group

Responsible for compliance planning, management and execution, legal advice, legal document review, litigation, anti-money laundering and anti-terrorism policies and related monitoring, outsourcing operations management, major non-performing-loan legal assistance, and other legal compliance and legal related issues.

K. Internal Audit Group

Plan and implement auditing system of FEIB, supervise and review the self-evaluation of each BU, supervise and examine construction and procurement bidding and receiving, track and check improvements listed in internal control implementation statement and regularly submit audit report to the board.

2. Information on Directors, Management Team, Department Heads, Branch Managers and Consultants

(1) Directors

A. Directors' Shareholding and Major Educational (professional) Background

December 31, 2022

Title	Nationality/ Place of Incorporation	Name	Gender	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
				Date first elected		Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
			Age																
Chairperson	R.O.C.	Yue Ding Industry Co., Ltd. Representative: Ms. Ching-Ing Hou	Female	Jul.20, 2021	3	10,508,879	0.3048	12,097,899	0.2973	0	0	0	0	<ul style="list-style-type: none"> ■ Master's degree in Economics, Vanderbilt University, U.S.A. ■ BA & Master's degree in Economics, National Taiwan University ■ Professor, Dept. of Money and Banking, National Chengchi University ■ Chairperson, Taiwan Academy of Banking and Finance ■ Supervisor, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> ■ Director, Southern Taiwan University of Science and Technology 	None	None	None	-
			90	May 19, 1995		*17,683	*0.0005	*18,304	*0.0004	*0	*0	*0	*0						
Vice Chairman	R.O.C.	Douglas Tong Hsu	Male	Jul.20, 2021	3	*6,556,003	*0.1901	*7,547,319	*0.1855	*0	*0	*0	*0	<ul style="list-style-type: none"> ■ Honorary Doctorate in Management, National Chiao Tung University ■ Master degree in University of Notre Dame, U. S. A. ■ Master's degree in Economics, Columbia University, U. S. A. ■ Chairman, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> ■ Chairman, Far Eastern New Century Corp. ■ Chairman, Asia Cement Corp. ■ Chairman, Far Eastern Department Stores Ltd. ■ Chairman, Far EastOne Telecommunications Co., Ltd. ■ Chairman, U-Ming Marine Transport Corp. ■ Chairman, Orient Union Chemical Corp. ■ Director, Everest Textile Ltd. ■ Director, Yuan Ze University 	None	None	None	-
			81	Dec.09, 1991															
Executive Director	R.O.C.	Far Eastern New Century Corp. Representative: Shaw Y. Wang	Male	Jul.20, 2021	3	90,180,476	2.6154	103,816,444	2.5511	0	0	0	0	<ul style="list-style-type: none"> ■ BA, Dept. of Business Administration, National Chung Hsing University ■ EMBA Courses, National Taiwan University ■ Director & First Senior Executive Vice President, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> ■ Director, Far Eastern New Century Corp./ Executive of Group Foundation ■ Director, Far Eastern Asset Management Corp. ■ Director, Yuan Ze University 	None	None	None	-
			83	Dec.09, 1991		*1,739,348	*0.0504	*2,002,349	*0.0492	*0	*0	*0	*0						
Executive Director	R.O.C.	Asia Cement Corp. Representative: Tsung-Ming Chung	Male	Jul.20, 2021	3	81,047,743	2.3505	93,302,771	2.2927	0	0	0	0	<ul style="list-style-type: none"> ■ MBA, National Chengchi University ■ CPA, Deloitte & Touche. 	<ul style="list-style-type: none"> ■ Chairman, DynaPack Corp. ■ Director, Vacronics Technologies Inc. 	None	None	None	-
73	May 29, 2003	*0	*0	*0	*0	*0	*0	*0	*0										
Director	R.O.C.	Far Eastern New Century Corp. Representative: : Humphrey Cheng	Male	Jul.20, 2021	3	90,180,476	2.6154	103,816,444	2.5511	0	0	0	0	<ul style="list-style-type: none"> ■ EMBA, Graduate Institute of International Business, National Taiwan University ■ BA, Dept. of Law, National Chung Hsing University ■ Vice President, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> ■ President of Corporate Management, Far Eastern New Century Corp. ■ Chairman, Deutsche Far Eastern Asset Management Company Limited ■ Director, Oriental Union Chemical Corp. ■ Director, Ding Ding Integrated Marketing Service Co. ■ Supervisor, Far Eastern Asset Management Corp. ■ Director, Yuan Ze University 	None	None	None	-
			66	Jun 27, 2006		*0	*0	*0	*0	*0	*0	*0	*0						

Title	Nationality/ Place of Incorporation	Name	Gender	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
				Age		Date first elected	Share	%	Share	%	Share	%	Share			%	Share	%	
Director	R.O.C.	Far Eastern New Century Corp. Representative : James Wu	Male	Jul 20, 2021	3	90,180,476	2.6154	103,816,444	2.5511	0	0	0	0	<ul style="list-style-type: none"> ■ MBA University of Missouri, U.S.A ■ BA Department of Law, National Taiwan University ■ Chief Country Officer, Deutsche Bank, Taipei Branch, Taiwan ■ Vice Chairman, Citibank, Taiwan Branch ■ President, Fubon Commercial Bank ■ President, FII Securities Investment Trust Co. (Taiwan) Ltd. ■ President, Citibank Securities (Taiwan) Ltd. ■ President, Bankers Trust, Tokyo Branch ■ Vice President, Bankers Trust, New York ■ President, Yung-Shin Securities Co. ■ Assistant Vice President, Chase Manhattan Bank, Hong Kong & Taipei District 	Independent Director, Primax Electronics Ltd.	None	None	None	-
			66	Jun 15, 2017		*0	*0	*0	*0	*94,367	*0.0023	*0	*0						
Director	R.O.C.	Asia Cement Corp. Representative: Shi-Chun Hsu	Male	Jul 20, 2021	3	81,047,743	2.3505	93,302,771	2.2927	0	0	0	0	<ul style="list-style-type: none"> ■ Ph.D., University of Michigan, U.S.A ■ Founding Dean, College of Management, National Taiwan University ■ Chairman, Bank of Kachislung ■ Chair Professor of Management, Yuan Ze University 	<ul style="list-style-type: none"> ■ Independent Director, Esite Corp. ■ Independent Director, ChainSea Information Integration Co., Ltd. ■ Director, Far Eastern Electronic Toll Collection Co., Ltd. ■ Director, FETC International Co., Ltd. ■ Mr. Kao Jen-Yen Chair Professor, Feng Chia University 	None	None	None	-
			86	May 21, 2000		*0	*0	*0	*0	*0	*0	*0	*0						
Director	R.O.C.	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	Male	Jul 20, 2021	3	80,989,416	2.3488	93,235,625	2.2911	0	0	0	0	<ul style="list-style-type: none"> ■ Ph.D., Ohio State University, U.S.A ■ Professor, Dept. of Finance, National Taiwan University ■ Honorary Professor, National Tsing Hua University ■ President, Providence University ■ President, China University of Technology ■ Dean, College of Management, National Chiao Tung University ■ Dean, College of Management, Yuan Ze University ■ Commissioner, Resolution Trust Corporation (RTC), Executive Yuan ■ Commissioner, National Development Fund, Executive Yuan ■ Advisor, Asian Development Bank 	<ul style="list-style-type: none"> ■ Independent Director, JMicon Technology Corp. ■ Independent Director, Mister International Enterprise Corp. ■ Independent Director, Gourmet Master Co., Ltd. ■ Director, Harbinger VIII Venture Capital Corp. ■ Professor, Providence University 	None	None	None	-
			62	May 21, 2000		*0	*0	*0	*0	*0	*0	*0	*0						

Title	Nationality/ Place of Incorporation	Name	Gender	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
			Age	Date first elected		Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
Independent Director, Managing Director	R.O.C.	Hsiao Hui Wang	Female	Jul 20, 2021	3	*0	*0	*0	*0	*0	*0	*0	*0	<ul style="list-style-type: none"> ■ BA, National Chengchi University, Taiwan ■ CPA, Deloitte Touche ■ Supervisor, CTCI Advanced systems Inc. 	<ul style="list-style-type: none"> ■ Independent Director, Les enphants Co. Ltd. ■ Director, TN Soong Foundation 	None	None	None	-
			71	Jun 20, 2018															
Independent Director	R.O.C.	Susan S. Chang	Female	Jul 20, 2021	3	*0	*0	*0	*0	*0	*0	*0	*0	<ul style="list-style-type: none"> ■ Master's degree in Dept. of Economics, National Taiwan University ■ BA, Dept. of Economics, National Taiwan University ■ Chairperson, Bank of Taiwan ■ Chairperson, Taiwan Financial Holdings ■ Vice Chairperson, Financial Supervisory Commission ■ Administrative Deputy Minister, Ministry of Finance ■ Director General, National Treasury Administration, Ministry of Finance ■ Vice Commissioner, Bureau of Monetary Affairs ■ Deputy Chief, Dept. of Monetary Affairs ■ Deputy Director, Economic Research Dept., Council for Economic Planning And Development, Executive Yuan 	<ul style="list-style-type: none"> ■ Director, Jinnliujin Business Co., Ltd. ■ Director, Grace Technology Co., Ltd. ■ Supervisor, Entle Tech-engineering Co., Ltd. 	None	None	None	-
			74	Jun 16, 2015															

* The representatives' personal shareholding.

Note: The chairman and the president or equivalent others (the upper management) are the same person, as spouse or as relative with 1 degree of kinship to each other.

Table 1: Major Shareholders of Institutional Shareholders

April 18, 2023

Name of institutional shareholders	Major shareholders (%)
Yue Ding Industry Co., Ltd.	Fu Da Transportation Co., Ltd. (26.95) ∙ Yue-Tung Investment Corp. (25.36) ∙ An Ho Garment Co., Ltd. (15.66) ∙ Ding Yuan International Investment Corp. (13.20) ∙ Ton Fu Investment Corp. (4.61) ∙ Ta Chu Chemical Fiber Co., Ltd. (3.89) ∙ Ya Li Precast Prestressed Concrete Industries Corp.(3.89) ∙ Yuan Ding Co., Ltd. (2.59) ∙ Bai Ding Investment Co., Ltd. (2.31) ∙ Yu Ming Trading Corp. (1.53)
Far Eastern New Century Corp.	Asia Cement Corp. (23.77) ∙ Asia Eastern University of Science and Technology (4.81) ∙ Far Eastern Medical Foundation (3.61) ∙ Far Eastern Memorial Foundation (3.42) ∙ Der Ching Investment Corp.(1.55) ∙ Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF custody by TSIB (3.12) ∙ Yuan-Ze University (2.74) ∙ Nan Shan Life Insurance Co., Ltd. (2.41) ∙ Douglas Tong Hsu (1.71) ∙ Chunghwa Post Co., Ltd. (1.61) ∙ Der Ching Investment Corp.(1.55)
Asia Cement Corp.	Far Eastern New Century Corp. (21.16) ∙ Far Eastern Medical Foundation (5.12) ∙ Cathay United Bank was entrusted with custody of Yuanta Polaris Taiwan High Dividend Securities Investment Trust Fund Account (3.07) ∙ China Life Insurance Co., Ltd. (2.43) ∙ Labor Pension Fund Committee of Far Eastern New Century Corporation (1.63) ∙ Yuan Ding Investment Co., Ltd. (1.53) ∙ Far Eastern Department Stores Co., Ltd. (1.41) ∙ Yuan-Ze University (1.34) ∙ Far Eastern Memorial Foundation (1.24) ∙ Yu Yuan Investment Co., Ltd.(1.22)
U-Ming Marine Transport Corp.	Asia Cement Corp. (39.25) ∙ Polaris Taiwan High Dividend Funds (4.68) ∙ Fubon Selected Taiwan High Dividend 30ETF Funds(1.13) ∙ Yuan Ding Investment Co., Ltd. (1.05) ∙ Yu Yuan Investment Co., Ltd. (0.94) ∙ Asia Investment Corp.(0.92) ∙ Ya Li Transportation Corporation(0.75) ∙ Vanguard Emerging Markets Index Fund, A Series of Vanguard International Equity Funds (0.72) ∙ JPMorgan Chase Bank N.A., Taipei Branch in custody for the investment Funds of Japan Securities Finance Co., Ltd. (0.71) ∙ JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.66)

Table 2: Major Shareholders of Table 1 Major Shareholders as Institutional Shareholders

April 18, 2023

Name of Institutional shareholders	Major shareholders (%)
Fu Da Transportation Co., Ltd.	Fu Ming Transportation Co., Ltd.(99.94) ∙ Asia Investment Corp.(0.03)
Yue-Tung Investment Corp.	U-Ming Marine Transport Corp.(73.54) ∙ U-Ming Marine Transport (Singapore) Private Ltd.(26.46)
An Ho Garment Co., Ltd.	Far Eastern New Century Corp.(100.00)
Ding Yuan International Investment Corp.	Far Eastern New Century Corp.(100.00)
Ton Fu Investment Corp.	Oriental Union Chemical Corp.(100.00)
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd.(41.86) ∙ Yue Ding Industry Co., Ltd. (38.76) ∙ Yue Li Investment Corp.(19.38)
Ya Li Precast Prestressed Concrete Industries Corp.	Asia Cement Corp.(83.92) ∙ Far-Eastern Construction Engineering Co., Ltd.(16.03)
Yuan Ding Co., Ltd.	Far Eastern New Century Corp.(37.13) ∙ Asia Cement Corp.(35.50) ∙ Der Ching Investment Corp.(14.50) ∙ Yuan Ding Investment Co., Ltd.(12.86)
Bai Ding Investment Co., Ltd.	Far Eastern Department Stores Co., Ltd.(66.66) ∙ Bai Yang Investment Corp.(33.34)
Yu Ming Trading Corp.	Bai Ding Investment Co., Ltd.(47.00) ∙ Yuan Ding Investment Co., Ltd. (45.50) ∙ Yue Ding Industry Co., Ltd.(5.00) ∙ Ding & Ding Management Consultants Co., Ltd.(1.00) ∙ Yuan Ding Co., Ltd.(1.00) ∙ Yuan Ding Leasing Corp.(0.50)

Name of Institutional shareholders	Major shareholders (%)
Asia Cement Corp.	Far Eastern New Century Corp. (21.16) 、 Far Eastern Medical Foundation (5.12) 、 Cathay United Bank was entrusted with custody of Yuanta Polaris Taiwan High Dividend Securities Investment Trust Fund Account (3.07) 、 China Life Insurance Co., Ltd. (2.43) 、 Labor Pension Fund Committee of Far Eastern New Century Corporation (1.63) 、 Yuan Ding Investment Co., Ltd. (1.53) 、 Far Eastern Department Stores Co., Ltd. (1.41) 、 Yuan-Ze University (1.34) 、 Far Eastern Memorial Foundation (1.24) 、 Yu Yuan Investment Co., Ltd.(1.22)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications, R.O.C. (100.00)
Der Ching Investment Corp.	Asia Cement Corp. (99.99) 、 Asia Investment Corp. (0.001)
Far Eastern New Century Corp.	Asia Cement Corp. (23.77) 、 Asia Eastern University of Science and Technology (4.81) 、 Far Eastern Medical Foundation (3.61) 、 Far Eastern Memorial Foundation (3.42) 、 Der Ching Investment Corp.(1.55) 、 Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF custody by TSIB (3.12) 、 Yuan-Ze University (2.74) 、 Nan Shan Life Insurance Co., Ltd. (2.41) 、 Douglas Tong Hsu (1.71) 、 Chunghwa Post Co., Ltd. (1.61) 、 Der Ching Investment Corp.(1.55)
China Life Insurance Co., Ltd.	China Development Financial Holding Corp.(100.00)
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corp. (99.40) 、 An Ho Garment Co., Ltd. (0.30) 、 Ta Chu Chemical Fiber Co., Ltd. (0.30)
Far Eastern Department Stores Co., Ltd.	Far Eastern New Century Corp. (17.06) 、 Yuan Ding Investment Co., Ltd. (9.87) 、 Asia Cement Corp. (5.65) 、 Yuan Tong Investment Co., Ltd. (5.62) 、 Yuan-Ze University (4.75) 、 PJ Asset Management Co., Ltd. (4.52) 、 Jiayuan Investment Co., Ltd. (2.57) 、 Labor Pension Fund Committee of Far Eastern Department Stores Ltd. (2.11) 、 Yu Yuan Investment Co., Ltd. (2.06) 、 Tranquil Enterprise Ltd. (2.04)
Yu Yuan Investment Co., Ltd.	Asia Cement Corp. (29.92) 、 Yuan Ding Co., Ltd. (25.02) 、 Yuan Ding Investment Co., Ltd. (18.96) 、 U-Ming Marine Transport Corp. (17.66) 、 Ding Shen Investment Co., Ltd. (6.50) 、 Yue-Tung Investment Corp.(1.84) 、 Yue Ding Industry Co., Ltd. (0.10)
Asia Investment Corp.	Asia Cement Corp. (100.00)
Ya Li Transportation Corporation	Asia Cement Corp. (51.61) 、 Yu Yuan Investment Co., Ltd. (48.39)

B. Directors' Professional Qualifications and Independence

Qualifications Name	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Ching-Ing Hou	<ol style="list-style-type: none"> Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> Not an employee of another bank or its affiliates. Not a spouse or a relative within second-degree kinship of one of other directors. Not an offender of items stipulated in article 30 of the Company Law. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.) 	0
Douglas Tong Hsu	<ol style="list-style-type: none"> Experience in Business Management and Operating Management capabilities At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> Not an employee of another bank or its affiliates. Not a spouse or a relative within second-degree kinship of one of other directors. Not an offender of items stipulated in article 30 of the Company Law. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.) Not a representative of government or corporate body elected via method specified in article 27 of Company Law. 	0
Shaw Y. Wang	<ol style="list-style-type: none"> Experience in Business Management and Operating Management capabilities At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> Not an employee of another bank or its affiliates. Not a spouse or a relative within second-degree kinship of one of other directors. Not an offender of items stipulated in article 30 of the Company Law. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.) 	0
Tsung-Ming Chung	<ol style="list-style-type: none"> CPA and Expertise in Finance, Accounting, Auditing At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> Not an employee of another bank or its affiliates. Not a spouse or a relative within second-degree kinship of one of other directors. Not an offender of items stipulated in article 30 of the Company Law. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.) 	0

Qualifications Name	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Humphrey Cheng	1. Experience in Legal and Operating Management capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking and experience in Sustainability Committee	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	0
James Wu	1. Experience in finance, Business Management, Leadership and Decision-marking capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	1
Shi-Chun Hsu	1. Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	2
Min-Teh Yu	1. Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	3
Hsiao Hui Wang	1. CPA and Expertise in Finance, Accounting, Auditing 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an offender of items stipulated in article 30 of the Company Law. 2. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related	1

Name	Qualifications	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Professional qualifications and Experience		
Susan S. Chang	<p>1. Experience in finance, Business Management, Leadership and Decision-making capabilities</p> <p>2. At least five years of working experience in business, legal, finance, accounting, or banking</p>	<p>1. Not an offender of items stipulated in article 30 of the Company Law.</p> <p>2. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years.</p>	0

C. Diversity and Independence of the Board of Directors

(a) Diversity of the Board of Directors

The Bank has enacted "Corporate Governance Principle" and has a policy of diversifying board members in Chapter 4 "Enhancing the Functions of the Board of Directors". Among the 11th directors, the proportion of employee as director is 0%. The term of independent directors in 4-6 years is 1 person, and the term of independent directors over 6 years is 1 person. 4 directors are over 81 years old, 3 directors are 71 to 80 years old, and 3 director are 61 to 70 years old. The directors have different professional background and professional qualifications. The Bank focused on the gender equality of the composition of the board of directors. The chairperson is female and the proportion of female directors is 30%. The current female directors achieving the goal of exceeding 25% of the board of directors for each gender. Board Diversity Policy disclosed on website of the bank.

(b) Independence of the Board of Directors

The 11th board of directors of the Bank originally included 3 Independent directors, one of whom passed away due to death in November 2022, and currently includes 2 Independent directors. The 2 Independent directors did not have the conditions specified in Article 26-3 Items 3 and 4 of the Securities and Exchange Act, including the situation that the directors are not a spouse or relatives within the second-degree kinship of one of other directors.

(2) President, Executive Vice President, Deputy Executive Vice President and Department Heads

(Including discretionary trust shares)

December 31, 2022

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
President	R.O.C.	Thomas Chou	Male	Aug 08, 2016	2,930,576	0.0720	0	0	0	0	<ul style="list-style-type: none"> President of FEIB, Head of HQ Administration Executive Office Dept. of Banking, National Chengchi University 	<ul style="list-style-type: none"> Director, Far Eastern Asset Management Corp. Director, Dah Chung Bills Finance Corps. Director, Ding Ding Integrated Marketing Service Co. Director, Yuan Tai Foreign Exchange Agency 	None	None	None	-
Chief Executive Vice President	R.O.C.	Jiann Jong Lin	Male	Aug 12, 2016	2,223,515	0.0546	982,362	0.0241	0	0	<ul style="list-style-type: none"> Chief Executive Vice President, Head of HQ Business Executive Office of FEIB Master of Science, Louisiana State University, U.S.A. 	<ul style="list-style-type: none"> Chairman, Far Eastern Asset Management Corp. Director, Far Eastern International Securities Company Ltd. Chairman, FEIB Financial Leasing Corp. 	None	None	None	-
Senior Executive Vice President	R.O.C.	Ben Liao Ru	Male	Aug 21, 2014	1,512,216	0.0372	1,580,107	0.0388	0	0	<ul style="list-style-type: none"> Senior Executive Vice President, Head of Financial Markets Group of FEIB Master of International Management, American Graduate School of International Management, U.S.A. 	None	None	None	None	-
Executive Vice President	R.O.C.	Simon Tai	Male	Aug 12, 2016	879,781	0.0216	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Digital Banking Group of FEIB Master of Science, Computer Science, Polytechnic University, U.S.A. 	<ul style="list-style-type: none"> Director, Far Eastern International Securities Company Ltd. 	None	None	None	-
Executive Vice President	R.O.C.	Sophie Chang	Female	Aug 12, 2016	412,388	0.0101	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Retail Banking Group of FEIB Executive Master of Business Administration in International Business Management, National Taiwan University 	<ul style="list-style-type: none"> Director, Far Eastern International Securities Company Ltd. 	None	None	None	-
Executive	R.O.C.	Steve Chi	Male	Aug 14, 2018	493,622	0.0121	0	0	0	0	<ul style="list-style-type: none"> Executive Vice 	<ul style="list-style-type: none"> Director, Far 	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President											President, Head of Corporate Banking Group of FEIB <ul style="list-style-type: none"> Master of Business Administration, University of Minnesota, U.S.A. 	Eastern International Securities Company Ltd.				
Executive Vice President	R.O.C.	Lonnie Liu	Male	Mar 20, 2013	1,189,077	0.0292	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Operations Group of FEIB Master of Business Administration, New York University, U.S.A. 	None	None	None	None	-
Executive Vice President	R.O.C.	James Dai	Male	Aug 14, 2018	892,580	0.0219	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Risk Management Group of FEIB Master of Arts in Economics, Feng Chia University 	<ul style="list-style-type: none"> Director, FEIB Financial Leasing Corp. Director, Far Eastern Asset Management Corp. Director, Dah Chung Bills Finance Corps. 	None	None	None	-
Executive Vice President	R.O.C.	Shin Hwa Chou	Female	Aug 12, 2019	314,978	0.0077	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Financial Strategy Group and Human Resources Group of FEIB Master of Business Administration, Case Western Reserve University, U.S.A. 	<ul style="list-style-type: none"> Director, DWS Ltd. Supervisor, FEIB Financial Leasing Corp 	None	None	None	-
Executive Vice President	R.O.C.	Ying Ching Hu	Male	Jul 29, 2021	468,232	0.0115	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Information Technology Group of FEIB Executive Master of Business Administration Program, National Chengchi University 	<ul style="list-style-type: none"> Director, anfong Company Ltd. 	None	None	None	-
Chief Auditor	R.O.C.	Chih Wei Huang	Male	Mar 11, 2014	267,982	0.0066	0	0	0	0	<ul style="list-style-type: none"> Chief Auditor of FEIB Master of Business Administration, North Texas State University, U.S.A. 	None	None	None	None	-
Chief Compliance Officer of the Head Office	R.O.C.	Elaine Yeh	Female	Apr 11, 2019	254,257	0.0062	1,410	0.0000	0	0	<ul style="list-style-type: none"> Chief Compliance Officer of the Head Office of FEIB Executive Master of Business Administration in International Business Management, National Taiwan University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Senior Deputy Executive Vice President	R.O.C.	Hui Ling Chen	Female	Sep 01, 2015	138,149	0.0034	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Dept. of Insurance, Tamkang University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Roger Lo	Male	Aug 12, 2016	393	0.0000	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Executive Master of Business Administration, National Chung Hsing University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Vincent Liu	Male	Aug 14, 2018	519,602	0.0128	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Executive Master of Arts in Economics, Soochow University 	<ul style="list-style-type: none"> Director, FEIB Financial Leasing Corp. 	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Yueh Hua Wu	Male	Aug 14, 2018	116,508	0.0029	41,782	0.0010	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Dept. of Economics, National Chung Hsing University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Bob Chen	Male	Aug 14, 2018	168,023	0.0041	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Master of Business Administration, The University of Dallas, U.S.A. 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Isabel Chen	Female	Aug 14, 2018	60,000	0.0015	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Master of Business Administration, North Texas State University, U.S.A. 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Bruce Lo	Male	Aug 12, 2019	290,237	0.0071	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Dept. of Accounting, National Chung Hsing University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Civi Tsai	Female	Aug 14, 2020	110,000	0.0027	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Cindy Chen	Female	Aug 14, 2020	424,009	0.0104	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Master of Accounting, National Chengchi University 	<ul style="list-style-type: none"> Supervisor, Far Eastern Asset Management Corp. Supervisor, Far Eastern International Securities 	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
												Company Ltd.				
Senior Deputy Executive Vice President	R.O.C.	Chingh Siang Chen	Male	Aug 14, 2020	21,450	0.0005	0	0	0	0	<ul style="list-style-type: none"> ■ Senior Deputy Executive Vice President of FEIB ■ Executive Master of Business Administration in Accounting and Management Decision-Making, National Taiwan University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Teu Wei Kuo	Male	Jan 4, 2021	5,000	0.0014	0	0	0	0	<ul style="list-style-type: none"> ■ Senior Deputy Executive Vice President of FEIB ■ Master of Business Administration, National Chengchi University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Yi Chen Wang	Male	Jul 29, 2021	110,000	0.0027	116,577	0.0029	0	0	<ul style="list-style-type: none"> ■ Senior Deputy Executive Vice President of FEIB ■ Master of Business Administration, Yuan Ze University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Alex Kao	Male	Jul 29, 2021	311	0.0000	0	0	0	0	<ul style="list-style-type: none"> ■ Senior Deputy Executive Vice President of FEIB ■ Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Ines Hong	Female	Aug 12, 2022	895	0.0000	0	0	0	0	<ul style="list-style-type: none"> ■ Senior Deputy Executive Vice President of FEIB ■ Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Din Chan Chen	Male	Aug 12, 2022	175,345	0.0043	0	0	0	0	<ul style="list-style-type: none"> ■ Senior Deputy Executive Vice President of FEIB ■ Master of Science in Finance, National Central University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Yu Ching Chiu	Male	Nov 30, 2022	0	0.0000	0	0	0	0	<ul style="list-style-type: none"> ■ Senior Deputy Executive Vice President of FEIB ■ Master of Business Administration, University of New Haven, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Margaret Du	Female	Aug 23, 2012	446,496	0.0110	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Dept. of Banking, Tamkang University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Chiung Yu Song	Female	Dec 21, 2012	611,598	0.0150	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Banking, National Chengchi University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Emily Chou	Female	Aug 15, 2013	341,371	0.0084	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Joy Tien	Female	Jun 16, 2015	918	0.0000	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Business Administration, Cleveland State University, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	An Li Ma	Female	Aug 12, 2015	239,986	0.0059	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science, Temple University, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Senh Sing Pei	Male	Aug 12, 2015	275,102	0.0068	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Teresa Lo	Female	May 03, 2016	80,000	0.0020	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Management Science, National Chiao Tung University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Frank Song	Male	Aug 12, 2016	17,565	0.0004	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science in Financial Operations, National Kaohsiung First University of Science and Technology 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Shu Yun Cheng	Female	Aug 12, 2016	216,505	0.0053	1,128	0.0000	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science, University of Illinois at Urbana-Champaign, U.S.A. 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Kuo Ying Huang	Female	Aug 09, 2017	214,376	0.0053	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Statistics, Tamkang University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Felicia Tseng	Female	Dec 01, 2017	80,000	0.0020	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Business Administration, University of North Alabama, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Warren Ko	Male	Dec 18, 2017	50,000	0.0012	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Doctor of Philosophy in Finance, Feng Chia University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Starsky Chiang	Male	Feb 01, 2018	80,000	0.0020	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of International Business, Tung Hai University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Wen Ming Yang	Male	Aug 14, 2018	113,648	0.0028	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Business Administration, Chinese Culture University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Audrey Lin	Female	Aug 14, 2018	61,217	0.0015	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Karry Tsai	Female	Aug 14, 2018	230,272	0.0057	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Business Administration, University of North Alabama, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Justice Chang	Male	Aug 14, 2018	80,000	0.0020	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Alex Chien	Male	Aug 14, 2018	81,092	0.0020	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science in Money, Banking and Finance, Tamkang University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Amber Tseng	Female	Aug 12, 2019	241,744	0.0059	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Bachelor of Arts in Business Administration, Seattle University, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Shu Hui Lee	Female	Aug 12, 2019	495,300	0.0122	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Cooperative Economics, National Chung Hsing University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Patty Wei	Female	Aug 12, 2019	228,060	0.0056	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science, The City University of New York, The Bernard M. Baruch College, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Su Hsiang Li	Female	Aug 12, 2019	213,290	0.0052	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Cheung Sha Wan Catholic English Evening Secondary School, Hong Kong 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Tony Li	Male	Aug 12, 2019	81,793	0.0020	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Laws, National University of Kaohsiung 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Tun Pin Wang	Male	Aug 12, 2019	183,021	0.0045	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Executive Master of Business Administration, National Chung Cheng University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Allen Lu	Male	Aug 14, 2020	80,581	0.0020	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Business Administration, Tiffin University, U.S.A. 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Olive Yin	Female	Aug 14, 2020	197,552	0.0049	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Master of Arts in Economics, National Taiwan University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Jung Chang Juan	Male	Aug 14, 2020	80,988	0.0020	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Accounting and Statistics Department, Tamsui Oxford College 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chih Cheng Hsieh	Male	Aug 14, 2020	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Executive Master of Business Administration, Tamkang University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Jerry Chiang	Male	Aug 14, 2020	40,728	0.0010	352	0.0000	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Master of Business Administration, Yuan Ze University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chih Jung Chen	Male	Aug 14, 2020	220,401	0.0054	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Master of Business Administration in Information Management, Yuan Ze University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chiu Nan Chen	Male	Nov 30, 2020	80,000	0.0020	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Executive Master of Business Administration in Information Management, National Taiwan University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Jeff Chiu	Male	Jul 29, 2021	80,000	0.0020	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Dept. of Engineering Science, National Cheng Kung University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Yao Chang Lin	Male	Jul 29, 2021	204,289	0.0050	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Executive Vice President of FEIB ■ Dept. of Business Administration, Soochow University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Hsin Yu Chou	Female	Jul 29, 2021	114,925	0.0028	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Business Administration, Yuan Ze University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chih Yen Wang	Male	Jul 29, 2021	287,102	0.0071	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Business Administration, National Taiwan University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Yea Ru Sheu	Female	Jul 29, 2021	146,580	0.0036	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Mei Chu Peng	Female	Jul 29, 2021	109,157	0.0027	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Executive Master of Accountancy, Soochow University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Ying Chieh Yang	Male	Jul 29, 2021	144,242	0.0035	135	0.0000	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Industrial Management Science, National Cheng Kung University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Pei Wen Liu	Female	Jul 29, 2021	117,805	0.0029	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science, University of Illinois at Urbana-Champaign, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Der Chin Pan	Male	Jul 29, 2021	80,000	0.0020	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science in Computer Engineering, National Chiao Tung University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chia Hsun Hsu	Male	Aug 12, 2022	51,759	0.0013	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of International Trade, National Taipei College of Business 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Dan Wen Yu	Male	Aug 12, 2022	50,000	0.0012	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science, Business Administration, San Francisco State University, U.S.A. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Ming Chih Lin	Male	Aug 12, 2022	192,169	0.0047	7,305	0.0002	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Information Management, Fu Jen Catholic University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Tzu Hao Liu	Male	Aug 12, 2022	204,490	0.0050	52,269	0.0013	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Business Administration in Financial Management, Drexel University, U.S.A. 	<ul style="list-style-type: none"> Supervisor, Yifin Investment Corp. 	None	None	None	-
Deputy Executive Vice President	R.O.C.	Pei Chih Lin	Female	Aug 12, 2022	60,484	0.0015	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Business Administration, National Taiwan Institute of Technology. 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Min Hung Liao	Male	Aug 12, 2022	50,000	0.0012	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Executive Master of Business Administration, Soochow University 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Cheng Yu Huang	Male	Aug 12, 2022	125,585	0.0031	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Management Science, Ming Chuan College 	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chien Hung Liu	Male	Aug 12, 2022	50,000	0.0012	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Science in Finance, National Taiwan University 	None	None	None	None	-
Senior Vice President	R.O.C.	Mag Chen	Female	Aug 12, 2015	166,397	0.0041	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Master of Science in Agricultural Economics, National Chung Hsing University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Senior Vice President	R.O.C.	Chia Wei Hsiao	Male	Aug 12, 2016	107,386	0.0026	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of History, National Taiwan University 	None	None	None	None	-
Senior Vice President	R.O.C.	Sofia Hsu	Female	Aug 09, 2017	56,079	0.0014	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB The Bank Group of the Dept. of Banking and Insurance, Feng Chia University 	None	None	None	None	-
Senior Vice President	R.O.C.	Wilson Huang	Male	Aug 09, 2017	0	0	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Data Processing, National Taipei College of Business 	None	None	None	None	-
Senior Vice President	R.O.C.	Yu Hui Huang	Female	Jan 01, 2020	69,473	0.0017	10,158	0.0002	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Executive Master of Business Administration in Accounting Information and Management, National Chung Hsing University 	None	None	None	None	-
Senior Vice President	R.O.C.	Heng Kuang Wang	Male	Jan 01, 2020	11,080	0.0003	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Banking and Insurance, National Taipei College of Business 	None	None	None	None	-
Senior Vice President	R.O.C.	Lisa Hsu	Female	Aug 14, 2020	161,288	0.0040	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Finance, Ming Chuan University 	None	None	None	None	-
Senior Vice President	R.O.C.	Chun Yen Kuo	Male	Aug 14, 2020	15,416	0.0004	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Business Administration, Tamkang University 	None	None	None	None	-
Senior Vice President	R.O.C.	Wen Feng Tu	Male	Aug 14, 2020	0	0	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Banking and Insurance, Shih Chien College of Home Economics 	None	None	None	None	-
Senior Vice President	R.O.C.	Wen Wen Tseng	Female	Aug 14, 2020	26,499	0.0007	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Executive Master of Laws in Business Administration, National Taiwan University 	None	None	None	None	-
Senior Vice President	R.O.C.	Shu Fang Cheng	Female	Sep 15, 2020	51,059	0.0013	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Economics, National Taiwan University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Senior Vice President	R.O.C.	Chih Yuan Huang	Male	Mar 26, 2021	50,000	0.0012	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Executive Master of Business Administration Program, National Chengchi University 	None	None	None	None	-
Senior Vice President	R.O.C.	Chia Chen Lee	Female	Jul 29, 2021	97,468	0.0024	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of French, Tamkang University 	None	None	None	None	-
Senior Vice President	R.O.C.	Wan Ping Wu	Female	Aug 02, 2021	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Business Administration, National Chengchi University 	None	None	None	None	-
Senior Vice President	R.O.C.	Ching Fu Sung	Male	Nov 09, 2021	10,000	0.0002	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Executive Master of Business Administration, Soochow University 	None	None	None	None	-
Senior Vice President	R.O.C.	Hui Fen Wei	Female	Nov 09, 2021	0	0	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Banking and Finance, Tamkang University 	None	None	None	None	-
Senior Vice President	R.O.C.	Chiou Hwa Su	Female	May 05, 2022	50,000	0.0012	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Master of Arts, The City University of New York, Queens College, U.S.A. 	None	None	None	None	-
Senior Vice President	R.O.C.	Judy Yu	Female	Aug 12, 2022	97,825	0.0024	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Executive Master of Business Administration in Human Resource Management, National Sun Yat-sen University 	None	None	None	None	-
Senior Vice President	R.O.C.	Ring Tsai	Female	Aug 12, 2022	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Economics, National Chung Hsin University 	None	None	None	None	-
Senior Vice President	R.O.C.	Feng Ying Tsai	Female	Aug 12, 2022	78,867	0.0019	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Business Administration, Soochow University 	None	None	None	None	-
Senior Vice President	R.O.C.	Tsung Fan Chi	Male	Aug 12, 2022	0	0	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Finance, Shih Hsin University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President	R.O.C.	Bill Lee	Male	Apr 03, 2010	132,166	0.0032	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Executive Master of Business Administration, Ling Tung University 	None	None	None	None	-
Vice President	R.O.C.	Wei Cheng Chen	Male	Jan 22, 2014	30,772	0.0008	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Master of Arts in History, Tunghai University 	None	None	None	None	-
Vice President	R.O.C.	Jane Tsai	Female	Mar 20, 2015	100,423	0.0025	50,976	0.0013	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of Business Administration, National Cheng Kung University 	None	None	None	None	-
Vice President	R.O.C.	Alen Lin	Male	Aug 12, 2016	100,078	0.0025	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of Finance and Banking, Shih Chien University 	None	None	None	None	-
Vice President	R.O.C.	Shang Fu Lin	Male	Aug 12, 2016	10,508	0.0003	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Master of Business Administration, University of South Australia, Australia 	None	None	None	None	-
Vice President	R.O.C.	Chiang Ming Chen	Male	Aug 12, 2016	63,019	0.0015	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Executive Master of Business Administration, National Cheng Kung University 	None	None	None	None	-
Vice President	R.O.C.	Chen I Wang	Female	May 02, 2017	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Executive Master of Business Administration, Lincoln University, U.S.A. 	None	None	None	None	-
Vice President	R.O.C.	Pi Yun Peng	Female	May 15, 2017	0	0	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Master of Science in Finance and Banking, National Tsing Hua University 	None	None	None	None	-
Vice President	R.O.C.	Kuan I Li	Male	Jan 01, 2018	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Executive Master of Business Administration, National Taipei University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President	R.O.C.	Vivian Lee	Female	May 07, 2018	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Master of Business Administration in Global Entrepreneurial Management & Business Administration, Fu Jen Catholic University 	None	None	None	None	-
Vice President	R.O.C.	Rich Liu	Male	Apr 01, 2019	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Industrial Engineering and Management, Lien Ho College of Technology & Commerce 	None	None	None	None	-
Vice President	R.O.C.	Yu Shui Chen	Male	Aug 12, 2019	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Executive Master of Business Administration in International Finance, National Taipei University 	None	None	None	None	-
Vice President	R.O.C.	Chin Hsing Yeh	Male	May 06, 2019	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Master of Business Administration, I-Shou University 	None	None	None	None	-
Vice President	R.O.C.	Shin En Shao	Male	Jun 03, 2019	26,000	0.0006	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Insurance, Tamkang University 	None	None	None	None	-
Vice President	R.O.C.	I Wen Pao	Male	Aug 12, 2019	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Finance and Banking, Shih Chien University 	None	None	None	None	-
Vice President	R.O.C.	Tse Pin Liang	Male	Aug 12, 2019	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Public Finance and Taxation, Aletheia University 	None	None	None	None	-
Vice President	R.O.C.	Yu Chieh Lin	Female	Sep 03, 2019	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Master of Business Administration, National Dong Hwa University 	None	None	None	None	-
Vice President	R.O.C.	Ke Yao Shen	Male	Nov 04, 2019	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Public Administration, National Chung Hsing University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President	R.O.C.	I Wen Ho	Female	Nov 06, 2019	79,368	0.0020	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of Secretarial Science, Chungyu College of Business Administration 	None	None	None	None	-
Vice President	R.O.C.	Chia Mei Kuo	Female	Nov 06, 2019	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Master of Science in Production System Engineering and Management, National Taipei University of Technology 	None	None	None	None	-
Vice President	R.O.C.	Chia Hsien Tseng	Male	Aug 14, 2020	10,000	0.0002	0	0	0	0	<ul style="list-style-type: none"> Vice President of FEIB Dept. of Industrial Management, Kun Shan University 	None	None	None	None	-
Vice President	R.O.C.	Shan Tseng Wen	Male	Nov 05, 2020	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Master of Business Administration, Pace University, U.S.A. 	None	None	None	None	-
Vice President	R.O.C.	Che Wei Chang	Male	Nov 05, 2020	0	0	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of Accountancy, National Taipei University 	None	None	None	None	-
Vice President	R.O.C.	Chih Fan Lin	Female	Jul 29, 2021	40,038	0.0010	0	0	0	0	<ul style="list-style-type: none"> Vice President of FEIB Executive Master of Science in International Business, Soochow University 	None	None	None	None	-
Vice President	R.O.C.	Adam Chen	Male	Jul 29, 2021	41,136	0.0010	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of Economics, Chinese Culture University 	None	None	None	None	-
Vice President	R.O.C.	Tien Chung Li	Male	Aug 02, 2021	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of Finance, Taichung Healthcare and Management University 	None	None	None	None	-
Vice President	R.O.C.	Chi Shun Lien	Male	Aug 02, 2021	0	0	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Master of Business Administration, Tung Hai University 	None	None	None	None	-
Vice President	R.O.C.	Kuan Hsuan Chen	Female	Aug 02, 2021	0	0	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of Japanese Language and Culture, Soochow University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President	R.O.C.	Suih Chi Liu	Male	Aug 02, 2021	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Land Management and Development, Chang Jung Christian University 	None	None	None	None	-
Vice President	R.O.C.	Shih Ying Lo	Male	Aug 29, 2021	66,711	0.0016	0	0	0	0	<ul style="list-style-type: none"> ■ Vice President of FEIB ■ Master of Business Administration, University of Illinois at Chicago, U.S.A. 	None	None	None	None	-
Vice President	R.O.C.	Min Chung Lin	Male	Nov 09, 2021	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Master of Business Administration in Human Resources and Public Relations, Da-Yeh University 	None	None	None	None	-
Vice President	R.O.C.	Hui Sheng Yang	Male	Jan 01, 2022	54,971	0.0014	154,332	0.0038	0	0	<ul style="list-style-type: none"> ■ Vice President of FEIB ■ Master of Business Administration, Yuan Ze University 	None	None	None	None	-
Vice President	R.O.C.	Huei Chen Chien	Female	May 05, 2022	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Master of Business Administration in Management, Fu Jen Catholic University 	None	None	None	None	-
Vice President	R.O.C.	Yung Chieh Lin	Male	May 05, 2022	10,000	0.0002	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Executive Master of Business Administration in International Finance, National Taipei University 	None	None	None	None	-
Vice President	R.O.C.	Chun Yu Huang	Male	Aug 12, 2022	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Master of Science in Industrial Economics, National Central University 	None	None	None	None	-
Vice President	R.O.C.	Yu Mei Lai	Female	Aug 12, 2022	90,521	0.0022	0	0	0	0	<ul style="list-style-type: none"> ■ Vice President of FEIB ■ Dept. of Public Administration, National Chung Hsing University 	None	None	None	None	-
Vice President	R.O.C.	Yu Ju Chang	Female	Aug 12, 2022	26,000	0.0006	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Master of Business Administration, Chaoyang University of Technology 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President	R.O.C.	Yu Shan Huang	Female	Sep 01, 2022	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Information Management, Chien Hsin University of Science and Technology 	None	None	None	None	-
Vice President	R.O.C.	Hao Kuei Cheng	Male	Nov 03, 2022	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Statistics, Fu Jen Catholic University 	None	None	None	None	-
Vice President	R.O.C.	Pei Hua Huang	Male	Nov 03, 2022	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Electronic Engineering, Cheng-Shiu Institute of Technology & Commerce 	None	None	None	None	-
Deputy Vice President	R.O.C.	Chi Chang Ting	Male	Nov 5, 2020	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Banking and Insurance, Feng Chia University 	None	None	None	None	-
Deputy Vice President	R.O.C.	Chung En Weng	Male	Jul 29, 2021	26,038	0.0006	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Vice President of FEIB ■ Master of Education in Industrial Technology Education, National Taiwan Normal University 	None	None	None	None	-
Deputy Vice President	R.O.C.	Wei Lan Lu	Male	Jul 29, 2021	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Insurance, Tamkang University 	None	None	None	None	-
Deputy Vice President	R.O.C.	Tian Tian Hu	Female	Aug 2, 2021	312	0.0000	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Dept. of Applied Business, Open College Affiliated with National Taipei College of Business 	None	None	None	None	-

Note: The above education unlike previous contents is because the principle adjustments according to managers' education recorded on diplomas.

(3) Information of the Bank's Consultants retiring from the Bank or Its Affiliates as Chairman or President

Title	Nationality	Name	Sex	Pre-retirement position		Be consultant date	Hire Purpose	Authority and Responsibility	Remuneration	Ratio of Remuneration as a % of Net Income (%)
				Organization & Position	Retire Date					
None										

- (4) The reasons, justification, necessity and corresponding actions when Chairman and President or the equivalent most senior manager are the same person, as spouse, or as a relative with 1 degree of kinship to each other
- None.

(5) Remuneration of Directors, President, Vice Presidents, Consultants and Mangers

A. Remuneration of Directors and Independent Directors

Unit: NT\$ Thousands

December 31, 2022

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and the Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Total Compensation (A+B+C+D+E+F+G) and Ratio to Net Income (%)		Compensation Paid to Directors from an invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)		The Bank	All companies in the consolidated financial statements	Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)		The Bank	All companies in the consolidated financial statements	
		The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements			The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements			
Chairperson	Yue Ding Industry Co., Ltd. Representative: Ching-Ing Hou	14,877	14,877	-	-	6,829	6,829	145 (note : car rental 273; Driver's compensation: 742)	145 (note : car rental 273; Driver's compensation: 742)	Total : 75,955	Total : 76,003	-	-	-	-	-	-	Total : 75,955	Total : 76,003	-
Vice Chairman	Douglas Tong Hsu (refer as follow)	12,350	12,350	-	-	5,122	5,122	100	100	Ratio: 2.065%	Ratio: 2.067%	-	-	-	-	-	-	Ratio: 2.065%	Ratio: 2.067%	998
Directors		2,880	2,928	-	-	25,809	25,809	240	240			-	-	-	-	-	-			-
Independent Directors	(refer as follow)	3,500	3,500	-	-	4,024	4,024	80	80			-	-	-	-	-	-			-

1. Please describe of the policies, standards and structure of remuneration for independent directors and the relation between remuneration and responsibilities, risks, and time spent:

The compensations for independent directors include compensations, expense for business execution, compensations from distribution of earnings. According to the article 25 of the Articles of Incorporation, if there be net income before income tax, remuneration of directors and employees' compensation, the Bank should retain a remuneration of directors no greater than 1.5%. The procedures for determining remuneration are based on the comparable level as offered by the other companies in the same trade, the performance evaluation results of the board of directors and functional committees, the Bank's operating performance and the expected or actual risks, and are subject to the "Regulations for Directors' Remuneration Distribution". After approval by the Remuneration Committee, it shall be reported to the board of directors for approval. Based on above, the remuneration for independent directors were directly related to the responsibilities, risks, and times spent of all independent directors.

2. Relevant Remuneration Received by Directors who are also service all companies in the consolidated financial statements (such as consultants who are not employees): None.

The list of Directors:

- Far Eastern New Century Corp. Representatives: Shaw Y. Wang / Executive Director, Humphrey Cheng / Director, James Wu / Director
- Asia Cement Corp. Representatives: Tsung-Ming Chung / Executive Director, Shi-Chun Hsu / Director
- U-Ming Marine Transport Corp. Representative: Min-Teh Yu / Director

The list of Independent Directors:

- Independent Director & managing Director: Hsiao Hui Wang. Independent Director: Susan S. Chang; Bao-Shuh Paul Lin passed away on Nov. 14, 2022.

Remuneration Range of Directors

December 31, 2022

Range of Remuneration	Name of Directors			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	The Bank	All companies in the consolidated financial statements	The Bank	Parent company and subsidiaries
Under NT\$1,000,000 NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (non-inclusive)	-	-	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (non-inclusive)	<ul style="list-style-type: none"> Independent Directors: Hsiao Hui Wang; Susan S. Chang; Bao-Shuh Paul Lin 	<ul style="list-style-type: none"> Independent Directors: Hsiao Hui Wang; Susan S. Chang; Bao-Shuh Paul Lin 	<ul style="list-style-type: none"> Independent Directors: Hsiao Hui Wang; Susan S. Chang; Bao-Shuh Paul Lin 	<ul style="list-style-type: none"> Independent Directors: Hsiao Hui Wang; Susan S. Chang; Bao-Shuh Paul Lin
NT\$3,500,000(inclusive) ~ NT\$5,000,000 (non-inclusive)	<ul style="list-style-type: none"> Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu 	<ul style="list-style-type: none"> Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu 	<ul style="list-style-type: none"> Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu 	<ul style="list-style-type: none"> Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (non-inclusive)	<ul style="list-style-type: none"> Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang; Humphrey Cheng; James Wu 	<ul style="list-style-type: none"> Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang; Humphrey Cheng; James Wu 	<ul style="list-style-type: none"> Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang; Humphrey Cheng; James Wu 	<ul style="list-style-type: none"> Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang; Humphrey Cheng; James Wu
NT\$10,000,000(inclusive) ~ NT\$15,000,000 (non-inclusive)	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (non-inclusive)	<ul style="list-style-type: none"> Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou Director: Douglas Tong Hsu 	<ul style="list-style-type: none"> Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou Director: Douglas Tong Hsu 	<ul style="list-style-type: none"> Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou Director: Douglas Tong Hsu 	<ul style="list-style-type: none"> Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou Director: Douglas Tong Hsu
NT\$30,000,000 ~ (inclusive) NT\$50,000,000 (non-inclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (non-inclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	11	11	11	11

Independent director: Bao-Shuh Paul Lin passed away on Nov. 14, 2022.

B. Remuneration of the President and Executive Vice Presidents

Unit: NT\$ Thousands

December 31, 2022

Title	Name	Salary(A)		Severance or Retirement Payment (B)		Bonus and Special Allowance (C)		Dividends (D)				Total Compensation (A+B+C+D) and Ratio to Net Income (%)		Remuneration from Investee Companies, Excluding Subsidiaries or parent company
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank		All companies in the financial statement		The Bank	All companies in the financial statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
President	Thomas Chou													822
Chief Executive Vice President	Jiann Jong Lin													
Senior Executive Vice President	Ben Liao Ru													
Executive Vice President	Simon Tai													
Executive Vice President	Sophie Chang													
Executive Vice President	Steve Chi					59,648	60,008							
Executive Vice President	Lonnie Liu	46,453	46,525	0	0	(Car rental:2,748; Driver compensation : 2,863)	(Car rental : 2,748 ; Driver compensation : 2,863)	10,214	0	10,214	0	Total: 116,315	Total: 116,747	
Executive Vice President	James Dai											Ratio: 3.163%	Ratio: 3.175%	734
Executive Vice President	Shin Hwa Chou													
Executive Vice President	Ying Ching Hu													
Chief Auditor	Chih Wei Huang													
Chief Compliance Officer of the Head Office	Elaine Yeh													

Remuneration Range of President and Executive Vice President

December 31, 2022

Range of Remuneration	Names of President and Executive Vice President	
	The Bank	Parent company and subsidiaries
Below NT\$1,000,000		
NT\$1,000,000(inclusive) ~ 2,000,000(exclusive)		
NT\$2,000,000(inclusive) ~ 3,500,000(exclusive)		
NT\$3,500,000(inclusive) ~ 5,000,000(exclusive)	Chih Wei Huang	Chih Wei Huang
NT\$5,000,000(inclusive) ~ 10,000,000(exclusive)	Simon Tai / Sophie Chang / Lonnie Liu / James Dai / Shin Hwa Chou/ Elaine Yeh/ Ying Ching Hu	Simon Tai / Sophie Chang / Lonnie Liu / James Dai / Shin Hwa Chou/ Elaine Yeh/ Ying Ching Hu
NT\$10,000,000(inclusive) ~ 15,000,000(exclusive)	Jiann Jong Lin / Ben Liao Ru/ Steve Chi	Jiann Jong Lin / Ben Liao Ru/ Steve Chi
NT\$15,000,000(inclusive) ~ 30,000,000(exclusive)	Thomas Chou	Thomas Chou
NT\$30,000,000(inclusive) ~ 50,000,000(exclusive)		
NT\$50,000,000(inclusive) ~ 100,000,000(exclusive)		
Over NT\$100,000,000		
Total	12	12

C. Remuneration of Managers

Unit: NT\$ Thousands

December 31, 2022

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	Please refer Page 25-41		0	29,052	29,052	0.790%

(6) Comparison of Remuneration for Directors, President and Executive Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Executive Vice Presidents

A. The ratio of total remuneration paid by the Bank and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and executive vice presidents of the Bank, to the net income.

Unit: NT\$ Thousands

Title	2021				2022			
	Total Amount		Ratio of Total Amount to Net Income (%)		Total Amount		Ratio of Total Amount to Net Income (%)	
	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements
Directors	79,002	79,050	2.688	2.690	75,955	76,003	2.065	2.067
President, Executive Vice Presidents	108,642	109,038	3.696	3.710	116,315	116,747	3.163	3.175
Total	187,644	188,088	6.384	6.400	192,270	192,750	5.228	5.242

B. The policies, standards, and components of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(a) The compensations for directors include compensations, expense for business execution and earnings distribution. If there is net income before income tax, remuneration of directors and employees' compensation (IBTCR), the Bank should retain a remuneration of directors no greater than 1.5% of IBTCR. The procedures for determining remuneration are based on the comparable level as offered by the other companies in the same trade, the performance evaluation results of the board of directors and functional committees (Important evaluation items e.g., meeting attendance rate, annual training hours per the requirements of the competent authority, and concurrent Independent Directors per the requirements of the competent authority, participation, contribution to the Bank's management, and communication with management team, etc.), and taken into account the Bank's operating performance and the expected or actual risks that have occurred, and are subject to the "Regulations for Directors' Remuneration Distribution". After approval of the Remuneration Committee, it shall be reported to the board of directors for approval.

- (b) In accordance with Article 25 of Articles of Incorporation, "If there is net income before income tax, remuneration of directors and employees' compensation (IBTCR), the Bank should retain an employees' compensation of 3.5%-4.5% of IBTCR and a remuneration of directors no greater than 1.5% of IBTCR. Should there be accumulated loss, the Bank shall retain earnings to cover the loss in advance."

Based on the reasonable correlation between individual performance, business performance, and future risks of the Bank, the policies, standards, and components of remuneration of managerial officers (president and vice presidents included) are established and reviewed regularly by the Remuneration Committee. The board of directors then determine the result after taking into account the Remuneration Committee's suggestions to ensure its comparability to risk level of the Bank and general pay levels in the industry.

The merit pay will be evaluated by financial factors (such as revenue, net profit before tax and so on) and non-financial factors (compliance, risk management and so on).

3. Implementation of Corporate Governance

(1) Information for the Operations of the Board of Directors

The 10th Board of Directors convened 6 meetings in 2022, and the records of attendance by directors and independent directors are shown as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Chairperson	Yue Ding Industry Co., Ltd. Representative: Ching-Ing Hou	6	0	100%	-
Vice Chairman	Douglas Tong Hsu	5	0	83%	-
Executive Director	Far Eastern New Century Corp. Representative: Shaw Y. Wang	6	0	100%	-
Executive Director	Asia Cement Corp. Representative: Tsung-Ming Chung	6	0	100%	-
Director	Far Eastern New Century Corp. Representative: Humphrey Cheng	6	0	100%	-
Director	Far Eastern New Century Corp. Representative: James Wu	6	0	100%	-
Director	Asia Cement Corp. Representative: Shi-Chun Hsu	6	0	67%	-
Director	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	6	0	100%	-
Independent Director, Managing Director	Hsiao Hui Wang	6	0	100%	-
Independent Director	Susan S. Chang	3	0	100%	-
Independent Director	Bao-Shuh Paul Lin	3	2	50%	Passed away on Nov 14, 2022

Other mandatory disclosure:

1. For following events occur during the Board of Directors meeting, details including the date, session, and agenda of the board meeting, all opinions of the independent directors, and the Bank's responses to the independent directors' opinions should be provided:

- (1) Matters listed in Article 14-3 of the Securities and Exchange Act: Not applicable as the Bank has established an audit committee.
- (2) In addition to matters above, other objections or qualified opinions from the independent directors to resolutions made by the Board of Directors on record or in writing: None.

2. Details, including names of directors, resolutions, reasons for conflict of interest, and voting results, of circumstances where directors absented themselves due to conflict of interest:

The proposals in conflict of interest in 2022 are: credit proposals, employee health check in 2022, rent the first floor of Banqiao TPKC IDC computer room, change the uniform style of branches and card collection business, adjust the transaction establishment conditions of the B5 land purchase case of the self-owned headquarters, and build the office premises of the self-owned head office according to the letter from the Financial Supervisory Commission Quota reported to the board of directors, Dazhong Securities Finance/Yadong Securities financial institutions. When the proposals are in progress, the names of directors, resolutions, reasons for conflict of interest are stated, Chairperson Ching-Ing Hou, Vice Chairman Douglas Tong Hsu, Executive Director Shaw Y. Wang, Executive Director Tsung-Ming Chung, Director Humphrey Cheng, Director James Wu, Director Shi-Chun Hsu, Director Min-Teh Yu, Independent Director Hsiao Hui Wang, Independent Director Susan S. Chang were excused from discussion of the aforementioned proposals to avoid conflict of interest, and other directors in the meeting passed the proposals as stated.

3. The Bank shall disclose evaluation cycle, period, scope, method, and content of performance evaluation of board of directors meeting and functional committees:

Performance Evaluation of Board of Directors Meeting and Functional Committees:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2022	1.Board of directors meeting 2.functional committees	1.Overall evaluation 2.self-evaluation by individual members	Board of directors meeting: 1. Overall evaluation: including the degree of participation in the company's operations, the quality of the board of directors' decision-making, the composition and structure of the board of directors, the selection and continuous education of directors, and internal control. 2. Self-evaluation by individual members: including the mastery of company goals and tasks, directors' awareness of responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education, internal control. Functional committees (overall evaluation and self-evaluation by individual members: Including the degree of participation in the company's operations, the awareness of the responsibilities of the functional committee, the decision-making quality of the functional committee, the composition and selection of members of the functional committee, and internal control.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
once three years	2021	1.Board of directors meeting 2.functional committees	Review relevant documents of the board of directors and functional committees, director interviews and analysis of directors' internal performance self-assessment questionnaires, and finally put forward comprehensive observations and suggestions.	By evaluating eight aspects of the board structure and process, board members, legal person and organizational structure, roles and responsibilities, behavior and culture, director training and development, risk control supervision, reporting/disclosure and performance supervision, it is summarized into a board of directors Structure, members, process and information are three assessment dimensions.

4. Targets for strengthening the function of the board of directors in current and recent years and the evaluation of the execution:

- (1) To achieve the concept of sustainable business management, the bank established the "Corporate Social Responsibility Practice Guidelines" on November 6, 2015, and expanded the concept of corporate social responsibility to sustainable development. On August 12, 2022, the bank revised the guidelines and renamed them as the "Sustainable Development Practice Guidelines," along with some revisions to certain provisions.
- (2) For strengthening the operation of the board of directors, Rules of Procedure for Board of Directors Meetings of Far Eastern International Bank was established on February 23, 2005, and the eleventh amendment was made on May 4, 2020.
- (3) For strengthening the operation of the board of directors, Rules of Procedure for Board of Directors Meetings of Far Eastern International Bank was established on February 23, 2005, and the 12th amendment was made on November 3, 2022.
- (4) In order to prevent insider trading and ensure sound operation, Regulations Preventing Insider Trading of Far Eastern International Bank and re-invested business was established on December 31, 2009, and the 3rd amendment was made on December 23, 2022.

(2) Information for the Operations of Audit Committee

- A. In accordance with Article 14-4 of Securities and Exchange Act, the audit committee is composed of the entire number of independent directors.
- B. In accordance with Article 6 of Organizational Rules for the Audit Committee of Far Eastern International Bank, the authorities and responsibilities of the audit committee are to review and checking the following:
 - (a) The company's internal control policies pursuant to Article 14-1 of the Securities and Exchange Act.
 - (b) The effectiveness of internal control policies.
 - (c) Pursuant to Article 36-1 of the Securities and Exchange Act, procedures relating to asset acquisition/disposal, derivative transactions, and major financial conducts.
 - (d) Matters concerning the personal interests of directors.
 - (e) Major asset transactions or derivatives.

- (f) Offering, issuance, or private placement of securities with equity characteristics.
- (g) Appointment, dismissal, or compensation of the certifying CPAs.
- (h) Appointment and removal of the financial, accounting, or internal auditing officers.
- (i) Annual and semi-annual financial reports.
- (j) Other significant issues regulated by the Company or competent authorities.

C. Audit Committee Attendance

The 3rd Audit Committee convened 6 meetings in 2022, and the records of attendance by independent directors are shown as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director, Managing Director	Hsiao Hui Wang	6	0	100%	-
Independent Director	Susan S. Chang	6	0	100%	-
Independent Director	Bao-Shuh Paul Lin	3	2	50%	Passed away on Nov 14, 2022

Other mandatory disclosure:

1. For the following events occur during the Audit Committee meeting, details including the date, session, and agenda of the meeting, all resolutions of the Audit Committee, and the Bank's responses to the Audit Committee's opinions should be provided:
 - (1) Matters listed in Article 14-5 of the Securities and Exchange Act
 - (2) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.

Audit Committee	Agenda and Follow-up	Items in Article 14-1 of the Securities and Exchange Act	Not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors
3 rd Session of 3 rd Audit Committee March 2, 2022	<ul style="list-style-type: none"> ■ November 2020/June 2021 Special Inspection Report of the Financial Supervisory Commission. ■ The Central Bank's August 2021 Project Inspection Report. ■ Audit business work report. ■ In the second half of 2021, the legal compliance system and the handling of entrusting others to handle the operation / implementation report on preventing money laundering and combating terrorism. ■ The overall implementation of information security in 2021. ■ Proposal of reselling Bad Debt ■ 2021 Annual Financial Statements and Consolidated Financial Statements/Surplus Distribution ■ Proposal/Shareholder Dividend Transfer to Capital Increase and Issuance of New Shares. ■ Issuance of ordinary shares/preferred shares/convertible financial bonds by way of private placement. 	✓	None

Audit Committee	Agenda and Follow-up	Items in Article 14-1 of the Securities and Exchange Act	Not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors
	<ul style="list-style-type: none"> ■ 2021 business report ■ Undertake Yuanxin electronic ticket business ■ Amendments to the election of directors ■ 2022 Employee Health Check ■ 2021 Statement on Internal Control System/Statement on Internal Control System for Preventing Money Laundering and Combating Terrorism/Project Inspection Results ■ Revising the self-management mechanism of automatic teller machines for more than three consecutive days ■ Statement on the Design and Implementation of the Internal Control System for Personal Data Protection in 2021 ■ Lease the first floor of Banqiao TPKC IDC computer room ■ Revised Risk Management Policy and Credit/Market/Operational/Interest Rate Risk Management Guidelines ■ Credit Proposal <p>Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.</p>		
4 th Session of 3 rd Audit Committee May 4, 2022	<ul style="list-style-type: none"> ■ November 2020/June 2021 Special Inspection Report of the Financial Supervisory Commission. ■ The Central Bank's August 2021 Project Inspection Report. ■ The Central Bank's January 2021 Project Inspection Report. ■ Audit business work report. ■ The sale of non-performing debts in the joint loan case has been completed ■ Proposal of reselling Bad Debt ■ Consolidated Financial Statements for the First Quarter of 2022 ■ Handle the cash capital increase within the quota to issue ordinary shares, adjust the conditions for the establishment of the transaction for the B5 land purchase case of the self-owned headquarters ■ Amendments to the Articles of Association/Rules of Procedures of the Shareholders' Meeting/Guidelines for the Treatment of Acquisition or Disposal of Assets ■ 2021 Comprehensive Money Laundering and Terrorism Risk Assessment Report/Money Laundering Prevention and Terrorism Combating Plan/Insurance Agency Business Anti-Money Laundering and Terrorism Combating Risk Assessment Report ■ Revision of insurance internal control and solicitation procedures ■ Changing the uniform style of branches and card collection business ■ Credit Proposal <p>Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.</p>	✓	None
5 th Session of 3 rd Audit Committee July 12, 2022	<ul style="list-style-type: none"> ■ The Bank's construction of its own head office office space B case is to be submitted to the Audit Committee for approval according to the letter from the Financial 	✓	None

Audit Committee	Agenda and Follow-up	Items in Article 14-1 of the Securities and Exchange Act	Not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors
	Management Commission and then submitted to the Board of Directors Apr-Jun 2021 and Jul-Sep 2021 Audit Business Work Report. Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.		
6 th Session of 3 rd Audit Committee Aug 11, 2022	<ul style="list-style-type: none"> ■ June 2021 Special Inspection Report of the Financial Supervisory Commission. ■ The Central Bank's August 2021 Project Inspection Report. ■ Audit business work report. ■ In the first half of 2022, the legal compliance system and the handling of operations entrusted to others/the implementation of preventing money laundering and combating terrorism ■ Proposal of reselling Bad Deb ■ Financial Statements and Consolidated Financial Statements for the First Half of 2022 ■ Determine the ex-dividend (rights) and capital increase base date of the 2021 profit distribution plan and adjust the dividend (share) ratio. ■ Revision of internal audit standards and precautions/insurance internal control and solicitation process ■ Credit Proposal Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.	✓	None
1 st Session of 3 rd Interim Audit Committee Aug 18, 2022	Determining the ex-dividend (rights) and capital increase base date of the 2022 year surplus distribution plan Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.	✓	None
7 th Session of 3 rd Audit Committee Nov 2, 2022	<ul style="list-style-type: none"> ■ Financial Supervisory Commission December 2021 General Business Inspection Report. ■ Audit business work report. ■ Proposal of reselling Bad Deb ■ Consolidated financial statements for the first three quarters of 2022 ■ 2023 Internal Audit Plan ■ Amendment of the Bank's Material Information Handling Guidelines/Board of Directors' Rules of Procedure/National Risk Limit Management Guidelines/Credit Counterparty Credit Risk Management Guidelines ■ Quota of Dazhong Securities Finance/Yadong Securities Financial Institutions ■ Formulated the Bank's climate change and environmental risk management standards ■ Credit Proposal Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.	✓	None

2. Details, including names of independent directors, resolutions, reasons for conflict of interest, and voting results, of circumstances where independent directors absented themselves due

to conflict of interest: None

3. Communications among Independent Directors and the Bank's Chief Auditor and CPA

(1) Communication of Independent Directors with the Chief Auditor and CPA:

- The CPA fully communicated with the Independent Directors on the first half financial statement, annual financial statement, and annual audit planning.
- Internal auditors engaged independent directors in yearly meetings to present internal audit reports and to discuss fully any major issues, which were summarized in the meeting minutes to the Board of Directors for report.
- The Audit Committee was composed of all members of independent directors, to which the chief auditor reported on a quarterly basis on the progress of ongoing audits.

(2) Outlines of Communication between Independent Directors and CPAs and the Chief Auditor:

- Communication between Independent Directors and CPAs

Date	Points of communication	Result
The 3 rd Audit Committee meeting of the 3 rd term held on March 2, 2022	Reported the results of auditing 2021 financial statements, and responded the questions from Independent Directors.	Noted
The 6 th Audit Committee meeting of the 3 rd term held on August 11, 2022	Reported the results of auditing and reviewing the second quarter of 2022 financial statements, and responded the questions from Independent Directors.	
Conference between Independent Directors and CPA on November 2, 2022	1. Significant audit risk for auditing 2022 financial statements. 2. Key audit matters for auditing 2022 financial statements. 3. Audit planning for auditing 2022 financial statements.	

- Communication between Independent Directors and the Chef Auditor:

Date	Highlights of Communication	Result
March 2, 2022	1. Audit report for the fourth quarter of 2021	Noted
The 3 rd meeting of the 3 rd Audit Committee	2. Statement on Internal Control System of 2021	
May 4, 2022	Audit report for the first quarter of 2022	
The 4 th meeting of the 3 rd Audit Committee	1. Audit report for the second quarter of 2022	
August 11, 2022	2. Revising the Rules of Internal Audit Standards and Internal Audit Precautions	
The 6 th meeting of the 3 rd Audit Committee	1. Audit report for the third quarter of 2022	
November 2, 2022	2. Audit plan for 2023	
The 7 th meeting of the 3 rd Audit Committee	1. Explanation on the inspection and rating of the Bank in 2021	
November 3, 2022	2. Explanation of important inspection opinions of the General Audit Office in 2022	
Forum between the independent directors and auditors	3. Statistics of FSC Enforcement Actions to Financial industry in 2022	

(3) Information for the Operations of the Corporate Sustainability Committee

A. Composition of the Corporate Sustainability Committee

On November 9, 2021, the Bank established a functional committee under the Board of Directors - the Corporate Sustainability Committee. The committee members are appointed by the resolution of the Board of Directors. The number of members is at least three, and more than half of them should be independent directors.

B. Corporate Sustainability Committee Duties and Powers

- (a) Promote and strengthen the integrity management system
- (b) Promotion and Development of Corporate Sustainability Related Matters
- (c) Supervise other issues related to sustainability as resolved by the board of directors

The committee shall convene at least twice a year and be responsible for supervising the implementation of sustainable development related work, including the formulation and review of sustainable development policies, strategies, and goals, and report to the board of directors.

Title	Name	Professional qualifications and Experience
Director	Humphrey Cheng	With practical experience in corporate sustainability implementation, he is the general convener of the Corporate Sustainability Implementation Committee of Far East New Century Co., Ltd., a listed company, with relevant practical experience in legal affairs, legal expertise, business management
Independent Director	Hsiao Hui Wang	Possess accountant verification experience, expertise in finance, accounting, and auditing
Independent Director	Susan S. Chang	Practical experience in corporate governance in the financial industry, management, leadership and decision-making skills

C. Corporate Sustainability Committee Attendance

- (a) The Committee convened 2 meetings in 2022, and all members attended in person with a attendance rate of 100%. The attendance record of committee members is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Director	Humphrey Cheng	2	0	100%	-
Independent Director	Hsiao Hui Wang	2	0	100%	-
Independent Director	Susan S. Chang	2	0	100%	-

- (b) In addition to reporting on the 'Minutes of the Previous Meeting and Implementation Status' at each meeting, the agenda of the committee is as follows:

Corporate Sustainability Committee	Agenda
2 nd Session of 1 st Corporate Sustainability Committee June 29, 2022	<ul style="list-style-type: none"> ■ 2021 Sustainability Report ■ Environmental sustainability-related work progress and 2022 work plan ■ Progress of sustainable finance-related work in 2021 and 2022 work plan ■ Progress of information security work in 2021 and 2022 work plan ■ Revision of the "Corporate Social Responsibility Best Practice Guidelines" name and some articles <p>Result : The proposal was approved by a unanimous vote and no objection.</p>
3 rd Session of 1 st Corporate Sustainability Committee November 29, 2022	<ul style="list-style-type: none"> ■ 2022 Environmental Sustainability Progress Report ■ Revision of "Institutional Investor Stewardship Guidelines" in compliance with statements, implementation of institutional investor stewardship activities, and reporting on green and sustainable bond status ■ Signing and implementation progress of the Equator Principles and TCFD Phase II project ■ Progress and planning of ESG credit-related project work execution in 2022 ■ ESG work report in the second half of 2022

Result : The proposal was approved by a unanimous vote and no objection.

(4) Items to Be Disclosed According to the Corporate Governance Best-Practice Principles for the Banking Industry

Please refer to the Bank's website: <https://www.feib.com.tw/> and <http://mops.twse.com.tw/>

(5) FEIB Corporate Governance Implementation Status and Deviations

Evaluation Item	Implementation Status		Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	
1. Shareholding structure and shareholders' interest			
(1) Does the Bank establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		None
(2) Does the Bank possess the list of its major shareholders as well as the ultimate owners of those shareholding?	✓		None
(3) Does the Bank establish and execute risk management and firewall mechanisms for transaction with affiliated businesses?	✓		None

Evaluation Item	Implementation Status			Deviations, from “Corporate Governance Best-Practices for Banks” and Reasons
	Yes	No	Abstract Illustration	
			comply with the statutes and set up the subsidiaries' sound operation and risk governance.	

2. Composition and Responsibilities of the Board of Directors

(1) Does the board have diversity policy and specific management goals?	✓	■	The Bank has formulated the "Code of Corporate Governance", which sets out the Board Diversity Policy and specific management objectives in Chapter 4 "Enhancing the Functions of the Board of Directors". In the eleventh term of directors, the proportion of directors with employee status is 0%, the term of independent directors is 1 for 4-6 years, 1 for more than 6 years, 4 directors over 81 years old, 3 aged 71-80 years old, 3 aged 61-70, and the directors have a wide range of professional backgrounds and professional qualifications. The Bank pays attention to gender equality in the composition of the board of directors. The number of female directors in this session is the same as the previous session, achieving the goal of exceeding 25% of the board seats for each gender. Board Diversity Policy disclosed on the Bank's website..	None
(2) Does the Bank voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓	■	In addition to the remuneration committee and the audit committee according to law, the Bank also voluntarily established a functional committee under the board of directors - the corporate sustainability committee on 2021.11.09. The members are appointed by the board of directors. The number of members is not less than three, and more than half of them are Members are independent directors	None
(3) Does the Bank establish procedures for performance evaluation of the board of directors, evaluate the operation yearly, report the evaluation result to the Board, and take into account the result to determine remuneration and nominate candidates?	✓	■	In order to strengthen corporate governance effectiveness, Procedures for Performance Evaluation of the Board of Directors was established on August 12, 2016, and amendment was made on August 12, 2019, to rename it to Procedures for Performance Evaluation of the Board of Directors and Functional Committees. Evaluation was done yearly, and newly evaluation results were reported to the Board on Mar 02, 2023. The relevant information was disclosed on the Bank's website, and was taken into account for determining remuneration and candidates' nomination.	None
(4) Does the Bank base on Audit Quality Indicators (AQIs) to evaluate the independence and suitability of its CPA on a regular basis?	✓	■	The Bank regularly evaluated the independence and suitability of certified public accountants every year which based on the No.10 Bulletin of Code of Professional Ethics for Certified Public Accountant of the	None

Evaluation Item	Implementation Status		Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	
			<p>Republic of China and Article 27, Item 5 of the Guidelines for the Bank's Corporate Governance.</p> <ul style="list-style-type: none"> ■ This year assessments are as follows: <ol style="list-style-type: none"> 1. Until last audit, the Bank did not fail to replace the CPA every 7 years. 2. Until last audit, CPA received no punishment of violations. 3. Members of the audit team and their spouses and dependents are not involved in any of following: <ol style="list-style-type: none"> (1) Directly or indirectly, hold significant financial interests in the Bank. (2) Have business relations with the Bank or directors and managerial officers at the Bank, where such relations may affect their independence. 4. During the audit, members of the audit team, their spouses and dependents do not serve as directors or managerial officers at the Bank or do not assume positions that may directly and significantly affect the auditing process. 5. Members of the audit team do not have spouses, immediate family members or relatives within the second degree of kinship who serve as directors or managerial officers at the Bank. 6. Members of the audit team have not received gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from our Bank or directors, managerial officers or major shareholders at the Bank. <ul style="list-style-type: none"> ■ The Statement of Independence and Audit Quality Indicators Report have been issued by the CPA, and the result has been approved by the 10th Board of Directors of the 11th term on March 2, 2023. After evaluation, the CPA are in accordance with the independence and suitability standards of the Bank.
3. Does the bank have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors)	✓		<ul style="list-style-type: none"> ■ The board passed the resolution on May 6, 2019 to assign deputy executive vice president Shu Hui Lee, the Head Office, as the head of corporate governance to be in charge of corporate governance affairs. Shu Hui Lee has more than ten years of experience in supervisory positions in stock affairs and deliberation in financial institutions. The corporate governance affairs including handling matters related to board meetings

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons												
	Yes	No	Abstract Illustration													
and supervisors, assisting directors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, handling corporate registration and amendment registration and producing minutes of board meetings and shareholders meetings)?			<p>and shareholder's meetings according to laws, producing minutes of board meetings and shareholder's meetings, assisting in onboarding and continuous development of directors, furnishing information required for business execution by directors, assisting directors with legal compliance, and other matters set out in the articles or corporation or contracts.</p> <p>■ The status of Corporate Governance implementation is as follows:</p> <ol style="list-style-type: none"> 1. Board Meeting, Managing Director Meeting, and Audit Committee Meeting: <ul style="list-style-type: none"> - Providing the needed information to directors, managing directors and audit committees. - Providing notices and agendas of the meeting on 7 days before the meeting - Providing the minute within 20 days after the meeting. - Consolidating the resolutions and speeches of the meeting - Tracking the follow-up implementation status and report to the chairman's office. 2. Shareholders' meeting: <ul style="list-style-type: none"> - Registering the date of shareholder meeting under regulation - Uploading the notice and handbook of the meeting o30 days before the meeting. - Uploading the minutes to the MOPS within 20 days after the meeting 3. Providing the information of training courses. 4. Providing the official documents and regulations of competent authority, related to directors or corporate governance. Disseminating the regulation of interested party in Article 32, 33 of the Banking Act semiannually. 5. Handling company's change registration when amendment of article of incorporation or transferring capital to issue new shares. 6. Evaluating the operation in accordance with "Procedures for Performance Evaluation of the Board of Directors and Functional Committees" of the Bank, and relevant information is also disclosed on the Bank's website. <p>■ Training of the head of corporate governance:</p> <table border="1"> <thead> <tr> <th>Training Start</th> <th>Date End</th> <th>Organizer</th> <th>Courses</th> <th>Hours</th> <th>Total Hours</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Training Start	Date End	Organizer	Courses	Hours	Total Hours							
Training Start	Date End	Organizer	Courses	Hours	Total Hours											

Evaluation Item	Implementation Status						Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons		
	Yes	No	Abstract Illustration						
			2022. .03.10	2022. .03.10	TWSE ` QIC ` Georgeson	Online Seminar on Independent Directors and the 2022 Shareholders' Meeting from an International Perspective	1	14	
			2022. .05.12	2022. .05.12	TWSE ` Alliance Advisors ` TCGA	International Double Summit Online Forum	2		
			2022. .07.20	2022. .07.20	TWSE ` TPEX	Sustainable Development Roadmap Industry Theme Publicity Conference	2		
			2022. .10.04	2022. .10.04	Securities and Futures Market Development Foundation	Challenges and opportunities of sustainable development path and introduction of greenhouse gas inventory	3		
			2022. .10.05	2022. .10.05		Global Net Zero Emissions Response and ESG Corporate Actions	3		
			2022. .10.19	2022. .10.19		2022 Insider Equity Transaction Legal Compliance Publicity Explanation Session	3		
4. Does the Bank establish communication channels for stakeholders (including but not limited to shareholders, employees, and customers), and establish webpage on the Bank's website to response to stakeholders about CSR issues?	✓		<ul style="list-style-type: none"> ■ The Bank has set up the "Stakeholder Zone" on the company's website, which is divided different channels for investors, customers, suppliers, employees and community members/non-profit organizations. Contact person and methods are also available on the website if needed. 					None	
5. Information Disclosure									
(1) Does the Bank have a corporate website to disclose both financial standings and the status of corporate governance?	✓		<ul style="list-style-type: none"> ■ The Bank disclosed the relevant information on the website. 					None	
(2) Does the Bank have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		<ul style="list-style-type: none"> ■ The Bank set up English website. Designated employee is responsible to collect and disclosure company information. The information and video record of investor conferences are posted on the website. 					None	
(3) Does the bank announce and declare the annual financial report within the time limit in accordance with Banking Law and Securities Exchange Law, and announce the first, second and third quarter financial reports and the monthly operating situation before the prescribed time limit?	✓		<ul style="list-style-type: none"> ■ The Bank followed relevant laws and regulations to announce and report the annual financial statements, the first, second, and third quarter financial statements as well as the operating status of each month within the prescribed deadline 					None	
6. Is there other important information to facilitate a better understanding of the Bank's corporate governance practices (including but not limited to employee rights and interests, employee care, investor relations,	✓		<ul style="list-style-type: none"> ■ CSR : Referred to page 119-122 ■ Investor Relations: The bank not only has specialist employee to responsible for investor's suggestion, doubts or disputes, but also has spokesperson, acting spokesperson, and stock agency "Oriented 					None	

Evaluation Item	Implementation Status		Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	
rights and interests of interested parties, records of training for directors and supervisors, implementation of risk management policy and risk evaluation criteria, implementation of customer relations policy, purchases of professional indemnity insurance for directors and supervisors, and donations to political parties, stakeholders, and charitable groups)?			<p>Security Co., Ltd." to handle related issues and suggestions of shareholders. Investor conference is held annually.</p> <ul style="list-style-type: none"> ■ Stakeholder rights: The Bank discloses financial, business-related corporate governance information on the website for stakeholders. Both Chinese and English information are available on MOPS for foreign investors. ■ Directors' training: Irregularly attended training courses based on "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" issued by the Taiwan Stock Exchange Co., Ltd. ■ Customer relations policy: <ul style="list-style-type: none"> ● The Bank has adopted the "FEIB Financial Consumer Protection Act" and the "FEIB Handling System for Financial Consumer Disputes" ● The products and services of the Bank are in compliance with the relevant regulations and standards. Changes in products and services (e.g., standard contracts, notifications of changes in customer rights) are also handled in accordance with the regulations or governing rules stipulated by the competent authority ● The Bank establishes policies and SOP handling customers' disputes. Also, the Bank was set hot-lines with designated person answering customers' compliant and providing customers' protection to enhance customer benefits. ■ Liability insurance purchased for directors: The Bank insures liability insurance for all directors to reduce the legal risks and financial risks of the directors and to protect against possible damages caused by the execution of duties. ■ Donations to political parties, stakeholder and charities: <ul style="list-style-type: none"> - Donated NT\$1,367,754 to Eden Social Welfare Foundation (rebate of Eden Love Credit Card) - Sponsoring NT\$67,017 to the "Green Belt and Sidewalk" project of Dunhua South Road in front of THE MALL. - Yuanzheng, Taiwan World Vision Foundation NT\$500,000 - Taiwan Connection NT\$500,000 - Taiwan Guide Dogs Association NT\$300,000

Evaluation Item	Implementation Status		Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	
			<ul style="list-style-type: none"> - Tianxia Magazine Education Foundation (donated 300 copies of sustainable Books) NT\$150,000 - New Taipei City Private Leshanyuan Social Welfare Charity Foundation NT\$7,500 - Taipei Welfare Foundation for Bereaved Children NT\$6,900 ■ Employee rights and employee welfare: Please refer to the "Employee Behavior and Ethics Standards" section on page 116-118 "Labor Relations" section on page 126-128 of this annual report. ■ Risk management policy and risk measurement standard: For more details, please refer to page 148-156 "VII. Analysis for financial situation and financial performance and Assessment for risk management", "6. Disclosure for risk management", "(1) The Organization Structure and Policy for Bank's Risk Management", "(2) The quantitative and qualitative data for various types of risks".
<p>7. Please describe improvements already made based on the results of the Corporate Governance Evaluation released by the Taiwan Stock Exchange Corporate Governance Center in the most recent year; as well as priority to those improvements yet to be made:</p> <p>Improvements in 2022 by Corporate Governance Assessment items:</p> <ol style="list-style-type: none"> 1. According to the assessment requirement, English version of the 2021 Sustainability Report was posted to MOPS and website of FEIB. 2. According to the assessment requirement, the Bank has formulated the "Intellectual Property Management Plan and Policy". 3. According to the assessment requirement, the Bank disclosed relevant information in accordance with the Climate-related Financial Disclosure (TCFD) framework. 4. FEIB's 2022 shareholders' meeting was held by hybrid channels, in a physical meeting location and through virtual conference (video-assisted general meeting of shareholders) <p>Priority for next improvement:</p> <ol style="list-style-type: none"> 1. According to the assessment requirement, the 2022 Sustainability Report will be prepared with reference to SASB guidelines to disclose relevant ESG information. 2. According to the assessment requirement, the Bank will invest resources to support local cultural development. 			

Table 1: Diversity of the Board Members

Name	Gender	Professional knowledge and skills			Ability							
		Professional background	Professional qualifications	Financial industry experience	Operational judgement	Analysis of Accounting and financial	Operational management	Risk Management	crisis Management	Industrial know-how	International prospective	Leadership & decision-making
Ching-Ing Hou	Female	Finance	Bank / Finance Professor	v	v	v	v	v	v	v	v	v
Douglas Tong Hsu	Male	Operating		v	v	v	v	v	v	v	v	v
Shaw Y. Wang	Male	Operating		v	v	v	v	v	v	v	v	v
Tsung-Ming Chung	Male	Accounting	Accountant	v	v	v	v	v	v	v	v	v
Humphrey Cheng	Male	Law		v	v	v	v	v	v	v	v	v
James Wu	Male	Finance		v	v	v	v	v	v	v	v	v
Shi-Chun Hsu	Male	Management	Business management professor	v	v	※	v	v	v	v	v	v
Min-Teh Yu	Male	Finance	Financial professor	v	v	v	v	v	v	v	v	※
Hsiao Hui Wang	Female	Accounting	Accountant	v	v	v	v	v	v	v	v	v
Susan S. Chang	Female	Finance		v	v	v	v	v	v	v	v	v

※ indicates the member of the Board of Directors who is moderately capable

Table 2: Directors' and Independent Directors' Training Status

Title	Name	Date elected	Training Date		Organizer	Courses	Hours
			Start	End			
Chairperson	Ching-Ing Hou	July 20, 2021	Nov 11, 2022	Nov 11, 2022	Securities and Futures Institute	Listed Overseas Companies - Seminar on Derivative Commodity Trading Strategies and Market Outlook	3
			Aug 17, 2022	Aug 17, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - The Enlightenment of the Russo-Ukrainian War on Taiwan	3
Vice Chairman	Douglas Tong Hsu	July 20, 2021	Dec 21, 2022	Dec 21, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Insights into Future Talent Layout from Global Trends	3
			Aug 17, 2022	Aug 17, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - The Enlightenment of the Russo-Ukrainian War on Taiwan	3
Executive Director	Shaw Y. Wang	July 20, 2021	Dec 21, 2022	Dec 21, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Insights into Future Talent Layout from Global Trends	3
			Aug 17, 2022	Aug 17, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - The Enlightenment of the Russo-Ukrainian War on Taiwan	3

Title	Name	Date elected	Training Date		Organizer	Courses	Hours
			Start	End			
Executive Director	Tsung-Ming Chung	July 20, 2021	Dec 21, 2022	Dec 21, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Insights into Future Talent Layout from Global Trends	3
			Aug 17, 2022	Aug 17, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - The Enlightenment of the Russo-Ukrainian War on Taiwan	3
Director	Humphrey Cheng	July 20, 2021	Dec 21, 2022	Dec 21, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Insights into Future Talent Layout from Global Trends	3
			Aug 17, 2022	Aug 17, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - The Enlightenment of the Russo-Ukrainian War on Taiwan	3
			Feb 10, 2022	Feb 10, 2022	Taiwan Institute for Sustainable Energy	The twenty-seventh CEO lecture and special speech	2
Director	James Wu	July 20, 2021	Mar 24, 2022	Mar 24, 2022	Taiwan Academy of Banking and Finance	Information Security Governance Lecture - Financial Technology and Information Security Risk Development Trend	3
			Mar 23, 2022	Mar 23, 2022	Taiwan Independent Director Association	Information security protection, strategy and crisis management viewed from the upsurge of metaverse	3
Director	Shi-Chun Hsu	July 20, 2021	Oct 24, 2022	Oct 24, 2022	Taiwan Corporate Governance Association	Dialysis on the regulation and development trend of third-party payment	3
			Apr 12, 2022	Apr 12, 2022	Taiwan Corporate Governance Association	The only way to sustainable management of enterprises-external innovation	3
Director	Min-Teh Yu	July 20, 2021	Oct 14, 2022	Oct 14, 2022	Taiwan Corporate Governance Association	Company's legal compliance and supervisory duties of directors	3
			Oct 14, 2022	Oct 14, 2022	Taiwan Corporate Governance Association	Responses to anti-tax avoidance policies and measures	3
Independent Director, Managing Director	Hsiao Hui Wang	July 20, 2021	Dec 21, 2022	Dec 21, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Insights into Future Talent Layout from Global Trends	3
			Aug 17, 2022	Aug 17, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - The Enlightenment of the Russo-Ukrainian War on Taiwan	3
Independent Director	Susan S. Chang	July 20, 2021	Dec 21, 2022	Dec 21, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Insights into Future Talent Layout from Global Trends	3
			Aug 17, 2022	Aug 17, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Forum - The Enlightenment of the Russo-Ukrainian War on Taiwan	3

(6) Composition, Responsibilities and Operations of the Remuneration Committee

A. Information of Members of the Remuneration Committee:

Professional Qualifications and Independence Analysis of Remuneration Committee Members

Qualifications		Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Name				
Independent Director	Hsiao Hui Wang (Convener)	<ol style="list-style-type: none"> CPA and Expertise in Finance, Accounting, Auditing At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> Not an offender of items stipulated in article 30 of the Company Law. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years. 	1
Independent Director	Bao-Shuh Paul Lin	<ol style="list-style-type: none"> Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking At least five years of working experience in Information Technology, Information Security, business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> Not an offender of items stipulated in article 30 of the Company Law. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years. 	0
others	Patrick P. Y. Wu	At least five years of working experience in Information Technology, Information Security, business, legal, finance, accounting, or banking	<ol style="list-style-type: none"> Not an offender of items stipulated in article 30 of the Company Law. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years. 	0

B. Scope of Responsibilities

The Committee shall exercise fiduciary duty to perform the following duties and present its recommendations to the board of directors:

- (a) Establish and periodically review performance of the directors and managers, also the policies, systems, standards, and structure of their compensation.
- (b) Periodically review and establish the compensation of the directors and managers.
- (c) Performance and compensation levels of the directors and managers shall take into account the general pay levels in the industry, also consider reasonable correlation between individual performance, business performance and future risks.

C. Operations of the Remuneration Committee

- (a) The Remuneration Committee includes 3 members.
- (b) The 5th term is from July 29, 2021 to July 19, 2024. There were three meetings in 2022. The members attending the Remuneration Committee meetings were:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Hsiao Hui Wang	3	0	100%	
Committee Member	Patrick P. Y. Wu	3	0	100%	
Committee Member	Bao-Shuh Paul Lin	1	2	33%	Discharged on November 14, 2022

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the bank's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. For resolutions of the remuneration committee objected to by members or expressed reservations on-recording or in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

- (c) The Remuneration Committee convened three meetings in 2022 with an attendance rate of 78% from all members. The agenda were:

The Remuneration Committee	Issue	Result	The Follow-Up Measures
the 2 nd meeting of the 5 th term February 17, 2022	Contributions for Employees' and Directors' Remuneration of 2021	The proposal was passed by all members of the Remuneration Committee.	The proposal was approved by all members of the Board of Directors.
	Amendment to "Guidelines for the Use of Official Cars"	The proposal was revised and passed by all members of the Remuneration Committee.	Executed by the result of the Remuneration Committee.
the 3 rd meeting of the 5 th term July 27, 2022	Amendment to "Allocation Guidelines for Employees' Remuneration"	The proposal was revised and passed by all members of the Remuneration Committee.	Revised by the result of the Remuneration Committee, the proposal was approved by all members of the Board of Directors.
	The Employees' Program of the Bank's Cash Capital Increase	The proposal was passed by all members of the Remuneration Committee.	The proposal was approved by all members of the Board of Directors.
the 4 th meeting of the 5 th term October 19, 2022	Business Groups' Implementation Schemes of Incentives of 2023	The proposal was revised and passed by all members of the Remuneration Committee.	Revised by the result of the Remuneration Committee, the proposal was approved by all members of the Board of Directors.

(7) Sustainability Development, Implementation and Deviations

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the bank establish a governance structure to promote sustainable development, and set up an exclusively (or concurrently) unit which is authorized and supervised by the board of directors?	✓		<ul style="list-style-type: none"> ■ To implement the corporate sustainable management philosophy and promote sustainable development, the Bank establishes the “Corporate Sustainability Committee” under the Board of Directors on November 9, 2021. The committee is responsible for supervising implementation of sustainable development-related work (such as formulation and review of sustainable development policies, strategies, and goals) and reports directly to the Board of Directors. The committee is required to hold at least two meetings per year. ■ To establish a sound sustainable development management structure, the Bank sets up an ESG Implementation Team under the General Administration Department, as a part-time unit responsible for promoting sustainable development under the guidance of the Corporate Sustainability Committee. The team is in charge of the following tasks based on the main concepts of environment, social, and governance (ESG): (1) formulating eight major promotion coverage for sustainable development, including climate change, environmental sustainability, and sustainable finance under the environmental aspect, human rights protection, inclusive innovation, and social prosperity under the social aspect, corporate governance and risk management under the governance aspect; (2) coordinating with all relevant units to propose and implement various promotion plans according to their responsibilities; (3) presenting the work plans and execution results for reporting to the Corporate Sustainability Committee regularly, and to the Board of Directors annually. The ESG Implementation Group reported to the Board on March 2, 2023 regarding the progress of sustainable development initiatives in 2022. ■ The Board of Directors tracks and reviews the execution status and action plans of the sustainability development through the ESG Promotion Taskforce’s annual execution and implementation report, provides supervision and makes necessary adjustments. ■ Please refer to page 54-56 for the annual execution report of the Corporate Sustainability Committee. 	None
2. Does the bank conducts risk assessment on environmental, social and corporate governance issues related to the operation of the company in accordance with the principle of materiality and assess	✓		<ul style="list-style-type: none"> ■ The Bank conducts risk assessments of important issues based on the principle of corporate social responsibility and formulates relevant risk management policies or strategies based on the assessed risks. For summary of risk assessments of important issues based on the principle of corporate social responsibility and risk management policies or strategies, please refer to the Table on page 76-77. 	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
relevant risk management policies or strategies?				
3. Environmental issues				
(1) Does the bank establish proper environmental management systems based on the characteristics of their industries?	✓		<ul style="list-style-type: none"> ■ Introduction of ISO 14001 Environmental Management System: To continuously enhance environmental improvement, the Bank introduces an environmental management system at the Banqiao Dadan Guo and Cultural Miracle Building in 2022. We had established various strategies and frameworks for environmental management, and planned environmental improvement goals and continuous improvement programs, such as installing spill prevention barriers for diesel tanks and replacing light bulbs with LED lights to save energy. Our efforts were verified by an external organization (BSI), and we have planned environmental improvement goals for 2023 to further improve and enhance the energy saving efficiency. ■ Implementation of ISO 50001 Energy Management System: Since 2016, the Bank has implemented the ISO 50001 energy management system at our Taoyuan-owned building and Banqiao Nanya branch as demonstration sites and passed international certification. Over three years, we have saved a total of 194,840 kWh of electricity and achieved an energy-saving rate of 24.43%. In 2019, we expanded the scope of the energy management system verification to include the Taichung Liberty Building and Chongqing branch, which also passed external verification on December 13th of the same year. We executed several energy-saving improvement programs, resulting in a total electricity savings of 196,908 kWh over three years and an energy-saving rate of 29.59%. In 2022, we continued promoting energy-saving improvements in accordance with the ISO 50001 standard. During the relocation and renovation of the Chengde branch, Jinhu branch, and the Information Technology Office, we upgraded the lighting fixtures and air conditioning for energy efficiency, which is expected to save approximately 48,600 kWh of electricity annually, which effectively improved energy performance and reduced environmental impact. ■ Implementation ISO 14064-1 Greenhouse Gas Inventory: To align with international carbon reduction standards, the Bank's headquarter building initiated greenhouse gas inventory certification in 2017. We voluntarily conducted independent inventories of greenhouse gas emissions to all domestic locations in 2021 and 2022. As of April 18, 2023, the greenhouse gas emissions from our domestic and international business locations and office buildings was verified by 	None

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Abstract Illustration									
(2) Does the bank endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	✓		<p>an external agency (BSI) with a verification coverage rate of 100%.</p> <ul style="list-style-type: none"> Reducing CO2 emissions is a responsive action to all humans facing climate risks. As the Bank’s major greenhouse gas emissions come from electricity, energy conservation is considered the trigger for carbon reduction. We set 2017 as the baseline year and aim to achieve an 18% reduction by 2025 and a 23% reduction by 2030. In line with the government’s net-zero carbon emissions policy, the Bank gradually moves towards net-zero carbon emissions by 2050. The Bank continuously manages targets and promotes various energy-saving plans. In 2022, the electricity consumption was 10,387,093 kWh, a decrease of 11.13% compared to the previous year. <table border="1"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2021</th> <th>Decrease Rate (%)</th> </tr> </thead> <tbody> <tr> <td>Electricity (kWh)</td> <td>10,387,093</td> <td>11,687,443</td> <td>11.13</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The Bank is committed to enhancing the efficiency of various resource utilization and using low-environmental-impact renewable materials as follows: <ol style="list-style-type: none"> In order to further demonstrate our commitment to sustainable environment and take practical actions, the Bank installed the first solar photovoltaic system on the roof of Taoyuan Building in 2022. It started generating electricity on March 25, 2023. The Bank uses environmentally friendly recycled materials to make employee uniforms, in order to implement the concept of circular economy, improve resource utilization efficiency, and reduce environmental impact. The Bank launches E-Learning platform to replace the traditional classroom training. It can reduce the transportation time, the air pollution and carbon emission from the traffic, and also save paper waste. The Bank promotes paperless operations in the office and branch, such as: adopting electronic document system, electronic workflows, and etc. The Bank also optimizes its digital platforms to continuously increase its usage rate. Due to that, the clients will be more willing to use the platform instead of going to branch in person. It will reduce the carbon footprint and paper use for branch operation. The Bank replaces high-energy-consuming devices year by year, and purchases green energy products with energy-saving, green-building material, environmental protection and water saving certification logos. The amount of green purchases in 2022 is about NT\$28.71 million. The Bank received 	Item	2022	2021	Decrease Rate (%)	Electricity (kWh)	10,387,093	11,687,443	11.13	None
Item	2022	2021	Decrease Rate (%)									
Electricity (kWh)	10,387,093	11,687,443	11.13									

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the bank assess the present and future potential risks and opportunities to business from climate change and take action on climate-related issues?	✓		<p>public recognition from the Taipei Environmental Protection Bureau as "Green Procurement Model Unit of 2022".</p> <p>6. The Bank popularizes waste separation and reduction, resources recycling, energy conservation and carbon reduction.</p> <ul style="list-style-type: none"> ■ According to "Task Force on Climate-related Financial Disclosures", the Climate-related Risks are composed of Physical Risks, including Acute Risk and Chronic Risk, and Transition Risks, including Policy and Legal Risks. In addition, the Climate-related Opportunities are related to Resource Efficiency, Energy Source, Products and Services, Markets and Resilience. By the end of 2022, the identifications of the Bank's risks and opportunities from climate change were completed. <ul style="list-style-type: none"> ■ Climate Risk <ul style="list-style-type: none"> ■ There are two significantly physical risks with the countermeasures being set up. Firstly, the natural disasters lead to the disruption of online and physical banking. In consequence, the revenue and customer satisfaction are affected. Secondly, the value of the corporate and individual collateral decreases because of the natural disaster. Consequently, the Bank's collateral value is affected and the risk increases. ■ There's only one significant transition risks, carbon fee/tax. Carbon fee/tax will cause counterparty's profit goes down, and then affect bank's asset value and investment income. ■ Climate Opportunities <ul style="list-style-type: none"> ■ There are two significantly opportunities with implementation. Firstly, the Bank strengthens resources recycle to alleviate the environment impacts and reduce the operational costs. Secondly, through the online services/digital technology, the Bank reduces resources wasted by the traditional services and improves convenience of financial services to customers. ■ In order to learn about the effect of climate risks, scenario analysis is used for climate risks assessment. Setting "global average temperature raised over 4°C" as future scenario, the Bank presumes possible climate-related disaster, law amendment in need, and impact of climate risks in the future. ■ Physical risks is estimated based on the scenario of "global average temperature raised over 4°C", using climate-related public database to clarify the exposure and vulnerability, then combining clarified data with floor spaces and age of real estate to assess physical risks. According to the physical risk assessment, the Bank's physical risks impact is not significant, as there is just a few collaterals located in high climate-risk 	None

Evaluation Item	Implementation Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	
(4) Does bank counted greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	✓		None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																				
	Yes	No	Abstract Illustration																					
			<p>as follows:</p> <ol style="list-style-type: none"> 1. Uses energy-saving lamps and power-saving air conditioners in new branches and in some office buildings. 2. Sets air-conditioning temperature at 26 ° C ~ 28 ° C and reduces working hours. 3. Replaces by the most power-saving lighting, such as T8 for T5 or T5 for LED. 4. Sets low-energy mode, and shuts down personal computers and public OA equipment automatically if the machines are not used for a long time. 5. Shut down some elevators in non-peak hours. 6. Reviews energy saving effectiveness for water and electricity consumption, on a quarterly basis and by every unit. 7. Equips the barrier-free toilet faucets in new branches with water-saving function, and replaces general faucets with water-saving toilets. 8. Implements garbage sorting and resource recycling, separates general garbage from recyclable ones. <ul style="list-style-type: none"> ■ The primary energy consumption of the Bank is electricity, followed by gasoline consumption of company cars. In order to continuously improve environmental management and identify opportunities for energy conservation, the Bank sets short-term (1-2 years), medium-term (3-5 years), and long-term (6-8 years) greenhouse gas reduction targets at 2%, 3%, and 3%, respectively, for Category 1 and Category 2 emissions, based on the 2022 as the baseline year. ■ Over the past two years, the Bank's greenhouse gas emissions, water consumption, and total waste weight are as follows: <table border="1"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2021</th> <th>Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gases Category 1&2 (metric tons of CO₂e)</td> <td>5,622.31</td> <td>6,518.25</td> <td>(895.94)</td> </tr> <tr> <td>Greenhouse gases Category 3~5 (metric tons of CO₂e)</td> <td>1,791.47</td> <td>2,109.92</td> <td>(318.46)</td> </tr> <tr> <td>Water consumption (degree)</td> <td>66,858</td> <td>64,373</td> <td>2,485</td> </tr> <tr> <td>Waste (ton)</td> <td>165.95</td> <td>239.56</td> <td>(73.61)</td> </tr> </tbody> </table> <p>Note: The greenhouse gas emissions (including Category 1 and 2), water consumption, and waste of the Bank in 2022 were verified by British Standards Institution (BSI).</p>	Item	2022	2021	Increase (Decrease)	Greenhouse gases Category 1&2 (metric tons of CO ₂ e)	5,622.31	6,518.25	(895.94)	Greenhouse gases Category 3~5 (metric tons of CO ₂ e)	1,791.47	2,109.92	(318.46)	Water consumption (degree)	66,858	64,373	2,485	Waste (ton)	165.95	239.56	(73.61)	
Item	2022	2021	Increase (Decrease)																					
Greenhouse gases Category 1&2 (metric tons of CO ₂ e)	5,622.31	6,518.25	(895.94)																					
Greenhouse gases Category 3~5 (metric tons of CO ₂ e)	1,791.47	2,109.92	(318.46)																					
Water consumption (degree)	66,858	64,373	2,485																					
Waste (ton)	165.95	239.56	(73.61)																					
4. Social issues																								
(1) Does the bank formulate appropriate management policies and procedures	✓		<ul style="list-style-type: none"> ■ Following various labor laws and international human rights conventions, the Bank formulates "work rules" and personnel management guidelines. Also, the Bank 	None																				

Evaluation Item	Implementation Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
according to relevant regulations and the International Bill of Human Rights?			protects employees' labor rights and maintains gender equality in workplace.
(2) Does the bank establish and implement reasonable staff benefits measures (including remuneration, leave and other benefits) and reflect its operating performance or results appropriately in staff remuneration?	✓	■	Please refer to the "Employee Welfare Measures" and "Labor-Management Agreements and Various Employee Interest Protection Measures" section on page 126-127.
(3) Does the bank provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓	■	Please refer to the "Workplace Safety and Employee Psychology Health Maintenance" section on page 127-128.
(4) Does the bank provide its employees with career development and training sessions?	✓	■	Please refer to the "Employee Training and Development" and "Training and Development Plan in 2023" section on page 114-115.
(5) Does the bank comply with relevant regulations and international standards, and develop relevant consumer protection policies and grievance procedures for customer health and safety, customer privacy, marketing and labeling of products and services?	✓	■	<ul style="list-style-type: none"> ■ The Bank formulates "FEIB Financial Consumer Protection Act" and "FEIB Handling Procedures for Financial Consumer Disputes" for compliance. ■ The products and services of the Bank are in compliance with the relevant regulations and standards. ■ Changes in products and services (e.g., standard contracts, notifications of changes in customer rights) are also processed in accordance with regulations or governing rules stipulated by the competent authority. ■ In line with "Client-Friendly Financial Service Principle", FEIB installs barrier-free facilities for customers. These facilities are fully complied with the "Design Specifications of Accessible and Usable Buildings and Facilities" and "The Operation Directions of Submitting Alternative Improvement Plans for the Access-free Facilities in the Existing Public Buildings" announced by Construction and Planning Agency, Ministry Of The Interior. ■ To secure customer privacy, FEIB sets up policies and procedures, including "Personal Information Management Procedures", "Personal Information Management Policies", "Personal Information Management KPI", "Personal Information & Data Management SOP", and "Personal Information Handling at Work Places for Retail Banking", etc. FEIB needs to keep customer data in confidential and follows the data security guideline when personal informational documents were taken out of the offices. Any violation will be reported immediately

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
			<p>per "FEIB Personal Data Security Incident Notification and Handling Guidelines" and "Employee Reward and Punishment Guideline".</p> <ul style="list-style-type: none"> ■ Marketing & Labelling <ul style="list-style-type: none"> ■ Per "FEIB Investment Product Review Guideline", product features, market analysis, and related risk have to be disclosed and reviewed before put the products on the shelves. ■ Per guidelines like "Know Your Customer Standard", "Business Promotion and Account Risk SOP", "Fair Treatment to Seniors ", and "Customer Protection Management", the Bank has to evaluate client's investment risk tolerance, review the appropriateness of the risk profile, and ensure the confirmation mechanism in place for those transactions exceeding certain amounts. ■ Per FEIB's "Control Standard Operating Procedure (SOP) for Advertisements, Business Solicitation, and Promotion" and "Business Promotion and Account Risk SOP", the following activities have to be reviewed by Legal & Compliance Department: advertisement fees and rewards to external agencies, disclosure of customer information and privilege clauses, official website announcements, risk and fees disclosed in contracts. The official website offers various standard contracts for customers to download. Investment Disclosure Section covers changes of fund management. ■ Customer Interest Protection and Appeal Procedures <ul style="list-style-type: none"> ■ The Bank enacts "Treat Customers Fairly Policies" and reports execution outcome to the Board periodically. The Bank sets up "Consumer Dispute Handling Mechanism and SOP", "Consumer Dispute Handling Guideline" and "Consumer Dispute Case Handling Procedure" to regulate the appeal case handling procedures and turnaround time. All business units shall analyze the root causes of dispute cases, and review the operating process for future improvements. ■ Provide convenient access by customers to raise complaints: FEIB has a 24-hour customer service hotline (local call: 0800-261-732, mobile phone and outer islands: 02-8073-1166), Intelligent Customer Service -Xiaole, a 24-hour customer complaint hotline (0800-213-198), and a service mailbox (service@feib.com.tw) available to customers. All the above information is disclosed on the website. 	
(6) Does the bank have a supplier management policy that requires suppliers to comply with the relevant norms on	✓		<ul style="list-style-type: none"> ■ The Bank has guidelines like "Supplier Social Responsibility Management Essentials", for requirement of labor and human rights protection, health and safety workplace, environmental protection and ethics standard. The suppliers need to 	None

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
issues such as the environment, occupational safety and health, or human rights in the workplace, and its implementation?			<p>comply with the essentials and sign the “Supplier Social Responsibility Commitment”, “Supplier Social Responsibility Self-Assessment Form”, “Supplier Corruption and Bribery Risk Assessment Form” before engaging transaction with the Bank. The Bank’s purchasing unit sets up different evaluation criteria, and contains criteria in contracts to ensure suppliers’ compliance (e.g., ISO qualification, etc.). In 2022, the bank did not find any negative news of suppliers in violation of human and labor rights.</p> <ul style="list-style-type: none"> ■ Besides evaluating credit quality, technology standard and financial status of major suppliers which sign “Supplier Social Responsibility Commitment” already, the Bank also evaluates environmental protection, social responsibility, labor conditions and environmental protection of suppliers. The evaluation result is published on the official website. 	
5. Does the bank prepare social responsibility report within reference in international standard? Is the report certified by third party for affirmative opinion?	✓		<ul style="list-style-type: none"> ■ The Bank’s 2021 Sustainability Report followed the Global Reporting Initiative’s (GRI), Sustainability Reporting Standards (GRI Standards), and was certified by a CPA. 	None
6. If the Bank has established the sustainable development principles based on “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: None				
7. Other important information to facilitate better understanding of the bank’s sustainable development practices: Please refer to page 119-122				

Table 1: Risk assessments of important issues on the basis of the principle of corporate sustainable development and risk management policies or strategies

Important Issues	Risk Assessment Items	Risk Management Policies or Strategies
Environment	Environmental Impact and Management	<ul style="list-style-type: none"> ■ The Bank applies "Task Force on Climate-related Financial Disclosures" to identify climate risk. <ul style="list-style-type: none"> ■ The Bank identifies the short, mid, and long term risk and opportunity related to the climate by the climate risk matrix and ranks the risk exposure for the customer collaterals in midterm, buildings and warehouses in long term by the analysis of potential flooding and landslide disasters. ■ The Bank identifies 6 risks and 5 opportunities of the climate on the organization business by investigating with the risk questionnaires. ■ The bank established the Environmental and Energy Management Committee, chaired by the General Manager, to plan and integrate environmental and energy management throughout the bank. The committee examines environmental impacts from all aspects of the value chain, and introduced international standards certifications such as ISO 14001, ISO 50001, and ISO 14064-1. The bank also established environmental and energy management standards and greenhouse gas inventory management procedures to effectively execute carbon reduction, energy conservation, water conservation, and waste management control. The goal is to comprehensively improve environmental management effectiveness and commit to environmental protection mental regulations.
	Branches safety	<ul style="list-style-type: none"> ■ Compare the environmental and climate-related data in the location selection of branches, avoiding the sea, low-lying places or geologically unstable places. ■ Establish disaster prevention and mitigation measures such as waterproof gates and sandbags in branches and offices. ■ Establish emergency response measures and take the General Administration Department as the special unit, set up the Build Duty Officer System and emergency response procedures for each unit, grasp the focus of the accident within 30 minutes of the accident, notify the senior executives and initiate crisis management.
Social	IT equipment safety, operation continuity	<ul style="list-style-type: none"> ■ Establish emergency response measures and take the General Administration Department as the special unit, set up the Build Duty Officer System and emergency response procedures for each unit, grasp the focus of the accident within 30 minutes of the accident, notify the senior executives and initiate crisis management.
	Socioeconomic and compliance	<ul style="list-style-type: none"> ■ Ensure all personnel and operations in compliance with relevant laws and regulations by establish governance organizations and implementation of internal control systems.
Corporate Governance	Strengthen the functions of the board of directors	<ul style="list-style-type: none"> ■ Increase support for directors' execution of business, and provide irregular letters/trend information/latest laws and regulations related to directors or corporate governance, so that directors can keep abreast of relevant information ■ Take out liability insurance for all directors to reduce the legal risk and financial risk of directors and protect the possible damage due to the performance of their duties. ■ Found "Enterprise Sustainable Committee" which reports to the Boards of Directors to supervise the implementation of the sustainable development. ■ Embed the "Enterprise Sustainable Development" as the goal of the risk management. ■ Expand "Definition of Climate Change and Environment Risk" in the Risk Management Policy. Supervise the climate risk management according to the designed duties of the Boards of Directors. ■ The Board of Directors approved the "Climate Change and Environment Risk Management Guidelines" in Nov. 2022, specifying the management scope, objectives, procedures, organization and responsibilities of climate change and environmental risks, so as to implement the climate change and environmental risk management.
	Stakeholder Communication	<ul style="list-style-type: none"> ■ Set up a spokesperson, acting spokesperson and a dedicated department for investor relations to provide a channel for investors to contact and

Important Issues	Risk Assessment Items	Risk Management Policies or Strategies
	Internal control and regulations compliance	<p>respond to opinions.</p> <ul style="list-style-type: none"> The Bank certainly formulates the credit policy which should comply with the public welfare to assist the corporations in Taiwan to implement the low carbon transition. Apart from credit checking and credit appraisal which should comply with the guidelines mentioned above, the notifications for significant issue in the post loan management should include the negative media reports to improve the supervision of loan portfolio. From 2022, against the high risk industry in ESG, the high carbon emissions industry as well as the controversial industry, such as illicit arms, Tabaco manufacture, illegal gambling, sex establishment, gillnetting manufacture, illegal fishing, the lists for the related examination in the process of crediting application should be established and as a reference for the credit appraisal.

(8) Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the bank have a policy of good faith management approved by the board of directors, and clearly state the policy and practice of good faith management in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the policy?</p>	✓		<ul style="list-style-type: none"> The "Ethical Corporate Management Best-Practice Principles" adopted by the Bank's 3rd meeting of the 9th term Board of Directors on November 6, 2015, was amended by the board resolution on March 23, 2020 in the 8th meeting of the 10th term Board of Directors, which clearly stated the policies and practices of the Bank's integrity management, and the commitment of the Board of Directors and the management for active implementation. More than that, the bank adopted the "Ethical Behavior Standard" and "Employee Behavior Standard" to clarify the integrity of employees' behavior. The bank regularly provided regulation education to employees. The board of directors and management also actively implement the company's integrity management in accordance with company law, securities trading law, other relevant laws and regulations and internal procedures of the company. 	None
<p>(2) Does the bank establish policies to prevent unethical conduct with clear statements regarding relevant procedures, which at least covers the prevention measures of the behaviors of Article 7, paragraph 2, "Ethical Corporate Management Best</p>	✓		<ul style="list-style-type: none"> The Bank formulated "Ethical Corporate Management Best-Practice Principles", which clearly regulated the behavior of business activities. In addition, we regularly educate employees and supervise them to sign the "Employee Behavior Standard" every year to prevent the occurrence of business activities with a higher risk of dishonest behavior. The Bank implemented unethical conduct risk 	None

Evaluation Item	Implementation Status		Summary description	Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
Practice Principles for TWSE/GTSM Listed Companies?"			assessment ,which procedures covers the prevention measures of the behaviors of Article 7, paragraph 2, "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"	
(3) Does the bank implemented and regularly reviewed the procedures, conduct guidelines, disciplinary and grievance systems for non-compliance as set out in the anti-dishonest action plan?	✓		<ul style="list-style-type: none"> Please refer to the "Employee Behavior and Ethics Standards" section on page 116-118, and "Labor Relations" section on page 126-128 of this annual report. The bank has established "Codes of Ethical Conduct". 	None
2. Execution of integrity policy				
(1) Does the bank evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		<ul style="list-style-type: none"> When entering into contracts with the trading counterparties, the Bank has included the ethical conduct provisions if practicable 	None
(2) Does the bank set up a dedicated unit under the board of directors to promote business integrity and report to the board of directors on a regular basis (at least once a year) the bank's integrity policy, prevention plan and supervision?	✓		<ul style="list-style-type: none"> The integrity management steering group was founded. In addition, The Bank formulated "Ethical Corporate Management Best-Practice Principles", " Codes of Ethical Conduct ", "Employee Behavior Standard" and" Codes of Informing against Illegal, Unmoral and Lacking in Sincere Conduct". The integrity management steering group report to the board of directors regularly. Furthermore, directors not only conduct the loyalty and shall exercise the due care of a good administrator with highly self-discipline and prudence to supervise the bank's operation and financial performance but also ensure that the integrity management policy has executed properly. 	None
(3) Does the Bank establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		<ul style="list-style-type: none"> Directors avoided discussing or voting on any interest-of-conflict proposal. They also cannot exercise the voting right on behalf of other directors in this case. Regarding to" Codes of Ethical Conduct " and "Employee Behavior Standard", employee cannot handle any case related to themselves, their spouse, or their third-degree relatives. If employee's spouses or relatives by blood or by marriage within the third degree of kinship are employees of the Company, these persons shall comply with the principle of preventing conflicts of interest. 	None
(4) Does the bank established an effective accounting system and internal control system for implementation of integrity management, and the internal	✓		<ul style="list-style-type: none"> The Bank's accounting policies are based on generally accepted accounting principles. All financial statements are audited or reviewed by Deloitte & Touche in accordance with relevant regulation. 	None

Evaluation Item	Implementation Status		Summary description	Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
audit department has drawn up the relevant audit plan based on the evaluation results of dishonesty risk, and checked the compliance to prevent dishonesty, or entrust an accountant to perform the audit?			<ul style="list-style-type: none"> ■ The audit unit have conduct unethical risk assessment for medium risk or above (inclusive) 	
(5) Does the bank regularly hold internal and external educational trainings on operational integrity?	✓		<ul style="list-style-type: none"> ■ The Bank regularly provide educational training courses of operational integrity: Total participation in 2022: 2,510 	None
3. Operation of whistleblower guideline				
(1) Does the bank establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		<ul style="list-style-type: none"> ■ Please refer to the "Labor Relations" section on page 126-128 of this annual report. 	None
(2) Does the bank established standard operating procedures for handling the investigation, follow-up measures to be taken after the investigation and relevant confidentiality mechanisms?	✓		<ul style="list-style-type: none"> ■ Please refer to the "Labor Relations" section on page 126-128 of this annual report. 	None
(3) Does the bank provide proper whistleblower protection?	✓		<ul style="list-style-type: none"> ■ Please refer to the "Labor Relations" section on page 126-128 of this annual report. 	None
4. Strengthening information disclosure Does the Bank disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		<ul style="list-style-type: none"> ■ The Bank formulated "Ethical Corporate Management Best-Practice Principles". The context of the principles and results of our implementation have been published on the official website. 	None
5. If the Bank has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. None.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., reviews and amends its policies). The Bank has promulgated "Ethic Corporate Social Responsibility Best-Practice Principles". And it will continue reviewing and revising in response to the integrity management needs. For sustainable development, the bank applied integrity management into its corporate culture.				

(9) Corporate Governance Guidelines and Regulations

The Bank's "Corporate Governance Principle" was formulated based on "Best Corporate Governance Practices of Banks" and "Best Corporate Governance Practices of TWSE/TPEX". Please refer to the Bank's website (<https://www.feib.com.tw/>).

(10) Other Important Information Regarding Corporate Governance

The Bank has set up "Statutory Public Disclosure" section on the Bank's website to disclose information on operations, dividends, stock price, corporate governance, spokesperson contact, etc. The Bank dedicates to enhance transparency of information and protection of investor rights. In addition, the Bank has set up "Rule of Preventing Insider Trading of the Bank and Its Invested Entities" as the basis for the Bank's major information processing and disclosure mechanism and reviewed these measures from time to time to meet current legal and practical management needs. The rule is posted on corporate governance of the Bank's website for all employees' checking. The Bank also issues "The Noticeable Issues of Shareholding Change of the Bank's Insiders" as reminder to related parties. The 2022 Corporate Governance Evaluation Results ranked the Bank in top 5 percentile of Taiwan's listed companies.

(11) Internal Control System

A. Statement of Internal Control system of FEIB

Far Eastern International Bank Co., Ltd. Statement on Internal Control System

On behalf of Far Eastern International Bank Co., Ltd., we hereby certify that in the period from January 1, 2022 to December 31, 2022, the Bank duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing its internal control system, conducting risk management, designating an independent audit department to conduct audits, and presenting reports to the Board of Directors and Audit Committee on a regular basis. And duly complied with the provisions subparagraph 5 of Article 38 and Article 38-1 of the previous regulations, and the self-disciplinary regulations of information security by the bankers association. With regard to the securities business, the Bank assessed the effectiveness of the design and implementation of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" promulgated by the Securities and Futures Bureau, Financial Supervisory Commission. With regard to the Bank's concurrent conducting of insurance agent or Insurance Broke business, the Bank assessed the effectiveness of the design and implementation of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies" promulgated by the Financial Supervisory Commission. After prudent evaluation, we hereby certify that except items listed in the attachments, the internal control, the legal compliance systems and the overall implementation of information security of all departments were effectively implemented during the year.

This Statement will be included as a major component of the Bank's annual report and other prospectuses and disclosed to the public. Any information contained in this Statement that is found to involve falsification, concealment, or other illegalities shall be subject to legal liabilities prescribed in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

The Statement is submitted to the Financial Supervisory Commission

Declarant

Chairman : Hou, Ching Ing

President : Chou, Thomas

Chief Auditor : Huang, Chih Wei

Chief Compliance Officer : Yeh, Yu Ching

Chief Information Security Officer : Liu, Lonnie

March 2, 2023

Far Eastern International Bank Co., Ltd.
Improvement Plan of Internal Control System
(Base Date: December 31, 2022)

Item for Improvement	Improvement Measures	Scheduled Date of Completion
The Financial Supervisory Commission imposed a fine of NT\$600,000 on FEIB for receiving the commission-equivalent remuneration in the name of other expenses from the insurance companies without actually engaging in insurance solicitation.	<ol style="list-style-type: none"> 1. The business service fee has been adjusted based on the competent authority criteria and the new contract has been signed to comply with the regulation. 2. "Operation Specification for Credit Card Customer Information Sharing by the Department of Product Development" has been added. 	Completed.
The Financial Supervisory Commission thinks that frequently switching the investment objects and charges fees for Investment Link Product -buying elderly customers, fails to effectively understand and evaluate the needs of proposers. Require to discuss and strengthen the inspection of the appropriateness of switching investment objects within 1 month.	<ol style="list-style-type: none"> 1. Implemented the rules of "switching investment objects is not included in the personal performance of salesmen" to prevent the salesmen from frequently persuading customers to switch the investment objects. 2. Established control rules for the unusual cases of switching the same investment objects. 3. Added telephone/face-to-face interview rules for elderly customers changing the investment objects. 	Completed.

B. CPA Report

None

(12) Law Violations Resulting in Punishment, Major Deficiencies and Rectification Measures Adopted during the Most Recent Fiscal Two Years and Up to the Publication Date of the Annual Report

A. Prosecution against the Responsible Person or Employee for Criminal Conduct

None

B. Fines Imposed by the FSC for Violations. (During the most recent fiscal two years and up to the publication date of the annual report)

(a) Major Deficiency: (Aug 10, 2022)

The FSC imposed an administrative fine of NT\$600,000 after discovering that the Bank's solicitors, when operating insurance agent business, collected compensations equivalent to commissions from the insurance company without actually engaging in insurance solicitation, which constituted a violation of collecting money from the insurance company in the name of other expenses.

Status of Improvement:

- The business service fee has been adjusted based on the competent authority criteria, and re-sign the "Joint Business Promotion Agreement" with the insurance company.
- The "Directions for Credit Card Users' Project" (Version 2022.04) has been revised, and related businesses are executed in accordance with the directions.

- Added the "Directions for Product Development Department to Handle Information Sharing of Credit Card Users".

C. Disciplinary Actions Taken by the FSC Pursuant to Article 61-1 of the Banking Act
None.

D. Punishment of Internal Personnel for Violating the Internal Control System.

- A staff kept customer's transactional application and had cash flow with a customer, a staff wrongly investigated data from Joint Credit Information Center because of operation system setting error, staffs and supervisors, who were wrongly paid to service provider due to operation negligence, above who and his/her supervisor were punished by the resolution of the first personnel review committee in 2021.
- A staff kept customer's transactional application, who and his supervisor were punished by the resolution of the second personnel review committee in 2021.

E. Disclosures of a Total Loss Exceeding NT\$50 million in Each Fiscal Year due to Corruptions of Employees, Major Incidental Cases or Safety Accidents Caused by Failure to Actually Perform Safety Maintenance Work.

None.

F. Other Necessary Disclosures Prescribed by FSC

None.

(13) Major Resolutions of Shareholders' Meeting and Board Meetings

A. Major resolutions of Shareholders' Meeting

Session	Date	Major resolutions	Execution		
2022 Shareholders' Meeting	Jun 21, 2022	2021 Business Report and Financial Statements	On Aug 12, 2022, The Board of Directors approved the ex-right date of dividends on September 12, 2022, and all dividends were paid on October 6, 2022. (Cash dividend per share is NT\$0.430, Stock dividend per share is NT\$0.158)		
		Proposal of 2021 Earnings Distribution			
		Proposal of Issuing New Shares - to Capitalize Shareholder Dividends			
				Amendment to the Articles of Incorporation of Far Eastern International Bank	The changes have been approved by the Minister of Economic Affairs on Jul. 12, 2022 and published on the official website.
				Amendment to the Rules Governing the Conduct of Shareholders' Meeting of Far Eastern International Bank	N/A
				Amendment to the Director Election Method	N/A
				Amendment to the Guidelines for Acquisition or Disposal of Assets	Announced on the website on Jun 21, 2022 and handled in accordance with the revised procedures
		Proposal of Private Placement - to Issue Common Shares, Preferred Shares, Convertible Bonds or a Combination of Above Securities to Specific Parties	Per resolution, the notion is yet to be actually implemented, pending locating the suitable partners.		

B. Major Resolutions of Board Meetings

Session	Date	Major resolutions
4 th meeting of 11 th Board of Directors	Mar. 03, 2022	<ul style="list-style-type: none"> ■ 2021 Financial Statements and Consolidated Financial Statements. ■ 2021 Earnings Distribution. ■ 2021 Proposal of Issuing New Shares – to Capitalize Shareholder Dividend. ■ Proposal of Private Placement – to Issue Common Shares, Preferred Shares, Convertible Bonds or A Combination of Above Securities, maximum 10 billion NT dollars or foreign currency equivalent in total. ■ The 2022 Shareholders' Meeting will held on June 21, 2022 and the proposal period of the 2022 shareholders' meeting is from April 18, 2022 to April 27, 2022. ■ Amendment to "Rules for Election of Directors" ■ Amendment to "Fair Dealing Policy" ■ Amendment to "Financial Consumption Dispute Resolution System" ■ Amendment to "Foreign Currency Portfolio Investment Standards" ■ Amendment to "Risk Management Policies", and three management principles of credit risk/market risk/operational risk ■ Amendment to "Interest Rate Management Risk Guidelines"
5 th meeting of 11 th Board of Directors	May. 5, 2022	<ul style="list-style-type: none"> ■ 2022 Q1 Consolidated Financial Statements ■ Handle cash capital increase and issue common stock ■ The 2022 Shareholders' Meeting was changed to a video-assisted shareholders' meeting and a new proposal ■ The purchase of B5 adjusts the conditions for the establishment of the transaction ■ Amendment to "the Articles of Incorporation of Far Eastern International Bank" ■ Amendment to "the Rules Governing the Conduct of Shareholders' Meeting of Far Eastern International Bank" ■ Amendment to "Guidelines for Acquisition or Disposal of Assets" ■ Amendment to Amendments to the "Precautions for Preventing Money Laundering and Combating Terrorism (Concurrently Operating Insurance Agency Business)" ■ Amendments to the "Procedures for Self-Business of Foreign Bonds" ■ Amendments to the "Insurance Internal Control and Solicitation Procedures" ■ Amendments to the "Procedures for Handling Data Sharing among Financial Institutions"
6 th meeting of 11 th Board of Directors	Jul 12, 2022	<ul style="list-style-type: none"> ■ The Bank built its own office premises of the head office, and the preliminary joint construction planning of subsequent buildings, etc., were included in the overall transaction and submitted to the board of directors
7 th meeting of 11 th Board of Directors	Aug. 12, 2022	<ul style="list-style-type: none"> ■ 2022 First Half Financial Statements and Consolidated Financial Statements. ■ The board of directors authorizes the chairman to determine the ex-dividend (right) and capital increase base date of the Bank's 2021 profit distribution plan, and adjust the dividend (share) ratio ■ Employee stock subscription for cash capital increase ■ Amendment to "Internal Audit Standards" and "Internal Audit Notes" ■ Amendment to "Precautions for Preventing Money Laundering and Combating Terrorism" ■ Amendment to "principle of fair treatment" policy and the strategy of "principle of fair treatment" of each business group ■ Amendment to the name and some provisions of the "Corporate Social Responsibility Code of Practice" ■ Amendment to "Employee Remuneration Distribution Method" ■ Amendment to "Insurance Internal Control and Solicitation Procedures"
1 st extraordinary meeting of 11 th Board of Directors	Aug. 18, 2022	<ul style="list-style-type: none"> ■ Determining the ex-dividend (rights) and capital increase base date of the 2022 year surplus distribution plan

Session	Date	Major resolutions
8 th meeting of 11 th Board of Directors	Nov. 3, 2022	<ul style="list-style-type: none"> ■ Consolidated financial statements for the first three quarters of 2022 ■ Amendments to "Material Information Handling Guidelines" ■ Amendments to "Rules of Procedure of the Board of Directors" ■ Amendments to "Intellectual Property Management Plan and Policy" ■ Amendments to "Climate Change and Environmental Risk Management Standards" ■ Amendments to "National Risk Quota Management Guidelines" ■ Amendments to "Code for Counterparty Credit Risk Management" ■ Amendments to the "Procedures for Self-Business of Foreign Bonds" ■ Relocation of Zhongli Branch

(14) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors:

None.

(15) Resignation or Dismissal of the Bank's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, and Internal Audit, and Corporate Governance Officer.

None.

4. Information on CPA audit fees

Unit: NT\$ Thousands

Accounting Firm	Name of CPA		Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Deloitte & Touche	Chun-Hung Chen	Ying-Chou Chen	2022	6,570	7,887	14,457	None

Note : Non-audit fees include internal control review, IT governance consultation service, AML/CFT consultation service, TCFD and Equator Principles implement service, FATCA and CRS consultation service, and so on.

(1) Changed Accounting Firm with Less Audit Fee Paid Compared to the Previous Year:
Not applicable.

(2) Audit fee Decreased Over 10% Compared to the Previous Year:

Not applicable.

5. Replacement of CPAs

None

6. Chairman, President, and Managers in Charge of Finance or Accounting who Holds Any Position in the Bank's Independent Auditing Firm or Its Affiliates in Recent Years

None.

7. The Changes in Shareholding

(1) Article 11 of the "Guiding Principles Governing Directors, Managers or Their Related Parties, if Holding More Than Certain Percentage of the Same Bank's Shares with Voting Rights" Stipulates that Any Shareholding Changes to the Aforementioned Shareholders Shall Be Reported

Unit: share

Title	Name	2022		As of February 28, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairperson	Yue Ding Industry Co., Ltd. Representative: Ching-Ing Hou	*1,388,301 284	- -	- -	- -
Vice Chairman	Douglas Tong Hsu	866,097	-	-	-
Executive Director	Far Eastern New Century Corp. Representative: Shaw Y. Wang	*11,913,521 229,780	- -	- -	- -
Executive Director	Asia Cement Corp. Representative: Tsung-Ming Chung	*10,707,017 -	- -	- -	- -
Director	Far Eastern New Century Corp. Representative: Humphrey Cheng	*11,913,521 -	- -	- -	- -
Director	Far Eastern New Century Corp. Representative : James Wu	*11,913,521 -	- -	- -	- -
Director	Asia Cement Corp. Representative: Shi-Chun Hsu	*10,707,017 -	- -	- -	- -
Director	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	*10,699,312 -	- -	- -	- -
Independent Director, Managing Director	Hsiao Hui Wang	-	-	-	-
Independent Director	Susan S. Chang	-	-	-	-
President	Thomas Chou	867,446	-	-	-
Chief Executive Vice President	Jiann Jong Lin	786,306	-	-	-
Senior Executive Vice President	Ben Liao Ru	704,681	-	-	-
Executive Vice President	Simon Tai	455,057	-	-	-
Executive Vice President	Sophie Chang	47,323	-	-	-
Executive Vice President	Steve Chi	322,219	-	-	-
Executive Vice President	Lonnie Liu	402,026	-	-	-
Executive Vice President	James Dai	368,001	-	-	-
Executive Vice President	Shin Hwa Chou	186,636	-	-	-
Executive Vice President	Ying Ching Hu	319,305	-	-	-
Chief Auditor	Chih Wei Huang	104,554	-	-	-
Chief Compliance Officer of the Head Office	Elaine Yeh	250,488	-	-	-
Senior Deputy Executive Vice President	Hui Ling Chen	113,229	-	-	-
Senior Deputy Executive Vice President	Roger Lo	6	-	-	-
Senior Deputy Executive Vice President	Vincent Liu	157,004	-	-	-
Senior Deputy Executive Vice President	Yueh Hua Wu	75,365	-	-	-
Senior Deputy Executive Vice President	Bob Chen	11,314	-	-	-
Senior Deputy Executive Vice President	Isabel Chen	16,296	-	-	-
Senior Deputy Executive Vice President	Bruce Lo	130,682	-	-	-
Senior Deputy Executive Vice President	Civi Tsai	84,797	-	-	-
Senior Deputy Executive Vice President	Cindy Chen	146,034	-	-	-
Senior Deputy Executive Vice President	Chingh Siang Chen	20,022	-	-	-
Senior Deputy Executive Vice President	Teu Wei Kuo	55,000	-	-	-
Senior Deputy Executive Vice President	Yi Chen Wang	110,000	-	-	-

Title	Name	2022		As of February 28, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Deputy Executive Vice President	Alex Kao	4	-	-	-
Senior Deputy Executive Vice President	Ines Hong	13	-	-	-
Senior Deputy Executive Vice President	Din Chan Chen	90,940	-	-	-
Senior Deputy Executive Vice President	Yu Ching Chiu	-	-	-	-
Senior Deputy Executive Vice President	Jen Yu Tang	-	-	-	-
Deputy Executive Vice President	Margaret Du	122,057	-	-	-
Deputy Executive Vice President	Chiung Yu Song	141,003	-	-	-
Deputy Executive Vice President	Emily Chou	109,993	-	-	-
Deputy Executive Vice President	Joy Tien	(2,940)	-	-	-
Deputy Executive Vice President	An Li Ma	98,358	-	-	-
Deputy Executive Vice President	Senh Sing Pei	102,388	-	-	-
Deputy Executive Vice President	Teresa Lo	80,000	-	-	-
Deputy Executive Vice President	Frank Song	11,102	-	-	-
Deputy Executive Vice President	Shu Yun Cheng	67,664	-	-	-
Deputy Executive Vice President	Kuo Ying Huang	(17,372)	-	(6,000)	-
Deputy Executive Vice President	Felicia Tseng	80,000	-	-	-
Deputy Executive Vice President	Warren Ko	50,000	-	-	-
Deputy Executive Vice President	Starsky Chiang	80,000	-	-	-
Deputy Executive Vice President	Wen Ming Yang	83,860	-	-	-
Deputy Executive Vice President	Audrey Lin	60,139	-	-	-
Deputy Executive Vice President	Karry Tsai	97,243	-	-	-
Deputy Executive Vice President	Justice Chang	80,000	-	-	-
Deputy Executive Vice President	Alex Chien	80,125	-	-	-
Deputy Executive Vice President	Amber Tseng	98,560	-	-	-
Deputy Executive Vice President	Shu Hui Lee	127,657	-	-	-
Deputy Executive Vice President	Patty Wei	61,580	-	-	-
Deputy Executive Vice President	Su Hsiang Li	42,695	-	-	-
Deputy Executive Vice President	Tony Li	80,205	-	-	-
Deputy Executive Vice President	Tun Pin Wang	91,821	-	-	-
Deputy Executive Vice President	Allen Lu	80,009	-	-	-
Deputy Executive Vice President	Olive Yin	93,489	-	-	-
Deputy Executive Vice President	Jung Chang Juan	80,112	-	-	-
Deputy Executive Vice President	Chih Cheng Hsieh	-	-	-	-
Deputy Executive Vice President	Jerry Chiang	40,011	-	-	-
Deputy Executive Vice President	Chih Jung Chen	96,111	-	-	-
Deputy Executive Vice President	Chiu Nan Chen	80,000	-	-	-
Deputy Executive Vice President	Jeff Chiu	80,000	-	-	-
Deputy Executive Vice President	Yao Chang Lin	94,262	-	-	-
Deputy Executive Vice President	Hsin Yu Chou	46,319	-	-	-
Deputy Executive Vice President	Chih Yen Wang	103,765	-	-	-
Deputy Executive Vice President	Yea Ru Sheu	16,820	-	-	-
Deputy Executive Vice President	Mei Chu Peng	80,453	-	-	-
Deputy Executive Vice President	Ying Chieh Yang	16,552	-	-	-
Deputy Executive Vice President	Pei Wen Liu	35,588	-	-	-
Deputy Executive Vice President	Der Chin Pan	80,000	-	-	-
Deputy Executive Vice President	Chia Hsun Hsu	23,693	-	-	-
Deputy Executive Vice President	Dan Wen Yu	50,000	-	-	-
Deputy Executive Vice President	Ming Chih Lin	66,314	-	-	-
Deputy Executive Vice President	Tzu Hao Liu	67,727	-	-	-
Deputy Executive Vice President	Pei Chih Lin	51,202	-	-	-
Deputy Executive Vice President	Min Hung Liao	50,000	-	-	-
Deputy Executive Vice President	Cheng Yu Huang	51,175	-	-	-

Title	Name	2022		As of February 28, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Deputy Executive Vice President	Chien Hung Liu	50,000	-	-	-
Senior Vice President	Mag Chen	63,357	-	-	-
Senior Vice President	Chia Wei Hsiao	1,670	-	-	-
Senior Vice President	Sofia Hsu	872	-	-	-
Senior Vice President	Wilson Huang	-	-	-	-
Senior Vice President	Yu Hui Huang	52,234	-	-	-
Senior Vice President	Heng Kuang Wang	(49,877)	-	-	-
Senior Vice President	Lisa Hsu	62,770	-	-	-
Senior Vice President	Chun Yen Kuo	239	-	-	-
Senior Vice President	Wen Feng Tu	-	-	-	-
Senior Vice President	Wen Wen Tseng	20,101	-	-	-
Senior Vice President	Shu Fang Cheng	50,120	-	-	-
Senior Vice President	Chih Yuan Huang	50,000	-	-	-
Senior Vice President	Chia Chen Lee	55,446	-	-	-
Senior Vice President	Wan Ping Wu	40,000	-	-	-
Senior Vice President	Ching Fu Sung	10,000	-	-	-
Senior Vice President	Hui Fen Wei	-	-	-	-
Senior Vice President	Chiou Hwa Su	50,000	-	-	-
Senior Vice President	Judy Yu	11,225	-	-	-
Senior Vice President	Ring Tsai	40,000	-	-	-
Senior Vice President	Feng Ying Tsai	44,459	-	-	-
Senior Vice President	Tsung Fan Chi	-	-	-	-
Vice President	Bill Lee	60,576	-	-	-
Vice President	Wei Cheng Chen	30,087	-	-	-
Vice President	Jane Tsai	46,933	-	-	-
Vice President	Alen Lin	46,894	-	-	-
Vice President	Shang Fu Lin	2,272	-	(9,000)	-
Vice President	Chiang Ming Chen	10,772	-	-	-
Vice President	Chen I Wang	40,000	-	-	-
Vice President	Pi Yun Peng	-	-	-	-
Vice President	Kuan I Li	40,000	-	-	-
Vice President	Vivian Lee	40,000	-	-	-
Vice President	Rich Liu	-	-	-	-
Vice President	Yu Shui Chen	40,000	-	-	-
Vice President	Chin Hsing Yeh	40,000	-	-	-
Vice President	Shin En Shao	26,000	-	-	-
Vice President	I Wen Pao	-	-	-	-
Vice President	Tse Pin Liang	-	-	-	-
Vice President	Yu Chieh Lin	40,000	-	-	-
Vice President	Ke Yao Shen	40,000	-	-	-
Vice President	I Wen Ho	44,517	-	-	-
Vice President	Chia Mei Kuo	40,000	-	-	-
Vice President	Chia Hsien Tseng	10,000	-	-	-
Vice President	Shan Tseng Wen	40,000	-	-	-
Vice President	Che Wei Chang	-	-	-	-
Vice President	Chih Fan Lin	40,003	-	-	-
Vice President	Adam Chen	40,129	-	-	-
Vice President	Tien Chung Li	40,000	-	-	-
Vice President	Chi Shun Lien	-	-	-	-
Vice President	Kuan HSSuan Chen	-	-	-	-
Vice President	Suih Chi Liu	-	-	-	-
Vice President	Shih Ying Lo	43,064	-	-	-

Title	Name	2022		As of February 28, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Min Chung Lin	40,000	-	-	-
Vice President	Hui Sheng Yang	41,717	-	-	-
Vice President	Huei Chen Chien	40,000	-	-	-
Vice President	Yung Chieh Lin	10,000	-	-	-
Vice President	Chun Yu Huang	-	-	-	-
Vice President	Yu Mei Lai	17,469	-	-	-
Vice President	Yu Ju Chang	26,000	-	-	-
Vice President	Yu Shan Huang	-	-	-	-
Vice President	Hao Kuei Cheng	-	-	-	-
Vice President	Pei Hua Huang	-	-	-	-
Deputy Vice President	Chi Chang Ting	-	-	-	-
Deputy Vice President	Chung En Weng	26,003	-	-	-
Deputy Vice President	Wei Lan Lu	-	-	-	-
Deputy Vice President	Tian Tian Hu	4	-	-	-
Same Related Party	Yi Jiu Investment Corp.	1,078,385	-	-	-
Same Related Party	Ta Chu Chemical Fiber Co., Ltd.	3,174,170	-	-	-
Same Related Party	An Ho Garment Co., Ltd.	2,999,061	-	-	-
Same Related Party	Bai Yang Investment Corp.	51,310,913	-	-	-
Same Related Party	Chin Feng Investment Corp.	1,316,004	-	-	-
Same Related Party	K.Y. Lee	88,508	-	-	-
Same Related Party	Mei Mei Lee	13	-	-	-
Same Related Party	Chin Hsin Lee	4	-	-	-
Same Related Party	Ya Li Transportation Corp.	410,054	-	-	-
Same Related Party	Oriental Securities Corporation	1,384,496	-	-	-
Same Related Party	Asia Cement Corp.	10,707,017	-	-	-
Same Related Party	Asia Investment Corp.	18,345,209	-	-	-
Same Related Party	W.K. Chou	27,057	-	-	-
Same Related Party	Ton Fu Investment Corp.	3,989,044	-	-	-
Same Related Party	Peter Hsu	10,306	-	-	-
Same Related Party	Douglas Tong Hsu	866,097	-	-	-
Same Related Party	Alice Hsu	84,561	-	-	-
Same Related Party	Nancy Hsu	10,306	-	-	-
Same Related Party	Chang Long Chen	235	-	-	-
Same Related Party	C.M. Chen	189	-	-	-
Same Related Party	Wei Ru Chen	422	-	-	-
Same Related Party	Wei Qi Chen	186	-	-	-
Same Related Party	Fu Da Transportation Co., Ltd.	40,180	-	-	-
Same Related Party	Kai Yuan Int'l Investment Co., Ltd.	14,621,514	-	-	-
Same Related Party	Yu Yuan Investment Co., Ltd.	22,559,211	-	-	-
Same Related Party	U-Ming Marine Transport Corp.	10,699,312	-	-	-
Same Related Party	Yue Li Investment Corp.	19,979,431	-	-	-
Same Related Party	Yue-Tung Investment Corp.	17,724,270	-	-	-
Same Related Party	Ydt Technology International Co., Ltd.	398,691	-	-	-
Same Related Party	Yue Ding Industry Co., Ltd.	1,388,301	-	-	-
Same Related Party	Tranquil Investment Ltd.	7,651,104	-	-	-
Same Related Party	Ding Yuan Int'l Investment Corp.	12,043,662	-	-	-
Same Related Party	Far Eastern New Century Corp.	11,913,521	-	-	-
Same Related Party	Yuan Faun Co., Ltd.	635,508	-	-	-
Same Related Party	Yuan Tong Investment Co., Ltd.	14,592,247	-	-	-
Same Related Party	Yuan Ding Investment Co., Ltd.	16,207,822	-	-	-
Same Related Party	Yuan Ding Co., Ltd.	1,133,748	-	-	-
Same Related Party	Yuan Ding Leasing Corp.	480,081	-	-	-

Title	Name	2022		As of February 28, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Same Related Party	Der Ching Investment Corp.	18,343,002	-	-	-
Same Related Party	Tranquil Enterprise Ltd.	814,616	2,522,168	-	-

* Number of shares owned by the institutional shareholders.

(2) Shares Trading with Related Parties:

None.

(3) Shares Pledge with Related Parties:

None.

8. Relationship among the Top Ten Shareholders

Unit: share; %

April 18, 2023

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship (Note)	
Yu Yuan Investment Co., Ltd. Representative: C.M. Chen	196,584,790	4.83%	-	-	-	-	Yuan Ding Investment Co., Ltd. Yue-Tung Investment Corp.	(2) (2)	-
Yue Li Investment Corp. Representative: Tsung-Liang Chang	174,104,156	4.28%	-	-	-	-	Yue-Tung Investment Corp.	(3)	-
Asia Investment Corp. Representative: Peter Hsu	159,863,267	3.93%	-	-	-	-	Der Ching Investment Corp.	(3)	-
Der Ching Investment Corp. Representative: Peter Hsu	159,844,035	3.93%	-	-	-	-	Asia Investment Corp.	(3)	-
Yue-Tung Investment Corp. Representative: Tsung-Liang Chang	154,452,299	3.80%	-	-	-	-	Yu Yuan Investment Co., Ltd. Yue Li Investment Corp.	(1) (3)	-
FEIB is Special Account for trust property of Far Eastern International Bank employee in custody of FEIB	153,315,186	3.77%	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd. Representative: Douglas Tong Hsu	141,237,717	3.47%	-	-	-	-	Yu Yuan Investment Co., Ltd.	(1)	-
Kai Yuan International Investment Co., Ltd. Representative: Humphrey Cheng	127,414,358	3.13%	-	-	-	-	-	-	-
Yuan Tong Investment Co., Ltd. Representative: David Wang	127,159,325	3.12%	-	-	-	-	-	-	-
Ding Yuan International Investment Corp. Representative: Alan Tsai	104,950,514	2.58%	-	-	-	-	-	-	-

Note: Relationship code (1): Invested Company assessed by equity method

Relationship code (2): Investors who evaluate the company's investment using the equity method

Relationship code (3): The Chairperson or President of the companies is the same person

9. Shareholding in Affiliated Enterprises

Unit: share; %

December 31, 2022

Affiliated Enterprises (Note 1)	Shareholding by the Company		Direct or Indirect Shareholding by Directors and Managers		Total Shareholding	
	share	%	share	%	share	%
	Far Eastern Asset Management Corp.	168,400,000	100.00%	-	-	168,400,000
Far Eastern International Securities Company Ltd.	26,000,000	100.00%	-	-	26,000,000	100.00%
DWS Far Eastern Investments Limited Global Client Group	12,000,000	40.00%	-	-	12,000,000	40.00%
DAH CHUNG BILLS FINANCE CORP.	101,907,869	22.06%	33,295	0.01%	101,941,164	22.07%
Financial Information Service Co., Ltd.	5,937,750	1.14%	-	-	5,937,750	1.14%
Taipei Forex Inc.	80,000	0.40%	-	-	80,000	0.40%
Sunny Asset Management Corporation	207,304	3.46%	-	-	207,304	3.46%
AN FENG ENTERPRISE CO., LTD.	300,000	10.00%	-	-	300,000	10.00%
Yuan Hsin Digital Payment Co., Ltd.	2,757,518	4.05%			2,757,518	4.05%

Note 1: Investments under Bank Articles 74

IV. Fund Raising Activities

1. Capital and Shares

(1) Sources of Capital

A. Issued Shares

Unit: share, NT\$ million

February 28, 2023

Month/ Year	Issuing price (NTD)	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source	Others
Founded in 1992	10	1,000,000,000	10,000	1,000,000,000	10,000	Public offering	Tai-Tsai-Rong-No.801625101(Aug.1, 1991)
Oct 1995	10	25,000,000	250	25,000,000	250	Retained earnings	(84)Tai-Tsai-Cheng(1) No.49420(Sep.4, 1995)
Jul 1996	10	29,750,000	297	28,700,000 1,050,000	287 10	Retained earnings Employee bonus	(85)Tai-Tsai-Cheng(1) No.41665 (Jul.6, 1996)
Aug 1997	15 10	135,250,000	1,353	99,170,000 34,806,750 1,273,250	992 348 13	Rights offering Retained earnings Employee bonus	(86)Tai-Tsai-Cheng(1) No.53095(Jul.25,1997) (86)Tai-Tsai-Cheng(1) No. 60585(Jul.30,1997)
Aug 1998	12.5 10 10 10	211,023,500	2,110	150,000,000 41,650,000 1,523,500 17,850,000	1,500 416 15 179	Rights offering Retained earnings Employee bonus Capital reserve	(87)Tai-Tsai-Cheng(1) No.59533(Jul.21,1998)
Jul 1999	10	78,696,500	787	44,832,752 1,640,208 26,619,446 5,604,094	448 17 266 56	Retained earnings Employee bonus Capital reserve Special reserve	(88)Tai-Tsai-Cheng(1) No.57434(Jun.23,1999)
Jul 2000	10 10 10	45,095,400	451	19,236,360 703,800 22,195,800 2,959,440	192 7 222 30	Retained earnings Employee bonus Capital reserve Special reserve	(89)Tai-Tsai-Cheng(1) No.56443 (Jun.30, 2000)
Jul 2003	10	475,184,600	4,752			New authorized capital	Jing-Shou-Shang Tze No. 09201231510(Jul 28, 2003)
Aug 2004	10 10			10,407,594 (26,579,000)	104 (266)	ECB Conversion Treasury stock cancellation	Jing-Shou-Shang Tze No. 09301158130(Aug 23, 2004)
Mar 2005	10			78,056,834	781	ECB Conversion	Jing-Shou-Shang Tze No. 09401042910(Mar 29, 2005)
Jun 2005	10			47,914,226	479	ECB Conversion	Jing-Shou-Shang Tze No. 09401103960(Jun 14, 2005)
Jul 2005	10			102,854,595 6,707,909	1,029 67	Retained earnings Employee bonus	Jin-Kuan-Cheng(1)No.0940122142 (Jun. 9, 2005)
Aug 2005	10			4,958,329	50	ECB Conversion	Jing-Shou-Shang Tze No. 09401173340(Sep 13, 2005)
Nov 2005	10			37,038,723	370	ECB Conversion	Jing-Shou-Shang Tze No. 09401226730(Nov 14, 2005)
Mar 2006	10			5,075,280	51	ECB Conversion	Jing-Shou-Shang Tze No. 09501068660(Apr 14, 2006)
Sep 2006	10			64,094,041 4,180,047 18,312,584	641 42 183	Retained earnings Employee bonus Capital reserve	Jin-Kuan-Cheng(1)No.0950132205 (Jul. 31, 2006)

Month/ Year	Issuing price (NTD)	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source	Others
Mar 2007	10			215,969	2	ECB Conversion	Jing-Shou-Shang Tze No. 09601073730(Apr 13, 2007)
Jun 2007	10	500,000,000	5,000			New authorized capital	Jing-Shou-Shang Tze No. 09601152250(Jul 4, 2007)
Jun 2007	10			647,907	6	ECB Conversion	Jing-Shou-Shang Tze No. 09601152250(Jul 19, 2007)
Dec 2007	10			1,079,849	11	ECB Conversion	Jing-Shou-Shang Tze No. 09601322290(Jan 4, 2008)
Jun 2008	10	1,000,000,000	10,000			New authorized capital	Jing-Shou-Shang Tze No. 09701146020(Jun 27, 2008)
Dec 2008	6.5 (Note)			461,538,000	4,615	Rights offering	Jing-Shou-Shang Tze No. 09801009420(Jan 17, 2009)
Jun 2009	10	1,000,000,000	10,000			New authorized capital	Jing-Shou-Shang Tze No. 09801132000(Jun 26, 2009)
Jun 2009	10			(407,520,824)	(4,075)	Capital Deduction	Jin-Kuan-Cheng No.0980031255 (Jun. 30, 2009)
Jul 2010	10			67,489,532 5,861,971	675 59	Retained earnings Employee bonus	Jin-Kuan-Cheng No.0990038736 (Jul. 30, 2010)
Jul 2011	10			103,368,172 8,043,315	1,034 80	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1000033885 (Jul. 27, 2011)
Aug 2012	10			113,131,129 10,568,089	1,131 106	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1010036357 (Aug. 24, 2012)
Jul 2013	10			110,543,402 9,315,191	1,105 93	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1020028949 (Jul. 31, 2013)
Jan 2014	11.25			365,000,000	3,650	Rights offering	Jin-Kuan-Cheng No.1020046424 (Nov. 26, 2013) Jin-Kuan-Cheng No.1030002514 (Jan. 23, 2014)
Jul 2014	10			122,447,610 12,260,455	1,224 123	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1030026505 (Jul. 18, 2014)
Aug 2015	10			153,680,074 17,736,559	1,537 177	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1040026417(Aug. 3, 2015)
Sep 2016	10			60,664,859 17,459,348	607 175	Retained earnings Employee bonus	Jing-Shou-Shang Tze No. 10501227730(Sep 22, 2016)
Sep 2017	10			71,561,445	716	Retained earnings	Jing-Shou-Shang Tze No. 10601133330(Sep 18, 2017)
Sep 2018	10			86,257,365	863	Retained earnings	Jing-Shou-Shang Tze No. 10701121570(Sep 19, 2018)
Sep 2019	10			86,633,428	866	Retained earnings	Jing-Shou-Shang Tze No. 10801129280(Sep 20, 2019)
Jul 2020	10	1,000,000,000	10,000			New authorized capital	Jing-Shou-Shang Tze No. 10901113300(Jul 7, 2020)
Sep 2020	10			92,285,034	923	Retained earnings	Jing-Shou-Shang Tze No. 10901178360(Sep 24, 2020)
Oct 2021	10			65,858,795	659	Retained earnings	Jing-Shou-Shang Tze No. 11001183160(Oct. 13, 2021)
Sep 2022	10			55,520,619	555	Retained earnings	Jing-Shou-Shang Tze No. 11101184080(Sep 26, 2022)
Oct 2022	9.62			500,000,000	5,000	Rights offering	Jing-Shou-Shang Tze No. 11101202390(Oct. 31, 2022)
Total		5,500,000,000	55,000	4,069,483,855	40,695		

Note: The price was NT\$6.5 per share in private placement.

B. Authorized Capital

February 28, 2023

Share Type	Authorized Capital			Remarks
	Outstanding	Unissued	Total	
Common Shares	4,069,483,855 Shares	1,430,516,145 Shares	5,500,000,000 Shares	Listed shares

(2) Shareholder Structure

April 18, 2023

Shareholder Structure	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Foreigners	Total
Quantity						
# of Shareholder	3	19	221	95,932	251	96,426
# of Shares	19,968,089	190,210,227	2,073,435,929	1,355,036,877	430,832,733	4,069,483,855
%	0.49%	4.67%	50.95%	33.30%	10.59%	100.00%

(3) Shares Distribution

A. Common Shares

Per Value: NT\$10

April 18, 2023

Shareholding Segment (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	29,219	7,558,319	0.19%
1,000 ~ 5,000	35,021	81,097,659	1.99%
5,001 ~ 10,000	10,637	76,324,074	1.88%
10,001 ~ 15,000	6,211	76,017,366	1.87%
15,001 ~ 20,000	3,736	66,087,497	1.62%
20,001 ~ 30,000	3,840	93,175,681	2.29%
30,001 ~ 40,000	1,890	65,557,896	1.61%
40,001 ~ 50,000	1,118	50,248,467	1.23%
50,001 ~ 100,000	2,352	162,475,562	3.99%
100,001 ~ 200,000	1,298	175,363,899	4.31%
200,001 ~ 400,000	588	159,783,669	3.93%
400,001 ~ 600,000	171	82,996,994	2.04%
600,001 ~ 800,000	97	67,152,030	1.65%
800,001 ~ 1,000,000	52	46,485,427	1.14%
1,000,001 or over	196	2,859,159,315	70.26%
Total	96,426	4,069,483,855	100.00%

B. Preferred Shares: None.

(4) Major Shareholders

Unit: shares

April 18, 2023

Shareholder's Name	Shareholding	Number of Shares	Percentage
Yu Yuan Investment Co., Ltd.		196,584,790	4.83%
Yue Li Investment Corp.		174,104,156	4.28%
Asia Investment Corp.		159,863,267	3.93%
Der Ching Investment Corp.		159,844,035	3.93%
Yue-Tung Investment Corp.		154,452,299	3.80%
Special Account for trust property of Far Eastern International Bank employee in custody of FEIB		153,315,186	3.77%
Yuan Ding Investment Co., Ltd.		141,237,717	3.47%
Kai Yuan International Investment Co., Ltd.		127,414,358	3.13%
Yuan Tong Investment Co., Ltd.		127,159,325	3.12%
Ding Yuan International Investment Corp.		104,950,514	2.58%

Note: Listed above are the Bank's top ten shareholders.

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Item		Year	2021	2022	As of February 28, 2023
Market Price Per Share	Highest		11.20	13.15	11.95
	Lowest		10.20	10.10	11.00
	Average (Note2)		10.68	11.39	11.64
Net Worth Per Share	Before Distribution		14.14	13.51	13.75 (Note6)
	After Distribution		13.92	(Note1)	(Note1)
Earnings Per Share	Weighted Average Shares (Thousand Shares)		3,513,963	3,690,032	4,069,484 (Note6)
	Earnings Per Share	Original	0.84	1.00	0.15 (Note6)
		Adjusted	0.82	(Note1)	(Note1)
Dividends Per Share	Cash Dividends		0.430	0.4089(Note7)	-
	Stock Dividends	Dividends from Retained Earning	0.158	-	-
		Dividends from Capital Reserve	-	-	-
		Accumulated Undistributed Dividends	-	-	-
Return on Investment	Price/ Earnings Ratio(Note3)		12.67	11.32	-
	Price/ Dividend Ratio(Note4)		24.74	27.68	-
	Cash Dividend Yield Ratio (%) (Note5)		4.04	3.61	-

Note1: Earnings distribution yet to be approved by the 2023 shareholders' meeting.

Note2: The average market price calculated by taking into account each year's market turnover value and amount.

Note3: Price / Earnings ratio = Average Market Price / Earnings per Share.

Note4: Price / Dividend ratio = Average Market Price / Cash dividends per Share.

Note5: Cash Dividend Yield Rate = Cash Dividend per Share / Average Market Price.

The average market prices were NT\$10.64 and NT\$11.32 in 2021 and 2022, respectively.

Note6: They were calculated based on the Bank's February 28, 2023 preliminary financial reports.

Note7: The cash dividend of NT\$0.4089 per share was proposed at the board of directors in March 2, 2023, but the actual allocation will be resolved by the shareholders' meeting in 2023.

(6) Dividend Policy and Implementation Status

A. Dividend Policy

In case of surplus after settlement of accounts for each fiscal year, the Bank shall recover all the losses incurred in the previous years, if any, before setting aside a legal reserve of 30% of the net profit and appropriating, according to law and regulations, a special reserve shall be retained, and shall first be distributed to the dividends of Preferred Stock. The remaining amount together with the accumulated retained profits of the last year and the reversals of special reserves are available for distribution as dividends for Common Stock. The dividends for Common Stock shall be distributed at least 30% of the remaining amount. The Board of Directors shall prepare the earnings distribution in accordance with the existing circumstances at the time, taking into account the future development plan of the Bank. Any allocation of cash dividend shall, in principle, be no less than 10% of the total dividends to be distributed that year.

Before the above-mentioned legal reserve reaches the amount of total paid-in capital, the maximum appropriation of cash dividends shall not exceed 15% of the total paid-in capital.

B. Proposed Distribution of Dividend

The cash dividend of NT\$0.4089 per share.

(7) Impact of Stock Dividends on Operating Results, Earnings per Share and Shareholders' Return on Investment:

There is no stock dividends proposed in the current year Shareholders' meeting, so, no impact on the Bank.

(8) Compensation of Employees and Directors

A. Percentage or Scope of Employees' Compensation, Remuneration of Directors and Supervisors in the Articles of Incorporation:

If there were net income before income tax, remuneration of directors and employees' compensation, the Bank should retain an employees' compensation of 3.5%-4.5% and a remuneration of directors no greater than 1.5%. Should there be accumulated loss, the Bank shall retain earnings to cover the loss in advance.

Employees' compensation may be distributed in the form of stocks or in cash. The amount distributable as employees' compensation and remuneration of directors shall be decided by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

B. For Employees' Compensation and Remuneration of Directors, the Accounting Treatment for Discrepancy between Estimate Amount and Actual Payment:

The estimated amount for employees' compensation and remuneration of directors in this period is based on the net income before income tax and the Bank's Articles of Incorporation. If there is a change in the amounts after the financial statements for the year ended were authorized for issue, the differences are recorded as a change in the accounting estimate.

C. Board of Directors Approved Proposals for the Allocation of Employees' Compensation and Remuneration of Directors:

(a) Allocation of employee cash compensation, employee stock compensation, and the amount for remuneration of directors:

Employee cash compensation is NT\$ 153,113,000, employee stock compensation is zero per share and the amount for remuneration of directors is NT\$ 41,784,000. There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended.

(b) The ratio of the employees' stock compensation to the net income after income tax in the non-consolidated financial report for the current period and the total amount of employees' compensation: Not Applicable

D. Actual Allocations of Employee Compensation and Remuneration of Directors Paid for the Preceding Fiscal Year:

(a) Employee cash compensation is NT\$ 127,261,000, employee stock compensation is zero per share and the amount for remuneration of directors is NT\$ 42,420,000 for the year ended December 31, 2021.

(b) There was no difference between the actual amounts of employees' compensation and remuneration of directors paid.

(9) Buyback Share:

2022: None.

As of February 28, 2023: None.

2. Issuance of Bank Debenture

To maintain capital adequacy ratio and the medium-term to long-term working capital, the Bank had applied and obtained approval from the Financial Supervisory Commission to issue bank debentures. The outstanding balances of bank debentures as of December 31, 2022 are summarized as follows:

Issuance of Bank Debenture

Types of bank debentures	1 st subordinated bank debenture in 2016	1 st perpetual non-cumulative unsecured subordinated debenture in 2018
Date and serial No. approved by authority	FSC No. 10500130430, June 3, 2016	FSC No. 10702142020, July 20, 2018
Issuing date	September 27, 2016	September 18, 2018
Face value	NT\$ 10 million	NT\$ 10 million
Issuing and trading	ROC	ROC
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$4.0 billion	NT\$2.9 billion
Coupon	Fixed interest rate at 1.55% per annum	Fixed interest rate at 3.2% per annum
Maturity	7 years from the issue date. Maturity on September 27, 2023	Perpetual (issuer with call right)
Rank	Subordinated	Senior to the right on distribution of remaining property for shareholders, and junior to those for holders of Tier II capital instruments, depositors and other general creditors to the Bank.
Guarantor	None	None
Trustee	None	None
Underwriter	Master Link, Yuanta, GKI and Taiwan Cooperative securities	KGI and Master Link securities
Certified lawyer	None	None
Certified CPA	Deloitte & Touche	Deloitte & Touche
Certified financial institution	None	None
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 4.0 billion	NT\$ 2.9 billion
Paid-in capital in the previous year	NT\$30,332,430(thousand)	NT\$31,829,286 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$37,764,349 (thousand)	NT\$41,389,366 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	FEIB may redeem the debts in whole at their aggregate principal amount, together with any interest payment five years after the issuing date subject to regulators' approval, provided that the bank's post-redemption BIS is above legal requirement.
Conditions for conversion or exchange	None	None
Restrictive terms	None	The bank may not pay interest if there is no earnings and dividends in previous year (including cash and stock

Types of bank debentures	1 st subordinated bank debenture in 2016	1 st perpetual non-cumulative unsecured subordinated debenture in 2018
		<p>dividends); however this restriction does not apply in circumstances where the balance of cumulative undistributed earnings less amortized losses on sale of non-performing loans is greater than the amount of payable interest, and provided that the payment results in no changes to the terms of interest. Non-payment of interest due to the above will not be accumulated or deferred in later periods.</p> <p>The bank shall defer interest and principal payments in situations where its capital adequacy ratio fails to meet the minimum level specified in Article 5, Paragraph 1 of the Regulations Governing the Capital Adequacy and Capital Category of Banks; in which case, deferred interest may not accrue any late interest.</p>
Use of proceeds	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	64.09%	43.49%
Eligible capital and type	Tier II	Tier I
Name of rating agency, issue date, and the rating	"A(twn)" issued by Fitch Ratings, Taiwan Branch on September 25, 2015.	"A(twn)" issued by Fitch Ratings, Taiwan Branch on July 2, 2018.

Issuance of Bank Debenture

Types of bank debentures	1 st senior unsecured financial debenture in 2019	2 nd subordinated bank debenture (A tranche) in 2019
Date and serial No. approved by authority	FSC No. 10701213730, December 19, 2018	FSC No. 10701213730, December 19, 2018
Issuing date	February 21, 2019	July 30, 2019
Face value	NT\$ 10 million	NT\$ 10 million
Issuing and trading	ROC	ROC
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$2.5 billion	NT\$ 2 billion
Coupon	Fixed interest rate at 0.95% per annum	Fixed interest rate at 1.15% per annum
Maturity	5 years from the issue date. Maturity on February 21, 2024	7 years from the issue date. Maturity on July 30, 2026
Rank	Senior bond	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	Master Link, Taiwan Cooperative, KGI, Yuanta and JihSun securities	Yuanta, KGI, Cathay and Capital securities
Certified lawyer	None	None
Certified CPA	Deloitte & Touche	Deloitte & Touche
Certified financial institution	None	None
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 2.5 billion	NT\$ 2 billion
Paid-in capital in the previous year	NT\$32,691,859 (thousand)	NT\$32,691,859 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$41,389,366 (thousand)	NT\$43,273,606 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None
Conditions for conversion or exchange	None	None
Restrictive terms	None	None
Use of proceeds	To finance the Bank's long term funding needs for support of future growth of loans and investments.	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	49.52%	45.06%
Eligible capital and type	None	Tier II
Name of rating agency, issue date, and the rating	"A(twn)" issued by Fitch Ratings, Taiwan Branch on July 2, 2018.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 24, 2019.

Issuance of Bank Debenture

Types of bank debentures	2 nd subordinated bank debenture (B tranch) in 2019	3 rd senior unsecured financial debenture in 2019
Date and serial No. approved by authority	FSC No. 10701213730, December 19, 2018	FSC No. 10701213730, December 19, 2018
Issuing date	July 30, 2019	September 26, 2019
Face value	NT\$ 10 million	NT\$ 10 million
Issuing and trading	ROC	ROC
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$ 2 billion	NT\$3.5 billion
Coupon	Fixed interest rate at 1.25% per annum	Fixed interest rate at 0.75% per annum
Maturity	10 years from the issue date. Maturity on July 30, 2029	5 years from the issue date. Maturity on September 26, 2024
Rank	Subordinated	Senior bond
Guarantor	None	None
Trustee	None	None
Underwriter	Yuanta, KGI, Master Link and Capital securities	Master Link securities
Certified lawyer	None	None
Certified CPA	Deloitte & Touche	Deloitte & Touche
Certified financial institution	None	None
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 2 billion	NT\$ 3.5 billion
Paid-in capital in the previous year	NT\$32,691,859 (thousand)	NT\$32,691,859 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$43,273,606 (thousand)	NT\$43,273,606 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None
Conditions for conversion or exchange	None	None
Restrictive terms	None	None
Use of proceeds	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.	To finance the Bank's long term funding needs for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	49.68	57.77
Eligible capital and type	Tier II	None
Name of rating agency, issue date, and the rating	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 24, 2019.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 24, 2019.

Issuance of Bank Debenture

Types of bank debentures	1 st subordinated bank debenture in 2020	1 st subordinated bank debenture in 2021
Date and serial No. approved by authority	FSC No. 1090137015, May 15, 2020	FSC No. 1090137015, May 15, 2020
Issuing date	November 26, 2020	April, 27, 2021
Face value	NT\$ 10 million	NT\$ 10 million
Issuing and trading	ROC	ROC
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$ 1.6 billion	NT\$ 2.4 billion
Coupon	Fixed interest rate at 0.75% per annum	Fixed interest rate at 0.83% per annum
Maturity	7 years from the issue date. Maturity on November 26, 2027	7 years from the issue date. Maturity on April 27, 2028
Rank	Subordinated	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	Yuanta, KGI and Master Link securities	Master Link securities, KGI securities and Cathay securities
Certified lawyer	None	None
Certified CPA	Deloitte & Touche	Deloitte & Touche
Certified financial institution	None	None
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 1.6 billion	NT\$ 2.4 billion
Paid-in capital in the previous year	NT\$33,558,193 (thousand)	NT\$34,481,044 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$45,713,890 (thousand)	NT\$47,619,623 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None
Conditions for conversion or exchange	None	None
Restrictive terms	None	None
Use of proceeds	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	49.44%	50.19%
Eligible capital and type	Tier II	Tier II
Name of rating agency, issue date, and the rating	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 12, 2020.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 12, 2020.

3. Issuance of Preferred Stock

None.

4. Issuance of Global Depository Receipts

Item	Date of Issue	Jan. 28, 2014	
Date of Issue		Jan. 28, 2014	
Issuance and Listing		Luxembourg Stock Exchange	
Total Amount		US\$135,050,000	
Issue Price per GDR		US\$7.4	
Total units issued		1. The original issue of 18,250,000 units. 2. The total number of depository receipts was 18,414,591 units as of February 28, 2023.	
Type of underlying securities		The Bank's newly issued common shares	
Amount of underlying securities		368,291,878 shares	
Rights and obligations of subscribers		Same as common share holders	
Trustee		None	
Depository Bank		Citibank N.A.	
Custodian Bank		Citibank Taiwan	
Number of outstanding units		221,060 units(As of February 28, 2023)	
Bearer of related charges incurred during issuance and holding period		Shall be borne by the Bank	
Key Provision in Deposit/Custodian Agreements		None	
Market Price per unit	2022	Highest	US\$8.762
		Lowest	US\$6.350
		Average	US\$7.511
	As of February 28, 2023	Highest	US\$7.900
		Lowest	US\$7.200
		Average	US\$7.669

5. Issuance of Employee Stock Options

None.

6. Issuance of New Restricted Shares to Employee

None.

7. Mergers and Acquisitions

(1) Any Opinions by Accountants that Should Be Disclosed Regarding the Reasonable Share Swap Ratio in Last Year

Not applicable.

(2) Mergers & Acquisitions or Receiving of Other Financial Institutions in the Past Five Years; The Underwriter's Assessment Report if New Shares Are Issued for The Transactions

A. On December 31, 2022, FEIB took over the remaining businesses of Yuan Hsin Digital Payment Co., Ltd., after the company was approved for cease of operation. The take-over operation is limited to include only the "refund of card fee", "refund of remaining card deposit", "monthly regulatory reporting" and "safe-keeping of necessary business data & documents".

B. FEIB did not issue any new share for the transaction, so underwriter's assessment report is not applicable.

(3) Where an Unlisted Financial Institution was Merged or Acquired by Way of New Share Issuance, the Lead Underwriter's Evaluation and Opinions Must Be Disclosed

Not applicable.

(4) In the Most Recent Financial Year and Up to the Printing of This Annual Report, Disclosure of the Basic Data of Mergers & Acquisitions or Sale of Other Financial Institutions in which the Board of Directors Has Approved Such M&A or Sale Involving the Issuance of New Shares:

Not applicable.

8. The Execution of Fund Utilization Plan

(1) Contents of the Plan

In order to increase capital adequacy ratio and finance long term funding needs, the Bank submitted a debt issuance plan to the competent authority and received the approval Letter No.1110139692 from FSC on Jun 20, 2022 for the issuance of ordinary bank debentures at NT\$6 billion (or equivalent foreign currency) and subordinated bank debentures at NT\$4 billion. Ordinary bank debentures may be issued on a revolving basis for 10 years from the date of approval and are voided afterwards; subordinated bank debentures must be issued within one year after approval, and any unused limit afterwards is voided.

A. The previous issuance or private placement of securities that has not been completed or that has been completed within the last three years but the planned benefits have not yet appeared:

(a) Changing plan: None

(b) Sources or usage of Funding: None

(c) Reason of changing: None

(d) Benefit of changing: None

(e) The date of the shareholders' meeting for reporting the changing plan: NA

(f) The changing plan disclosure date: NA

(2) Implementation Description

The issuance plan for the Bank's NT\$6 Bn. ordinary debentures and NT\$4Bn subordinated bank debentures were not completed in 2022. The issuance quota will be utilized depending on the Bank's capital requirement and prevailing market conditions.

V. Operation Highlights

1. Business Activities

(1) Business Scope

A. Core-business

(a) Retail Banking

- **Wealth Management:** Offering diversified wealth management products by catching with market trend; providing optimal asset allocation according to customers' risk attribute and expanding customers' asset under management.
- **Consumer Banking and Credit Cards Business:** Offering products like mortgage, personal loan, car loan, consumer finance (installment loan) and credit cards; business including product planning, marketing, sales, and administration management.
- **Insurance Agency:** Promoting bankassurance by collaborating with high-quality insurance companies; offering high-quality bankassurance products and services in accordance with increasingly diversified customers' demands to provide the most comprehensive insurance plans and services to customers.

(b) **Corporate Banking :** Aiming to satisfy corporate customers' best interests in providing integrated financial solutions for corporate finance, cash & liquidity management, FX hedging across various segments in Greater China as well as Asia Pacific region; providing a comprehensive suite of products and services including corporate deposits, loans, FX businesses (foreign exchange, import and export), factoring, forfaiting, e-financing, supply-chain financing, hedging and structured financing, etc.

(c) **Financial Market :** Covering fixed income, foreign exchange, equity, credit, and derivatives products; focusing on financial institutions for solutions of financing, TMU transaction, automatic clearinghouse, and deposit-taking in line with the Bank's deposit funding adjustment; executing TWD and FCY funding and asset management policies of Asset and Liability Management Committee ("ALCO"), for asset/liability allocation, liquidity risk and interest rate risk management.

(d) **Digital Banking :** Developing digital banking products and services; operating "Bankee" social-networking banking; developing new business models; optimizing digital platforms; and **utilizing AI** technology to deepen customer management; focusing on digital innovation, and continuously optimizing digital services

B. Weightings to Net Revenue and Changes YOY of the Respective Business Units

BU	Weightings to Net Revenue		Growth Rate (YoY)
	2021	2022	
Retail Banking	54.11%	50.39%	-4%
Corporate Banking	29.38%	35.41%	25%
Financial Market	16.46%	14.22%	-11%
Digital Banking	0.05%	-0.02%	-145%

(2) Business Plan for 2023

A. Retail Banking

- (a) WM Branding: Grouping marketing benefits and resources designed exclusively for VIP customers; Media promoting the brand value of "Ten Happiness", through online and offline models, to innovate the customer acquisition mechanism; Implementing "Senior Wealth Management Academy 5.0" by cooperating with Yuan Ze University; Hosting annual VIP night by coordinating with Shangri-La's Far Eastern Plaza Hotel, Taipei, to enhance VIP customer's loyalty and FEIB wealth management's "customer centric" brand value; Leveraging the media marketing power to increase Bank's brand exposure and gain WM brand popularity.
- (b) Trust business: Cooperating with government policies (such as FSC's launching Trust 2.0 as "The Promotion Plan for Full Functions of Trust Services") and engaging in cross-industry cooperation with social welfare organizations, elderly care organizations, medical institutions, and integrating internal and external resources to actively promote elderly care trusts / employee welfare trusts; allying with accounting firms, solicitor offices and other expert teams, to provide tailor-made and full- functioned Trust Services;
- (c) Mortgage: Strengthening relationship management of existing customers, actively developing housing financing sources, increasing the revolving and high-spread products, and developing green building mortgages.
- (d) Personal Loan: Adjusting the assets structure and focusing on high margin products; optimizing digital application channel and constructing 24/7 ATM channel to get new customers.
- (e) Consumer Finance (Installment): Actively developing new AR business and channels and expanding asset scale to increase net interest income growth; continuously optimizing the digital process of installment business to secure leading market share.
- (f) Car Loan and Motorcycle Loan: Upgrading the operating process to strengthen banks' competitiveness; balancing business volume and profitability to pursue steady business growth.
- (g) Credit Card Business: Continuing promoting Happy Family + cards to "family-type customers" and "customers with pets"; developing new on-line customers and improving spending / card by target marketing; combining retail source in FE group to solidify existing credit card base, stabilizing spending scale, and expand business opportunities beyond the group.
- (h) Insurance Agency: Offering Mobile Insurance Platform to customers with well-rounded digital banking experience and efficient insurance sales; optimizing the insurance core systems to assure insurance premium source examination,

KYC, etc. for compliance and internal control; cooperating with Financial Supervisory Commission in promoting micro-insurance; enhancing service synergy and business profits with intensified cooperation with insurance companies.

B. Corporate Banking

- (a) Balancing domestic and overseas market development by regional platforms across Mainland China and Asia Pacific region (via local representative offices in Vietnam and Singapore).
- (b) Leveraging professionalism in providing differentiated and comprehensive value-added services.
- (c) In post-pandemic era, taking opportunities in corporate's supply chain adjustment, and ESG implementation etc. to enhance corporate lending business.
- (d) Expanding lending to small and medium-sized enterprises and to sustainable finance business in response to government policy.
- (e) Strengthening financial transaction services, promoting corporate online banking and B2B2C platforms to establish long-term banking relationship with high-quality deposit customers.

C. Financial Market

- (a) Proprietary Trading: Providing diversified treasury products to increase trading activity and increase business with TMU sales; enhancing asset allocation by more investment and trading positions; increasing profitability by dynamic trading strategies.
- (b) Treasury Marketing Sales: Complying sales policy and risk management, such as robust KYC and acute credit limit control in line with customer risk capability; providing holistic FX trading products including derivatives, and various commodity and interest rate products to meet or exceed customer expectations; Enhancing electronic trading platform - FETP and integrating digital service in securing leading FX margin business.
- (c) FI Client : Macro-controlling FI clients' deposits by the bank's policy for maintaining steady long-term source of funds; optimizing deposit structure for controlling funding cost; controlling lending quality by sweep reacting to economic changes; offering overseas investment hedging solutions and structured products to IC, SC, FC and GF etc., to increase customer synergy.
- (d) ALM Asset and Liability Management: Strengthening liquidity risk management; improving bank deposit structure to meet LCR above regulatory requirement of 100%.

D. Digital Banking

(a) Innovation and transformation

- Regularly convening the Digital Development Committee to focus on key issues such as digital new technologies, new channels, new markets, new business models, new customer sources, and supervisory technology; utilizing Fintech to master digital development strategies and innovative financial services to promote digital innovation throughout the Bank.
- Developing a Bank-wide digital development strategy; cooperating with business groups and the Head Office to develop digital services with reasonable resources.
- Developing innovative business models and promoting diversified payment services to enhance earnings contribution.
- Actively developing digital channels, and optimizing various application processes to enhance digital application ratio.
- Aligning with the Far Eastern Group's resources to develop a financial ecosystem and to establish a position as a professional financial service integrator within the Group.
- Actively promoting digitalized financial (paperless) services and continuously optimizing the digital financial platform to increase digital transactions, reducing carbon footprints of customers visiting branches.

(b) Digital banking brand name and inclusive finance

- Deepening the digital brand "Bankee", a social - network banking brand; developing new Bankee financial products based on digital deposit accounts to cultivate more customer groups and create the second business growth.
- Promoting an open financial platform, developing B2B2C strategic alliances, and connecting through Open API to create diverse financial ecosystems.
- Promoting "MyData Personalization Platform" to create more convenient applications to customers.
- Working with FEG related companies to create innovative business models and to establish new financial service.
- Proposing Metaverse to provide customers with diversified digital experiences, and to shape FEIB's innovative image of digital banking.
- Utilizing big data technology to analyze data; combining consumer behavior databases to provide financial services to target customers by acute marketing approaches.

(3) Market Analysis

A. Market Prospective and Growth

FEIB has branches and representative offices in domestic urban areas, Hong Kong and Southeast Asia (Singapore and Vietnam) to serve clients across Greater China and Asia Pacific.

Looking forward to 2023, the global economic outlook is full of challenges, and the domestic economy is only expected to grow moderately. The inflation pressure will continue, the trend of raising interest rates will prevail, but the pace of rate hike will be relatively moderate, which will help Banks for expanding interest margin and increasing net interest income. Financial market volatility will be gradually eased, so, Bank's fee income and financial transaction income will be improved. Since the opening of the three internet-only banks, all Taiwanese banks have been actively developing digital banking services. The government also provides policy assistance, opens up new business trials and sandboxes, and encourages the steady development of innovative businesses with controllable risks.

FEIB pays close attention to global economic changes, financial market volatility, and domestic and overseas industry development. Based on FEIB's business strategy for long-term and steady growth, the Bank offers service to meet customers' needs and strengthens core competitiveness to continue increase business. Moreover, FEIB cooperates with regulators, rides with Fintech and innovation in the market to strengthen digital competitiveness and create a second growth opportunity.

B. Competitiveness, Development Advantages, Disadvantages and Strategies

Based on long-term and steady- growth business strategy, FEIB develops core business across different segments, focuses on niche, and continuously improves market competitiveness. FEIB implements strict risk management, internal control and legal compliance systems, and instruments an agile organizational structure to enrich human capital, and solidify business foundation.

The advantages, disadvantages and strategies of FEIB's future business development are summarized as follows:

(a) Advantages:

- Continuing rate hikes by central banks, good for bank's interest margin improvement.
- The Bank's diversified financial products, tailor-made services, identified target markets, and integrated financial solutions.
- The Bank's overseas business footprints, such as Vietnam and Singapore representative office.
- The Bank's experience in international syndicated loans, cross-border business, and franchise value in international markets.

- Global trend of green finance and digital financial platforms to create low-carbon financial service opportunities.
- Government's inclusive finance policy for the Bank's developing the third stage of "open banking", based on the Bank's prior experience in the second stage.
- Government's "Guidelines on Data Sharing between Financial Institutions", to help developing new business-model and cross selling.
- FSC's action in revising relevant regulations and self-regulations on digital financial services, to accelerate digital finance development in Taiwan.
- Far Eastern Group's cross-industry resource, to help the Bank create group synergy.

(b) Disadvantages:

- CBC's rate hike causing matching deposit cost increase.
- Government's control measures in real estate market, causing transaction momentum and housing price down.
- Excessive competition among banks, new entry of internet-only bank and low margin environment, causing unfavorable lending business.
- The Bank's few overseas business bases and late entry in China and Asia-Pacific market.
- Government's tightened regulations, causing increased compliance and control cost.
- Government's liquidity risk control measurement, causing less efficient funding utilization.
- The uncertain global economic outlook, causing corporate customers' investment and profit growth.
- Government's regulations on data protection and customer's awareness of privacy protection and information security, causing the Bank's challenges in analyzing and using customer data.
- Entry of internet-only banks, causing different challenges from other traditional banks.

(c) Strategies:

- Strengthening development of balance - transferred mortgage cases and increasing home equity loans.
- Increasing lending to medium and high-risk personal loan customers, under the refined risk valuation model, to increase interest margin.
- Leveraging brand value of "Ten Happiness" and enhancing digital marketing, to deepen digital customers' loyalty.

- Proactively locking in fixed rate deposit, through campaign, to reduce funding cost in the trend of rate hike.
- Developing global transaction services to establish premium deposit customer base and reinforcing funding cost management mechanism.
- Asset – liability dynamic management, to enhance return on asset (ROA) and fund usage efficiency.
- Making the best use of corporate finance solutions and TMU niche program, to differentiate corporate banking business to customers.
- Deepening customer relationship in Greater China and Asia Pacific region and participating international syndication deals, to enlarge offshore markets coverage and increase customer base.
- Using innovative Fintech to continuously optimize digital services and application processes, to create digital competitiveness.
- Working with cross-industry and startup entrepreneurs, to develop innovative digital banking business models, and create new ecosystems.
- Developing OPEN API network and cooperating with retail channels, to promote integrated cash flow collection and payment services, and to build FEIB payment ecosystem.
- Tracking development of the third stage of "Open Banking", to engage in "Smart Financial Industry".
- Optimizing "Bankee" services, to innovate digital banking products; leveraging social network promotion power, to expand digital customer scale.

(4) Research and Development

A. R&D and Newly Established Department in Last Two Years:

(a) R&D Results

- Metaverse branch: FEIBVERSE is a 3D three-dimensional virtual space. Through immersing virtual with reality, it provides customers with a new type of service that connects physical branches and digital innovation.
- Bankee : FEIB uses the financial open platform BaaP (Bank as a Platform) and BaaS (Bank as a Service) to modularize financial services and build an open financial department store. Bankee will continue promoting, by using B2C2C and B2B2C resources to create new customer groups, develop innovative business models and financial ecosystems.
- Open Banking Service : FEIB allied with FETnet in launching the nation's first Open Banking stage II service, which provided convenience of integrated

enquiries of account information and made Far Eastern International Bank an expert of Open Banking.

- MasterCard Speed Remittance : FEIB worked with MasterCard in launching the "MasterCard Speed Remittance" service, creating a brand new service of cross-border remittance with speed, and accuracy.

(b) Newly Established Department

The representative office in Singapore was opened in 2021 for collecting business information in the local market.

There is no new department or office open in 2022.

B. R&D Expenditures and Result

R&D Expenditures

Unit: NT\$ Thousands

Year	2021	2022
Amount	406,118	461,768

The R&D results is detailed in "implementation of the staff training program" and the "major financial products in last two years".

C. Future Research and Development Plans and Progress

Current Project	R&D Amount (NT\$ Thousands)	Est. deadline	Purpose
Retail Banking Project	125,825	Dec. 2023	Increase market competitiveness
Corporate Banking Project	26,360	Dec. 2023	Provide convenient customer service
Financial Market Project	2,600	Dec. 2023	Provide convenient customer service
Digital Banking Project	58,000	Dec. 2023	Enrich digital sub-brand
Headquarter Dept. Project	27,635	Dec. 2023	Support business development
Operation Dept. Project	51,158	Dec. 2023	Optimize operation process
IT Project	258,188	Dec. 2023	Support business development

(5) Short and Long-Term Business Development Plans

A. Short-term Business Development Plans

- (a) Balancing customer's investment needs and asset allocation across stages of his / her life to provide a full range of products, meet his/ her investment needs, and increase product holding.
- (b) Using digital media for target marketing and combining branch resources to deepen relationship with existing customers and promoting investment financing.
- (c) Tiering personal loan borrowing customers, to increase lending assets to low risk customers, and increase interest margin to high-risk customers.
- (d) Differentiating customer groups by service channels, to serve mass customers through digital channel, and connect high-contribution VIP customers with human-touch RMs.
- (e) Digitalizing FEIB credit cards, to expand mobile payment channels in daily life and to enhance payment convenience.

- (f) Targeting high-credit-quality corp. customers to expand loan assets; implementing dynamic risk management to improve asset quality.
- (g) Leveraging corporate e-banking platform to provide integrated cash management solutions, and become client's main operating bank.
- (h) Promoting TMU products and diversifying asset portfolio across regions, to meet financing needs of medium-to-large customers.
- (i) Expanding overseas markets through Ho Chi Minh City and Singapore representative offices.
- (j) Formulate an ESG credit policy and green deposit offering, to develop sustainable finance.
- (k) Strengthening pricing capability of interest rate and FX products, to provide one-stop shopping service to customers, including hedging and investment needs.
- (l) Developing high-net-wealth PI customers, to broker risk-return justified investment in offshore bonds.
- (m) Increasing niche TMU and ACH product offering and cross-selling of structured investment to FI customers, to diversify revenue sources.
- (n) Utilizing the concept of "Mobile Only", to integrate online/offline O2O, digital ID verification and Open Data for a streamlined "Digital Financial Service Application" single platform.
- (o) Developing multiple innovative financial services, including digital deposits in both TWD and foreign currencies, cross-border remittance, securities investment; and planning innovative products and application processes tailored to the funding needs of individuals and SMEs.
- (p) Upgrading the "Open Banking" business and collaborating with non-financial institutions to develop the third-stage "Open Banking" services.
- (q) Developing "Bankee" new digital products, like social-banking deposits and loans; deepening customer interaction with new digital application like Metaverse; Upgrading Bankee APP 2.0 to provide fast and easy mobile finance and innovative digital application, to deepen relationship with young customers.
- (r) Following FSC's "Fintech Development Roadmap" to engage cross-market and cross-institution data exchange, and to develop towards a bank in "Smart Financial Industry".
- (s) Using big data to develop deep learning models, apply in target marketing, and to meet diversified service needs of customers.
- (t) Upgrading FEIB APP 2.0, to provide a more intuitive and user-friendly APP for enhancing mobile banking service to customers.

B. Long-term Business Development Plans

- (a) Connecting customers' financial needs across different life stages, to achieve customers' goals of wealth preservation and asset appreciation, through Wealth Management's "Ten Happiness" brand.
- (b) Developing sustainable financial products and services to meet corporates' and investors' carbon- reduction financing needs.
- (c) Increasing high margin assets to optimize net interest income.
- (d) Following industry development trend, focusing on niche markets, target customers, and tightening asset quality control, to ensure long-term profitability.
- (e) Developing Global Transaction Services, expanding deposit base and optimizing funding structure, to secure lending interest spread.
- (f) Replicating successful overseas business mode, to keep penetrating the Greater China and ASEAN markets, participating international syndicated loans and offering structured finance products, to expand offshore asset scale and increase earning contribution.
- (g) Cultivating trading specialists, setting up the Quan-Trading team, developing auto-pricing system, diversifying investment portfolio and products, to increase profit source.
- (h) Balancing BU's business needs with customers' risk-taking ability, and developing various financial trading products, to meet diversified customers' needs, and deepen customer loyalty.
- (i) Providing diversified and / or tailor-made investment and hedging products, under the strict compliance of risk control and KYC procedures.
- (j) Upgrading electronic trading platform – FETP, to expand new customer base
- (k) Following market and regulatory trends, applying Fintech applications, learning from customer feedback and big data analysis, to seek innovative business models, and to transform "digital services" into "digital business."
- (l) Applying Fintech and Metaverse, integrating channels, service and products, to develop "smart banking" in daily life, for real-time complete financial service.
- (m) Accumulating Fintech R&D capabilities, to find new business opportunities.

2. Human Resources

(1) Employee Information in the Recent Two Years and as of the Date of the Publication of the Annual Report

Year		February 28, 2023		
		2021	2022	As of Feb 28, 2023
Number of Employees	Above Vice President	323	326	329
	Deputy Manager ~Deputy Vice President	1,437	1,475	1,480
	Below Assistant Manager	817	772	765
	Total	2,577	2,573	2,574
Average Age		42.26	42.82	43.02
Average Years of Service		10.82	11.19	11.30
Shares of Education Degrees	Above University	23.36%	23.43%	23.39%
	University	59.18%	59.70%	59.71%
	Junior College	15.17%	14.69%	14.68%
	Senior high school	2.25%	2.14%	2.18%
Below senior high school		0.04%	0.04%	0.04%
Number of Professional License	Proficiency Test for Bank Internal Control and Audit	1,786	1,815	1,822
	Proficiency Test for Trust Operations Personnel	1,543	1,561	1,563
	Personal Insurance Representative	1,533	1,535	1,527
	Property Insurance Representative	1,363	1,364	1,359
	Investment-Orientated Insurance Product Representative	674	684	683
	Non-Investment-Oriented Life Insurance Eligibility and Payment of Foreign Currency Representative	841	838	833
	Certification Test for Financial Derivatives Sales Personnel	654	681	680
	Basic Proficiency Test for Bank Lending Personnel	551	562	564
	Advanced Proficiency Test for Bank Lending Personnel	21	20	20
	Basic Proficiency Test for International Banking Personnel	329	325	326
	Futures Specialist	235	234	236
	Securities Investment Trust and Consulting Professionals	147	156	158
	Securities Specialist	193	207	207
	Senior Securities Specialist	199	217	217
	Securities Investment Analyst	7	8	8
	Proficiency Test for Financial Planning Personnel	404	407	411
	Certified Financial Planner (CFP)	21	19	18
	Chartered Financial Analyst (CFA)	2	2	2
	Property Insurance Agent	10	11	11
	Property Insurance Broker	4	6	6
	Personal Insurance Agent	10	10	10
	Personal Insurance Broker	5	6	6
	CPA	3	3	3
	Certified Anti-Money Laundering Specialist(CAMS)	28	33	33
	Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist	486	541	541
	Others	6,693	8,092	8,188
	Total		17,742	19,337

(2) Employee Training and Development

FEIB, for 20 years in a row, has been receiving government subsidy totaling NT\$12.57 million under "Enterprises Talent Skill Progressive Program", offered by the Ministry of Labor.

In 2022, FEIB ranked the best in talent development by 3 awards, including: Certificate of Talent Quality-Management System (TTQS) - Gold Medal by the Ministry of Labor; 2022 Talent Development Leader Award by Taiwan Corporate Sustainability Awards (TCSA);

“Learning Stars Award” and “Benchmarking for learning” by Common Wealth Leader Campus (CWLC).

Training result in the recent three years is summarized as below:

Unit: NT\$ Thousands

Year	Training	Internal Program			External Program			Total		
		Expense	No. of Employees	No. of Classes	Expense	No. of Employees	No. of Classes	Expense	No. of Employees	No. of Classes
2020		11,314	14,695	647	3,313	1,536	597	14,627	16,231	1,244
2021		11,847	14,712	502	4,092	1,452	573	15,939	16,164	1,075
2022		12,807	15,651	487	4,832	1,874	618	17,639	17,525	1,105

In 2022, the total training hours was about 410,129 hours, and the average training hours per person was about 159 hours (or around 20 working days). The training courses included those in the Bank’s learning platform - eHRD, in Studio Classroom (WebEnglish), and in CWLC (Common Wealth Leader Campus).

Category		Summary		No. of Hours
Classroom Training	Professional	Professional knowledge to execute business and knowledge of digital finance.		69,293
	Fundamental	Productivity enhancement and self- management skills.		
	Management	Strengthening management skills for potential talents and managers.		
	Management Associate	Management training and English development program to build a bicultural talent pool.		
	Regulatory	Legally required courses such as information security, anti-money laundering, and occupational safety and health training.		
	Digital Skill Language	Fintech and computer application training Toastmasters and English courses		
Online Training	Internal	eHRD	Learning of products, legal knowledge, sales skills, etc.	78,625
	External	Studio Classroom	English listening, reading, and quizzes from lifestyle to news.	131,123
		CWLC	Leadership, innovation, financial technology, etc.	131,088
Total				410,129

(3) Training and Development Plan in 2023.

- A. FEIB offers core-competency training, including advanced professional knowledge and skills training, and continues legal & compliance training.
- B. FEIB not only focuses on ESG disclosure and regulatory developments, but also provides Fintech and computer skill training, for digital thinking culture. Moreover, in order to support government policy of “Bilingual Nation 2030”, FEIB introduces English learning platforms for bilingual courses.
- C. FEIB develops talents and cultivates talent echelon through MA (Management Associate) program, Mid HPT (Mid-Level High Potential Talent) and HPT (High Potential Talent) program; FEIB also provides management training and leadership development programs for sustainable talent development pool.

(4) Employee Behavior and Ethics Standards

The Bank has "Ethical Corporate Management Best-Practice Principles", "Codes of Ethical Conduct", "Codes of Informing against Illegal, Unmoral and Lacking in Sincere Conduct" and "Employee Behavior Standard" for staff's compliance. These policies are available in the bank's website, and announced at meetings held by each department in order to be understood by employees.

The following contents are articles of "Codes of Ethical Conduct of FEIB"

Article 1 Purpose and basis

In order to guide the Company's directors, managers, and employees to behave in accordance with ethical standards and improve stakeholders' understanding of the Company's ethical standards, the Company has stipulated the Codes of Ethical Conduct (the "Code") for them to comply.

Article 2 Applicable parties

The applicable parties of the Code are the Company's directors, managers, and employees. (the "Applicable parties")

Article 3 Principles of ethically conducting business

When conducting business, the Applicable parties shall comply with ethical standards and insist on honesty, trust, and job duties.

Article 4 Prevention of conflicts of interest

The Applicable parties shall conduct business in an objective and efficient way and are not allowed to obtain any illegitimate benefit for themselves, their spouses, parents, children or relatives within the second degree of kinship through their position in the Company.

When the Company has lending or borrowing agreements with, or gives guarantee for, or has material asset transactions with an affiliated enterprise of any person mentioned in the preceding paragraph, the relevant Applicable parties shall voluntarily elaborate any potential conflicts of interest between the Company and himself / herself, and shall be handled in accordance with the Company's codes relevant to these cases to prevent conflicts of interest.

Employees whose job is handling lending business should get the permission of avoiding to deal with lending cases of themselves, their spouses, or relatives within the third degree of kinship.

If employee's spouses or relatives by blood or by marriage within the third degree of kinship are employees of the Company, these persons shall comply with the principle of preventing conflicts of interest.

Article 5 Prohibition against coveting private profit

The Applicable parties are prohibited from:

1. Obtaining personal benefit through using the Company's properties, information or through their positions in the Company;
2. Competing with the Company

When the Company has an opportunity for profit, it is the responsibility of the Applicable parties to maximize the reasonable and proper benefits that can be obtained by the Company.

Article 6 Responsibility of confidentiality

The Applicable parties are obligated to maintain the confidentiality of any information regarding the Company itself or customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or customers.

Article 7 Fair trade

The Applicable parties shall treat all customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 8 Protection and proper use of the Company's assets

The Applicable parties shall protect the Company's assets, reduce expenses, and ensure that assets are legally and effectively used for the business purpose of the Company to avoid theft, negligence or wasting.

Article 9 Legal compliance

The Applicable parties shall comply with the Banking Act, Securities and Exchange Act, and other applicable laws and regulations. The Company shall strengthen promotion of ethics internally.

Article 10 Reporting

When a director discovers that the Company is in danger of sustaining material loss or damage, the director should promptly take appropriate actions and immediately notify the Audit Committee or independent director members of the Audit Committee, and report to the board of directors, and supervise the Company to report to the competent authority.

When the Applicable parties suspect or find any fact of violation of laws and regulations or the Code, they shall actively report such fact to the Audit

Committee, managers, chief auditor, head office chief compliance officer, or other appropriate personnel and provide the Company with sufficient information for proper follow-ups by the Company.

All of reports shall be kept confidential and investigated by independent channels by the Company to protect informants.

Article 11 Punishment

If any of the Applicable parties violate the Code, the Company will handle the case in accordance with relevant punishment regulations; the Company may claim compensation for any loss or damage resulting from such violation pursuant to the Civil Code. When a director or managerial officer violates the Code, the Company shall promptly disclose on the Market Observation Post System (the "MOPS") the date of the violation, reasons for the violation, the provisions of the Code violated, and the actions taken by the Company.

Before making a resolution of punishment, the suspected violator is able to make a defense or complaint in accordance with related regulations.

Article 12 Procedures for exemption

If the Applicable parties require any exemption from compliance with the Code, it shall be resolved with approval by the board of directors, and the information on the date of exemption approved by the board of directors, objections or reservations opinions of independent directors, and the period of, reasons for, and basis of exemption shall be disclosed immediately on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the Code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 13 Way of disclosure

The Company shall disclose the Code on its web site, annual report, prospectuses and the MOPS. The same requirement applies for revision.

Article 14 Implementation

The Code shall enter into force after being approved by the board of directors, and the same shall also be reported at the shareholders' meeting. The same procedure shall be followed when the Code has been amended.

3. Corporate Social Responsibilities

(1) Affirmed the Implementation of Corporate Social Responsibility

- A. Selected as a constituent stock of the TWSE “Taiwan High Compensation 100 Index” for 9 consecutive years, and “RA Taiwan Employment Creation 99 Index” for 11 consecutive years.
- B. Selected as a constituent stock of FTSE4Good TIP Taiwan ESG Index, and allowed to use the “Special Badge of FTSE4Good TIP Taiwan ESG Index.”
- C. Passed the Ministry of Labor evaluation, and winning the “Gold Medal for Talent Development Quality-management System (TTQS)” for the second time.
- D. Received the “Friendly Family and Work Equality Measures” award from the New Taipei City Government.
- E. One workplace was newly awarded the “Badge of Accredited Healthy Workplace for Health Promotion,” and 18 branches were newly awarded the “Badge of Accredited Healthy Workplace for Health Initiatives” from the Ministry of Health and Welfare. 43 workplaces received this accreditation.
- F. All three English-speaking clubs were awarded the “President’s Distinguished District Award” by Toastmasters International.
- G. Won an authoritative human resources journal in Asia, HR ASIA’s, “Best Companies to Work For in Asia” award for the second time.
- H. Received the “TCSA Taiwan Corporate Sustainability Awards - Talent Development Leadership Award” and “Taiwan Corporate Sustainability Report Award” from the Taiwan Institute for Sustainable Energy.
- I. Received the CWLC “Benchmarking Award” and “Learning Star Award”.
- J. Received the “Happy Enterprises Gold Award” from 1111 Job Bank.
- K. Received the “CHR Badge of Promise for Corporate Health Responsibility” from the journal “Common Health.”
- L. Received the Best Public Welfare Promotion Award from Wealth Magazine.
- M. Received the Best Common Good Award for rating excellent media and banks.
- N. Received the Buying Power Rewarding and Supporting Award for Social Innovation Product Procurement from the Small and Medium Enterprise Administration, Ministry of Economic Affairs.

(2) Caring for Social Welfare

- A. With the Eden Love Card as the core platform, the Bank developed a diverse and convenient donation mechanism. From the presents and donations and the love which the Bank gathered from the public, the Bank has donated to

Eden over NTD 92 million in total. The Bank also launched a program where interactive donations can be made through credit card, and the money raised will be donated to one of Eden's early treatment project.

- B. The Bank cooperated with Eden Social Welfare Foundation to recruit 3 visually impaired masseurs. The Bank is the first one in the financial industry to employ special needs persons. In 2022, the Bank continued to employ two special needs adults who provided tea service to customers in the lobby of the North District branch. The Bank cooperated with Children Are Us Foundation to create an innovative public welfare employment model to help the special needs adults integrate into the society.
- C. The Bank continuously cooperated with Yuan Ze University to jointly establish the "Fifth Phase of Age-Friendly Financial Management Academy," and specially moved to Kaohsiung to open the Academy. Elderly customers were invited to participate in the Academy to gain new knowledge and embrace a happy life.
- D. The Bank held the "2022 Far Eastern Happy Family + Dogs Carnival" at the Huashan Grassland in Taipei and donated NTD 300,000 to the Guide Dog Association. In addition, the Bank produced and launched a promotional film titled "Following a Dog Hook to Work," which premiered on YouTube to help the public learn about how to train guide dogs and how guide dogs carry out their duties.

(3) Culture Support

- A. The Bank launched a sustainable reading activity where the Bank will donate a sustainable picture book to an island elementary school for every 300 sustainable lessons online accumulated by its colleagues. The entire Bank accumulated over 300,000 lessons and achieved its donation target of 300 sustainable books.
- B. The Bank sponsored "Taiwan Connection," a music organization initiated by Nai-Yuan Hu, a violinist, for five consecutive years. The Bank also supported a training program of music talent in rural areas. In 2022, the National Concert Hall held a concert in a reception hall of a branch, and its quartet and clarinet musicians were invited to play the Mozart suite.
- C. The Bank jointly organized a "Joy Journey" event with Franklin Templeton Investments and invited friends of all ages from World Vision International to watch the "Grasshopper Loving Party" stage play performed by "Ifkids Theatre Company." The Bank simultaneously launched a donation activity through

credit card donations to sponsor World Vision International.

- D. The Bank co-sponsored the Taiwan Lantern Festival, New Taipei Christmasland, and Far Eastern Christmas Lantern Festival with an affiliated company, Far Eastern Group. These events shared the joy with the community, and spread a warm and grateful festive atmosphere.
- E. The Bank released the “Joyful Appreciation of Taiwan Stage’s Brilliance” 2023 monthly calendar where 12 performance venues can be viewed to promote performance arts in collaboration and advocate for a joyful aesthetics education concept for good living.

(4) Environmental Protection

- A. The Bank introduced a Task Force structure based on the Climate Related Financial Disclosures (TCFD) released by the International Financial Stability Board and incorporated the Equator Principles into the structure.
- B. The Bank carried out inspections and external verifications on the greenhouse gas emissions of 58 domestic and foreign branches and offices of the bank for 2022. The Bank is expected to pass the external verification in April 2023 with a verification coverage rate of 100%.
- C. In 2022, to enhance environmental management effectiveness, the Bank selected Banqiao Giant Country and Cultural Miracle Buildings which boasted improved efficiency and demonstrative effects, introduced the ISO 14001 environmental management system, and passed external verification and obtained a certificate on December 5th of the same year.
- D. The Bank continuously promotes various energy saving and optimization plans in accordance to ISO 50001 standards. In 2022, when the Chengde Branch, Jinhua Branch, and General Office of Information Technology were relocated and renovated, energy-saving lighting fixtures and air conditioning systems were updated, and annual electricity energy savings of approximately 48,600 kWh are expected to be achieved.
- E. In 2022, the Bank planned to set up its first solar photovoltaic system on the roof of its Taoyuan Building. A contract was signed with a construction company in October same year, and the system is expected to be completed in May 2023, with power generation commencing in June.
- F. The Bank prioritized the use of equipment with environmental protection and green labels. The Bank’s green procurement amount in 2022 was approximately NTD 28.71 million.

- G. The Bank incorporated ESG reviews into its credit principles, and the total ESG credit balance was NTD 18.6 billion at the end of 2022, which accounted for 8.7% of the credit balance of legal funds and exceeded the 8.5% target.
- H. In 2022, the Bank revised the “Stewardship Principles for Institutional Investors” and focused on corporate social responsibility performance of equity and bond investment targets, further incorporated ESG assessments in the investment process, and regularly disclosed its stewardship performance. The Bank will continue to incorporate 9 domestic and foreign green and sustainable bonds with excellent debt credit into its investment portfolio at a total amount of NTD 2.64 billion.
- I. The Bank promoted paperless services, replaced paper-based promotional products with eDMs, continuously optimized various financial digital service platforms, and achieved an over-the-counter service rate of 94.7% in 2022.
- J. In 2022, the Bank held another beach-cleaning event, where Chien-Chung Lin, the Executive Vice General Manager, and a hundred employees picked up garbage and waste littered at Wazi Bay, Gongliao District, New Taipei City, as it takes practical actions to protect the ocean and land.

(5) Business Sustainability and Shareholder Value

The Bank is committed to improving corporate governance, enhancing operational quality, and creating the maximum value for shareholders. It was recognized for its excellent performance in the top 5% of companies evaluated by the Taiwan Stock Exchange Corporation in the 8th Corporation Governance Evaluation.



4. Number of Full Time Non-Managers, the Average and Median of Non-Managers' salary

Unit: NT\$ Thousand

year	2021	2022	Difference
Full-Time Number of Non-Managers	2,213	2,210	-0.1%
Average Number of Non-Managers' Salary	1,167	1,199	2.7%
Median Number of Non-Managers' Salary	1,037	1,061	2.3%

Note 1: Non-supervisory positions: Refers to non-manager positions.

Note 2: The statistical principles are based on the relevant reporting requirements for full-time employee salary information for companies listed on the Taiwan Stock Exchange.

5. IT Investment

(1) Major Information System Hardware, Software Configuration and Maintenance

Information System	Hardware	Operating System
Core Banking System	Unisys Libra 6590	MCP
Mutual Fund and Trust System	IBM AS/400	OS/400
Trade Finance System	IBM RS/6000	AIX
Credit Card System	IBM Mainframe	OS/390
Data Warehouse System	IBM RS/6000	AIX
Individual Internet Banking system、Mobile Banking system	IBM RS/6000	AIX
Corporate Internet Banking system	IBM RS/6000 Windows Server	AIX Windows
Financial Markets System		
FX Margin Trading System		
Corporate CRM System	Windows Server	Windows
eLoan System		
Hong Kong Branch System		
Wealth Management System	Linux Server	Linux

The software and hardware of the Bank's information system are maintained by the FEIB Information Technology Group or by professional vendors.

(2) Future Development or Acquisition Plans

- A. Mobile Banking APP is to be revamped by new technology and micro-service architecture, to integrate bank-wide digital services with innovative functions, enrich APP financial service and improve user satisfaction.
- B. Robo-Advisor service is to be launched to provide a diversified wealth management service platform to customers.
- C. A new insurance agency sales management system is to be implemented to improve sales efficiency, enhance sales supervision mechanism and comply with regulations.
- D. I-application platform is to be optimized, to offer customers innovative products and services.
- E. An omni-channeled and multimedia customer service system, as "Contact Center", is to be established to improve customer satisfaction.
- F. "Bankee" service system is to be enriched to accelerate digital innovation.

- G. A Corporate Banking credit scoring system is to be implemented, in order to establish credit risk indicators and strengthen risk management.
- H. A monitoring system for VSAP transaction is to be established, to strengthen compliance of Anti-Money laundering/Combating the financing of terrorism
- I. The Credit card Application system is to be upgraded, to support the business expansion and provide persistent service.
- J. A data strategic application system is to be installed, for data-driven strategic planning, big data analysis and target marketing purpose, to introduce AI Modeling, auto marketing and metadata management platform.
- K. An electronic voucher system is to be introduced, to improve operational efficiency, save energy and carbon emission.
- L. A bank-wide business-centric middle ware platform, and a centralized log monitoring application system is to be installed, by micro-service technology, to provide a fast and flexible common service platform, for support of responsive digital transformation and business expansion.

(3) Emergency Backup and Security Protection Measures

Please refer to Page 124-125, "V. Operation Highlights" / "6. Information Security Management" / "(1) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management" / "B. Information security risk evaluation analysis" / "C. Improving the information security protection architecture" and "D. Emergency response plan"

6. Information Security Management

(1) The information Security Risk Management Framework, the Information Security Policy, the Specific Management Plan and the Resources Invested in the Information Security Management

The bank has established an information security risk management framework. Since 2021, the Executive Vice President of the Operations and Services Group has also been appointed as the Chief Information Security Officer (CISO), overseeing the coordination and resource allocation of information security policies. The Bank establishes a dedicated information security unit (Information Security Office) in 2018 to plan, promote, manage, and audit information security related matters. The overall execution of information security control is reported to the board of directors in the first quarter of each year. The specific management plan and resource allocation for information security tasks are as follows:

A. Information Security and the Personal Information Protection Management System:

The Bank's information security management system is certified by the international standard ISO 27001, and valid from July 2021 to July 2023. The personal data security management system is also certified by the international standard BS 10012, valid

from September 2019 to September 2022. Under the management framework, the Bank establishes an information security committee and a personal data management committee. The Bank holds a management review meeting every six months and reviews the information security policy and all management system documents at least once a year. In 2022, the Bank revised 18 internal regulatory documents to retain the bi-annual certification by BSI international organization, so that the Bank's implementation of various information security operation systems and customers' personal data protection is ensured.

B. Information Security Testing and Audit:

In 2022, the Bank commissioned a qualified third-party consulting firm to conduct a computer information system security assessment. The assessment items included information architecture inspection, network activity inspection, compliance inspection, vulnerability scanning operations, penetration testing operations, APP program security testing, SWIFT Customer Security Program (CSP) audit, and email social engineering exercises. The assessment did not have any finding. In addition, the Bank also commissioned an accountant to complete the personal data protection audit for the previous year, and the audit also had no finding. The Bank conducted at least 3 hours of online training to all employees in 2022 for information security and personal data protection, and all employees completed the training as scheduled. The Bank's implementation of information security meets the norms and requirements of testing and audit.

C. Improving Information Security Architecture:

The Bank establishes a designated center for information security monitoring. The Bank increases coverage of information security monitoring, to ensure 24*7 real time monitoring and event analysis. The Bank also installs a risk management platform, to identify the Bank's weakness in information security management, to timely repair or improve control. In addition, the Bank introduces a detection service, to enhance or correct functions of the system.

D. Emergency Response Plan:

The distributed denial-of-service (DDoS) attack response plan, ATM incident response procedure, the information security incident response drill, and information system backup drills were all completed and meet expectations, to confirm the effectiveness of the mechanisms and procedures.

With the management plans listed in items 1-4 above, the Bank's information security risks is effectively controlled.

(2) Major Information Security Incident

None.

7. Labor Relations

(1) Various Employee Welfare Measures, Retirement System and its Execution, Labor-Management Agreements, and Various Employee Interest Protection Measures

A. Employee Welfare Measures

- (a) Preferential Interest Rate
- (b) Preferential Loan Rate
- (c) Financial Transaction Fee / Remittance Offer
- (d) Establish the Employee Welfare Committee. Employees are entitled to apply for different subsidies, such as marriage, funeral, childbirth, festivals, birthdays, club, and children allowance.
- (e) Employee Remuneration
- (f) Employee Stock Ownership Trust
- (g) Pension
- (h) Annual Leaves
- (i) Group Insurance, Labor Insurance, Health Insurance and COVID-19 Prevention Insurance
- (j) Friendly Parenting Measures :
 - Sign a concession contract with the childcare institution.
 - Leave for family care, pregnancy checkups, maternity, accompanying maternity and implementing unpaid parental leave for raising children.
 - Under the normal working hours of the day, the staff can flexibly adjust the starting and ending time of work within 2 hours.
- (k) Tuition Reimbursement Program
- (l) Reward Program for Professional Certification
- (m) Regular Employee Health Examination

B. Employee Retirement System

- (a) The Bank contributes labor pension according to the labor pension system and related laws/regulations. Especially for the employees who staffed before Jul 1, 2005, the bank shall appropriate labor pension reserve funds with 2% of the total monthly wages of the employees and deposit such amount in a designated account. Before the end of each year, the bank shall assess the balance in the designated labor pension reserve funds account. Yet, the amount is adequate to pay pensions for workers retired in the same year.
- (b) Supervisory Committee of Labor Retirement Reserve supervises and ensures employees' rights. The 8th term of the committee was founded in April, 2019 and, was approved for reference by Department of Labor, Taipei City Government.

C. Labor-Management Agreements and Various Employee Interest Protection Measures

(a) The bank distributes internal meeting minutes on the regular basis and publishes newsletters (Happy Reader) quarterly to deliver significant management decisions and messages. Moreover, it implements mailbox and e-forum to serve as communication channel with employees. Also, it holds Labor-Management Meeting every three months to promote mutual communication between employers and employees.

(b) Be abided by various labor laws and international human rights conventions, the bank formulates "work rules" and personnel regulations. Also, regularly it carries out publicity courses to implements compliance and protects employees' labor rights and maintains gender equality in workplace.

(c) Policies of reporting, appealing and disciplinary actions:

The bank establishes "Codes of Informing against Illegal, Unmoral and Lacking in Sincere Conduct", "Procedures of Preventing, Appealing and Punishing Sex Harassment", and "Points for Attention of Dealing with Employee's grievances" for the bank to comply with. Channels-hotline, fax and e-mail address for informing illegal and expressing complaints about their work are installed. These cases are investigated following standard operating procedures by designated departments.

Informers and details offered by informers are kept confidential, and informers are well protected in order to avoid them suffering from inappropriate retaliation.

If designated departments make sure someone who acts inappropriately after investigating, to comply with "Codes of Rewards and Disciplinary Sanctions", the person involved will be punished according to the seriousness of his inappropriate behavior, and the informer will be rewarded appropriately.

(d) The remuneration policy is determined by the board of directors after discussion of the remuneration committee. It takes account of pay level in the industry, business performance and future risks. The remuneration committee gives suggestions to the board of directors after periodical reviewing. In order to share profits with employees, the bank increases employees' salaries every year. The general pay levels are taken into account in the industry and individual performance. For 2022, the average rate of increasing salary was +3.1%. Meanwhile, the meal allowance was increased +25% since July, 2022.

(e) In order to ensure member's rights of employee stock ownership trust, a committee operates supervision. The membership rate of 2022 was 82%.

(2) Workplace Safety and Employee Psychology Health Maintenance

A. According to the regulations and guidelines of central governing authority, the bank establishes "Code of Practice of Safety and Health", "Occupational Safety and Health Management Plan", "Illegal Harassment in the Workplace when Staff Performing their duties Prevention Plan", "Abnormal Workload Triggers Disease Prevention Plan", "Ergonomics Plan for Prevention of Musculoskeletal Disorders", "Workplace Maternal Health Protection Plan", "Employee Health Service Program" and "Physical and mental health protection plan for middle-aged and elderly workers" to promote occupational safety and health business for prevention of occupational disease. In 2022, the Bank

had a case of occupational disease and 1 person got hurt, accounting for 0.04% of the total number of employees. In this case, a branch employee accidentally caught his finger in the safe door. In order to prevent recurrence, warnings have been posted on the safe door to raise employees' vigilance.

- B. The bank establishes the Occupational Safety and Health Management Organization. Also it sets occupational safety and health affair managers, field first aid personnel and fire prevention supervisor, and provides them training courses. Employee self-defense group is set up, which conduct anti-robbery, self-defense and fire-fighting exercise every six months. In addition, it holds occupational safety and health e-learning training courses for employees, at least 3 hours every 3 years.
- C. In order to ensure the health of employees, the frequency and budget of employee health examinations provided by the bank are superior to the mandatory requirement. With regard to employees' health management, the bank arranges occupational medicine physicians available to provide medical consultation service at workplace and hires professional nurses to watch for employees' mental health maintenance.
- D. In addition, it holds various health promotion activities, including health lectures, sports club, health management competitions, etc., to create a healthy workplace. The bank's implementation result has been recognized by the HPA (Health Promotion Administration, Ministry of Health and Welfare) and received 43 badges of Accredited Healthy Workplace.
- E. For providing safe and comfortable working environment to employees, the Bank measures working environment every six months in accordance with Occupational Safety and Health Act. The fire safety inspection reports are announced every year by the Fire Services Act. According to Building Act, buildings are examined for public safety every two year.

(3) Specify Loss Resulting from Labor-Management Disputes (Including Labor Inspection Results in Violation of the Labor Standards Act) in 2022 and as of Date of the Publication of the Annual Report and Disclose the Value of Current and Possible Future Loss and Countermeasures, as well as Reasons for Inability to Estimate Loss

Disciplinary date	Feb 21, 2022
Disciplinary letter	Letter No. 11160040671
Violated article of the Labor Standards Act	Article 24 (1) of the Labor Standards Act.
Violated Situation	Failure to pay overtime wages.
Fine	NT\$50,000
Response measures	<ul style="list-style-type: none"> ■ The fine and overtime wages have been paid. ■ The bank has organized advocacy courses and required supervisors to supervise employees to implement overtime applications

8. Important Contracts

February 28, 2023

Contract	Signing Party	Covering Period	Main Content	Restrictions
Outsourcing Agreement	TUNG KUAN SYSTEM CO. LTD.	2023.01.01-2023.12.31	Data processing: Including the data entry, processing, and output of information system	None
Outsourcing Agreement	TUNG KUAN SYSTEM CO. LTD.	2022.12.21-2023.12.20	Data processing: Including the data entry, processing, and output of information system	None
Outsourcing Agreement	FOONGTONE TECHNOLOGY CO., LTD.	2023.02.27-2024.02.26	1. Data processing: Including the data entry, processing, and output of information system 2. Including the operation processing. 3. Card personalization printing 4. Mailing job processing	None
Outsourcing Agreement	TAWIWAN NAME PLATE CO., LTD.	2023.04.01-2024.03.31	1. Data processing: Including the data entry, processing, and output of information system 2. Including the operation processing. 3. Card personalization printing 4. Mailing job processing	None
Outsourcing Agreement	Han Yeh Business Form Corporation	2022.09.01-2023.08.31	Data processing: Including the processing, and output of information system by Statement	Re-outsourcing prohibited except agreed by the Bank via document
		2022.12.01-2023.11.30	Data processing: Including the processing, and output of information system by Withholding Statement.	Re-outsourcing prohibited except agreed by the Bank via document
		2021.07.16-2023.07.15	Data processing: Including the processing, and output of information system by Insurance.	None
Outsourcing Agreement	FUCO TECHNOLOGY CO.,LTD.	2022.12.10-2023.12.09	1. Data processing: Including the data entry, processing, and output of information system 2. Data processing: Including the development, monitor and maintenance of information system. 3. Including the operation processing. 4. The operation of bill printing and sealing 5. Mailing job processing 6. Replying and processing for customer email.	None
Outsourcing Agreement	FAR EAS TONE TELECOMMUNICATIONS CO., LTD.	2022.11.01-2023-10.31	Collection processing for credit card payment.	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	LAI LAI Convenience Stores Company	2023.03.01-2023.11.30	Collection processing for credit card payment.	Entrusted institutions are limited to those approved by the competent authority
		2022.12.01-2023.11.30	Collection processing for consumer loan payment.	
Outsourcing Agreement	PRESIDENT CHAIN STORE CORPORATION	2023.01.01-2023.12.31	Collection processing for consumer loan and credit card payment.	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	Hi-Life INTERNATIONAL CO., LTD.	2023.01.01-2023.12.31	Collection processing for consumer loan payment.	Entrusted institutions are limited to those approved by the competent authority
		2022.08.01-2023.07.31	Collection processing for credit card payment	
Outsourcing Agreement	TAIWAN FAMILY Mart CO., LTD.	2023.01.01-2023.12.31	Collection processing for consumer loan payment.	Entrusted institutions are limited to those approved by the competent authority
		2022.07.01-2023.06.30	Collection processing for credit card payment.	
Outsourcing Agreement	World Wide Net International Corp.	2022.11.28-2023.11.27	Data processing: Including the data entry, processing, and output of information system.	None
Outsourcing Agreement	Justor Collection Management Co., Ltd.	2023.03.19-2023.03.18	Collection of debt receivables	None

Contract	Signing Party	Covering Period	Main Content	Restrictions
Outsourcing Agreement	Unistar Asset Management Co., Ltd.	2023.03.19-113 .03.18	Collection of debt receivables	None
Outsourcing Agreement	Sunrise Consultancy Co., Ltd.	2023.03.19-113 .03.18	Collection of debt receivables	None
Outsourcing Agreement	United Credit Services Co., Ltd.	2023.03.19-113 .03.18	Collection of debt receivables	None
Outsourcing Agreement	Jungshin Assets Management Co., Ltd.	2023.03.19-113 .03.18	Collection of debt receivables	None
Outsourcing Agreement	Lian Li Asset Management Co., Ltd.	2023.03.19-113 .03.18	Collection of debt receivables	None
Outsourcing Agreement	Yulon Finance Corporation	2022.04.13-202 2.04.12	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Hotai Finance Co., Ltd.	2022.08.03-113 .08.02	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Fina Finance & Trading Co., Ltd.	2022.08.03-113 .08.02	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Far Trust International Finance	2021.09.06-202 3.09.04	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Shinshin Credit Corporation	2021.10.08-202 3.10.07	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Crown Van Lines Co., Ltd.	2022.03.01-202 3.02.28	Documents such as forms and credential storage.	None
Outsourcing Agreement	National Credit Card Center of R.O.C.	1992.09.08 -30 days written notice before termination	Information system data registration, processing, and output	None
Outsourcing Agreement	Yuen Foong Paper Co., Ltd.	2022.06.13-202 3.06.12	Valet invoicing (checks, money orders) assignments	None

Contract	Signing Party	Covering Period	Main Content	Restrictions
Outsourcing Agreement	Leebao Security Co., Ltd.	2023.01.01-2023.12.31	Securities, Checks, commercial paper and cash in transit operation.	1. Re-outsourcing prohibited except a greed by the Bank via document. 2. The agreement will be auto-renewed for 1 year(max. for twice).
Outsourcing Agreement	Anfeng Enterprise Co., Ltd.	2023.01.01-2023.12.31	ATM machine upgrade and error fixing	1. Re-outsourcing prohibited except agreed by the Bank via document. 2. The agreement will be auto-renewed for 1 year(max. for twice).
Outsourcing Agreement	Brink's Co., Ltd.	2022.04.01-2022.03.31	Securities, Checks, commercial paper and cash in transit operation.	1. Re-outsourcing prohibited except agreed by the Bank via document. 2. The agreement will be auto-renewed for 1 year(max. for twice)
Outsourcing Agreement	Chun Hua Express Co., Ltd.	2023.02.01-2023.11.31	Outsourced delivery of bank-wide documents and bills.	Re-outsourcing prohibited except agreed by the Bank via document.
Outsourcing Agreement	Chunghwa Post Co., Ltd.	2022.08.01-2023.07.31	Business data processing operations	Contract parties are prohibited from re-entrusting without written consent of the Bank
Outsourcing Agreement	twMP Co., Ltd.	2022.01.01-2023.12.31	1. Card production for mobile payment and card life cycle management (host card emulation and tokenization) 2. Session key management and verification 3. Digital wallet APP 4. Software development kit (SDK) authentication 5. Push payment transaction	None
Outsourcing Agreement	DXC Technology Taiwan Limited	2022.01.01-2022.12.31	Computer system professional maintenance service	None
Outsourcing Agreement	TAIWAN-CA. Inc	2022.11.19-2023.11.18	Business data processing operations	None
Engineering Agreement	Jan Wei Engineering Co., Ltd.	2022.02.18-2022.04.17 2022.06.01-2022.08.31	1.13F of Taipei Metro Tower Office Interior Engineering 2.IT Office Relocation Interior Engineering	None
Engineering Agreement	Jun Jia Interior Design Co., Ltd.	2021.12.13-2022.02.28 2022.05.09-2022.07.10	1.Lin Kou Branch Renovation Interior Engineering 2.Taipei Chengde Branch Relocation Interior Engineering	None
Engineering Agreement	Jiasheng Interior Decoration Design Co., Ltd.	2022.07.01-2022.08.31	Taipei Jinhua Branch Relocation Interior Engineering	None
Engineering Agreement	Longtong Engineering Co., Ltd.	2022.05.09-2022.07.10 2022.07.01-2022.08.31	1.Taipei Chengde Branch Relocation Mechanical and Electrical Engineering 2.Taipei Jinhua Branch Relocation Mechanical and Electrical Engineering	None
Engineering Agreement	Guoshu Engineering Co., Ltd.	2022.02.18-2022.04.17 2021.12.13-2022.02.28 2022.06.01-2022.08.31	1.13F of Taipei Metro Tower Office Mechanical and Electrical Engineering 2.Lin Kou Branch Renovation Mechanical and Electrical Engineering 3.IT Office Relocation Mechanical and Electrical Engineering	None
Engineering Agreement	Chengming Air Conditioning Co., Ltd.	2022.05.09-2022.07.10 2022.06.01-2022.08.31	1.Taipei Chengde Branch Relocation Air Conditioning Engineering 2.IT Office Relocation Air Conditioning Engineering	None

Contract	Signing Party	Covering Period	Main Content	Restrictions
Engineering Agreement	Yurong Engineering Co., Ltd.	2021.12.13-2022.02.28 2022.07.01-2022.08.31	1.Lin Kou Branch Renovation Air Conditioning Engineering 2.Taipei Jinhua Branch Relocation Air Conditioning Engineering	None
Land Purchase Agreement	9 Natural Persons	2022.10.03-2023.01.18	For purchase of land in Xinyi District (For FEIB's new headquarter building)	None
Lease Contract	YUAN DING CO., LTD.	2021.01.01-2023.10.31	1F, 7F, 13F, 17F, 18F, 20F, 26F, 27F, 36F of Taipei Metro Tower Office Interior lease contract	None
Lease Contract	YUAN DING CO., LTD.	2022.02.15-2023.10.31	13F of Taipei Metro Tower Office Interior lease contract	None
Lease Contract	New Century InfoComm Tech Co., Ltd.	2022.04.08-2023.07.04	1F of Taipei Far Eastern Telecom Park C building lease contract	None
Lease Contract	Far Eastern General Contractor Inc.	2019.09.01-2024.08.31	4F of KuoMin building lease contract	None
Takeover Business CContract	Yuan Hsin Digital Payment Co., Ltd	2022.12.21	took over the remaining businesses, such as "card refund", "remaining balance refund", "declaration " and "data preservation"	None

9. Securitization

The Bank did not initiate securitization of any financial products in 2021.

VI. Financial Information

1. Five-Year Financial Summary

(1) Condensed Balance Sheets

Condensed Consolidated Balance Sheets

Unit: NT\$ Thousands

Item	Year(Note1)	2018	2019	2020	2021	2022
Cash, Cash Equivalents, Due from Central Bank and Due from Banks		37,566,952	36,421,733	41,546,831	50,890,513	43,829,052
Financial Assets at Fair Value Through Profit or Loss		46,507,501	53,015,441	31,757,436	37,662,767	46,652,529
Financial Assets at Fair Value Through Other Comprehensive Income		119,779,052	132,309,472	177,659,673	113,429,715	76,739,907
Investment in Debt Instruments at Amortized Cost		2,588,654	2,543,880	1,077,764	71,374,127	100,836,081
Derivative Financial Assets for Hedging		-	-	-	-	-
Securities Purchased under Resale Agreements		8,289,275	9,944,957	10,960,705	5,888,595	1,146,775
Receivables, net		21,484,377	22,575,863	21,544,213	24,331,835	18,999,211
Current Tax Assets		-	-	-	-	-
Assets held for Sale, net		-	-	-	-	-
Discounts and Loans, net		379,688,118	384,624,817	383,192,769	407,441,765	437,897,093
Investment accounted for using equity method, net		1,776,350	1,812,522	1,911,929	1,970,175	1,886,047
Restricted Assets		-	-	-	-	-
Other Financial Assets, net		4,695,376	5,547,572	4,654,802	3,971,314	4,790,483
Properties and Equipment, net (Note2)		2,732,431	2,913,291	2,984,953	2,984,077	4,760,573
Right-of-use Assets, net		-	1,025,968	825,209	1,018,720	954,076
Investment Properties, net		-	-	-	-	-
Intangible Assets, net		1,699,602	1,674,119	1,648,636	1,623,153	1,597,670
Deferred Tax Assets, net		372,184	249,411	212,925	209,623	179,701
Other Assets		171,278	228,504	313,111	258,134	270,445
Total Assets		627,351,150	654,887,550	680,290,956	723,054,513	740,539,643
Due to Central Bank and Other Banks		15,726,723	11,137,130	984,839	1,791,820	1,475,448
Funds borrowed from the Central Bank and other banks		-	-	22,340	77,240	-
Financial Liabilities at Fair Value Through Profit or Loss		2,752,479	3,909,304	5,196,435	3,002,289	8,689,238
Derivative Financial Liabilities for Hedging		-	-	-	-	-
Securities Sold under Repurchase Agreements		14,665,794	9,675,529	3,530,487	4,959	4,598,749
Payables		7,265,222	6,703,497	5,297,879	5,564,647	5,346,372
Current Tax Liabilities		201,032	365,937	176,737	175,662	311,114
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and Remittances		508,407,972	537,396,140	582,152,911	612,106,685	607,423,881
Bank Debentures		18,001,900	25,001,900	22,601,900	23,901,900	20,901,900
Preferred Stock Liabilities		-	-	-	-	-
Other Financial Liabilities		13,915,274	10,478,546	9,058,823	24,029,819	34,543,411
Provisions		1,194,774	1,235,204	1,063,091	1,056,482	760,392
Lease Liabilities		-	1,040,827	839,255	1,026,881	965,817
Deferred Tax Liabilities		-	-	-	-	-
Other Liabilities		475,240	659,123	622,554	614,178	550,988

Item	Year(Note1)	2018	2019	2020	2021	2022
		Total Liabilities	Before Distribution	582,606,410	607,603,137	631,547,251
	After Distribution	584,077,544	609,173,661	632,671,333	674,863,566	(Note3)
Equity Attributable to Owners of The Bank		44,744,740	47,284,413	48,743,705	49,701,951	54,972,333
Capital	Before Distribution	32,691,859	33,558,193	34,481,044	35,139,632	40,694,838
	After Distribution	33,558,193	34,481,044	35,139,632	35,694,838	(Note3)
Capital Surplus		456,426	456,426	456,426	456,426	302,926
Retained Earnings	Before Distribution	11,649,127	12,833,788	12,830,481	14,087,051	15,680,441
	After Distribution	9,311,659	10,340,413	11,047,811	12,020,841	(Note3)
Other Equity		(52,672)	436,006	975,754	18,842	(1,705,872)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before Distribution	44,744,740	47,284,413	48,743,705	49,701,951	54,972,333
	After Distribution	43,273,606	45,713,889	47,619,623	48,190,947	(Note3)
Independent Auditors' Report		Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion
Names of Auditors		Shih-Tsung Wu, Cheng-Hsiu Yang	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen

Note 1: The financial data had been audited by CPA.

Note 2: Asset revaluation had not been processed in each year.

Note 3: Earnings distribution yet to be approved by the 2023 shareholders' meeting

Condensed Unconsolidated Balance Sheets

Unit: NT\$ Thousands

Item	Year(Note1)	2018	2019	2020	2021	2022
Cash, Cash Equivalents, Due from Central Bank and Due from Banks		37,529,613	36,234,808	41,192,595	50,603,330	43,426,407
Financial Assets at Fair Value Through Profit or Loss		46,507,501	53,015,441	31,757,436	37,662,767	46,652,529
Financial Assets at Fair Value Through Other Comprehensive Income		119,779,052	132,309,472	177,659,673	113,429,715	76,739,907
Investment in Debt Instruments at Amortized Cost		2,588,654	2,543,880	1,077,764	71,374,127	100,836,081
Derivative Financial Assets for Hedging		-	-	-	-	-
Securities Purchased under Resale Agreements		8,289,275	9,944,957	10,960,705	5,888,595	1,146,775
Receivables, net		19,660,289	20,379,813	19,525,730	22,126,806	16,786,028
Current Tax Assets		-	-	-	-	-
Assets held for Sale, net		-	-	-	-	-
Discounts and Loans, net		379,688,118	384,624,817	383,192,769	407,441,765	437,897,093
Investment accounted for using equity method, net		2,794,977	3,941,980	4,188,899	4,206,038	4,014,536
Restricted Assets		-	-	-	-	-
Other Financial Assets, net		4,460,520	5,303,879	4,400,301	3,805,391	4,699,883
Properties and Equipment, net (Note2)		2,725,364	2,894,717	2,966,680	2,957,881	4,739,853
Right-of-use Assets, net		-	971,147	794,172	1,005,202	853,723
Investment Properties, net		-	-	-	-	-
Intangible Assets, net		1,699,602	1,674,119	1,648,636	1,623,153	1,597,670
Deferred Tax Assets, net		334,706	221,299	194,572	185,240	143,763
Other Assets		161,958	217,713	303,887	247,812	260,791
Total Assets		626,219,629	654,278,042	679,863,819	722,557,822	739,795,039
Due to Central Bank and Other Banks		15,726,723	11,137,130	984,839	1,791,820	1,475,448
Funds borrowed from the Central Bank and other banks		-	-	22,340	77,240	-
Financial Liabilities at Fair Value Through Profit or Loss		2,752,479	3,909,304	5,196,435	3,002,289	8,689,238
Derivative Financial Liabilities for Hedging		-	-	-	-	-
Securities Sold under Repurchase Agreements		14,665,794	9,675,529	3,530,487	4,959	4,598,749
Payables		7,187,730	6,564,200	5,131,080	5,470,609	5,292,310
Current Tax Liabilities		179,348	357,130	126,886	158,815	304,656
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and Remittances		508,647,889	537,752,178	582,692,412	612,556,258	607,734,750
Bank Debentures		18,001,900	25,001,900	22,601,900	23,901,900	20,901,900
Preferred Stock Liabilities		-	-	-	-	-
Other Financial Liabilities		12,649,950	9,730,519	8,363,435	23,238,057	33,687,918
Provisions		1,194,774	1,235,204	1,063,091	1,056,482	760,392
Lease Liabilities		-	987,337	809,359	1,014,799	866,417
Deferred Tax Liabilities		-	-	-	-	-
Other Liabilities		468,302	643,198	597,850	582,643	510,928
Total Liabilities	Before Distribution	581,474,889	606,993,629	631,120,114	672,855,871	684,822,706
	After Distribution	582,946,023	608,564,153	632,244,196	674,366,875	(Note3)
Capital	Before Distribution	32,691,859	33,558,193	34,481,044	35,139,632	40,694,838
	After Distribution	33,558,193	34,481,044	35,139,632	35,694,838	(Note3)
Capital Surplus		456,426	456,426	456,426	456,426	302,926
Retained Earnings	Before Distribution	11,649,127	12,833,788	12,830,481	14,087,051	15,680,441
	After Distribution	9,311,659	10,340,413	11,047,811	12,020,841	(Note3)

Item	Year(Note1)	2018	2019	2020	2021	2022
		Other Equity	(52,672)	436,006	975,754	18,842
Treasury stock		-	-	-	-	-
Total Equity	Before Distribution	44,744,740	47,284,413	48,743,705	49,701,951	54,972,333
	After Distribution	43,273,606	45,713,889	47,619,623	48,190,947	(Note3)
Independent Auditors' Report		Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion
Names of Auditors		Shih-Tsung Wu, Cheng-Hsiu Yang	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen

Note 1: The financial data had been audited by CPA.

Note 2: Asset revaluation has not been processed in each year.

Note 3: Earnings distribution yet to be approved by the 2023 shareholders' meeting.

(2) Condensed Comprehensive Income statement

Condensed Consolidated Comprehensive Income Statement

Unit: NT\$ Thousands

Item	Year(Note1)	2018	2019	2020	2021	2022
Interest Revenues		11,316,237	11,874,558	10,457,629	9,391,605	12,304,922
Less: Interest Expenses		5,635,434	6,416,746	4,421,002	2,950,709	5,261,369
Net Interests		5,680,803	5,457,812	6,036,627	6,440,896	7,043,553
Noninterest Income and Gains, net		5,537,474	6,263,868	5,178,592	4,351,993	4,695,378
Net Revenues		11,218,277	11,721,680	11,215,219	10,792,889	11,738,931
Provision for Loss on Bad Debts Expense, Commitment and Guarantee		514,803	511,748	1,464,719	813,218	544,102
Operating Expense		6,634,995	6,953,055	6,862,266	6,676,849	7,003,713
Pre-Tax Income from Continued Operations		4,068,479	4,256,877	2,888,234	3,302,822	4,191,116
Income Tax Benefit (Expense)		(544,278)	(624,282)	(369,531)	(363,700)	(513,614)
After-Tax Income from Continued Operations		3,524,201	3,632,595	2,518,703	2,939,122	3,677,502
After-Tax Income from Discontinued Operations		-	-	-	-	-
Net Income		3,524,201	3,632,595	2,518,703	2,939,122	3,677,502
Other Comprehensive Income (Loss)		(329,695)	395,350	511,113	(856,794)	(1,742,616)
Other Comprehensive Income (Loss), Net of Tax		(329,695)	395,350	511,113	(856,794)	(1,742,616)
Total Comprehensive Income		3,194,506	4,027,945	3,029,816	2,082,328	1,934,886
Net Income Attributable to Owners of The Bank		3,524,201	3,632,595	2,518,703	2,939,122	3,677,502
Net Income Attributable to Non-Controlling Interests		-	-	-	-	-
Total Comprehensive Income Attributable to Owners of The Bank		3,194,506	4,027,945	3,029,816	2,082,328	1,934,886
Total Comprehensive Income Attributable to Non-controlling Interests		-	-	-	-	-
EPS (NT\$)		0.99	1.02	0.71	0.82	1.00

Note 1: The financial data had been audited by CPA.

Condensed Unconsolidated Comprehensive Income Statement

Unit: NT\$ Thousands

Item	Year(Note1)				
	2018	2019	2020	2021	2022
Interest Revenues	11,261,208	11,805,327	10,393,360	9,330,226	12,242,206
Less: Interest Expenses	5,608,761	6,404,292	4,416,244	2,946,670	5,254,023
Net Interests	5,652,447	5,401,035	5,977,116	6,383,556	6,988,183
Noninterest Income and Gains, net	5,286,289	5,930,507	4,670,783	3,982,867	4,507,393
Net Revenues	10,938,736	11,331,542	10,647,899	10,366,423	11,495,576
Provision for Loss on Bad Debts Expense, Commitment and Guarantee	506,522	517,381	1,460,231	795,191	533,268
Operating Expense	6,381,959	6,609,385	6,381,554	6,319,917	6,782,556
Pre-Tax Income from Continued Operations	4,050,255	4,204,776	2,806,114	3,251,315	4,179,752
Income Tax Benefit (Expense)	(526,054)	(572,181)	(287,411)	(312,193)	(502,250)
After-Tax Income from Continued Operations	3,524,201	3,632,595	2,518,703	2,939,122	3,677,502
After-Tax Income from Discontinued Operations	-	-	-	-	-
Net Income	3,524,201	3,632,595	2,518,703	2,939,122	3,677,502
Other Comprehensive Income (Loss)	(329,695)	395,350	511,113	(856,794)	(1,742,616)
Other Comprehensive Income (Loss), Net of Tax	(329,695)	395,350	511,113	(856,794)	(1,742,616)
Total Comprehensive Income	3,194,506	4,027,945	3,029,816	2,082,328	1,934,886
EPS (NT\$)	0.99	1.02	0.71	0.82	1.00

Note 1: The financial data had been audited by CPA.

2. Five-Year Financial Analysis

(1) Financial Analysis & Key Performance Index (KPI)

Consolidated Financial Analysis

Item(Note3)		Year(Note1)	2018	2019	2020	2021	2022
Operating Ability	Loans to deposits ratio (%)		75.72	72.62	66.81	67.49	73.12
	Ratio of NPL (%) *		0.237	0.279	0.509	0.265	0.356
	Interest expense to average total deposits (%)		0.89	0.98	0.66	0.41	0.74
	Interest revenue to average total loans (%)		2.32	2.35	2.01	1.79	2.17
	Total asset turnover (times)		0.02	0.02	0.02	0.02	0.02
	Average net revenue per employee(NT\$1000)		4,516	4,624	4,327	4,118	4,486
	Average net income per employee(NT\$1000)		1,419	1,433	972	1,121	1,405
Profitability	Return on tier 1 capital (%)		9.66	9.33	6.10	6.77	7.92
	Return on total assets (%) *		0.59	0.57	0.38	0.42	0.50
	Return on equity(%) *		8.05	7.89	5.25	5.97	7.03
	Net income ratio (%)		31.41	30.99	22.46	27.23	31.33
	EPS (NT\$) Before Distribution (Note5) *		1.08	1.08	0.73	0.84	1.00
	After Distribution		0.99	1.02	0.71	0.82	-
Financial Structure	Liabilities to assets ratio (%)		92.83	92.73	92.78	93.08	92.55
	Property and equipment as a percentage of equity (%)		6.11	6.16	6.12	6.00	8.66
Growth Ratio	Asset growth ratio (%)		9.02	4.39	3.88	6.29	2.42
	Income growth ratio (%)		24.51	4.63	(32.15)	14.35	26.90
Cash Flow	Cash flow ratio (%)		10.40	4.43	99.57	52.45	(Note2)
	Cash flow adequacy ratio (%)		(Note2)	(Note2)	(Note2)	446.65	93.08
	Cash flow satisfied ratio (%)		(Note2)	(Note2)	(Note2)	1,773.07	(Note2)
Liquidity Reserve Ratio (%)			30.30	31.17	37.53	37.42	30.81
Total Secured Loans to interested parties (NT\$1000)			5,950,318	8,044,167	6,599,315	7,412,594	8,029,132
Total Secured Loans to interested parties as a Percentage of Total Loans (%)			1.46	1.92	1.57	1.66	1.74
Operating Scale	Market share of asset (%)		1.10	1.11	1.07	1.07	1.03
	Market share of equity (%)		1.12	1.10	1.09	1.07	1.18
	Market share of deposits (%)		1.20	1.25	1.22	1.20	1.09
	Market share of loans (%)		1.16	1.14	1.09	1.08	1.08

Reasons for the changes in financial ratios over the last two years (Chang of more than 20%):

1. The increase of ratio of NPL was due to the increase of total non-performing loans.
2. The increase of interest expense to average total deposits was due to the raising interest rate.
3. The increase of interest revenue to average total loans was due to the raising interest rate.
4. The increase of average net income per employee was due to the increase of net income after tax.
5. The increase of property and equipment as a percentage of equity was due to acquisition of a parcel of land.
6. The decrease of asset growth ratio was due to the decrease of Due from Banks and Financial assets investment.
7. The increase of income growth ratio was due to the increase of net income before tax.
8. The decrease of cash flow adequacy ratio was due to the decrease of net cash generated from operating activities.

Unconsolidated Financial Analysis

Item(Note3)		Year(Note1)	2018	2019	2020	2021	2022
Operating Ability	Loans to deposits ratio (%)		75.68	72.57	66.74	67.44	73.08
	Ratio of NPL(%) *		0.237	0.279	0.509	0.265	0.356
	Interest expense to average total deposits(%)		0.89	0.98	0.66	0.41	0.74
	Interest revenue to average total loans(%)		2.32	2.35	2.01	1.79	2.17
	Total asset turnover (times)		0.02	0.02	0.02	0.01	0.02
	Average net revenue per employee(NT\$1000)		4,569	4,640	4,295	4,150	4,565
	Average net income per employee(NT\$1000)		1,472	1,488	1,016	1,177	1,460
Profitability	Return on tier 1 capital (%)		9.73	9.37	6.06	6.82	7.98
	Return on total assets (%) *		0.59	0.57	0.38	0.42	0.50
	Return on equity(%) *		8.05	7.89	5.25	5.97	7.03
	Net income ratio (%)		32.22	32.06	23.65	28.35	31.99
	EPS (NT\$) Before Distribution (Note5) *		1.08	1.08	0.73	0.84	1.00
	After Distribution		0.99	1.02	0.71	0.82	-
Financial Structure	Liabilities to assets ratio (%)		92.81	92.72	92.78	93.08	92.54
	Property and equipment as a percentage of equity (%)		6.09	6.12	6.09	5.95	8.62
Growth Ratio	Asset growth ratio (%)		8.95	4.48	3.91	6.28	2.39
	Income growth ratio (%)		23.36	3.82	(33.26)	15.87	28.56
Cash Flow	Cash flow ratio (%)		11.90	5.15	100.03	55.28	(Note2)
	Cash flow adequacy ratio (%)		(Note2)	(Note2)	(Note2)	399.48	87.62
	Cash flow satisfied ratio (%)		(Note2)	(Note2)	(Note2)	1,351.37	(Note2)
Liquidity Reserve Ratio (%)		30.30	31.17	37.53	37.42	30.81	
Total Secured Loans to interested parties (NT\$1000)		5,950,318	8,044,167	6,599,315	7,412,594	8,029,132	
Total Secured Loans to interested parties as a Percentage of Total Loans (%)		1.46	1.92	1.57	1.66	1.74	
Operating Scale	Market share of asset (%)		1.10	1.11	1.07	1.07	1.03
	Market share of equity (%)		1.12	1.10	1.09	1.07	1.18
	Market share of deposits (%)		1.20	1.25	1.22	1.20	1.09
	Market share of loans (%)		1.16	1.14	1.09	1.08	1.08

Reasons for the changes in financial ratios over the last two years (Change of more than 20%):

1. The increase of ratio of NPL was due to the increase of total non-performing loans.
2. The increase of interest expense to average total deposits was due to the raising interest rate.
3. The increase of interest revenue to average total loans was due to the raising interest rate.
4. The increase of average net income per employee was due to the increase of net income after tax.
5. The increase of property and equipment as a percentage of equity was due to acquisition of a parcel of land.
6. The decrease of asset growth ratio was due to the decrease of Due from Banks and Financial assets investment.
7. The increase of income growth ratio was due to the increase of net income before tax.
8. The decrease of cash flow adequacy ratio was due to the decrease of net cash generated from operating activities.

The mark "*" are Key Performance Index for the Bank.

Note1: The annual financial data has been audited by independent auditors.

Note2: The ratio associated with cash flow is negative, and therefore not included in the analysis herein.

Note3: The aforementioned ratios are calculated as follows:

1. Operating Ability

(1) Loans to deposits ratio = Total loans / Total deposits.

(2) Ratio of NPL = Total non-performing loans / Total loans.

(3) Interest expense to average total deposits = Deposits related interest expense/ Average total deposits

(4) Interest revenue to average total loans = Loans related interest revenue/ Average total loans

(5) Total assets turnover = Net revenue / Average total assets.

(6) Average net revenue per employee (Note7) = Net operating revenue/ Total number of employees.

(7) Average net income per employee = Net income after tax/ Total number of employees.

2. Profitability

(1) Return on Tier 1 capital = Net income before tax/ Average total Tier 1 capital.

(2) Return on total assets = Net income after tax/ Average total assets.

(3) Return on equity = Net income after tax/ Average shareholders' equity.

(4) Net income ratio = Net income after tax/ Net profit.

(5) EPS = (Net income attributable to owners of the bank– preferred shares dividend)/ Average issued shares (Note5)

3. Financial Structure

(1) Liabilities to assets ratio = Total liabilities (Note4) / Total assets.

(2) Property and equipment as a percentage of equity = Property and equipment / Net equity.

4. Growth Ratio

(1) Asset growth ratio = (Current total asset – Last year total asset) / Last year total asset.

(2) Income growth ratio = (Current income before income tax– Last year income before income tax)/Last year income before income tax.

5. Cash Flow (Note8)

(1) Cash flow ratio = Cash flows from operating activities / (Due to banks and drafts + commercial bills payable + financial liabilities at fair value through profit or loss + securities sold under repurchased agreements + accounts payable in 1 year).

(2) Cash flow adequacy ratio = Cash flows from operating activities in the last 5 Years / (Capital expenditure + cash dividends) in the last 5 Years.

(3) Cash flow satisfied ratio = Cash flows from operating activities / Cash flows from investing activities.

6. Liquidity Reserve Ratio = Liquid assets stipulated by CBC / Reserves appropriated for various types of liabilities

7. Operating Scale

(1) Market share of asset = Total assets / Total assets of all financial institutions available for deposits and loans (Note6)

(2) Market share of equity = Total equities / Total equities of all financial institutions available for deposits and loans

(3) Market share of deposits = Total deposits / Total deposits of all financial institutions available for deposits and loans

(4) Market share of loans = Total loans / Total loans of all financial institutions available for deposits and loans

Note4: Total liabilities refer to the amount of liabilities after deducting reserve for obligations guarantee and reserve for financing commitment.

Note5: The calculation formula for EPS mentioned above shall meet the following requirements during measurements:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax.
5. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net income after tax; no adjustment is required to be made if the result of operation is a net loss.

Note6 : All financial institutions that can provide deposit and loan services including local banks, Chinese mainland bank branches in Taiwan, branches of foreign banks in Taiwan, credit unions, credit departments of fishermen's associations and farmer's associations, and trust investment companies.

Note7: Revenue refers to the sum of interest income and non-interest income.

Note8: The following notes apply when conducting cash flow analysis:

1. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Cash dividend includes cash dividends from both common shares and preferred shares.

(2) Capital Adequacy

Consolidated Capital Adequacy

Unit: NT\$ Thousands

Items		Year	2018	2019	2020	2021	2022
Regulatory capital	Common equity		42,076,829	44,327,124	45,576,902	47,211,995	53,332,585
	Additional Tier I capital		2,448,097	2,441,893	2,422,018	2,407,456	2,900,000
	Tier II capital		9,544,444	11,940,847	11,831,485	12,541,523	12,087,994
	Total regulatory capital		54,069,370	58,709,864	59,830,405	62,160,974	68,320,579
Risk-weighted assets	Credit risk	Standardized approach	369,490,534	383,322,495	380,483,851	396,197,242	421,744,787
		Internal rating-based approach	-	-	-	-	-
		Asset securitization	215,318	873,284	859,791	458,214	393,738
	Operational risk	Basic indicator approach	19,686,600	20,256,763	20,884,000	21,252,263	20,432,013
		Standardized approach/alternative standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
		Market risk	Standardized approach	11,098,400	14,451,488	8,822,288	14,680,875
	Internal models approach		-	-	-	-	-
	Total risk-weighted assets		400,490,852	418,904,030	411,049,930	432,588,594	455,946,401
	Capital adequacy ratio			13.50%	14.02%	14.56%	14.37%
Ratio of Tier I capital to risk-weighted assets			11.12%	11.16%	11.68%	11.47%	12.33%
Ratio of common equity to risk-weighted assets			10.51%	10.58%	11.09%	10.91%	11.70%
Leverage ratio			6.19%	6.24%	6.23%	5.99%	6.73%
Please explain the reason of Capital adequacy ratio change in past two years. (Variation is less than 20%)							

Note : 1 - Regulatory capital, risk-weighted assets and Exposure Measurement are calculated under the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Methods for Calculating Bank's regulatory Capital and Risk Weighted Assets"

2 - Formulas used were as follows:

(1) Regulatory capital = Common equity + Additional Tier I capital + Tier II capital

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

(3) Capital adequacy ratio = Total regulatory capital/Total risk-weighted assets

(4) Ratio of Tier I capital to risk-weighted assets = (Common equity + Additional Tier I capital)/Total risk-weighted assets

(5) Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets

(6) Leverage ratio = Net Tier I capital/Exposure Measurement

Unconsolidated Capital Adequacy

Unit: NT\$ Thousands

Items		Year	2018	2019	2020	2021	2022
Regulatory capital	Common equity		41,848,384	43,803,077	45,007,659	46,653,029	53,344,447
	Additional Tier I capital		2,193,441	1,909,528	1,852,775	1,848,490	2,900,000
	Tier II capital		9,014,910	10,844,574	10,674,012	11,392,226	12,080,056
	Total regulatory capital		53,056,735	56,557,179	57,534,446	59,893,745	68,324,503
Risk-weighted assets	Credit risk	Standardized approach	367,484,931	380,798,943	378,101,729	393,687,935	424,484,834
		Internal rating-based approach	-	-	-	-	-
		Asset securitization	215,318	873,284	859,791	458,214	393,738
	Operational risk	Basic indicator approach	19,200,700	19,809,625	20,229,725	20,512,863	20,321,238
		Standardized approach/alternative standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
		Market risk	Standardized approach	11,098,400	14,451,488	8,822,288	14,680,875
		Internal models approach	-	-	-	-	-
		Total risk-weighted assets	397,999,349	415,933,340	408,013,533	429,339,887	458,575,673
	Capital adequacy ratio			13.33%	13.60%	14.10%	13.95%
Ratio of Tier I capital to risk-weighted assets			11.07%	10.99%	11.49%	11.30%	12.27%
Ratio of common equity to risk-weighted assets			10.51%	10.53%	11.03%	10.87%	11.63%
Leverage ratio			6.14%	6.11%	6.09%	5.87%	6.73%
Please explain the reason of Capital adequacy ratio change in past two years. (Variation is less than 20%)							

Note : 1、Regulatory capital, risk-weighted assets and Exposure Measurement are calculated under the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Methods for Calculating Bank's regulatory Capital and Risk Weighted Assets"

2、Formulas used were as follows:

(1)Regulatory capital = Common equity + Additional Tier I capital + Tier II capital

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

(3)Capital adequacy ratio = Total regulatory capital/Total risk-weighted assets

(4)Ratio of Tier I capital to risk-weighted assets = (Common equity + Additional Tier I capital)/Total risk-weighted assets

(5)Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets

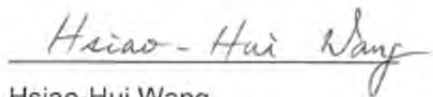
(6)Leverage ratio = Net Tier I capital/Exposure Measurement

To: 2023 Annual Shareholders' Meeting of Far Eastern International Bank

March 2, 2023

The Board of Directors has submitted business report, audited financial statements (certified by Chun-Hung Chen CPA, and Ying-Chou Chen CPA, of Deloitte & Touche) and earnings distribution proposal of the Bank for the year ended Dec.31 2022 for the Committee's review.

After reviewing, the Committee has found the above mentioned reports acceptable, and hence issued the review report herewith in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.



Hsiao-Hui Wang

Audit Committee Convener
Far Eastern International Bank

3. The Audit Committee's Review Report

4. 2022 Audited Consolidated Financial Statement

Please refer to page 166-259.

5. 2022 Audited Unconsolidated Financial Statement

Please refer to page 260-349.

6. Impact to the Bank from Financial Difficulty of the Bank or Its Affiliates

None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of Financial Status

Unit: NT\$ Thousands

Item	Year	Dec. 31, 2022	Dec. 31, 2021	Difference	
				Amount	%
Cash and Cash Equivalents, Due from the Central Bank and Other Banks		43,829,052	50,890,513	(7,061,461)	(14)
Financial Assets at Fair Value Through Profit or Loss		46,652,529	37,662,767	8,989,762	24
Financial Assets at Fair Value Through Other Comprehensive Income		76,739,907	113,429,715	(36,689,808)	(32)
Investment in Debt Instruments at Amortized Cost		100,836,081	71,374,127	29,461,954	41
Discounts and Loans, net		437,897,093	407,441,765	30,455,328	7
Receivables, net		18,999,211	24,331,835	(5,332,624)	(22)
Other Financial Assets		5,937,258	9,859,909	(3,922,651)	(40)
Other Assets		9,648,512	8,063,882	1,584,630	20
Total Assets		740,539,643	723,054,513	17,485,130	2
Deposits and remittance		607,423,881	612,106,685	(4,682,804)	(1)
Other Liabilities		78,143,429	61,245,877	16,897,552	28
Total Liabilities		685,567,310	673,352,562	12,214,748	2
Capital		40,694,838	35,139,632	5,555,206	16
Capital Surplus		302,926	456,426	(153,500)	(34)
Retained Earnings		15,680,441	14,087,051	1,593,390	11
Other Equity		(1,705,872)	18,842	(1,724,714)	(9,154)
Total Equity		54,972,333	49,701,951	5,270,382	11

Notes (Changes of more than 20% and more than \$10,000 thousands):

1. The decrease of Cash and Cash Equivalents, Due from the Central Bank and Other Banks was due to decrease of due from other banks.
2. The increase of Financial Assets at Fair Value Through Profit or Loss was due to increase of foreign-currency swap, interest rate swap, and asset swap.
3. The decrease of Financial Assets at Fair Value Through Other Comprehensive Income was due to decrease of bonds, commercial paper, and negotiable certificates of deposit of CBC.
4. The increase of Investment in Debt Instruments at Amortized Cost was due to the increase of negotiable certificates of deposit of CBC and bonds.
5. The decrease of Receivables, net was due to decrease of factoring.
6. The decrease of Other Financial Assets was due to decrease of securities purchased under resale agreements, and the increase of restricted time deposits.
7. The increase of Other Assets was due to acquisition of a parcel of land.
8. The increase of Other Liabilities was due to increase of principals received from structured products, financial liabilities at fair value through profit or loss, and securities sold under repurchase agreement.
9. The decrease of Other Equity was due to increase of unrealized gains on financial assets at fair value through other comprehensive income.

2. Analysis of Financial Performance

Unit: NT\$ Thousands

Item	Year	2022	2021	Variance	
				Amount	(%)
Net Interest Revenue		7,043,553	6,440,896	602,657	9
Net-non-interest Revenue		4,695,378	4,351,993	343,385	8
Net Revenue		11,738,931	10,792,889	946,042	9
Provision for Loss on Bad Debts Expense, Commitment and Guarantee		544,102	813,218	(269,116)	(33)
Operating Expense		7,003,713	6,676,849	326,864	5
Net Income Before Tax		4,191,116	3,302,822	888,294	27
Income tax expense		513,614	363,700	149,914	41
Net Income		3,677,502	2,939,122	738,380	25

1. Notes of change: (Changes of more than 20% and more than \$10,000 thousands):

- (1) The decrease of provision for loss on bad debts expense, commitment and guarantee was due to the decrease of provision for possible losses - loans.
- (2) The increase of income tax expense was due to the increase of net income before tax.

2. Operation goal: Please refer to page 10 operation goal.

3. Improvement plan in the future:

For details, please refer to the current year's business plan on page 105-107.

3. Analysis of Cash Flow

(1) Liquidity Analysis for the Latest 2 years:

	2022	2021	Change in %
Cash flow ratio (%)	Note	52.45	-
Cash flow adequacy ratio (%)	93.08	446.65	(79)
Cash flow satisfied ratio (%)	Note	1,773.07	-

Notes of change: (Changes of more than 20%) :

1. The decrease of Cash flow adequacy ratio was due to the decrease of net cash generated from operating activities

Note: The ratio was negative, so it would not be analyzed.

(2) Cash Flow Analysis for the Coming Year

Unit: NT\$ Thousands

Beginning Cash Balance (A)	Estimated Net Cash Flow from Operating Activities (B)	Estimated Cash Outflow (Inflow) (C)	Cash Surplus (Deficit) (A) + (B) - (C)	Leverage of Cash Deficit	
				Investment Plan	Financing Plan
8,237,870	1,683,577	8,161,616	1,759,831	-	-

4. Major Capital Expenditure in Last Year:

None.

5. Investment Policy in Last Year, Main Causes of Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

The Bank's reinvestment activities are based on bank's strategic development plans, to complement with banking activity and achieve consolidation synergy.

(1) Far Eastern International Securities Company Ltd.

A. Main Causes of Profit

The Company's net income in 2022 was affected by the overall market sentiment and personnel turnover. The Company reported revenue of NT\$138,595 thousand in 2022, compared to NT\$ 471,218 thousand in 2021, decreased by NT\$ 332,623 thousand or 71%. The operating cost of NT\$33,803 thousand in 2022 compared to NT\$38,363 thousand in 2021 decreased by NT\$ 4,506 thousand, or 12%.

B. Business Plans for the Coming Year

(a) Wealth Management Department

- ① Dynamic products mix based on market sentiment
 - Diversifying underlying assets and product structure for structured investment products.
 - Offering customer-centric research reports, to enhance customers' relationship.
- ② Expansion of professional investor pool
 - Focusing on both individual and corporation investors, to diversify source of revenue and customers' portfolio.
 - Deepening customers' relationship through on-line/off-line events or extending relationship to the next generation.
 - Offering one-on-one macro economy analysis and product introduction to professional investors, to deepen customer loyalty.
- ③ More salespersons' recruitment and productivity enhancement
 - On-going recruiting of highly qualified salespersons, and increase overall productivity of salespersons.

(b) Securities Brokerage Department

- ① Enhancing pricing efficiency, to improve brokerage competitiveness and effectiveness.
- ② Actively presenting proposals, to build up partnership with customers.
- ③ Offering real-time service or feedback for institutional investors, to upgrade service level.
- ④ Periodically reviewing business strategy with professional institutional investors, to dig out new business opportunities or new customers.

(c) Expense control by austerity plans and effective monitoring.

(2) Far Eastern Asset Management Corp.

A. Main Causes of Profit

The Company reported positive income by purchase of bad debts at low cost and good

return on investment from joint venture projects.

B. Business Plans for the Coming Year

(a) Continuing purchasing new NPL, to gain service fee income.

(b) Purchasing new court-auctioned real estates, and disposing these assets for profit.

(3) FEIB Financial Leasing Co., Ltd.

A. Main Causes of Profit

The Company reported positive income by increase of net interest income and fee income from financial leasing transactions.

B. Business Plans for the Coming Year

Continuing developing new customers, to secure various revenues.

6. Analysis of Risk Management

(1) Risk Management Structure and Policy

A. Policy

(a) Using qualitative and quantitative approaches, such as operational procedures and asset quality ratio per internal and external regulatory guidelines, as references to the Bank's management strategy under the prudent risk management culture.

(b) Organizing an independent risk management department, to implement and monitor risk management mechanism effectively.

(c) Identifying, measuring, monitoring and controlling the Bank's existing and potential risks within the acceptable risk parameters; balancing risk with return to meet annual income budget and achieve business sustainability.

B. Organization Structure

(a) Board of Directors :

The Board of Directors is FEIB's ultimate decision-maker of risk management and is responsible for formulating the framework and policy of risk management.

(b) Assets and Liabilities Management Committee & Risk Management Committee:

The Bank's President chairs the committee, assigns the relevant senior managers as the committee members and calls for the regular meetings. Moreover, the Committee is responsible of examining and supervising the Bank's assets and liabilities management, and risk exposure management.

(c) Risk Management Group :

Under the Risk Management Group, Corporate Banking Department, Consumer Banking Department and Risk Control Department are responsible for managing the risk profile of the relevant business unit(s) directly, and reporting to the Risk Management Committee and the Board of Directors regularly.

The duties of each department are as below.

- The RMG - Corporate Banking Department is integrated by two teams. The credit review team is responsible for credit proposal assessment, and account receivables finance assessment. The credit management team conducts the lending policy amendment, post-lending management and oversees the business unit's credit review, and tracking report.
- The RMG - Consumer Banking Department is responsible for consumer lending / credit card facility approval, consumer lending policy amendment, portfolio management, post-lending management, customer complaint solutions, delinquency loan collection, non-performing loan collection.
- The RMG - Risk Control Department is responsible for collective management of bank-wise credit risk, market risk, and operational risk.

(d) Internal Audit Group :

The Internal Audit Group is in charge of auditing implementation of risk management framework, operational procedures, and suggesting actions of improvement in due course.

(2) Qualitative and Quantitative Information of Various Risks

A. Credit Risk Management System and Capital Requirement

(a) Credit Risk Management System

2022

Item	Content
1. Strategies and procedures of credit risk management	1. Developing a prudent credit risk management mechanism to effectively identify, measure, monitor and control the credit risk and balance the credit risk with justified return. 2. Corporate Banking and Retail Banking Business: (1) Corporate Banking : 1. Strategy and goal The Bank establishes clear procedures for corporate loan approval and post lending management to ensure asset quality. 2. Policy The Bank sets out adequate credit allocation limit to each industry and conglomerate, and regularly or duly adjusts the credit limit based on economic situation, industrial trend and the Bank's business strategy. 3. Procedure (1) The authorization level is defined in FEIB's "Credit Authorization Guidelines". The managers are authorized to approve the credit proposal. The large-amount and specific credit lines must be assessed by the Credit Committee before approved by the authorized managers. (2) Post-lending review is done following the management mechanism and tracking changes of borrower's credit quality and collateral valuation. In addition, according to the watch-list system, the Bank takes proactive countermeasures against the potential credit risk. (2) Retail Banking : 1. Strategy and goal The Bank formulates clear credit policy to ensure portfolio quality and achieve justifiable profit. 2. Policy The Bank manages asset portfolio adequately and tracks changes of credit quality. The Bank adjusts credit policy in response to economic condition and financial environment. 3. Procedure Credit circle starts from designing financial products, followed by assessing the

Item	Content
	<p>credit cost and formulating credit terms and approval guidelines. The next stage is setting out the directions for post-lending management, to track and analyze the credit quality, transaction changes, for collective management of the portfolio's credit risk.</p>
<p>2. Organization and structure of credit risk management</p>	<ol style="list-style-type: none"> 1. Board of Directors : The Board of Directors is FEIB's ultimate decision-maker of credit risk management. It is responsible for approving credit risk management strategy and regularly examining the management result, according to overall operations strategy and business environment. 2. Risk Management Committee : Following the credit risk management strategy approved by the Board of Directors, the Risk Management Committee is responsible for managing the credit risk mechanism, examining credit risk regulation, coordinating management differences among departments and continuously overseeing the execution result. 3. Credit Committee : According to the Bank's "Credit Committee Procedures", the Credit Committee is responsible for reviewing the Bank's specific credit lines and loans. 4. Risk Management Group : RMG - Corporate Banking Department : The Corporate Banking Department includes two teams. The credit review team is responsible for credit proposal assessment, and account receivables finance assessment. The credit management team conducts the lending policy amendment, post-lending management and oversees business unit's credit review and tracking report. RMG - Consumer Banking Department : The Department is responsible for consumer lending/credit card facility assessment, consumer lending policy amendment, portfolio management, post-lending management, customer complaint solutions, delinquency loan collection, and non-performing loans collection. RMG - Risk Control Department: The Department is responsible for collective management of bank-wise credit risk, market risk, and operational risk. 5. Internal Audit Group: The Group is responsible for auditing risk management activities at least annually and raising suggestions for improvement.
<p>3. Scope and characteristics of credit risk report and evaluation system</p>	<ol style="list-style-type: none"> 1. Corporate Banking : The credit risk report includes credit risk limits, risk exposure, post-lending management and asset quality assessment, submitted to the Board of Directors quarterly after examined by the Risk Management Committee. <ol style="list-style-type: none"> (1) Group <ol style="list-style-type: none"> 1. No excessive concentration of credit risk on any single group. 2. Determining Group's credit limit on a case by case base. (2) Industry Reviewing credit exposure of each industry at the end of every quarter. (3) Watch-list Reviewing financial and business changes of borrowers and taking credit-enhancement actions in advance. (4) Asset quality classification In addition to performing loan assets, the non-performing loans are evaluated, classified and additional provision is reserved, in accordance with collateral value and the overdue period. 2. Retail Banking : The Group reports quarterly to the Risk Management Committee on portfolio structure, asset quality status, and risk management strategy etc. Scope includes credit concentrating rate, key assets quality indicators, risk rating and impacts of industrial environment.
<p>4. Policies for credit risk hedging or risk mitigation,</p>	<ol style="list-style-type: none"> 1. Evaluating default probability and net loss of the extending credits; stipulating the credit terms, mitigating credit risk by guarantor and collateral with value, such as bank

Item	Content
as well as strategies and processes for monitoring effectiveness of risk hedging and mitigation	deposit, securities (such as treasury bills, government bonds, bank debentures, stocks, corporate bonds guaranteed by financial institutions), land and real estate etc. to reduce risk exposure; updating value of listed stocks daily, updating appraisal value of land and real estate when renewing credit extension, and monitoring collateral value timely. 2. Reducing non-target credit extensions to save credit risk. 3. Managing asset quality by credit limits and regulations; tracking changes of credit quality, timely monitoring credit risk by post-lending management, credit concentration analysis and interim review; supervising overall credit risk quality to ensure effective risk mitigation.
5. Approach applied to Regulatory Capital Charge	Standardized Approach

(b) Risk Exposure after Mitigating Risks from the Standardized Approach of the Credit Risk and Capital Requirement

Exposure Type	December 31, 2022	
	Exposure after Risk Mitigation	Capital Requirement
Sovereign states	142,916,702	0
Non-central government public sections	9,833,339	157,333
Bank (including multilateral development banks)	62,076,729	1,813,326
Enterprises (including securities and insurance companies)	209,108,835	15,071,903
Retail credit	61,727,090	3,759,523
Real estate	254,331,785	11,200,468
Equity investment	7,418,323	1,075,210
Other assets	12,128,815	557,424
Total	759,541,618	33,635,187

B. Securitization Risk Management System, Risk Exposure, and Capital Requirement

(a) Securitization Risk Management Framework

2022	
Item	Content
1. Strategies and procedures of securitization management	Not Applicable
2. Organization and structure of securitization management	
3. Scope and characteristics of the securitization risk report and measurement system.	
4. Policies for securitization hedging or risk mitigation, as well as strategies and processes for monitoring and risk mitigation tools continuous effectiveness	
5. Approach applied to Regulatory Capital Charge	Standardized Approach
6. Overall qualitative disclosure requirements, included:	Not Applicable
1) The purpose of engaging in securitization activities and the types of risks undertaken and retained by banks in re-securitization activities	
2) Other risks implied by securitized assets (e.g. liquidity risk)	
3) Different roles played by banks in the process of securitization, and the degree of participation of banks in each process	
4) The monitoring process for credit and market risk in securitization	
5) The risk management policy in mitigating the risks retained by securitization and re-securitization	
7. Overview of accounting policies for bank securitization	
8. In the banking book, the name of the external rating agency (ECAI) used in securitization, and the risk exposure in which it is used in each type of asset securitization	
9. Any significant changes in quantity since the last reporting period (e.g. assets transferred between banking book and trading book)	

Note: Items 6 to 9 are only required to be filled out by the founding bank that is currently in circulation.

(b) Engagement of Asset Securitization

None.

(c) Risk Exposure and Capital Requirement for Asset Securitization - by Transaction Type

December 31, 2022 Unit: NT\$ thousands

Bank Category	Risk Exposure Category	Book type	Type of assets	Traditional				Synthetic		Total			
				Risk Exposure Amount				Capital Requirement (2)	Risk Exposure Amount	Capital Requirement (4)	Risk Exposure Amount (5)=(1)+(3)	Capital Requirement (6)=(2)+(4)	Capital Requirement Before Securitization
				Retained or Purchased	For Liquidity Facility	For Credit Enhancement	Sub-total (1)		Retained or Purchased (3)				
Non-Founding Bank	Banking book		CMO	1,968,690			1,968,690	31,499			1,968,690	31,499	
	Trading book												-
	Sub-total			1,968,690			1,968,690	31,499			1,968,690	31,499	
Founding Bank	Banking book												-
	Trading book												-
	Sub-total												-
Total				1,968,690			1,968,690	31,499			1,968,690	31,499	-

Note: 1. The column "Type of assets" is subdivided as securitized asset (such as credit card, home equity loan, auto loan), or the securities invested (such as mortgage-backed securities, commercial mortgage backed securities, asset-backed securities, and collateralized debt obligation), etc.

2. The risk exposure amount of the banking book should be booked after risk mitigation.

3. The column "Liquidity facility" should be included the exposure of drawdown and undrawn portion.

(d) Information on Securitized Products

① Summarized Information on Investment in Securitized Products

December 31, 2022 Unit: NT\$ thousands

Item (Note 1)	Listed accounting items	Original Cost	Accumulated valuation gain(loss)	Accumulated loss on impairment	Book Value
CMO	Measured at fair value through OCI	2,284,132	-319,405	385	1,964,342

Note 1: This table contains domestic and foreign securitized products, which are registered according to the following categories and listed accounting items:

- (1) Mortgage-backed securities (MBS): including beneficiary certificate for securitized claims on housing-mortgaged loans or asset-backed securities (RMBS) beneficiary certificates for securitized claims on commercial property-mortgaged loans or asset-backed securitized (CMBS), collateralized mortgage obligation (CMO), and other realty-mortgage securities.
- (2) Beneficiary certificates or asset-backed securities (ABS): including beneficiary certificates for corporate-loan claims or asset-backed securitized (collateralized loan, obligation, or CLO) beneficiary certificates for securitized bond assets or asset-backed securities (collateralized bond obligation, or CBO) beneficiary certificates for securitized claims on credit card debts or asset-backed securities, beneficiary certificates by securitized claims on auto loans or asset-backed securities, beneficiary certificates for securitized claims on consumption loans/cash-card debts or asset-backed securities, beneficiary certificates for securitized leasing claims or assets-backed securities, and other securitized beneficiary certificates or asset-backed securities.
- (3) (ABCP) Short-term beneficiary certificates or short-term asset-backed securities (asset-backed commercial paper).
- (4) Collateralized debt obligation (CDO).
- (5) Realty securitization: It refers to real estate asset trust (REAT).
- (6) Bills and bonds issued as structured investment vehicles (SIV).
- (7) Other securitized products.

Note 2: The table includes beneficiary certificates of asset-backed securities held by the bank with the bank serving as an originating institution.

② (i) Information of each Securitization Products Investment with Original Cost of NT\$300Mn or above (excluding those held for credit enhancing purpose as a founder bank):

Name of Securities (Note 2)	Listed accounting items	Currency	Issuer & location	Purchase Date	Maturity Date	Coupon Rate	Credit Rating (Note 3)	Payment method for principal and interest	Original Cost	Accumulated valuation gain(loss)	Accumulated loss on impairment	Book Value	Attachment Point (Note 4)	Contents of assets pool (Note 5)
US38382NKG15	Measured at fair value through OCI	USD	GENNIE MAE /US	2021/2/2	2051/2/1	1.0	Moody's Aaa	Monthly	530,593	-112,909	89	417,595	-	-
US38383UTF74	Measured at fair value through OCI	USD	GENNIE MAE /US	2022/8/5	2052/6/20	4.0	Moody's Aaa	Monthly	303,154	-9,413	51	293,690	-	-

Note 1: The table includes domestic and foreign products.

Note 2: Full names should be provided for same securities product in difference issuance.

Note 3: Provide result of the latest credit rating.

Note 4: Attachment point refers to share of sub-issuance value with compensation priority lower than that for securities held by the bank in the total issuance value of the securitized product. Assuming, for example, a bank purchases A security of a certain CDO (collateralized debt obligation), the security has sub-security BBB and sub-equity security with compensation priority lower than A security. The total issuance value of BBB and sub-equity security amounts to 12% of the total value of the CDO. Then the attachment point for A security is 12%.

Note 5: Assets pool refers to assets portfolio handed by originating institution to trustee or other company with a special purpose. Specify kind of assets in the portfolio (denote primary lien or subordinated status), details, value on book in original currency and number.

(ii) Held for the purpose of enhancing credit as a securitization founder bank: None.

(iii) The Bank acting as a credit impaired asset purchase institution or a settlement purchase institution of securitization products: None.

③ The Bank acting as a guarantee agency or providing liquidity facilities: None.

C. Operational Risk Management System and Capital Requirement

(a) Operational Risk Management System

2022

Item	Content
1. Strategies and procedures of operational risk management	<ol style="list-style-type: none"> 1. Establishing an operational risk management mechanism to enhance the risk awareness by the Bank's all staffs; examining operational risks in daily business activities and management processes, and taking appropriate countermeasures against existing and potential risks to reduce operational risk. 2. Implementing the RCSA, KRI and LDC process to identify the vulnerable internal control point promptly and take corrective actions accordingly; establishing tracking mechanism for improvements; examining status of operational risk management by an independent audit department, and reporting the verification results to the Board of Directors in due course.
2. Organization and structure of operational risk management	<ol style="list-style-type: none"> 1. Board of Directors The Board of Directors is FEIB's ultimate decision-maker of operational risk management. It is responsible for approving operational risk management strategy and regularly examining the management result, according to overall operations strategy and business environment. 2. Risk Management Committee : Following the operational risk strategy approved by the Board of Directors, the Risk Management Committee is responsible for supervising the management mechanism

Item	Content
	of the Bank's operational risk.
	3. Risk Management Group : The Group is responsible for developing operational risk management procedures, establishing a database of the Bank's risk-loss incidents, collecting the Bank's operational risk information and implementation result, and reporting to the Board of Directors on a regular basis.
	4. Internal Audit Group : The Group is responsible for auditing risk management activities at least annually and raising suggestion for improvement.
3. Scope and characteristics of operational risk report and measurement system	1. All business groups execute self-audit and self-assessment programs annually to identify the vulnerable internal control points of daily operations process and take corrective actions accordingly to reduce the operational risk. In addition, the financial or other losses caused by improper system operation, staff misconduct, fraud, accidents, or disasters will be reported to senior management immediately and regularly with improvement actions. 2. To strengthen the Bank's internal controls and prevent misconducts, the Internal Audit Group implements "routine examination" and "special examination" regularly. The Bank also employs a "Compliance Officer" system to ensure the Bank strictly complies with the regulations.
4. Policies for operational risk hedging or risk mitigation, as well as strategies and processes for monitoring effectiveness of risk hedging and mitigation	1. After assessing the frequency and impacts of operational risk in daily operation process, the Bank employs insurance or service-outsourcing to transfer or offset the risk and loss. 2. The probability of operational risk is reduced by a few measures, such as KYC (Know Your Customer) and anti-money laundry implementation, internal control and compliance system, employee codes of conduct and trainings. 3. The Bank also sets up information security control guidelines in compliance with the guidelines of ISO27001, including information security policy, process, risk monitoring and training.
5. Approach applied to Regulatory Capital Charge	Basic Indicator Approach

(b) Operational Risk Capital Requirement

		December 31, 2022	
Year	Gross profit	Unit: NT\$ thousands	
2020	10,628,821	Capital requirement	
2021	10,568,046		
2022	11,317,121		
Total	32,513,988		
		1,625,699	

D. Market Risk Management System and Capital Requirement

(a) Market Risk Management system

2022

Item	Content
1. Strategies and procedures of market risk management.	1. Developing a prudent market risk management mechanism to effectively identify, measure, monitor and control the market risk, and balance the assumed risk with justified return. 2. According to "Financial Market Proprietary Trading Authorization Policy", the bank sets out position limits and stop - loss limits based on the business types, balance of department portfolio and trader's portfolio, respectively. To manage the market risk, the Bank assigns a team to monitor the limits on a daily basis. The trader will need to adjust positions promptly to reduce market risk when trading loss exceeds stop loss limit. 3. Prior to introducing a new product or business plan, the market risk exposure is

Item	Content
	assessed as well as impact of the risk to the Bank's business.
2. Organization and structure of market risk management	<p>1. Board of Directors: The Board of Directors is FEIB's ultimate decision-maker of market risk management. It is responsible for approving market risk management strategy and regularly examining the management result, according to overall operation strategy and business environment.</p> <p>2. Risk Management Committee: Following the market risk strategy approved by the Board of Directors, the Risk Management Committee is responsible for supervising the management mechanism of the Bank's market risk.</p> <p>3. Risk Management Group: RMG - Risk Control Department is responsible for market risk monitoring and reporting to senior managers, Risk Management Committee and Board of Directors. The Market Risk Management Office reports to RMG - Risk Control Department, which is independent from trading room (the Front Office) & operation desk (the Back Office), is responsible for executing the market risk management.</p> <p>4. Internal Audit Group: The Group is responsible for auditing risk management activities at least annually and raising suggestions for improvement.</p>
3. Scope and characteristics of market risk report and valuation system	<p>1. Appraising the positions by Mark-to-Market or Mark-to-Model to reflect position profit / loss on the valuation date.</p> <p>2. RMG - Risk Control Department reports management result and provides suggestion for improvement, including the Bank's position, risk exposure, profit and loss, limit control, and compliance result to market risk policy, to senior management on a periodic basis.</p> <p>3. Establishing a well-performed information system to monitor all trading positions effectively.</p>
4. Policies of market risk hedging or mitigation, and strategies and procedures of monitoring effectiveness of risk hedging and mitigation	<p>1. Position limit and stop loss limit for each financial instrument are set out on the collective trading room level and on the individual trader's level to control the market risk exposure within a reasonable range.</p> <p>2. All the Bank's trading positions are appraised by Mark-to-Market or Mark-to-Model in real time or on a daily basis. For hedging position, the appraisal is done at least twice a month. Position limits and stop loss limits are independently examined by RMG - Risk Control Department.</p>
5. Approach applied to Regulatory Capital Charge	Standardized Approach

(b) Market Risk Capital Requirement

Type of risk	December 31, 2022	
	Unit: NT\$ thousands	
	Capital requirement	
Interest rate risk	1,027,732	
Equity securities risk	2,405	
Foreign exchange risk	31,762	
Product risk	8,170	
Total	1,070,069	

E. Evaluation of Liquidity Risk Includes A Maturity Analysis of Assets and Liabilities and An Explanation of The Methods Adopted to Manage Asset Liquidity Gap and Funding Gap

The Bank manages deposit to meet loan and financial transaction growth. The Bank adjusts its funding strategy depending on market liquidity situation and Central Bank's policies to optimize fund usage and lower liquidity risk. The Bank manages the

maturities of long-term and short-term securities to match with the timing of loan drawdowns and repayments. The stability and allocation of deposits are emphasized to manage funding liquidity. The Bank follows capital liquidity control ratio to monitor and manage liquidity risk. The Capital liquidity control ratio and relevant analysis are regularly reported to the Asset and Liability Management Committee ("ALCO") and the Board of Directors.

Maturity Analysis of Assets and Liabilities
For New Taiwan dollar items

December 31, 2022

Unit: NT\$ Thousands

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	785,187,531	129,192,513	73,802,104	158,750,398	60,534,489	65,286,440	297,621,587
Main capital outflow on maturity	978,102,268	78,193,282	74,583,206	229,572,010	158,981,594	201,206,792	235,565,384
Gap	(192,914,737)	50,999,231	(781,102)	(70,821,612)	(98,447,105)	(135,920,352)	62,056,203

Note: This table refers to the New Taiwan dollar amounts held by the Bank.

FOR U.S. DOLLAR ITEMS

December 31, 2022

Unit: US\$ thousands

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	10,486,972	3,054,723	3,641,703	956,589	851,685	1,982,272
Main capital outflow on maturity	11,446,749	3,403,124	4,624,776	1,592,923	1,366,495	459,431
Gap	(959,777)	(348,401)	(983,073)	(636,334)	(514,810)	1,522,841

Note: This table refers to the U.S. dollar amounts held by the Bank.

(3) Effect of Changes in Important Local and Foreign Policies and Laws on Bank's Business and Responding Measures

- A. In response to the amendments of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the Financial Supervisory Commission, the Bank's "Procedures of Asset Acquisition or Disposal" was amended accordingly.
- B. In response to the amendments of the "○○Co., Ltd. Rules of Procedure for Shareholders Meetings" by Taiwan Stock Exchange, the Bank's "Rules of Conducting Shareholders' Meeting" was amended accordingly.
- C. In response to the amendments of the "Principle for Financial Service Industries to Treat Clients Fairly" by the Financial Supervisory Commission, the Bank's "Policy of Principles to Treat Clients Fairly", "Strategy of Principles to Treat Clients Fairly by Retail Banking Group", "Strategy of Principles to Treat Clients Fairly by Corporate Banking Group", "Strategy of Principles to Treat Clients Fairly by Digital Banking Group", "Strategy of Principles to Treat Clients Fairly by Financial Markets Group" and

“Strategy of Principles to Treat Clients Fairly by Insurance Agency Department of Retail Banking Group” were amended accordingly.

- D. In response to the amendments of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” by the Financial Supervisory Commission, the Bank’s “Rules of Conducting Board of Directors Meeting” was amended accordingly.
- E. In response to the amendments of the “Regulations Governing Anti-Money Laundering of Financial Institutions” by the Financial Supervisory Commission, the Bank’s “Procedures for Customer Due Diligence” and “Procedures for Assessing Risk of Money Laundering and Terrorism Financing” were amended accordingly.
- F. In response to the “2021 National Money Laundering, Terrorism Financing and Proliferation Financing Risk Assessment Report” by the Executive Yuan and the correspondences by the Financial Supervisory Commission, the Bank’s “Guidelines for Anti-Money Laundering and Counter Terrorism Financing” was amended accordingly.

(4) Effect of Change in Technology and Industry on Bank’s Business and Responding Measures

Cyber security risks and responding measures: As digital technology continues to flourish, financial institutions are innovating financial services with emerging technologies, and the COVID-19 pandemic has accelerated the digital transformation of financial institutions. At the same time, information security is facing severe challenges, as cyber-attacks have become increasingly systematic and organized, with growing network threats and malware attacks. Once a financial institution is compromised, the impact will be even greater. To ensure financial institution’s capability in providing secure, convenient, and uninterrupted financial services, the Financial Supervisory Commission issues the “Financial Information Security Action Plan”. In accordance with the framework of the plan, the Bank has implemented various security management measures from four aspects: deepening security governance, strengthening security monitoring, enhancing security resilience, and promoting information security collaboration and defense.

A. Deepening security governance:

- (a) Establishing a bank-wide security culture, conducting online education and training to all employees on information security and personal data protection, and conducting email social engineering drills.
- (b) Encouraging information security colleagues to obtain international security certifications. In 2022, the number of security certifications obtained was 37, a 95% increase from the 19 obtained in 2021.
- (c) Deploying a diverse range of security workforce. The Information Security Department has shifted from a technical-oriented approach when first established to have been including business experienced personnel since 2022 to provide comprehensive protection.
- (d) Conducting a preliminary assessment of financial information security governance maturity in 2022, and expecting to complete the re-evaluation in September 2023

to continuously improve security management.

- (e) Introducing a Business Continuity Management System (BCMS) in 2022 and expecting to obtain ISO 22301 certification in September 2023.

B. Strengthen information security monitoring:

- (a) Adopting protective services for detecting counterfeit bank websites and mobile applications (APPs), which can automatically monitor and detect counterfeit bank websites and APPs to reduce the risk of customers being victimized by fraudulent activities.
- (b) Establishing a complete security defense mechanism and event management platform to immediately detect, block, analyze cyber security incidents, and follow up on events and issues identified by the security monitoring center and detection services until they are resolved, to effectively reduce security risks.

C. Enhancing security resilience: Completing security drills as scheduled to confirm the effectiveness of emergency response plans and procedures.

D. Promoting information security collaboration and defense: Strengthening correlation analysis and sharing of information security intelligence. Since 2018, the Bank has been collaborating with financial industry to establish the Financial Information Sharing and Analysis Center (F-ISAC) to enhance information security defense capabilities, to provide real-time information sharing and analysis of information security incidents, thereby to reduce industry-wide information security risks.

(5) Effect of Changes in Bank's Image on Crisis Management and Responding Measures

Based on the business philosophy of "Sincerity, Diligence, Thrift, Prudence, and Innovation", the Bank is committed to becoming a professional and sophisticated financial services company in Greater China and ASEAN markets, providing customers with the best investment and financial solutions, and adhering to consumer rights protection. At the same time, corporate social responsibility is regarded as one of the core values of the Bank. We are committed to sponsoring philanthropic activities based on the concept of "Take from the society, Give back to the society" and have maintained a good corporate image for a long time.

(6) Expected Benefits, Possible Risks and Responding Measures for M&As

No merger or acquisition in 2022.

(7) Expected Benefits, Possible Risks and Responding Measures for Network Expansion

The Bank had set up representative offices in Singapore and Ho Chi Minh City. The main purpose is to extend the integrated Greater China platform to build a base for expanding business in ASEAN market. The investment cost and operational risk are relatively low compared to those of setting up a formal branch, hence, the financial impact to the Bank from these representative offices is relatively limited.

(8) Risks and Responding Measures of Business Concentration

The corporate credit & lending businesses are managed in accordance with external

guidelines and internal risk management policy. The Bank performs regular review and control mechanism to monitor the credit extension to any single industry, group, related party or a customer. In 2022, Corporate Banking Group's loan portfolio was complied with internal lending limits assigned by target sectors.

(9) **Effect, Risks and Responding Measures to Managing Ownership Changes**

No major managing ownership changes in 2022.

(10) **Impact, Risks and Countermeasures if Any Board Directors or Shareholders who Own More than 1% Shares of the Bank Makes Significant Share Transfer or Replacement**

None.

(11) **Litigation or Non-litigation Cases**

In December 2021, the Supreme Court of Taiwan made a final and binding judgment that the Bank shall pay to the other creditor banks of ALLIED MATERIAL TECHNOLOGY CORP. , the recovered amount (plus statutory interest) in a total of NT\$317,222,000 which the Bank had been recovered in the creditor's recourse procedure against ALLIED MATERIAL TECHNOLOGY CORP. during 1996.

The Bank made the payment in January 2022.

(12) **Other Important Risks and Responsive Procedures**

None.

7. Contingency Plans for Crisis Management

- (1) FEIB not only formulates "Responding Guidelines to Emergency or Major Events" and "Responding Guidelines to Major Crisis", but also sets Emergency Response Center. Based on the guidelines, FEIB gathers information instantly and consolidate resources timely to take responsive actions for maintaining business as normal.
- (2) In response to COVID-19 pandemic, the Bank formulated "Guidelines for Prevention and Response to Major Epidemic", established an emergency response center with the General Manager as the commanded chief and a communication workflow. To save operation impact by the pandemic, the Bank set up second offices, virtual meeting channels, resource distribution center, and an assigned work team led by the pandemic prevention chief.
- (3) The Bank establishes a Duty Officer System in weekdays, assigns a chief duty officer to collect event information, take coordinated responding actions, and report events as required
- (4) All business units participate drills and take training courses twice a year in accordance with the "Responding Guidelines to Emergency or Major Events" and "Fire Drill and Counter Robbery Plan".

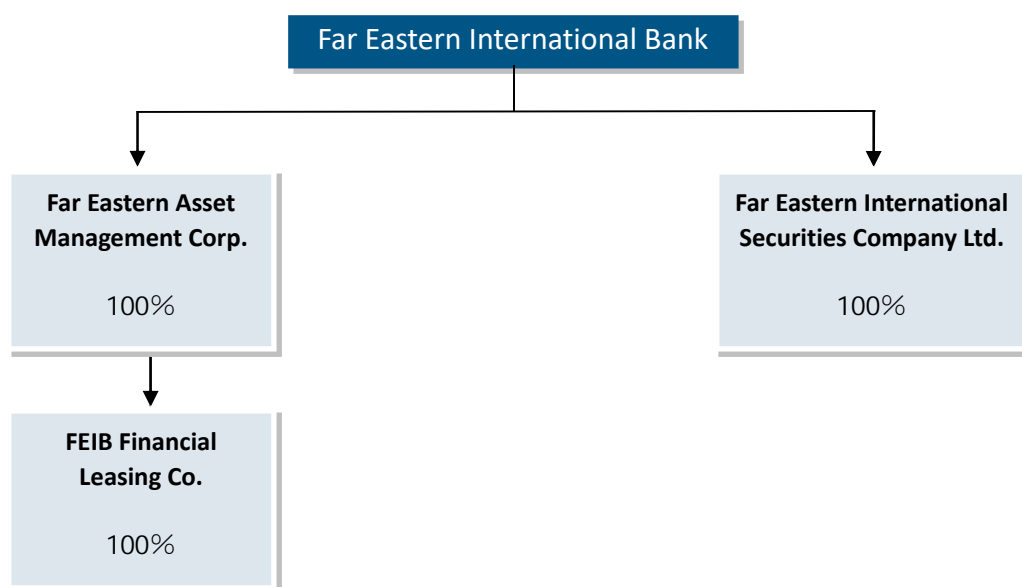
8. Other Important Items:

None.

VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Organization Chart



Note : There is no cross holding of shares among affiliated companies of the Bank.

(2) Backgrounds of Affiliated Companies

Unit : NT\$ Thousands

December 31, 2022

Company Name	Established Date	Address	Paid-in Capital	Main Business
Far Eastern Asset Management Corp.	Jan 29, 2004	17th Floor, No. 207, Section 2, Dunhua South Road, Taipei	1,684,000	Purchase, evaluation, auction and management of FI's receivables; Purchase of accounts receivables; Management of overdue accounts receivables
FEIB Financial Leasing Co.	Apr 27, 2015	8F,FE Enterprise Building,No.28 Baillianjing Road ,Pudong New District,Shanghai 200120,China	USD 30,000 thousands (eqv. NT\$920,470 thousands)	Financial leasing, operation leasing; Purchase of leasing property
Far Eastern International Securities Company Ltd.	Jun 26, 2008	51F, No.7, Sec. 5, Xinyi Road, Taipei 11049, Taiwan	260,000	Foreign securities brokerage and wealth management business.

(3) Backgrounds of Directors, Supervisors and Presidents of Affiliated Companies

December 31, 2022

Company Name	Title	Name of Representatives	Shareholding	
			No. of Shares	Ratio%
Far Eastern Asset Management Corp.	Chairman	LIN, JIANN-JONG (representative of FEIB)	168,400,000	100.00%
	Director	CHOU, TIEN-TSAI (representative of FEIB)	168,400,000	100.00%
	Director	DAI, GUANG JENG (representative of FEIB)	168,400,000	100.00%
	Director	WANG, SHAW Y. (representative of FEIB)	168,400,000	100.00%
	Director	CHENG, CHAN-FONG (representative of FEIB)	168,400,000	100.00%
	Supervisor	CHEN, YUN-YI (representative of FEIB)	168,400,000	100.00%
	Supervisor	CHENG, HUM PHREY (representative of FEIB)	168,400,000	100.00%
FEIB Financial Leasing Co.	Chairman	LIN, JIANN-JONG (representative of Far Eastern Asset Management Corp)	No securities issued	100% holding
	Director	Chi, Steve (representative of Far Eastern Asset Management Corp)		
	Director	DAI, GUANG JENG (representative of Far Eastern Asset Management Corp)		
	Director	Liu, Vincent (representative of Far Eastern Asset Management Corp)		
	Director	CIOU, KUN-LONG (representative of Far Eastern Asset Management Corp)		
	Supervisor	CHOU, SHIN-HWA (representative of Far Eastern Asset Management Corp)		
Far Eastern International Securities Company Ltd	Chairperson	LIU, MAY-LING (representative of FEIB)	26,000,000	100.00%
	Director	LIN, JIANN-JONG (representative of FEIB)	26,000,000	100.00%
	Director	TAI, SUNGCHIH (representative of FEIB)	26,000,000	100.00%
	Director	CHANG, HSIAO-CHIEN (representative of FEIB)	26,000,000	100.00%
	Supervisor	CHEN, YUN-YI (representative of FEIB)	26,000,000	100.00%
	General Manager	CHEN, LONG-CHANG	-	-

(4) Performance of Affiliated Companies

Unit : NT\$ Thousands

December 31, 2022

Company Name	Paid-in capital	Assets	Liabilities	Net value	Operating revenue	Operating income	Income before tax	EPS (before tax)
Far Eastern Asset Management Corp.	1,684,000	2,533,438	822,903	1,710,535	59,527	44,557	52,188	0.31
FEIB Financial Leasing Co.	920,470	1,150,496	101,858	1,048,638	66,175	39,825	29,814	-
Far Eastern International Securities Company Ltd.	260,000	552,052	134,098	417,954	138,595	(59,221)	(46,937)	(1.81)

2. Private Placement and Financial Debentures

Private Placement of Securities: None.

Private Placement of Financial Debentures: None.

3. The Company Shares Held or Disposed by Subsidiaries

None.

4. Other Major Supplementary Information

None.

5. Major Events Affecting Shareholders' Equity or Share Prices

None.

IX. Major Events and Information of Headquarter and Branches

Major Events in 2022

Jan	Bankee was awarded the "Global Economics Awards" and "Taiwan's Best Innovative Digital Bank Award" by "The Global Economics" in British.
Feb	The film of "Do you still remember the day we met" by self-made media "Xiao Yuan Won" in YT channel set the best record with the highest number of views.
Mar	Linkou Branch reopened with bilingual services and with music salon.
Apr	The "FEIB 30, ESG 30" project launched, in celebrating FEIB 30th anniversary.
May	FEIB ranked among the top 5% of listed companies in the 8th Corporate Governance Evaluation held by the Taiwan Stock Exchange.
Jun	The regular shareholders' meeting approved earnings distribution, for NT\$0.588/share dividend.
Jul	Bankee cooperated with Far Eastern Int'l Securities for triple - account opening, including "securities account, NTD and FCY settlement account". FEIB ranked top 25% of banks in "2022 Fair Customer Treatment" evaluation by Financial Supervisory Commission.
Aug	FEIB cooperated with Education Foundation of Commonwealth Magazine to hold "FEIB 30, Sustainable Reading" campaign. "FEIB Senior Citizen Trust" won the first place in Group B of "Senior Citizen Trust Award", under evaluation by Financial Supervisory Commission's "Trust 2.0 Project".
Sep	Taipei Chengde Branch opened, and Mr. Tianmu Huang, Chairman of the Financial Supervisory Commission, visited the branch to review and praise the branch's bilingual service. Taipei Nungan Mini Branch and the Taipei Jinhua Mini Branch merged and upgraded to become Taipei Jinhua Branch. Chairman, Ms. Jinying Ho, was awarded the "Financial Contribution Award" among Caixun Financial Awards. Chairman, Ms. Jinying Ho, was awarded the "Special Contribution Award" among Financial Excellence Awards.
Oct	FEIB participated the R20 exhibition of "Summit on Climate Change and Sustainability" hosted by Yuan Ze University. FEIB held a press conference for launch of "Ten Happiness Metaverse". Bankee joins GLORIA as a member.
Nov	FEIB was included as a constituent stock in "Taiwan High Compensation 100 Index". FEIB was included as a constituent stock in "Taiwan Employment 99 Index". FEIB won the 2022 TCSA Taiwan Enterprise Sustainability Award - Talent Development Leader Award and Bronze Level Report. Bankee and MasterCard jointly launched Taiwan's first new cross-border remittance service "Full Speed Remittance".
Dec	FEIB joins the Equator Principles Association and becomes one of the global member banks FEIB received the "Social Innovation Procurement Support Award", by the Small and Medium Enterprise Division of the Ministry of Economic Affairs. FEIB was included as a constituent stock in "Taiwan Sustainability Index"; gained access to tap the exclusive logo of "Taiwan Sustainability Index". FEIB was certified by ISO 10002 quality management of customer complaint. A video of FEIB history and business introduction was released in Financial Exploration Hall of Taiwan Academy of Banking and Finance.

Headquarter and Branches

Operating Unit	Address	Telephone Number
Headquarter	27F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(886-2) 2378-6868
Taipei Zhongxiao Branch	No. 112, Zhongxiao E. Rd., Sec. 1, Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2327-8898
Taipei Tungmen Branch	No. 135, Sec. 2, Xinyi Rd., Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2356-7711
Taipei Cheng Chung Branch	No. 77, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2381-4567
Taipei Nanmen Branch	No. 40, Sec. 1, Roosevelt Rd., Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2392-6955
Taipei Guting Branch	No. 50, Sec. 3, Roosevelt Rd., Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2369-5600
Taipei Dadaocheng Branch	No. 86, Yanping N. Rd., Sec. 2, Datong Dist., Taipei City 103, Taiwan	(886-2) 2558-6186
Taipei Chungching Branch	No. 30, Chungching N. Rd., Sec. 1, Datong Dist., Taipei City 103, Taiwan	(886-2) 2550-6600
International Banking Department	2F, No. 30, Chungching N. Rd., Sec. 1, Datong Dist., Taipei City 103, Taiwan	(886-2) 2550-8811
Taipei Songjiang Branch	No. 59, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	(886-2) 2505-5533
Taipei Nanjing East Road Branch	No. 101, Nanjing E. Rd., Sec. 3, Chungshan Dist., Taipei City 104, Taiwan	(886-2) 7702-9766
Taipei Sungshan Branch	No. 171, Nanjing E. Rd., Sec. 5, Sungshan Dist., Taipei City 105, Taiwan	(886-2) 8787-6668
Head Office Branch	1F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(886-2) 7722-8900
Taipei Dun Nan Branch	13F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(886-2) 7732-0086
Trust Department	10F, No. 112, Zhongxiao E. Rd., Sec. 1, Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2312-3636
Taipei Fuxing Mini Branch	No. 422, Fuxing N. Rd., Zhongshan Dist., Taipei City 104, Taiwan	(886-2) 8101-0168
Taipei Yungji Branch	No. 7, Zhongpo N. Rd., Shinyi Dist., Taipei City 110, Taiwan	(886-2) 8785-5788
Taipei Shinyi Branch	No. 505, Guangfu S. Rd., Shinyi Dist., Taipei City 110, Taiwan	(886-2) 2720-7755
Taipei Yihsien Branch	No. 200-3, Keelung Rd., Sec. 1, Shinyi Dist., Taipei City 110, Taiwan	(886-2) 2722-9558
Taipei Chengde Branch	1F, No. 83-1 & 1F.&2F. No. 83-2, Chengde Road, Sec. 4, Shilin Dist., Taipei City 111, Taiwan	(886-2)2885-0185
Shipai Branch	No. 112, Shipai Rd., Sec. 2, Beitou Dist., Taipei City 112, Taiwan	(886-2) 2826-5688
Taipei Jinhu Branch	No. 374, Jinhu Rd., Neihu Dist., Taipei City 114, Taiwan	(886-2) 2630-5788
Credit Card Department	No. 33, Aly. 3, Ln 182, Wenhua Rd., Sec. 2, Panchiao City, New Taipei City 220, Taiwan	(886-2) 8073-1166
Banqiao Wenhua Branch	No. 1, Wenhua Rd., Sec. 2, Banqiao Dist., New Taipei City 220, Taiwan	(886-2) 2255-6499
Banqiao Nanya Branch	No. 172, Nanya S. Rd., Sec. 2, Banqiao Dist., New Taipei City 220, Taiwan	(886-2) 8966-3339
Banqiao Chungcheng Branch	No. 228, Chungcheng Rd., Banqiao Dist., New Taipei City 220, Taiwan	(886-2) 2272-6088
Banqiao Mega City Branch	2F, No. 18, Xinzhan Rd., Banqiao Dist., New Taipei City 220, Taiwan	(886-2) 7729-0616
Shindian Branch	No. 98, Beixin Rd., Sec. 3, Shindian Dist., New Taipei City 231, Taiwan	(886-2) 2910-6060
Yungho Branch	No. 222, Fuho Rd., Yungho Dist., New Taipei City 234, Taiwan	(886-2) 2232-6500
Shuangho Branch	No. 535, Zhonghe Rd., Yonghe Dist., New Taipei City 234, Taiwan	(886-2) 7717-6668
Chungho Branch	No. 3, Heping St., Chungho Dist., New Taipei City 235, Taiwan	(886-2) 2945-1800

Operating Unit	Address	Telephone Number
Sanchung Branch	No. 46, Fude N. Rd., Sanchung Dist., New Taipei City 241, Taiwan	(886-2) 8973-1133
Taipei Shinchuang Branch	No. 209, Fuxing Rd., Sec. 1, Shinchuang Dist., New Taipei City 242, Taiwan	(886-2) 8991-3366
Shinchuang Fu Guo Branch	No. 6, Fuguo Rd., Shinchuang Dist., New Taipei City 242, Taiwan	(886-2) 2901-6868
Luzhou Branch	No. 38, Sanmin Rd., Luzhou Dist. New Taipei City 247, Taiwan	(886-2) 7705-0355
Chungli Branch	No. 372, Yanping Rd., Chungli Dist., Taoyuan City 320, Taiwan	(886-3) 427-9696
Taoyuan Branch	No. 78, Nanhua St., Taoyuan Dist., Taoyuan City 330, Taiwan	(886-3) 339-6339
Taoyuan Tashing Branch	No. 6, Tashing W. Rd., Sec. 2, Taoyuan Dist., Taoyuan City 330, Taiwan	(886-3) 301-8966
Taoyuan Dayou Branch	No. 480, Dayou Rd., Taoyuan District, Taoyuan City 330, Taiwan	(886-3) 346-9688
Lin Kou Branch	No. 227, Fuxing 1 st Rd., Guishan Dist., Taoyuan City 333, Taiwan	(886-3) 397-3888
Hsinchu Jinguo Branch	No. 100, Jinguo Rd., Sec. 2, Hsinchu City 300, Taiwan	(886-3) 533-3131
Hsinchu Scientific Park Branch	3F, No. 11, Yuanqu 2 nd Rd., Hsinchu City 300, Taiwan	(886-3) 579-8833
Hsinchu Big City Branch	No. 243, Zhongyang Rd., East Dist., Hsinchu City 300, Taiwan	(886-3) 533-8168
Chupei Branch	No. 41, Guangming 6 th Rd., Chupei city, Hsinchu County 302, Taiwan	(886-3) 553-6699
Taichung Jihyu Branch	No. 131, Jihyu Rd., Sec. 2, Central Dist., Taichung City 400, Taiwan	(886-4) 2225-2008
Taichung Kungyi Branch	No. 367, Kungyi Rd., West Dist., Taichung City 403, Taiwan	(886-4) 2328-8666
Taichung Daya Branch	No. 180, Wenshing Rd., Sec. 4, North Dist., Taichung City 404, Taiwan	(886-4) 2297-3266
Taichung Wenshing Branch	No. 698, Wenshin Rd., Sec. 4, Beitun Dist., Taichung City 406, Taiwan	(886-4) 2230-6689
Dali Branch	No. 121, Yimin Rd., Sec. 2, Dali Dist., Taichung City 412, Taiwan	(886-4) 2482-3899
Taichung Chaofu Branch	No. 139, Chaofu Rd., Xitun Dist., Taichung City 407, Taiwan	(886-4) 2252-2256
Nantou Branch	No. 11, Sanhe 2 nd Rd., Nantou City, Nantou County 540, Taiwan	(886-49) 222-3311
Chiayi Branch	No. 272, Wenhua Rd., East Dist., Chiayi City 600, Taiwan	(886-5) 278-5911
Tainan Branch	No. 2, Dongmen Rd., Sec. 2, East Dist., Tainan City 701, Taiwan	(886-6) 208-9898
Chungde Branch	No. 87, Chongdao Rd., East Dist., Tainan City 701, Taiwan	(886-6) 290-7290
Yungkuang Branch	No. 37, Zhongzheng N. Rd., Yungkuang Dist., Tainan City 710, Taiwan	(886-6) 253-0400
Kaohsiung Chungcheng Branch	No. 49, Chungcheng 4 th Rd., Xinxing Dist., Kaohsiung City 800, Taiwan	(886-7) 251-8199
Kaohsiung Culture Center Branch	No. 96, Siwei 2 nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan	(886-7) 715-5678
Kaohsiung Wufu Branch	No. 106, Dayong Rd., Yancheng Dist., Kaohsiung City 803, Taiwan	(886-7) 533-3820
Kaohsiung Boai Branch	No. 578, Boai 2 nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan	(886-7) 557-6161
Hong Kong Branch	20F, No. 8, Queen's Road Central, Central, Hong Kong	(852) 2167-8183
Ho Chi Minh City Representative Office	Unit #803, 8F of Royal Tower A, Royal Centre Building, 235 Nguyen Van Cu, District 1, Ho Chi Minh City, Vietnam	(84)028-3535-9075
Singapore Representative Office	#22-03 Singapore Land Tower, 50 Raffles Place, Singapore	(65)6223-3036

**Far Eastern International Bank Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Far Eastern International Bank Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern International Bank Ltd. (the "Bank") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as of December 31, 2022 and 2021, and 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 the 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 (FSC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Bank and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 for the Bank and its subsidiaries, which are described as follows:

Allowance for Expected Credit Losses on Loans

As of December 31, 2022, the balance of loans in the aggregate amounted to NT\$437,897,093 thousand, which accounted for 59% of the total assets of the consolidated financial statements; an amount that is deemed to be significant to the consolidated financial statements. Besides assessing expected credit losses on loans in accordance with IFRS 9 "Financial Instruments", the Bank complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations when assessing classification of credit assets and recognizing allowance for possible losses, and the higher amount of allowance for expected credit losses on loans is recognized. As the assessment on the impairment of loans involved the management's critical judgments in accounting estimation and the underlying assumptions, we deemed the allowance for expected credit losses on loans as a key audit matter. Refer to Note 5 to the consolidated financial statements for the critical accounting judgments and estimation uncertainty.

Refer to Notes 4, 5, 14 and 44 to the consolidated financial statements for disclosures related to impairment on loans.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Understand and perform tests on the Bank's internal controls relevant to loans impairment assessment.
2. Verify whether the methodology, main assumptions and parameters (consider the probability of default, probability of loss given default and exposure at default on forward-looking information) adopted by the impairment model of expected credit losses adequately reflect the actual position and compliance with IFRS 9, and recalculate the amount of impairment.
3. Sample and review credit files to evaluate whether the loans are reasonably categorized per regulatory stipulation and recalculate for the correctness of the allowance.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2022 and 2021 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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC, 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 Bank and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Hung Chen and Yin-Chou Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 2, 2023

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.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
	Amount	%	Amount	%
ASSETS				
ASSETS				
Cash and cash equivalents (Note 6)	\$ 8,237,870	1	\$ 5,017,087	1
Due from the Central Bank and other banks (Notes 7, 39 and 40)	35,591,182	5	45,873,426	6
Financial assets at fair value through profit or loss (Notes 4, 8, 39 and 43)	46,652,529	6	37,662,767	5
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 11, 21, 28, 40, 43 and 44)	76,739,907	10	113,429,715	16
Investment in debt instruments at amortized cost, net (Notes 4, 5, 10, 11, 21, 40 and 43)	100,836,081	14	71,374,127	10
Securities purchased under resale agreements, net (Notes 4 and 12)	1,146,775	-	5,888,595	1
Receivables, net (Notes 4, 5, 13 and 44)	18,999,211	3	24,331,835	3
Discounts and loans, net (Notes 4, 5, 14, 39 and 44)	437,897,093	59	407,441,765	56
Investment accounted for using the equity method (Notes 4, 15 and 28)	1,886,047	-	1,970,175	-
Other financial assets, net (Notes 16 and 40)	4,790,483	1	3,971,314	1
Property and equipment, net (Notes 4, 17 and 39)	4,760,573	1	2,984,077	1
Right-of-use assets, net (Notes 4, 18 and 39)	954,076	-	1,018,720	-
Intangible assets, net (Notes 4 and 19)	1,597,670	-	1,623,153	-
Deferred tax assets (Notes 4 and 36)	179,701	-	209,623	-
Other assets (Note 39)	270,445	-	258,134	-
TOTAL	\$ 740,539,643	100	\$ 723,054,513	100
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Notes 20 and 44)	\$ 1,475,448	-	\$ 1,791,820	-
Funds borrowed from the Central Bank and other banks (Notes 44 and 46)	-	-	77,240	-
Financial liabilities at fair value through profit or loss (Notes 4, 8, 39 and 43)	8,689,238	1	3,002,289	1
Securities sold under repurchase agreements (Notes 4, 9, 10, 21, 44 and 46)	4,598,749	1	4,959	-
Payables (Notes 22 and 44)	5,346,372	1	5,564,647	1
Current tax liabilities (Note 4)	311,114	-	175,662	-
Deposits and remittances (Notes 23, 39 and 44)	607,423,881	82	612,106,685	85
Bank debentures (Notes 24, 43, 44 and 46)	20,901,900	3	23,901,900	3
Principal received on structured products (Note 44)	31,812,340	4	23,050,606	3
Other financial liabilities (Notes 25, 44 and 46)	2,731,071	1	979,213	-
Provisions (Notes 4, 26 and 39)	760,392	-	1,056,482	-
Lease liabilities (Notes 4, 18, 39, 44 and 46)	965,817	-	1,026,881	-
Other liabilities (Note 39)	550,988	-	614,178	-
Total liabilities	685,567,310	93	673,352,562	93
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Notes 4, 9, 15, 28, 38 and 39)				
Share capital	40,694,838	5	35,139,632	5
Capital surplus	302,926	-	456,426	-
Retained earnings				
Legal reserve	11,206,638	1	10,294,866	1
Special reserve	5,922	-	5,922	-
Unappropriated earnings	4,467,881	1	3,786,263	1
Total retained earnings	15,680,441	2	14,087,051	2
Other equity	(1,705,872)	-	18,842	-
Total equity	54,972,333	7	49,701,951	7
TOTAL	\$ 740,539,643	100	\$ 723,054,513	100

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUES (Notes 4, 29 and 39)	\$ 12,304,922	105	\$ 9,391,605	87	31
INTEREST EXPENSES (Notes 4, 18, 29 and 39)	<u>5,261,369</u>	<u>45</u>	<u>2,950,709</u>	<u>27</u>	78
NET INTERESTS	<u>7,043,553</u>	<u>60</u>	<u>6,440,896</u>	<u>60</u>	9
NET REVENUES AND GAINS OTHER THAN INTEREST					
Net service fee income (Notes 4, 30 and 39)	2,521,960	22	3,157,353	29	(20)
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 31, 39 and 43)	1,244,942	11	982,273	9	27
Realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9 and 28)	152,173	1	83,125	1	83
Net foreign exchange gain (Note 4)	405,834	3	77,988	1	420
Shares of profit of associates for using equity method (Notes 4 and 15)	112,357	1	144,746	1	(22)
Others (Notes 22 and 39)	<u>258,112</u>	<u>2</u>	<u>(93,492)</u>	<u>(1)</u>	376
Total net revenues and gains other than interest	<u>4,695,378</u>	<u>40</u>	<u>4,351,993</u>	<u>40</u>	8
NET REVENUES	<u>11,738,931</u>	<u>100</u>	<u>10,792,889</u>	<u>100</u>	9
NET PROVISION FOR LOSS ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 4, 5, 13, 14, 16, 26 and 39)	<u>544,102</u>	<u>4</u>	<u>813,218</u>	<u>8</u>	(33)
OPERATING EXPENSES					
Employee benefits expense (Notes 4, 27, 32, 33, 38 and 39)	4,239,619	36	4,079,617	38	4
Depreciation and amortization (Notes 4, 17, 18, 19 and 34)	732,480	6	711,442	7	3
Other general and administrative expenses (Notes 18, 35 and 39)	<u>2,031,614</u>	<u>18</u>	<u>1,885,790</u>	<u>17</u>	8
Total operating expenses	<u>7,003,713</u>	<u>60</u>	<u>6,676,849</u>	<u>62</u>	5

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	\$ 4,191,116	36	\$ 3,302,822	30	27
INCOME TAX EXPENSE (Notes 4 and 36)	<u>513,614</u>	<u>5</u>	<u>363,700</u>	<u>3</u>	41
NET INCOME FOR THE YEAR	<u>3,677,502</u>	<u>31</u>	<u>2,939,122</u>	<u>27</u>	25
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 9, 11, 15, 27, 28 and 36)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	108,511	1	(61,744)	-	276
Gain (loss) on valuation of investments in equity instruments at fair value through other comprehensive income	(374,443)	(3)	43,728	-	(956)
Share of other comprehensive income of associates for using equity method	6,218	-	3,121	-	99
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	<u>(21,702)</u>	<u>-</u>	<u>12,349</u>	<u>-</u>	(276)
	<u>(281,416)</u>	<u>(2)</u>	<u>(2,546)</u>	<u>-</u>	(10,953)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	96,628	1	(45,776)	(1)	311
Share of other comprehensive loss of associates for using equity method	(98,986)	(1)	(39,917)	-	(148)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Loss on investments in debt instruments measured at fair value through other comprehensive income	\$ (1,455,943)	(13)	\$ (770,158)	(7)	(89)
Income tax benefit (expense) relating to items that may be reclassified subsequently to profit or loss	(2,899)	-	1,603	-	(281)
	(1,461,200)	(13)	(854,248)	(8)	(71)
Other comprehensive loss for the year	(1,742,616)	(15)	(856,794)	(8)	(103)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,934,886	16	\$ 2,082,328	19	(7)
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 3,677,502</u>	<u>31</u>	<u>\$ 2,939,122</u>	<u>27</u>	25
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 1,934,886</u>	<u>16</u>	<u>\$ 2,082,328</u>	<u>19</u>	(7)
EARNINGS PER SHARE (Note 37)					
Basic	<u>\$1.00</u>		<u>\$0.82</u>		
Diluted	<u>\$0.99</u>		<u>\$0.82</u>		

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent				Others		Total Equity
	Share Capital (Note 28)	Capital Surplus (Note 28 and 38)	Retained Earnings (Notes 9 and 28)	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations (Note 4)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 9, 15 and 28)	
BALANCE AT JANUARY 1, 2021	\$ 34,481,044	\$ 456,426	\$ 9,547,845	\$ 23,543	\$ 3,259,093	\$ 1,172,225	\$ 48,743,705
Appropriation of the 2020 earnings	-	-	747,021	(747,021)	-	-	-
Legal reserve	-	-	-	17,621	-	-	-
Reversal of special reserves	-	-	(17,621)	(1,124,082)	-	-	(1,124,082)
Cash dividends - NTS0.326 per share	658,588	-	-	(658,588)	-	-	-
Stock dividends - NTS0.191 per share	658,588	-	747,021	(2,512,070)	-	-	(1,124,082)
Net income for the year ended December 31, 2021	-	-	-	2,939,122	-	-	2,939,122
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(49,894)	(441,173)	(762,727)	(856,794)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	2,889,228	(441,173)	(762,727)	2,082,328
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	1,500,012	-	(1,500,012)	-
BALANCE AT DECEMBER 31, 2021	35,139,632	456,426	10,294,866	3,786,263	(240,644)	2,59,486	49,701,951
Appropriation of the 2021 earnings	-	-	911,772	(911,772)	-	-	-
Legal reserve	-	-	-	(1,511,004)	-	-	(1,511,004)
Cash dividends - NTS 0.430 per share	555,206	-	-	(555,206)	-	-	-
Stock dividends - NTS 0.158 per share	555,206	-	911,772	(2,977,982)	-	-	(1,511,004)
Net income for the year ended December 31, 2022	-	-	-	3,677,502	-	-	3,677,502
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	89,422	93,729	(1,925,767)	(1,742,616)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	3,766,924	93,729	(1,925,767)	1,934,886
Issuance of ordinary shares for cash	5,000,000	(195,000)	-	-	-	-	4,805,000
Share-based payments	-	41,500	-	-	-	-	41,500
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	(107,324)	-	107,324	-
BALANCE AT DECEMBER 31, 2022	40,694,838	302,926	11,206,638	5,922	(146,915)	(1,558,957)	54,972,333

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,191,116	\$ 3,302,822
Adjustments for:		
Depreciation	706,997	685,959
Amortization	25,483	25,483
Provision for loss on bad debts expense, commitment and guarantee	930,101	1,199,772
Net valuation loss (gain) on financial assets and liabilities at fair value through profit or loss	225,705	(17,713)
Interest expenses	5,261,369	2,950,709
Interest revenues	(12,304,922)	(9,391,605)
Dividend revenue	(215,560)	(140,065)
Share-based payments	41,500	-
Shares of profit from associates	(112,357)	(144,746)
Unrealized net loss (gain) on foreign currency exchange	(165,809)	41,973
Other adjustments	3,561	4,491
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(1,421,701)	(1,104,701)
Increase in financial assets at fair value through profit or loss	(7,309,324)	(6,290,490)
Decrease in financial assets at fair value through other comprehensive income	36,706,490	62,799,415
Increase in investments in debt instruments at amortized cost	(29,227,667)	(70,320,732)
Decrease (increase) in receivables	8,143,763	(3,951,120)
Increase in discounts and loans	(25,225,464)	(26,905,129)
Increase (decrease) in due to the Central Bank and other banks	(533,978)	886,105
Increase (decrease) in financial liabilities at fair value through profit or loss	5,413,537	(2,163,442)
Increase (decrease) in payables	(622,777)	931,782
Increase (decrease) in deposits and remittances	(18,312,752)	33,374,304
Increase in principal received on structured products	8,474,977	14,927,990
Decrease in provisions for employee benefits	(83,183)	(39,160)
Decrease in other liabilities	(59,968)	(14,198)
Cash generated from (used in) operations	(25,470,863)	647,704
Interest received	11,813,030	9,369,433
Dividends received	215,425	142,524
Interest paid	(4,794,328)	(3,086,077)
Income tax paid	(367,406)	(304,387)
Net cash generated from (used in) operating activities	<u>(18,604,142)</u>	<u>6,769,197</u>

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (2,074,870)	\$ (288,438)
Proceeds from disposal of property and equipment	124	152
Decrease (increase) in other financial assets	(465,448)	602,478
Decrease (increase) in other assets	(11,782)	17,882
Dividends received from associates	<u>103,717</u>	<u>49,704</u>
Net cash generated from (used in) investing activities	<u>(2,448,259)</u>	<u>381,778</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 46)		
Increase (decrease) in funds borrowed from the Central Bank and other banks	(77,240)	54,900
Proceeds from the issuance of bank debentures	-	2,400,000
Repayments of bank debentures	(3,000,000)	(1,100,000)
Increase (decrease) in securities sold under repurchase agreements	4,690,600	(3,465,911)
Repayments of the principal portion of lease liabilities	(412,561)	(407,958)
Increase in other financial liabilities	1,751,858	111,011
Cash dividends	(1,511,004)	(1,124,082)
Issuance of ordinary shares for cash	<u>4,805,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>6,246,653</u>	<u>(3,532,040)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,580,766</u>	<u>(452,064)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,224,982)	3,166,871
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>42,158,013</u>	<u>38,991,142</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 28,933,031</u>	<u>\$ 42,158,013</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets is as follows:

	December 31	
	2022	2021
Cash and cash equivalents in consolidated balance sheets	\$ 8,237,870	\$ 5,017,087
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	19,548,386	31,252,331
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	<u>1,146,775</u>	<u>5,888,595</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 28,933,031</u>	<u>\$ 42,158,013</u>

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Far Eastern International Bank Ltd. (the “Bank”) obtained its license on January 11, 1992 and started its business on April 11, 1992. The Bank (a) accepts deposits and extends loans and guarantees; (b) issues letters of credit, handles domestic and foreign remittances, and accepts commercial drafts; (c) invests in securities and acts as an agent for trading government bonds, corporate bonds and bank debentures; and (d) conducts relevant businesses that are authorized by the relevant authorities.

The operations of the Bank’s Trust Department include pecuniary trust, securities trust, real estate trust, creditor’s right of money or guarantee, movable property trust and ground right trust and related operations. These operations are regulated under the Banking Act and Trust Enterprise Act.

As of December 31, 2022, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 55 domestic branches, as well as an overseas branch in Hong Kong and two foreign representative offices (Vietnam and Singapore).

The Bank’s shares are listed on the Taiwan Stock Exchange. Global depositary receipts (GDR), which represent ownership of ordinary shares of the Bank, have been listed on the Luxembourg Stock Exchange since January 2014.

2. APPROVAL OF FINANCIAL REPORTS

The financial statements were approved by the Bank’s Board of Directors on March 2, 2023.

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

- a. The Bank and its subsidiaries’ 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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Bank and its subsidiaries’ accounting policies.
- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Bank and its subsidiaries are assessing the application of above standards and interpretations will not have a material impact on the Bank and its subsidiaries' financial position and financial performance.

- c. The IFRSs 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
Amendments to IFRS 16 "Leases 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

Note 1: Unless stated otherwise, the above IFRSs are 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.

As of the date the financial statements were authorized for issue, the Bank and its subsidiaries are continuously assessing the possible impact that the application of above standards and interpretations will have on the Bank and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

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

Current and Noncurrent Assets and Liabilities

Accounts included in the balance sheets are not classified as current or noncurrent since the major components of the financial reports are from the banking sector, whose operating cycle cannot be reasonably identified. Nevertheless, accounts are properly categorized in accordance with their nature and sequenced by their liquidity. Refer to Note 44 for the maturity analysis of liabilities.

Basis of Consolidation

a. Principles of preparing consolidated financial reports

The financial reports incorporate the financial reports of the Bank and its subsidiaries.

Account balances, income and expenses arising from intercompany transactions between the Bank and its subsidiaries have been eliminated upon consolidation.

b. Entities included in consolidated financial reports

Entities included in consolidated financial reports were as follows:

Investor Company	Investee Company	Nature of Businesses	% of Ownership	
			December 31, 2022	December 31, 2021
The Bank	Far Eastern Asset Management Co., Ltd. ("FEAMC")	Purchase, evaluation, auction and management of rights of financial institution creditors	100	100
	Far Eastern International Securities Co., Ltd. ("FEIS")	Foreign securities broker, wealth management and offshore fund consulting	100	100
Far Eastern Asset Management Co., Ltd. ("FEAMC")	FEIB Financial Leasing Co., Ltd. ("FEIL")	Leasing operation	100	100

Foreign Currency

Foreign-currency assets and liabilities are recorded in their original currencies. Foreign-currency items in net income of domestic operating units are translated into New Taiwan dollars at prevailing exchange rates at the dates of the transactions. For overseas branches (including the OBU), foreign-currency items in net income from transactions settled in currencies other than the entity's functional currency are translated into the entity's functional currency at prevailing exchange rates at the dates of the transactions.

At the balance sheet date, foreign-currency monetary assets and liabilities are translated at prevailing exchange rates, and the exchange differences are recognized as gain or loss.

When foreign-currency assets and liabilities are settled, exchange differences arising from the application of different exchange rates are recognized as gain or loss for the current year.

The financial statements of foreign operations (including foreign branches, the OBU and foreign subsidiaries) are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - at exchange rates prevailing on the balance sheet date. The beginning balance of current year's earnings of foreign branches and the OBU not yet remitted to the head office - the same as the ending balance of the prior years' earnings; and Income and expenses - at average exchange rates for the period. Exchange differences arising from the translation of the financial statements of foreign branches and the OBU are recognized as other comprehensive income-exchange differences on translating foreign operations.

Investment Accounted for Using Equity Method

Investments in associates are accounted for using the equity method of accounting.

An associate is an entity over which the Bank and its subsidiaries have significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

An investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Bank and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Bank and its subsidiaries also recognize the changes in the Bank and its subsidiaries' share of equity of associates.

Property and Equipment

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

Depreciation is recognized to allocation the cost of assets averagely less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Intangible assets acquired in a business combination are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets with finite useful lives are reported at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Bank expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

Impairment of Property, Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Bank and its subsidiaries review the carrying amounts of their property, equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an 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. When it is not possible to estimate the recoverable amount of an individual asset, the Bank and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units under a reasonable and consistent basis.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

When the recoverable amount increases in a subsequent period, the reversal of an impairment loss is recognized immediately in profit or loss. The carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Securities Purchased/Sold Under Resale/Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest expenses and interest revenues are recognized on the accrual basis.

Financial Instruments

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

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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately as expense.

Financial assets

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

a. The Bank and its subsidiaries own financial assets which are classified into the following specified categories:

1) Financial assets at FVTPL

Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gain or loss arising on dividends, interest and re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 43.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial 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 are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss.

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

- a) Purchased or originated credit-impaired financial assets, for which interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and
- b) 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 amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization, the disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in debt instruments at FVTOCI

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

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

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

4) Investments in equity instruments at FVTOCI

On initial recognition, the Bank and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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 gain and loss 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 at FVTOCI are recognized in profit or loss when the Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Bank recognizes an allowance for loss for expected credit losses on financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI. For such financial assets, the Bank recognizes lifetime expected credit losses (ECLs) when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank measures the allowance for loss for that financial instrument at an amount equal to 12-month ECLs.

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

The Bank recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through an allowance for loss account, except for investments in debt instruments that are measured at FVTOCI, for which the allowance for loss is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

The Bank evaluates possible losses on specific loans on the basis of the borrowers' financial situation, their ability to repay principals and interests, and the values of collaterals in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" (the "Regulations"). The Regulations require that loans should be categorized by collectability and specify the minimum allowance for possible losses and reserve for guarantee obligations using prescribed percentages; the higher amount of allowance for expected credit losses on loans is recognized.

When a loan or receivable is considered uncollectable, it may be written off on the approval of the Bank's Board of Directors or Managing Directors. The subsequent collections of written-off loans are credited against provision for possible losses.

c. Derecognition of financial assets

The Bank and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the financial asset to another party.

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

Equity instruments

Debt and equity instruments issued by the Bank and its subsidiaries are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Instruments issued by the Bank and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading. Any gain or loss arising on remeasurement, including interest paid on the financial liability, is recognized in profit or loss.

2) Financial guarantee contracts

The financial guarantee contracts issued by the Bank which are not measured at FVTPL are measured at the higher of the allowance for the expected credit losses or the amortized amount after original recognition. Also, they are according to the “Regulations” issued by the FSC.

b. Derecognition of financial liabilities

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

Derivative financial instruments

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 end of each reporting period. The resulting gain or loss is recognized in profit or loss. Derivative financial instruments do not apply hedge accounting are recognized as financial assets or liabilities held for trading. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract.

Levies

A levy imposed by a government is accrued as payables when the transaction or activity that triggers the payment of the levy occurs. If the obligating event occurs over a period of time, the liability is recognized progressively.

Provisions

Provisions are recognized when the Bank and its subsidiaries have a present obligation as a result of a past event, it is probable that the Bank and its subsidiaries will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Revenue Recognition

Interest revenue from discounts and loans is recorded on the accrual basis. For nonaccrual loans, interest revenues are recognized only when collections on these obligations are made.

Service fee income is recognized as loans are provided or services have been completed.

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Bank's obligation is fulfilled.

Service revenue is the consideration received for relevant services provided as agent in the execution of the order of the court; the income is recognized during the period of service.

When the Bank acquires non-performing loans from other financial institutions, revenue related to recovery of non-performing loans is recognized using the cost-recovery method.

Leases

The Bank and its subsidiaries assess whether or not an agreement is a lease or contains a lease on the date of the agreement.

The Bank recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a 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. 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 depreciated using the straight-line method over the lease terms.

The lease payable is discounted at the lessee's incremental borrowing rate of interest. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, should remeasure 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.

Retirement Benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Bank'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.

Share Based Payment Arrangements

The fair value at the grant date of the employee share options is based on the Bank's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in salary expense and capital surplus - employee share options. The Bank increases its capital by issuing ordinary shares and allocates part of shares as provision for subscription by employees. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

Income Tax

Income tax expense represents the sum of current tax expense and deferred tax expense. Income tax expense is recognized in profit or loss, except when it relates to items that are directly recognized in equity or other comprehensive income.

a. Current tax expense

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

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for 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.

b. Deferred tax expense

Deferred tax expense represents adjustments to deferred tax assets and liabilities.

Deferred tax assets or liabilities are 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. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is 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 assets to be recovered.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make essential judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates. The management will review estimates and basic assumptions continuously. 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.

Estimating impairment of financial assets

The estimate of impairment for receivables, discount and loans and investments in debt instruments is based on the assumptions about the probability of default and loss given default. The Bank uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Bank's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 44 where the actual future cash inflows are less than expect, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	\$ 4,446,644	\$ 2,693,069
Notes and checks for clearing	930,022	640,766
Deposits due from other banks	2,458,559	1,396,069
Balance with other banks	<u>402,645</u>	<u>287,183</u>
	<u>\$ 8,237,870</u>	<u>\$ 5,017,087</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2022	December 31, 2021
Due from other banks	\$ 11,861,642	\$ 19,610,970
New Taiwan dollar reserve deposits - Type A	4,039,838	8,013,890
New Taiwan dollar reserve deposits - Type B	16,042,796	14,621,095
Foreign-currency reserve deposits	146,510	126,532
Due from the Central Bank - Interbank fund transfer account	<u>3,500,396</u>	<u>3,500,939</u>
	<u>\$ 35,591,182</u>	<u>\$ 45,873,426</u>

The reserve deposits are required by law and determined at a prescribed percentage of the monthly average balances. The Type B reserve deposits can be withdrawn only when the balances are adjusted monthly. The Type A and foreign-currency reserve deposits can be withdrawn on demand but bear no interest.

As of December 31, 2022 and 2021, due from the Central Bank and other banks falling in the definition of IAS 7 "cash and cash equivalents" (i.e. short-term, highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value); amounted to \$19,548,386 thousand and \$31,252,331 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

The part of New Taiwan dollar reserve deposits - Type B pledged as collaterals are disclosed in Note 40.

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

	December 31, 2022	December 31, 2021
Non-derivative financial assets		
Government bond	\$ 14,911,749	\$ 14,040,793
Stock listed on TWSE and TPEX	926,269	928,354
Beneficiary certificates	-	475,023
	<u>15,838,018</u>	<u>15,444,170</u>
Derivative financial assets		
Foreign-currency swap contracts	4,261,111	1,227,313
Interest rate swap contracts	3,828,660	1,399,793
Cross-currency swap contracts	586,811	26,322
Forward exchange contracts	424,534	84,204
Currency option contracts	219,149	592,104
Others	169,778	89,186
	<u>9,490,043</u>	<u>3,418,922</u>
Hybrid contract		
Asset swap fixed-income	18,913,127	15,515,661
Credit linked note contracts	1,239,144	277,903
Credit linked loan contracts	1,018,973	2,888,818
Convertible bonds	153,224	117,293
	<u>21,324,468</u>	<u>18,799,675</u>
Total financial assets classified as at FVTPL	<u>\$ 46,652,529</u>	<u>\$ 37,662,767</u>

Financial liabilities held for trading

	December 31, 2022	December 31, 2021
Non-derivative financial liabilities		
Short-covering debentures	\$ -	\$ 148,325
Derivative financial liabilities		
Foreign-currency swap contracts	4,552,508	1,128,939
Interest rate swap contracts	3,234,998	946,575
Cross-currency swap contracts	330,039	39,203
Currency option contracts	219,549	592,515
Forward exchange contracts	172,168	106,825
Others	179,976	39,907
	<u>8,689,238</u>	<u>2,853,964</u>
Total financial liabilities at FVTPL	<u>\$ 8,689,238</u>	<u>\$ 3,002,289</u>

The Bank engages in derivative transactions mainly to accommodate customers' needs, manage its exposure positions and to accommodate its fund needs in different currencies.

Outstanding derivative contract (notional) amounts were as follows:

	December 31, 2022	December 31, 2021
Foreign-currency swap contracts	\$ 370,699,233	\$ 398,603,744
Interest rate swap contracts	310,841,788	230,051,929
Currency option contracts	39,199,022	91,280,105
Seller of credit default swap contracts	23,860,116	17,602,632
Forward exchange contracts	22,446,595	15,128,180
Cross-currency swap contracts	9,189,720	6,119,210
Interest rate option contracts	7,000,000	4,000,000
Forward contracts	529,996	204,236
Non-deliverable forward contracts	279,308	177,175
Government bond futures contracts	30,708	497,639
Stock index futures contracts	28,429	3,282

9. FINANCIAL ASSETS AT FVTOCI

	December 31, 2022	December 31, 2021
<u>Investments in equity instruments</u>		
Stock listed on TWSE and TPEX	\$ 2,220,940	\$ 1,090,772
Stock unlisted on TWSE and TPEX	<u>259,368</u>	<u>267,768</u>
	<u>2,480,308</u>	<u>1,358,540</u>
<u>Investments in debt instruments</u>		
Government bonds	26,682,124	39,031,626
Bank debentures	20,109,910	14,685,474
Corporate bonds	18,318,731	19,034,217
Commercial paper	7,184,492	27,013,177
Collateralized mortgage obligation	1,964,342	2,286,959
Negotiable certificates of deposit	<u>-</u>	<u>10,019,722</u>
	<u>74,259,599</u>	<u>112,071,175</u>
Total financial assets at FVTOCI	<u>\$ 76,739,907</u>	<u>\$ 113,429,715</u>

The above investments in equity instrument in the form of ordinary shares for medium- and long-term strategic purposes and expects to make a profit through long-term investments. Therefore, the designated investments are selected to be measured at FVTOCI. The Bank recognized dividend revenue from equity instruments at FVTOCI as below:

	For the Year Ended December 31	
	2022	2021
Dividend revenue recognized in profit or loss		
On equity held at year end	\$ 147,998	\$ 67,225
On equity disposed of in current year	<u>26,557</u>	<u>45,277</u>
	<u>\$ 174,555</u>	<u>\$ 112,502</u>

Because of the consideration of asset allocation, the management adjusted the portfolio; the information about disposal of equity instruments in the current year is as below:

	For the Year Ended December 31	
	2022	2021
Fair value at the date of disposal	<u>\$ 418,214</u>	<u>\$ 1,367,927</u>
Accumulated gain (loss) transferred to retained earnings due to disposal	<u>\$ (107,327)</u>	<u>\$ 148,214</u>

For the above information of credit risk management and impairment assessment on investments in debt instruments at FVTOCI, refer to Note 11. The assets pledged as collaterals are disclosed in Note 40.

Part of the bank debentures and government bonds have been issued under repurchase agreements. The book value were as follows. Refer to Note 21 for related information.

	December 31, 2022	December 31, 2021
Bank debentures	<u>\$ 1,135,462</u>	<u>\$ 5,572</u>
Government bonds	<u>\$ 582,408</u>	<u>\$ -</u>

10. DEBT INSTRUMENT INVESTMENT MEASURED AT AMORTIZED COST

	December 31, 2022	December 31, 2021
Negotiable certificates of deposits - issued by the CBC	\$ 87,200,000	\$ 70,600,000
Government bonds	5,339,929	-
Corporate bonds	4,797,107	-
Bank debentures	<u>3,500,449</u>	<u>774,192</u>
	100,837,485	71,374,192
Less: Allowance for loss	<u>1,404</u>	<u>65</u>
	<u>\$ 100,836,081</u>	<u>\$ 71,374,127</u>

For the information on related financial assets' credit risk management and impairment at amortized cost, see Note 11.

Part of government bonds and bank debentures have been issued under repurchase agreements. Refer to Note 21 for related information.

	December 31, 2022	December 31, 2021
Government bonds	<u>\$ 3,052,512</u>	<u>\$ -</u>

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The policy which the Bank implements is to invest mainly in debt instruments with credit ratings above (and including) investment grade and with impairment low in credit risk. The Bank continued to track external rating information to monitor changes in credit risk of the investments in debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition.

The Bank considers the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the debt instrument investments.

The investments in debt instruments are classified as financial assets at FVTOCI and financial assets at amortized cost. The information of changes in carrying amount was as follows:

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 75,690,056	\$ 100,837,485	\$ 176,527,541
Less: Impairment loss	<u>8,784</u>	<u>1,404</u>	<u>10,188</u>
Amortized cost	75,681,272	<u>\$ 100,836,081</u>	176,517,353
Fair value adjustment	<u>(1,421,673)</u>		<u>(1,421,673)</u>
	<u>\$ 74,259,599</u>		<u>\$ 175,095,680</u>

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 112,052,598	\$ 71,374,192	\$ 183,426,790
Less: Impairment loss	<u>15,693</u>	<u>65</u>	<u>15,758</u>
Amortized cost	112,036,905	<u>\$ 71,374,127</u>	183,411,032
Fair value adjustment	<u>34,270</u>		<u>34,270</u>
	<u>\$ 112,071,175</u>		<u>\$ 183,445,302</u>

The investments in debt instruments indicates normal credit level under assessment. The information of changes in allowance for loss which is 12-month expected credit loss were as follows:

For the year ended December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2022	\$ 15,693	\$ 65	\$ 15,758
Purchase of new debt instruments	3,646	1,299	4,945
Derecognition	(10,311)	-	(10,311)
Exchange rate changes	(175)	(10)	(185)
Expected credit losses and other changes	<u>(69)</u>	<u>50</u>	<u>(19)</u>
Balance on December 31, 2022	<u>\$ 8,784</u>	<u>\$ 1,404</u>	<u>\$ 10,188</u>

For the year ended December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2021	\$ 15,946	\$ 117	\$ 16,063
Purchase of new debt instruments	10,438	50	10,488
Derecognition	(10,247)	(101)	(10,348)
Exchange rate changes	85	-	85
Expected credit losses and other changes	<u>(529)</u>	<u>(1)</u>	<u>(530)</u>
Balance on December 31, 2021	<u>\$ 15,693</u>	<u>\$ 65</u>	<u>\$ 15,758</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	December 31, 2022	December 31, 2021
Government bonds	\$ 931,736	\$ 4,694,198
Commercial paper	<u>215,075</u>	<u>1,194,780</u>
	1,146,811	5,888,978
Less: Allowance for loss	<u>36</u>	<u>383</u>
	<u>\$ 1,146,775</u>	<u>\$ 5,888,595</u>
Resale price	<u>\$ 1,148,310</u>	<u>\$ 5,890,209</u>
Resale date	2023.01.05- 2023.02.13	2022.01.03- 2022.01.25

The total carrying amounts shown above have been included as cash and cash equivalents in statements of cash flows.

13. RECEIVABLES, NET

	December 31, 2022	December 31, 2021
Credit card	\$ 12,853,159	\$ 12,899,257
Factoring	1,959,157	6,451,669
Interest	1,352,379	860,488
Buying debt receivable	1,274,078	1,192,120
Lease receivables	731,687	894,428
Spot exchange transactions	469,945	402,381
Acceptances	207,327	419,489
Forfaiting	102,824	568,844
Proceeds from disposal of securities	11,737	549,300
Others	<u>510,381</u>	<u>648,889</u>
	19,472,674	24,886,865
Less: Allowance for possible losses	<u>473,463</u>	<u>555,030</u>
	<u>\$ 18,999,211</u>	<u>\$ 24,331,835</u>

The changes in the total carrying amount of receivables and other financial assets categorized by credit evaluation stage were as follows:

For the year ended December 31, 2022

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Balance on January 1, 2022	\$ 21,802,022	\$ 67,547	\$ 1,077,425	\$ 22,946,994
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(46,634)	50,493	(63)	3,796
Transfer to Stage 3	(86,702)	(22,594)	118,343	9,047
Transfer to Stage 1	8,760	(11,521)	(795)	(3,556)
Financial assets derecognized in the current period	(10,863,894)	(7,877)	(211,458)	(11,083,229)
Purchased or originated financial assets	6,147,300	8,638	40,462	6,196,400
Write-offs	(84,715)	(19,486)	(41,918)	(146,119)
Exchange rate and other changes	<u>81,736</u>	<u>(1,420)</u>	<u>42,801</u>	<u>123,117</u>
Balance on December 31, 2022	<u>\$ 16,957,873</u>	<u>\$ 63,780</u>	<u>\$ 1,024,797</u>	<u>\$ 18,046,450</u>

For the year ended December 31, 2021

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Balance on January 1, 2021	\$ 19,336,317	\$ 61,434	\$ 1,178,967	\$ 20,576,718
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(53,265)	57,180	(64)	3,851
Transfer to Stage 3	(99,664)	(20,258)	127,166	7,244
Transfer to Stage 1	6,695	(8,208)	(386)	(1,899)
Financial assets derecognized in the current period	(7,741,209)	(10,489)	(222,763)	(7,974,461)
Purchased or originated financial assets	10,416,350	9,184	40,691	10,466,225
Write-offs	(52,053)	(19,093)	(41,633)	(112,779)
Exchange rate and other changes	<u>(11,149)</u>	<u>(2,203)</u>	<u>(4,553)</u>	<u>(17,905)</u>
Balance on December 31, 2021	<u>\$ 21,802,022</u>	<u>\$ 67,547</u>	<u>\$ 1,077,425</u>	<u>\$ 22,946,994</u>

Note 1: 12-month ECLs (evaluate the receivables and other financial assets whose credit risk has not increased significantly since initial recognition).

Note 2: Lifetime ECLs (evaluate the receivables and other financial assets whose credit risk has increased significantly since initial recognition).

Note 3: Lifetime ECLs (evaluate impaired financial assets).

The changes in the allowance for possible loss of receivables and other financial assets categorized by credit evaluation stage were as follows:

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulations	Total Allowance for Possible Losses
Balance on January 1, 2022	\$ 62,163	\$ 8,064	\$ 363,726	\$ 433,953	\$ 121,256	\$ 555,209
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(22)	4,897	-	4,875	-	4,875
Transfer to Stage 3	(40)	(2,327)	35,639	33,272	-	33,272
Transfer to Stage 1	3	(1,723)	(141)	(1,861)	-	(1,861)
Financial assets derecognized in the current period	(22,494)	(1,152)	(61,809)	(85,455)	-	(85,455)
Purchased or originated financial assets	21,245	1,008	14,098	36,351	-	36,351
The difference of impairment under the Regulations	-	-	-	-	(47,115)	(47,115)
Write-offs	(84,715)	(19,486)	(41,918)	(146,119)	-	(146,119)
Exchange rate and other changes	49,689	17,121	57,671	124,481	-	124,481
Balance on December 31, 2022	<u>\$ 25,829</u>	<u>\$ 6,402</u>	<u>\$ 367,266</u>	<u>\$ 399,497</u>	<u>\$ 74,141</u>	<u>\$ 473,638</u>

For the year ended December 31, 2021

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulations	Total Allowance for Possible Losses
Balance on January 1, 2021	\$ 33,195	\$ 6,387	\$ 376,307	\$ 415,889	\$ 103,403	\$ 519,292
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(26)	6,617	(7)	6,584	-	6,584
Transfer to Stage 3	(49)	(1,905)	39,463	37,509	-	37,509
Transfer to Stage 1	3	(1,236)	(43)	(1,276)	-	(1,276)
Financial assets derecognized in the current period	(11,705)	(1,127)	(51,338)	(64,170)	-	(64,170)
Purchased or originated financial assets	40,880	1,349	13,309	55,538	-	55,538
The difference of impairment under the Regulations	-	-	-	-	17,853	17,853
Write-offs	(52,053)	(19,093)	(41,633)	(112,779)	-	(112,779)
Exchange rate and other changes	51,918	17,072	27,668	96,658	-	96,658
Balance on December 31, 2021	<u>\$ 62,163</u>	<u>\$ 8,064</u>	<u>\$ 363,726</u>	<u>\$ 433,953</u>	<u>\$ 121,256</u>	<u>\$ 555,209</u>

14. DISCOUNTS AND LOANS, NET

	December 31, 2022	December 31, 2021
Negotiations, discounts and overdraft	\$ 62,683	\$ 221,873
Short-term loans	84,666,192	82,338,850
Medium-term loans	169,842,660	146,666,334
Long-term loans	188,241,006	183,152,384
Overdue receivable	<u>1,269,783</u>	<u>492,259</u>
	444,082,324	412,871,700
Less: Allowance for possible losses	<u>6,185,231</u>	<u>5,429,935</u>
	<u>\$ 437,897,093</u>	<u>\$ 407,441,765</u>

The details of the provision for possible losses were as follows:

	For the Year Ended December 31	
	2022	2021
Provision for possible losses - discounts and loans	\$ 988,086	\$ 1,083,358
Provision for possible losses - receivables and other financial assets	48,529	144,799
Reversal of possible losses - reserve for commitment and guarantee obligations	(106,514)	(28,385)
Amounts recovered - discounts and loans	(233,467)	(230,598)
Amounts recovered - receivables and other financial assets	<u>(152,532)</u>	<u>(155,956)</u>
	<u>\$ 544,102</u>	<u>\$ 813,218</u>

The changes in the total carrying amount of discounts and loan categorized by credit evaluation stage were as follows:

For the year ended December 31, 2022

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2022	\$ 409,668,614	\$ 387,363	\$ 2,815,723	\$ 412,871,700
Changes of financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(311,079)	281,814	(5,423)	(34,688)
Transfer to Stage 3	(849,869)	(54,024)	942,142	38,249
Transfer to Stage 1	82,426	(93,578)	(3,564)	(14,716)
Financial assets derecognized in the current period	(114,760,467)	(96,344)	(761,418)	(115,618,229)
Purchased or originated financial assets	145,531,779	26,027	92,688	145,650,494
Write-offs	(105,793)	(58,492)	(154,209)	(318,494)
Exchange rate and other changes	<u>1,503,033</u>	<u>1,420</u>	<u>3,555</u>	<u>1,508,008</u>
Balance on December 31, 2022	<u>\$ 440,758,644</u>	<u>\$ 394,186</u>	<u>\$ 2,929,494</u>	<u>\$ 444,082,324</u>

For the year ended December 31, 2021

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2021	\$ 383,428,760	\$ 1,054,943	\$ 4,373,009	\$ 388,856,712
Changes of financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(311,962)	281,787	(629)	(30,804)
Transfer to Stage 3	(438,961)	(322,058)	742,976	(18,043)
Transfer to Stage 1	110,187	(117,451)	(60,695)	(67,959)
Financial assets derecognized in the current period	(106,372,257)	(331,080)	(1,667,820)	(108,371,157)
Purchased or originated financial assets	134,076,603	32,207	76,199	134,185,009
Write-offs	(261,430)	(213,273)	(638,354)	(1,113,057)
Exchange rate and other changes	<u>(562,326)</u>	<u>2,288</u>	<u>(8,963)</u>	<u>(569,001)</u>
Balance on December 31, 2021	<u>\$ 409,668,614</u>	<u>\$ 387,363</u>	<u>\$ 2,815,723</u>	<u>\$ 412,871,700</u>

Note 1: 12-month ECLs (evaluate the discounts and loans whose credit risk has not increased significantly since initial recognition).

Note 2: Lifetime ECLs (evaluate the discounts and loans whose credit risk has increased significantly since initial recognition).

Note 3: Lifetime ECLs (evaluate impaired financial assets).

The changes in the allowance of discounts and loan categorized by credit evaluation stage were as follows:

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2022	\$ 553,444	\$ 107,687	\$ 781,459	\$ 1,442,590	\$ 3,987,345	\$ 5,429,935
Changes of financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(1,407)	82,506	(1,270)	79,829	-	79,829
Transfer to Stage 3	(3,738)	(32,378)	757,897	721,781	-	721,781
Transfer to Stage 1	149	(19,448)	(3,202)	(22,501)	-	(22,501)
Financial assets derecognized in the current period	(195,856)	(13,323)	(147,680)	(356,859)	-	(356,859)
Purchased or originated financial assets	518,198	16,317	16,527	551,042	-	551,042
The difference of impairment under the Regulations	-	-	-	-	(128,037)	(128,037)
Write-offs	(105,793)	(58,492)	(154,209)	(318,494)	-	(318,494)
Exchange rate and other changes	<u>150,287</u>	<u>23,117</u>	<u>55,131</u>	<u>228,535</u>	<u>-</u>	<u>228,535</u>
Balance on December 31, 2022	<u>\$ 915,284</u>	<u>\$ 105,986</u>	<u>\$ 1,304,653</u>	<u>\$ 2,325,923</u>	<u>\$ 3,859,308</u>	<u>\$ 6,185,231</u>

For the year ended December 31, 2021

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2021	\$ 478,683	\$ 132,020	\$ 1,633,428	\$ 2,244,131	\$ 3,419,812	\$ 5,663,943
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(941)	80,200	(572)	78,687	-	78,687
Transfer to Stage 3	(1,776)	(39,931)	323,034	281,327	-	281,327
Transfer to Stage 1	195	(21,447)	(2,118)	(23,370)	-	(23,370)
Financial assets derecognized in the current period	(162,525)	(17,712)	(631,321)	(811,558)	-	(811,558)
Purchased or original financial assets	243,296	20,402	28,448	292,146	-	292,146
The difference of impairment under the Regulations	-	-	-	-	567,533	567,533
Write-offs	(261,430)	(213,273)	(638,354)	(1,113,057)	-	(1,113,057)
Exchange rate and other changes	<u>257,942</u>	<u>167,428</u>	<u>68,914</u>	<u>494,284</u>	-	<u>494,284</u>
Balance on December 31, 2021	<u>\$ 553,444</u>	<u>\$ 107,687</u>	<u>\$ 781,459</u>	<u>\$ 1,442,590</u>	<u>\$ 3,987,345</u>	<u>\$ 5,429,935</u>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2022	December 31, 2021
Associates that are not individually material	<u>\$ 1,886,047</u>	<u>\$ 1,970,175</u>

The above associates included Dah Chung Bills Finance Corp (Dah Chung). The Bank invested 22.06% of the shares and is the single largest shareholder. The Bank does not have absolute difference in shareholding ratio compared with other shareholders, does not control more than half of the seats in the board of directors, does not have the control power to dominate the related activities, and only has significant influence over the invested company. Therefore, Dah Chung is reported as an associate in the financial statements.

The share of the Bank and its subsidiaries in these associates' financial performance was summarized as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Net income from continuing operation	\$ 112,357	\$ 144,746
Other comprehensive income	<u>(92,768)</u>	<u>(36,796)</u>
Total comprehensive income	<u>\$ 19,589</u>	<u>\$ 107,950</u>

16. OTHER FINANCIAL ASSETS, NET

	December 31, 2022	December 31, 2021
Nonaccrual loans other than discounts and loans	\$ 349	\$ 384
Less: Allowance for possible losses (Note 13)	<u>175</u>	<u>179</u>
	174	205
Refundable deposits	2,585,868	3,026,473
Less: Allowance for loss	<u>259</u>	<u>673</u>
	2,585,609	3,025,800
Restricted time deposits (Note 40)	2,204,700	869,200
Restricted assets	<u>-</u>	<u>76,109</u>
	<u>\$ 4,790,483</u>	<u>\$ 3,971,314</u>

The above restricted assets are margin and collection charged from customers placed in specified current deposit of FEIL.

17. PROPERTY AND EQUIPMENT, NET

For the year ended December 31, 2022

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Properties and Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,149,596	\$ 2,395,907	\$ 1,184	\$ 1,579,391	\$ 99,524	\$ 6,673,035
Additions	-	916	148,872	62	69,654	1,855,366	2,074,870
Disposals	-	(5,076)	(131,532)	(112)	(133,516)	-	(270,236)
Others	<u>1,277,055</u>	<u>-</u>	<u>143,673</u>	<u>-</u>	<u>53,447</u>	<u>(1,472,041)</u>	<u>2,134</u>
Ending balance	<u>2,724,488</u>	<u>1,145,436</u>	<u>2,556,920</u>	<u>1,134</u>	<u>1,568,976</u>	<u>482,849</u>	<u>8,479,803</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	629,172	1,649,785	1,174	1,408,827	-	3,688,958
Depreciation	-	25,902	214,620	16	49,970	-	290,508
Disposals	-	(5,048)	(131,528)	(112)	(131,284)	-	(267,972)
Others	<u>-</u>	<u>-</u>	<u>6,450</u>	<u>-</u>	<u>1,286</u>	<u>-</u>	<u>7,736</u>
Ending balance	<u>-</u>	<u>650,026</u>	<u>1,739,327</u>	<u>1,078</u>	<u>1,328,799</u>	<u>-</u>	<u>3,719,230</u>
Net ending balance	<u>\$ 2,724,488</u>	<u>\$ 495,410</u>	<u>\$ 817,593</u>	<u>\$ 56</u>	<u>\$ 240,177</u>	<u>\$ 482,849</u>	<u>\$ 4,760,573</u>

For the year ended December 31, 2021

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Properties and Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,148,967	\$ 2,296,186	\$ 1,281	\$ 1,563,669	\$ 24,576	\$ 6,482,112
Additions	-	629	131,076	-	31,236	125,497	288,438
Disposals	-	-	(74,342)	(97)	(15,301)	-	(89,740)
Others	<u>-</u>	<u>-</u>	<u>42,987</u>	<u>-</u>	<u>(213)</u>	<u>(50,549)</u>	<u>(7,775)</u>
Ending balance	<u>1,447,433</u>	<u>1,149,596</u>	<u>2,395,907</u>	<u>1,184</u>	<u>1,579,391</u>	<u>99,524</u>	<u>6,673,035</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	603,003	1,520,111	1,247	1,372,798	-	3,497,159
Depreciation	-	26,166	205,933	24	51,723	-	283,846
Disposals	-	-	(74,342)	(97)	(15,301)	-	(89,740)
Others	<u>-</u>	<u>3</u>	<u>(1,917)</u>	<u>-</u>	<u>(393)</u>	<u>-</u>	<u>(2,307)</u>
Ending balance	<u>-</u>	<u>629,172</u>	<u>1,649,785</u>	<u>1,174</u>	<u>1,408,827</u>	<u>-</u>	<u>3,688,958</u>
Net ending balance	<u>\$ 1,447,433</u>	<u>\$ 520,424</u>	<u>\$ 746,122</u>	<u>\$ 10</u>	<u>\$ 170,564</u>	<u>\$ 99,524</u>	<u>\$ 2,984,077</u>

The above items of property and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	5 to 55 years
Computer equipment	3 to 7 years
Transportation equipment	3 to 7 years
Miscellaneous equipment	3 to 20 years

At the Board of Directors' meeting held in November 2020, the Bank resolved to acquisition of a parcel of land in Xinyi District, Taipei City, and participated in the planning of joint construction on the land to build the Bank's headquarters office. The upper limit of the land transaction amount was \$2,011,780 thousand. The negotiated total price for the land, for which contracts were signed with the landlords, was \$2,011,507 thousand, and payments for the land had been made since October 2022. As of December 31, 2022, the Bank has paid \$1,643,907 thousand (\$1,276,307 thousand accounted for as land and \$367,600 thousand accounted for as properties prepayment). The Bank has paid off the remaining transaction amount and completed the legal procedures for the land transfer in January 2023.

18. LEASE ARRANGEMENTS

The Bank and its subsidiaries lease property mainly for the use of the Bank's branches and offices within 2 to 20 years. Right-of-use assets, lease liabilities and recognition of depreciation expense and interest expense are as follows:

	December 31, 2022	December 31, 2021
Net carrying amount of right-of-use assets	<u>\$ 954,076</u>	<u>\$ 1,018,720</u>
Carrying amount of lease liabilities	<u>\$ 965,817</u>	<u>\$ 1,026,881</u>
The range of discount rate	0.83%-4.82%	0.83%-2.01%
	<u>For the Year Ended December 31</u>	
	2022	2021
Additions to right-of-use assets	<u>\$ 349,949</u>	<u>\$ 598,218</u>
Cash outflow for leases	<u>\$ 429,696</u>	<u>\$ 423,764</u>
Depreciation expense of right-of-use assets	<u>\$ 416,489</u>	<u>\$ 402,113</u>
Interest expense of lease liabilities	<u>\$ 10,076</u>	<u>\$ 9,407</u>
Other lease information		
Short-term lease expenses	<u>\$ 7,059</u>	<u>\$ 6,399</u>

19. INTANGIBLE ASSETS, NET

	December 31, 2022	December 31, 2021
Operation rights	\$ 1,538,210	\$ 1,538,210
Fair value of core deposits	428,887	428,887
Less: Accumulated amortization	<u>369,427</u>	<u>343,944</u>
	<u>59,460</u>	<u>84,943</u>
	<u>\$ 1,597,670</u>	<u>\$ 1,623,153</u>

In April 2010, the Bank acquired the assets and liabilities of Chinfon Bank's domestic branch Package B through a bidding process. The acquired operation rights of Chinfon Bank's branches have indefinite useful life, while the fair value of core deposits is amortized over 4 to 15 years.

After assessed the operation rights of branches is a franchise business right without definite useful life, and the operation rights are expected to generate net cash flows continuously; therefore, the operation rights are not amortized annually.

The Bank assessed the recoverable amount of the cash generating unit of the operation rights for impairment in 2022 and 2021. To reflect risks specific to the operation right, the net fair value of the recoverable amount was calculated using the discounted cash flows based on the Bank's financial forecast, and no impairment was assessed.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31, 2022	December 31, 2021
Call loans to banks	\$ 1,402,035	\$ 1,757,547
Due to banks	70,349	14,583
Bank overdrafts	<u>3,064</u>	<u>19,690</u>
	<u>\$ 1,475,448</u>	<u>\$ 1,791,820</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31, 2022	December 31, 2021
Government bonds (Notes 9 and 10)	\$ 3,501,590	\$ -
Bank debentures (Note 9)	<u>1,097,159</u>	<u>4,959</u>
	<u>\$ 4,598,749</u>	<u>\$ 4,959</u>
Repurchase price	<u>\$ 4,617,001</u>	<u>\$ 4,960</u>
Repurchase date	2023.01.09- 2023.01.13	2022.01.27

22. PAYABLES

	December 31, 2022	December 31, 2021
Expenses	\$ 1,496,899	\$ 1,491,425
Interest	994,066	527,025
Notes and checks for clearing	930,022	640,766
Accounts payable factoring	485,671	868,908
Credit card	209,229	189,019
Acceptances	207,327	419,489
Securities settlement	169,159	379,701
Litigation settlement	-	317,222
Others	<u>853,999</u>	<u>731,092</u>
	<u>\$ 5,346,372</u>	<u>\$ 5,564,647</u>

In September 2015, 18 creditor banks of Zhanmao Optoelectronics Co., Ltd. (“Zhanmao”), a debtor with restructured overdue loan from the Bank, filed a lawsuit against the Bank demanding that the Bank abides by the restructuring procedures, recovers the claims against Zhanmao and compensates the creditor banks for losses caused by overpayments in the restructuring procedures. The Supreme Court ruled in December 2021 that the Bank was liable for damages of \$317,222 thousand. The relevant liabilities had been accrued in the 2021 annual financial statements and were paid in January 2022.

23. DEPOSITS AND REMITTANCES

	December 31, 2022	December 31, 2021
Checking deposits	\$ 3,863,727	\$ 3,156,272
Demand deposits	102,334,898	129,604,806
Demand savings	94,983,370	93,795,634
Time savings	95,879,926	80,740,147
Negotiable certificates of deposit	18,445,500	6,714,500
Time deposits	291,838,528	297,778,762
Remittances	<u>77,932</u>	<u>316,564</u>
	<u>\$ 607,423,881</u>	<u>\$ 612,106,685</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	December 31, 2022	December 31, 2021
Subordinated bank debentures - seven-year maturity; first issue in 2015	2015.09.30-2022.09.30	Interest payable on September 30 each year fixed interest rate at 1.95%	\$ -	\$ 3,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2016	2016.09.27-2023.09.27	Interest payable on September 27 each year fixed interest rate at 1.55%	4,000,000	4,000,000
Subordinated bank debentures - perpetual; first issue in 2018	2018.09.18-	Interest payable on September 18 each year fixed interest rate at 3.20%	2,900,000	2,900,000
General bank debentures - five-year maturity; first issue in 2019	2019.02.21-2024.02.21	Interest payable on February 21 each year fixed interest rate at 0.95%	2,500,000	2,500,000
Subordinated bank debentures - seven-year maturity; second issue in 2019	2019.07.30-2026.07.30	Interest payable on July 30 each year fixed interest rate at 1.15%	2,000,000	2,000,000
Subordinated bank debentures - ten-year maturity; second issue in 2019	2019.07.30-2029.07.30	Interest payable on July 30 each year fixed interest rate at 1.25%	2,000,000	2,000,000
General bank debentures - five-year maturity; third issue in 2019	2019.09.26-2024.09.26	Interest payable on September 26 each year fixed interest rate at 0.75%	3,500,000	3,500,000
Subordinated bank debentures - seven-year maturity; first issue in 2020	2020.11.26-2027.11.26	Interest payable on November 26 each year fixed interest rate at 0.75%	1,600,000	1,600,000
Subordinated bank debentures - seven-year maturity; first issue in 2021	2021.04.27-2028.04.27	Interest payable on April 27 each year fixed interest rate at 0.83%	2,400,000	2,400,000
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2005; acquired from Chinfon Bank	Matured on 2012.06.28	-	1,660	1,660
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	240	240
Total bank debentures			<u>\$ 20,901,900</u>	<u>\$ 23,901,900</u>

The Bank issued the first issuance of perpetual non-cumulative subordinated bank debentures in 2018 in the amount of \$2,900,000 thousand on September 18, 2018 with an interest rate of 3.20% and the interest is paid once a year if the interest payment condition is met. After five years of issuance, the Bank has the right to redeem in advance under the regulation of issuance and the permission by authorities.

25. OTHER FINANCIAL LIABILITIES

	December 31, 2022	December 31, 2021
Deposit received	\$1,955,437	\$ 356,386
Bank loan	321,017	173,038
Commercial paper	455,000	450,000
Less: Unamortized discount on commercial paper	<u>383</u>	<u>211</u>
	<u>\$2,731,071</u>	<u>\$ 979,213</u>

Interest rates

Bank loan	1.75%-4.67%	1.00%-4.82%
Commercial paper	2.04%-2.15%	0.97%-1.02%

26. PROVISIONS

	December 31, 2022	December 31, 2021
Reserve for employee benefits liability - defined benefit plans (Note 27)	\$ 531,867	\$ 723,561
Reserve for obligations guarantee (Note 44)	174,194	279,683
Reserve for financing commitment (Note 44)	<u>54,331</u>	<u>53,238</u>
	<u>\$ 760,392</u>	<u>\$ 1,056,482</u>

The changes in provision for losses on financing commitments and obligations guarantees categorized by credit evaluation stage are as follows:

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime ECLs (Stage 2)	Lifetime ECLs (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Balance on January 1, 2022	\$ 84,892	\$ 13,201	\$ 20,950	\$ 119,043	\$ 213,878	\$ 332,921
Changes at the beginning of the year:						
Transfer to Stage 2	(8)	6,666	-	6,658	-	6,658
Transfer to Stage 3	-	(76)	387	311	-	311
Transfer to Stage 1	6	(8,469)	(80)	(8,543)	-	(8,543)
Financial assets derecognized in the current period	(29,810)	(1,369)	(203)	(31,382)	-	(31,382)
Purchased or originated	33,253	1,747	31	35,031	-	35,031
The difference of impairment under the Regulations	-	-	-	-	(100,622)	(100,622)
Exchange rate and other changes	<u>(2,791)</u>	<u>(3,052)</u>	<u>(6)</u>	<u>(5,849)</u>	<u>-</u>	<u>(5,849)</u>
Balance on December 31, 2022	<u>\$ 85,542</u>	<u>\$ 8,648</u>	<u>\$ 21,079</u>	<u>\$ 115,269</u>	<u>\$ 113,256</u>	<u>\$ 228,525</u>

For the year ended December 31, 2021

	12-Month Expected Credit Loss (Stage 1)	Lifetime ECLs (Stage 2)	Lifetime ECLs (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Balance on January 1, 2021	\$ 83,913	\$ 12,417	\$ 21,140	\$ 117,470	\$ 244,644	\$ 362,114
Changes at the beginning of the year:						
Transfer to Stage 2	(9)	7,591	-	7,582	-	7,582
Transfer to Stage 3	-	(34)	256	222	-	222
Transfer to Stage 1	6	(7,190)	(129)	(7,313)	-	(7,313)
Financial assets derecognized in the current period	(23,630)	(1,319)	(294)	(25,243)	-	(25,243)
Purchased or originated	23,196	2,300	33	25,529	-	25,529
The difference of impairment under the Regulations	-	-	-	-	(30,766)	(30,766)
Exchange rate and other changes	1,416	(564)	(56)	796	-	796
Balance on December 31, 2021	<u>\$ 84,892</u>	<u>\$ 13,201</u>	<u>\$ 20,950</u>	<u>\$ 119,043</u>	<u>\$ 213,878</u>	<u>\$ 332,921</u>

27. RETIREMENT BENEFIT PLANS

Defined contribution plans

The pension plan under the Labor Pension Act (the Act) is a defined contribution plan. Based on the Act, the Bank and its subsidiaries' make monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance at 6% of monthly salaries and wages, related pension expense of \$139,656 thousand and \$135,499 thousand for the year ended December 31, 2022 and 2021, respectively.

Defined benefit plans

Applicable the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered, which are deposited in the Bank of Taiwan by the pension fund monitoring committee's name. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under the Ministry of Labor; the Bank has no right to influence the investment policy and strategy. According to Labor Standards Act, before the end of each year, the Bank assesses the pension fund balance. If the balance 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 before the end of March of the next year.

The amounts of employee benefits included in the consolidated balance sheets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	\$ 1,039,710	\$ 1,142,294
Fair value of plan assets	<u>(507,843)</u>	<u>(418,733)</u>
Reserve for employee benefits liability	<u>\$ 531,867</u>	<u>\$ 723,561</u>

Movements in defined benefit plan were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Balance at January 1, 2022	\$ 1,142,294	\$ (418,733)	\$ 723,561
Service cost			
Current service cost	5,698	-	5,698
Net interest expense (revenue)	6,636	(2,561)	4,075
Recognized in profit or loss	<u>12,334</u>	<u>(2,561)</u>	<u>9,773</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(32,529)	(32,529)
Actuarial loss - experience adjustments	29,775	-	29,775
Actuarial loss - changes in financial assumptions	(105,757)	-	(105,757)
Recognized in other comprehensive income	<u>(75,982)</u>	<u>(32,529)</u>	<u>(108,511)</u>
Contributions from the employer	-	(58,490)	(58,490)
Contributions from plan assets	(4,470)	4,470	-
Contributions from provisions	<u>(34,466)</u>	<u>-</u>	<u>(34,466)</u>
Balance at December 31, 2022	<u>\$ 1,039,710</u>	<u>\$ (507,843)</u>	<u>\$ 531,867</u>
Balance at January 1, 2021	\$ 1,099,728	\$ (398,751)	\$ 700,977
Service cost			
Current service cost	7,100	-	7,100
Net interest expense (revenue)	7,495	(2,843)	4,652
Recognized in profit or loss	<u>14,595</u>	<u>(2,843)</u>	<u>11,752</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,212)	(4,212)
Actuarial loss - experience adjustments	36,448	-	36,448
Actuarial loss - changes in demographic assumptions	19,512	-	19,512
Actuarial loss - changes in financial assumptions	9,996	-	9,996
Recognized in other comprehensive income	<u>65,956</u>	<u>(4,212)</u>	<u>61,744</u>
Contributions from the employer	-	(17,939)	(17,939)
Contributions from plan assets	(5,012)	5,012	-
Contributions from provisions	<u>(32,973)</u>	<u>-</u>	<u>(32,973)</u>
Balance at December 31, 2021	<u>\$ 1,142,294</u>	<u>\$ (418,733)</u>	<u>\$ 723,561</u>

The calculation of the present value of the defined benefit obligation was carried out by qualified actuaries. The principal assumptions used in the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rates	1.80%	0.60%
Expected rates of salary increase	3.00%	3.00%

As concluded by the actuaries, the expected contribution to the plan for the next year is \$50,998 thousand, and the average duration of the defined benefit obligation is 8 years.

Had there been a possible change in each of the significant actuarial assumptions and all other assumptions remained constant, the present value of the defined benefit obligation would have increased (decreased) as follows:

	December 31, 2022	December 31, 2021
Discount rates		
0.50% increase	<u>\$ (39,673)</u>	<u>\$ (48,695)</u>
0.50% decrease	<u>\$ 42,163</u>	<u>\$ 52,016</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 41,488</u>	<u>\$ 50,552</u>
0.50% decrease	<u>\$ (39,443)</u>	<u>\$ (47,856)</u>

The sensitivity analysis presented above might not have been representative of the actual change in the present value of the defined benefit obligation because it was unlikely that the change in assumptions occurred in isolation of one another, i.e., some of the assumptions might have been correlated.

The Bank is exposed to the following risks on its defined benefit plans managed by the Bureau:

- a. Risk on investment: The investment income of benefit plan assets affects the plan fair value and contribution status. That is, a higher investment income increases the fair value of plan assets and decreases net defined benefits liabilities (or increases net assets) and thus improves contribution status. In contrast, a lower investment income or investment loss is unfavorable to the contribution status of benefit the plan.
- b. Risk on interest fluctuations: The discount rate used in calculating the present value of defined benefit obligations mainly pertains to the yields of the corporate bonds with the credit ratings of twAAA assigned by Taiwan Ratings. A decrease in discount rate will increase the present value of defined benefit obligations.
- c. Risk on salary fluctuations: As the defined benefit obligation was determined by the salaries of plan members before their retirement, the expected increase in salary should then be considered in the calculation. Thus, an increase in the expected rate for salary increase will result in a rise in the present values of defined benefit obligations.

28. EQUITY

- a. Share capital

Ordinary shares

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	<u>5,500,000</u>	<u>5,500,000</u>
Authorized capital	<u>\$ 55,000,000</u>	<u>\$ 55,000,000</u>
Issued and paid shares (in thousands)	<u>4,069,484</u>	<u>3,513,963</u>
Issued capital	<u>\$ 40,694,838</u>	<u>\$ 35,139,632</u>

Issued ordinary shares with par value of \$10 are entitled to the right to vote and to receive dividends.

At the shareholders' meeting held on July 20, 2021, the Bank resolved to increase its capital by using its undistributed earnings of \$658,588 thousand. As a result, the Bank issued 65,859 thousand ordinary shares at a par value of NT\$10 and the record date for stock dividends was September 27, 2021.

At the shareholders' meeting held on June 21, 2022, the Bank resolved to increase its capital by using its undistributed earnings of \$555,206 thousand. As a result, the Bank issued 55,521 thousand ordinary shares at a par value of NT\$10 and the record date for stock dividends was September 12, 2022.

At the Board of Directors' meeting held on May 5, 2022, the Bank resolved to increase its capital by issuing 500,000 thousand ordinary shares. The issuance was approved by the Securities and Futures Bureau, FSC in July 2022 and the issuance price was NT\$9.62 per share. The record date for the capital increase by cash was October 5, 2022, and the Bank completed the registration of capital change on October 31, 2022. After the capital increase by cash, the total capital amounted to \$40,694,838 thousand. In the above-mentioned increasing of capital by cash, some of the original shareholders subscribed different from its existing ownership percentage and some employees gave up their subscription, and related parties subscribed for 50,936 thousand shares as specific persons.

Global depository receipts

As of December 31, 2022, the outstanding GDRs were 221 thousand units, equivalent to 4,421 thousand ordinary shares.

b. Capital surplus

	December 31, 2022	December 31, 2021
Issuance of ordinary shares premium	<u>\$ 302,926</u>	<u>\$ 456,426</u>

According to the Company Law, the capital surplus arising from shares issued in excess of par may be used to offset a deficit, or, if the Bank has no deficit, distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year).

c. Retained earnings and dividend policy

The shareholders of the Bank held their regular meeting on July 20, 2021 and in that meeting, resolved the amendments to the Bank's Articles of Incorporation (the "Articles"). In case of surplus earnings after settlement of accounts for each fiscal year, the Bank shall recover all the losses incurred in the previous years, if any, before setting aside a legal reserve of thirty percent (30%) of the net profit and appropriating, according to law and regulations, a special reserve shall be retained, and shall first be distributed to the dividends of Preferred Stock. The remaining amount together with the accumulated retained profits of the last year and the reversals of special reserves are available for distribution as dividends for Common Stock. The dividends for Common Stock shall be distributed at least thirty percent (30%) of the remaining amount. The Board of Directors shall prepare the earnings distribution in accordance with the existing circumstances at the time, taking into account the future development plan of the Bank. Any allocation of cash dividend shall, in principle, be no less than 10% of the total dividends to be distributed that year.

The Banking Law provides that, unless legal reserve reached the Bank's paid-in capital, cash dividends are limited to 15% of paid-in capital.

Under the Company Law, legal reserve should be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. According to an amendment to the Company Law, when the Bank has no deficit and its legal reserve has exceeded 25% of its paid-in capital, the excess may be distributed in the form of stocks or cash.

The appropriations of earnings for the 2021 and 2020, which were approved in the shareholders' meetings on June 21, 2022 and July 20, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2021	2020	2021	2020
Cash dividends	\$ 1,511,004	\$ 1,124,082	\$0.430	\$0.326
Stock dividends	555,206	658,588	0.158	0.191

The appropriations of earnings for 2022 had been proposed by the Bank's Board of Directors on March 2, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 1,664,012	\$0.4089

The appropriations of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held on June 16, 2023.

d. Other equity items

Change in unrealized gain or loss on financial assets measured at FVTOCI:

	For the Year Ended December 31	
	2022	2021
Balance, beginning of year	\$ 259,486	\$ 1,172,225
Recognized for the year		
Unrealized gain or loss		
Debt instruments	(1,478,325)	(799,535)
Equity instruments	(374,443)	43,728
Share of other comprehensive loss of associates for using the equity method	(95,381)	(36,297)
Investment in debt instruments transferred to current loss due to disposal	22,382	29,377
Other comprehensive income recognized for the year	(1,925,767)	(762,727)
Loss (gain) on equity instruments transferred to retained earnings due to disposal	107,324	(150,012)
Balance, ending of year	\$ (1,558,957)	\$ 259,486

29. NET INTERESTS

	For the Year Ended December 31	
	2022	2021
Interest revenues		
Discounts and loans	\$ 9,572,878	\$ 7,454,724
Securities	1,434,771	952,703
Credit cards	693,749	716,926
Others	<u>603,524</u>	<u>267,252</u>
	<u>12,304,922</u>	<u>9,391,605</u>
Interest expenses		
Deposits and remittances	4,520,121	2,404,773
Bank debentures	328,315	358,818
Structured products	288,643	133,776
Others	<u>124,290</u>	<u>53,342</u>
	<u>5,261,369</u>	<u>2,950,709</u>
	<u>\$ 7,043,553</u>	<u>\$ 6,440,896</u>

30. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2022	2021
Service fee income		
Fees from credit card	\$ 1,112,455	\$ 1,008,038
Fees from loan	697,301	654,377
Fees from trustee business	686,542	902,868
Fees from insurance commission	424,179	572,461
Fees from brokering	128,730	466,505
Others	<u>307,500</u>	<u>371,132</u>
	<u>3,356,707</u>	<u>3,975,381</u>
Service fee expense		
Refund from credit card fee	223,814	207,079
Visa and Master fee	177,308	162,070
National credit card center fee	157,578	149,938
Agency service fee	76,083	75,166
Interbank service fee	56,686	49,621
Credit investigation fee	29,129	34,424
Others	<u>114,149</u>	<u>139,730</u>
	<u>834,747</u>	<u>818,028</u>
	<u>\$ 2,521,960</u>	<u>\$ 3,157,353</u>

31. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2022	2021
Gain on disposal	\$ 1,210,997	\$ 774,362
Gain (loss) on valuation	(225,705)	17,713
Net interests	218,645	162,635
Dividends	<u>41,005</u>	<u>27,563</u>
	<u>\$ 1,244,942</u>	<u>\$ 982,273</u>

32. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2022	2021
Salaries (Notes 33 and 38)	\$ 3,458,622	\$ 3,359,421
Labor and health insurance	253,946	250,755
Post-employment benefits (Note 27)	149,429	147,251
Others (Note 33)	<u>377,622</u>	<u>322,190</u>
	<u>\$ 4,239,619</u>	<u>\$ 4,079,617</u>

33. EMPLOYEES' COMPENSATION AND REMUNERATION OF DIRECTORS

According to the Bank's Articles, from the Bank's income before income tax, remuneration of directors and employees' compensation, the Bank should retain 3.5%-4.5% for employees' compensation and no greater than 1.5% for remuneration of directors. On March 2, 2023, the Bank's Board of Directors resolved to pay employees' compensation of \$153,113 thousand and remuneration of directors of \$41,784 thousand for the year ended December 31, 2022, both in cash. If there is a change in the amounts after the financial statements for the year ended December 31, 2022 were authorized for issue, the differences will be recorded as a change in the accounting estimate and adjusted in the next year.

On March 3, 2022 the Bank's Board of Directors resolved to pay employees' compensation of \$127,261 thousand and remuneration of directors of \$42,420 thousand for the year ended December 31, 2021, both in cash. There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2021.

Information on the employees' compensation and remuneration of directors resolved by the Bank's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

34. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2022	2021
Depreciation		
Property and equipment (Note 17)	\$ 290,508	\$ 283,846
Leased right-of-use assets (Note 18)	<u>416,489</u>	<u>402,113</u>
	<u>\$ 706,997</u>	<u>\$ 685,959</u>
Amortization - intangible assets (Note 19)	<u>\$ 25,483</u>	<u>\$ 25,483</u>

35. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2022	2021
Tax and government fees	\$ 602,179	\$ 551,319
Software	272,631	231,117
Marketing and advertising	220,761	259,070
Telecommunications	171,802	160,556
Others	<u>764,241</u>	<u>683,728</u>
	<u>\$ 2,031,614</u>	<u>\$ 1,885,790</u>

36. INCOME TAX EXPENSE

a. Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax expense		
Current period	\$ 505,214	\$ 335,791
Prior years	<u>(2,897)</u>	<u>3,823</u>
	<u>502,317</u>	<u>339,614</u>
Deferred tax expense		
Current period	3,972	54,026
Prior years	<u>7,325</u>	<u>(29,940)</u>
Deferred tax expense	<u>11,297</u>	<u>24,086</u>
Income tax expense recognized in profit or loss	<u>\$ 513,614</u>	<u>\$ 363,700</u>

A reconciliation of accounting income and income tax expense recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax	\$ 4,191,116	\$ 3,302,822
Income tax expense calculated at the statutory rate	\$ 847,243	\$ 701,702
Income from offshore banking unit (OBU)	(381,038)	(294,889)
Tax-exempted investment income	(5,337)	(69,911)
Tax-exempted other items	(15,755)	5,605
Unrecognized deductible temporary differences	7,059	(55,697)
Additional income tax under the Alternative Minimum Tax Act	57,214	103,373
Adjustments for prior years' tax	4,428	(26,117)
Others	(200)	(366)
Income tax expense recognized in profit or loss	<u>\$ 513,614</u>	<u>\$ 363,700</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Income tax expense (benefit) of remeasurement of defined benefit plans	\$ 21,702	\$ (12,349)
Income tax expense (benefit) of exchange differences on translating foreign operations	<u>2,899</u>	<u>(1,603)</u>
	<u>\$ 24,601</u>	<u>\$ (13,952)</u>

c. The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	\$ 85,238	\$ 18,507	\$ -	\$ 103,745
Defined benefit plans in excess of the limit	144,712	(16,637)	(21,702)	106,373
Unrealized gain or loss on financial instruments	(77,862)	(19,960)	-	(97,822)
Others	<u>57,535</u>	<u>907</u>	<u>(2,899)</u>	<u>55,543</u>
	<u>209,623</u>	<u>(17,183)</u>	<u>(24,601)</u>	<u>167,839</u>
Loss carryforwards	<u>-</u>	<u>11,862</u>	<u>-</u>	<u>11,862</u>
	<u>\$ 209,623</u>	<u>\$ (5,321)</u>	<u>\$ (24,601)</u>	<u>179,701</u>

Deferred Tax Liabilities (Recognized as Other Liabilities)	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Income from equity investments in foreign company under the equity method	\$ (31,536)	\$ (5,976)	\$ -	\$ (37,512)

For the year ended December 31, 2021

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	\$ 93,524	\$ (8,286)	\$ -	\$ 85,238
Defined benefit plans in excess of the limit	114,254	18,109	12,349	144,712
Unrealized gain or loss on financial instruments	(49,118)	(28,744)	-	(77,862)
Others	<u>54,265</u>	<u>1,667</u>	<u>1,603</u>	<u>57,535</u>
	<u>\$ 212,925</u>	<u>\$ (17,254)</u>	<u>\$ 13,952</u>	<u>\$ 209,623</u>

Deferred Tax Liabilities (Recognized as Other Liabilities)	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Income from equity investments in foreign company under the equity method	\$ (24,704)	\$ (6,832)	\$ -	\$ (31,536)

d. Unrecognized as deferred tax assets in respect of deductible temporary differences

	December 31, 2022	December 31, 2021
The Bank		
Allowance for possible losses in excess of the limit	<u>\$ 1,180,550</u>	<u>\$ 1,145,259</u>

e. Income tax assessments

The income tax returns of the Bank through 2019 had been assessed by the tax authorities. The income tax returns of FEIS and FEAMC through 2020 had been assessed by the tax authorities.

37. EARNINGS PER SHARE

The earnings per share (EPS) disclosed in the statement of comprehensive income are based on net income attributable to owners of the Bank.

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic EPS	<u>\$ 1.00</u>	<u>\$ 0.82</u>
Diluted EPS	<u>\$ 0.99</u>	<u>\$ 0.82</u>

The net income and weighted average number of ordinary shares outstanding for EPS calculation were as follows:

	For the Year Ended December 31	
	2022	2021
Net income attributable to owners of the Bank used in the computation of basic and diluted EPS	<u>\$ 3,677,502</u>	<u>\$ 2,939,122</u>
<u>Number of Ordinary Shares (in thousand shares)</u>		
Weighted average number of ordinary shares in the computation of basic EPS	3,690,032	3,569,484
Effect of dilutive potential ordinary shares		
Employees' compensation	<u>15,818</u>	<u>14,316</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>3,705,850</u>	<u>3,583,800</u>

Employees' compensation for the current year should be considered in calculating the weighted-average number of shares used for calculating diluted EPS. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the board meeting resolves the number of shares to be distributed as employees' compensation at their board meeting in the following year.

The weighted average number of ordinary shares outstanding for 2021 EPS calculation was retroactively adjusted to the issuance of stock dividends. The basic and diluted after-tax EPS were adjusted retrospectively as follows:

	For the Year Ended December 31, 2021	
	Before Adjustment	After Adjustment
Basic EPS	<u>\$ 0.84</u>	<u>\$ 0.82</u>
Diluted EPS	<u>\$ 0.83</u>	<u>\$ 0.82</u>

38. SHARE-BASED PAYMENT ARRANGEMENTS

In August 2022, the Bank resolved to increase its capital by issuing 500,000 thousand ordinary shares. According to the Company Act, the Bank shall allocate 50,000 thousand of shares as provision for subscription by employees. Lock-up period is 2 years. The relevant remuneration costs of \$41,500 thousand was recognized based on fair value on the grant date according to the valuation report issued by the experts. The valuation report applied the Black-Scholes pricing model, and the inputs to the model are as follows:

Grant date	August 30, 2022
Grant date share price (after considering ex-rights and ex-dividends)	\$11.22
Exercise price	\$9.62
Expected volatility	14.65%
Duration	0.079 years
Restricted period	2.118 years
Risk-free interest rate	0.7014%

39. RELATED-PARTY TRANSACTIONS

The Bank and its subsidiaries had significant business transactions with the following related parties:

Related Party	Relationship with the Bank
Dah Chung Bills Finance Corp.	Association
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Far Eastern New Century Corp.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd	Chairman is the vice-chairman of the Bank
Far EasTone Telecommunications Corporation	Chairman is the vice-chairman of the Bank
Bai Ding Investment Corporation	Chairman is the vice-chairman of the Bank
Far Eastern Ai Mai Co., Ltd.	Chairman is the vice-chairman of the Bank
Oriental Union Chemical Corporation	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Far Eastern Electronic Toll Collection Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport (Singapore) Private, Ltd.	Chairman of parent company is the vice-chairman of the Bank
Yuan Long Stainless Steel Co.	Chairman of parent company is the vice-chairman of the Bank
Far Eastern Medical Foundation Far East Memorial Hospital	Chairman of parent company is the vice-chairman of the Bank
Everest Textile Co., Ltd.	Chairman is a second-degree relative of the vice chairman of the Bank
Der Ching Investment Corporation	Chairman is a second-degree relative of the vice chairman of the Bank
Far Eastern International Leasing Corp.	Substantive related party
Pacific SOGO Department Stores Corp.	Substantive related party
Yu Yuan Investment Co., Ltd.	Substantive related party
Yuan Hsin Digital Payment Co., Ltd.	Substantive related party
Oriental Securities Corporation	Substantive related party
Others	The Bank's chairman, vice-chairman, managers, their second-degree relatives and substantive related party

The significant transactions and account balances with the above parties (in addition to those disclosed in other notes) are summarized as follows:

a. Due from other banks

	Highest Balance in Current Year	Ending Balance	Interest Revenues	Interest Rates
<u>Dah Chung Bills Finance Corp.</u>				
For the year ended December 31				
2022	<u>\$ 1,500,000</u>	<u>\$ 400,000</u>	<u>\$ 3,219</u>	0.60%-1.31%
2021	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 185</u>	0.20%-0.27%

b. Loans

Category	Number of Accounts and Related Party	Highest Balance in Current Year	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the year ended <u>December 31, 2022</u>							
Consumer loans	Seven individuals	\$ 5,029	\$ 2,845	\$ 2,845	\$ -	Unsecured loan	Note 2
Loans for residential mortgage	Forty individuals	421,705	346,326	346,326	-	Real estate	Note 2
Others	Yuan Long Stainless Steel Co	1,400,000	1,050,000	1,050,000	-	Real estate	Note 2
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Ships and stock listed on TWSE	Note 2
	Far Eastern Department Store Corp.	500,000	500,000	500,000	-	Stock listed on TWSE	Note 2
	Bai Ding Investment Corporation	480,000	480,000	480,000	-	Stock listed on TWSE	Note 2
	Far Eastern Ai Mai Co., Ltd.	400,000	400,000	400,000	-	Real estate	Note 2
	Others (Note 1)	1,376,911	<u>327,481</u>	<u>327,481</u>	<u>-</u>	Real estate, certificates of deposits, stock unlisted on TWSE and stock listed on TWSE	Note 2
			<u>\$ 3,806,652</u>	<u>\$ 3,806,652</u>	<u>\$ -</u>		
For the year ended <u>December 31, 2021</u>							
Consumer loans	Seven individuals	4,750	\$ 4,149	\$ 4,149	\$ -	Unsecured loan	Note 2
Loans for residential mortgage	Thirty five individuals	368,611	300,618	300,618	-	Real estate	Note 2
Others	Yuan Long Stainless Steel Co.	1,300,000	1,300,000	1,300,000	-	Real estate	Note 2
	Everest Textile Co., Ltd.	644,144	535,068	535,068	-	Real estate	Note 2
	Others (Note 1)	592,445	<u>27,545</u>	<u>27,545</u>	<u>-</u>	Real estate, certificates of deposits, stock unlisted on TWSE and stock listed on TWSE	Note 2
			<u>\$ 2,167,380</u>	<u>\$ 2,167,380</u>	<u>\$ -</u>		

Note 1: The individual amount does not exceed 10% of the total disclosure amount.

Note 2: The terms of loans were no superior to those for unrelated parties.

The information related to the above loans is as follows:

	For the Year Ended December 31	
	2022	2021
Interest revenues	<u>\$ 36,103</u>	<u>\$ 17,296</u>
Interest rate	0.62%-5.50%	0.48%-1.87%
Provision for possible losses	<u>\$ 16,621</u>	<u>\$ 7,781</u>

Balances of related allowance for possible losses were \$39,798 thousand and \$23,177 thousand as of December 31, 2022 and 2021, respectively.

c. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
<u>For the year ended December 31, 2022</u>					
Far Eastern International Leasing Corp.	\$ 700,000	\$ 340,000	\$ 3,400	0.30%	Real estate
Others (Note)	1,045,480	<u>65,480</u>	<u>655</u>	0.40%-0.80%	Real estate, stock unlisted on TWSE and stock listed on TWSE
		<u>\$ 405,480</u>	<u>\$ 4,055</u>		
<u>For the year ended December 31, 2021</u>					
Far Eastern International Leasing Corp.	700,000	\$ 571,000	\$ 5,710	0.30%	Real estate
Der Ching Investment Corporation	180,000	180,000	1,800	0.50%-0.55%	Stock listed on TWSE
Yu Yuan Investment Co., Ltd.	130,000	130,000	1,300	0.50%-0.55%	Stock listed on TWSE
Oriental Union Chemical Corporation	130,000	130,000	1,300	0.50%	Stock listed on TWSE
Others (Note)	665,200	<u>75,000</u>	<u>750</u>	0.40%-0.80%	Real estate, stock unlisted on TWSE and stock listed on TWSE
		<u>\$ 1,086,000</u>	<u>\$ 10,860</u>		

Note: The individual amount does not exceed 10% of the total disclosure amount.

d. Letters of credit issued

	December 31, 2022	December 31, 2021
Yuan Long Stainless Steel Co.	\$ <u>-</u>	\$ <u>14,684</u>

e. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
<u>For the year ended December 31, 2022</u>						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2020.07.17-2028.01.10	\$ 2,316,688	\$ (210,173)	Financial liabilities at FVTPL	\$ 77,841
Far Eastern New Century Corp.	Forward exchange contracts	2022.10.19-2023.03.06	1,031,318	15,776	Financial assets at FVTPL	25,173
Asia Cement Corp.	Cross-currency swap contracts	2022.12.21-2023.12.26	1,381,860	(696)	Financial liabilities at FVTPL	9,397
					Financial liabilities at FVTPL	696
<u>For the year ended December 31, 2021</u>						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27-2028.01.10	2,576,555	(125,571)	Financial assets at FVTPL	132,904
Far Eastern New Century Corp.	Forward exchange contracts	2021.11.26-2022.04.01	690,687	(1,996)	Financial assets at FVTPL	784
					Financial liabilities at FVTPL	2,780

f. Deposits

	December 31, 2022	December 31, 2021
Deposits of related parties (each account balance did not exceed 5% of total deposits)	\$ <u>55,226,399</u>	\$ <u>55,746,962</u>
Interest rate	0%-6.34%	0%-5.84%

	For the Year Ended December 31	
	2022	2021
Interest expenses	\$ 315,943	\$ 183,914
g. Prepayments		
	December 31, 2022	December 31, 2021
New Century InfoComm Tech Co., Ltd.	\$ 21,283	\$ 13,748

h. Acquisition of equipment

	For the Year Ended December 31	
	2022	2021
New Century InfoComm Tech Co., Ltd.	\$ 28,786	\$ 33,433

i. Lessee agreements

	For the Year Ended December 31	
	2022	2021
Acquisition of right-of-use assets		
Yuan Ding Co., Ltd.	\$ 5,644	\$ 253,782
Lease liabilities		
Yuan Ding Co., Ltd.	\$ 86,356	\$ 156,236
Pacific SOGO Department Stores Corp.	10,499	15,684
Far Eastern Department Store Corp.	8,874	13,080
	<u>\$ 105,729</u>	<u>\$ 185,000</u>

The Bank and its subsidiaries rented part of its office premises from Yuan Ding Co., Ltd., Pacific SOGO Department Stores Corp. and Far Eastern Department Store Corp. All the rent determinations and payment methods of lease conformed to normal business practice of the Bank.

j. Advance receipts

At the Board of Directors' meeting held in March 2022, the Bank resolved to undertake the business of refund of the cards and the stored value in the cards after Yuan Hsin Digital Payment Co., Ltd. terminated its business. Yuan Hsin Digital Payment Co., Ltd. paid the Bank \$16,000 thousand in full for future operating costs on December 30, 2022, which the Bank recognized in advance receipts. The Bank started this business in January 2023.

k. Service fee income

	For the Year Ended December 31	
	2022	2021
Far EasTone Telecommunications Co., Ltd.	\$ 29,816	\$ 26,376

1. Service fee expense

	For the Year Ended December 31	
	2022	2021
Ding Integrated Marketing Service Co.	\$ 142,319	\$ 137,006
Far Eastern Department Store Corp.	20,085	18,311
Far Eastern Electronic Toll Collection Co.	<u>10,053</u>	<u>12,317</u>
	<u>\$ 172,457</u>	<u>\$ 167,634</u>

m. Operating expenses

	For the Year Ended December 31	
	2022	2021
Far Eastern Department Store Corp.	\$ 89,737	\$ 82,551
Pacific SOGO Department Stores Corp.	55,450	67,007
New Century InfoComm Tech Co., Ltd	35,304	20,840
Yuan Ding Co., Ltd.	18,337	18,238
Oriental Securities Corporation	11,738	8,282
Far Eastern Medical Foundation Far East Memorial Hospital	<u>10,334</u>	<u>-</u>
	<u>\$ 220,900</u>	<u>\$ 196,918</u>

n. Compensation of key management personnel (Note 32)

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 156,477	\$ 180,441
Post-employment benefits	<u>3,591</u>	<u>4,062</u>
	<u>\$ 160,068</u>	<u>\$ 184,503</u>

40. PLEDGED ASSETS

	December 31, 2022	December 31, 2021
Financial assets at FVTOCI -		
Government bonds	\$ 3,526,769	\$ 3,577,633
Negotiable certificates of deposits	-	3,394,342
Investment in debt instruments at amortized cost -		
Negotiable certificates of deposits	2,200,000	-
Other financial assets - Restricted time deposits	2,204,700	869,200
Due from the Central Bank and other banks -		
New Taiwan dollar reserve deposits - Type B	<u>-</u>	<u>500,000</u>
	<u>\$ 7,931,469</u>	<u>\$ 8,341,175</u>

In addition to those disclosed in other notes, the government bonds had been provided as the reserve for compensation of trust department as well as security deposits for provisional seizures of the debtors' properties. The negotiable certificates of deposits had been pledged as collaterals to back the extension of intraday credit in the Central Bank's real-time gross settlement system. The balance of intraday credit and the amount of collateral may vary at any time. Restricted time deposits had been provided as collaterals for overdraft of domestic CNY settlement. New Taiwan dollar reserve deposits - Type B had been used as collaterals to apply for financing of project loans to small and medium enterprises affected by the COVID-19.

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 44, the Bank's and its subsidiaries' contingent liabilities and commitments resulting from operating activities as of December 31, 2022 and 2021 are summarized as follows:

- a. Balance sheets and income statements of trust accounts and the trust assets lists were as follows:

Balance Sheets of Trust Accounts

	December 31, 2022	December 31, 2021
<u>Assets</u>		
Deposits in banks	\$ 8,837,267	\$ 9,120,514
Accounts receivable	3,656	1,667
Funds	53,715,259	45,836,658
Equity stocks	4,957,320	4,895,595
Real estate, net		
Land	8,431,449	10,010,826
Building	27,385	66,552
Construction in progress	5,834,805	3,514,020
Intangible assets		
Superficies	13,471	13,471
Marketable securities in custody	8,037,118	15,932,874
Others	<u>2,802,981</u>	<u>2,572,465</u>
	<u>\$ 92,660,711</u>	<u>\$ 91,964,642</u>
<u>Liabilities</u>		
Accounts payable	\$ 2,146	\$ 2,358
Income tax payable	201	81
Marketable securities in custody payable	8,037,118	15,932,874
Trust capital	83,178,357	74,801,134
Reserve and earnings		
Net income or loss for current period	491,723	4,206,176
Accumulated profit or loss	951,133	(2,978,011)
Exchange	<u>33</u>	<u>30</u>
	<u>\$ 92,660,711</u>	<u>\$ 91,964,642</u>

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2022	2021
Trust revenue		
Interest	\$ 39,548	\$ 24,677
Cash dividends	2,232,989	3,499,145
Realized capital gain - Funds	462,742	3,038,167
Realized capital gain - Common stock	6,895	2,183
Unrealized capital gain - Funds	22,201	16,212
Unrealized capital gain - Common stock	<u>75,026</u>	<u>5,139</u>
	<u>2,839,401</u>	<u>6,585,523</u>
Trust expenses		
Management	34,139	71,909
Supervision	442	344
Service charges	311,032	369,558
Taxes	75,762	4,187
Realized capital loss - Funds	1,897,372	1,877,091
Unrealized capital loss - Common stock	5,650	38,446
Unrealized capital loss - Funds	<u>22,693</u>	<u>17,535</u>
	<u>2,347,090</u>	<u>2,379,070</u>
Net income before tax	492,311	4,206,453
Income tax	<u>588</u>	<u>277</u>
Net income	<u>\$ 491,723</u>	<u>\$ 4,206,176</u>

Trust Asset Lists

	December 31, 2022	December 31, 2021
Deposits in banks	\$ 8,837,267	\$ 9,120,514
Funds	53,715,259	45,836,658
Equity stocks	4,957,320	4,895,595
Accounts receivable	3,656	1,667
Real estate, net		
Land	8,431,449	10,010,826
Building	27,385	66,552
Construction in progress	5,834,805	3,514,020
Intangible assets		
Superficies	13,471	13,471
Marketable securities in custody	8,037,118	15,932,874
Others	<u>2,802,981</u>	<u>2,572,465</u>
	<u>\$ 92,660,711</u>	<u>\$ 91,964,642</u>

As of December 31, 2022 and 2021, funds amounting to \$1,395,120 thousand and \$1,143,589 thousand, respectively, had been recognized in the OBU's books as investment in overseas securities through Non-discretionary Pecuniary Trust of the OBU.

42. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2022			December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 3,666,540	30.708	\$ 112,592,110	\$ 3,924,529	27.690	\$ 108,670,208
CNY	2,494,916	4.409	11,001,083	1,494,969	4.346	6,497,135
AUD	331,913	20.832	6,914,511	120,078	20.095	2,412,919
HKD	1,608,957	3.938	6,336,555	2,330,997	3.551	8,276,438
JPY	9,963,939	0.232	2,315,619	6,238,283	0.241	1,500,307
ZAR	978,253	1.813	1,773,181	975,411	1.735	1,692,533
EUR	44,323	32.724	1,450,426	171,243	31.330	5,365,026
CHF	4,944	33.248	164,366	559	30.198	16,881
CAD	5,619	22.671	127,389	5,364	21.627	116,016
NZD	6,547	19.447	127,322	8,178	18.889	154,476
GBP	3,138	37.046	116,252	3,955	37.294	147,485
SGD	2,837	22.863	64,863	18,313	20.460	374,691
<u>Financial liabilities</u>						
Monetary items						
USD	3,578,742	30.708	109,896,009	3,820,045	27.690	105,777,046
CNY	2,471,507	4.409	10,897,863	1,448,503	4.346	6,295,194
AUD	332,747	20.832	6,931,885	120,606	20.095	2,423,529
HKD	1,583,533	3.938	6,236,428	2,364,618	3.551	8,395,813
JPY	9,656,874	0.232	2,244,258	6,482,686	0.241	1,559,086
ZAR	980,246	1.813	1,776,794	980,362	1.735	1,701,124
EUR	43,955	32.724	1,438,383	169,812	31.330	5,320,205
CHF	5,049	33.248	167,854	529	30.198	15,973
GBP	3,538	37.046	131,070	4,397	37.294	163,999
NZD	6,571	19.447	127,771	7,136	18.889	134,785
CAD	4,403	22.671	99,814	5,925	21.627	128,131
SGD	2,898	22.863	66,256	18,287	20.460	374,159

43. FINANCIAL INSTRUMENTS

a. Information of fair value

1) Overview

Fair value is defined as the price the trader collected or paid in an ordinary transaction for disposal or acquisition of assets or transfer of liabilities on the measurement date.

Financial instruments are initially recognized at fair value on transaction date (Normally refer to transaction price). All financial instruments are subsequently measured at fair value on balance sheet date except for financial instruments which are valued at amortized cost.

2) Valuation principles of fair value measurement

When the Bank determines the fair value of financial instruments, they consider the market. If the market is active, then the fair value of the instruments will be consistent with quoted market prices. If the market is not active, then the fair value will be estimated by using a valuation model that is widely adopted by market participants or by referring to counterparties' parameters or to parameters based on conditions and quoted market prices of financial instruments that are similar to those of the Bank' instruments.

The parameters of valuation model used to measure fair value of financial instruments are observable data from market, such as OTC, Reuters and Bloomberg's offering price. The valuation department determines the scope of valuation model and assesses any uncertainty and its impact. In its assessment, the valuation department ensures the following:

- a) The consistency and adequacy of the market parameters used in the valuation;
 - b) The appropriateness of the valuation model in light of the assumptions to be used, the internal control and risk management framework, and the degree of mathematical expertise required for an independent unit to make the valuation;
 - c) Reliability of price information and other parameters used in the valuation and any model adjustments to be made on the basis of current market conditions.
- 3) Credit risk valuation adjustment

Credit risk valuation adjustment is for financial instrument transactions made outside the stock exchange, namely the transactions made over-the-counter, which could be mainly divided into credit value adjustment and debit value adjustment. The definition is as follows:

- a) Credit Value Adjustment (the "CVA") is the reflection of possibility that counterparty is likely to default and the possible loss that the counter party may not be able to reimburse entire market value.
- b) Debit Value Adjustment (the "DVA") is the reflection of possibility that the Bank is likely to default and the uncertainly that the Bank may not be able to reimburse for the entire market value.

The CVA is calculated by multiplying the probability of default (the "PD") (under zero default rate of the Bank), loss given default (the "LGD") and exposure at default (the "EAD") of counterparty together. In contrast, DVA is calculated by multiplying PD (under zero default rate of the counterparty), LGD and EAD of the Bank together.

To reflect the credit risk of the counterparty and the credit quality of the Bank respectively and incorporate credit risk adjustments into measuring the fair value of financial instruments, the Bank use the appropriate ratio of LGD and PD that follows the advice of "The disclosure guidelines of CVA and DVA under IFRS 13" issued by the TWSE, and calculate the counterparty's EAD based on the fair value of over-the-counter derivatives transaction.

4) The definition of three levels of fair value information

a) Level 1

Level 1 inputs are observable inputs that reflect quoted prices for identical financial instruments in an active market. A market is active if it has these characteristics: Products traded in the market are homogeneous; willing buyers and sellers can be found immediately and the price information is publicly available.

b) Level 2

Level 2 inputs are observable information other than quoted prices for identical assets or liabilities in active markets, including direct inputs (such as market prices) or indirect inputs (such as prices derived from market prices).

c) Level 3

Level 3 inputs are unobservable items, such as inputs derived through extrapolation or Interpolation, and thus cannot be corroborated by observable market data.

b. Fair value information - Financial instrument measured at fair value under repetitive basis

1) Information of the financial instruments measured at fair value categorized by level is as follows:

Financial Instruments	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 14,911,749	\$ 14,911,749	\$ -	\$ -
Equity investments	926,269	926,269	-	-
Financial assets at FVTOCI				
Equity instruments	2,480,308	2,220,940	-	259,368
Debt instruments				
Bonds investments	67,075,107	67,075,107	-	-
Bills investments	7,184,492	-	7,184,492	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	9,490,043	1	9,439,010	51,032
Financial liabilities at FVTPL	8,689,238	120	8,640,090	49,028
<u>Hybrid contract</u>				
Financial assets at FVTPL	21,324,468	153,224	21,171,244	-
Financial Instruments	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 14,040,793	\$ 14,040,793	\$ -	\$ -
Equity investments	928,354	928,354	-	-
Beneficiary certificates	475,023	475,023	-	-
Financial assets at FVTOCI				
Equity instruments	1,358,540	1,090,772	-	267,768
Debt instruments				
Bonds investments	75,038,276	75,038,276	-	-
Bills investments	37,032,899	-	37,032,899	-
Financial liabilities at FVTPL				
Short-covering debentures	148,325	148,325	-	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	3,418,922	730	3,342,443	75,749
Financial liabilities at FVTPL	2,853,964	-	2,851,045	2,919
<u>Hybrid contract</u>				
Financial assets at FVTPL	18,799,675	117,293	18,682,382	-

2) Fair value information levels transfers between Levels 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

3) Level 3 financial instruments

a) Movement of Level 3 financial assets

For the Year Ended December 31, 2022

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial assets at FVTPL	\$ 75,749	\$ (14,745)	\$ -	\$ 27,364	\$ -	\$ (37,336)	\$ -	\$ 51,032
Financial assets at FVTOCI	267,768	-	(8,400)	-	-	-	-	259,368
Total	\$ 343,517	\$ (14,745)	\$ (8,400)	\$ 27,364	\$ -	\$ (37,336)	\$ -	\$ 310,400

For the Year Ended December 31, 2021

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial assets at FVTPL	\$ 136,479	\$ (28,442)	\$ -	\$ 30,401	\$ -	\$ (62,689)	\$ -	\$ 75,749
Financial assets at FVTOCI	296,158	-	(35,436)	7,046	-	-	-	267,768
Total	\$ 432,637	\$ (28,442)	\$ (35,436)	\$ 37,447	\$ -	\$ (62,689)	\$ -	\$ 343,517

b) Movements of Level 3 financial liabilities

For the Year Ended December 31, 2022

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL	\$ 2,919	\$ 1,953	\$ 44,156	\$ -	\$ -	\$ -	\$ 49,028

For the Year Ended December 31, 2021

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL	\$ 239	\$ (239)	\$ 2,919	\$ -	\$ -	\$ -	\$ 2,919

c) Related information of significant unobservable parameters used in fair value measurement

Level 3 financial instruments mainly consist of credit default swap and part of investment in equity instrument at FVTOCI which have single major unobservable parameters; quantitative information is as follows:

Measured at Fair Value Based on Repetition	Fair Value	Valuation Techniques	Significant Unobservable Parameters	Interval (Weighted-average)	Relationship Between Parameters and Fair Value
Derivative financial assets					
December 31, 2022	\$ 51,032	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
December 31, 2021	75,749	Default probability model	Credit separation	0.05%-2.00%	The increase of credit separation decreases its fair value.

(Continued)

Measured at Fair Value Based on Repetition	Fair Value	Valuation Techniques	Significant Unobservable Parameters	Interval (Weighted-average)	Relationship Between Parameters and Fair Value
<u>Investments in equity</u>					
December 31, 2022	\$ 237,926	Income approach - cash dividend discount method	Without open market marketable discount	19.37%	The increase of discount decreases its fair value
	21,442	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
December 31, 2021	238,460	Income approach - cash dividend discount method	Without open market marketable discount	19.54%	The increase of discount decreases its fair value
	17,758	Market approach - comparable listed or TPEX company	Without open market marketable discount	10.00%	The increase of discount decreases its fair value
	11,550	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
<u>Derivative financial liabilities</u>					
December 31, 2022	49,028	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
December 31, 2021	2,919	Default probability model	Credit separation	0.05%-2.00%	The increase of credit separation decreases its fair value.

(Concluded)

d) Valuation procedures for fair value measurements categorized within Level 3

The evaluation of financial instruments at the level 3 is from specific departments independent of the business unit and external experts evaluating the fair values close to the market status, ensuring the data source is independent, reliable, and consistent with other resources, reviewing the evaluation parameters regularly, updating the required input values, confirming whether correcting the valuation technique is necessary, and adjusting fair value if necessary to ensure the rationality in the evaluation results.

e) The sensitivity analysis of reasonably possible alternative assumptions for fair value measurements categorized within Level 3

The fair value of the Bank's financial instruments is evaluated as reasonable. Had the valuation parameters for financial instruments categorized within Level 3 been 0.01% higher/lower, the impact of fair value on the assets and liabilities would have been as follows:

Item	Impact on Gain and Loss			
	December 31, 2022		December 31, 2021	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Mandatorily at FVTPL	\$ 1,967	\$ (4,346)	\$ 2,638	\$ (4,424)
<u>Liabilities</u>				
Financial liabilities at FVTPL	2,539	(2,678)	265	(265)

Item	Impact on Other Comprehensive Income and Losses			
	December 31, 2022		December 31, 2021	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTOCI	\$ -	\$ (59)	\$ 59	\$ -

c. Fair Value information - Financial instruments not measured at fair value

The Bank considers that the book value of financial assets and liabilities which not measured at fair value is close to fair value, except for the book value of those measured at cost and of the items below:

December 31, 2022

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 100,836,081	\$ 100,661,787	\$ 13,439,878	\$ 87,221,909
<u>Financial liabilities</u>				
Bank debentures	20,901,900	20,945,587	-	20,945,587

December 31, 2021

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 71,374,127	\$ 71,381,072	\$ 781,676	\$ 70,599,396
<u>Financial liabilities</u>				
Bank debentures	23,901,900	24,005,681	-	24,005,681

For the valuation methods and assumptions for Level 2 financial instruments in the table above, negotiable certificates of deposit of investments in debt instruments at amortized cost are calculated by discounting future cash flows using the TAIBIR which is provided by the TDCC, and the bank debentures are estimated based on the public price information on the OTC exchange.

44. FINANCIAL RISK MANAGEMENT

a. Overview

The Bank's risk management policy is to form a risk management-oriented culture, and to use both qualitative (such as each operating procedures) and quantitative (such as asset quality ratios) indexes from internal and external risk management regulations in developing operating strategies.

The Bank has set up an independent risk control department to implement and monitor risk management policies. The Bank's risk management policies are established to identify and measure the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits, and to maximize shareholder value and achieve sustainable development goals of the enterprise.

Each subsidiary has its own risk management mechanism to identify, measure, monitor, and control the credit risk, liquidity risk, and market risk.

b. Risk management framework

The Board of Directors, the highest decision-making unit of the Bank, has overall responsibility for the establishment and oversight of the Bank's risk management framework.

Assets and Liabilities Management Committee and Risk Management Committee have been formed to examine and manage the Bank's risks, to assess the execution of risk management policies and to evaluate risk tolerance. The general manager is the convener, and is responsible for appointing members of committees.

Risk Management Group comprises Risk Control Department, Corporate Banking Department and Retail Banking Department which directly manage credit extension risks in their respective areas, and present risk management report to the Risk Management Committee and the Board of Directors, regularly. The Internal Audit Group undertakes regular reviews of risk management controls and procedures, including risk management framework, operating procedures of risk management, and provides timely suggestions for improvements.

c. Credit risk management

1) Definition and scope of credit risk

Credit risk is the risk of financial loss to the Bank if a borrower, issuer or counterparty to a financial instrument fails to meet its contractual obligations due to its credit deterioration or other factors, such as a dispute between the borrower and its counterparty.

Credit risk includes all risks derived from on- and off-balance sheet business, and all credit risk related to products, businesses and positions.

2) Management policies on credit risk

The Bank shall identify risk factors and consider appropriate risk evaluation and control process prior to taking the existing or new business. For all credit risks identified on- and off-balance sheet, adequate credit limits are set based on the same borrower, counterparty, related party, group, or industry. The Bank shall establish review mechanism to track and assess changes in each borrower's or issuer's financial position; regularly assess and manage asset quality, also strengthen the management of unusual borrowers and make appropriate allowance for possible losses if applicable.

3) The credit risk management processes and valuation methods for credit extension are as follows:

a) The credit risk has increased significantly after original recognition

The Bank assesses the change in the risk of default over the expected duration of each type of credit asset on each reporting date in order to determine whether the credit risk has increased significantly since original recognition. For this assessment, the Bank's considerations show that the credit risk has increased significantly since original recognition and can be corroborated. The main considerations include the following:

Qualitative Index

The debtor's payment is overdue for 30-89 days.

Quantitative Index

- i. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
- ii. Significant changes in actual or expected results of the debtor's operations.
- iii. The credit risk of other financial instruments of the same debtor has increased significantly.

b) The definition of default and credit impairment on financial assets

The Bank's definition of default on financial assets is the same as the judgment of credit impairment on financial assets. If one or more of the following conditions are met, the Bank determines that the financial assets have defaulted and have credit impairment:

Qualitative Index

The debtor's payment is overdue for more than 90 days.

Quantitative Index

If there is any evidence indicates that the debtor can not pay the contract, or the debtor is in a material financial difficulties as follows:

- i. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- ii. The debtor has conformed to a non-performed loan by authorities.
- iii. The debtor has conducted a negotiation of debts or self-negotiating.
- iv. The active market of the financial assets disappeared due to financial difficulties.

The aforementioned default and credit impairment definitions apply to all financial assets held by the Bank and its subsidiaries and are consistent with the definitions used for the internal credit risk management purposes of the financial assets and are applied to the relevant impairment assessment model.

If the financial assets have not conformed to the definition of default and credit impairment on financial assets for 6 consecutive months, it would not be classified as a default and credit impairment on financial assets.

c) Write off policy

When the Bank can not reasonably expect the recoverable from the entire or partial financial assets, the entire or partial financial assets will be written off. The index of unexpected reasonably recoverable amount includes the following:

- i. The recovery of debt has stopped.
- ii. The debtor doesn't have enough assets or income resource to pay the debt after assessment.

Financial asset which has been written-off still do the recovery of debt and institute legal proceedings continuously under related policies possibly.

d) Measurement of expected credit loss

i. Loan and receivables

The Bank considers both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

The above "PD" and "LGD" are according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information (such as GDP and unemployment rate).

When the Bank measured the expected credit loss of assets combination, the forward-looking information was taken into the PD's consideration. Among them, the index of forward-looking adjustment in PD is predicted by the Corporate banking Sector which adopted the growth rate of real GDP in Taiwan and the Consumer banking Sector which adopted the unemployment rate in Taiwan. According to the measurement of predict loss in IFRS 9, the forward-looking adjustment in PD is requested to assess any consequences (at least 2 circumstances) and expresses with weighted-average probability. As a result, the Bank took the prediction authorities' consensus forecasting into consideration and adopted the weighted-average prediction value by at least 2 macroeconomic prediction authorities to calculate.

ii. The investments in debt instrument at amortized cost and at FVTOCI

The measurement of expected credit loss was based on the information of PD and LGD which is announced from the external credit ratings and Moody's to calculate. The international credit rating authority has considered the forward-looking information when it assessed the credit rating.

4) Credit risk hedging and mitigation policies

- a) When contracting, the terms of credit facilities are determined in the light of assessments of probability and amounts of default and collateral and guarantees are obtained, including bank deposit receipts, securities (such as treasury securities, government bonds, bank debentures, stocks and bonds guaranteed by financial institutions) and real estate such as land and buildings. Stocks listed on TWSE and TPEX are marked to market day to day, and changes in the value of their collaterals are monitored all the time; values of land and buildings are examined every time the contract is renewed.

- b) Through policy mechanism, such as credit limits and credit regulation prior to the credit being committed to customers, to control the quality of credit assets. Via post-loan management, concentration analysis, midway credit and review tracking to view assets quality and changes of each case. Master and monitor risk in time. Periodic reports and feedbacks to understand credit portfolios and overall credit risks, ensure risk offsets for continued effectiveness.
- c) When a risk occurs, according to the Bank's "Principles for Acceptance and Disposal of Collaterals," collateral of nonperforming loans secured through compulsory enforcement or participating distribution, if the minimum auction price or liquidation price of the collateral is too low and damage the Bank's credit right, the Bank will participate in the auction or declare to undertake, for example, the minimum auction price is too low to compensate the principal and interest of loans but the collateral must not be difficult to dispose in the future. For collaterals tendered or undertaken, the Bank should actively seek buyers, and if the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.
- d) Other credit enhancements

If there are guarantee, strategic alliance or collaterals provided in the terms of the loan contracts which the Bank recognized as unsecured loan, when default events occur, the Bank will demand compensation from the guarantor, strategic alliance, transfer of credits to the Bank or disposal of collaterals to decrease credit risk.

5) The maximum credit risk exposure

The carrying amount represents the Bank's maximum exposure to credit risk of the on-balance sheet assets, without taking into account the collaterals held or other credit enhancements. The amounts of the maximum credit exposure of the irrevocable off-balance commitments and guarantees, without taking into account the collaterals held or other credit enhancements, were as follows:

	December 31, 2022	December 31, 2021
Unused portion of credit card lines	\$ 195,837,665	\$ 196,500,728
Guarantees and standby L/Cs	15,878,608	27,328,893
Irrevocable loan commitments	13,901,262	14,708,106

The Bank has documented procedures for the assessment and classification of nonperforming loans and for evaluating adequacy of collaterals.

The breakdown of maximum credit risk exposure of the Bank according to whether collaterals are held or other credit enhancements exist is as follows:

December 31, 2022

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 282,509,945	\$ 70,838,042	\$ 90,734,337	\$ 444,082,324
Receivables - credit card	-	-	12,786,004	12,786,004
Receivables - acceptances	84,483	35,182	87,662	207,327
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	195,837,665	195,837,665
Guarantee	4,612,998	4,463,605	6,276,761	15,353,364
Letters of credit issued	24,947	318,309	181,988	525,244
Irrevocable loan commitments	<u>875,238</u>	<u>-</u>	<u>13,026,024</u>	<u>13,901,262</u>
	<u>\$ 288,107,611</u>	<u>\$ 75,655,138</u>	<u>\$ 318,930,441</u>	<u>\$ 682,693,190</u>

December 31, 2021

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 266,364,388	\$ 65,293,423	\$ 81,213,889	\$ 412,871,700
Receivables - credit card	-	-	12,771,358	12,771,358
Receivables - acceptances	278,668	22,657	118,164	419,489
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	196,500,728	196,500,728
Guarantee	10,495,751	6,390,460	9,016,095	25,902,306
Letters of credit issued	61,948	705,655	658,984	1,426,587
Irrevocable loan commitments	<u>1,994,045</u>	<u>-</u>	<u>12,714,061</u>	<u>14,708,106</u>
	<u>\$ 279,194,800</u>	<u>\$ 72,412,195</u>	<u>\$ 312,993,279</u>	<u>\$ 664,600,274</u>

When loan contracts set the security of nonperforming loans, article of collaterals and definition of credit event occurrence, the quota and the repayment period can be reduced or regard as maturity to reduce the credit risk.

Stage 3 impaired financial assets

Refer to Notes 13 and 14 for the credit impairment of Stage 3 financial assets. The information of provision for allowance for possible losses amount, collateral fair value and other credit enhancements which reduce their potential loss are as below. The provision for allowance for possible losses takes into consideration the fair value of collateral, other credit enhancements amount and the recoverable amount in the future.

	Carrying Amount	Allowance for Possible Losses Under IFRS 9	Collateral Fair Value and Other Credit Enhancements
<u>December 31, 2022</u>			
Receivables			
Credit cards	\$ 951,504	\$ 323,673	\$ -
Others	73,293	43,593	792
Discounts and loans	<u>2,929,494</u>	<u>1,304,653</u>	<u>793,392</u>
	<u>\$ 3,954,291</u>	<u>\$ 1,671,919</u>	<u>\$ 794,184</u>
<u>December 31, 2021</u>			
Receivables			
Credit cards	\$ 1,048,593	\$ 351,370	\$ -
Others	28,832	12,356	2,107
Discounts and loans	<u>2,815,723</u>	<u>781,459</u>	<u>1,121,286</u>
	<u>\$ 3,893,148</u>	<u>\$ 1,145,185</u>	<u>\$ 1,123,393</u>

6) Concentrations of credit risk

The concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaging in similar business activities and having similar economic features. The similarity would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank's concentrations of credit risk by industry, geography and type of collaterals were as follows:

a) By industry

Industry Sector	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Finance and insurance	\$ 73,532,284	17	\$ 56,948,172	14
Manufacturing	45,622,667	10	44,806,320	11
Real estate	<u>35,219,236</u>	<u>8</u>	<u>27,605,939</u>	<u>6</u>
	<u>\$ 154,374,187</u>	<u>35</u>	<u>\$ 129,360,431</u>	<u>31</u>

b) By geography

Region	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Taiwan	\$ 389,650,414	88	\$ 362,168,882	88
Asia Pacific except Taiwan	31,691,958	7	28,303,409	7
Others	<u>22,739,952</u>	<u>5</u>	<u>22,399,409</u>	<u>5</u>
	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 412,871,700</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Unsecured	\$ 161,572,379	37	\$ 146,507,312	36
Secured				
Real estate	240,922,149	54	228,252,258	55
Financial collateral	23,606,709	5	19,835,704	5
Movable property	17,272,119	4	17,150,003	4
Others	<u>708,968</u>	<u>-</u>	<u>1,126,423</u>	<u>-</u>
	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 412,871,700</u>	<u>100</u>

7) Continuing assessment of credit quality and any impairment of financial assets

Some of the financial assets held by the Bank and its subsidiaries, such as cash and cash equivalents, due from the Central Bank and other banks, financial assets at FVTPL, securities purchased under resale agreements, refundable deposits and operating deposits, are assessed with low credit risk due to the good credit rating of the counterparties.

d. Liquidity risk management

1) Sources and definition of liquidity risk

Liquidity risk is the risk that the Bank is unable to liquidate assets or obtain loans to meet its obligations when they fall due as a result of customer deposits being early withdrawn, deteriorating access to and terms of interbank facilities, deteriorating delinquency by borrowers, or financial instruments not easily liquidated. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets, or potentially an inability to fulfill lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activities, systemic shocks and natural disasters, etc.

2) Risk management policies on liquidity risk

The Bank's liquidity management processes, which are implemented by an independent department, include:

- a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;

- b) Maintaining a portfolio of highly marketable assets, including cash and cash equivalents, due from the Central Bank and other banks and securities purchased under resale agreements etc., that can easily be liquidated as protection against any unforeseen interruption to cash flow; and
- c) Monitoring the liquidity ratios against internal and regulatory requirements.

Monitoring and reporting take the form of cash flow measurement and projections of various future days. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Related information is submitted regularly to the Bank's Assets and Liabilities Management Committee and the Board of Directors.

3) Maturity analysis of non-derivative financial liabilities

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the date of the balance sheet.

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 829,670	\$ 645,778	\$ -	\$ -	\$ -	\$ 1,475,448
Securities sold under repurchase agreement	4,617,001	-	-	-	-	4,617,001
Payables	2,605,105	978,736	748,721	495,210	518,600	5,346,372
Deposits and remittances	98,051,343	131,693,307	93,691,950	147,987,215	136,000,066	607,423,881
Bank debentures	-	-	-	4,000,000	16,901,900	20,901,900
Principal received on structured products	41,853	102,407	57,065	24,566	31,586,449	31,812,340
Other financial liabilities	201,017	425,000	-	150,000	1,955,437	2,731,454
Lease liabilities	32,772	72,788	98,438	167,045	612,549	983,592
Total	\$ 106,378,761	\$ 133,918,016	\$ 94,596,174	\$ 152,824,036	\$ 187,575,001	\$ 675,291,988

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 389,971	\$ 1,401,849	\$ -	\$ -	\$ -	\$ 1,791,820
Funds borrowed from the Central Bank and other banks	-	-	-	77,240	-	77,240
Securities sold under repurchase agreement	4,960	-	-	-	-	4,960
Short-covering debentures	148,325	-	-	-	-	148,325
Payables	2,358,490	1,142,297	535,964	461,172	1,066,724	5,564,647
Deposits and remittances	99,631,413	139,762,280	94,614,204	141,674,599	136,424,189	612,106,685
Bank debentures	-	-	-	3,000,000	20,901,900	23,901,900
Principal received on structured products	67,404	20,130	199,700	127,069	22,636,303	23,050,606
Other financial liabilities	290,000	320,000	-	13,038	356,386	979,424
Lease liabilities	39,173	68,939	94,275	181,636	658,244	1,042,267
Total	\$ 102,929,736	\$ 142,715,495	\$ 95,444,143	\$ 145,534,754	\$ 182,043,746	\$ 668,667,874

Note: The amounts disclosed in the tables are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

The amount of demand deposits in "deposits and remittances" in the above maturity analysis are allocated based on historical experience. If all demand deposits were required to be paid off in recent period, the cash outflows on period of due in 30 days would have been \$275,489,489 thousand and \$296,133,946 thousand as of December 31, 2022 and 2021, respectively.

Maturity over one year analysis of lease liabilities was as follows:

	Due Between 1 Year and 2 Years	Due Between 2 Years and 3 Years	Due After 3 Years	Total
December 31, 2022	<u>\$ 217,986</u>	<u>\$ 164,798</u>	<u>\$ 229,765</u>	<u>\$ 612,549</u>
December 31, 2021	<u>\$ 295,222</u>	<u>\$ 175,917</u>	<u>\$ 187,105</u>	<u>\$ 658,244</u>

4) Maturity analysis of derivative financial liabilities

- a) Maturity analysis of derivative financial liabilities that will be settled on a net basis is as follows:

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	\$ 408	\$ 8,600	\$ 1,279	\$ 3,197	\$ -	\$ 13,484
Interest rate derivatives	12,050	27,189	34,026	127,212	3,085,017	3,285,494
Total	\$ 12,458	\$ 35,789	\$ 35,305	\$ 130,409	\$ 3,085,017	\$ 3,298,978

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	\$ 253	\$ 186	\$ 1,047	\$ 2,267	\$ -	\$ 3,753
Interest rate derivatives	3,129	7,987	57,992	34,933	867,410	971,451
Total	\$ 3,382	\$ 8,173	\$ 59,039	\$ 37,200	\$ 867,410	\$ 975,204

Note: The amounts disclosed in the table are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

- b) Maturity analysis of derivative financial liabilities that will be settled on a gross basis is as follows:

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	\$ 46,639,433	\$ 126,052,829	\$ 30,480,942	\$ 9,280,565	\$ 638,101	\$ 213,091,870
Cash inflow	45,783,631	122,965,398	29,930,088	9,106,742	646,930	208,432,789
Interest rate derivatives						
Cash outflow	-	-	-	2,303,100	1,842,480	4,145,580
Cash inflow	-	-	-	2,218,010	1,662,100	3,880,110
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	13,103	13,053	26,106	157,645	209,907
Subtotal of cash outflow	46,639,433	126,052,829	30,480,942	11,583,665	2,480,581	217,237,450
Subtotal of cash inflow	45,783,631	122,978,501	29,943,141	11,350,858	2,466,675	212,522,806
Net cash flow	\$ (855,802)	\$ (3,074,328)	\$ (537,801)	\$ (232,807)	\$ (13,906)	\$ (4,714,644)

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	\$ 87,044,207	\$ 76,746,020	\$ 43,754,706	\$ 40,563,399	\$ 3,086,828	\$ 251,195,160
Cash inflow	86,445,481	76,456,206	43,595,941	40,339,247	3,111,205	249,948,080
Interest rate derivatives						
Cash outflow	-	-	-	-	4,765,990	4,765,990
Cash inflow	-	-	-	-	4,707,300	4,707,300
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	980	969	1,938	15,776	19,663
Subtotal of cash outflow	87,044,207	76,746,020	43,754,706	40,563,399	7,852,818	255,961,150
Subtotal of cash inflow	86,445,481	76,457,186	43,596,910	40,341,185	7,834,281	254,675,043
Net cash flow	\$ (598,726)	\$ (288,834)	\$ (157,796)	\$ (222,214)	\$ (18,537)	\$ (1,286,107)

Note: The amounts disclosed in the table are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

5) Maturity analysis of off-balance sheet items

Maturity analysis of the off-balance sheet items that can be withdrawn or required to realize on the basis of their earliest possible contractual maturity is as follows:

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 13,901,262	\$ -	\$ -	\$ -	\$ -	\$ 13,901,262
Irrevocable credit card commitments	195,837,665	-	-	-	-	195,837,665
Issued but unused letters of credit	525,244	-	-	-	-	525,244
Other guarantees	12,023,883	2,500,000	-	575,800	253,681	15,353,364
Total	\$ 222,288,054	\$ 2,500,000	\$ -	\$ 575,800	\$ 253,681	\$ 225,617,535

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 14,708,106	\$ -	\$ -	\$ -	\$ -	\$ 14,708,106
Irrevocable credit card commitments	196,500,728	-	-	-	-	196,500,728
Issued but unused letters of credit	1,426,587	-	-	-	-	1,426,587
Other guarantees	18,648,206	6,554,100	-	100,000	600,000	25,902,306
Total	\$ 231,283,627	\$ 6,554,100	\$ -	\$ 100,000	\$ 600,000	\$ 238,537,727

e. Market risk management

1) Definition and scope of market risk

Market risk is the risk that unfavorable changes in market prices, such as interest rates, foreign exchange rates, equity prices and commodity prices will affect the Bank's income or its holdings of on- and off-balance sheet positions. The Bank's market risk mainly comes from equity investment securities, interest rates, foreign exchange rates and commodity.

2) Management policies of market risk

The Bank develops appropriate management process to identify and measure market risk, and to effectively manage and control credit limits, valuation of profits and losses, sensitivity analysis and stress tests of each financial instrument position. Besides, the Bank takes appropriate management strategy while facing market risk in its daily operating activities and management processes. The information of market risk and implementation are managed, monitored and disclosed by the Risk Management Group. A summary report, including suggestion, is submitted regularly to the Risk Management Committee and the Board of Directors.

3) Market risk management process

a) Recognition and measurement

The risk measurement system identifies the market risk factors of the exposure positions (interest rates, stock price, foreign exchange rates and commodity price, etc.) and measures the risks assumed in on- and off-balance sheet trading positions with the change in market risk factors.

Risk measurement adds sensitivity analysis (DV01, Delta, Vega) etc. or situational analysis, to assess the changes in the value of the asset portfolio. And perform stress testing in accordance with the regulations of the administration, to measure abnormal losses under extreme conditions.

b) Monitoring and reporting

The Bank's Risk Management Group regularly reviews market risk management objective, positions and control of gain and loss, sensitivity analysis and pressure test and reports to the Risk Management Committee and the Board of Directors to well understand the situation of market risk control. The Bank has established explicit notification process, the limit and stop-loss regulation for various transactions. Stop-loss order must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by the management.

4) Management process of interest risk

Interest rate risk is the risk of loss or changes in the fair value resulting from interest rate or credit spread fluctuations.

The Bank separates the interest rate risk positions between trading book and banking book. Financial instruments and commodity positions held for trading purpose or to hedge against trading book positions are carried in trading book. Positions held for trading purpose are those transactions with the intention of profiting from actual or forecast spread. Positions not belonging to trading book are carried in banking book.

a) Management process and valuation methods of interest rate risk in trading book

To limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions.

The operation limit of securities and interest rate related derivative instruments are controlled by the notional amount or DV01. The risk of bonds and interest rate related options are additionally measured using Vega. The stop loss limits are controlled on a daily basis.

b) Management process and valuation methods of interest rate risk in banking book

To improve its capacity to adapt to changes, the Bank measures, manages and mitigates changes in its earnings and economic values of balance sheet items arising from interest rate fluctuations.

When undertaking the operations relating to interest rate instruments, the Bank identifies the repricing risk of interest rate, yield curve risk, basis risk and options risk characteristics. In addition, the Bank also measures the potential impact of interest rate changes on earnings.

The measurement of interest rate risk in banking book is based on the analysis of position change of interest rate sensitivity among the durations of all products. The measurement is also derived from the interest rate shock scenarios regulated by the domestic and foreign supervisory agency to calculate the impact of changes in the economic value of equity (Δ EVE) and changes in net interest income (Δ NII).

The Bank periodically analyzes and monitors the interest risk limits and various targets of interest risk management. The results of analysis and monitoring are submitted regularly to the Assets and Liabilities Management Committee and the Board of Directors. If the risk management targets are found to be in excess of early warning thresholds during the monitoring process, the Bank will report to the Assets and Liabilities Management Committee and propose remedial action to be taken.

5) Management of foreign exchange risk

a) Definition of foreign exchange risk

Foreign exchange risk is the risk of loss or changes in fair value arising from open trading positions in currency due to exchange rate fluctuations. Foreign exchange transactions include spot exchange, forward exchange, non-deliverable forward and foreign currency option between New Taiwan dollars and a foreign currency or between two foreign currencies.

b) Foreign exchange risk management policies, process and valuation methods

To manage foreign exchange risk and limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions. Spot exchange, forward exchange, non-deliverable forward and foreign currency option are controlled collectively using Delta; foreign currency option is additionally controlled using Vega. The stop loss limits are controlled on a daily basis.

c) Concentration of foreign exchange risk

Information on concentration of foreign currency exposures at the balance sheet date is shown in Note 42.

6) Management of equity securities market risk

a) Definition and measurement bases of equity market risk

Equity market risk is the risk arising from open positions in equity securities as a result of fluctuations in the market prices of individual securities. The Bank manages market risk on the basis of closing prices of equity securities to calculate their fair values.

b) Management processes of equity market risk

The Bank sets gross limits on overall positions, by industries, and by groups. For stock listed on TWSE and TPEX and beneficiary certificates, the Bank sets the limit of investment in each stock and stop loss/gain limits on overall and particular positions, which are monitored daily.

A stop loss/gain order would be executed once a given stop price has been reached; otherwise, traders should report to the manager of its department, including reasons for not executing stop loss/gain order.

7) Management of commodity risk

a) Definition of commodity risk

Commodity risk is the risk of loss due to changes in fair value arising from open positions in commodity price fluctuations. Commodity transactions include energy, non-ferrous metals (including precious metals), agricultural products, and other commodity futures and options.

b) Commodity risk management policies, process and valuation methods

To manage commodity risk and limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions. Energy, non-ferrous metals (including precious metals), agricultural products, and other commodity futures and options are controlled collectively using Delta; commodity option is additionally controlled using Vega. The stop loss limits are controlled on a daily basis.

8) Stress testing

The Risk Management Group performs stress testing at least once a year and submits the results of stress testing to the Risk Management Committee and the board of directors. The Bank applies market risk factors sensitivity analysis under extreme scenarios to analyze the situational profit and loss and risk exposure of risk factors on asset portfolios in trading book that have become extremely volatile for the management to evaluate the market risk-bearing capacity and ensure the continuous solvency of the Bank.

9) Sensitivity analysis

a) Interest rate sensitivity

Interest rate factor sensitivity (“DV01” or “PVBP”) measured at the balance sheet date is the impact on the discounted future cash flows of bonds and interest-rate-based derivative instruments in trading book for 1 basis points (“bps”) parallel shift in all yield curves.

Assuming all other risk factors remain constant, where the interest rate increases/decreases by 1 bps, there would be an increase/decrease of \$2,785 thousand and \$2,447 thousand in income before income tax for the years ended December 31, 2022 and 2021, respectively. There would be a decrease/increase of \$26 thousand and \$146 thousand in other comprehensive income for the years ended December 31, 2022 and 2021, respectively.

b) Foreign exchange sensitivity

Foreign exchange rate factor sensitivity (“FX Delta”) measured at the balance sheet date is the impact on the values of foreign exchange positions in trading book for a 1% change in foreign exchange rates.

Where the foreign exchange increases/decreases by 1%, assuming all other risk factors remain constant, there would be an increase/decrease of \$127,646 thousand and \$190,539 thousand in income before income tax for the years ended December 31, 2022 and 2021, respectively.

c) Equity securities market risk

Equity securities market factor sensitivity measured at the balance sheet date is the impact on the values of open positions in equity securities in trading book for a 1% change in stock market prices.

Where the securities prices increases/decreases by 1%, assuming all other risk factors remain constant, there would be an increase/decrease of \$1,113 thousand and \$15,240 thousand in income before income tax for the years ended December 31, 2022 and 2021 respectively.

d) Commodity sensitivity

Commodity sensitivity measured at the balance sheet date is the impact on the values of commodity positions in trading book for a 1% change in market prices. The Bank has none net position of the commodity as of December 31, 2022 and 2021; changes in commodity prices have no impact on income before income tax for the years ended December 31, 2022 and 2021.

f. Interest rate benchmark reform

The financial instruments of the Bank affected by the interest rate benchmarks reform include derivatives and non-derivatives financial assets and liabilities. The linked indicator interest rate types is USD LIBOR.

According to IBA’s announcement on March 5, 2021, one-week and two-month USD LIBOR, GBP LIBOR, EUR LIBOR, CHF LIBOR and JPY LIBOR were available until the end of 2021, and the remaining USD LIBOR will sure to be available until the end of June 2023.

The Bank prepared interest rate benchmark transition plan which comprises the following work streams: Risk management, contract management, product management, taxation and accounting, and customer communication. The Bank has already implement the adjustments of internal processes and risk management policies, upgraded IT systems and valuation models of financial instruments, as well as managing any related tax and accounting implications.

For contracts of loans and financial instruments that are expected to expire after the discontinuation of LIBOR, the Bank had incorporated fallback provisions into the supplementary contracts of the financial instrument contracts to enable the contract-linked interest rate to be converted from the current interest rate to another alternative reference rate at the agreed time. Since January 1, 2022, the Bank has signed contracts linked to interest rate benchmark other than LIBOR.

On December 31, 2022, financial instruments held by the Bank that have been affected by the interest rate benchmark reform and have not transitioned to an alternative benchmark interest rate are summarized as follows:

Non-Derivative Items	Carrying Amount Linked to USD LIBOR
Assets	
Financial assets at FVTPL	\$ 9,271,570
Financial assets at FVTOCI	6,881,026
Investment in debt instrument at amortized cost	400,333
Receivables	45,666
Discounts and loans	<u>25,230,751</u>
	<u>\$ 41,829,346</u>
Liabilities	
Principal received on structured products	<u>\$ 198,036</u>

Derivative Items	Nominal Amount	Carrying Amount	
		Financial Assets	Financial Liabilities
Derivative financial instruments linked to USD LIBOR			
Interest rate swap contracts	\$ 18,718,448	\$ 584,948	\$ 471,107
Cross-currency swap contracts	<u>7,062,840</u>	<u>586,811</u>	<u>175,433</u>
	<u>\$ 25,781,288</u>	<u>\$ 1,171,759</u>	<u>\$ 646,540</u>

g. Transfer of financial assets

In the daily operations of the Bank, the transactions of the transferred financial assets not eligible for derecognition in full are mainly bonds under repurchase agreement. Since the cash flows of those financial assets have been transferred to outsiders, the Bank is not eligible to conduct, sell, or pledge the transferred financial assets during the effective period. However, the Bank is still exposed to interest rate risks and credit risks. The liabilities of repurchasing the transferred financial assets in an agreed amount have been recognized. The following tables show the transferred financial assets not eligible for derecognition in full and related amounts.

Items	December 31, 2022	
	Book Value of Transferred Financial Assets	Book Value of Related Financial Liabilities
FVTOCI - transactions under repurchase agreements	\$ 1,717,870	\$ 1,685,327
Amortized cost - transactions under repurchase agreements	3,052,512	2,913,422

Items	December 31, 2021	
	Book Value of Transferred Financial Assets	Book Value of Related Financial Liabilities
FVTOCI - transactions under repurchase agreements	\$ 5,572	\$ 4,959

h. Offset of financial assets and financial liabilities

The Bank has an exercisable master netting arrangement or similar agreement in place with counterparties. When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

Information of the offset of financial assets and financial liabilities is summarized as follows:

December 31, 2022

Financial Assets That Are Offset, Have an Exercisable Master Netting Arrangement or Similar Agreement						
Financial Asset	Gross Amount of Recognized Financial Assets	Gross Amount of Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivatives	\$ 9,490,043	\$ -	\$ 9,490,043	\$ 2,348,300	\$ 786,501	\$ 6,355,242
Bills and notes purchased under resale agreements	1,146,811	-	1,146,811	1,146,811	-	-
	<u>\$ 10,636,854</u>	<u>\$ -</u>	<u>\$ 10,636,854</u>	<u>\$ 3,495,111</u>	<u>\$ 786,501</u>	<u>\$ 6,355,242</u>

Financial Liabilities That Are Offset, Have an Exercisable Master Netting Arrangement or Similar Agreement

Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Liabilities in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
				Derivatives	\$ 8,689,238	
Bills and notes sold under repurchase agreements	<u>4,598,749</u>	<u>-</u>	<u>4,598,749</u>	<u>4,598,749</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,287,987</u>	<u>\$ -</u>	<u>\$ 13,287,987</u>	<u>\$ 6,947,049</u>	<u>\$ 1,518,626</u>	<u>\$ 4,822,312</u>

December 31, 2021

Financial Assets That Are Offset, Have an Exercisable Master Netting Arrangement or Similar Agreement

Financial Asset	Gross Amount of Recognized Financial Assets	Gross Amount of Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
				Derivatives	\$ 3,418,922	
Bills and notes purchased under resale agreements	<u>5,888,978</u>	<u>-</u>	<u>5,888,978</u>	<u>5,888,978</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,307,900</u>	<u>\$ -</u>	<u>\$ 9,307,900</u>	<u>\$ 6,394,457</u>	<u>\$ -</u>	<u>\$ 2,913,443</u>

Financial Liabilities That Are Offset, Have an Exercisable Master Netting Arrangement or Similar Agreement

Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Liabilities in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
				Derivatives	\$ 2,853,964	
Bills and notes sold under repurchase agreements	<u>4,959</u>	<u>-</u>	<u>4,959</u>	<u>4,959</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,858,923</u>	<u>\$ -</u>	<u>\$ 2,858,923</u>	<u>\$ 510,438</u>	<u>\$ 380,613</u>	<u>\$ 1,967,872</u>

i. Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality of loans

Nonperforming loans and nonperforming receivables of the Bank

Item		December 31, 2022				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 433,595	\$ 71,568,150	0.61%	\$ 1,046,622	241.38%
	Unsecured	817,597	131,195,905	0.62%	1,787,157	218.59%
Consumer Banking	Residential mortgage (Note d)	23,242	136,694,783	0.02%	2,053,107	8,833.61%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	264,420	23,650,324	1.12%	429,629	162.48%
	Others (Note f)	Secured	40,486	74,247,012	0.05%	793,419
	Unsecured	-	6,726,150	-	75,297	-
Total		1,579,340	444,082,324	0.36%	6,185,231	391.63%
Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Business						
Credit card		34,011	12,786,004	0.27%	344,514	1,012.95%
Accounts receivable factored without recourse (Note g)		-	1,959,157	-	22,781	-

Item		December 31, 2021				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 493,328	\$ 60,785,039	0.81%	\$ 778,304	157.77%
	Unsecured	70,842	115,288,079	0.06%	1,339,588	1,890.95%
Consumer Banking	Residential mortgage (Note d)	147,388	134,458,648	0.11%	2,021,794	1,371.75%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	289,749	24,715,787	1.17%	446,802	154.20%
	Others (Note f)	Secured	89,279	71,120,701	0.13%	766,174
	Unsecured	3,778	6,503,446	0.06%	77,273	2,045.34%
Total		1,094,364	412,871,700	0.27%	5,429,935	496.17%
Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Business						
Credit card		32,038	12,771,358	0.25%	368,769	1,151.04%
Accounts receivable factored without recourse (Note g)		-	6,451,669	-	68,663	-

Note a: Nonperforming credit cards receivables represent the amounts of nonperforming receivables 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 b: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.

Ratio of nonperforming credit cards receivables: Nonperforming credit cards receivables ÷ Outstanding credit cards receivables balance.

Note c: Coverage ratio of allowance for possible losses for loans: Allowance for possible losses for loans ÷ Nonperforming loans.

Coverage ratio of allowance for possible losses for credit cards receivables: Allowance for possible losses for credit cards receivables ÷ Nonperforming credit cards receivables.

Note d: Residential mortgage is a loan given to the borrower who provides a house, to be purchased (or already owned) by the borrower or the spouse or the minor children of the borrower, as a mortgage to the Bank and will use the loan for house purchase or refurbishment.

Note e: Small-scale credit loans refer to the loans under the Banking Bureau's regulation, dated December 19, 2005 (Ref. No. 09440010950), but excluding small-scale unsecured loans obtained through credit cards and cash cards.

Note f: Other loans of consumer banking refer to secured or unsecured loans, excluding residential mortgage, cash card, small-scale credit loans and credit card.

Note g: As required by the Banking Bureau's letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as nonperforming receivables in three months upon the factors' or insurance companies' rejection of claims.

Nonperforming loans and nonperforming receivables excluded from the information stated above

Business \ Item	December 31, 2022		December 31, 2021	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 12,532	\$ 44,409	\$ 20,394	\$ 64,980
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	1,100,747	782,313	1,109,145	860,906
Total	1,113,279	826,722	1,129,539	925,886

Note a: Supplementary disclosure related to the loans which need not be classified as NPL upon debt restructuring and performed as agreed, as stipulated in the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note b: About the Bank disclosures information and enumerates credit for case of pre-negotiation, pre-mediation, debt settlement proceedings and liquidation under Statute for Consumer Debt Clearance, as stipulated in the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and dates September 20, 2016 (Ref. No. 10500134790).

2) Concentration of credit extensions

Ranking (Note a)	December 31, 2022		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development activities	\$ 12,259,031	22
2	B Group - 6499 - other financial service activities not elsewhere classified	6,950,410	13
3	C Group - 4652 - wholesale of motorcycles	6,209,825	11
4	D Group - 2630 - manufacture of bare printed circuit boards	4,274,155	8
5	E Group - 2413 - rolling and extruding of iron and steel	3,862,961	7
6	F Group - 3010 - manufacture of motor vehicles	3,478,608	6
7	G Group - 4642 - electricity transmission and distribution enterprise	3,141,397	6
8	H Group - 6429 - other holding companies	2,983,918	5
9	I Group - 6499 - other financial service activities not elsewhere classified	2,945,000	5
10	H Group - 6429 - other holding companies	2,799,138	5

Ranking (Note a)	December 31, 2021		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development activities	\$ 13,136,450	26
2	C Group - 4652 - wholesale of motorcycles	6,642,932	13
3	B Group - 6499 - other financial service activities not elsewhere classified	5,725,899	12
4	K Group - 3510 - electricity supply	3,939,709	8
5	F Group - 6496 - non-depository financing	3,756,960	8
6	L Group - 2613 - packaging and testing of semiconductors	3,580,609	7
7	G Group - 4642 - electricity transmission and distribution enterprise	3,391,350	7
8	M Group - 2699 - non-categorized and other electronic component manufacturing	3,192,847	6
9	E Group - 2411 - smelting and refining of iron and steel	3,143,587	6
10	I Group - 6499 - other financial service activities not elsewhere classified	3,000,000	6

Note a: The rankings above represent the top 10 corporate entities except for government or state-owned enterprises, based on the total balance of credit extension granted by the Bank. The amount of credit extensions should be disclosed in aggregate for each group entity, the code and industry of which are also required. The industry of the group entities is designated as the industry of the individual group entity with the greatest risk exposure. The lines of industry should conform to the industry sub-categorization of the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note b: “Group Entity” is defined in Article 6 of “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.”

Note c: Credit extension balance includes various loans (import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans; and nonaccrual loans), bills purchased, factored accounts receivable without recourse, acceptances and guarantees.

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

**Interest Rate Sensitivity Analysis
December 31, 2022**

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 359,752,537	\$ 167,100,034	\$ 6,570,678	\$ 49,867,941	\$ 583,291,190
Interest rate-sensitive liabilities	253,144,061	190,586,248	73,187,475	20,984,999	537,902,783
Interest rate sensitivity gap	106,608,476	(23,486,214)	(66,616,797)	28,882,942	45,388,407
Net worth					54,972,333
Ratio of interest rate-sensitive assets to liabilities					108.44%
Ratio of interest rate-sensitivity gap to net worth					82.57%

**Interest Rate Sensitivity Analysis
December 31, 2021**

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 360,540,038	\$ 163,501,248	\$ 9,899,079	\$ 42,393,927	\$ 576,334,292
Interest rate-sensitive liabilities	222,916,709	206,892,834	80,361,063	24,318,965	534,489,571
Interest rate sensitivity gap	137,623,329	(43,391,586)	(70,461,984)	18,074,962	41,844,721
Net worth					49,701,951
Ratio of interest rate-sensitive assets to liabilities					107.83%
Ratio of interest rate-sensitivity gap to net worth					84.19%

Note a: The New Taiwan dollar amounts held by the Bank.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note c: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

Table 2: For U.S. dollar items

**Interest Rate Sensitivity Analysis
December 31, 2022**

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,591,449	\$ 121,562	\$ 23,831	\$ 194,581	\$ 2,931,423
Interest rate-sensitive liabilities	1,864,714	1,503,663	164,214	-	3,532,591
Interest rate sensitivity gap	726,735	(1,382,101)	(140,383)	194,581	(601,168)
Net worth					1,790,163
Ratio of interest rate-sensitive assets to liabilities					82.98%
Ratio of interest rate-sensitivity gap to net worth					(33.58%)

**Interest Rate Sensitivity Analysis
December 31, 2021**

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 3,075,239	\$ 66,857	\$ 146,901	\$ 127,409	\$ 3,416,406
Interest rate-sensitive liabilities	1,181,945	2,362,928	177,818	-	3,722,691
Interest rate sensitivity gap	1,893,294	(2,296,071)	(30,917)	127,409	(306,285)
Net worth					1,794,942
Ratio of interest rate-sensitive assets to liabilities					91.77%
Ratio of interest rate-sensitivity gap to net worth					(17.06%)

Note a: The total U.S. dollar amounts held by the Bank, excluding contingent assets and liabilities.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note c: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

4) Profitability

Items		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Before tax	0.57%	0.47%
	After tax	0.50%	0.42%
Return on equity	Before tax	8.01%	6.71%
	After tax	7.03%	5.97%
Net income ratio		31.33%	27.23%

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

Note b: Return on equity = Income before (after) income tax ÷ Average equity.

Note c: Net income ratio = Income after income tax ÷ Total net profit.

5) Maturity analysis of assets and liabilities

a) For New Taiwan dollar items

December 31, 2022

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 785,187,531	\$ 129,192,513	\$ 73,802,104	\$ 158,750,398	\$ 60,534,489	\$ 65,286,440	\$ 297,621,587
Main capital outflow on maturity	978,102,268	78,193,282	74,583,206	229,572,010	158,981,594	201,206,792	235,565,384
Gap	(192,914,737)	50,999,231	(781,102)	(70,821,612)	(98,447,105)	(135,920,352)	62,056,203

December 31, 2021

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 788,354,119	\$ 132,991,954	\$ 93,352,744	\$ 118,306,092	\$ 88,251,525	\$ 83,962,598	\$ 271,489,206
Main capital outflow on maturity	956,912,227	61,352,297	97,217,833	197,495,551	174,961,218	192,014,074	233,871,254
Gap	(168,558,108)	71,639,657	(3,865,089)	(79,189,459)	(86,709,693)	(108,051,476)	37,617,952

Note: This table refers to the New Taiwan dollar amounts held by the Bank.

b) For U.S. dollar items

December 31, 2022

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 10,486,972	\$ 3,054,723	\$ 3,641,703	\$ 956,589	\$ 851,685	\$ 1,982,272
Main capital outflow on maturity	11,446,749	3,403,124	4,624,776	1,592,923	1,366,495	459,431
Gap	(959,777)	(348,401)	(983,073)	(636,334)	(514,810)	1,522,841

December 31, 2021

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 11,522,239	\$ 4,189,779	\$ 2,480,909	\$ 1,566,914	\$ 1,354,511	\$ 1,930,126
Main capital outflow on maturity	12,323,271	3,392,587	3,771,796	2,480,361	2,071,325	607,202
Gap	(801,032)	797,192	(1,290,887)	(913,447)	(716,814)	1,322,924

Note: This table refers to the U.S. dollar amounts held by the Bank.

45. CAPITAL MANAGEMENT

a. Objective of capital management

- 1) The basic goal of the Bank's capital management is that unconsolidated regulatory capital and the consolidated regulatory capital should meet the requirements of the related regulations. The ratio of regulatory capital and risk assets (the "capital adequacy ratio") should meet the statutory threshold according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".
- 2) In order to maintain an adequate level of capital to bear various risks, the Bank makes capital planning based on the operating plans and budget, the development strategies and dividend policy. The objective is to optimize assets allocation and strengthen capital structure.

b. Procedure of capital management

- 1) The calculation of the Bank's capital adequacy ratio is based on the "The Methods for Calculating the Bank's regulatory Capital and Risk-weighted Assets" enacted by the Financial Supervisory Commission and the related information is reported to the competent authority on a regular basis.

- 2) In order to monitor capital adequacy ratio, the execution and changes in the parameters of the capital planning are reported to the Bank's Assets and Liabilities Management Committee on a quarterly basis. The Bank are performed stress testing periodically and evaluated capital adequacy to assesses whether the Bank's capital is able to respond to various risks and whether the objective of capital management is met.

The calculations of regulatory capital, risk-weighted assets and capital adequacy ratio were as follows:

Unconsolidated

		December 31, 2022	December 31, 2021	
Regulatory capital	Common equity	\$ 53,344,447	\$ 46,653,029	
	Additional Tier I capital	2,900,000	1,848,490	
	Tier II capital	12,080,056	11,392,226	
	Total common capital	68,324,503	59,893,745	
Risk-weighted assets	Credit risk	Standardized approach	424,484,834	393,687,935
		Internal rating-based approach	-	-
		Asset securitization	393,738	458,214
	Operational risk	Basic indicator approach	20,321,238	20,512,863
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	13,375,863	14,680,875
		Internal models approach	-	-
Total risk-weighted assets		458,575,673	429,339,887	
Capital adequacy ratio		14.90%	13.95%	
Ratio of common equity to risk-weighted assets		11.63%	10.87%	
Ratio of Tier I capital to risk-weighted assets		12.27%	11.30%	
Leverage ratio		6.73%	5.87%	

Consolidated

		December 31, 2022	December 31, 2021	
Regulatory capital	Common equity	\$ 53,332,585	\$ 47,211,995	
	Additional Tier I capital	2,900,000	2,407,456	
	Tier II capital	12,087,994	12,541,523	
	Total common capital	68,320,579	62,160,974	
Risk-weighted assets	Credit risk	Standardized approach	421,744,787	396,197,242
		Internal rating-based approach	-	-
		Asset securitization	393,738	458,214
	Operational risk	Basic indicator approach	20,432,013	21,252,263
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	13,375,863	14,680,875
		Internal models approach	-	-
Total risk-weighted assets		455,946,401	432,588,594	
Capital adequacy ratio		14.98%	14.37%	
Ratio of common equity to risk-weighted assets		11.70%	10.91%	
Ratio of Tier I capital to risk-weighted assets		12.33%	11.47%	
Leverage ratio		6.73%	5.99%	

Note a: Regulatory capital, risk-weighted assets and exposure measurement are calculated under the “Regulations Governing the Capital Adequacy and capital category of Banks” and the “The Methods for Calculating the Bank’s regulatory Capital and Risk-weighted Assets”.

Note b: An annual report should include both the current year’s and prior year’s capital adequacy ratio, but a semiannual report should include the capital adequacy ratio of the most recent year.

Note c: Formulas used were as follows:

- 1) Regulatory capital = Common equity + Additional Tier I capital + Tier II capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) × 12.5.
- 3) Capital adequacy ratio = Regulatory capital/Total risk-weighted assets.
- 4) Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets.
- 5) Ratio of Tier I capital to risk-weighted assets = (Common equity + Additional Tier I capital)/Total risk-weighted assets.
- 6) Leverage ratio = Net Tier I capital/Exposure measurement.

46. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2022

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ 77,240	\$ (77,240)	\$ -	\$ -	\$ -
Securities sold under repurchase agreement	4,959	4,690,600	(96,810)	-	4,598,749
Bank debentures	23,901,900	(3,000,000)	-	-	20,901,900
Other financial liabilities	979,213	1,751,858	-	-	2,731,071
Lease liabilities	<u>1,026,881</u>	<u>(412,561)</u>	<u>5,646</u>	<u>345,851</u>	<u>965,817</u>
	<u>\$ 25,990,193</u>	<u>\$ 2,952,657</u>	<u>\$ (91,164)</u>	<u>\$ 345,851</u>	<u>\$ 29,197,537</u>

For the year ended December 31, 2021

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ 22,340	\$ 54,900	\$ -	\$ -	\$ 77,240
Securities sold under repurchase agreement	3,530,487	(3,465,911)	(59,617)	-	4,959
Bank debentures	22,601,900	1,300,000	-	-	23,901,900
Other financial liabilities	868,202	111,011	-	-	979,213
Lease liabilities	<u>839,255</u>	<u>(407,958)</u>	<u>(1,418)</u>	<u>597,002</u>	<u>1,026,881</u>
	<u>\$ 27,862,184</u>	<u>\$ (2,407,958)</u>	<u>\$ (61,035)</u>	<u>\$ 597,002</u>	<u>\$ 25,990,193</u>

47. SEGMENT INFORMATION

Information provided to the Bank's and its subsidiaries' chief operating decision makers for resource allocation and segment performance assessment focuses on nature of operation and profits. Based on IFRS 8 - "Operating Segments," the reportable segments were as follows:

- a. Individual banking: Mainly includes consumer banking loans such as mortgages, credit loans, car loans, installment, etc.; credit cards; individual deposits; and wealth management;
- b. Corporate banking: Mainly includes corporate-related business, foreign-currency business and financial market business;
- c. Others: Any business not included in individual and corporate banking.

Segment Income and Operating Results

The accounting policies adopted by each reportable segments are the same as those stated in Note 4 to the consolidated financial reports.

The income and operating results of the reportable segments of the Bank and its subsidiaries were as follows:

	Individual Banking	Corporate Banking	Others	Total
<u>For the year ended December 31, 2022</u>				
Net interests	\$ 4,015,540	\$ 3,763,745	\$ (735,732)	\$ 7,043,553
Net revenues and gains other than interest				
Net service fee income	1,671,684	762,784	87,492	2,521,960
Other net income	<u>285,221</u>	<u>1,400,596</u>	<u>487,601</u>	<u>2,173,418</u>
Net revenues	5,972,445	5,927,125	(160,639)	11,738,931
Provision for bad debt expenses	(94,812)	(356,114)	(93,176)	(544,102)
Operating expenses	<u>(4,604,844)</u>	<u>(1,794,040)</u>	<u>(604,829)</u>	<u>(7,003,713)</u>
Segment income before income tax	<u>\$ 1,272,789</u>	<u>\$ 3,776,971</u>	<u>\$ (858,644)</u>	<u>\$ 4,191,116</u>
<u>For the year ended December 31, 2021</u>				
Net interests	\$ 4,197,077	\$ 3,522,470	\$ (1,278,651)	\$ 6,440,896
Net revenues and gains other than interest				
Net service fee income	1,782,452	772,906	601,995	3,157,353
Other net income	<u>216,984</u>	<u>1,035,310</u>	<u>(57,654)</u>	<u>1,194,640</u>
Net revenues	6,196,513	5,330,686	(734,310)	10,792,889
Reversal of (provision for) bad debt expenses	(257,001)	(848,298)	292,081	(813,218)
Operating expenses	<u>(4,577,669)</u>	<u>(1,582,507)</u>	<u>(516,673)</u>	<u>(6,676,849)</u>
Segment income before income tax	<u>\$ 1,361,843</u>	<u>\$ 2,899,881</u>	<u>\$ (958,902)</u>	<u>\$ 3,302,822</u>

48. ADDITIONAL DISCLOSURES

- a. Information about significant transactions:

- 1) Marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital: Nil

- 2) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: Table 1 (attached)
 - 3) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: Nil
 - 4) Service charge discounts on transactions with related parties in aggregated amount of at least NT\$5 million: Nil
 - 5) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Nil
 - 6) Sale of nonperforming loans: Nil
 - 7) The type and related information of any securitization product that has been approved in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act: Nil
 - 8) Intercompany relationships and significant intercompany transactions: Table 2 (attached)
 - 9) Other significant transactions which may have effects on decision making of financial statement users: Nil
- b. Information of subsidiaries' financing provided, endorsement/guarantee provided, marketable securities held, marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital and derivative transactions: Table 3 (attached)
 - c. Related information of investees on which the Bank exercises significant influence: Table 4 (attached)
 - d. Information about branches and investments in mainland China: Table 5 (attached)
 - e. Information about major shareholders: Name, number of shares, and percentage of ownership of shareholders holding more than 5% of the shares: Nil

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer, If Counterparty Is A Related Party			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date			
The Bank	Land	October 3, 2022	\$ 2,011,507	As of December 31, 2022, the Bank has paid \$1,643,907 thousand (\$1,276,307 thousand accounted for as land; \$367,600 thousand accounted for as properties prepayment). The Bank has paid off the transaction amount and completed the legal procedures for the land transfer in January 2023.	Natural Person (9 individuals)	-	-	-	-	Reference to the market price and appraisal report.	To build office for the headquarters of the Bank.	Nil

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Flow of Transaction	Transaction Details			Percentage of Consolidated Net Profit or Consolidated Total Assets (%; Note 2)
				Financial Statement Account	Amount	Terms	
0	Far Eastern International Bank Ltd.	Far Eastern International Securities Co., Ltd. Far Eastern International Securities Co., Ltd. Far Eastern International Securities Co., Ltd. Far Eastern International Securities Co., Ltd.	From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary	Deposits and remittances Interest expense Service charge Loss on disposal of financial assets at FVTPL	\$ 292,712 1,986 835 762	Note 3 Note 3 Note 3 Note 3	0.04 0.02 0.01 0.01
1	Far Eastern International Securities Co., Ltd.	Far Eastern International Bank Ltd. Far Eastern International Bank Ltd. Far Eastern International Bank Ltd.	From subsidiary to parent company From subsidiary to parent company From subsidiary to parent company	Cash and cash equivalents Interest revenue Service fee	292,712 1,986 1,597	Note 3 Note 3 Note 3	0.04 0.02 0.01

Note 1: Transacting parties are identified as follows: Number 0 - parent company; and number 1 and the following numbers - subsidiaries.

Note 2: The ratio is calculated as follows: For asset and liability accounts = Transaction amount/Consolidated total assets; and for income and expenses = Transaction amount/Consolidated net profit.

Note 3: The terms of intercompany transactions are not significantly different from those to third parties.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

**SUBSIDIARIES' FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022**
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	FEIB Financial Leasing Co., Ltd.	A company	Other receivables	No	\$ 16,221	\$ 15,874	\$ 15,874	6%-10%	1	\$ 17,664	-	\$ 317	Real estate	\$ 33,268	\$ 314,591	\$ 1,048,638

Note 1: No. column is coded as follows:

- a. The issuer is coded "V".
- b. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The nature of financing is described as follows:

- a. Business transaction is coded "1".
- b. Short-term financing is coded "2".

Note 3: The limits on financing are as follows:

- a. Financing limit for each borrower
 - 1) In the case of lending funds to companies or firms who have a business relationship with the lender, the total lending amount to an individual borrower shall not exceed 30% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
 - 2) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 30% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
- b. Aggregate financing limit
 - 1) In the case of lending funds to companies or firms who have a business relationship with the lender, the total accumulation lending amount to an individual borrower shall not exceed two times of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
 - 2) In the case of lending funds to the companies or firms in need of short-term financing, the total accumulation lending amount to an individual borrower shall not exceed 40% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

The total accumulated lending amount of the above shall not exceed the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	The Proportionate Share of the Bank, Its Subsidiaries and Their Affiliates in Investees (Note 1)			Note
						Present Shares (In Thousands)	Pro Forma Shares (Note 2)	Total Shares (In Thousands) of Ownership (%)	
<u>Held by the Bank</u>									
Financial business Deutsche Far Eastern Asset Management Co., Ltd. Dah Chung Bills Finance Corp.	7F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan 4F, 4F-1, 4F-2, 4F-3, Np. 88 Dun Hwa North Road, Taipei, Taiwan	Securities investment trust funds Underwriting, dealing and brokering of short-term bills	40.00 22.06	\$ 158,587 1,727,460	\$ 25,130 87,227	12,000 101,941	- -	12,000 101,941	40.00 22.07
Far Eastern Asset Management Co., Ltd.	Room B, 17F, No. 207, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Purchase, evaluation, auction and management of creditor's rights to financial institutions	100.00	1,710,535	52,188	168,400	-	168,400	100.00
Far Eastern International Securities Co., Ltd.	51F, No. 7, Xinyi Road, Sec. 5, Taipei, Taiwan	Foreign securities broker, wealth management and offshore fund consulting	100.00	417,954	(46,937)	26,000	-	26,000	100.00
Taipei Foreign Exchange Agency Co., Ltd. Sunshine Asset Management Co., Ltd.	8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan 15F., No. 218, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Foreign exchange, cross-currency swaps, etc. Management of creditor's rights and rendering of commercial detective services	0.40 3.46	4,204 2,792	- -	80 207	- -	80 207	0.40 3.46
Financial Information Service Co., Ltd.	No. 81, Kangning Road, Sec. 3, Taipei, Taiwan	Data processing service and electronic information supply	1.14	237,926	-	5,938	-	5,938	1.14
Yuan Hsin Digital Payment Co., Ltd.	Room A, 5F., No. 1, Yuandong Road, Banqiao Dist., New Taipei City, Taiwan	Issuing electronic tickets and signing contracted institutions	4.05	9,541	-	2,758	-	2,758	4.05
Nonfinancial business An Feng Enterprise Co., Ltd.	3F., No. 139, Jhengjhou Road, Taipei, Taiwan	ATM maintenance, replacement and repair	10.00	4,905	-	300	-	300	10.00
<u>Held by Far Eastern Asset Management Co., Ltd.</u>									
Financial business FEIB Financial Leasing Co., Ltd.	8F., Far Eastern Plaza, No. 28, Bailianjing Road, Pudong New District, Shanghai, China	Leasing operation	100.00	1,048,638	29,881	N/A	-	N/A	100.00

Note 1: The Bank, board chairman, supervisors, managing directors, and the shares of investee companies invested in by related parties which comply with corporation law are considered.

Note 2: Routes of investment are listed below:

- 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 the Banking Law.
- b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of "Securities and Exchange Law Enforcement Rules".
- c. Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Financial Reporting Standard 9.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investee Company Name	Main Business and Product	Total Paid-in Capital (Note 4)	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2022	Investment Flow (Note 4)		Accumulated Outflow of Investment as of December 31, 2022 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 5)	Carrying Value as of December 31, 2022 (Note 2)	Accumulated Inward Remittances of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
FEIB Financial Leasing Co., Ltd.	Leasing operation	\$ 920,470 (US\$ 30,000 thousand)	a	\$ 920,470 (US\$ 30,000 thousand)	\$ -	\$ -	\$ 920,470 (US\$ 30,000 thousand)	\$ 29,881 (CNY 6,741 thousand)	100.00	\$ 29,881 (CNY 6,741 thousand)	\$ 1,048,638	\$ -	

Accumulated Investment in Mainland China as of December 31, 2022 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Limit on Investment Authorized by Investment Commission MOEA (Note 3)
\$920,470 (US\$30,000 thousand)	\$920,470 (US\$30,000 thousand)	\$1,026,321

Note 1: Routes of investment in mainland China are listed below:

- a. Direct investment.
- b. Investment via third place company (state third place investment company).
- c. Others.

Note 2: Calculation based on investee company's financial statements audited by a local CPA and covering the same reporting period as that of Far Eastern International Bank.

Note 3: Under the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" announced by Investment Commission, MOEA, upper limit is calculated by applicant company - Far Eastern Asset Management Co., Ltd.

Note 4: Calculated using the exchange rate at remittance date.

Note 5: Calculated using the average exchange rate for the year ended 2022.

Far Eastern International Bank Ltd.

**Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Far Eastern International Bank Ltd.

Opinion

We have audited the accompanying financial statements of Far Eastern International Bank Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2022 and 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022 and 2021, and 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.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those 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 for the year ended December 31, 2022. 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 matters related to the Bank's financial statements for the year ended December 31, 2022 for the Bank, which are described as follows:

Allowance for Expected Credit Losses on Loans

As of December 31, 2022, the balance of loans in the aggregate amounted to NT\$437,897,093 thousand, which accounted for 59% of the total assets of the financial statements; an amount that is deemed to be significant to the financial statements. Besides assessing expected credit losses on loans in accordance with IFRS 9 "Financial Instruments", the Bank complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations when assessing classification of credit assets and recognizing allowance for possible losses, and the higher amount of allowance for expected credit losses on loans is recognized. As the assessment on the impairment of loans involved the management's critical judgments in accounting estimation and the underlying assumptions, we deemed the allowance for expected credit losses on loans as a key audit matter. Refer to Note 5 to the financial statements for the critical accounting judgments and estimation uncertainty.

Refer to Notes 4, 5, 14 and 43 to the financial statements for disclosures related to impairment on loans.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Understand and perform tests on the Bank's internal controls relevant to loans impairment assessment.
2. Verify whether the methodology, main assumptions and parameters (consider the probability of default, probability of loss given default and exposure at default on forward-looking information) adopted by the impairment model of expected credit losses adequately reflect the actual position and compliance with IFRS 9, and recalculate the amount of impairment.
3. Sample and review credit files to evaluate whether the loans are reasonably categorized per regulatory stipulation and recalculate for the correctness of the allowance.

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 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Hung Chen and Yin-Chou Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 2, 2023

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.

FAR EASTERN INTERNATIONAL BANK LTD.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
ASSETS				
Cash and cash equivalents (Note 6)	\$ 7,835,225	1	\$ 4,729,904	1
Due from the Central Bank and other banks (Notes 7, 38 and 39)	35,591,182	5	45,873,426	6
Financial assets at fair value through profit or loss (Notes 4, 8, 38 and 42)	46,652,529	6	37,662,767	5
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 11, 21, 27, 39, 42 and 43)	76,739,907	10	113,429,715	16
Investment in debt instruments at amortized cost, net (Notes 4, 5, 10, 11, 21, 39 and 42)	100,836,081	14	71,374,127	10
Securities purchased under resale agreements, net (Notes 4 and 12)	1,146,775	-	5,888,595	1
Receivables, net (Notes 4, 5, 13 and 43)	16,786,028	2	22,126,806	3
Discounts and loans, net (Notes 4, 5, 14, 38 and 43)	437,897,093	59	407,441,765	56
Investment accounted for using the equity method (Notes 4, 15 and 27)	4,014,536	1	4,206,038	1
Other financial assets, net (Notes 16 and 39)	4,699,883	1	3,805,391	1
Property and equipment, net (Notes 4, 17 and 38)	4,739,853	1	2,957,881	-
Right-of-use assets, net (Notes 4, 18 and 38)	853,723	-	1,005,202	-
Intangible assets, net (Notes 4 and 19)	1,597,670	-	1,623,153	-
Deferred tax assets (Notes 4 and 35)	143,763	-	185,240	-
Other assets (Note 38)	260,791	-	247,812	-
TOTAL	\$ 739,795,039	100	\$ 722,557,822	100
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Notes 20 and 43)	\$ 1,475,448	-	\$ 1,791,820	-
Funds borrowed from the Central Bank and other banks (Notes 43 and 45)	-	-	77,240	-
Financial liabilities at fair value through profit or loss (Notes 4, 8, 38 and 42)	8,689,238	1	3,002,289	1
Securities sold under repurchase agreements (Notes 4, 9, 10, 21, 43 and 45)	4,598,749	1	4,959	-
Payables (Notes 22 and 43)	5,292,310	1	5,470,609	1
Current tax liabilities (Note 4)	304,656	-	158,815	-
Deposits and remittances (Notes 23, 38 and 43)	607,734,750	82	612,556,258	85
Bank debentures (Notes 24, 42, 43 and 45)	20,901,900	3	23,901,900	3
Principal received on structured products (Note 43)	31,812,340	5	23,050,606	3
Other financial liabilities (Notes 43 and 45)	1,875,578	-	187,451	-
Provisions (Notes 4, 25 and 38)	760,392	-	1,056,482	-
Lease liabilities (Notes 4, 18, 38, 43 and 45)	866,417	-	1,014,799	-
Other liabilities (Note 38)	510,928	-	582,643	-
Total liabilities	684,822,706	93	672,855,871	93
EQUITY (Notes 4, 9, 15, 27, 37 and 38)				
Share capital	40,694,838	5	35,139,632	5
Capital surplus	302,926	-	456,426	-
Retained earnings				
Legal reserve	11,206,638	1	10,294,866	1
Special reserve	5,922	-	5,922	-
Unappropriated earnings	4,467,881	1	3,786,263	1
Total retained earnings	15,680,441	2	14,087,051	2
Other equity	(1,705,872)	-	18,842	-
Total equity	54,972,333	7	49,701,951	7
TOTAL	\$ 739,795,039	100	\$ 722,557,822	100

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

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022		2021		Percentage
	Amount	%	Amount	%	Increase (Decrease) %
INTEREST REVENUES (Notes 4, 28 and 38)	\$ 12,242,206	107	\$ 9,330,226	90	31
INTEREST EXPENSES (Notes 4, 18, 28 and 38)	<u>5,254,023</u>	<u>46</u>	<u>2,946,670</u>	<u>28</u>	78
NET INTERESTS	<u>6,988,183</u>	<u>61</u>	<u>6,383,556</u>	<u>62</u>	9
NET REVENUES AND GAINS OTHER THAN INTEREST					
Net service fee income (Notes 4, 29 and 38)	2,397,225	21	2,697,343	26	(11)
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 30, 38 and 42)	1,244,180	11	981,304	9	27
Realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9 and 27)	152,173	1	83,125	1	83
Net foreign exchange gain (Note 4)	404,227	3	78,784	1	413
Shares of profit of subsidiaries and associates for using equity method (Notes 4 and 15)	117,608	1	304,889	3	(61)
Others (Notes 22 and 38)	<u>191,980</u>	<u>2</u>	<u>(162,578)</u>	<u>(2)</u>	218
Total net revenues and gains other than interest	<u>4,507,393</u>	<u>39</u>	<u>3,982,867</u>	<u>38</u>	13
NET REVENUES	<u>11,495,576</u>	<u>100</u>	<u>10,366,423</u>	<u>100</u>	11
NET PROVISION FOR LOSS ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 4, 5, 13, 14, 16, 25 and 38)	<u>533,268</u>	<u>5</u>	<u>795,191</u>	<u>8</u>	(33)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefits expense (Notes 4, 26, 31, 32, 37 and 38)	\$ 4,096,996	36	\$ 3,799,118	37	8
Depreciation and amortization (Notes 4, 17, 18, 19 and 33)	697,852	6	681,805	6	2
Other general and administrative expenses (Notes 18, 34 and 38)	<u>1,987,708</u>	<u>17</u>	<u>1,838,994</u>	<u>18</u>	8
Total operating expenses	<u>6,782,556</u>	<u>59</u>	<u>6,319,917</u>	<u>61</u>	7
INCOME BEFORE INCOME TAX	4,179,752	36	3,251,315	31	29
INCOME TAX EXPENSE (Notes 4 and 35)	<u>502,250</u>	<u>4</u>	<u>312,193</u>	<u>3</u>	61
NET INCOME FOR THE YEAR	<u>3,677,502</u>	<u>32</u>	<u>2,939,122</u>	<u>28</u>	25
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 9, 11, 15, 26, 27 and 35)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	108,511	1	(61,744)	(1)	276
Gain (loss) on valuation of investments in equity instruments at fair value through other comprehensive income	(374,443)	(3)	43,728	1	(956)
Share of other comprehensive income of subsidiaries and associates for using equity method	6,218	-	3,121	-	99
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	<u>(21,702)</u>	<u>-</u>	<u>12,349</u>	<u>-</u>	(276)
	<u>(281,416)</u>	<u>(2)</u>	<u>(2,546)</u>	<u>-</u>	(10,953)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	\$ 82,134	1	\$ (37,760)	-	318
Share of other comprehensive loss of subsidiaries and associates for using equity method	(87,391)	(1)	(46,330)	(1)	(89)
Loss on investments in debt instruments measured at fair value through other comprehensive income	<u>(1,455,943)</u>	<u>(13)</u>	<u>(770,158)</u>	<u>(7)</u>	(89)
	<u>(1,461,200)</u>	<u>(13)</u>	<u>(854,248)</u>	<u>(8)</u>	(71)
Other comprehensive loss for the year	<u>(1,742,616)</u>	<u>(15)</u>	<u>(856,794)</u>	<u>(8)</u>	(103)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,934,886</u>	<u>17</u>	<u>\$ 2,082,328</u>	<u>20</u>	(7)
EARNINGS PER SHARE (Note 36)					
Basic	<u>\$1.00</u>		<u>\$0.82</u>		
Diluted	<u>\$0.99</u>		<u>\$0.82</u>		

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Other Equity				Total Equity			
	Share Capital (Note 27)	Capital Surplus (Notes 27 and 37)	Retained Earnings (Notes 9 and 27)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 9, 15 and 27)				
	Share Capital (Note 27)	Capital Surplus (Notes 27 and 37)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations (Note 4)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 9, 15 and 27)	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 34,481,044	\$ 456,426	\$ 9,547,845	\$ 23,543	\$ 3,259,093	\$ (196,471)	\$ 1,172,225	\$ 48,743,705
Appropriation of the 2020 earnings	-	-	747,021	-	(747,021)	-	-	-
Legal reserve	-	-	-	(17,621)	17,621	-	-	-
Reversal of special reserves	-	-	-	-	(1,124,082)	-	-	(1,124,082)
Cash dividends - NT\$0.526 per share	658,588	-	-	-	(658,588)	-	-	-
Stock dividends - NT\$0.191 per share	658,588	-	747,021	(17,621)	(2,512,070)	-	-	(1,124,082)
Net income for the year ended December 31, 2021	-	-	-	-	2,939,122	-	-	2,939,122
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(49,894)	(44,173)	(762,727)	(856,794)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,889,228	(44,173)	(762,727)	2,082,328
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	150,012	-	(150,012)	-
BALANCE AT DECEMBER 31, 2021	35,139,652	456,426	10,294,866	5,922	3,786,263	(240,644)	259,486	49,701,951
Appropriation of the 2021 earnings	-	-	911,772	-	(911,772)	-	-	-
Legal reserve	-	-	-	-	(1,511,004)	-	-	(1,511,004)
Cash dividends - NT\$0.430 per share	555,206	-	-	-	(555,206)	-	-	-
Stock dividends - NT\$0.158 per share	555,206	-	911,772	-	(2,977,982)	-	-	(1,511,004)
Net income for the year ended December 31, 2022	-	-	-	-	3,677,502	-	-	3,677,502
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	89,422	93,729	(1,925,767)	(1,742,616)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	3,766,924	93,729	(1,925,767)	1,934,886
Issuance of ordinary shares for cash	5,000,000	(195,000)	-	-	-	-	-	4,805,000
Share-based payments	-	41,500	-	-	-	-	-	41,500
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	(107,324)	-	107,324	-
BALANCE AT DECEMBER 31, 2022	\$ 40,694,838	\$ 302,926	\$ 11,206,638	\$ 5,922	\$ 4,467,881	\$ (146,915)	\$ (1,558,957)	\$ 54,972,333

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

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,179,752	\$ 3,251,315
Adjustments for:		
Depreciation	672,369	656,322
Amortization	25,483	25,483
Provision for loss on bad debts expense, commitment and guarantee	919,267	1,181,745
Net valuation loss (gain) on financial assets and liabilities at fair value through profit or loss	225,705	(17,713)
Interest expenses	5,254,023	2,946,670
Interest revenues	(12,242,206)	(9,330,226)
Dividend revenue	(215,560)	(140,065)
Share-based payments	41,500	-
Shares of profit from subsidiaries and associates	(117,608)	(304,889)
Unrealized net loss (gain) on foreign currency exchange	(168,708)	43,576
Other adjustments	(10,145)	10,972
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(1,421,701)	(1,104,701)
Increase in financial assets at fair value through profit or loss	(7,309,324)	(6,290,490)
Decrease in financial assets at fair value through other comprehensive income	36,706,490	62,799,415
Increase in investments in debt instruments at amortized cost	(29,227,667)	(70,320,732)
Decrease (increase) in receivables	8,160,812	(3,747,108)
Increase in discounts and loans	(25,225,464)	(26,905,129)
Increase (decrease) in due to the Central Bank and other banks	(533,978)	886,105
Increase (decrease) in financial liabilities at fair value through profit or loss	5,413,537	(2,163,442)
Increase (decrease) in payables	(582,437)	1,004,561
Increase (decrease) in deposits and remittances	(18,451,456)	33,284,376
Increase in principal received on structured products	8,474,977	14,927,990
Decrease in provisions for employee benefits	(83,183)	(39,160)
Decrease in other liabilities	(62,517)	(14,197)
Cash generated from (used in) operations	(25,578,039)	640,678
Interest received	11,752,253	9,308,615
Dividends received	215,425	142,524
Interest paid	(4,787,346)	(3,082,056)
Income tax paid	(337,022)	(222,532)
Net cash generated from (used in) operating activities	<u>(18,734,729)</u>	<u>6,787,229</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,071,583)	(275,498)
Proceeds from disposal of property and equipment	124	152
Decrease (increase) in other financial assets	(540,771)	513,900

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease (increase) in other assets	\$ (12,641)	\$ 19,153
Dividends received from subsidiaries and associates	<u>227,937</u>	<u>244,541</u>
Net cash generated from (used in) investing activities	<u>(2,396,934)</u>	<u>502,248</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 45)		
Increase (decrease) in funds borrowed from the Central Bank and other banks	(77,240)	54,900
Proceeds from the issuance of bank debentures	-	2,400,000
Repayments of bank debentures	(3,000,000)	(1,100,000)
Increase (decrease) in securities sold under repurchase agreements	4,690,600	(3,465,911)
Repayments of the principal portion of lease liabilities	(385,030)	(383,033)
Increase in other financial liabilities	1,688,127	14,637
Cash dividends	(1,511,004)	(1,124,082)
Issuance of ordinary shares for cash	<u>4,805,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>6,210,453</u>	<u>(3,603,489)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,580,766</u>	<u>(452,064)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,340,444)	3,233,924
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>41,870,830</u>	<u>38,636,906</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 28,530,386</u>	<u>\$ 41,870,830</u>

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets is as follows:

	December 31	
	2022	2021
Cash and cash equivalents in balance sheets	\$ 7,835,225	\$ 4,729,904
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	19,548,386	31,252,331
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	<u>1,146,775</u>	<u>5,888,595</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 28,530,386</u>	<u>\$ 41,870,830</u>

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL INFORMATION

Far Eastern International Bank Ltd. (the “Bank”) obtained its license on January 11, 1992 and started its business on April 11, 1992. The Bank (a) accepts deposits and extends loans and guarantees; (b) issues letters of credit, handles domestic and foreign remittances, and accepts commercial drafts; (c) invests in securities and acts as an agent for trading government bonds, corporate bonds and bank debentures; and (d) conducts relevant businesses that are authorized by the relevant authorities.

The operations of the Bank’s Trust Department include pecuniary trust, securities trust, real estate trust, creditor’s right of money or guarantee, movable property trust and ground right trust and related operations. These operations are regulated under the Banking Act and Trust Enterprise Act.

As of December 31, 2022, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 55 domestic branches, as well as an overseas branch in Hong Kong and two foreign representative offices (Vietnam and Singapore).

The Bank’s shares are listed on the Taiwan Stock Exchange. Global depositary receipts (GDR), which represent ownership of ordinary shares of the Bank, have been listed on the Luxembourg Stock Exchange since January 2014.

2. APPROVAL OF FINANCIAL REPORTS

The financial statements were approved by the Bank’s Board of Directors on March 2, 2023.

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

- a. The Bank’s 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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Bank accounting policies.
- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Bank is assessing the application of above standards and interpretations will not have a material impact on the Bank’s financial position and financial performance.

- c. The IFRSs 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
Amendments to IFRS 16 “Leases 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

Note 1: Unless stated otherwise, the above IFRSs are 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.

As of the date the financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of above standards and interpretations will have on the Bank’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

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

The measurement of investment in subsidiaries and investment in associates were classified at equity method when the Bank was compiling the individual financial report. The net income, other comprehensive income, equity of the financial report and the net income, other comprehensive income and equity of the consolidated financial report which were attributed to the parent company.

Current and Noncurrent Assets and Liabilities

Since the operating characteristics of the Bank, whose operating cycle cannot be reasonably identified. Nevertheless, accounts are properly categorized in accordance with their nature and sequenced by their liquidity. Refer to Note 43 for the maturity analysis of liabilities.

Foreign Currency

Foreign-currency assets and liabilities are recorded in their original currencies. Foreign-currency items in net income of domestic operating units are translated into New Taiwan dollars at prevailing exchange rates at the dates of the transactions. For overseas branches (including the OBU), foreign-currency items in net income from transactions settled in currencies other than the entity's functional currency are translated into the entity's functional currency at prevailing exchange rates at the dates of the transactions.

At the balance sheet date, foreign-currency monetary assets and liabilities are translated at prevailing exchange rates, and the exchange differences are recognized as gain or loss.

When foreign-currency assets and liabilities are settled, exchange differences arising from the application of different exchange rates are recognized as gain or loss for the current year.

The financial statements of foreign operations (including foreign branches and the OBU) are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - at exchange rates prevailing on the balance sheet date. The beginning balance of current year's earnings of foreign branches and the OBU not yet remitted to the head office - the same as the ending balance of the prior years' earnings; and Income and expenses - at average exchange rates for the period. Exchange differences arising from the translation of the financial statements of foreign branches and the OBU are recognized as other comprehensive income-exchange differences on translating foreign operations.

Investment Accounted for Using Equity Method

Investments in subsidiaries and associates are accounted for using the equity method of accounting.

Subsidiaries are the entity which were controlled by the Bank.

An associate is an entity over which the Bank have significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

An investment in a subsidiary and associate is 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 recognize the changes in the Bank's share of equity of associates.

Property and Equipment

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

Depreciation is recognized to allocation the cost of assets averagely less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Intangible assets acquired in a business combination are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets with finite useful lives are reported at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Bank expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

Impairment of Property, Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Bank review the carrying amounts of their property, equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an 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. When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units under a reasonable and consistent basis.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

When the recoverable amount increases in a subsequent period, the reversal of an impairment loss is recognized immediately in profit or loss. The carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Securities Purchased/Sold Under Resale/Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest expenses and interest revenues are recognized on the accrual basis.

Financial Instruments

Financial assets and financial liabilities are recognized in the balance sheets when the Bank becomes a party to the contractual provisions of the instruments.

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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately as expense.

Financial assets

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

a. The Bank owns financial assets which are classified into the following specified categories:

1) Financial assets at FVTPL

Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gain or loss arising on dividends, interest and re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 42.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial 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 are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss.

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

- a) Purchased or originated credit-impaired financial assets, for which interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and
- b) 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 amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization, the disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in debt instruments at FVTOCI

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

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

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

4) Investments in equity instruments at FVTOCI

On initial recognition, the Bank may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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 gain and loss 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 at FVTOCI are recognized in profit or loss when the Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Bank recognizes an allowance for loss for expected credit losses on financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI. For such financial assets, the Bank recognizes lifetime expected credit losses (ECLs) when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank measures the allowance for loss for that financial instrument at an amount equal to 12-month ECLs.

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

The Bank recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through an allowance for loss account, except for investments in debt instruments that are measured at FVTOCI, for which the allowance for loss is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

The Bank evaluates possible losses on specific loans on the basis of the borrowers' financial situation, their ability to repay principals and interests, and the values of collaterals in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" (the "Regulations"). The Regulations require that loans should be categorized by collectability and specify the minimum allowance for possible losses and reserve for guarantee obligations using prescribed percentages; the higher amount of allowance for expected credit losses on loans is recognized.

When a loan or receivable is considered uncollectable, it may be written off on the approval of the Bank's Board of Directors or Managing Directors. The subsequent collections of written-off loans are credited against provision for possible losses.

c. Derecognition of financial assets

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

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

Equity instruments

Debt and equity instruments issued by the Bank are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Instruments issued by the Bank are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading. Any gain or loss arising on remeasurement, including interest paid on the financial liability, is recognized in profit or loss.

2) Financial guarantee contracts

The financial guarantee contracts issued by the Bank which are not measured at FVTPL are measured at the higher of the allowance for the expected credit losses or the amortized amount after original recognition. Also, they are according to the "Regulations" issued by the FSC.

b. Derecognition of financial liabilities

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

Derivative financial instruments

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 end of each reporting period. The resulting gain or loss is recognized in profit or loss. Derivative financial instruments do not apply hedge accounting are recognized as financial assets or liabilities held for trading. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract.

Levies

A levy imposed by a government is accrued as payables when the transaction or activity that triggers the payment of the levy occurs. If the obligating event occurs over a period of time, the liability is recognized progressively.

Provisions

Provisions are recognized when the Bank have a present obligation as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Revenue Recognition

Interest revenue from discounts and loans is recorded on the accrual basis. For nonaccrual loans, interest revenues are recognized only when collections on these obligations are made.

Service fee income is recognized as loans are provided or services have been completed.

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Bank's obligation is fulfilled.

When the Bank acquires non-performing loans from other financial institutions, revenue related to recovery of non-performing loans is recognized using the cost-recovery method.

Leases

The Bank assesses whether or not an agreement is a lease or contains a lease on the date of the agreement.

The Bank recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a 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. 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 depreciated using the straight-line method over the lease terms.

The lease payable is discounted at the lessee's incremental borrowing rate of interest. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, should remeasure 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.

Retirement Benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Bank'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.

Share Based Payment Arrangements

The fair value at the grant date of the employee share options is based on the Bank's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in salary expense and capital surplus - employee share options. The Bank increases its capital by issuing ordinary shares and allocates part of shares as provision for subscription by employees. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

Income Tax

Income tax expense represents the sum of current tax expense and deferred tax expense. Income tax expense is recognized in profit or loss, except when it relates to items that are directly recognized in equity or other comprehensive income.

a. Current tax expense

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

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for 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.

b. Deferred tax expense

Deferred tax expense represents adjustments to deferred tax assets and liabilities.

Deferred tax assets or liabilities are 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. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is 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 assets to be recovered.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make essential judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates. The management will review estimates and basic assumptions continuously. 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.

Estimating impairment of financial assets

The estimate of impairment for receivables, discount and loans and investments in debt instruments is based on the assumptions about the probability of default and loss given default. The Bank uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Bank's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 43 where the actual future cash inflows are less than expect, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	\$ 4,446,644	\$ 2,693,069
Notes and checks for clearing	930,022	640,766
Deposits due from other banks	<u>2,458,559</u>	<u>1,396,069</u>
	<u>\$ 7,835,225</u>	<u>\$ 4,729,904</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2022	December 31, 2021
Due from other banks	\$ 11,861,642	\$ 19,610,970
New Taiwan dollar reserve deposits - Type A	4,039,838	8,013,890
New Taiwan dollar reserve deposits - Type B	16,042,796	14,621,095
Foreign-currency reserve deposits	146,510	126,532
Due from the Central Bank - Interbank fund transfer account	<u>3,500,396</u>	<u>3,500,939</u>
	<u>\$ 35,591,182</u>	<u>\$ 45,873,426</u>

The reserve deposits are required by law and determined at a prescribed percentage of the monthly average balances. The Type B reserve deposits can be withdrawn only when the balances are adjusted monthly. The Type A and foreign-currency reserve deposits can be withdrawn on demand but bear no interest.

As of December 31, 2022 and 2021, due from the Central Bank and other banks falling in the definition of IAS 7 “cash and cash equivalents” (i.e. short-term, highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value); amounted to \$19,548,386 thousand and \$31,252,331 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

The part of New Taiwan dollar reserve deposits - Type B pledged as collaterals are disclosed in Note 39.

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

	December 31, 2022	December 31, 2021
Non-derivative financial assets		
Government bond	\$ 14,911,749	\$ 14,040,793
Stock listed on TWSE and TPEX	926,269	928,354
Beneficiary certificates	-	<u>475,023</u>
	<u>15,838,018</u>	<u>15,444,170</u>
Derivative financial assets		
Foreign-currency swap contracts	4,261,111	1,227,313
Interest rate swap contracts	3,828,660	1,399,793
Cross-currency swap contracts	586,811	26,322
Forward exchange contracts	424,534	84,204
Currency option contracts	219,149	592,104
Others	<u>169,778</u>	<u>89,186</u>
	<u>9,490,043</u>	<u>3,418,922</u>
Hybrid contract		
Asset swap fixed-income	18,913,127	15,515,661
Credit linked note contracts	1,239,144	277,903
Credit linked loan contracts	1,018,973	2,888,818
Convertible bonds	<u>153,224</u>	<u>117,293</u>
	<u>21,324,468</u>	<u>18,799,675</u>
Total financial assets classified as at FVTPL	<u>\$ 46,652,529</u>	<u>\$ 37,662,767</u>

Financial liabilities held for trading

	December 31, 2022	December 31, 2021
Non-derivative financial liabilities		
Short-covering debentures	\$ -	<u>\$ 148,325</u>
Derivative financial liabilities		
Foreign-currency swap contracts	4,552,508	1,128,939
Interest rate swap contracts	3,234,998	946,575
Cross-currency swap contracts	330,039	39,203

(Continued)

	December 31, 2022	December 31, 2021
Currency option contracts	\$ 219,549	\$ 592,515
Forward exchange contracts	172,168	106,825
Others	<u>179,976</u>	<u>39,907</u>
	<u>8,689,238</u>	<u>2,853,964</u>
Total financial liabilities at FVTPL	<u>\$ 8,689,238</u>	<u>\$ 3,002,289</u> (Concluded)

The Bank engages in derivative transactions mainly to accommodate customers' needs, manage its exposure positions and to accommodate its fund needs in different currencies.

Outstanding derivative contract (notional) amounts were as follows:

	December 31, 2022	December 31, 2021
Foreign-currency swap contracts	\$ 370,699,233	\$ 398,603,744
Interest rate swap contracts	310,841,788	230,051,929
Currency option contracts	39,199,022	91,280,105
Seller of credit default swap contracts	23,860,116	17,602,632
Forward exchange contracts	22,446,595	15,128,180
Cross-currency swap contracts	9,189,720	6,119,210
Interest rate option contracts	7,000,000	4,000,000
Forward contracts	529,996	204,236
Non-deliverable forward contracts	279,308	177,175
Government bond futures contracts	30,708	497,639
Stock index futures contracts	28,429	3,282

9. FINANCIAL ASSETS AT FVTOCI

	December 31, 2022	December 31, 2021
<u>Investments in equity instruments</u>		
Stock listed on TWSE and TPEX	\$ 2,220,940	\$ 1,090,772
Stock unlisted on TWSE and TPEX	<u>259,368</u>	<u>267,768</u>
	<u>2,480,308</u>	<u>1,358,540</u>
<u>Investments in debt instruments</u>		
Government bonds	26,682,124	39,031,626
Bank debentures	20,109,910	14,685,474
Corporate bonds	18,318,731	19,034,217
Commercial paper	7,184,492	27,013,177
Collateralized mortgage obligation	1,964,342	2,286,959
Negotiable certificates of deposit	<u>-</u>	<u>10,019,722</u>
	<u>74,259,599</u>	<u>112,071,175</u>
Total financial assets at FVTOCI	<u>\$ 76,739,907</u>	<u>\$ 113,429,715</u>

The above investments in equity instrument in the form of ordinary shares for medium- and long-term strategic purposes and expects to make a profit through long-term investments. Therefore, the designated investments are selected to be measured at FVTOCI. The Bank recognized dividend revenue from equity instruments at FVTOCI as below:

	For the Year Ended December 31	
	2022	2021
Dividend revenue recognized in profit or loss		
On equity held at year end	\$ 147,998	\$ 67,225
On equity disposed of in current year	<u>26,557</u>	<u>45,277</u>
	<u>\$ 174,555</u>	<u>\$ 112,502</u>

Because of the consideration of asset allocation, the management adjusted the portfolio; the information about disposal of equity instruments in the current year is as below:

	For the Year Ended December 31	
	2022	2021
Fair value at the date of disposal	<u>\$ 418,214</u>	<u>\$ 1,367,927</u>
Accumulated gain (loss) transferred to retained earnings due to disposal	<u>\$ (107,327)</u>	<u>\$ 148,214</u>

For the above information of credit risk management and impairment assessment on investments in debt instruments at FVTOCI, refer to Note 11. The assets pledged as collaterals are disclosed in Note 39.

Part of the bank debentures and government bonds have been issued under repurchase agreements. The book value were as follows. Refer to Note 21 for related information.

	December 31, 2022	December 31, 2021
Bank debentures	<u>\$ 1,135,462</u>	<u>\$ 5,572</u>
Government bonds	<u>\$ 582,408</u>	<u>\$ -</u>

10. DEBT INSTRUMENT INVESTMENT MEASURED AT AMORTIZED COST

	December 31, 2022	December 31, 2021
Negotiable certificates of deposits - issued by the CBC	\$ 87,200,000	\$ 70,600,000
Government bonds	5,339,929	-
Corporate bonds	4,797,107	-
Bank debentures	<u>3,500,449</u>	<u>774,192</u>
	100,837,485	71,374,192
Less: Allowance for loss	<u>1,404</u>	<u>65</u>
	<u>\$ 100,836,081</u>	<u>\$ 71,374,127</u>

For the information on related financial assets' credit risk management and impairment at amortized cost, see Note 11.

Part of government bonds and bank debentures have been issued under repurchase agreements. Refer to Note 21 for related information.

	December 31, 2022	December 31, 2021
Government bonds	<u>\$ 3,052,512</u>	<u>\$ _____</u>

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The policy which the Bank implements is to invest mainly in debt instruments with credit ratings above (and including) investment grade and with impairment low in credit risk. The Bank continued to track external rating information to monitor changes in credit risk of the investments in debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition.

The Bank considers the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the debt instrument investments.

The investments in debt instruments are classified as financial assets at FVTOCI and financial assets at amortized cost. The information of changes in carrying amount was as follows:

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 75,690,056	\$ 100,837,485	\$ 176,527,541
Less: Impairment loss	<u>8,784</u>	<u>1,404</u>	<u>10,188</u>
Amortized cost	75,681,272	<u>\$ 100,836,081</u>	176,517,353
Fair value adjustment	<u>(1,421,673)</u>		<u>(1,421,673)</u>
	<u>\$ 74,259,599</u>		<u>\$ 175,095,680</u>

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 112,052,598	\$ 71,374,192	\$ 183,426,790
Less: Impairment loss	<u>15,693</u>	<u>65</u>	<u>15,758</u>
Amortized cost	112,036,905	<u>\$ 71,374,127</u>	183,411,032
Fair value adjustment	<u>34,270</u>		<u>34,270</u>
	<u>\$ 112,071,175</u>		<u>\$ 183,445,302</u>

The investments in debt instruments indicates normal credit level under assessment. The information of changes in allowance for loss which is 12-month expected credit loss were as follows:

For the year ended December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2022	\$ 15,693	\$ 65	\$ 15,758
Purchase of new debt instruments	3,646	1,299	4,945
Derecognition	(10,311)	-	(10,311)
Exchange rate changes	(175)	(10)	(185)
Expected credit losses and other changes	<u>(69)</u>	<u>50</u>	<u>(19)</u>
Balance on December 31, 2022	<u>\$ 8,784</u>	<u>\$ 1,404</u>	<u>\$ 10,188</u>

For the year ended December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2021	\$ 15,946	\$ 117	\$ 16,063
Purchase of new debt instruments	10,438	50	10,488
Derecognition	(10,247)	(101)	(10,348)
Exchange rate changes	85	-	85
Expected credit losses and other changes	<u>(529)</u>	<u>(1)</u>	<u>(530)</u>
Balance on December 31, 2021	<u>\$ 15,693</u>	<u>\$ 65</u>	<u>\$ 15,758</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	December 31, 2022	December 31, 2021
Government bonds	\$ 931,736	\$ 4,694,198
Commercial paper	<u>215,075</u>	<u>1,194,780</u>
	1,146,811	5,888,978
Less: Allowance for loss	<u>36</u>	<u>383</u>
	<u>\$ 1,146,775</u>	<u>\$ 5,888,595</u>
Resale price	<u>\$ 1,148,310</u>	<u>\$ 5,890,209</u>
Resale date	2023.01.05- 2023.02.13	2022.01.03- 2022.01.25

The total carrying amounts shown above have been included as cash and cash equivalents in statements of cash flows.

13. RECEIVABLES, NET

	December 31, 2022	December 31, 2021
Credit card	\$ 12,853,159	\$ 12,899,257
Factoring	1,959,157	6,451,669
Interest	1,349,619	859,666
Spot exchange transactions	469,945	402,381
Acceptances	207,327	419,489
Forfeiting	102,824	568,844
Proceeds from disposal of securities	11,737	549,300
Others	<u>292,997</u>	<u>494,320</u>
	17,246,765	22,644,926
Less: Allowance for possible losses	<u>460,737</u>	<u>518,120</u>
	<u>\$ 16,786,028</u>	<u>\$ 22,126,806</u>

The changes in the total carrying amount of receivables and other financial assets categorized by credit evaluation stage were as follows:

For the year ended December 31, 2022

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Balance on January 1, 2022	\$ 19,591,585	\$ 67,547	\$ 1,072,594	\$ 20,731,726
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(46,634)	50,493	(63)	3,796
Transfer to Stage 3	(86,702)	(22,594)	118,343	9,047
Transfer to Stage 1	8,760	(11,521)	(795)	(3,556)
Financial assets derecognized in the current period	(10,325,390)	(7,877)	(211,446)	(10,544,713)
Purchased or originated financial assets	5,694,046	8,638	40,462	5,743,146
Write-offs	(49,131)	(19,486)	(41,887)	(110,504)
Exchange rate and other changes	<u>67,532</u>	<u>(1,420)</u>	<u>42,801</u>	<u>108,913</u>
Balance on December 31, 2022	<u>\$ 14,854,066</u>	<u>\$ 63,780</u>	<u>\$ 1,020,009</u>	<u>\$ 15,937,855</u>

For the year ended December 31, 2021

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Balance on January 1, 2021	\$ 17,389,630	\$ 61,434	\$ 1,174,131	\$ 18,625,195
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(53,265)	57,180	(64)	3,851
Transfer to Stage 3	(99,664)	(20,258)	127,166	7,244
Transfer to Stage 1	6,695	(8,208)	(386)	(1,899)
Financial assets derecognized in the current period	(6,928,284)	(10,489)	(222,758)	(7,161,531)
Purchased or originated financial assets	9,333,542	9,184	40,691	9,383,417
Write-offs	(52,053)	(19,093)	(41,633)	(112,779)
Exchange rate and other changes	<u>(5,016)</u>	<u>(2,203)</u>	<u>(4,553)</u>	<u>(11,772)</u>
Balance on December 31, 2021	<u>\$ 19,591,585</u>	<u>\$ 67,547</u>	<u>\$ 1,072,594</u>	<u>\$ 20,731,726</u>

Note 1: 12-month ECLs (evaluate the receivables and other financial assets whose credit risk has not increased significantly since initial recognition).

Note 2: Lifetime ECLs (evaluate the receivables and other financial assets whose credit risk has increased significantly since initial recognition).

Note 3: Lifetime ECLs (evaluate impaired financial assets).

The changes in the allowance for possible loss of receivables and other financial assets categorized by credit evaluation stage were as follows:

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulations	Total Allowance for Possible Losses
Balance on January 1, 2022	\$ 30,083	\$ 8,064	\$ 358,896	\$ 397,043	\$ 121,256	\$ 518,299
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(22)	4,897	-	4,875	-	4,875
Transfer to Stage 3	(40)	(2,327)	35,639	33,272	-	33,272
Transfer to Stage 1	3	(1,723)	(141)	(1,861)	-	(1,861)
Financial assets derecognized in the current period	(16,958)	(1,152)	(61,798)	(79,908)	-	(79,908)
Purchased or originated financial assets	4,864	1,008	14,098	19,970	-	19,970
The difference of impairment under the Regulations	-	-	-	-	(47,115)	(47,115)
Write-offs	(49,131)	(19,486)	(41,887)	(110,504)	-	(110,504)
Exchange rate and other changes	<u>49,092</u>	<u>17,121</u>	<u>57,671</u>	<u>123,884</u>	<u>-</u>	<u>123,884</u>
Balance on December 31, 2022	<u>\$ 17,891</u>	<u>\$ 6,402</u>	<u>\$ 362,478</u>	<u>\$ 386,771</u>	<u>\$ 74,141</u>	<u>\$ 460,912</u>

For the year ended December 31, 2021

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulations	Total Allowance for Possible Losses
Balance on January 1, 2021	\$ 19,041	\$ 6,387	\$ 371,471	\$ 396,899	\$ 103,403	\$ 500,302
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(26)	6,617	(7)	6,584	-	6,584
Transfer to Stage 3	(49)	(1,905)	39,463	37,509	-	37,509
Transfer to Stage 1	3	(1,236)	(43)	(1,276)	-	(1,276)
Financial assets derecognized in the current period	(5,916)	(1,127)	(51,332)	(58,375)	-	(58,375)
Purchased or originated financial assets	17,059	1,349	13,309	31,717	-	31,717
The difference of impairment under the Regulations	-	-	-	-	17,853	17,853
Write-offs	(52,053)	(19,093)	(41,633)	(112,779)	-	(112,779)
Exchange rate and other changes	<u>52,024</u>	<u>17,072</u>	<u>27,668</u>	<u>96,764</u>	<u>-</u>	<u>96,764</u>
Balance on December 31, 2021	<u>\$ 30,083</u>	<u>\$ 8,064</u>	<u>\$ 358,896</u>	<u>\$ 397,043</u>	<u>\$ 121,256</u>	<u>\$ 518,299</u>

14. DISCOUNTS AND LOANS, NET

	December 31, 2022	December 31, 2021
Negotiations, discounts and overdraft	\$ 62,683	\$ 221,873
Short-term loans	84,666,192	82,338,850
Medium-term loans	169,842,660	146,666,334
Long-term loans	188,241,006	183,152,384
Overdue receivable	<u>1,269,783</u>	<u>492,259</u>
	444,082,324	412,871,700
Less: Allowance for possible losses	<u>6,185,231</u>	<u>5,429,935</u>
	<u>\$ 437,897,093</u>	<u>\$ 407,441,765</u>

The details of the provision for possible losses were as follows:

	For the Year Ended December 31	
	2022	2021
Provision for possible losses - discounts and loans	\$ 988,086	\$ 1,083,358
Provision for possible losses - receivables and other financial assets	37,695	126,772
Reversal of possible losses - reserve for commitment and guarantee obligations	(106,514)	(28,385)
Amounts recovered - discounts and loans	(233,467)	(230,598)
Amounts recovered - receivables and other financial assets	<u>(152,532)</u>	<u>(155,956)</u>
	<u>\$ 533,268</u>	<u>\$ 795,191</u>

The changes in the total carrying amount of discounts and loan categorized by credit evaluation stage were as follows:

For the year ended December 31, 2022

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2022	\$ 409,668,614	\$ 387,363	\$ 2,815,723	\$ 412,871,700
Changes of financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(311,079)	281,814	(5,423)	(34,688)
Transfer to Stage 3	(849,869)	(54,024)	942,142	38,249
Transfer to Stage 1	82,426	(93,578)	(3,564)	(14,716)
Financial assets derecognized in the current period	(114,760,467)	(96,344)	(761,418)	(115,618,229)
Purchased or originated financial assets	145,531,779	26,027	92,688	145,650,494
Write-offs	(105,793)	(58,492)	(154,209)	(318,494)
Exchange rate and other changes	<u>1,503,033</u>	<u>1,420</u>	<u>3,555</u>	<u>1,508,008</u>
Balance on December 31, 2022	<u>\$ 440,758,644</u>	<u>\$ 394,186</u>	<u>\$ 2,929,494</u>	<u>\$ 444,082,324</u>

For the year ended December 31, 2021

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2021	\$ 383,428,760	\$ 1,054,943	\$ 4,373,009	\$ 388,856,712
Changes of financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(311,962)	281,787	(629)	(30,804)
Transfer to Stage 3	(438,961)	(322,058)	742,976	(18,043)
Transfer to Stage 1	110,187	(117,451)	(60,695)	(67,959)
Financial assets derecognized in the current period	(106,372,257)	(331,080)	(1,667,820)	(108,371,157)
Purchased or originated financial assets	134,076,603	32,207	76,199	134,185,009
Write-offs	(261,430)	(213,273)	(638,354)	(1,113,057)
Exchange rate and other changes	<u>(562,326)</u>	<u>2,288</u>	<u>(8,963)</u>	<u>(569,001)</u>
Balance on December 31, 2021	<u>\$ 409,668,614</u>	<u>\$ 387,363</u>	<u>\$ 2,815,723</u>	<u>\$ 412,871,700</u>

Note 1: 12-month ECLs (evaluate the discounts and loans whose credit risk has not increased significantly since initial recognition).

Note 2: Lifetime ECLs (evaluate the discounts and loans whose credit risk has increased significantly since initial recognition).

Note 3: Lifetime ECLs (evaluate impaired financial assets).

The changes in the allowance of discounts and loan categorized by credit evaluation stage were as follows:

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2022	\$ 553,444	\$ 107,687	\$ 781,459	\$ 1,442,590	\$ 3,987,345	\$ 5,429,935
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(1,407)	82,506	(1,270)	79,829	-	79,829
Transfer to Stage 3	(3,738)	(32,378)	757,897	721,781	-	721,781
Transfer to Stage 1	149	(19,448)	(3,202)	(22,501)	-	(22,501)
Financial assets derecognized in the current period	(195,856)	(13,323)	(147,680)	(356,859)	-	(356,859)
Purchased or originated financial assets	518,198	16,317	16,527	551,042	-	551,042
The difference of impairment under the Regulations	-	-	-	-	(128,037)	(128,037)
Write-offs	(105,793)	(58,492)	(154,209)	(318,494)	-	(318,494)
Exchange rate and other changes	<u>150,287</u>	<u>23,117</u>	<u>55,131</u>	<u>228,535</u>	-	<u>228,535</u>
Balance on December 31, 2022	<u>\$ 915,284</u>	<u>\$ 105,986</u>	<u>\$ 1,304,653</u>	<u>\$ 2,325,923</u>	<u>\$ 3,859,308</u>	<u>\$ 6,185,231</u>

For the year ended December 31, 2021

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2021	\$ 478,683	\$ 132,020	\$ 1,633,428	\$ 2,244,131	\$ 3,419,812	\$ 5,663,943
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(941)	80,200	(572)	78,687	-	78,687
Transfer to Stage 3	(1,776)	(39,931)	323,034	281,327	-	281,327
Transfer to Stage 1	195	(21,447)	(2,118)	(23,370)	-	(23,370)
Financial assets derecognized in the current period	(162,525)	(17,712)	(631,321)	(811,558)	-	(811,558)
Purchased or original financial assets	243,296	20,402	28,448	292,146	-	292,146
The difference of impairment under the Regulations	-	-	-	-	567,533	567,533
Write-offs	(261,430)	(213,273)	(638,354)	(1,113,057)	-	(1,113,057)
Exchange rate and other changes	<u>257,942</u>	<u>167,428</u>	<u>68,914</u>	<u>494,284</u>	-	<u>494,284</u>
Balance on December 31, 2021	<u>\$ 553,444</u>	<u>\$ 107,687</u>	<u>\$ 781,459</u>	<u>\$ 1,442,590</u>	<u>\$ 3,987,345</u>	<u>\$ 5,429,935</u>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2022	December 31, 2021
Investment in subsidiaries	\$ 2,128,489	\$ 2,235,863
Investments in associates	<u>1,886,047</u>	<u>1,970,175</u>
	<u>\$ 4,014,536</u>	<u>\$ 4,206,038</u>

a. Investment in subsidiaries

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Amount</u>	<u>% of Ownership</u>	<u>Amount</u>	<u>% of Ownership</u>
Far Eastern Asset Management Co., Ltd. ("FEAMC")	\$ 1,710,535	100.00	\$ 1,701,292	100.00
Far Eastern International Securities Co., Ltd. ("FEIS")	<u>417,954</u>	100.00	<u>534,571</u>	100.00
	<u>\$ 2,128,489</u>		<u>\$ 2,235,863</u>	

The above associates included Dah Chung Bills Finance Corp (Dah Chung). The Bank invested 22.06% of the shares and is the single largest shareholder. The Bank does not have absolute difference in shareholding ratio compared with other shareholders, does not control more than half of the seats in the board of directors, does not have the control power to dominate the related activities, and only has significant influence over the invested company. Therefore, Dah Chung is reported as an associate in the financial statements.

The shares of the Bank in these associates' financial performance was summarized as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net income from continuing operation	\$ 112,357	\$ 144,746
Other comprehensive income	<u>(92,768)</u>	<u>(36,796)</u>
Total comprehensive income	<u>\$ 19,589</u>	<u>\$ 107,950</u>

16. OTHER FINANCIAL ASSETS, NET

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Nonaccrual loans other than discounts and loans	\$ 349	\$ 384
Less: Allowance for possible losses (Note 13)	<u>175</u>	<u>179</u>
	<u>174</u>	<u>205</u>
Refundable deposits	2,495,268	2,936,659
Less: Allowance for loss	<u>259</u>	<u>673</u>
	<u>2,495,009</u>	<u>2,935,986</u>
Restricted time deposits (Note 39)	<u>2,204,700</u>	<u>869,200</u>
	<u>\$ 4,699,883</u>	<u>\$ 3,805,391</u>

17. PROPERTY AND EQUIPMENT, NET

For the year ended December 31, 2022

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Properties and Equipment, Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,149,596	\$ 2,395,907	\$ 1,184	\$ 1,495,352	\$ 98,344	\$ 6,587,816
Additions	-	916	148,872	62	67,437	1,854,296	2,071,583
Disposals	-	(5,076)	(131,532)	(112)	(130,369)	-	(267,089)
Others	<u>1,277,055</u>	<u>-</u>	<u>143,673</u>	<u>-</u>	<u>53,432</u>	<u>(1,469,891)</u>	<u>4,269</u>
Ending balance	<u>2,724,488</u>	<u>1,145,436</u>	<u>2,556,920</u>	<u>1,134</u>	<u>1,485,852</u>	<u>482,749</u>	<u>8,396,579</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	629,172	1,649,785	1,174	1,349,804	-	3,629,935
Depreciation	-	25,902	214,620	16	43,358	-	283,896
Disposals	-	(5,048)	(131,528)	(112)	(128,137)	-	(264,825)
Others	<u>-</u>	<u>-</u>	<u>6,450</u>	<u>-</u>	<u>1,270</u>	<u>-</u>	<u>7,720</u>
Ending balance	<u>-</u>	<u>650,026</u>	<u>1,739,327</u>	<u>1,078</u>	<u>1,266,295</u>	<u>-</u>	<u>3,656,726</u>
Net ending balance	<u>\$ 2,724,488</u>	<u>\$ 495,410</u>	<u>\$ 817,593</u>	<u>\$ 56</u>	<u>\$ 219,557</u>	<u>\$ 482,749</u>	<u>\$ 4,739,853</u>

For the year ended December 31, 2021

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Properties and Equipment, Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,148,967	\$ 2,296,186	\$ 1,281	\$ 1,491,279	\$ 24,296	\$ 6,409,442
Additions	-	629	131,076	-	19,196	124,597	275,498
Disposals	-	-	(74,342)	(97)	(14,922)	-	(89,361)
Others	<u>-</u>	<u>-</u>	<u>42,987</u>	<u>-</u>	<u>(201)</u>	<u>(50,549)</u>	<u>(7,763)</u>
Ending balance	<u>1,447,433</u>	<u>1,149,596</u>	<u>2,395,907</u>	<u>1,184</u>	<u>1,495,352</u>	<u>98,344</u>	<u>6,587,816</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	603,003	1,520,111	1,247	1,318,401	-	3,442,762
Depreciation	-	26,166	205,933	24	46,706	-	278,829
Disposals	-	-	(74,342)	(97)	(14,922)	-	(89,361)
Others	<u>-</u>	<u>3</u>	<u>(1,917)</u>	<u>-</u>	<u>(381)</u>	<u>-</u>	<u>(2,295)</u>
Ending balance	<u>-</u>	<u>629,172</u>	<u>1,649,785</u>	<u>1,174</u>	<u>1,349,804</u>	<u>-</u>	<u>3,629,935</u>
Net ending balance	<u>\$ 1,447,433</u>	<u>\$ 520,424</u>	<u>\$ 746,122</u>	<u>\$ 10</u>	<u>\$ 145,548</u>	<u>\$ 98,344</u>	<u>\$ 2,957,881</u>

The above items of property and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	5 to 55 years
Computer equipment	3 to 7 years
Transportation equipment	3 to 7 years
Miscellaneous equipment	3 to 20 years

At the Board of Directors' meeting held in November 2020, the Bank resolved to acquisition of a parcel of land in Xinyi District, Taipei City, and participated in the planning of joint construction on the land to build the Bank's headquarters office. The upper limit of the land transaction amount was \$2,011,780 thousand. The negotiated total price for the land, for which contracts were signed with the landlords, was \$2,011,507 thousand, and payments for the land had been made since October 2022. As of December 31, 2022, the Bank has paid \$1,643,907 thousand (\$1,276,307 thousand accounted for as land and \$367,600 thousand accounted for as properties prepayment). The Bank has paid off the remaining transaction amount and completed the legal procedures for the land transfer in January 2023.

18. LEASE ARRANGEMENTS

The Bank leases property mainly for the use of the Bank's branches and offices within 2 to 20 years. Right-of-use assets, lease liabilities and recognition of depreciation expense and interest expense are as follows:

	December 31, 2022	December 31, 2021
Net carrying amount of right-of-use assets	<u>\$ 853,723</u>	<u>\$ 1,005,202</u>
Carrying amount of lease liabilities	<u>\$ 866,417</u>	<u>\$ 1,014,799</u>
The range of discount rate	0.83%	0.83%
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 234,856</u>	<u>\$ 591,025</u>
Cash outflow for leases	<u>\$ 397,424</u>	<u>\$ 396,166</u>
Depreciation expense of right-of-use assets	<u>\$ 388,473</u>	<u>\$ 377,493</u>
Interest expense of lease liabilities	<u>\$ 8,371</u>	<u>\$ 8,987</u>
Other lease information		
Short-term lease expenses	<u>\$ 4,023</u>	<u>\$ 4,146</u>

19. INTANGIBLE ASSETS, NET

	December 31, 2022	December 31, 2021
Operation rights	\$ 1,538,210	\$ 1,538,210
Fair value of core deposits	428,887	428,887
Less: Accumulated amortization	<u>369,427</u>	<u>343,944</u>
	<u>59,460</u>	<u>84,943</u>
	<u>\$ 1,597,670</u>	<u>\$ 1,623,153</u>

In April 2010, the Bank acquired the assets and liabilities of Chinfon Bank's domestic branch Package B through a bidding process. The acquired operation rights of Chinfon Bank's branches have indefinite useful life, while the fair value of core deposits is amortized over 4 to 15 years.

After assessed the operation rights of branches is a franchise business right without definite useful life, and the operation rights are expected to generate net cash flows continuously; therefore, the operation rights are not amortized annually.

The Bank assessed the recoverable amount of the cash generating unit of the operation rights for impairment in 2022 and 2021. To reflect risks specific to the operation right, the net fair value of the recoverable amount was calculated using the discounted cash flows based on the Bank's financial forecast, and no impairment was assessed.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31, 2022	December 31, 2021
Call loans to banks	\$ 1,402,035	\$ 1,757,547
Due to banks	70,349	14,583
Bank overdrafts	<u>3,064</u>	<u>19,690</u>
	<u>\$ 1,475,448</u>	<u>\$ 1,791,820</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31, 2022	December 31, 2021
Government bonds (Notes 9 and 10)	\$ 3,501,590	\$ -
Bank debentures (Note 9)	<u>1,097,159</u>	<u>4,959</u>
	<u>\$ 4,598,749</u>	<u>\$ 4,959</u>
Repurchase price	<u>\$ 4,617,001</u>	<u>\$ 4,960</u>
Repurchase date	2023.01.09- 2023.01.13	2022.01.27

22. PAYABLES

	December 31, 2022	December 31, 2021
Expenses	\$ 1,454,940	\$ 1,431,651
Interest	993,639	526,962
Notes and checks for clearing	930,022	640,766
Accounts payable factoring	485,671	868,908
Credit card	209,229	189,019
Acceptances	207,327	419,489
Securities settlement	169,159	379,701
Litigation settlement	-	317,222
Others	<u>842,323</u>	<u>696,891</u>
	<u>\$ 5,292,310</u>	<u>\$ 5,470,609</u>

In September 2015, 18 creditor banks of Zhanmao Optoelectronics Co., Ltd. (“Zhanmao”), a debtor with restructured overdue loan from the Bank, filed a lawsuit against the Bank demanding that the Bank abides by the restructuring procedures, recovers the claims against Zhanmao and compensates the creditor banks for losses caused by overpayments in the restructuring procedures. The Supreme Court ruled in December 2021 that the Bank was liable for damages of \$317,222 thousand. The relevant liabilities had been accrued in the 2021 annual financial statements and were paid in January 2022.

23. DEPOSITS AND REMITTANCES

	December 31, 2022	December 31, 2021
Checking deposits	\$ 3,863,727	\$ 3,156,272
Demand deposits	102,355,767	129,644,379
Demand savings	94,983,370	93,795,634
Time savings	95,879,926	80,740,147
Negotiable certificates of deposit	18,445,500	6,714,500
Time deposits	292,128,528	298,188,762
Remittances	<u>77,932</u>	<u>316,564</u>
	<u>\$ 607,734,750</u>	<u>\$ 612,556,258</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	December 31, 2022	December 31, 2021
Subordinated bank debentures - seven-year maturity; first issue in 2015	2015.09.30- 2022.09.30	Interest payable on September 30 each year fixed interest rate at 1.95%	\$ -	\$ 3,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2016	2016.09.27- 2023.09.27	Interest payable on September 27 each year fixed interest rate at 1.55%	4,000,000	4,000,000
Subordinated bank debentures - perpetual; first issue in 2018	2018.09.18-	Interest payable on September 18 each year fixed interest rate at 3.20%	2,900,000	2,900,000
General bank debentures - five-year maturity; first issue in 2019	2019.02.21- 2024.02.21	Interest payable on February 21 each year fixed interest rate at 0.95%	2,500,000	2,500,000
Subordinated bank debentures - seven-year maturity; second issue in 2019	2019.07.30- 2026.07.30	Interest payable on July 30 each year fixed interest rate at 1.15%	2,000,000	2,000,000
Subordinated bank debentures - ten-year maturity; second issue in 2019	2019.07.30- 2029.07.30	Interest payable on July 30 each year fixed interest rate at 1.25%	2,000,000	2,000,000
General bank debentures - five-year maturity; third issue in 2019	2019.09.26- 2024.09.26	Interest payable on September 26 each year fixed interest rate at 0.75%	3,500,000	3,500,000
Subordinated bank debentures - seven-year maturity; first issue in 2020	2020.11.26- 2027.11.26	Interest payable on November 26 each year fixed interest rate at 0.75%	1,600,000	1,600,000
Subordinated bank debentures - seven-year maturity; first issue in 2021	2021.04.27- 2028.04.27	Interest payable on April 27 each year fixed interest rate at 0.83%	2,400,000	2,400,000
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2005; acquired from Chinfon Bank	Matured on 2012.06.28	-	1,660	1,660
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	240	240
Total bank debentures			<u>\$ 20,901,900</u>	<u>\$ 23,901,900</u>

The Bank issued the first issuance of perpetual non-cumulative subordinated bank debentures in 2018 in the amount of \$2,900,000 thousand on September 18, 2018 with an interest rate of 3.20% and the interest is paid once a year if the interest payment condition is met. After five years of issuance, the Bank has the right to redeem in advance under the regulation of issuance and the permission by authorities.

25. PROVISIONS

	December 31, 2022	December 31, 2021
Reserve for employee benefits liability - defined benefit plans (Note 26)	\$ 531,867	\$ 723,561
Reserve for obligations guarantee (Note 43)	174,194	279,683
Reserve for financing commitment (Note 43)	<u>54,331</u>	<u>53,238</u>
	<u>\$ 760,392</u>	<u>\$ 1,056,482</u>

The changes in provision for losses on financing commitments and obligations guarantees categorized by credit evaluation stage are as follows:

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime ECLs (Stage 2)	Lifetime ECLs (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Balance on January 1, 2022	\$ 84,892	\$ 13,201	\$ 20,950	\$ 119,043	\$ 213,878	\$ 332,921
Changes at the beginning of the year:						
Transfer to Stage 2	(8)	6,666	-	6,658	-	6,658
Transfer to Stage 3	-	(76)	387	311	-	311
Transfer to Stage 1	6	(8,469)	(80)	(8,543)	-	(8,543)
Financial assets derecognized in the current period	(29,810)	(1,369)	(203)	(31,382)	-	(31,382)
Purchased or originated	33,253	1,747	31	35,031	-	35,031
The difference of impairment under the Regulations	-	-	-	-	(100,622)	(100,622)
Exchange rate and other changes	<u>(2,791)</u>	<u>(3,052)</u>	<u>(6)</u>	<u>(5,849)</u>	<u>-</u>	<u>(5,849)</u>
Balance on December 31, 2022	<u>\$ 85,542</u>	<u>\$ 8,648</u>	<u>\$ 21,079</u>	<u>\$ 115,269</u>	<u>\$ 113,256</u>	<u>\$ 228,525</u>

For the year ended December 31, 2021

	12-Month Expected Credit Loss (Stage 1)	Lifetime ECLs (Stage 2)	Lifetime ECLs (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Balance on January 1, 2021	\$ 83,913	\$ 12,417	\$ 21,140	\$ 117,470	\$ 244,644	\$ 362,114
Changes at the beginning of the year:						
Transfer to Stage 2	(9)	7,591	-	7,582	-	7,582
Transfer to Stage 3	-	(34)	256	222	-	222
Transfer to Stage 1	6	(7,190)	(129)	(7,313)	-	(7,313)
Financial assets derecognized in the current period	(23,630)	(1,319)	(294)	(25,243)	-	(25,243)
Purchased or originated	23,196	2,300	33	25,529	-	25,529
The difference of impairment under the Regulations	-	-	-	-	(30,766)	(30,766)
Exchange rate and other changes	<u>1,416</u>	<u>(564)</u>	<u>(56)</u>	<u>796</u>	<u>-</u>	<u>796</u>
Balance on December 31, 2021	<u>\$ 84,892</u>	<u>\$ 13,201</u>	<u>\$ 20,950</u>	<u>\$ 119,043</u>	<u>\$ 213,878</u>	<u>\$ 332,921</u>

26. RETIREMENT BENEFIT PLANS

Defined contribution plans

The pension plan under the Labor Pension Act (the Act) is a defined contribution plan. Based on the Act, the Bank make monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance at 6% of monthly salaries and wages, related pension expense of \$131,939 thousand and \$128,369 thousand for the year ended December 31, 2022 and 2021, respectively.

Defined benefit plans

Applicable the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered, which are deposited in the Bank of Taiwan by the pension fund monitoring committee's name. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under the Ministry of Labor; the Bank has no right to influence the investment policy and strategy. According to Labor Standards Act, before the end of each year, the Bank assesses the pension fund balance. If the balance 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 before the end of March of the next year.

The amounts of employee benefits included in the balance sheets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	\$ 1,039,710	\$ 1,142,294
Fair value of plan assets	<u>(507,843)</u>	<u>(418,733)</u>
Reserve for employee benefits liability	<u>\$ 531,867</u>	<u>\$ 723,561</u>

Movements in defined benefit plan were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Balance at January 1, 2022	<u>\$ 1,142,294</u>	<u>\$ (418,733)</u>	<u>\$ 723,561</u>
Service cost			
Current service cost	5,698	-	5,698
Net interest expense (revenue)	<u>6,636</u>	<u>(2,561)</u>	<u>4,075</u>
Recognized in profit or loss	<u>12,334</u>	<u>(2,561)</u>	<u>9,773</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(32,529)	(32,529)
Actuarial loss - experience adjustments	29,775	-	29,775
Actuarial loss - changes in financial assumptions	<u>(105,757)</u>	<u>-</u>	<u>(105,757)</u>
Recognized in other comprehensive income	<u>(75,982)</u>	<u>(32,529)</u>	<u>(108,511)</u>
Contributions from the employer	-	(58,490)	(58,490)
Contributions from plan assets	(4,470)	4,470	-
Contributions from provisions	<u>(34,466)</u>	<u>-</u>	<u>(34,466)</u>
Balance at December 31, 2022	<u>\$ 1,039,710</u>	<u>\$ (507,843)</u>	<u>\$ 531,867</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Balance at January 1, 2021	<u>\$ 1,099,728</u>	<u>\$ (398,751)</u>	<u>\$ 700,977</u>
Service cost			
Current service cost	7,100	-	7,100
Net interest expense (revenue)	<u>7,495</u>	<u>(2,843)</u>	<u>4,652</u>
Recognized in profit or loss	<u>14,595</u>	<u>(2,843)</u>	<u>11,752</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,212)	(4,212)
Actuarial loss - experience adjustments	36,448	-	36,448
Actuarial loss - changes in demographic assumptions	19,512	-	19,512
Actuarial loss - changes in financial assumptions	<u>9,996</u>	<u>-</u>	<u>9,996</u>
Recognized in other comprehensive income	<u>65,956</u>	<u>(4,212)</u>	<u>61,744</u>
Contributions from the employer	-	(17,939)	(17,939)
Contributions from plan assets	(5,012)	5,012	-
Contributions from provisions	<u>(32,973)</u>	<u>-</u>	<u>(32,973)</u>
Balance at December 31, 2021	<u>\$ 1,142,294</u>	<u>\$ (418,733)</u>	<u>\$ 723,561</u> (Concluded)

The calculation of the present value of the defined benefit obligation was carried out by qualified actuaries. The principal assumptions used in the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rates	1.80%	0.60%
Expected rates of salary increase	3.00%	3.00%

As concluded by the actuaries, the expected contribution to the plan for the next year is \$50,998 thousand, and the average duration of the defined benefit obligation is 8 years.

Had there been a possible change in each of the significant actuarial assumptions and all other assumptions remained constant, the present value of the defined benefit obligation would have increased (decreased) as follows:

	December 31, 2022	December 31, 2021
Discount rates		
0.50% increase	<u>\$ (39,673)</u>	<u>\$ (48,695)</u>
0.50% decrease	<u>\$ 42,163</u>	<u>\$ 52,016</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 41,488</u>	<u>\$ 50,552</u>
0.50% decrease	<u>\$ (39,443)</u>	<u>\$ (47,856)</u>

The sensitivity analysis presented above might not have been representative of the actual change in the present value of the defined benefit obligation because it was unlikely that the change in assumptions occurred in isolation of one another, i.e., some of the assumptions might have been correlated.

The Bank is exposed to the following risks on its defined benefit plans managed by the Bureau:

- a) Risk on investment: The investment income of benefit plan assets affects the plan fair value and contribution status. That is, a higher investment income increases the fair value of plan assets and decreases net defined benefits liabilities (or increases net assets) and thus improves contribution status. In contrast, a lower investment income or investment loss is unfavorable to the contribution status of benefit the plan.
- b) Risk on interest fluctuations: The discount rate used in calculating the present value of defined benefit obligations mainly pertains to the yields of the corporate bonds with the credit ratings of twAAA assigned by Taiwan Ratings. A decrease in discount rate will increase the present value of defined benefit obligations.
- c) Risk on salary fluctuations: As the defined benefit obligation was determined by the salaries of plan members before their retirement, the expected increase in salary should then be considered in the calculation. Thus, an increase in the expected rate for salary increase will result in a rise in the present values of defined benefit obligations.

27. EQUITY

a. Share capital

Ordinary shares

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	<u>5,500,000</u>	<u>5,500,000</u>
Authorized capital	<u>\$ 55,000,000</u>	<u>\$ 55,000,000</u>
Issued and paid shares (in thousands)	<u>4,069,484</u>	<u>3,513,963</u>
Issued capital	<u>\$ 40,694,838</u>	<u>\$ 35,139,632</u>

Issued ordinary shares with par value of \$10 are entitled to the right to vote and to receive dividends.

At the shareholders' meeting held on July 20, 2021, the Bank resolved to increase its capital by using its undistributed earnings of \$658,588 thousand. As a result, the Bank issued 65,859 thousand ordinary shares at a par value of NT\$10 and the record date for stock dividends was September 27, 2021.

At the shareholders' meeting held on June 21, 2022, the Bank resolved to increase its capital by using its undistributed earnings of \$555,206 thousand. As a result, the Bank issued 55,521 thousand ordinary shares at a par value of NT\$10 and the record date for stock dividends was September 12, 2022.

At the Board of Directors' meeting held on May 5, 2022, the Bank resolved to increase its capital by issuing 500,000 thousand ordinary shares. The issuance was approved by the Securities and Futures Bureau, FSC in July 2022 and the issuance price was NT\$9.62 per share. The record date for the capital increase by cash was October 5, 2022, and the Bank completed the registration of capital change on October 31, 2022. After the capital increase by cash, the total capital amounted to \$40,694,838 thousand. In the above-mentioned increasing of capital by cash, some of the original shareholders subscribed different from its existing ownership percentage and some employees gave up their subscription, and related parties subscribed for 50,936 thousand shares as specific persons.

Global depository receipts

As of December 31, 2022, the outstanding GDRs were 221 thousand units, equivalent to 4,421 thousand ordinary shares.

b. Capital surplus

	December 31, 2022	December 31, 2021
Issuance of ordinary shares premium	<u>\$ 302,926</u>	<u>\$ 456,426</u>

According to the Company Law, the capital surplus arising from shares issued in excess of par may be used to offset a deficit, or, if the Bank has no deficit, distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year).

c. Retained earnings and dividend policy

The shareholders of the Bank held their regular meeting on July 20, 2021 and in that meeting, resolved the amendments to the Bank's Articles of Incorporation (the "Articles"). In case of surplus earnings after settlement of accounts for each fiscal year, the Bank shall recover all the losses incurred in the previous years, if any, before setting aside a legal reserve of thirty percent (30%) of the net profit and appropriating, according to law and regulations, a special reserve shall be retained, and shall first be distributed to the dividends of Preferred Stock. The remaining amount together with the accumulated retained profits of the last year and the reversals of special reserves are available for distribution as dividends for Common Stock. The dividends for Common Stock shall be distributed at least thirty percent (30%) of the remaining amount. The Board of Directors shall prepare the earnings distribution in accordance with the existing circumstances at the time, taking into account the future development plan of the Bank. Any allocation of cash dividend shall, in principle, be no less than 10% of the total dividends to be distributed that year.

The Banking Law provides that, unless legal reserve reached the Bank's paid-in capital, cash dividends are limited to 15% of paid-in capital.

Under the Company Law, legal reserve should be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. According to an amendment to the Company Law, when the Bank has no deficit and its legal reserve has exceeded 25% of its paid-in capital, the excess may be distributed in the form of stocks or cash.

The appropriations of earnings for the 2021 and 2020, which were approved in the shareholders' meetings on June 21, 2022 and July 20, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2021	2020	2021	2020
Cash dividends	\$ 1,511,004	\$ 1,124,082	\$0.430	\$0.326
Stock dividends	555,206	658,588	0.158	0.191

The appropriations of earnings for 2022 had been proposed by the Bank's Board of Directors on March 2, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 1,664,012	\$0.4089

The appropriations of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held on June 16, 2023.

d. Other equity items

Change in unrealized gain or loss on financial assets measured at FVTOCI:

	For the Year Ended December 31	
	2022	2021
Balance, beginning of year	\$ 259,486	\$ 1,172,225
Recognized for the year		
Unrealized gain or loss		
Debt instruments	(1,478,325)	(799,535)
Equity instruments	(374,443)	43,728
Share of other comprehensive loss of associates for using the equity method	(95,381)	(36,297)
Investment in debt instruments transferred to current loss due to disposal	<u>22,382</u>	<u>29,377</u>
Other comprehensive income recognized for the year	<u>(1,925,767)</u>	<u>(762,727)</u>
Loss (gain) on equity instruments transferred to retained earnings due to disposal	<u>107,324</u>	<u>(150,012)</u>
Balance, ending of year	<u>\$ (1,558,957)</u>	<u>\$ 259,486</u>

28. NET INTERESTS

	For the Year Ended December 31	
	2022	2021
Interest revenues		
Discounts and loans	\$ 9,572,878	\$ 7,454,724
Securities	1,434,771	952,703
Credit cards	693,749	716,926
Others	<u>540,808</u>	<u>205,873</u>
	<u>12,242,206</u>	<u>9,330,226</u>
Interest expenses		
Deposits and remittances	4,522,197	2,405,985
Bank debentures	328,315	358,818
Structured products	288,643	133,776
Others	<u>114,868</u>	<u>48,091</u>
	<u>5,254,023</u>	<u>2,946,670</u>
	<u>\$ 6,988,183</u>	<u>\$ 6,383,556</u>

29. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2022	2021
Service fee income		
Fees from credit card	\$ 1,112,455	\$ 1,008,038
Fees from loan	697,301	654,377
Fees from trustee business	686,542	902,868
Fees from insurance commission	424,179	572,461
Others	<u>295,412</u>	<u>353,548</u>
	<u>3,215,889</u>	<u>3,491,292</u>
Service fee expense		
Refund from credit card fee	223,814	207,079
Visa and Master fee	177,308	162,070
National credit card center fee	157,578	149,938
Agency service fee	76,083	75,166
Interbank service fee	56,686	49,621
Credit investigation fee	29,129	34,424
Others	<u>98,066</u>	<u>115,651</u>
	<u>818,664</u>	<u>793,949</u>
	<u>\$ 2,397,225</u>	<u>\$ 2,697,343</u>

30. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2022	2021
Gain on disposal	\$ 1,210,235	\$ 773,393
Gain (loss) on valuation	(225,705)	17,713
Net interests	218,645	162,635
Dividends	<u>41,005</u>	<u>27,563</u>
	<u>\$ 1,244,180</u>	<u>\$ 981,304</u>

31. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2022	2021
Salaries (Notes 32 and 37)	\$ 3,346,350	\$ 3,119,865
Labor and health insurance	244,308	236,796
Post-employment benefits (Note 26)	141,712	140,121
Others (Note 32)	<u>364,626</u>	<u>302,336</u>
	<u>\$ 4,096,996</u>	<u>\$ 3,799,118</u>

32. EMPLOYEES' COMPENSATION AND REMUNERATION OF DIRECTORS

According to the Bank's Articles, from the Bank's income before income tax, remuneration of directors and employees' compensation, the Bank should retain 3.5%-4.5% for employees' compensation and no greater than 1.5% for remuneration of directors. On March 2, 2023, the Bank's Board of Directors resolved to pay employees' compensation of \$153,113 thousand and remuneration of directors of \$41,784 thousand for the year ended December 31, 2022, both in cash. If there is a change in the amounts after the financial statements for the year ended December 31, 2022 were authorized for issue, the differences will be recorded as a change in the accounting estimate and adjusted in the next year.

On March 3, 2022 the Bank's Board of Directors resolved to pay employees' compensation of \$127,261 thousand and remuneration of directors of \$42,420 thousand for the year ended December 31, 2021, both in cash. There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2021.

Information on the employees' compensation and remuneration of directors resolved by the Bank's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

33. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2022	2021
Depreciation		
Property and equipment (Note 17)	\$ 283,896	\$ 278,829
Leased right-of-use assets (Note 18)	<u>388,473</u>	<u>377,493</u>
	<u>\$ 672,369</u>	<u>\$ 656,322</u>
Amortization - intangible assets (Note 19)	<u>\$ 25,483</u>	<u>\$ 25,483</u>

34. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2022	2021
Tax and government fees	\$ 598,988	\$ 541,698
Software	260,070	219,431
Marketing and advertising	219,559	258,525
Telecommunications	168,525	157,782
Others	<u>740,566</u>	<u>661,558</u>
	<u>\$ 1,987,708</u>	<u>\$ 1,838,994</u>

35. INCOME TAX EXPENSE

a. Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax expense		
Current period	\$ 485,384	\$ 286,757
Prior years	<u>(2,909)</u>	<u>3,755</u>
	<u>482,475</u>	<u>290,512</u>
Deferred tax expense		
Current period	12,501	51,621
Prior years	<u>7,274</u>	<u>(29,940)</u>
Deferred tax expense	<u>19,775</u>	<u>21,681</u>
Income tax expense recognized in profit or loss	<u>\$ 502,250</u>	<u>\$ 312,193</u>

A reconciliation of accounting income and income tax expense recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax	<u>\$ 4,179,752</u>	<u>\$ 3,251,315</u>
Income tax expense calculated at the statutory rate	\$ 835,950	\$ 650,263
Income from offshore banking unit (OBU)	(381,038)	(294,889)
Tax-exempted investment income	(5,337)	(69,911)
Tax-exempted other items	(15,763)	5,605
Unrecognized deductible temporary differences	7,059	(55,697)
Additional income tax under the Alternative Minimum Tax Act	57,214	103,373
Adjustments for prior years' tax	4,365	(26,185)
Others	<u>(200)</u>	<u>(366)</u>
Income tax expense recognized in profit or loss	<u>\$ 502,250</u>	<u>\$ 312,193</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Income tax expense (benefit) of remeasurement of defined benefit plans	<u>\$ 21,702</u>	<u>\$ (12,349)</u>

c. The movements of deferred tax assets were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	\$ 76,254	\$ 15,699	\$ -	\$ 91,953
Defined benefit plans in excess of the limit	144,712	(16,637)	(21,702)	106,373
Unrealized gain or loss on financial instruments	(77,862)	(19,960)	-	(97,822)
Others	<u>42,136</u>	<u>1,123</u>	<u>-</u>	<u>43,259</u>
	<u>\$ 185,240</u>	<u>\$ (19,775)</u>	<u>\$ (21,702)</u>	<u>\$ 143,763</u>

For the year ended December 31, 2021

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	\$ 89,019	\$ (12,765)	\$ -	\$ 76,254
Defined benefit plans in excess of the limit	114,254	18,109	12,349	144,712
Unrealized gain or loss on financial instruments	(49,118)	(28,744)	-	(77,862)
Others	<u>40,417</u>	<u>1,719</u>	<u>-</u>	<u>42,136</u>
	<u>\$ 194,572</u>	<u>\$ (21,681)</u>	<u>\$ 12,349</u>	<u>\$ 185,240</u>

d. Unrecognized as deferred tax assets in respect of deductible temporary differences

	December 31, 2022	December 31, 2021
Allowance for possible losses in excess of the limit	<u>\$ 1,180,550</u>	<u>\$ 1,145,259</u>

e. Income tax assessments

The income tax returns of the Bank through 2019 had been assessed by the tax authorities.

36. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic EPS	<u>\$ 1.00</u>	<u>\$ 0.82</u>
Diluted EPS	<u>\$ 0.99</u>	<u>\$ 0.82</u>

The net income and weighted average number of ordinary shares outstanding for EPS calculation were as follows:

	For the Year Ended December 31	
	2022	2021
Net income attributable to owners of the Bank used in the computation of basic and diluted EPS	<u>\$ 3,677,502</u>	<u>\$ 2,939,122</u>
<u>Number of ordinary shares (in thousand shares)</u>		
Weighted average number of ordinary shares in the computation of basic EPS	3,690,032	3,569,484
Effect of dilutive potential ordinary shares		
Employees' compensation	<u>15,818</u>	<u>14,316</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>3,705,850</u>	<u>3,583,800</u>

Employees' compensation for the current year should be considered in calculating the weighted-average number of shares used for calculating diluted EPS. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the board meeting resolves the number of shares to be distributed as employees' compensation at their board meeting in the following year.

The weighted average number of ordinary shares outstanding for 2021 EPS calculation was retroactively adjusted to the issuance of stock dividends. The basic and diluted after-tax EPS were adjusted retrospectively as follows:

	For the Year Ended December 31, 2021	
	Before Adjustment	After Adjustment
Basic EPS	<u>\$ 0.84</u>	<u>\$ 0.82</u>
Diluted EPS	<u>\$ 0.83</u>	<u>\$ 0.82</u>

37. SHARE-BASED PAYMENT ARRANGEMENTS

In August 2022, the Bank resolved to increase its capital by issuing 500,000 thousand ordinary shares. According to the Company Act, the Bank shall allocate 50,000 thousand of shares as provision for subscription by employees. Lock-up period is 2 years. The relevant remuneration costs of \$41,500 thousand was recognized based on fair value on the grant date according to the valuation report issued by the experts. The valuation report applied the Black-Scholes pricing model, and the inputs to the model are as follows:

Grant date	August 30, 2022
Grant date share price (after considering ex-rights and ex-dividends)	\$11.22
Exercise price	\$9.62
Expected volatility	14.65%
Duration	0.079 years
Restricted period	2.118 years
Risk-free interest rate	0.7014%

38. RELATED-PARTY TRANSACTIONS

The Bank had significant business transactions with the following related parties:

Related Party	Relationship with the Bank
Far Eastern Asset Management Co., Ltd.	Subsidiary
Far Eastern International Securities Co., Ltd.	Subsidiary
FEIB Financial Leasing Co., Ltd.	Subsidiary of Far Eastern Asset Management Co., Ltd.
Dah Chung Bills Finance Corp.	Association
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Far Eastern New Century Corp.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd.	Chairman is the vice-chairman of the Bank
Far EasTone Telecommunications Corporation	Chairman is the vice-chairman of the Bank
Bai Ding Investment Corporation	Chairman is the vice-chairman of the Bank
Far Eastern Ai Mai Co., Ltd.	Chairman is the vice-chairman of the Bank
Oriental Union Chemical Corporation	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Far Eastern Electronic Toll Collection Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport (Singapore) Private, Ltd.	Chairman of parent company is the vice-chairman of the Bank
Yuan Long Stainless Steel Co.	Chairman of parent company is the vice-chairman of the Bank
Far Eastern Medical Foundation Far East Memorial Hospital	Chairman of parent company is the vice-chairman of the Bank
Everest Textile Co., Ltd.	Chairman is a second-degree relative of the vice chairman of the Bank
Der Ching Investment Corporation	Chairman is a second-degree relative of the vice chairman of the Bank
Far Eastern International Leasing Corp.	Substantive related party
Pacific SOGO Department Stores Corp.	Substantive related party
Yu Yuan Investment Co., Ltd.	Substantive related party
Yuan Hsin Digital Payment Co., Ltd.	Substantive related party
Oriental Securities Corporation	Substantive related party
Others	The Bank's chairman, vice-chairman, managers, their second-degree relatives and substantive related party

The significant transactions and account balances with the above parties (in addition to those disclosed in other notes) are summarized as follows:

a. Due from other banks

	Highest Balance in Current Year	Ending Balance	Interest Revenues	Interest Rates
<u>Dah Chung Bills Finance Corp.</u>				
<u>For the year ended December 31</u>				
2022	\$ 1,500,000	\$ 400,000	\$ 3,219	0.60%-1.31%
2021	\$ 1,500,000	\$ -	\$ 185	0.20%-0.27%

b. Loans

Category	Number of Accounts and Related Party	Highest Balance in Current Year	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the year ended <u>December 31, 2022</u>							
Consumer loans	Seven individuals	\$ 5,029	\$ 2,845	\$ 2,845	\$ -	Unsecured loan	Note 2
Loans for residential mortgage	Forty individuals	421,705	346,326	346,326	-	Real estate	Note 2
Others	Yuan Long Stainless Steel Co	1,400,000	1,050,000	1,050,000	-	Real estate	Note 2
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Ships and stock listed on TWSE	Note 2
	Far Eastern Department Store Corp.	500,000	500,000	500,000	-	Stock listed on TWSE	Note 2
	Bai Ding Investment Corporation	480,000	480,000	480,000	-	Stock listed on TWSE	Note 2
	Far Eastern Ai Mai Co., Ltd.	400,000	400,000	400,000	-	Real estate	Note 2
Others (Note 1)	1,376,911	<u>327,481</u>	<u>327,481</u>	<u>-</u>	Real estate, certificates of deposits, stock unlisted on TWSE and stock listed on TWSE	Note 2	
			<u>\$ 3,806,652</u>	<u>\$ 3,806,652</u>	<u>\$ -</u>		
For the year ended <u>December 31, 2021</u>							
Consumer loans	Seven individuals	4,750	\$ 4,149	\$ 4,149	\$ -	Unsecured loan	Note 2
Loans for residential mortgage	Thirty five individuals	368,611	300,618	300,618	-	Real estate	Note 2
Others	Yuan Long Stainless Steel Co.	1,300,000	1,300,000	1,300,000	-	Real estate	Note 2
	Everest Textile Co., Ltd.	644,144	535,068	535,068	-	Real estate	Note 2
	Others (Note 1)	592,445	<u>27,545</u>	<u>27,545</u>	<u>-</u>	Real estate, certificates of deposits, stock unlisted on TWSE and stock listed on TWSE	Note 2
				<u>\$ 2,167,380</u>	<u>\$ 2,167,380</u>	<u>\$ -</u>	

Note 1: The individual amount does not exceed 10% of the total disclosure amount.

Note 2: The terms of loans were no superior to those for unrelated parties.

The information related to the above loans is as follows:

	For the Year Ended December 31	
	2022	2021
Interest revenues	<u>\$ 36,103</u>	<u>\$ 17,296</u>
Interest rate	0.62%-5.50%	0.48%-1.87%
Provision for possible losses	<u>\$ 16,621</u>	<u>\$ 7,781</u>

Balances of related allowance for possible losses were \$39,798 thousand and \$23,177 thousand as of December 31, 2022 and 2021, respectively.

c. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
For the year ended December 31, 2022					
Far Eastern International Leasing Corp.	\$ 700,000	\$ 340,000	\$ 3,400	0.30%	Real estate
Others (Note)	1,045,480	<u>65,480</u>	<u>655</u>	0.40%-0.80%	Real estate, stock unlisted on TWSE and stock listed on TWSE
		<u>\$ 405,480</u>	<u>\$ 4,055</u>		
For the year ended December 31, 2021					
Far Eastern International Leasing Corp.	700,000	\$ 571,000	\$ 5,710	0.30%	Real estate
Der Ching Investment Corporation	180,000	180,000	1,800	0.50%-0.55%	Stock listed on TWSE
Yu Yuan Investment Co., Ltd.	130,000	130,000	1,300	0.50%-0.55%	Stock listed on TWSE
Oriental Union Chemical Corporation	130,000	130,000	1,300	0.50%	Stock listed on TWSE
Others (Note)	665,200	<u>75,000</u>	<u>750</u>	0.40%-0.80%	Real estate, stock unlisted on TWSE and stock listed on TWSE
		<u>\$ 1,086,000</u>	<u>\$ 10,860</u>		

Note: The individual amount does not exceed 10% of the total disclosure amount.

d. Letters of credit issued

	December 31, 2022	December 31, 2021
Yuan Long Stainless Steel Co.	<u>\$ -</u>	<u>\$ 14,684</u>

e. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
For the year ended December 31, 2022						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2020.07.17-2028.01.10	\$ 2,316,688	\$ (210,173)	Financial liabilities at FVTPL	\$ 77,841
Far Eastern New Century Corp.	Forward exchange contracts	2022.10.19-2023.03.06	1,031,318	15,776	Financial assets at FVTPL	25,173
Asia Cement Corp.	Cross-currency swap contracts	2022.12.21-2023.12.26	1,381,860	(696)	Financial liabilities at FVTPL Financial liabilities at FVTPL	9,397 696
For the year ended December 31, 2021						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27-2028.01.10	2,576,555	(125,571)	Financial assets at FVTPL	132,904
Far Eastern New Century Corp.	Forward exchange contracts	2021.11.26-2022.04.01	690,687	(1,996)	Financial assets at FVTPL	784
					Financial liabilities at FVTPL	2,780

f. Deposits

	December 31, 2022	December 31, 2021
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 53,537,268</u>	<u>\$ 56,196,535</u>
Interest rate	0%-6.34%	0%-5.84%

	<u>For the Year Ended December 31</u>	
	2022	2021
Interest expenses	\$ 318,019	\$ 185,126
g. Prepayments		
	December 31, 2022	December 31, 2021
New Century InfoComm Tech Co., Ltd.	\$ 21,283	\$ 13,748
h. Acquisition of equipment		
	<u>For the Year Ended December 31</u>	
	2022	2021
New Century InfoComm Tech Co., Ltd.	\$ 28,786	\$ 33,433
i. Lessee agreements		
	<u>For the Year Ended December 31</u>	
	2022	2021
Acquisition of right-of-use assets		
Yuan Ding Co., Ltd.	\$ 5,644	\$ 252,870
	December 31, 2022	December 31, 2021
Lease liabilities		
Yuan Ding Co., Ltd.	\$ 86,084	\$ 155,642
Pacific SOGO Department Stores Corp.	10,499	15,684
Far Eastern Department Store Corp.	<u>8,874</u>	<u>13,080</u>
	<u>\$ 105,457</u>	<u>\$ 184,406</u>
<p>The Bank rented part of its office premises from Yuan Ding Co., Ltd., Pacific SOGO Department Stores Corp. and Far Eastern Department Store Corp. All the rent determinations and payment methods of lease conformed to normal business practice of the Bank.</p>		
j. Advance receipts		
<p>At the Board of Directors' meeting held in March 2022, the Bank resolved to undertake the business of refund of the cards and the stored value in the cards after Yuan Hsin Digital Payment Co., Ltd. terminated its business. Yuan Hsin Digital Payment Co., Ltd. paid the Bank \$16,000 thousand in full for future operating costs on December 30, 2022, which the Bank recognized in advance receipts. The Bank started this business in January 2023.</p>		
k. Service fee income		
	<u>For the Year Ended December 31</u>	
	2022	2021
Far EasTone Telecommunications Co., Ltd.	\$ 29,816	\$ 26,376

l. Service fee expense

	For the Year Ended December 31	
	2022	2021
Ding Ding Integrated Marketing Service Co.	\$ 142,319	\$ 137,006
Far Eastern Department Store Corp.	20,085	18,311
Far Eastern Electronic Toll Collection Co.	<u>10,053</u>	<u>12,317</u>
	<u>\$ 172,457</u>	<u>\$ 167,634</u>

m. Operating expenses

	For the Year Ended December 31	
	2022	2021
Far Eastern Department Store Corp.	\$ 89,737	\$ 82,551
Pacific SOGO Department Stores Corp.	55,450	67,007
New Century InfoComm Tech Co., Ltd	35,304	20,840
Yuan Ding Co., Ltd.	18,337	18,238
Oriental Securities Corporation	11,738	8,282
Far Eastern Medical Foundation Far East Memorial Hospital	<u>10,334</u>	<u>-</u>
	<u>\$ 220,900</u>	<u>\$ 196,918</u>

n. Compensation of key management personnel (Note 31)

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 156,021	\$ 180,021
Post-employment benefits	<u>3,591</u>	<u>4,062</u>
	<u>\$ 159,612</u>	<u>\$ 184,083</u>

39. PLEDGED ASSETS

	December 31, 2022	December 31, 2021
Financial assets at FVTOCI -		
Government bonds	\$ 3,526,769	\$ 3,577,633
Negotiable certificates of deposits	-	3,394,342
Investment in debt instruments at amortized cost -		
Negotiable certificates of deposits	2,200,000	-
Other financial assets - Restricted time deposits	2,204,700	869,200
Due from the Central Bank and other banks -		
New Taiwan dollar reserve deposits - Type B	<u>-</u>	<u>500,000</u>
	<u>\$ 7,931,469</u>	<u>\$ 8,341,175</u>

In addition to those disclosed in other notes, the government bonds had been provided as the reserve for compensation of trust department as well as security deposits for provisional seizures of the debtors' properties. The negotiable certificates of deposits had been pledged as collaterals to back the extension of intraday credit in the Central Bank's real-time gross settlement system. The balance of intraday credit and the amount of collateral may vary at any time. Restricted time deposits had been provided as collaterals for overdraft of domestic CNY settlement. New Taiwan dollar reserve deposits - Type B had been used as collaterals to apply for financing of project loans to small and medium enterprises affected by the COVID-19.

40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 43, the Bank's contingent liabilities and commitments resulting from operating activities as of December 31, 2022 and 2021 are summarized as follows:

- a. Balance sheets and income statements of trust accounts and the trust assets lists were as follows:

Balance Sheets of Trust Accounts

	December 31, 2022	December 31, 2021
<u>Assets</u>		
Deposits in banks	\$ 8,837,267	\$ 9,120,514
Accounts receivable	3,656	1,667
Funds	53,715,259	45,836,658
Equity stocks	4,957,320	4,895,595
Real estate, net		
Land	8,431,449	10,010,826
Building	27,385	66,552
Construction in progress	5,834,805	3,514,020
Intangible assets		
Superficies	13,471	13,471
Marketable securities in custody	8,037,118	15,932,874
Others	<u>2,802,981</u>	<u>2,572,465</u>
	<u>\$ 92,660,711</u>	<u>\$ 91,964,642</u>
<u>Liabilities</u>		
Accounts payable	\$ 2,146	\$ 2,358
Income tax payable	201	81
Marketable securities in custody payable	8,037,118	15,932,874
Trust capital	83,178,357	74,801,134
Reserve and earnings		
Net income or loss for current period	491,723	4,206,176
Accumulated profit or loss	951,133	(2,978,011)
Exchange	<u>33</u>	<u>30</u>
	<u>\$ 92,660,711</u>	<u>\$ 91,964,642</u>

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2022	2021
Trust revenue		
Interest	\$ 39,548	\$ 24,677
Cash dividends	2,232,989	3,499,145
Realized capital gain - Funds	462,742	3,038,167
Realized capital gain - Common stock	6,895	2,183
Unrealized capital gain - Funds	22,201	16,212
Unrealized capital gain - Common stock	<u>75,026</u>	<u>5,139</u>
	<u>2,839,401</u>	<u>6,585,523</u>
Trust expenses		
Management	34,139	71,909
Supervision	442	344
Service charges	311,032	369,558
Taxes	75,762	4,187
Realized capital loss - Funds	1,897,372	1,877,091
Unrealized capital loss - Common stock	5,650	38,446
Unrealized capital loss - Funds	<u>22,693</u>	<u>17,535</u>
	<u>2,347,090</u>	<u>2,379,070</u>
Net income before tax	492,311	4,206,453
Income tax	<u>588</u>	<u>277</u>
Net income	<u>\$ 491,723</u>	<u>\$ 4,206,176</u>

Trust Asset Lists

	December 31, 2022	December 31, 2021
Deposits in banks	\$ 8,837,267	\$ 9,120,514
Funds	53,715,259	45,836,658
Equity stocks	4,957,320	4,895,595
Accounts receivable	3,656	1,667
Real estate, net		
Land	8,431,449	10,010,826
Building	27,385	66,552
Construction in progress	5,834,805	3,514,020
Intangible assets		
Superficies	13,471	13,471
Marketable securities in custody	8,037,118	15,932,874
Others	<u>2,802,981</u>	<u>2,572,465</u>
	<u>\$ 92,660,711</u>	<u>\$ 91,964,642</u>

As of December 31, 2022 and 2021, funds amounting to \$1,395,120 thousand and \$1,143,589 thousand, respectively, had been recognized in the OBU's books as investment in overseas securities through Non-discretionary Pecuniary Trust of the OBU.

41. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2022			December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 3,665,728	30.708	\$ 112,567,170	\$ 3,924,007	27.690	\$ 108,655,744
CNY	2,494,905	4.409	11,001,035	1,494,897	4.346	6,496,822
AUD	331,902	20.832	6,914,277	120,074	20.095	2,412,832
HKD	1,608,935	3.938	6,336,470	2,330,977	3.551	8,276,367
JPY	9,963,939	0.232	2,315,619	6,237,956	0.241	1,500,228
ZAR	977,702	1.813	1,772,182	974,580	1.735	1,691,091
EUR	44,315	32.724	1,450,174	171,240	31.330	5,364,930
CHF	4,944	33.248	164,366	559	30.198	16,881
CAD	5,618	22.671	127,367	5,364	21.627	116,016
NZD	6,545	19.447	127,274	8,178	18.889	154,476
GBP	3,138	37.046	116,252	3,955	37.294	147,485
SGD	2,837	22.863	64,863	18,313	20.460	374,691
<u>Financial liabilities</u>						
Monetary items						
USD	3,578,295	30.708	109,882,292	3,819,926	27.690	105,773,762
CNY	2,471,504	4.409	10,897,852	1,448,499	4.346	6,295,178
AUD	332,744	20.832	6,931,817	120,604	20.095	2,423,486
HKD	1,583,533	3.938	6,236,428	2,364,618	3.551	8,395,813
JPY	9,656,874	0.232	2,244,258	6,482,686	0.241	1,559,086
ZAR	979,937	1.813	1,776,234	979,785	1.735	1,700,123
EUR	43,947	32.724	1,438,136	169,812	31.330	5,320,205
CHF	5,049	33.248	167,854	529	30.198	15,973
GBP	3,538	37.046	131,070	4,397	37.294	163,999
NZD	6,570	19.447	127,771	7,136	18.889	134,785
CAD	4,403	22.671	99,814	5,925	21.627	128,131
SGD	2,898	22.863	66,256	18,287	20.460	374,159

42. FINANCIAL INSTRUMENTS

a. Information of fair value

1) Overview

Fair value is defined as the price the trader collected or paid in an ordinary transaction for disposal or acquisition of assets or transfer of liabilities on the measurement date.

Financial instruments are initially recognized at fair value on transaction date (Normally refer to transaction price). All financial instruments are subsequently measured at fair value on balance sheet date except for financial instruments which are valued at amortized cost.

2) Valuation principles of fair value measurement

When the Bank determines the fair value of financial instruments, they consider the market. If the market is active, then the fair value of the instruments will be consistent with quoted market prices. If the market is not active, then the fair value will be estimated by using a valuation model that is widely adopted by market participants or by referring to counterparties' parameters or to parameters based on conditions and quoted market prices of financial instruments that are similar to those of the Bank' instruments.

The parameters of valuation model used to measure fair value of financial instruments are observable data from market, such as OTC, Reuters and Bloomberg's offering price. The valuation department determines the scope of valuation model and assesses any uncertainty and its impact. In its assessment, the valuation department ensures the following:

- a) The consistency and adequacy of the market parameters used in the valuation;
- b) The appropriateness of the valuation model in light of the assumptions to be used, the internal control and risk management framework, and the degree of mathematical expertise required for an independent unit to make the valuation;
- c) Reliability of price information and other parameters used in the valuation and any model adjustments to be made on the basis of current market conditions.

3) Credit risk valuation adjustment

Credit risk valuation adjustment is for financial instrument transactions made outside the stock exchange, namely the transactions made over-the-counter, which could be mainly divided into credit value adjustment and debit value adjustment. The definition is as follows:

- a) Credit Value Adjustment (the "CVA") is the reflection of possibility that counterparty is likely to default and the possible loss that the counter party may not be able to reimburse entire market value.
- b) Debit Value Adjustment (the "DVA") is the reflection of possibility that the Bank is likely to default and the uncertainly that the Bank may not be able to reimburse for the entire market value.

The CVA is calculated by multiplying the probability of default (the "PD") (under zero default rate of the Bank), loss given default (the "LGD") and exposure at default (the "EAD") of counterparty together. In contrast, DVA is calculated by multiplying PD (under zero default rate of the counterparty), LGD and EAD of the Bank together.

To reflect the credit risk of the counterparty and the credit quality of the Bank respectively and incorporate credit risk adjustments into measuring the fair value of financial instruments, the Bank use the appropriate ratio of LGD and PD that follows the advice of "The disclosure guidelines of CVA and DVA under IFRS 13" issued by the TWSE, and calculate the counterparty's EAD based on the fair value of over-the-counter derivatives transaction.

4) The definition of three levels of fair value information

a) Level 1

Level 1 inputs are observable inputs that reflect quoted prices for identical financial instruments in an active market. A market is active if it has these characteristics: Products traded in the market are homogeneous; willing buyers and sellers can be found immediately and the price information is publicly available.

b) Level 2

Level 2 inputs are observable information other than quoted prices for identical assets or liabilities in active markets, including direct inputs (such as market prices) or indirect inputs (such as prices derived from market prices).

c) Level 3

Level 3 inputs are unobservable items, such as inputs derived through extrapolation or Interpolation, and thus cannot be corroborated by observable market data.

b. Fair value information - Financial instrument measured at fair value under repetitive basis

1) Information of the financial instruments measured at fair value categorized by level is as follows:

Financial Instruments	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 14,911,749	\$ 14,911,749	\$ -	\$ -
Equity investments	926,269	926,269	-	-
Financial assets at FVTOCI				
Equity instruments	2,480,308	2,220,940	-	259,368
Debt instruments				
Bonds investments	67,075,107	67,075,107	-	-
Bills investments	7,184,492	-	7,184,492	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	9,490,043	1	9,439,010	51,032
Financial liabilities at FVTPL	8,689,238	120	8,640,090	49,028
<u>Hybrid contract</u>				
Financial assets at FVTPL	21,324,468	153,224	21,171,244	-
Financial Instruments	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 14,040,793	\$ 14,040,793	\$ -	\$ -
Equity investments	928,354	928,354	-	-
Beneficiary certificates	475,023	475,023	-	-
Financial assets at FVTOCI				
Equity instruments	1,358,540	1,090,772	-	267,768
Debt instruments				
Bonds investments	75,038,276	75,038,276	-	-
Bills investments	37,032,899	-	37,032,899	-
Financial liabilities at FVTPL				
Short-covering debentures	148,325	148,325	-	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	3,418,922	730	3,342,443	75,749
Financial liabilities at FVTPL	2,853,964	-	2,851,045	2,919
<u>Hybrid contract</u>				
Financial assets at FVTPL	18,799,675	117,293	18,682,382	-

2) Fair value information levels transfers between Levels 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

3) Level 3 financial instruments

a) Movement of Level 3 financial assets

For the Year Ended December 31, 2022

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial assets at FVTPL	\$ 75,749	\$ (14,745)	\$ -	\$ 27,364	\$ -	\$ (37,336)	\$ -	\$ 51,032
Financial assets at FVTOCI	267,768	-	(8,400)	-	-	-	-	259,368
Total	\$ 343,517	\$ (14,745)	\$ (8,400)	\$ 27,364	\$ -	\$ (37,336)	\$ -	\$ 310,400

For the Year Ended December 31, 2021

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial assets at FVTPL	\$ 136,479	\$ (28,442)	\$ -	\$ 30,401	\$ -	\$ (62,689)	\$ -	\$ 75,749
Financial assets at FVTOCI	296,158	-	(35,436)	7,046	-	-	-	267,768
Total	\$ 432,637	\$ (28,442)	\$ (35,436)	\$ 37,447	\$ -	\$ (62,689)	\$ -	\$ 343,517

b) Movements of Level 3 financial liabilities

For the Year Ended December 31, 2022

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL	\$ 2,919	\$ 1,953	\$ 44,156	\$ -	\$ -	\$ -	\$ 49,028

For the Year Ended December 31, 2021

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL	\$ 239	\$ (239)	\$ 2,919	\$ -	\$ -	\$ -	\$ 2,919

c) Related information of significant unobservable parameters used in fair value measurement

Level 3 financial instruments mainly consist of credit default swap and part of investment in equity instrument at FVTOCI which have single major unobservable parameters; quantitative information is as follows:

Measured at Fair Value Based on Repetition	Fair Value	Valuation Techniques	Significant Unobservable Parameters	Interval (Weighted-average)	Relationship Between Parameters and Fair Value
<u>Derivative financial assets</u>					
December 31, 2022	\$ 51,032	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
December 31, 2021	75,749	Default probability model	Credit separation	0.05%-2.00%	The increase of credit separation decreases its fair value.
<u>Investments in equity</u>					
December 31, 2022	237,926	Income approach - cash dividend discount method	Without open market marketable discount	19.37%	The increase of discount decreases its fair value
	21,442	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
December 31, 2021	238,460	Income approach - cash dividend discount method	Without open market marketable discount	19.54%	The increase of discount decreases its fair value
	17,758	Market approach - comparable listed or TPEx company	Without open market marketable discount	10.00%	The increase of discount decreases its fair value
	11,550	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
<u>Derivative financial liabilities</u>					
December 31, 2022	49,028	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
December 31, 2021	2,919	Default probability model	Credit separation	0.05%-2.00%	The increase of credit separation decreases its fair value.

d) Valuation procedures for fair value measurements categorized within Level 3

The evaluation of financial instruments at the level 3 is from specific departments independent of the business unit and external experts evaluating the fair values close to the market status, ensuring the data source is independent, reliable, and consistent with other resources, reviewing the evaluation parameters regularly, updating the required input values, confirming whether correcting the valuation technique is necessary, and adjusting fair value if necessary to ensure the rationality in the evaluation results.

- e) The sensitivity analysis of reasonably possible alternative assumptions for fair value measurements categorized within Level 3

The fair value of the Bank's financial instruments is evaluated as reasonable. Had the valuation parameters for financial instruments categorized within Level 3 been 0.01% higher/lower, the impact of fair value on the assets and liabilities would have been as follows:

Item	Impact on Gain and Loss			
	December 31, 2022		December 31, 2021	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Mandatorily at FVTPL	\$ 1,967	\$ (4,346)	\$ 2,638	\$ (4,424)
<u>Liabilities</u>				
Financial liabilities at FVTPL	2,539	(2,678)	265	(265)

Item	Impact on Other Comprehensive Income and Losses			
	December 31, 2022		December 31, 2021	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTOCI	\$ -	\$ (59)	\$ 59	\$ -

- c. Fair Value information - Financial instruments not measured at fair value

The Bank considers that the book value of financial assets and liabilities which not measured at fair value is close to fair value, except for the book value of those measured at cost and of the items below:

December 31, 2022

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 100,836,081	\$ 100,661,787	\$ 13,439,878	\$ 87,221,909
<u>Financial liabilities</u>				
Bank debentures	20,901,900	20,945,587	-	20,945,587

December 31, 2021

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 71,374,127	\$ 71,381,072	\$ 781,676	\$ 70,599,396
<u>Financial liabilities</u>				
Bank debentures	23,901,900	24,005,681	-	24,005,681

For the valuation methods and assumptions for Level 2 financial instruments in the table above, negotiable certificates of deposit of investments in debt instruments at amortized cost are calculated by discounting future cash flows using the TAIBIR which is provided by the TDCC, and the bank debentures are estimated based on the public price information on the OTC exchange.

43. FINANCIAL RISK MANAGEMENT

a. Overview

The Bank's risk management policy is to form a risk management-oriented culture, and to use both qualitative (such as each operating procedures) and quantitative (such as asset quality ratios) indexes from internal and external risk management regulations in developing operating strategies.

The Bank has set up an independent risk control department to implement and monitor risk management policies. The Bank's risk management policies are established to identify and measure the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits, and to maximize shareholder value and achieve sustainable development goals of the enterprise.

b. Risk management framework

The Board of Directors, the highest decision-making unit of the Bank, has overall responsibility for the establishment and oversight of the Bank's risk management framework.

Assets and Liabilities Management Committee and Risk Management Committee have been formed to examine and manage the Bank's risks, to assess the execution of risk management policies and to evaluate risk tolerance. The general manager is the convener, and is responsible for appointing members of committees.

Risk Management Group comprises Risk Control Department, Corporate Banking Department and Retail Banking Department which directly manage credit extension risks in their respective areas, and present risk management report to the Risk Management Committee and the Board of Directors, regularly. The Internal Audit Group undertakes regular reviews of risk management controls and procedures, including risk management framework, operating procedures of risk management, and provides timely suggestions for improvements.

c. Credit risk management

1) Definition and scope of credit risk

Credit risk is the risk of financial loss to the Bank if a borrower, issuer or counterparty to a financial instrument fails to meet its contractual obligations due to its credit deterioration or other factors, such as a dispute between the borrower and its counterparty.

Credit risk includes all risks derived from on- and off-balance sheet business, and all credit risk related to products, businesses and positions.

2) Management policies on credit risk

The Bank shall identify risk factors and consider appropriate risk evaluation and control process prior to taking the existing or new business. For all credit risks identified on- and off-balance sheet, adequate credit limits are set based on the same borrower, counterparty, related party, group, or industry. The Bank shall establish review mechanism to track and assess changes in each borrower's or issuer's financial position; regularly assess and manage asset quality, also strengthen the management of unusual borrowers and make appropriate allowance for possible losses if applicable.

3) The credit risk management processes and valuation methods for credit extension are as follows:

a) The credit risk has increased significantly after original recognition

The Bank assesses the change in the risk of default over the expected duration of each type of credit asset on each reporting date in order to determine whether the credit risk has increased significantly since original recognition. For this assessment, the Bank's considerations show that the credit risk has increased significantly since original recognition and can be corroborated. The main considerations include the following:

Qualitative Index

The debtor's payment is overdue for 30-89 days.

Quantitative Index

- i. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
- ii. Significant changes in actual or expected results of the debtor's operations.
- iii. The credit risk of other financial instruments of the same debtor has increased significantly.

b) The definition of default and credit impairment on financial assets

The Bank's definition of default on financial assets is the same as the judgment of credit impairment on financial assets. If one or more of the following conditions are met, the Bank determines that the financial assets have defaulted and have credit impairment:

Qualitative Index

The debtor's payment is overdue for more than 90 days.

Quantitative Index

If there is any evidence indicates that the debtor can not pay the contract, or the debtor is in a material financial difficulties as follows:

- i. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- ii. The debtor has conformed to a non-performed loan by authorities.
- iii. The debtor has conducted a negotiation of debts or self-negotiating.
- iv. The active market of the financial assets disappeared due to financial difficulties.

The aforementioned default and credit impairment definitions apply to all financial assets held by the Bank and are consistent with the definitions used for the internal credit risk management purposes of the financial assets and are applied to the relevant impairment assessment model.

If the financial assets have not conformed to the definition of default and credit impairment on financial assets for 6 consecutive months, it would not be classified as a default and credit impairment on financial assets.

c) Write off policy

When the Bank can not reasonably expect the recoverable from the entire or partial financial assets, the entire or partial financial assets will be written off. The index of unexpected reasonably recoverable amount includes the following:

- i. The recovery of debt has stopped.
- ii. The debtor doesn't have enough assets or income resource to pay the debt after assessment.

Financial asset which has been written-off still do the recovery of debt and institute legal proceedings continuously under related policies possibly.

d) Measurement of expected credit loss

i. Loan and receivables

The Bank considers both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

The above "PD" and "LGD" are according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information (such as GDP and unemployment rate).

When the Bank measured the expected credit loss of assets combination, the forward-looking information was taken into the PD's consideration. Among them, the index of forward-looking adjustment in PD is predicted by the Corporate banking Sector which adopted the growth rate of real GDP in Taiwan and the Consumer banking Sector which adopted the unemployment rate in Taiwan. According to the measurement of predict loss in IFRS 9, the forward-looking adjustment in PD is requested to assess any consequences (at least 2 circumstances) and expresses with weighted-average probability. As a result, the Bank took the prediction authorities' consensus forecasting into consideration and adopted the weighted-average prediction value by at least 2 macroeconomic prediction authorities to calculate.

ii. The investments in debt instrument at amortized cost and at FVTOCI

The measurement of expected credit loss was based on the information of PD and LGD which is announced from the external credit ratings and Moody's to calculate. The international credit rating authority has considered the forward-looking information when it assessed the credit rating.

4) Credit risk hedging and mitigation policies

- a) When contracting, the terms of credit facilities are determined in the light of assessments of probability and amounts of default and collateral and guarantees are obtained, including bank deposit receipts, securities (such as treasury securities, government bonds, bank debentures, stocks and bonds guaranteed by financial institutions) and real estate such as land and buildings. Stocks listed on TWSE and TPEx are marked to market day to day, and changes in the value of their collaterals are monitored all the time; values of land and buildings are examined every time the contract is renewed.
- b) Through policy mechanism, such as credit limits and credit regulation prior to the credit being committed to customers, to control the quality of credit assets. Via post-loan management, concentration analysis, midway credit and review tracking to view assets quality and changes of each case. Master and monitor risk in time. Periodic reports and feedbacks to understand credit portfolios and overall credit risks, ensure risk offsets for continued effectiveness.
- c) When a risk occurs, according to the Bank's "Principles for Acceptance and Disposal of Collaterals," collateral of nonperforming loans secured through compulsory enforcement or participating distribution, if the minimum auction price or liquidation price of the collateral is too low and damage the Bank's credit right, the Bank will participate in the auction or declare to undertake, for example, the minimum auction price is too low to compensate the principal and interest of loans but the collateral must not be difficult to dispose in the future. For collaterals tendered or undertaken, the Bank should actively seek buyers, and if the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.
- d) Other credit enhancements

If there are guarantee, strategic alliance or collaterals provided in the terms of the loan contracts which the Bank recognized as unsecured loan, when default events occur, the Bank will demand compensation from the guarantor, strategic alliance, transfer of credits to the Bank or disposal of collaterals to decrease credit risk.

5) The maximum credit risk exposure

The carrying amount represents the Bank's maximum exposure to credit risk of the on-balance sheet assets, without taking into account the collaterals held or other credit enhancements. The amounts of the maximum credit exposure of the irrevocable off-balance commitments and guarantees, without taking into account the collaterals held or other credit enhancements, were as follows:

	December 31, 2022	December 31, 2021
Unused portion of credit card lines	\$ 195,837,665	\$ 196,500,728
Guarantees and standby L/Cs	15,878,608	27,328,893
Irrevocable loan commitments	13,901,262	14,708,106

The Bank has documented procedures for the assessment and classification of nonperforming loans and for evaluating adequacy of collaterals.

The breakdown of maximum credit risk exposure of the Bank according to whether collaterals are held or other credit enhancements exist is as follows:

December 31, 2022

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 282,509,945	\$ 70,838,042	\$ 90,734,337	\$ 444,082,324
Receivables - credit card	-	-	12,786,004	12,786,004
Receivables - acceptances	84,483	35,182	87,662	207,327
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	195,837,665	195,837,665
Guarantee	4,612,998	4,463,605	6,276,761	15,353,364
Letters of credit issued	24,947	318,309	181,988	525,244
Irrevocable loan commitments	<u>875,238</u>	<u>-</u>	<u>13,026,024</u>	<u>13,901,262</u>
	<u>\$ 288,107,611</u>	<u>\$ 75,655,138</u>	<u>\$ 318,930,441</u>	<u>\$ 682,693,190</u>

December 31, 2021

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 266,364,388	\$ 65,293,423	\$ 81,213,889	\$ 412,871,700
Receivables - credit card	-	-	12,771,358	12,771,358
Receivables - acceptances	278,668	22,657	118,164	419,489
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	196,500,728	196,500,728
Guarantee	10,495,751	6,390,460	9,016,095	25,902,306
Letters of credit issued	61,948	705,655	658,984	1,426,587
Irrevocable loan commitments	<u>1,994,045</u>	<u>-</u>	<u>12,714,061</u>	<u>14,708,106</u>
	<u>\$ 279,194,800</u>	<u>\$ 72,412,195</u>	<u>\$ 312,993,279</u>	<u>\$ 664,600,274</u>

When loan contracts set the security of nonperforming loans, article of collaterals and definition of credit event occurrence, the quota and the repayment period can be reduced or regard as maturity to reduce the credit risk.

Stage 3 impaired financial assets

Refer to Notes 13 and 14 for the credit impairment of Stage 3 financial assets. The information of provision for allowance for possible losses amount, collateral fair value and other credit enhancements which reduce their potential loss are as below. The provision for allowance for possible losses takes into consideration the fair value of collateral, other credit enhancements amount and the recoverable amount in the future.

	Carrying Amount	Allowance for Possible Losses Under IFRS 9	Collateral Fair Value and Other Credit Enhancements
--	------------------------	---	--

December 31, 2022

Receivables			
Credit cards	\$ 951,504	\$ 323,673	\$ -
Others	68,505	38,805	792
Discounts and loans	<u>2,929,494</u>	<u>1,304,653</u>	<u>793,392</u>
	<u>\$ 3,949,503</u>	<u>\$ 1,667,131</u>	<u>\$ 794,184</u>

December 31, 2021

Receivables			
Credit cards	\$ 1,048,593	\$ 351,370	\$ -
Others	24,001	7,526	2,107
Discounts and loans	<u>2,815,723</u>	<u>781,459</u>	<u>1,121,286</u>
	<u>\$ 3,888,317</u>	<u>\$ 1,140,355</u>	<u>\$ 1,123,393</u>

6) Concentrations of credit risk

The concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaging in similar business activities and having similar economic features. The similarity would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank's concentrations of credit risk by industry, geography and type of collaterals were as follows:

a) By industry

Industry Sector	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Finance and insurance	\$ 73,532,284	17	\$ 56,948,172	14
Manufacturing	45,622,667	10	44,806,320	11
Real estate	<u>35,219,236</u>	<u>8</u>	<u>27,605,939</u>	<u>6</u>
	<u>\$ 154,374,187</u>	<u>35</u>	<u>\$ 129,360,431</u>	<u>31</u>

b) By geography

Region	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Taiwan	\$ 389,650,414	88	\$ 362,168,882	88
Asia Pacific except Taiwan	31,691,958	7	28,303,409	7
Others	<u>22,739,952</u>	<u>5</u>	<u>22,399,409</u>	<u>5</u>
	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 412,871,700</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Unsecured	\$ 161,572,379	37	\$ 146,507,312	36
Secured				
Real estate	240,922,149	54	228,252,258	55
Financial collateral	23,606,709	5	19,835,704	5
Movable property	17,272,119	4	17,150,003	4
Others	<u>708,968</u>	<u>-</u>	<u>1,126,423</u>	<u>-</u>
	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 412,871,700</u>	<u>100</u>

7) Continuing assessment of credit quality and any impairment of financial assets

Some of the financial assets held by the Bank, such as cash and cash equivalents, due from the Central Bank and other banks, financial assets at FVTPL, securities purchased under resale agreements, refundable deposits and operating deposits, are assessed with low credit risk due to the good credit rating of the counterparties.

d. Liquidity risk management

1) Sources and definition of liquidity risk

Liquidity risk is the risk that the Bank is unable to liquidate assets or obtain loans to meet its obligations when they fall due as a result of customer deposits being early withdrawn, deteriorating access to and terms of interbank facilities, deteriorating delinquency by borrowers, or financial instruments not easily liquidated. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets, or potentially an inability to fulfill lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activities, systemic shocks and natural disasters, etc.

2) Risk management policies on liquidity risk

The Bank's liquidity management processes, which are implemented by an independent department, include:

- a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- b) Maintaining a portfolio of highly marketable assets, including cash and cash equivalents, due from the Central Bank and other banks and securities purchased under resale agreements etc., that can easily be liquidated as protection against any unforeseen interruption to cash flow; and
- c) Monitoring the liquidity ratios against internal and regulatory requirements.

Monitoring and reporting take the form of cash flow measurement and projections of various future days. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Related information is submitted regularly to the Bank's Assets and Liabilities Management Committee and the Board of Directors.

3) Maturity analysis of non-derivative financial liabilities

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the date of the balance sheet.

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 829,670	\$ 645,778	\$ -	\$ -	\$ -	\$ 1,475,448
Securities sold under repurchase agreement	4,617,001	-	-	-	-	4,617,001
Payables	2,598,416	978,736	748,721	495,210	471,227	5,292,310
Deposits and remittances	98,067,801	131,969,250	93,692,874	147,988,433	136,016,392	607,734,750
Bank debentures	-	-	-	4,000,000	16,901,900	20,901,900
Principal received on structured products	41,853	102,407	57,065	24,566	31,586,449	31,812,340
Other financial liabilities	-	-	-	-	1,875,578	1,875,578
Lease liabilities	30,535	67,691	91,099	152,414	539,412	881,151
Total	\$ 106,185,276	\$ 133,763,862	\$ 94,589,759	\$ 152,660,623	\$ 187,390,958	\$ 674,590,478

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 389,971	\$ 1,401,849	\$ -	\$ -	\$ -	\$ 1,791,820
Funds borrowed from the Central Bank and other banks	-	-	-	77,240	-	77,240
Securities sold under repurchase agreement	4,960	-	-	-	-	4,960
Short-covering debentures	148,325	-	-	-	-	148,325
Payables	2,354,685	1,142,298	535,964	461,172	976,490	5,470,609
Deposits and remittances	99,654,092	140,154,009	94,615,892	141,676,785	136,455,480	612,556,258
Bank debentures	-	-	-	3,000,000	20,901,900	23,901,900
Principal received on structured products	67,404	20,130	199,700	127,069	22,636,303	23,050,606
Other financial liabilities	-	-	-	-	187,451	187,451
Lease liabilities	37,018	68,406	93,378	179,842	651,241	1,029,885
Total	\$ 102,656,455	\$ 142,786,692	\$ 95,444,934	\$ 145,522,108	\$ 181,808,865	\$ 668,219,054

Note: The amounts disclosed in the tables are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

The amount of demand deposits in “deposits and remittances” in the above maturity analysis are allocated based on historical experience. If all demand deposits were required to be paid off in recent period, the cash outflows on period of due in 30 days would have been \$275,525,358 thousand and \$296,193,519 thousand as of December 31, 2022 and 2021, respectively.

Maturity over one year analysis of lease liabilities was as follows:

	Due Between 1 Year and 2 Years	Due Between 2 Years and 3 Years	Due After 3 Years	Total
December 31, 2022	<u>\$ 193,747</u>	<u>\$ 140,864</u>	<u>\$ 204,801</u>	<u>\$ 539,412</u>
December 31, 2021	<u>\$ 291,664</u>	<u>\$ 174,270</u>	<u>\$ 185,307</u>	<u>\$ 651,241</u>

4) Maturity analysis of derivative financial liabilities

a) Maturity analysis of derivative financial liabilities that will be settled on a net basis is as follows:

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	\$ 408	\$ 8,600	\$ 1,279	\$ 3,197	\$ -	\$ 13,484
Interest rate derivatives	12,050	27,189	34,026	127,212	3,085,017	3,285,494
Total	\$ 12,458	\$ 35,789	\$ 35,305	\$ 130,409	\$ 3,085,017	\$ 3,298,978

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	\$ 253	\$ 186	\$ 1,047	\$ 2,267	\$ -	\$ 3,753
Interest rate derivatives	3,129	7,987	57,992	34,933	867,410	971,451
Total	\$ 3,382	\$ 8,173	\$ 59,039	\$ 37,200	\$ 867,410	\$ 975,204

Note: The amounts disclosed in the table are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

b) Maturity analysis of derivative financial liabilities that will be settled on a gross basis is as follows:

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	\$ 46,639,433	\$ 126,052,829	\$ 30,480,942	\$ 9,280,565	\$ 638,101	\$ 213,091,870
Cash inflow	45,783,631	122,965,398	29,930,088	9,106,742	646,930	208,432,789
Interest rate derivatives						
Cash outflow	-	-	-	2,303,100	1,842,480	4,145,580
Cash inflow	-	-	-	2,218,010	1,662,100	3,880,110
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	13,103	13,053	26,106	157,645	209,907
Subtotal of cash outflow	46,639,433	126,052,829	30,480,942	11,583,665	2,480,581	217,237,450
Subtotal of cash inflow	45,783,631	122,978,501	29,943,141	11,350,858	2,466,675	212,522,806
Net cash flow	\$ (855,802)	\$ (3,074,328)	\$ (537,801)	\$ (232,807)	\$ (13,906)	\$ (4,714,644)

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	\$ 87,044,207	\$ 76,746,020	\$ 43,754,706	\$ 40,563,399	\$ 3,086,828	\$ 251,195,160
Cash inflow	86,445,481	76,456,206	43,595,941	40,339,247	3,111,205	249,948,080
Interest rate derivatives						
Cash outflow	-	-	-	-	4,765,990	4,765,990
Cash inflow	-	-	-	-	4,707,300	4,707,300
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	980	969	1,938	15,776	19,663
Subtotal of cash outflow	87,044,207	76,746,020	43,754,706	40,563,399	7,852,818	255,961,150
Subtotal of cash inflow	86,445,481	76,457,186	43,596,910	40,341,185	7,834,281	254,675,043
Net cash flow	\$ (598,726)	\$ (288,834)	\$ (157,796)	\$ (222,214)	\$ (18,537)	\$ (1,286,107)

Note: The amounts disclosed in the table are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

5) Maturity analysis of off-balance sheet items

Maturity analysis of the off-balance sheet items that can be withdrawn or required to realize on the basis of their earliest possible contractual maturity is as follows:

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 13,901,262	\$ -	\$ -	\$ -	\$ -	\$ 13,901,262
Irrevocable credit card commitments	195,837,665	-	-	-	-	195,837,665
Issued but unused letters of credit	525,244	-	-	-	-	525,244
Other guarantees	12,023,883	2,500,000	-	575,800	253,681	15,353,364
Total	\$ 222,288,054	\$ 2,500,000	\$ -	\$ 575,800	\$ 253,681	\$ 225,617,535

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 14,708,106	\$ -	\$ -	\$ -	\$ -	\$ 14,708,106
Irrevocable credit card commitments	196,500,728	-	-	-	-	196,500,728
Issued but unused letters of credit	1,426,587	-	-	-	-	1,426,587
Other guarantees	18,648,206	6,554,100	-	100,000	600,000	25,902,306
Total	\$ 231,283,627	\$ 6,554,100	\$ -	\$ 100,000	\$ 600,000	\$ 238,537,727

e. Market risk management

1) Definition and scope of market risk

Market risk is the risk that unfavorable changes in market prices, such as interest rates, foreign exchange rates, equity prices and commodity prices will affect the Bank's income or its holdings of on- and off-balance sheet positions. The Bank's market risk mainly comes from equity investment securities, interest rates, foreign exchange rates and commodity.

2) Management policies of market risk

The Bank develops appropriate management process to identify and measure market risk, and to effectively manage and control credit limits, valuation of profits and losses, sensitivity analysis and stress tests of each financial instrument position. Besides, the Bank takes appropriate management strategy while facing market risk in its daily operating activities and management processes. The information of market risk and implementation are managed, monitored and disclosed by the Risk Management Group. A summary report, including suggestion, is submitted regularly to the Risk Management Committee and the Board of Directors.

3) Market risk management process

a) Recognition and measurement

The risk measurement system identifies the market risk factors of the exposure positions (interest rates, stock price, foreign exchange rates and commodity price, etc.) and measures the risks assumed in on- and off-balance sheet trading positions with the change in market risk factors.

Risk measurement adds sensitivity analysis (DV01, Delta, Vega) etc. or situational analysis, to assess the changes in the value of the asset portfolio. And perform stress testing in accordance with the regulations of the administration, to measure abnormal losses under extreme conditions.

b) Monitoring and reporting

The Bank's Risk Management Group regularly reviews market risk management objective, positions and control of gain and loss, sensitivity analysis and pressure test and reports to the Risk Management Committee and the Board of Directors to well understand the situation of market risk control. The Bank has established explicit notification process, the limit and stop-loss regulation for various transactions. Stop-loss order must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by the management.

4) Management process of interest risk

Interest rate risk is the risk of loss or changes in the fair value resulting from interest rate or credit spread fluctuations.

The Bank separates the interest rate risk positions between trading book and banking book. Financial instruments and commodity positions held for trading purpose or to hedge against trading book positions are carried in trading book. Positions held for trading purpose are those transactions with the intention of profiting from actual or forecast spread. Positions not belonging to trading book are carried in banking book.

a) Management process and valuation methods of interest rate risk in trading book

To limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions.

The operation limit of securities and interest rate related derivative instruments are controlled by the notional amount or DV01. The risk of bonds and interest rate related options are additionally measured using Vega. The stop loss limits are controlled on a daily basis.

b) Management process and valuation methods of interest rate risk in banking book

To improve its capacity to adapt to changes, the Bank measures, manages and mitigates changes in its earnings and economic values of balance sheet items arising from interest rate fluctuations.

When undertaking the operations relating to interest rate instruments, the Bank identifies the repricing risk of interest rate, yield curve risk, basis risk and options risk characteristics. In addition, the Bank also measures the potential impact of interest rate changes on earnings.

The measurement of interest rate risk in banking book is based on the analysis of position change of interest rate sensitivity among the durations of all products. The measurement is also derived from the interest rate shock scenarios regulated by the domestic and foreign supervisory agency to calculate the impact of changes in the economic value of equity (Δ EVE) and changes in net interest income (Δ NII).

The Bank periodically analyzes and monitors the interest risk limits and various targets of interest risk management. The results of analysis and monitoring are submitted regularly to the Assets and Liabilities Management Committee and the Board of Directors. If the risk management targets are found to be in excess of early warning thresholds during the monitoring process, the Bank will report to the Assets and Liabilities Management Committee and propose remedial action to be taken.

5) Management of foreign exchange risk

a) Definition of foreign exchange risk

Foreign exchange risk is the risk of loss or changes in fair value arising from open trading positions in currency due to exchange rate fluctuations. Foreign exchange transactions include spot exchange, forward exchange, non-deliverable forward and foreign currency option between New Taiwan dollars and a foreign currency or between two foreign currencies.

b) Foreign exchange risk management policies, process and valuation methods

To manage foreign exchange risk and limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions. Spot exchange, forward exchange, non-deliverable forward and foreign currency option are controlled collectively using Delta; foreign currency option is additionally controlled using Vega. The stop loss limits are controlled on a daily basis.

c) Concentration of foreign exchange risk

Information on concentration of foreign currency exposures at the balance sheet date is shown in Note 41.

6) Management of equity securities market risk

a) Definition and measurement bases of equity market risk

Equity market risk is the risk arising from open positions in equity securities as a result of fluctuations in the market prices of individual securities. The Bank manages market risk on the basis of closing prices of equity securities to calculate their fair values.

b) Management processes of equity market risk

The Bank sets gross limits on overall positions, by industries, and by groups. For stock listed on TWSE and TPEx and beneficiary certificates, the Bank sets the limit of investment in each stock and stop loss/gain limits on overall and particular positions, which are monitored daily.

A stop loss/gain order would be executed once a given stop price has been reached; otherwise, traders should report to the manager of its department, including reasons for not executing stop loss/gain order.

7) Management of commodity risk

a) Definition of commodity risk

Commodity risk is the risk of loss due to changes in fair value arising from open positions in commodity price fluctuations. Commodity transactions include energy, non-ferrous metals (including precious metals), agricultural products, and other commodity futures and options.

b) Commodity risk management policies, process and valuation methods

To manage commodity risk and limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions. Energy, non-ferrous metals (including precious metals), agricultural products, and other commodity futures and options are controlled collectively using Delta; commodity option is additionally controlled using Vega. The stop loss limits are controlled on a daily basis.

8) Stress testing

The Risk Management Group performs stress testing at least once a year and submits the results of stress testing to the Risk Management Committee and the board of directors. The Bank applies market risk factors sensitivity analysis under extreme scenarios to analyze the situational profit and loss and risk exposure of risk factors on asset portfolios in trading book that have become extremely volatile for the management to evaluate the market risk-bearing capacity and ensure the continuous solvency of the Bank.

9) Sensitivity analysis

a) Interest rate sensitivity

Interest rate factor sensitivity (“DV01” or “PVBP”) measured at the balance sheet date is the impact on the discounted future cash flows of bonds and interest-rate-based derivative instruments in trading book for 1 basis points (“bps”) parallel shift in all yield curves.

Assuming all other risk factors remain constant, where the interest rate increases/decreases by 1 bps, there would be a increase/decrease of \$2,785 thousand and \$2,447 thousand in income before income tax for the years ended December 31, 2022 and 2021, respectively. There would be a decrease/increase of \$26 thousand and \$146 thousand in other comprehensive income for the years ended December 31, 2022 and 2021, respectively.

b) Foreign exchange sensitivity

Foreign exchange rate factor sensitivity (“FX Delta”) measured at the balance sheet date is the impact on the values of foreign exchange positions in trading book for a 1% change in foreign exchange rates.

Where the foreign exchange increases/decreases by 1%, assuming all other risk factors remain constant, there would be an increase/decrease of \$127,646 thousand and \$190,539 thousand in income before income tax for the years ended December 31, 2022 and 2021, respectively.

c) Equity securities market risk

Equity securities market factor sensitivity measured at the balance sheet date is the impact on the values of open positions in equity securities in trading book for a 1% change in stock market prices.

Where the securities prices increases/decreases by 1%, assuming all other risk factors remain constant, there would be an increase/decrease of \$1,113 thousand and \$15,240 thousand in income before income tax for the years ended December 31, 2022 and 2021 respectively.

d) Commodity sensitivity

Commodity sensitivity measured at the balance sheet date is the impact on the values of commodity positions in trading book for a 1% change in market prices. The Bank has none net position of the commodity as of December 31, 2022 and 2021; changes in commodity prices have no impact on income before income tax for the years ended December 31, 2022 and 2021.

f. Interest rate benchmark reform

The financial instruments of the Bank affected by the interest rate benchmarks reform include derivatives and non-derivatives financial assets and liabilities. The linked indicator interest rate types is USD LIBOR.

According to IBA's announcement on March 5, 2021, one-week and two-month USD LIBOR, GBP LIBOR, EUR LIBOR, CHF LIBOR and JPY LIBOR were available until the end of 2021, and the remaining USD LIBOR will sure to be available until the end of June 2023.

The Bank prepared interest rate benchmark transition plan which comprises the following work streams: Risk management, contract management, product management, taxation and accounting, and customer communication. The Bank has already implement the adjustments of internal processes and risk management policies, upgraded IT systems and valuation models of financial instruments, as well as managing any related tax and accounting implications.

For contracts of loans and financial instruments that are expected to expire after the discontinuation of LIBOR, the Bank had incorporated fallback provisions into the supplementary contracts of the financial instrument contracts to enable the contract-linked interest rate to be converted from the current interest rate to another alternative reference rate at the agreed time. Since January 1, 2022, the Bank has signed contracts linked to interest rate benchmark other than LIBOR.

On December 31, 2022, financial instruments held by the Bank that have been affected by the interest rate benchmark reform and have not transitioned to an alternative benchmark interest rate are summarized as follows:

Non-Derivative Items	Carrying Amount Linked to USD LIBOR
Assets	
Financial assets at FVTPL	\$ 9,271,570
Financial assets at FVTOCI	6,881,026
Investment in debt instrument at amortized cost	400,333
Receivables	45,666
Discounts and loans	<u>25,230,751</u>
	<u>\$ 41,829,346</u>
Liabilities	
Principal received on structured products	<u>\$ 198,036</u>

Derivative Items	Nominal Amount	Carrying Amount	
		Financial Assets	Financial Liabilities
Derivative financial instruments linked to USD LIBOR			
Interest rate swap contracts	\$ 18,718,448	\$ 584,948	\$ 471,107
Cross-currency swap contracts	<u>7,062,840</u>	<u>586,811</u>	<u>175,433</u>
	<u>\$ 25,781,288</u>	<u>\$ 1,171,759</u>	<u>\$ 646,540</u>

g. Transfer of financial assets

In the daily operations of the Bank, the transactions of the transferred financial assets not eligible for derecognition in full are mainly bonds under repurchase agreement. Since the cash flows of those financial assets have been transferred to outsiders, the Bank is not eligible to conduct, sell, or pledge the transferred financial assets during the effective period. However, the Bank is still exposed to interest rate risks and credit risks. The liabilities of repurchasing the transferred financial assets in an agreed amount have been recognized. The following tables show the transferred financial assets not eligible for derecognition in full and related amounts.

Items	December 31, 2022	
	Book Value of Transferred Financial Assets	Book Value of Related Financial Liabilities
FVTOCI - transactions under repurchase agreements	\$ 1,717,870	\$ 1,685,327
Amortized cost - transactions under repurchase agreements	3,052,512	2,913,422

Items	December 31, 2021	
	Book Value of Transferred Financial Assets	Book Value of Related Financial Liabilities
FVTOCI - transactions under repurchase agreements	\$ 5,572	\$ 4,959

h. Offset of financial assets and financial liabilities

The Bank has an exercisable master netting arrangement or similar agreement in place with counterparties. When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

Information of the offset of financial assets and financial liabilities is summarized as follows:

December 31, 2022

Financial Assets That Are Offset, Have an Exercisable Master Netting Arrangement or Similar Agreement						
Financial Asset	Gross Amount of Recognized Financial Assets	Gross Amount of Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivatives	\$ 9,490,043	\$ -	\$ 9,490,043	\$ 2,348,300	\$ 786,501	\$ 6,355,242
Bills and notes purchased under resale agreements	<u>1,146,811</u>	<u>-</u>	<u>1,146,811</u>	<u>1,146,811</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,636,854</u>	<u>\$ -</u>	<u>\$ 10,636,854</u>	<u>\$ 3,495,111</u>	<u>\$ 786,501</u>	<u>\$ 6,355,242</u>

Financial Liabilities That Are Offset, Have an Exercisable Master Netting Arrangement or Similar Agreement						
Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Liabilities in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 8,689,238	\$ -	\$ 8,689,238	\$ 2,348,300	\$ 1,518,626	\$ 4,822,312
Bills and notes sold under repurchase agreements	<u>4,598,749</u>	<u>-</u>	<u>4,598,749</u>	<u>4,598,749</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,287,987</u>	<u>\$ -</u>	<u>\$ 13,287,987</u>	<u>\$ 6,947,049</u>	<u>\$ 1,518,626</u>	<u>\$ 4,822,312</u>

December 31, 2021

Financial Assets That Are Offset, Have an Exercisable Master Netting Arrangement or Similar Agreement						
Financial Asset	Gross Amount of Recognized Financial Assets	Gross Amount of Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivatives	\$ 3,418,922	\$ -	\$ 3,418,922	\$ 505,479	\$ -	\$ 2,913,443
Bills and notes purchased under resale agreements	<u>5,888,978</u>	<u>-</u>	<u>5,888,978</u>	<u>5,888,978</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,307,900</u>	<u>\$ -</u>	<u>\$ 9,307,900</u>	<u>\$ 6,394,457</u>	<u>\$ -</u>	<u>\$ 2,913,443</u>

Financial Liabilities That Are Offset, Have an Exercisable Master Netting Arrangement or Similar Agreement						
Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Liabilities in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 2,853,964	\$ -	\$ 2,853,964	\$ 505,479	\$ 380,613	\$ 1,967,872
Bills and notes sold under repurchase agreements	<u>4,959</u>	<u>-</u>	<u>4,959</u>	<u>4,959</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,858,923</u>	<u>\$ -</u>	<u>\$ 2,858,923</u>	<u>\$ 510,438</u>	<u>\$ 380,613</u>	<u>\$ 1,967,872</u>

i. Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality of loans

Nonperforming loans and nonperforming receivables of the Bank

Item			December 31, 2022				
			Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Business							
Corporate Banking	Secured		\$ 433,595	\$ 71,568,150	0.61%	\$ 1,046,622	241.38%
	Unsecured		817,597	131,195,905	0.62%	1,787,157	218.59%
Consumer Banking	Residential mortgage (Note d)		23,242	136,694,783	0.02%	2,053,107	8,833.61%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		264,420	23,650,324	1.12%	429,629	162.48%
	Others (Note f)	Secured	40,486	74,247,012	0.05%	793,419	1,959.74%
Unsecured		-	6,726,150	-	75,297	-	
Total			1,579,340	444,082,324	0.36%	6,185,231	391.63%
Business							
Item			Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card			34,011	12,786,004	0.27%	344,514	1,012.95%
Accounts receivable factored without recourse (Note g)			-	1,959,157	-	22,781	-

Item			December 31, 2021				
			Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Business							
Corporate Banking	Secured		\$ 493,328	\$ 60,785,039	0.81%	\$ 778,304	157.77%
	Unsecured		70,842	115,288,079	0.06%	1,339,588	1,890.95%
Consumer Banking	Residential mortgage (Note d)		147,388	134,458,648	0.11%	2,021,794	1,371.75%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		289,749	24,715,787	1.17%	446,802	154.20%
	Others (Note f)	Secured	89,279	71,120,701	0.13%	766,174	858.18%
Unsecured		3,778	6,503,446	0.06%	77,273	2,045.34%	
Total			1,094,364	412,871,700	0.27%	5,429,935	496.17%
Business							
Item			Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card			32,038	12,771,358	0.25%	368,769	1,151.04%
Accounts receivable factored without recourse (Note g)			-	6,451,669	-	68,663	-

Note a: Nonperforming credit cards receivables represent the amounts of nonperforming receivables 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 b: Ratio of nonperforming loans: $\text{Nonperforming loans} \div \text{Outstanding loan balance}$.

Ratio of nonperforming credit cards receivables: $\text{Nonperforming credit cards receivables} \div \text{Outstanding credit cards receivables balance}$.

Note c: Coverage ratio of allowance for possible losses for loans: $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$.

Coverage ratio of allowance for possible losses for credit cards receivables: $\text{Allowance for possible losses for credit cards receivables} \div \text{Nonperforming credit cards receivables}$.

Note d: Residential mortgage is a loan given to the borrower who provides a house, to be purchased (or already owned) by the borrower or the spouse or the minor children of the borrower, as a mortgage to the Bank and will use the loan for house purchase or refurbishment.

Note e: Small-scale credit loans refer to the loans under the Banking Bureau’s regulation, dated December 19, 2005 (Ref. No. 09440010950), but excluding small-scale unsecured loans obtained through credit cards and cash cards.

Note f: Other loans of consumer banking refer to secured or unsecured loans, excluding residential mortgage, cash card, small-scale credit loans and credit card.

Note g: As required by the Banking Bureau’s letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as nonperforming receivables in three months upon the factors’ or insurance companies’ rejection of claims.

Nonperforming loans and nonperforming receivables excluded from the information stated above

Business \ Item	December 31, 2022		December 31, 2021	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 12,532	\$ 44,409	\$ 20,394	\$ 64,980
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	1,100,747	782,313	1,109,145	860,906
Total	1,113,279	826,722	1,129,539	925,886

Note a: Supplementary disclosure related to the loans which need not be classified as NPL upon debt restructuring and performed as agreed, as stipulated in the Banking Bureau’s letter dated April 25, 2006 (Ref. No. 09510001270).

Note b: About the Bank disclosures information and enumerates credit for case of pre-negotiation, pre-mediation, debt settlement proceedings and liquidation under Statute for Consumer Debt Clearance, as stipulated in the Banking Bureau’s letter dated September 15, 2008 (Ref. No. 09700318940) and dates September 20, 2016 (Ref. No. 10500134790).

2) Concentration of credit extensions

Ranking (Note a)	December 31, 2022		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development activities	\$ 12,259,031	22
2	B Group - 6499 - other financial service activities not elsewhere classified	6,950,410	13
3	C Group - 4652 - wholesale of motorcycles	6,209,825	11
4	D Group - 2630 - manufacture of bare printed circuit boards	4,274,155	8
5	E Group - 2413 - rolling and extruding of iron and steel	3,862,961	7
6	F Group - 3010 - manufacture of motor vehicles	3,478,608	6
7	G Group - 4642 - electricity transmission and distribution enterprise	3,141,397	6
8	H Group - 6429 - other holding companies	2,983,918	5
9	I Group - 6499 - other financial service activities not elsewhere classified	2,945,000	5
10	H Group - 6429 - other holding companies	2,799,138	5

Ranking (Note a)	December 31, 2021		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development activities	\$ 13,136,450	26
2	C Group - 4652 - wholesale of motorcycles	6,642,932	13
3	B Group - 6499 - other financial service activities not elsewhere classified	5,725,899	12
4	K Group - 3510 - electricity supply	3,939,709	8
5	F Group - 6496 - non-depository financing	3,756,960	8
6	L Group - 2613 - packaging and testing of semiconductors	3,580,609	7
7	G Group - 4642 - electricity transmission and distribution enterprise	3,391,350	7
8	M Group - 2699 - non-categorized and other electronic component manufacturing	3,192,847	6
9	E Group - 2411 - smelting and refining of iron and steel	3,143,587	6
10	I Group - 6499 - other financial service activities not elsewhere classified	3,000,000	6

Note a: The rankings above represent the top 10 corporate entities except for government or state-owned enterprises, based on the total balance of credit extension granted by the Bank. The amount of credit extensions should be disclosed in aggregate for each group entity, the code and industry of which are also required. The industry of the group entities is designated as the industry of the individual group entity with the greatest risk exposure. The lines of industry should conform to the industry sub-categorization of the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note b: “Group Entity” is defined in Article 6 of “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.”

Note c: Credit extension balance includes various loans (import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans; and nonaccrual loans), bills purchased, factored accounts receivable without recourse, acceptances and guarantees.

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

Interest Rate Sensitivity Analysis December 31, 2022

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 359,752,537	\$ 167,100,034	\$ 6,570,678	\$ 49,867,941	\$ 583,291,190
Interest rate-sensitive liabilities	253,144,061	190,586,248	73,187,475	20,984,999	537,902,783
Interest rate sensitivity gap	106,608,476	(23,486,214)	(66,616,797)	28,882,942	45,388,407
Net worth					54,972,333
Ratio of interest rate-sensitive assets to liabilities					108.44%
Ratio of interest rate-sensitivity gap to net worth					82.57%

Interest Rate Sensitivity Analysis December 31, 2021

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 360,540,038	\$ 163,501,248	\$ 9,899,079	\$ 42,393,927	\$ 576,334,292
Interest rate-sensitive liabilities	222,916,709	206,892,834	80,361,063	24,318,965	534,489,571
Interest rate sensitivity gap	137,623,329	(43,391,586)	(70,461,984)	18,074,962	41,844,721
Net worth					49,701,951
Ratio of interest rate-sensitive assets to liabilities					107.83%
Ratio of interest rate-sensitivity gap to net worth					84.19%

Note a: The New Taiwan dollar amounts held by the Bank.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note c: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

Table 2: For U.S. dollar items

Interest Rate Sensitivity Analysis December 31, 2022

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,591,449	\$ 121,562	\$ 23,831	\$ 194,581	\$ 2,931,423
Interest rate-sensitive liabilities	1,864,714	1,503,663	164,214	-	3,532,591
Interest rate sensitivity gap	726,735	(1,382,101)	(140,383)	194,581	(601,168)
Net worth					1,790,163
Ratio of interest rate-sensitive assets to liabilities					82.98%
Ratio of interest rate-sensitivity gap to net worth					(33.58%)

**Interest Rate Sensitivity Analysis
December 31, 2021**

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 3,075,239	\$ 66,857	\$ 146,901	\$ 127,409	\$ 3,416,406
Interest rate-sensitive liabilities	1,181,945	2,362,928	177,818	-	3,722,691
Interest rate sensitivity gap	1,893,294	(2,296,071)	(30,917)	127,409	(306,285)
Net worth					1,794,942
Ratio of interest rate-sensitive assets to liabilities					91.77%
Ratio of interest rate-sensitivity gap to net worth					(17.06%)

Note a: The total U.S. dollar amounts held by the Bank, excluding contingent assets and liabilities.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note c: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

4) Profitability

Items		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Before tax	0.57%	0.46%
	After tax	0.50%	0.42%
Return on equity	Before tax	7.99%	6.61%
	After tax	7.03%	5.97%
Net income ratio		31.99%	28.35%

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

Note b: Return on equity = Income before (after) income tax ÷ Average equity.

Note c: Net income ratio = Income after income tax ÷ Total net profit.

5) Maturity analysis of assets and liabilities

a) For New Taiwan dollar items

December 31, 2022

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 785,187,531	\$ 129,192,513	\$ 73,802,104	\$ 158,750,398	\$ 60,534,489	\$ 65,286,440	\$ 297,621,587
Main capital outflow on maturity	978,102,268	78,193,282	74,583,206	229,572,010	158,981,594	201,206,792	235,565,384
Gap	(192,914,737)	50,999,231	(781,102)	(70,821,612)	(98,447,105)	(135,920,352)	62,056,203

December 31, 2021

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 788,354,119	\$ 132,991,954	\$ 93,352,744	\$ 118,306,092	\$ 88,251,525	\$ 83,962,598	\$ 271,489,206
Main capital outflow on maturity	956,912,227	61,352,297	97,217,833	197,495,551	174,961,218	192,014,074	233,871,254
Gap	(168,558,108)	71,639,657	(3,865,089)	(79,189,459)	(86,709,693)	(108,051,476)	37,617,952

Note: This table refers to the New Taiwan dollar amounts held by the Bank.

b) For U.S. dollar items

December 31, 2022

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 10,486,972	\$ 3,054,723	\$ 3,641,703	\$ 956,589	\$ 851,685	\$ 1,982,272
Main capital outflow on maturity	11,446,749	3,403,124	4,624,776	1,592,923	1,366,495	459,431
Gap	(959,777)	(348,401)	(983,073)	(636,334)	(514,810)	1,522,841

December 31, 2021

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 11,522,239	\$ 4,189,779	\$ 2,480,909	\$ 1,566,914	\$ 1,354,511	\$ 1,930,126
Main capital outflow on maturity	12,323,271	3,392,587	3,771,796	2,480,361	2,071,325	607,202
Gap	(801,032)	797,192	(1,290,887)	(913,447)	(716,814)	1,322,924

Note: This table refers to the U.S. dollar amounts held by the Bank.

44. CAPITAL MANAGEMENT

a. Objective of capital management

- 1) The basic goal of the Bank's capital management is that unconsolidated regulatory capital and the consolidated regulatory capital should meet the requirements of the related regulations. The ratio of regulatory capital and risk assets (the "capital adequacy ratio") should meet the statutory threshold according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".
- 2) In order to maintain an adequate level of capital to bear various risks, the Bank makes capital planning based on the operating plans and budget, the development strategies and dividend policy. The objective is to optimize assets allocation and strengthen capital structure.

b. Procedure of capital management

- 1) The calculation of the Bank's capital adequacy ratio is based on the "The Methods for Calculating the Bank's regulatory Capital and Risk-weighted Assets" enacted by the Financial Supervisory Commission and the related information is reported to the competent authority on a regular basis.
- 2) In order to monitor capital adequacy ratio, the execution and changes in the parameters of the capital planning are reported to the Bank's Assets and Liabilities Management Committee on a quarterly basis. The Bank are performed stress testing periodically and evaluated capital adequacy to assesses whether the Bank's capital is able to respond to various risks and whether the objective of capital management is met.

The calculations of regulatory capital, risk-weighted assets and capital adequacy ratio were as follows:

Unconsolidated

		December 31, 2022	December 31, 2021	
Regulatory capital	Common equity	\$ 53,344,447	\$ 46,653,029	
	Additional Tier I capital	2,900,000	1,848,490	
	Tier II capital	12,080,056	11,392,226	
	Total common capital	68,324,503	59,893,745	
Risk-weighted assets	Credit risk	Standardized approach	424,484,834	393,687,935
		Internal rating-based approach	-	-
		Asset securitization	393,738	458,214
	Operational risk	Basic indicator approach	20,321,238	20,512,863
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	13,375,863	14,680,875
		Internal models approach	-	-
	Total risk-weighted assets		458,575,673	429,339,887
Capital adequacy ratio		14.90%	13.95%	
Ratio of common equity to risk-weighted assets		11.63%	10.87%	
Ratio of Tier I capital to risk-weighted assets		12.27%	11.30%	
Leverage ratio		6.73%	5.87%	

Consolidated

		December 31, 2022	December 31, 2021	
Regulatory capital	Common equity	\$ 53,332,585	\$ 47,211,995	
	Additional Tier I capital	2,900,000	2,407,456	
	Tier II capital	12,087,994	12,541,523	
	Total common capital	68,320,579	62,160,974	
Risk-weighted assets	Credit risk	Standardized approach	421,744,787	396,197,242
		Internal rating-based approach	-	-
		Asset securitization	393,738	458,214
	Operational risk	Basic indicator approach	20,432,013	21,252,263
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	13,375,863	14,680,875
		Internal models approach	-	-
	Total risk-weighted assets		455,946,401	432,588,594
Capital adequacy ratio		14.98%	14.37%	
Ratio of common equity to risk-weighted assets		11.70%	10.91%	
Ratio of Tier I capital to risk-weighted assets		12.33%	11.47%	
Leverage ratio		6.73%	5.99%	

Note a: Regulatory capital, risk-weighted assets and exposure measurement are calculated under the “Regulations Governing the Capital Adequacy and capital category of Banks” and the “The Methods for Calculating the Bank’s regulatory Capital and Risk-weighted Assets”.

Note b: An annual report should include both the current year’s and prior year’s capital adequacy ratio, but a semiannual report should include the capital adequacy ratio of the most recent year.

Note c: Formulas used were as follows:

- 1) Regulatory capital = Common equity + Additional Tier I capital + Tier II capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) × 12.5.
- 3) Capital adequacy ratio = Regulatory capital/Total risk-weighted assets.
- 4) Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets.
- 5) Ratio of Tier I capital to risk-weighted assets = (Common equity + Additional Tier I capital)/Total risk-weighted assets.
- 6) Leverage ratio = Net Tier I capital/Exposure measurement.

45. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2022

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ 77,240	\$ (77,240)	\$ -	\$ -	\$ -
Securities sold under repurchase agreement	4,959	4,690,600	(96,810)	-	4,598,749
Bank debentures	23,901,900	(3,000,000)	-	-	20,901,900
Other financial liabilities	187,451	1,688,127	-	-	1,875,578
Lease liabilities	<u>1,014,799</u>	<u>(385,030)</u>	<u>5,646</u>	<u>231,002</u>	<u>866,417</u>
	<u>\$ 25,186,349</u>	<u>\$ 2,916,457</u>	<u>\$ (91,164)</u>	<u>\$ 231,002</u>	<u>\$ 28,242,644</u>

For the year ended December 31, 2021

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ 22,340	\$ 54,900	\$ -	\$ -	\$ 77,240
Securities sold under repurchase agreement	3,530,487	(3,465,911)	(59,617)	-	4,959
Bank debentures	22,601,900	1,300,000	-	-	23,901,900
Other financial liabilities	172,814	14,637	-	-	187,451
Lease liabilities	<u>809,359</u>	<u>(383,033)</u>	<u>(1,418)</u>	<u>589,891</u>	<u>1,014,799</u>
	<u>\$ 27,136,900</u>	<u>\$ (2,479,407)</u>	<u>\$ (61,035)</u>	<u>\$ 589,891</u>	<u>\$ 25,186,349</u>

46. SEGMENT INFORMATION

According to the Article 23 of “Regulations Governing the Preparation of Financial Reports by Public Banks”, the Bank does not prepare the segment information of IFRS 8.

47. ADDITIONAL DISCLOSURES

- a. Information about significant transactions:
 - 1) Marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital: Nil
 - 2) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: Table 1 (attached)
 - 3) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: Nil
 - 4) Service charge discounts on transactions with related parties in aggregated amount of at least NT\$5 million: Nil
 - 5) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Nil
 - 6) Sale of nonperforming loans: Nil
 - 7) The type and related information of any securitization product that has been approved in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act: Nil
 - 8) Intercompany relationships and significant intercompany transactions: Nil
 - 9) Other significant transactions which may have effects on decision making of financial statement users: Nil
- b. Information of subsidiaries' financing provided, endorsement/guarantee provided, marketable securities held, marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital and derivative transactions: Table 2 (attached)
- c. Related information of investees on which the Bank exercises significant influence: Table 3 (attached)
- d. Information about branches and investments in mainland China: Table 4 (attached)
- e. Information about major shareholders: Name, number of shares, and percentage of ownership of shareholders holding more than 5% of the shares: Nil

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Related Party Transaction Date			
The Bank	Land	October 3, 2022	\$ 2,011,507	As of December 31, 2022, the Bank has paid \$1,643,907 thousand (\$1,276,307 thousand accounted for as land; \$367,600 thousand accounted for as properties prepayment). The Bank has paid off the transaction amount and completed the legal procedures for the land transfer in January 2023.	Natural person (9 individuals)	-	-	-	Reference to the market price and appraisal report.	To build office for the headquarters of the Bank.	Nil	

FAR EASTERN INTERNATIONAL BANK LTD.

**SUBSIDIARIES' FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED/DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	FEIB Financial Leasing Co., Ltd.	A company	Other receivables	No	\$ 16,221	\$ 15,874	\$ 15,874	6%-10%	1	\$ 17,664	-	\$ 317	Real estate	\$ 33,268	\$ 314,591	\$1,048,638

Note 1: No. column is coded as follows:

- a. The Issuer is coded "0".
- b. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The nature of financing is described as follows:

- a. Business transaction is coded "1".
- b. Short-term financing is coded "2".

Note 3: The limits on financing are as follows:

- a. Financing limit for each borrower
 - 1) In the case of lending funds to companies or firms who have a business relationship with the lender, the total lending amount to an individual borrower shall not exceed 30% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
 - 2) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 30% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
- b. Aggregate financing limit
 - 1) In the case of lending funds to companies or firms who have a business relationship with the lender, the total accumulation lending amount to an individual borrower shall not exceed two times of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
 - 2) In the case of lending funds to the companies or firms in need of short-term financing, the total accumulation lending amount to an individual borrower shall not exceed 40% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

The total accumulated lending amount of the above shall not exceed the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

FAR EASTERN INTERNATIONAL BANK LTD.

RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	The Proportionate Share of the Bank, Its Subsidiaries and Their Affiliates in Investees (Note 1)			Note
						Present Shares (In Thousands)	Pro Forma Shares (Note 2)	Total Shares (In Thousands)	
<p><u>Held by the Bank</u></p> <p>Financial business Deutsche Far Eastern Asset Management Co., Ltd. Dah Chung Bills Finance Corp.</p>	<p>7F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan 4F, 4F-1, 4F-2, 4F-3, Np. 88 Dun Hwa North Road, Taipei, Taiwan</p>	<p>Securities investment trust funds Underwriting, dealing and brokering of short-term bills</p>	<p>40.00 22.06</p>	<p>\$ 158,587 1,727,460</p>	<p>\$ 25,130 87,227</p>	<p>12,000 101,941</p>	<p>- -</p>	<p>40.00 22.07</p>	
<p>Far Eastern Asset Management Co., Ltd.</p>	<p>Room B, 17F, No. 207, Dun Hwa South Road, Sec. 2, Taipei, Taiwan</p>	<p>Purchase, evaluation, auction and management of creditor's rights to financial institutions</p>	100.00	1,710,535	52,188	168,400	-	100.00	
<p>Far Eastern International Securities Co., Ltd.</p>	<p>51F, No. 7, Xinyi Road, Sec. 5, Taipei, Taiwan</p>	<p>Foreign securities broker, wealth management and offshore fund consulting</p>	100.00	417,954	(46,937)	26,000	-	100.00	
<p>Taipei Foreign Exchange Agency Co., Ltd. Sunshine Asset Management Co., Ltd.</p>	<p>8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan 15F., No. 218, Dun Hwa South Road, Sec. 2, Taipei, Taiwan</p>	<p>Foreign exchange, cross-currency swaps, etc. Management of creditor's rights and rendering of commercial detective services</p>	<p>0.40 3.46</p>	<p>4,204 2,792</p>	-	<p>80 207</p>	-	<p>0.40 3.46</p>	
<p>Financial Information Service Co., Ltd.</p>	<p>No. 81, Kangning Road, Sec. 3, Taipei, Taiwan</p>	<p>Data processing service and electronic information supply</p>	1.14	237,926	-	5,938	-	1.14	
<p>Yuan Hsin Digital Payment Co., Ltd.</p>	<p>Room A, 5F., No. 1, Yuandong Road, Banqiao Dist., New Taipei City, Taiwan</p>	<p>Issuing electronic tickets and signing contracted institutions</p>	4.05	9,541	-	2,758	-	4.05	Obtained the approval of dissolution from the Ministry of Economic Affairs on January 31, 2023
<p>Nonfinancial business An Feng Enterprise Co., Ltd.</p>	<p>3F., No. 139, Jhengzhou Road, Taipei, Taiwan</p>	<p>ATM maintenance, replacement and repair</p>	10.00	4,905	-	300	-	10.00	
<p><u>Held by Far Eastern Asset Management Co., Ltd.</u></p> <p>Financial business FEIB Financial Leasing Co., Ltd.</p>	<p>8F., Far Eastern Plaza, No. 28, Bailianjing Road, Pudong New District, Shanghai, China</p>	<p>Leasing operation</p>	100.00	1,048,638	29,881	N/A	-	N/A	

Note 1: The Bank, board chairman, supervisors, managing directors, and the shares of investee companies invested in by related parties which comply with corporation law are considered.

Note 2: Routes of investment are listed below:

- 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 the Banking Law.
- Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of "Securities and Exchange Law Enforcement Rules".
- Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Financial Reporting Standard 9.

FAR EASTERN INTERNATIONAL BANK LTD.

**INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Investee Company Name	Main Business and Product	Total Paid-in Capital (Note 4)	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2022	Investment Flow (Note 4)		Accumulated Outflow of Investment as of December 31, 2022 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 5)	Carrying Value as of December 31, 2022 (Note 2)	Accumulated Inward Remittances of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
FEIB Financial Leasing Co., Ltd.	Leasing operation	\$ 920,470 (US\$ 30,000 thousand)	a	\$ 920,470 (US\$ 30,000 thousand)	\$ -	\$ -	\$ 920,470 (US\$ 30,000 thousand)	\$ 29,881 (CNY 6,741 thousand)	100.00	\$ 29,881 (CNY 6,741 thousand)	\$ 1,048,638	\$ -	

Accumulated Investment in Mainland China as of December 31, 2022 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Limit on Investment Authorized by Investment Commission MOEA (Note 3)
\$920,470 (US\$30,000 thousand)	\$920,470 (US\$30,000 thousand)	\$1,026,321

Note 1: Routes of investment in mainland China are listed below:

- a. Direct investment.
- b. Investment via third place company (state third place investment company).
- c. Others.

Note 2: Calculation based on investee company's financial statements audited by a local CPA and covering the same reporting period as that of Far Eastern International Bank.

Note 3: Under the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" announced by Investment Commission, MOEA, upper limit is calculated by applicant company - Far Eastern Asset Management Co., Ltd.

Note 4: Calculated using the exchange rate at remittance date.

Note 5: Calculated using the average exchange rate for the year ended 2022.

遠東國際商業銀行
Far Eastern Int'l Bank



董事長：

侯金英





遠東集團
FAR EASTERN GROUP



遠東國際商業銀行
Far Eastern Int'l Bank



台北市敦化南路二段207號26.27樓
26.27/F 207 Tun Hwa S.Road,Sec.2,Taipei
Tel:(02)2378-6868 Fax:(02)2377-9000
Swift Code : FEINTWTP
<https://www.feib.com.tw>