



遠東國際商業銀行
Far Eastern Int'l Bank

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2023 Annual Report

中華民國112年 年報

Banko
我們的社群銀行



HAPPY+

遠銀財富管理



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Acting Spokesperson

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Recent Annual Financial Statement Auditor

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Our website

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

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Chairperson Ms. Ching-Ing Hou

Chairperson's Message

Looking back in 2023, geopolitical risks disrupted supply chain production, and high interest rates coupled with inflation decelerated global economic development, leading to a declined Taiwan export growth, staggering investment momentum, and downward Taiwan GDP growth rate to 1.31%. Looking forward to 2024, inflation is expected to stabilize, and global economy is expected to recover, which will aid in boosting Taiwan export growth and sustaining domestic consumption momentum. The Taiwan GDP growth rate in 2024 is projected to reach 3.43%, contributing to steady and robust profitability for the banking industry.

FEIB adheres to a long-term steady growth plan. In 2023, total assets and net worth grew by 7%, reaching NT\$792.5 billion and NT\$58.9 billion respectively. Due to reduced volatility in the stock and bond markets, financial market investment income grew significantly. Following effective control over operating expense and net provision expense, net income grew by double-digit for 2 consecutive years, reaching a historical high of NT\$4.17 billion. Additionally, FEIB reinforced financial structure improvement, with NPL% decreasing to 0.108%, CET1% reaching 11.98%, and BIS% reaching 15.03%, all marking the best performances of FEIB in years.

FEIB achieved outstanding performance in core businesses in 2023. In Digital Banking, Bankee's digital deposits grew by 78%, exceeding 2% of FEIB's total deposits. Bankee introduced credit card installment loan and personal loan in inaugurating BU's earnings power. In Retail Banking, the wealth management brand successfully received 6-consecutive-year recognition from The Asset International Magazine's "Best Wealth Management Bank Brand Image Award". In Consumer Lending, the proportion of revolving mortgage increased and loan portfolio was enhanced with high interest margin. In Corporate Banking, FEIB was awarded by the Financial Supervisory Commission as an "Excellent Bank for SME Loans". The portfolio of local loans was steadily increased while quality of local and foreign credits were enhanced in reducing bad debt cost. In Financial Market, FEIB seized market volatility, timely deployed investment and trading positions, and substantially increased derivatives and investment income.

FEIB practiced sustainable business principles and undertook various ESG corporate citizen initiatives, such as 1st green-energy branch, 1st green-building sustainability-linked loan, the Equator Principles signing, and climate-change-related financial information disclosure (TCFD) to support green environmental protection actions. Collaborating with the Eden Social Welfare Foundation, FEIB launched an ESG-linked charity effort to donate lunches to rural schoolchildren. FEIB received HR ASIA's "Asia's Best Employer Award" and "Best Corporate Employer Care Award" in consecutive years for implementing social welfare and creating a friendly workplace environment. FEIB also was consecutively ranked among the top 5% of listed companies in the Taiwan Stock Exchange's "Corporate Governance Evaluation" and the top 25% of excellent banks in the Financial Supervisory Commission's "Customer Fairness Evaluation". FEIB revised "Corporate Governance Guidelines" following regulatory standards, to enhance corporate governance mechanisms.

In 2024, FEIB's business goal is to continuously expand its assets and business scale. Deposit and loan businesses will grow with profitability balancing with risk management. Revenue diversification will continue and earnings power will optimize cost-income structure. ESG investment and lending will be promoted to advance sustainability finance endeavor. Digital banking business priorities will include deepening Bankee's branding recognition, accelerating AI finance implementation, and advancing FEIB's digital transformation. Looking ahead, FEIB will continue its long-term steady business growth, along with social responsibility fulfillment, to create sustainable value for shareholders, customers, and employees.



Vice Chairman Mr. Douglas Tong Hsu

Operating Results for 2023 and Business Outlook for 2024 Are Summarized as Follows:

Operating Results for 2023

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

(NT\$MM)

Item	Y2023	Y2022	YoY %	Budget Achieving %
Total Assets	792,504	740,540	+7%	101%
Total Loans	473,824	444,082	+7%	99%
Deposits and Remittance	660,748	607,424	+9%	103%
Equity	58,875	54,972	+7%	-
Net Revenue	12,794	11,739	+9%	-
PPOP	5,247	4,735	+11%	-
Net Income	4,174	3,678	+14%	-
EPS (NT\$)	1.03	1.00	+3%	-

2. Ratings

Fitch Ratings issued FEIB rating report on Apr. 18, 2023, affirming FEIB's credit rating remained at BBB / F3 for foreign currency LT / ST IDR, and A+(twn) / F1(twn) for national long-term / short-term rating, and FEIB's rating outlook remained as stable. The rating result reflected the Bank's moderate risk appetite and adequate loss buffer, and FEIB is considered a stable financial institution of investment grade.

3. Research and Development

To enhance operational efficiency and customer service quality, FEIB continued developing new products and improving service processes, including utilizing big data and market intelligence in analyzing customer behavior and transaction flows. Additionally, FEIB enhanced online risk management, such as implementing digital transaction monitoring, adding HappyGo Pay's security checking, and setting pre-defined transaction limit for FX conversion. FEIB launched new functions, including discretionary remittance account termination, property price inquiry, and larger-amount FX conversion, on the online transaction portal. FEIB also used RPA technology in improving operational efficiency, such as customer due diligence (CDD) and transaction monitoring systems (TMS) for AML compliance, customer service enhancement, and trust service streamlining.



President Mr. Thomas Chou

4. Organization Changes

The Financial Markets Group reorganized its "Financial Markets Department" and split it into 3 departments – "Trading Department," "Sales Department," and "Administration Department", in Nov. 2023, to enhance management by professional specialty and operational efficiency.

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

The domestic banking industry is severely overbanked, with intense market share and price competition. The entry of 3 internet-only banks further intensifies competition in digital banking space. FEIB strengthens focus on high-profitability businesses, and accelerates digital banking development to cope with competitive threats. Amid amendments in corporate governance, anti-money laundering (AML), and counter-terrorism financing regulations, FEIB revises relevant internal audit and control standards to strengthen regulatory compliance. In response to the Financial Supervisory Commission's "Sustainable Development Action Plan for Listed and OTC Companies" and regulations related to climate risk, FEIB follows the Equator Principles, establishes ESG credit review processes, conducts climate change stress tests and discloses related information to promote sustainable finance and support industry's sustainable development.

Operating Plans for 2024

1. Operating Goals

Major operating goals for 2024 (by consolidated financials) are summarized as follows:

- (1) Total assets: NT\$824.4 billion.
- (2) Total loans: NT\$502.7 billion.
- (3) Total deposits: NT\$688.2 billion.

2. Policies and Major Strategies

(1) Retail Banking:

For WM, the BU enhances product competitiveness, and introduces the online equity trading platform. The BU develops mass customer groups to expand customers' assets under management with FEIB. To improve loan-to-deposit spread, the BU controls deposit costs, focuses more on revolving mortgage, and increases high margin personal loans. To increase credit card transaction income, the BU continues promoting the "Far East Happy Family+ Card", and providing more card benefits in FEG internal and external channels. Through "FEIB 10 Happiness" WM brand, online-and-offline promotion activities and physical-and-virtual multiple channels, the BU aims to create a full-fledge wealth management services to customers.

(2) Corporate Banking:

The BU expands lending assets by actively participating in local and offshore lending markets, and seizing financing opportunities in new tech industries, green transformation, and global supply chains. The BU increases offshore lending by focusing on Greater China, and Asia-Pacific markets, and progresses in adding an offshore business outlet in Singapore. By expanding SME loans and supply chain financing, the BU increases niche earnings. By promoting corporate banking's online transaction portal and B2B2C e-commerce platform, the BU strengthens FEIB's market share in corporate cash management business, and increases deposit from corporates.


(3) Financial Markets:

The BU, targeting professional institutional investors and high-net-worth corporate investors, develops diversified structured products to meet customers' high-yield investment or hedging needs. The BU utilizes AI technology to increase program trading volume in financial markets. The BU also utilizes online trading channels such as social media and the internet to promote FEIB's leading market share in "FX margin trading" business. Through strengthening asset-liability management (ALM), the BU improves FEIB's liquidity strength and NII structure. Through monitoring the credit quality and transaction flow, the BU aims to balance profits with risk for derivatives trades. The BU increases ESG stock and bond investment to support sustainable finance.

(4) Digital Banking:

The BU continues new customer development and digital transaction expanding, such as launching multiple digital platforms to connect various industry customers, and positioning transaction banking service to corporate and individual customers. The BU, based on financial innovation and business profitability as core, aims to become the key transaction bank for various fintech customers, hence to increase deposit base and fee income. By strengthening branding promotion, developing new business models, and optimizing service processes, the BU increases digital customers under Bankee. By exploring AI technology implication, the BU deepens customer behavior analysis, and launches target marketing, to provide multiple banking service to customers.

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 1997. 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.

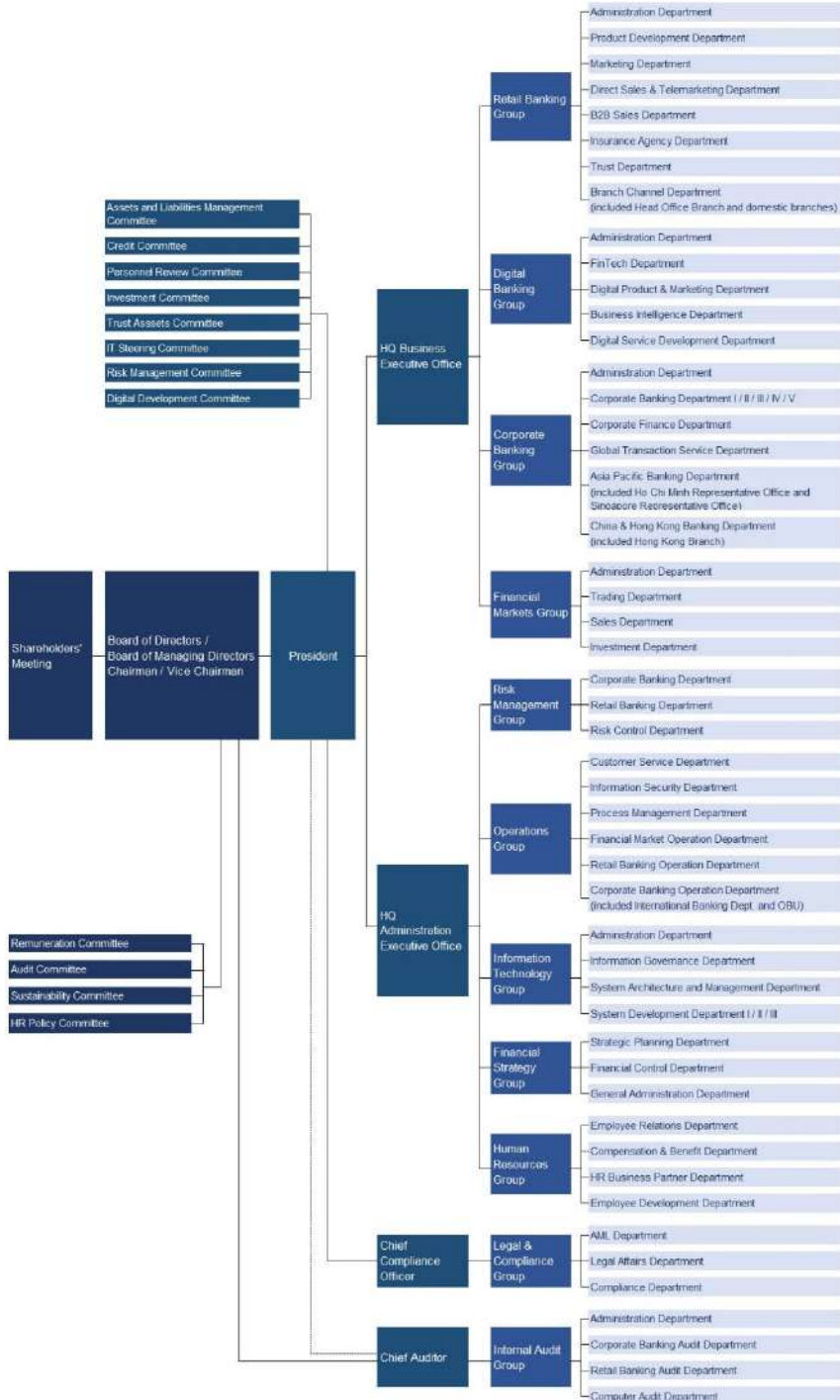
In 2023, to provide more convenient services to customers, Taipei Chunghsiao Branch was renovated and Chungli Branch was relocated. Combined with the brand value of "Ten Happiness", a few branches were renovated with aesthetic style. FEIB has 55 domestic branches (including HQ branch), 1 offshore branch 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, 2023



(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, 2023

Title	Nationality/ Place of Incorporation	Name	Gender	Date elected	Ten (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	
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. 	Director, Southern Taiwan University of Science and Technology	None	None	None	-
			91	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. 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. 	None	None	None	-
			82	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. 	None	None	None	-
			84	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, Vactronics Technologies Inc. 	None	None	None	-
74	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. 	None	None	None	-
			67	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	%			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, CTCL Advanced systems Inc. ■ Independent Director, Les Enphants Co. Ltd. 	■ Director, TN Soong Foundation	None	None	None	-
			72	Jun 20, 2018															
Independent Director	R.O.C.	Susan S. Chang	Female	Jul 20, 2021	3	*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, Jinniuin Business Co, Ltd. ■ Director, Grace Technology Co, Ltd. ■ Supervisor, Entie Tech-engineering Co, Ltd. 	None	None	None	-	
			75	Jun 16, 2015															
Independent Director	R.O.C.	Chia-Juch Chang	Male	Jun 16, 2023	3	*0	*0	*0	*0	*0	*0	*0	<ul style="list-style-type: none"> ■ Ph.D., Engineering, Purdue University, U.S.A. ■ Permanent, Undersecretary of the Ministry of Transport ■ President, Chung Hua University ■ Chairman, China Airlines Corp. ■ Chairman, China Steel Corp. ■ Minister, Ministry of Economic Affairs ■ Chairman, China Development Industrial Bank ■ Chairman, CDIB Capital Group ■ Chairman, China Development Financial Holding Corp. 	<ul style="list-style-type: none"> ■ Chairman, Transportation & Traffic Foundation ■ Director, EsLite Corp. ■ Commissioner, Mass Data Analysis Research Center of Soochow University ■ Commissioner, Cyber Security Center of Excellence of Soochow University 	None	None	None	-	
			73	Jun 16, 2023															

*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 21, 2024

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) · Dingshen Investment Co., Ltd. (1.53)
Far Eastern New Century Corp.	Asia Cement Corp. (23.77) · Asia Eastern University of Science and Technology (4.81) · Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF custody by TSIB (4.38) · Far Eastern Medical Foundation (3.61) · Far Eastern Memorial Foundation (3.42) · Yuanta Taiwan High Dividend Funds (3.35) · Yuan-Ze University (2.74) · Chunghwa Post Co., Ltd. (1.89) · Douglas Tong Hsu (1.71) · Der Ching Investment Corp. (1.55)
Asia Cement Corp.	Far Eastern New Century Corp. (21.16) · Far Eastern Medical Foundation (5.15) · Cathay United Bank was entrusted with custody of Yuanta Polaris Taiwan High Dividend Securities Investment Trust Fund Account (4.56) · China Life Insurance Co., Ltd. (2.52) · Labor Pension Fund Committee of Far Eastern New Century Corporation (1.67) · Yuan Ding Investment Co., Ltd. (1.53) · Far Eastern Department Stores Co., Ltd. (1.41) · Yuan-Ze University (1.37) · Chunghwa Post Co., Ltd. (1.35) · Far Eastern Memorial Foundation (1.24)
U-Ming Marine Transport Corp.	Asia Cement Corp. (39.25) · Taiwan Cooperative Bank (1.49) · Yuan Ding Investment Co., Ltd. (1.05) · Yu Yuan Investment Co., Ltd. (0.94) · Asia Investment Corp. (0.92) · HSBC Trustee Mitsubishi UFJ Morgan Stanley Securities Trading Account (0.85) · Cathay Life Insurance Co., Ltd. (0.84) · JPMorgan Chase Bank N.A., Taipei Branch in custody for the investment Funds of Japan Securities Finance Co., Ltd. (0.83) · JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.76) · Ya Li Transportation Corporation (0.75)

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

April 21, 2024

Name of Institutional shareholders	Major shareholders (%)
Fu Da Transportation Co., Ltd.	Fu Ming Transportation Co., Ltd. (99.97) · 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. (30.26) · Yue Li Investment Corp. (19.38) · Yu Ming Trading Corp. (8.50)
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)
Ding Shen Investment Co., Ltd.	Yue-Tung Investment Corp. (18.00) · Asia Investment Corp. (18.00) · Bai Ding Investment Co., Ltd. (18.00) · Ton Fu Investment Corp. (18.00) · Yuan Tone Investment Co., Ltd. (18.00) · Yue Ding Industry Co., Ltd. (5.00)
Yu Ming Trading Corp.	Yuan Ding Investment Co., Ltd. (45.50) · Ta Chu Chemical Fiber Co., Ltd. (38.20) · Bai Ding Investment Co., Ltd. (15.50) · Ding & Ding Management Consultants Co.,

Name of Institutional shareholders	Major shareholders (%)
	Ltd. (0.30) 、Yuan Ding Co., Ltd. (0.30) 、Yuan Ding Leasing Corp. (0.20)
Asia Cement Corp.	Far Eastern New Century Corp. (21.16) 、 Far Eastern Medical Foundation (5.15) 、 Cathay United Bank was entrusted with custody of Yuanta Polaris Taiwan High Dividend Securities Investment Trust Fund Account (4.56) 、 China Life Insurance Co., Ltd. (2.52) 、 Labor Pension Fund Committee of Far Eastern New Century Corporation (1.67) 、 Yuan Ding Investment Co., Ltd. (1.53) 、 Far Eastern Department Stores Co., Ltd. (1.41) 、 Yuan-Ze University (1.37) 、 Chungghwa Post Co., Ltd. (1.35) 、 Far Eastern Memorial Foundation (1.24)
Chungghwa 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) 、 Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF custody by TSIB (4.38) 、 Far Eastern Medical Foundation (3.61) 、 Far Eastern Memorial Foundation (3.42) 、 Yuanta Taiwan High Dividend Funds (3.35) 、 Yuan-Ze University (2.74) 、 Chungghwa Post Co., Ltd. (1.89) 、 Douglas Tong Hsu (1.71) 、 Der Ching Investment Corp. (1.55)
China Life Insurance Co., Ltd.	China Development Financial Holding Corp. (100.00)
Taiwan Cooperative Bank	Taiwan Cooperative 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) 、 Yuanta Taiwan High Dividend Low Volatility ETF (3.00) 、 Mega Bank(2.44) 、 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)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd. (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	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Name			
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

Name	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Douglas Tong Hsu	<ol style="list-style-type: none"> 1. Experience in Business Management and Operating Management capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> 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.) 5. 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"> 1. Experience in Business Management and Operating Management capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> 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
Tsung-Ming Chung	<ol style="list-style-type: none"> 1. CPA and Expertise in Finance, Accounting, Auditing 2. At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> 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
Humphrey Cheng	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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

Name	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Shi-Chun Hsu	<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.) 	2
Min-Teh Yu	<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.) 	3
Hsiao Hui Wang	<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. 	0
Susan S. Chang	<ol style="list-style-type: none"> Experience in finance, Business Management, Leadership and Decision-marking capabilities 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. 	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
Chia-Juch Chang	1. Experience in finance, Business Management, Leadership and Decision-making capabilities 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 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

C. Diversity and Independence of the Board of Directors

(a) Diversity of the Board of Directors

The Bank has enacted the "Corporate Governance Principle" and has a policy of diversifying board members, as outlined in Chapter 4, "Enhancing the Functions of the Board of Directors." Among the 11 directors, there is a 0% proportion of employees serving as directors. The tenure of independent directors is distributed as follows: less than 3 years, 1 person; 4-6 years, 1 person; over 6 years, 1 person. Four directors are over 81 years old, four directors are aged 71 to 80 years old, and three directors are aged 61 to 70 years old. The directors possess diverse professional backgrounds and qualifications. The Bank prioritizes gender equality in the composition of the board of directors, with the chairperson being female and the proportion of female directors standing at 27%. The current female directors exceed the goal of comprising over 25% of the board of directors for each gender. The Board Diversity Policy is disclosed on the bank's website.

(b) Independence of the Board of Directors

Among the 11th directors of the Bank included 3 Independent directors, the proportion of independent directors is 27%. The 3 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, 2023

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, Head of HQ Administration Executive Office of FEIB ■ 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..Ltd. ■ Director, Cosmos Foreign Exchange International Co., Ltd. 	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 Limited. ■ 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 Limited. 	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 Limited. 	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	
Executive Vice President	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 President, Head of Corporate Banking Group of FEIB ■ Master of Business Administration, University of Minnesota, U.S.A. 	<ul style="list-style-type: none"> ■ Director, FEIB Financial Leasing Corp. 	None	None	None	
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, Far Eastern Asset Management Corp. ■ Director, Dah Chung Bills Finance Corps. ■ Director, FEIB Financial Leasing Corp. 	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 Far Eastern Investments Limited ■ 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, Anfone 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	

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	
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	
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.	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 Company Limited. 	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.	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 04, 2021	55,000	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	
Senior Deputy Executive Vice President	R.O.C.	Jen Yu Tang	Male	Jan 03, 2023	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 Pittsburgh, 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	
Senior Deputy Executive Vice President	R.O.C.	Margaret Du	Female	Aug 29, 2023	446,496	0.0110	0	0	0	0	<ul style="list-style-type: none"> ■ Senior Deputy Executive Vice President of FEIB ■ Dept. of Banking, Tamkang University 	None	None	None	None	
Senior Deputy Executive Vice President	R.O.C.	Sen Hsing Pei	Male	Aug 29, 2023	275,102	0.0068	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.	Audrey Lin	Female	Aug 29, 2023	61,217	0.0015	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	
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.	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	

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.	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	
Deputy Executive Vice President	R.O.C.	Kuo Ying Huang	Female	Aug 09, 2017	208,376	0.0051	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 	<ul style="list-style-type: none"> ■ Independent Director, World Fitness Services Ltd. 	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.	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	

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.	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	
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	

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.	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	
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	

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.	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	
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	163	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.	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	
Deputy Executive Vice President	R.O.C.	Ting Chieh Lin	Male	May 02, 2023	0	0	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Business Administration in International Business, 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	
Deputy Executive Vice President	R.O.C.	Bin Yih Lu	Male	Aug 29, 2023	0	0	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Economics, National Taiwan University 	None	None	None	None	
Deputy Executive Vice President	R.O.C.	Shiao Ling Tang	Female	Aug 29, 2023	104,278	0.0026	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of International Business, National Taiwan University 	None	None	None	None	
Deputy Executive Vice President	R.O.C.	Hsing Mei Chen	Female	Aug 29, 2023	172,032	0.0042	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Master of Arts in Economics, Soochow University 	None	None	None	None	
Deputy Executive Vice President	R.O.C.	Chia Chien Hsieh	Female	Aug 29, 2023	50,000	0.0012	0	0	0	0	<ul style="list-style-type: none"> Deputy Executive Vice President of FEIB Dept. of Statistics, National Cheng Kung University 	None	None	None	None	
Deputy Executive Vice President	R.O.C.	Der Chin Pan	Male	Dec 06, 2023	142,308	0.0035	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	
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	
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.	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	

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.	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 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.	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	

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.	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	
Senior Vice President	R.O.C.	Ya Wan Chang	Female	Mar 02, 2023	30,000	0.0007	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Executive Master of Business Administration in Management Sciences, Tamkang University 	None	None	None	None	
Senior Vice President	R.O.C.	Pao Tsai Tsai	Male	May 15, 2023	50,444	0.0012	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Master of Business Administration, National Chiayi University 	None	None	None	None	
Senior Vice President	R.O.C.	Jane Tsai	Female	Aug 29, 2023	100,423	0.0025	50,976	0.0013	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Business Administration, National Cheng Kung University 	None	None	None	None	
Senior Vice President	R.O.C.	Shin En Shao	Male	Aug 29, 2023	26,000	0.0006	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Executive Master of Business Administration in finance, National Chung Hsing University 	None	None	None	None	
Senior Vice President	R.O.C.	Tse Pin Liang	Male	Aug 29, 2023	0	0	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Public Finance and Taxation, Aletheia University 	None	None	None	None	
Senior Vice President	R.O.C.	Shan Tseng Wen	Male	Aug 29, 2023	40,000	0.0010	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Master of Business Administration, Pace University, U.S.A. 	None	None	None	None	
Senior Vice President	R.O.C.	I Wen Ho	Female	Aug 29, 2023	79,368	0.0020	0	0	0	0	<ul style="list-style-type: none"> Senior Vice President of FEIB Dept. of Secretarial Science, Chungyu College of Business Administration 	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 Hsien Tseng	Male	Aug 29, 2023	10,000	0.0002	0	0	0	0	<ul style="list-style-type: none"> ■ Senior Vice President of FEIB ■ Dept. of Industrial Management, Kun Shan University 	None	None	None	None	
Vice President	R.O.C.	Bill Lee	Male	Mar 27, 2012	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	Mar 04, 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.	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	Aug 12, 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.	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.	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 06, 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	
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.	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	

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.	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 HSsuan 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	
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.	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	

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.	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	
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	
Vice President	R.O.C.	Shih Cheng Lin	Male	Mar 02, 2023	0	0	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of International Trade, Extension School with Chihlee Institute of Technology 	None	None	None	None	
Vice President	R.O.C.	Sung Huang Kuo	Male	Mar 02, 2023	0	0	0	0	0	0	<ul style="list-style-type: none"> Branch Manager of FEIB Dept. of Economics, Aletheia 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.	Fang Liang Yeh	Male	Aug 29, 2023	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Executive Master of Business Administration in Technology Management, National University of Tainan 	None	None	None	None	
Vice President	R.O.C.	Chung En Weng	Male	Aug 29, 2023	26,038	0.0006	0	0	0	0	<ul style="list-style-type: none"> ■ Vice President of FEIB ■ Master of Education in Industrial Technology Education, National Taiwan Normal University 	None	None	None	None	
Vice President	R.O.C.	Yu Wei Li	Male	Aug 29, 2023	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ Master of Science in Finance and Risk, SHU-TE University 	None	None	None	None	
Deputy Vice President	R.O.C.	Chi Chang Ting	Male	Nov 05, 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.	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	

Note: The above elected dates unlike previous content is because the principle adjustments according to the dates reported to the board of directors for approval.

(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, 2023

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	16,460	16,460	-	-	12,544	12,544	140 (note : car rental 270; Driver's compensation: 723)	140 (note : car rental 270; Driver's compensation: 723)	Total : 110,931 Ratio: 2.658%	Total : 110,979 Ratio: 2.659%	-	-	-	-	-	-	-	-	Total : 110,931 Ratio: 2.658%	Total : 110,979 Ratio: 2.659%	NA
Vice Chairman	Douglas Tong Hsu	13,662	13,662	-	-	9,408	9,408	85	85	-	-	-	-	-	-	-	-	-	-	2.658%	2.659%	998
Directors	(refer as follow)	2,880	2,928	-	-	47,241	47,241	210	210	-	-	-	-	-	-	-	-	-	-	-	-	NA
Independent Directors	(refer as follow)	3,100	3,100	-	-	5,119	5,119	80	80	-	-	-	-	-	-	-	-	-	-	-	-	NA

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): NA

※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; Chia-Juch Chang elected on June 16, 2023.

Remuneration Range of Directors

December 31, 2023

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)	■ Independent Directors: Chia-Juch Chang	■ Independent Directors: Chia-Juch Chang	■ Independent Directors: Chia-Juch Chang	■ Independent Directors: Chia-Juch Chang
NT\$2,000,000 (inclusive)~ NT\$3,500,000 (non-inclusive)	■ Independent Directors: Susan S. Chang	■ Independent Directors: Susan S. Chang	■ Independent Directors: Susan S. Chang	■ Independent Directors: Susan S. Chang
NT\$3,500,000(inclusive)~ NT\$5,000,000 (non-inclusive)	■ Independent Directors: Hsiao Hui Wang	■ Independent Directors: Hsiao Hui Wang	■ Independent Directors: Hsiao Hui Wang	■ Independent Directors: Hsiao Hui Wang
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (non-inclusive)	■ Directors: Far Eastern New Century Corp. Representatives: Humphrey Cheng; James Wu ■ Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu ■ Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu	■ Directors: Far Eastern New Century Corp. Representatives: Humphrey Cheng; James Wu ■ Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu ■ Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu	■ Directors: Far Eastern New Century Corp. Representatives: Humphrey Cheng; James Wu ■ Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu ■ Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu	■ Directors: Far Eastern New Century Corp. Representatives: Humphrey Cheng; James Wu ■ Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu ■ Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu
NT\$10,000,000(inclusive)~ NT\$15,000,000 (non-inclusive)	■ Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang	■ Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang	■ Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang	■ Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (non-inclusive)	■ Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou ■ Director: Douglas Tong Hsu	■ Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou ■ Director: Douglas Tong Hsu	■ Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou ■ Director: Douglas Tong Hsu	■ 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: Chia-Juch Chang elected on June 16, 2023.

B. Remuneration of the President and Executive Vice Presidents

Unit: NT\$ Thousands

December 31, 2023

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													790
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					72,459 (Car rental : 2,660 ; Driver compensation : 2,912)	72,819 (Car rental : 2,660 ; Driver compensation : 2,912)							
Executive Vice President	Lonnie Liu	48,474	48,546	0	0			13,388	0	13,388	0	Total: 134,321 Ratio: 3.218%	Total: 134,753 Ratio: 3.228%	726
Executive Vice President	James Dai													
Executive Vice President	Shin Hwa Chou													
Executive Vice President	Ying Ching Hu													68
Chief Auditor	Chih Wei Huang													
Chief Compliance Officer of the Head Office	Elaine Yeh													

Remuneration Range of President and Executive Vice President

December 31, 2023

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)		
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 / Chih Wei Huang	Simon Tai / Sophie Chang / Lonnie Liu / James Dai / Shin Hwa Chou/ Elaine Yeh/ Ying Ching Hu / Chih Wei Huang
NT\$10,000,000(inclusive)~15,000,000(exclusive)	Jiann Jong Lin / Ben Liao Ru/	Jiann Jong Lin / Ben Liao Ru
NT\$15,000,000(inclusive)~30,000,000(exclusive)	Thomas Chou / Steve Chi	Thomas Chou / Steve Chi
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, 2023

	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 25-42		0	37,718	37,718	0.9%

(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, the president, and executive vice presidents of the Bank, relative to the net income.

Unit: NT\$ Thousands

Title	2022				2023			
	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 consolidate d financial statements
Directors	75,955	76,003	2.065	2.067	110,931	110,979	2.658	2.659
President, Executive Vice Presidents	116,315	116,747	3.163	3.175	134,321	134,753	3.218	3.228
Total	192,270	192,750	5.228	5.242	245,252	245,732	5.876	5.887

- 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 compensation, expenses for business execution, and earnings distribution. If there is net income before income tax, the 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 offered by other companies in the same trade, the performance evaluation results of the board of directors and functional committees (important evaluation items include meeting attendance rate, annual training hours per the requirements of the competent authority, concurrent Independent Directors per the requirements of the competent authority, participation, contribution to the Bank's management, and communication with the management team, etc.), and take into account the Bank's operating performance and the expected or actual risks that have occurred, subject to the "Regulations for Directors' Remuneration Distribution." After approval by the

Remuneration Committee, it shall be reported to the board of directors for final approval.

- (b) In accordance with Article 25 of the 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 for managerial officers (including the president and vice presidents) are established and regularly reviewed by the Remuneration Committee. The board of directors then determines the result after considering the Remuneration Committee's suggestions to ensure its comparability to the risk level of the Bank and general pay levels in the industry.

Merit pay will be evaluated based on financial factors (such as revenue, net profit before tax, etc.) and non-financial factors (compliance, risk management, etc.).

3. Implementation of Corporate Governance

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

The 11th Board of Directors convened 5 meetings in 2023, 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	5	0	100%	-
Vice Chairman	Douglas Tong Hsu	4	0	80%	-
Executive Director	Far Eastern New Century Corp. Representative: Shaw Y. Wang	5	0	100%	-
Executive Director	Asia Cement Corp. Representative: Tsung-Ming Chung	4	0	80%	-
Director	Far Eastern New Century Corp. Representative: Humphrey Cheng	5	0	100%	-
Director	Far Eastern New Century Corp. Representative: James Wu	5	0	100%	-
Director	Asia Cement Corp. Representative: Shi-Chun Hsu	4	0	80%	-
Director	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	5	0	100%	-
Independent Director, Managing Director	Hsiao Hui Wang	5	0	100%	-
Independent Director	Susan S. Chang	3	2	60%	-
Independent Director	Chia-Juch Chang	2	0	100%	Elected on Jun 16, 2023

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: In accordance with Article 14-5 of the Securities and Exchange Act, the Bank has established an audit committee. 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 2023 are: credit proposals, Re-appointment of members of the 5th Salary and Remuneration Committee, nomination of independent director candidates by shareholders, renewal of the lease of the Headquarter/Head Office Branch/Taipei Dun Nan Branc/Hsinchu Big City Branch, lease of Yuanqi 17F office and Chunghsiao 10th floor post-lease changes Business area, signing Microsoft enterprise authorization contract, building off-site backup computer room equipment procurement, building branch and regional center backup recording system procurement, large and medium-sized ticket finance/Yadong Securities financial institution quota, etc. 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
Internal evaluation Once a year	2023	1.Board of directors meeting 2.functional committees	1.Overall evaluation 2.self-evaluation by individual members	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,

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
External evaluation once three years	In April 2022, the Bank appointed Ernst & Young, an external independent professional organization, to conduct an external evaluation of the operational effectiveness of the Board of Directors and functional committees.	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 questionnaires, and finally put forward comprehensive observations and suggestions.	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. 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, which 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) 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. To regulate the Bank's transactions with related parties, the 4th amendment and renamed as "Transactions with Related Persons and Preventing Insider Trading" was made on January 25, 2024.
- (2) For strengthen the corporate governance system, the Bank has enacted "Corporate Governance Principle" on November 6, 2015. To implement the sustainable development responsibilities of the Board of Directors, the 4th amendment was made on March 2, 2023.
- (3) 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.
- (4) 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. To optimize the operation of the board of directors, the 12th amendment was made on November 3, 2022.

(2) Information for the Operations of Audit Committee

- A. In accordance with Article 14-4 of the Securities and Exchange Act, the audit committee is composed of the entire number of independent directors.
- B. In accordance with Article 6 of the Organizational Rules for the Audit Committee of Far Eastern International Bank, the authorities and responsibilities of the audit committee are to review and check 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) Procedures relating to asset acquisition/disposal, derivative transactions, and major financial conducts pursuant to Article 36-1 of the Securities and Exchange Act.
- (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

- (a) The 3rd Audit Committee convened 4 meetings in 2023, 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	4	0	100%	-
Independent Director	Susan S. Chang	4	0	100%	-
Independent Director	Chia-Juch Chang	2	0	100%	Elected on Jun 16, 2023

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.

- (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:

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
8 th Session of 3 rd Audit Committee March 1, 2023	<ul style="list-style-type: none"> ■ General Business Inspection Report of the Financial Supervisory Commission in December 2021/Opinions on the Inspection of Real Estate Credit Business ■ Audit business work report ■ Report on the legal compliance system and entrustment of operations to others in the second half of 2022/implementation report on money laundering prevention and counter-terrorism financing ■ Overall implementation of information security in 2022 ■ Proposal of reselling Bad Debt ■ 2022 Annual Financial Statements and Consolidated Financial Statements/Surplus Distribution ■ Financial statement certification accountant changes and assessment of accountant independence and competency/list of non-certified services to be performed in 2023 ■ Issuance of ordinary shares/preferred shares/convertible financial bonds by way of private placement ■ 2022 business report/Statement on Internal Control System Statement ■ 2022 Annual Statement on Internal Control Systems for Preventing Money Laundering and Combating Terrorist Financing/Project Inspection Results ■ Renewed the lease of Hsinchu Jucheng Branch ■ Revision of the Corporate Governance Code/Standards and Specifications for the Internal Control System of the Proprietary Business of Securities Dealers and Bonds ■ Newly added price setting guidelines for digital financial credit products ■ Revised insurance internal controls and solicitation processing procedures ■ 2022 Personal Data Protection Internal Control System Statement ■ Revised credit card credit management standards and implementation rules ■ Credit Proposal <p>Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.</p>	✓	None
9 th Session of 3 rd Audit Committee May 3, 2023	<ul style="list-style-type: none"> ■ General Business Inspection Report of the Financial Supervisory Commission in December 2021 ■ Audit business work report ■ Final execution report on undertaking Yuanxin electronic ticket business ■ Proposal of reselling Bad Debt ■ Consolidated Financial Statements for the First Quarter of 2023 ■ Shareholders nominate independent director candidates ■ Formulate operation continuity management policies ■ 2022 Comprehensive Money Laundering and Terrorism Financing Risk Assessment Report /Prevention of Money Laundering and Combating Terrorism Financing Plan/Insurance Agent Business Risk Assessment Report of Preventing Money Laundering and Combating 	✓	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
	<p>Terrorism Financing</p> <ul style="list-style-type: none"> ■ Revision of collateral valuation standards ■ Credit Proposal <p>Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.</p>		
10 th Session of 3 rd Audit Committee Aug 28, 2023	<ul style="list-style-type: none"> ■ Financial Supervisory Commission’s General Business Inspection in December 2021/Opinions on improvements in the general inspection of Yixian and Public Welfare Branch in January 2023 ■ Audit business work report ■ Report on the legal compliance system and entrustment of operations to others in the second half of 2022/implementation report on money laundering prevention and counter-terrorism financing ■ Proposal of reselling Bad Debt ■ Individual financial statements and consolidated financial statements for the first half of 2022, acquisition of large and medium-sized financial equity ■ Revise the guidelines for handling whistle-blowing cases ■ Renew the lease of the head office/business department and Dunnan branch premises ■ Change the business area after leasing the 17F office of Yuanqi and the 10th floor of Chunghsiao ■ Sign a Microsoft enterprise licensing contract ■ Construct remote backup computer room equipment procurement ■ Establish backup recording system procurement for branches and regional centers <p>Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.</p>	✓	None
11 th Session of 3 rd Audit Committee Oct 27, 2023	<ul style="list-style-type: none"> ■ Financial Supervisory Commission’s General Business Inspection in December 2021/Inspection of the bank’s credit card customers’ personal data protection project in December 2022/Opinions on improvements in the general inspection of Yixian and Public Welfare Branch in January 2023 ■ Audit business work report ■ Proposal of reselling Bad Debt ■ Consolidated financial statements for the first three quarters of 2023 ■ 2024 internal audit plan ■ Yadong Securities/Dazhong Note Financial Institution Quota ■ Revise the standards and specifications for the internal control system of the bond proprietary business of concurrently operating securities firms/risk management policies and operational risk management guidelines/credit guidelines for personal housing loans ■ Credit Proposal <p>Result : The proposal was passed by a unanimous vote and no objection. Dealing with result of Audit Committee : None.</p>	✓	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 communicates with the Independent Directors regarding the first half financial statement, annual financial statement, and annual audit planning.
- Internal auditors engage independent directors in yearly meetings to present internal audit reports and discuss any major issues thoroughly. These discussions are summarized in the meeting minutes and reported to the Board of Directors.
- The Audit Committee, comprising all independent directors, receives quarterly reports from the chief auditor 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 8 th Audit Committee meeting of the 3 rd term held on March 1, 2023	Reported the results of auditing 2022 stand-alone financial statements and consolidated financial statements, and responded the questions from Independent Directors.	Noted
The 10 th Audit Committee meeting of the 3 rd term held on August 28, 2023	Reported the results of auditing and reviewing the second quarter of 2023 stand-alone financial statements and consolidated financial statements, and responded the questions from Independent Directors.	
Conference between Independent Directors and CPA on October 27, 2023	1. Significant audit risk for auditing 2023 financial statements. 2. Key audit matters for auditing 2023 financial statements. 3. Audit planning for auditing 2023 financial statements.	

- Communication between Independent Directors and the Chef Auditor:

Date	Highlights of Communication	Result
March 1, 2023	1. Audit report for the fourth quarter of 2022	Noted
The 8 th meeting of the 3 th Audit Committee	2. Statement on Internal Control System of 2022	
May 3, 2023	1. Audit report for the first quarter of 2023	
The 9 th meeting of the 3 th Audit Committee	2. Follow-up and improvement of examination finding	
August 28, 2023	1. Audit report for the second quarter of 2023	
The 10 th meeting of the 3 th Audit Committee	2. Follow-up and improvement of examination finding	
October 27, 2023	1. Audit report for the third quarter of 2023	
The 11 th meeting of the 3 th Audit Committee	2. Audit plan for 2024	
November 3, 2023	1. Project implementation plan of Risk-focused financial examination	Noted
Forum between the independent directors and auditors	2. Explanation of important inspection opinions of the General Audit Office in 2023	
	3. Statistics of FSC Enforcement Actions to Financial industry in 2023	

(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 resolution of the Board of Directors. The committee shall consist of at least three members, with more than half of them being independent directors.

B. Corporate Sustainability Committee Duties and Powers

- (a) Promote and strengthen the integrity management system.
- (b) Promote and develop Corporate Sustainability Related Matters.
- (c) Supervise other sustainability-related issues 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 shall 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 2023, and all members attended in person with an 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
4 th Session of 1 st Corporate Sustainability Committee Feb 17, 2023	<ul style="list-style-type: none"> ■ Implementation Status of the Integrity Operation Promotion Team in 2022 ■ Implementation Status of the Fair Customer Treatment Promotion Team in 2022 ■ Sustainable Development Promotion Work Plan for 2023 <p>Result : The proposal was approved by a unanimous vote and no objection.</p>
5 th Session of 1 st Corporate Sustainability Committee Aug 01, 2023	<ul style="list-style-type: none"> ■ Sustainability Promotion Status for the First Half of 2023 ■ 2022 Sustainability Report and Stakeholder Communication Status ■ Formulation of "Sustainability Development Policy" ■ Formulation of "Sustainability Development Investment Guidelines " <p>Result : The proposal was approved by a unanimous vote and no objection.</p>

(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	Abstract Illustration	
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?	✓		<ul style="list-style-type: none"> ■ The Bank has enacted the "Corporate Governance Principle," which includes a chapter on "Protecting Shareholders' Rights." Accordingly, the Bank has a spokesperson, an acting spokesperson, and the stock agency "Oriented Securities Co., Ltd." to handle related issues and suggestions of shareholders. ■ If there is any legal issue involving the shareholding structure and shareholders' interests, the legal department will assist the responsible unit in dealing with it. 	None
(2) Does the Bank possess the list of its major shareholders as well as the ultimate owners of those shareholding?	✓		<ul style="list-style-type: none"> ■ The Bank has a clear list of the major shareholders and their ultimate control entities, and it declares transaction information in accordance with relevant laws and regulations. 	None
(3) Does the Bank establish and execute risk management and firewall mechanisms for transaction with affiliated businesses?	✓		<ul style="list-style-type: none"> ■ The bank sets up the crediting and transacting control mechanism with the affiliates (including substantial affiliates) based on the Banking Act and Competent Authority regulations. For credit extended to affiliates, the credit facility should comply with fully secured, within the compulsory lending cap, terms and conditions not more favorable than those offered to other customers in the same category, and board meeting approval process. For transactions with affiliates, the bank also establishes "FEIB's procedures for handling credit and other transactions with stakeholders" and "Acquisition and Disposal Asset Handling Guidelines" for internal business units to follow. The aforementioned policies have been established with a sound risk management mechanism and follow the arm's length rules. ■ The Bank has made "FEIB's Regulations for Risk Management Measures of Subsidiaries" to comply with statutes and to set up sound operation and risk governance for its subsidiaries. 	None

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
2. Composition and Responsibilities of the Board of Directors				
(1) Does the board have diversity policy and specific management goals?	✓		<ul style="list-style-type: none"> ■ The Bank has enacted the "Corporate Governance Principle" and has a policy of diversifying board members in Chapter 4, "Enhancing the Functions of the Board of Directors." Among the 11 directors, the proportion of employees serving as directors is 0%. The tenure of independent directors is as follows: less than 3 years, 1 person; 4-6 years, 1 person; over 6 years, 1 person. The chairperson is female, and the proportion of female directors is 27%. Four directors are over 81 years old, four directors are aged 71 to 80, and three directors are aged 61 to 70. The directors have diverse professional backgrounds and qualifications. The Bank focuses on gender equality in the composition of the board of directors, with current female directors exceeding 25% of the board. The Board Diversity Policy is 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?	✓		<ul style="list-style-type: none"> ■ In addition to the remuneration committee and the audit committee according to law, the Bank established a functional committee under the board of directors - HR Policy Committee, approved on August 29, 2023 in the 12th meeting of the 11th term Board of 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?	✓		<ul style="list-style-type: none"> ■ To strengthen corporate governance effectiveness, Procedures for Performance Evaluation of the Board of Directors were established on August 12, 2016. An amendment was made on August 12, 2019, renaming it to Procedures for Performance Evaluation of the Board of Directors and Functional Committees. Evaluations are conducted yearly, and the latest evaluation results were reported to the Board on March 4, 2024. The relevant information was disclosed on the Bank's website and considered in determining remuneration and candidates' nominations. 	None
(4) Does the Bank base on Audit Quality Indicators (AQIs) to evaluate the independence and suitability of its CPA on a regular basis?	✓		<ul style="list-style-type: none"> ■ The Bank regularly evaluates the independence and suitability of certified public accountants every year based on Bulletin No.10 of the Code of Professional Ethics for Certified Public Accountants of the Republic of China and Article 27, Item 5 of the Guidelines for the Bank's Corporate Governance. ■ This year's assessments are as follows: <ul style="list-style-type: none"> ■ Until the last audit, the Bank did not fail to replace the CPA every 7 years. 	None

Evaluation Item	Implementation Status		Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	
			<ul style="list-style-type: none"> ■ Until the last audit, the CPA received no punishment for violations. ■ Members of the audit team, their spouses, and dependents are not involved in any of the following: <ul style="list-style-type: none"> ■ Directly or indirectly holding significant financial interests in the Bank. ■ Having business relations with the Bank or with directors and managerial officers at the Bank, where such relations may affect their independence. ■ During the audit, members of the audit team, their spouses, and dependents do not serve as directors or managerial officers at the Bank, nor do they assume positions that may directly and significantly affect the auditing process. ■ 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. ■ Members of the audit team have not received gifts or presents exceeding the general etiquette standards from our Bank, directors, managerial officers, or major shareholders at the Bank. ■ Members of the audit team have implemented necessary independence/conflict of interest procedures, and no violations of independence or unresolved conflicts of interest have been found. ■ The Statement of Independence and Audit Quality Indicators Report has been issued by the CPA, and the results were approved by the 14th Board of Directors of the 11th term on March 4, 2024. After evaluation, the CPAs 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 providing information required for business execution by directors and supervisors, assisting directors with legal compliance, handling matters relating to board meetings and	✓		<ul style="list-style-type: none"> ■ The board passed a resolution on May 6, 2019, to appoint Deputy Executive Vice President Shu Hui Lee, from the Head Office, as the head of corporate governance to oversee corporate governance affairs. Shu Hui Lee has over ten years of experience in supervisory positions in stock affairs and financial institutions' deliberation. Corporate governance affairs include handling matters related to board meetings and shareholders' meetings according to laws, producing minutes of board meetings and shareholders' meetings, assisting in onboarding and continuous development of directors,

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
shareholders meetings according to laws, handling corporate registration and amendment registration and producing minutes of board meetings and shareholders meetings)?			<p>providing information required for business execution by directors, assisting directors with legal compliance, and other matters specified in the articles of incorporation or contracts.</p> <ul style="list-style-type: none"> ■ The status of Corporate Governance implementation is as follows: <ul style="list-style-type: none"> ■ Board Meeting, Managing Director Meeting, and Audit Committee Meeting: <ul style="list-style-type: none"> - Providing necessary information to directors, managing directors, and audit committees. - Issuing notices and agendas of the meetings 7 days before the meeting. - Producing minutes within 20 days after the meeting. - Consolidating resolutions and speeches of the meetings. - Tracking follow-up implementation status and reporting to the chairman's office. ■ Shareholders' meeting: <ul style="list-style-type: none"> - Registering the date of the shareholder meeting in accordance with regulations. - Uploading notices and handbooks of the meeting 30 days before the meeting. - Uploading minutes to the MOPS within 20 days after the meeting. ■ Providing information on training courses. ■ Providing official documents and regulations of the competent authority related to directors or corporate governance. Disseminating regulations regarding interested parties as per Article 32 and 33 of the Banking Act twice a year. ■ Reporting to the Board of Directors the results of the review on whether the qualifications of independent directors at the time of nomination, election, and during their term of office comply with relevant laws and regulations. ■ Handling matters related to director changes, including the by-election of one independent director, and managing company change registration. ■ Evaluating operations in accordance with the "Procedures for Performance Evaluation of the Board of Directors and Functional Committees" of the Bank, with relevant information also disclosed on the Bank's website. 	

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
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 into different channels for investors, customers, suppliers, employees, and community members/non-profit organizations. Contact persons 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 has disclosed 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 has set up an English website. A designated employee is responsible for collecting and disclosing company information. Information and video recordings 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 follows 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, 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)?	✓		<ul style="list-style-type: none"> ■ Employee rights and welfare: Please refer to the "Employee Behavior and Ethics Standards" section on pages 124-126 "Labor Relations" section on pages 133-136 of this annual report. ■ Investor Relations: The bank not only has a specialist employee responsible for investors' suggestions, doubts, or disputes but also has spokespersons, acting spokespersons, and the stock agency "Oriented Security Co., Ltd." to handle related issues and suggestions of shareholders. Investor conferences are held quarterly. ■ Stakeholder rights: The Bank discloses financial and business-related corporate governance information on the website for stakeholders. Both Chinese and English information are available on MOPS for foreign investors. 	None

Evaluation Item	Implementation Status		Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	
			<p>Abstract Illustration</p> <ul style="list-style-type: none"> ■ Directors' training: Directors have irregularly attended training courses based on the "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. Please refer to Table 2 for the training status of Directors and Independent Directors. ■ Risk management policy and risk measurement standard: For more details, please refer to "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" on pages 152-160. ■ 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 comply with relevant regulations and standards. Changes in products and services (e.g., standard contracts, notifications of changes in customer rights) are handled in accordance with regulations or governing rules stipulated by the competent authority. - The Bank establishes policies and SOPs for handling customers' disputes. Additionally, hotlines with designated personnel are set up to address customer complaints and provide customer protection to enhance customer benefits. ■ Liability insurance purchased for directors: The Bank provides liability insurance for all directors to mitigate legal and financial risks and protect against possible damages resulting from the execution of duties. ■ Donations to political parties, stakeholder and charities: <ul style="list-style-type: none"> - Donated NT\$1,420,217 to Eden Social Welfare Foundation (rebate of Eden Love Credit Card) - Sponsoring NT\$500,000 to the Taiwan Connection (Music Festival for Rural Children Music Talent Program) - Sponsoring NT\$66,095 to the "Green Belt and Sidewalk" project of Dunhua South Road in front of THE MALL.

Evaluation Item	Implementation Status		Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	
			<ul style="list-style-type: none"> - Taiwan World Vision Foundation NT\$300,000 - Hualien County Social Assistance Fund (Donated Micro Insurance) NT\$100,000 - Tainan University of Technology (sponsored scholarship) NT\$40,000 - Jingyi University (Academic Feedback Fund for Industry-Academic Cooperation) NT\$120,000 - Donated NT\$144,000 to Eden Social Welfare Foundation (Donate summer meals to rural school children)
			<ul style="list-style-type: none"> ■ CSR : Referred to page 126-131
			<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>Based on the new indicators for the 2023 corporate governance evaluation, the following have been strengthened:</p> <ol style="list-style-type: none"> 1. Establishment of rules for financial business-related operations with related parties. 2. Recording of the important content of shareholders' questions and the company's responses in the minutes of the 2023 shareholders' meeting. 3. Uploading of the entire audio and video recording after FEIB's 2023 shareholders' meeting. <p>Priority for next improvement:</p> <ol style="list-style-type: none"> 1. According to the assessment requirement, Risk Management is overseen by the audit committee. 2. According to the assessment requirement, Sustainability report submitted to the board of directors for approval.

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
Chia-Juch Chang	Male	Operating/ Information Security	Doctor of Engineering	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	Sep 04, 2023	Sep 04, 2023	Financial Supervisory Commission	The 14 th Taipei Corporate Governance Forum	3
			Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3
Vice Chairman	Douglas Tong Hsu	July 20, 2021	Dec 15, 2023	Dec 15, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum-Challenges and Opportunities under the Global Net-Zero Transformation	3
			Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3
Executive Director	Shaw Y. Wang	July 20, 2021	Dec 15, 2023	Dec 15, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum-Challenges and Opportunities under the Global Net-Zero Transformation	3
			Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3

Title	Name	Date elected	Training Date		Organizer	Courses	Hours
			Start	End			
Executive Director	Tsung-Ming Chung	July 20, 2021	Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3
			Jul 04, 2023	Jul 04, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	3
Director	Humphrey Cheng	July 20, 2021	Dec 15, 2023	Dec 15, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum-Challenges and Opportunities under the Global Net-Zero Transformation	3
			Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3
			Apr 13, 2023	Apr 13, 2023	Taiwan Institute of Directors	2023 Anhou Jianye Leadership Academy Forum-Business Opportunities and Challenges under the Net Zero Boom	3
Director	James Wu	July 20, 2021	Mar 30, 2023	Mar 30, 2023	Securities and Futures Institute	Economic Outlook and Industry Trends in 2023	3
			Mar 28, 2023	Mar 28, 2023	Securities and Futures Institute	How directors and supervisors supervise the company to establish and promote a sound risk management system	3
Director	Shi-Chun Hsu	July 20, 2021	Aug 18, 2023	Aug 18, 2023	Corporate Operating and Sustainable Development Association	Discussion on management rights risk control and independent director system	3
			Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3
			Jun 08, 2023	Jun 08, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Corporate Governance and Operation of Remuneration Committee	3
Director	Min-Teh Yu	July 20, 2021	Aug 17, 2023	Aug 17, 2023	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulation	3
			Apr 28, 2023	Apr 28, 2023	Taiwan Corporate Governance Association	Information Technology Wave Board Members Respond to Practice	3
Independent Director, Managing Director	Hsiao Hui Wang	July 20, 2021	Dec 15, 2023	Dec 15, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum-Challenges and Opportunities under the Global Net-Zero Transformation	3
			Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3
Independent Director	Susan S. Chang	July 20, 2021	Dec 15, 2023	Dec 15, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum-Challenges and Opportunities under the Global Net-Zero Transformation	3
			Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3
Independent Director	Chia-Juch Chang	Jun 16, 2023	Jul 11, 2023	Jul 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industrial AI - Impact of ChatGPT and Enterprise Response	3
			Jul 04, 2023	Jul 04, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	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

Name		Qualifications	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
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	Susan S. Chang		<ol style="list-style-type: none"> Experience in finance, Business Management, Leadership and Decision-marking capabilities 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 the performance of the directors and managers, as well as the policies, systems, standards, and structure of their compensation.
- (b) Periodically review and establish the compensation of the directors and managers.
- (c) The performance and compensation levels of the directors and managers shall take into account the general pay levels in the industry, and also consider a 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. (Approved on July 29, 2021 in the 2nd meeting of the 11th term, and on February 7, 2023 in the 9th meeting of the 11th term Board of Directors.) There were two meetings in 2023. The members attending the Remuneration Committee meetings were:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Hsiao Hui Wang	2	0	100%	
Committee Member	Patrick P. Y. Wu	2	0	100%	
Committee Member	Susan S. Chang	2	0	100%	New appointment on February 7, 2023

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 two meetings in 2023 with an attendance rate of 100% from all members. Each agenda was as follows:

The Remuneration Committee	Issue	Result	The Follow-Up Measures
the 5 th meeting of the 5 th term February 16, 2023	Contributions for Employees' and Directors' Remuneration of 2022	The proposal was revised and passed by all members of the Remuneration Committee.	The proposal was revised by the result of the Remuneration Committee, and executed in accordance with the resolution approved by all members of the Board of Directors.
the 6 th meeting of the 5 th term October 18, 2023	Managers' Compensation Report of 2022	The report was passed by all members of the Remuneration Committee.	The proposal was passed by all members of the Board of Directors.
	Amendment to "Allocation Guidelines for Employees' Remuneration"	The proposal was revised and passed by all members of the Remuneration Committee.	The proposal was revised by the result of the Remuneration Committee, and executed in accordance with the resolution approved by all members of the Board of Directors.

The Remuneration Committee	Issue	Result	The Follow-Up Measures
	Amendment to "Allocation Guidelines for Performance Bonus"	The proposal was passed by all members of the Remuneration Committee.	The proposal was executed in accordance with the resolution approved by all members of the Board of Directors.
	Business Groups' Implementation Schemes of Incentives of 2024	The proposal was revised and passed by all members of the Remuneration Committee.	The proposal was revised by the result of the Remuneration Committee, and executed in accordance with the resolution 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 established the "Corporate Sustainability Committee" under the Board of Directors on November 9, 2021. The committee is responsible for supervising the implementation of sustainable development-related work (such as the 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 set 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 4, 2024, regarding the progress of sustainable development initiatives in 2023. ■ The Board of Directors tracks and reviews the 	None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>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.</p> <ul style="list-style-type: none"> Please refer to pages 54-55 for the annual execution report of the Corporate Sustainability Committee. 	
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 relevant risk management policies or strategies?	✓		<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 a 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 pages 76-77. 	None
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"> To achieve the government's 2050 net-zero carbon emissions goal, the Bank has established an appropriate environmental management system based on the characteristics of the financial industry. We have established an Environmental Energy Management Committee responsible for planning and integrating environmental and energy management operations throughout the organization. We examine environmental impacts across various aspects of the business value chain, effectively implementing carbon reduction, energy conservation, water conservation, and business waste management. This comprehensive approach enhances environmental management efficiency, demonstrating our commitment to environmental protection. The Bank has obtained the following environmental-related international standard certifications: <ul style="list-style-type: none"> All domestic and overseas business units of the bank have passed ISO 14064-1 verification. The headquarters building, Banqiao Daguan Building, and Cultural Miracle Building of the bank have obtained ISO 14001 Environmental Management System certification (certificate validity: December 5, 2022, to December 4, 2025) and ISO 50001 Energy Management System certification (certificate validity: December 15, 2023, to December 14, 2026). 	None
(2) Does the bank endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	✓		<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 	None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons								
	Yes	No	Abstract Illustration									
			<p>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 2023, electricity consumption was 9,523,069 kWh, a decrease of 8.32% compared to the previous year.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2023</th> <th>2022</th> <th>Decrease Rate (%)</th> </tr> </thead> <tbody> <tr> <td>Electricity (kWh)</td> <td>9,523,069</td> <td>10,387,093</td> <td>8.32</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: <ul style="list-style-type: none"> ■ In order to further demonstrate our commitment to sustainable environmental practices and take practical actions, the Bank officially launched the solar photovoltaic system at our self-owned building, Taoyuan Tower, to generate electricity in March 2023. This initiative represents a tangible step towards implementing the net-zero policy pathway. Additionally, to supplement the self-generated renewable energy at our Taoyuan branch and align with our commitment to green energy, the bank has purchased a total of 184,000 kilowatt-hours per year of renewable energy electricity. In February 2024, the bank officially switched to supplying green electricity, thereby establishing our institution's first green energy branch. ■ The Bank uses environmentally friendly recycled materials to make employee uniforms to implement the concept of the circular economy, improve resource utilization efficiency, and reduce environmental impact. ■ The Bank launched an E-Learning platform to replace traditional classroom training. It can reduce transportation time, air pollution, and carbon emissions from traffic, and also save paper waste. ■ The Bank promotes paperless office operations by adopting electronic document management systems, digitizing various workflow processes, and implementing paperless services at branches. Additionally, the Bank optimizes digital platforms and integrates electronic billing throughout the organization to increase the usage rate of digital transaction platforms. This initiative aims to reduce the carbon footprint and paper usage associated with customers visiting branches to conduct financial transactions. In 2023, the 	Item	2023	2022	Decrease Rate (%)	Electricity (kWh)	9,523,069	10,387,093	8.32	
Item	2023	2022	Decrease Rate (%)									
Electricity (kWh)	9,523,069	10,387,093	8.32									

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>implementation of paperless initiatives resulted in a total reduction of 39.79 million sheets of paper usage and 337.3 metric tons of greenhouse gas emissions.</p> <ul style="list-style-type: none"> ■ 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 2023 is about NT\$26.16 million. ■ 6. The Bank popularizes waste separation and reduction, resource recycling, energy conservation, and carbon reduction. <p>■ According to the "Task Force on Climate-related Financial Disclosures," Climate-related Risks are composed of Physical Risks, including Acute and Chronic Risks, and Transition Risks, including Policy and Legal Risks. Additionally, Climate-related Opportunities are composed of Resource Efficiency, Energy Sources, Products and Services, Markets, and Resilience. By the end of 2022, the Bank had established the identification of climate change-related risks and opportunities.</p> <ul style="list-style-type: none"> ■ Climate Risk <ul style="list-style-type: none"> ■ There are two significant physical risks with countermeasures in place. Firstly, natural disasters lead to disruptions in online and physical banking, affecting revenue and customer satisfaction. Secondly, the value of corporate and individual collateral decreases due to natural disasters, affecting the Bank's asset value and increasing risk exposure. ■ There is only one significant transition risk, carbon fees/taxes. Carbon fees/taxes will decrease counterparty profits, thereby affecting the Bank's asset value and investment income. ■ Climate Opportunities <ul style="list-style-type: none"> ■ There are two significant opportunities with the following implementations in progress. Firstly, strengthening resource recycling to alleviate environmental impacts and reduce operational costs. Secondly, utilizing online services/digital technology to reduce resource waste compared to traditional services and improve the convenience of financial services for customers. ■ To assess the effects of climate risks, scenario analysis is being used as the methodology for climate risk assessment. Setting "global average temperature increase below 2°C" and "global average temperature increase over 4°C" as future scenarios, potential climate- 	None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(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?	✓		<p>related disasters and legal amendments are presumed, and this presumption is used to assess the impact of climate risks in the future.</p> <ul style="list-style-type: none"> ■ Physical risk estimation was based on a "global average temperature increase over 4°C." Climate-related public databases were used to clarify exposure and vulnerability, and this data was combined with the floors and age of real estate to assess physical risks. According to the physical risk assessment, the Bank's physical risk impact is not significant; only several credit collaterals lie in high climate-risk areas. Furthermore, branches located in high climate-related risk areas were already prepared to deal with climate-related disasters. ■ In terms of transition risk, as the Bank's greenhouse gas emissions mainly stem from electricity usage (scope 2 emissions), and because GHG emissions are lower than those of the technology industry and manufacturing, the Bank's operating capacity is not significantly affected by transition risk. In the business sector, the Bank used the methodology drafted by the "Partnership for Carbon Accounting Financials" to calculate the Bank's GHG emissions from credit and investment, and then coordinated with climate scenarios ("global average temperature increase below 2°C") to assess the risk of carbon fees/taxes. According to the scenario analysis, the Bank is not greatly influenced by transition risk, as there are only a few high GHG emission corporations among the Bank's counterparties. ■ According to the differences in climate risk characteristics and business categories, the Bank establishes climate metrics and targets as tools to continually monitor and manage the influence of climate risks. <ul style="list-style-type: none"> ■ The Bank adheres to the "ISO 14001 Environmental Management System" and "ISO 50001 Energy Management System" standards to establish the "Environmental and Energy Management Specifications." In response to energy conservation, carbon reduction, and environmental protection policies, the Bank promotes the concept of sustainable development in green finance, supports green products, environmentally-friendly energy-saving related enterprises, and takes practical actions to achieve energy-saving goals and fulfill the Bank's corporate social responsibility. We promise to: <ul style="list-style-type: none"> ■ Comply with environmental and energy laws and regulations and set sustainable environmental 	None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																		
	Yes	No	Abstract Illustration																			
			<p>goals.</p> <ul style="list-style-type: none"> ■ Establish a sound environmental and energy management system and continuously improve energy performance. ■ Commit to preventing environmental pollution and supporting the development of the circular economy. ■ Purchase energy-saving products and support energy-saving innovative designs. ■ Enhance environmental and energy-saving awareness and strengthen communication on environmental and energy issues. <p>■ Based on environmental sustainability, the Bank promotes various energy conservation and carbon reduction policies to reduce greenhouse gas emissions as follows:</p> <ul style="list-style-type: none"> ■ Uses energy-saving lamps and power-saving air conditioners in new branches and in some office buildings. ■ Sets air-conditioning temperature at 26°C ~ 28°C and reduces working hours. ■ Replaces inefficient lighting with the most power-saving options, such as upgrading from T8 to T5 or T5 to LED. ■ Sets devices to low-energy mode and automatically shuts down personal computers and public OA equipment if not used for an extended period. ■ Shuts down some elevators during non-peak hours. ■ Reviews energy-saving effectiveness for water and electricity consumption quarterly and by each unit. ■ Equips new branches with barrier-free toilet faucets with water-saving function and replaces general faucets with water-saving toilets. ■ Implements garbage sorting and resource recycling, separating general waste from recyclable materials. <p>■ Over the past two years, the Bank's greenhouse gas emissions, water consumption, and total waste weight are as follows:</p> <p>1.Greenhouse gas emissions</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">Unit : tons of CO₂e</th> </tr> <tr> <th></th> <th>2023</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>306.88</td> <td>329.82</td> </tr> <tr> <td>Scope 2</td> <td>5,151.62</td> <td>5,299.65</td> </tr> <tr> <td>Total carbon emissions</td> <td>5,458.50</td> <td>5,629.47</td> </tr> <tr> <td>Carbon intensity (tons of</td> <td>0.43</td> <td>0.49</td> </tr> </tbody> </table>		Unit : tons of CO ₂ e			2023	2022	Scope 1	306.88	329.82	Scope 2	5,151.62	5,299.65	Total carbon emissions	5,458.50	5,629.47	Carbon intensity (tons of	0.43	0.49	
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Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																			
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			<p>CO₂e/ NT\$ million)</p> <table border="1"> <tr> <td>Data Coverage</td> <td>All Domestic and overseas branches and subsidiaries</td> <td>All Domestic and overseas branches and 2 subsidiaries</td> </tr> </table> <p>Note 1 : Conducted in accordance with ISO 14064-1:2018 inventory standards. The emissions for the past two years have been verified by the British Standards Institution (BSI) according to the ISO 14064-3:2019 standard. The assurance opinion is at a reasonable assurance level.</p> <p>Note 2 : In 2022, subsidiaries include Far Eastern Asset Management Corp. and FEIB Financial Leasing Co., Ltd. Starting from 2023, Far Eastern International Securities is included.</p> <p>Note 3: Information on Scope 3 inventory will be disclosed in the sustainability report.</p> <p>2. Water consumption and Waste</p> <table border="1"> <thead> <tr> <th></th> <th>2023</th> <th>2022</th> <th>Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Water consumption (degree)</td> <td>65,154</td> <td>66,858</td> <td>(1,704)</td> </tr> <tr> <td>Waste (ton)</td> <td>140.71</td> <td>165.95</td> <td>(25.24)</td> </tr> <tr> <td>Data Coverage</td> <td colspan="3">All domestic business units</td> </tr> </tbody> </table> <p>Note: Conducted in accordance with ISO 14064-1:2018 inventory standards. The bank's total water usage and waste weight for the past two years have been verified by the British Standards Institution (BSI). The assurance opinion is based on the Agreed-Upon Procedures (AUP).</p>	Data Coverage	All Domestic and overseas branches and subsidiaries	All Domestic and overseas branches and 2 subsidiaries		2023	2022	Increase (Decrease)	Water consumption (degree)	65,154	66,858	(1,704)	Waste (ton)	140.71	165.95	(25.24)	Data Coverage	All domestic business units			
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4. Social issues

- | | | | |
|--|---|---|------|
| <p>(1) Does the bank formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> | ✓ | <p>■ Following various labor laws and international human rights conventions, the Bank formulates "work rules" and personnel management guidelines. Additionally, the Bank protects employees' labor rights and maintains gender equality in the workplace.</p> | None |
| <p>(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?</p> | ✓ | <p>■ Please refer to the "Employee Welfare Measures" and "Labor-Management Agreements and Various Employee Interest Protection Measures" section on page 133-136.</p> | None |
| <p>(3) Does the bank provide a healthy and safe working environment and organize training on health and</p> | ✓ | <p>■ Please refer to the "Workplace Safety and Employee Psychology Health Maintenance" section on page 135-136.</p> <p>■ Fire cases in 2023: None</p> | None |

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
safety for its employees on a regular basis?				
(4) Does the bank provide its employees with career development and training sessions?	✓		<ul style="list-style-type: none"> ■ Please refer to the "Employee Training and Development" and "Training and Development Plan in 2024" section on page 123-124. 	None
(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 the "FEIB Financial Consumer Protection Act" and "FEIB Handling Procedures for Financial Consumer Disputes" for compliance. ■ The products and services of the Bank comply with 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 the "Client-Friendly Financial Service Principle," FEIB installs barrier-free facilities for customers. These facilities fully comply 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 the Construction and Planning Agency, Ministry Of The Interior. ■ To ensure customer privacy, FEIB establishes policies and procedures, including "Personal Information Management Procedures," "Personal Information Management Policies," "Personal Information Management KPIs," "Personal Information & Data Management SOPs," and "Personal Information Handling at Workplaces for Retail Banking," etc. FEIB is required to maintain customer data confidential and follow data security guidelines when personal information documents are taken out of the offices. Any violation will be reported immediately per the "FEIB Personal Data Security Incident Notification and Handling Guidelines" and the "Employee Reward and Punishment Guidelines." ■ Marketing & Labeling: <ul style="list-style-type: none"> ■ According to the "FEIB Investment Product Review Guidelines," product features, market analysis, and related risks must be disclosed and reviewed before the products are put on the shelves. ■ According to guidelines such as the "Know Your Customer Standard," "Business Promotion and Account Risk SOP," "Fair Treatment to Seniors," and "Customer Protection Management," the Bank is required to evaluate the client's investment risk tolerance, review the appropriateness of the risk profile, and ensure that a confirmation mechanism 	None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(6) Does the bank have a supplier management policy that requires suppliers to comply with the relevant norms on issues such as the	✓		<p>is in place for transactions exceeding certain amounts.</p> <ul style="list-style-type: none"> ■ According to FEIB's "Control Standard Operating Procedure (SOP) for Advertisements, Business Solicitation, and Promotion" and "Business Promotion and Account Risk SOP," the following activities must be reviewed by the Legal & Compliance Department: advertisement fees and rewards to external agencies, disclosure of customer information and privilege clauses, official website announcements, and risks and fees disclosed in contracts. The official website offers various standard contracts for customers to download, and the Investment Disclosure Section covers changes in fund management. ■ Customer Interest Protection and Appeal Procedures: <ul style="list-style-type: none"> ■ The Bank implements "Treat Customers Fairly Policies" and periodically reports execution outcomes to the Board. The Bank establishes "Consumer Dispute Handling Mechanisms and SOPs," "Consumer Dispute Handling Guidelines," and "Consumer Dispute Case Handling Procedures" to regulate the appeal case handling procedures and establish customer complaint performance indicators. All business units are required to analyze the root causes of dispute cases and review the operating process for future improvements. In order to implement financial consumer protection, according to the meeting resolution of the treat clients fairly team, each department should appropriately reference the cases of customer complaints when executing individual annual performance appraisal. ■ Establish a complaint cases database for elderly customers to strengthen the protection mechanism for the financial consumption rights of elderly customers. ■ Provide convenient access for 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. ■ The Bank has guidelines such as "Supplier Social Responsibility Management Essentials," which outline requirements for labor and human rights protection, health and safety in the workplace, environmental protection, and ethical standards. Suppliers are required to comply with these essentials and sign 	None

Evaluation Item	Implementation Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons	
	Yes	No		Abstract Illustration
environment, occupational safety and health, or human rights in the workplace, and its implementation?			<p>the "Supplier Social Responsibility Commitment," "Supplier Social Responsibility Self-Assessment Form," and "Supplier Corruption and Bribery Risk Assessment Form" before engaging in transactions with the Bank. The Bank's purchasing unit establishes different evaluation criteria and includes them in contracts to ensure suppliers' compliance (e.g., ISO qualification, etc.). In 2023, the bank did not find any negative news regarding suppliers violating human and labor rights.</p> <ul style="list-style-type: none"> In addition to evaluating the credit quality, technology standards, and financial status of major suppliers who have already signed the "Supplier Social Responsibility Commitment," the Bank also evaluates the environmental protection, social responsibility, labor conditions, and ethical practices of suppliers. The evaluation results are 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 2022 Sustainability Report followed the Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards), Sustainability Accounting Standards Board (SASB), and TCFD (Task Force on Climate-related Financial Disclosures), 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:			<ul style="list-style-type: none"> Please refer to page 126-131 The course "Understanding the Convention on the Rights of Persons with Disabilities (CRPD) and Characteristics and Needs of the Elderly" was conducted, involving general managers, senior managers, and employees, with a total of 2,548 people completing the training. 	

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 the "Task Force on Climate-related Financial Disclosures" to identify climate risks. <ul style="list-style-type: none"> The Bank identifies short-term, mid-term, and long-term risks and opportunities related to climate change using a climate risk matrix. It ranks the risk exposure for customer collaterals in the mid-term and buildings and warehouses in the long term by analyzing potential flooding and landslide disasters. The Bank identifies 6 risks and 5 opportunities related to climate change in its organizational business by conducting 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 across all aspects of the value chain and has introduced international standards certifications such as ISO 14001, ISO 50001, and ISO 14064-1. The bank has also

Important Issues	Risk Assessment Items	Risk Management Policies or Strategies
		<p>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 regulations</p>
Social	Branches safety	<ul style="list-style-type: none"> Environmental and climate-related data are compared in the location selection of branches, avoiding areas prone to the sea, low-lying places, or geologically unstable locations. The Bank has established disaster prevention and mitigation measures such as waterproof gates and sandbags in branches and offices. The Bank has established emergency response measures with the General Administration Department as the lead unit. It has set up the Build Duty Officer System and emergency response procedures for each unit to grasp the focus of accidents within 30 minutes and notify senior executives to initiate crisis management.
	IT equipment safety, operation continuity	
Corporate Governance	Socioeconomic and compliance	<ul style="list-style-type: none"> The Bank ensures that all personnel and operations comply with relevant laws and regulations by establishing governance organizations and implementing internal control systems.
	Strengthen the functions of the board of directors	<ul style="list-style-type: none"> The Bank increases support for directors' execution of business and provides irregular letters, trend information, and the latest laws and regulations related to directors or corporate governance, so that directors can stay informed. The Bank takes out liability insurance for all directors to reduce their legal and financial risks and protect against possible damages due to the performance of their duties. The Bank has established an "Enterprise Sustainable Committee" reporting to the Board of Directors to supervise the implementation of sustainable development. The Bank has drafted a "Climate Change and Environment Risk Management Guideline" to define the bank's climate change and environment risk management boundaries, targets, processes, and responsibilities. It supervises climate risk management according to the designated duties of the Board of Directors.
	Stakeholder Communication	<ul style="list-style-type: none"> The Bank has set up a spokesperson, acting spokesperson, and a dedicated department for investor relations to provide a channel for investors to contact and respond to opinions.
	Internal control and regulations compliance	<ul style="list-style-type: none"> The Bank formulates credit policies that comply with public welfare to assist corporations in Taiwan in implementing the low-carbon transition. In addition to credit checking and appraisal complying with the guidelines mentioned above, notifications for significant issues in post-loan management should include negative media reports to improve the supervision of the loan portfolio. Since 2022, lists for related examinations in the credit application process for high-risk industries in ESG, high carbon emissions industries, and controversial industries such as illicit arms, tobacco manufacturing, illegal gambling, sex establishments, gillnetting manufacturing, and illegal fishing, should be established as a reference for credit appraisal.

Bank's climate - related information

1. Implementation Status for climate - related information

Item	Implementation Status												
1. Please describe the status about oversight and governance of climate-related risks and opportunities by board and management.	<ul style="list-style-type: none"> The Board of Directors is the highest decision-making body for the Bank's climate risk management and is responsible for approving the Bank's climate risk management strategy and supervising the effectiveness of the Bank's climate risk management mechanism. The Risk Management Committee is responsible for implementing the Bank's climate risk management mechanism in accordance with the climate risk management strategy approved by the Board of Directors. It coordinates and communicates with various units of the Head Office regarding climate risk management matters and monitors the ongoing performance of its implementation. 												
2. Please describe the identification results how climate risk impact on bank's strategy, business and financial affairs.	<ul style="list-style-type: none"> The bank identifies climate risks based on "influence level" and "possible time point." The identification results are described as follows: <table border="1"> <thead> <tr> <th>Short-term(within 3 years)</th> <th>Mid-term(3 years to 10 years)</th> <th>Long-term(over 10 years)</th> </tr> </thead> <tbody> <tr> <td> Climate risk Transition risk - Policies and Legal <ul style="list-style-type: none"> The financial industry may not be the primary target of carbon fees, but carbon still impacts our clients. If our clients belong to high GHG emission industries, their profitability might decline due to factors such as changes in energy policies and carbon fees, leading to difficulties in debt recovery or loss of investment profits. </td> <td> Transition risk - Policies and Legal Transition risk - Markets Transition risk - Technology Transition risk – Reputation Physical risk - Acute <ul style="list-style-type: none"> As the 2050 net-zero carbon emission goal approaches, financial industries, including FEIB, may need to pay carbon fees, increasing operational electricity costs. The market will focus more on "high-carbon" attributes, affecting clients across various transition risks and leading to a shift in demand towards green industries. Emerging technologies may replace clients' existing products/services, or there may be a negative impression of high GHG-emission industries. Due to these factors, the profitability of high GHG-emission clients may decrease, leading to difficulties in debt recovery or loss of investment profits. Acute physical risks will also impact FEIB. Extreme weather events caused by climate change may affect FEIB's operational locations and real estate collaterals. These events could interrupt FEIB's operations, damage IT equipment, and decrease the value of FEIB's real estate collaterals, resulting in difficulties in debt recovery. </td> <td> Physical risk - Chronic <ul style="list-style-type: none"> Long-term climate risks identified for FEIB include environmental impacts such as sea-level rise and temperature increases, which could affect FEIB's operational capabilities or the value of real estate collateral. </td> </tr> <tr> <td>Climate opportunity</td> <td> Climate opportunity – Markets Climate opportunity – Products/Service Climate opportunity – </td> <td>Climate opportunity – Resilience</td> <td></td> </tr> </tbody> </table>			Short-term(within 3 years)	Mid-term(3 years to 10 years)	Long-term(over 10 years)	Climate risk Transition risk - Policies and Legal <ul style="list-style-type: none"> The financial industry may not be the primary target of carbon fees, but carbon still impacts our clients. If our clients belong to high GHG emission industries, their profitability might decline due to factors such as changes in energy policies and carbon fees, leading to difficulties in debt recovery or loss of investment profits. 	Transition risk - Policies and Legal Transition risk - Markets Transition risk - Technology Transition risk – Reputation Physical risk - Acute <ul style="list-style-type: none"> As the 2050 net-zero carbon emission goal approaches, financial industries, including FEIB, may need to pay carbon fees, increasing operational electricity costs. The market will focus more on "high-carbon" attributes, affecting clients across various transition risks and leading to a shift in demand towards green industries. Emerging technologies may replace clients' existing products/services, or there may be a negative impression of high GHG-emission industries. Due to these factors, the profitability of high GHG-emission clients may decrease, leading to difficulties in debt recovery or loss of investment profits. Acute physical risks will also impact FEIB. Extreme weather events caused by climate change may affect FEIB's operational locations and real estate collaterals. These events could interrupt FEIB's operations, damage IT equipment, and decrease the value of FEIB's real estate collaterals, resulting in difficulties in debt recovery. 	Physical risk - Chronic <ul style="list-style-type: none"> Long-term climate risks identified for FEIB include environmental impacts such as sea-level rise and temperature increases, which could affect FEIB's operational capabilities or the value of real estate collateral. 	Climate opportunity	Climate opportunity – Markets Climate opportunity – Products/Service Climate opportunity –	Climate opportunity – Resilience	
Short-term(within 3 years)	Mid-term(3 years to 10 years)	Long-term(over 10 years)											
Climate risk Transition risk - Policies and Legal <ul style="list-style-type: none"> The financial industry may not be the primary target of carbon fees, but carbon still impacts our clients. If our clients belong to high GHG emission industries, their profitability might decline due to factors such as changes in energy policies and carbon fees, leading to difficulties in debt recovery or loss of investment profits. 	Transition risk - Policies and Legal Transition risk - Markets Transition risk - Technology Transition risk – Reputation Physical risk - Acute <ul style="list-style-type: none"> As the 2050 net-zero carbon emission goal approaches, financial industries, including FEIB, may need to pay carbon fees, increasing operational electricity costs. The market will focus more on "high-carbon" attributes, affecting clients across various transition risks and leading to a shift in demand towards green industries. Emerging technologies may replace clients' existing products/services, or there may be a negative impression of high GHG-emission industries. Due to these factors, the profitability of high GHG-emission clients may decrease, leading to difficulties in debt recovery or loss of investment profits. Acute physical risks will also impact FEIB. Extreme weather events caused by climate change may affect FEIB's operational locations and real estate collaterals. These events could interrupt FEIB's operations, damage IT equipment, and decrease the value of FEIB's real estate collaterals, resulting in difficulties in debt recovery. 	Physical risk - Chronic <ul style="list-style-type: none"> Long-term climate risks identified for FEIB include environmental impacts such as sea-level rise and temperature increases, which could affect FEIB's operational capabilities or the value of real estate collateral. 											
Climate opportunity	Climate opportunity – Markets Climate opportunity – Products/Service Climate opportunity –	Climate opportunity – Resilience											

Item	Implementation Status
	<p style="text-align: center;">Resource Efficiency</p> <ul style="list-style-type: none"> ■ Market and Product/Service opportunities will affect FEIB, as demand for goods and market preferences will shift due to climate change. FEIB will benefit from participating in green financing and investments, and demand for low-carbon financial products will increase. To deal with climate change, FEIB will improve its resource efficiency to reduce GHG emissions. ■ Resilience as an opportunity will impact FEIB's operations. To cope with extreme weather events, FEIB will continue to improve its operational continuity plans to enhance climate resilience.
<p>3. Please describe how extreme climate events and transition action impact on financial affairs.</p>	<p>FEIB evaluates the financial impact of extreme climate events and regulatory changes through scenario analysis, in accordance with the Financial Supervisory Commission's guidelines. Significant impacts on businesses and individuals are disclosed on FEIB's official website (https://www.feib.com.tw/detail?id=530).</p>
<p>4. Please describe the way of integrating climate risk (including identification, assessment, and management) into existing risk management system.</p>	<ul style="list-style-type: none"> ■ FEIB integrates climate risk management into its existing internal control frameworks, ensuring climate risks are considered in investment and lending reviews. According to "The Directions of Climate Risk Management," the first line of risk management units should incorporate climate risk factors when handling investment or credit reviews to understand clients' risk situation. To ensure climate risk is under control, the second line of risk management units will be responsible for regular risk assessments, and the third line of risk management units will ensure the functionality of the first and second lines. ■ To ensure the effectiveness of risk monitoring and management, FEIB has established the "Climate Change and Environment Risk Management Guideline" and "The Directions of Climate Risk Management." These two internal regulations follow the climate risk management process of identification, assessment, monitoring, and management. FEIB will identify climate risks of its business and all branches, assess climate risks through scenario analysis, and adopt risk avoidance, transfer, or control measures for those with high climate risk.
<p>5. If you use scenario analysis to assess resilience to climate risk, please describe your scenarios, parameters, assumptions, and analytical factors, and the main impact on financial affairs.</p>	<p>FEIB conducts scenario analyses to assess resilience to climate risk, using scenarios, parameters, assumptions, and analytical factors aligned with regulatory guidelines. The main financial impacts are disclosed on FEIB's official website (https://www.feib.com.tw/detail?id=530).</p>
<p>6. If you have developed the transition plan to respond for climate risk, please describe about the plan, and metrics and targets using for climate risk identification,</p>	<ul style="list-style-type: none"> ■ Transition Plan: FEIB's transition plan includes optimizing Business Continuity Planning for climate resilience and incorporating climate risk into existing risk management. The bank also seizes transition opportunities by promoting digital services and developing sustainable products like green bonds. ■ Climate Risk Metrics and Targets: In order to continuously monitor and effectively manage climate risk, FEIB sets key climate risk metrics for risk monitoring for operations and each business aspect and sets short, medium, and long-term targets. FEIB's climate risk metrics and targets are

Item	Implementation Status
and management.	disclosed on FEIB's official website. (https://www.feib.com.tw/detail?id=534)
7. Please describe the base theory of carbon pricing if you use internal carbon pricing as a carbon management tool.	FEIB has not yet adopted internal carbon pricing as a tool for greenhouse gas emission control.
8. If any climate-related target is set, please specify the activities, scope of GHG emissions, planning schedule and annual achievement progress covered by the target. If carbon offsets or renewable energy certificates (RECs) are used to achieve related goals, please specify the source and quantity of offset carbon reduction limit, or quantity of RECs.	<ul style="list-style-type: none"> ■ Climate Risk Metrics and Targets: In order to continuously monitor and effectively manage climate risk, FEIB sets key climate risk metrics for risk monitoring for operations and each business aspect, and sets short, medium and long-term targets. FEIB's climate risk metrics and targets are disclosed on FEIB's official website. (https://www.feib.com.tw/detail?id=534) ■ Zero usage of carbon offset or renewable energy certificates (RECs) in 2023.
9. GHG accounting and assurance status	<ul style="list-style-type: none"> ■ To be specified in "GHG Inventory and Verification status for the last two years".

GHG Inventory and Verification status for the last two years

Year	Inventory status				Verification status			
	Emissions (Metric tons of CO ₂ e)			Intensity (Metric tons of CO ₂ e/NT\$ Million)	Coverage	Verification Institution	Descriptions	
	Scope 1	Scope 2	Total					
2023	306.88	5,151.62	5,458.50	0.43	All Domestic and overseas branches and subsidiaries	BSI	Verification Coverage Verification Principles Verification Opinion	The complete verification opinion will be disclosed in the sustainability report
2022	329.82	5,299.65	5,629.47	0.49	All Domestic and overseas branches and 2 subsidiaries (Note)		Verification Coverage	Same as the Inventory Coverage
							Verification Principles	ISO 14064-3:2006
						Verification Opinion	The result of verification is unqualified Opinion and the level of assurance is reasonable.	

Note: In 2022, subsidiaries include Far Eastern Asset Management Corp. and FEIB Financial Leasing Co., Ltd. starting from 2023, Far Eastern International Securities is included.

Attachment: Greenhouse Gas Assurance Report for the Year 2022

bsi.

Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Far Eastern International Bank
1F、13F、17F、18F、20F、26F、27F.
No.205, 207, 209, Sec.2, Dunhua S. Rd.
Daan Dist., Taipei City 106428
Taiwan

遠東國際商業銀行股份有限公司
臺灣
台北市
大安區
敦化南路二段 205、207、209 號
1 樓、13 樓、17 樓、18 樓、20 樓、26 樓、27 樓

Holds Statement No: GHGEV 767458

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with Far Eastern International Bank for the period from 2022-01-01 to 2022-12-31 was verified, including direct greenhouse gas emissions 329.8170 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 5,299.6510 tonnes of CO₂ equivalent.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

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Statement No: GHGEV 767458

The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			329.8170
1.1	Stationary combustion		0.7852
1.2	Mobile combustion		85.8808
1.3	Industrial processes(anthropogenic systems)		0.0000
1.4	Fugitive(anthropogenic systems)		243.1510
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.0000
Category 2: Indirect GHG emissions from imported energy			5,299.6510
2.1	Indirect emissions from imported electricity	location-based approach	5,299.6510
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)		0.0000
Category 4: indirect GHG emissions from products used by organization			977.3291
4.1	Emissions from Purchased goods		945.2081
4.2	Emissions from Capital goods	NS	
4.3	Emissions from the disposal of solid and liquid waste		32.1210
4.4	Emissions from the use of assets	NS	
4.5	Emissions from the use of services that are not described in the above subcategories	NS	

* NS: Non significant; N/A: Not applicable

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Statement No: GHGEV 767458

Location	Verification Information
<p>Far Eastern International Bank 1F - 13F - 17F - 18F - 20F - 26F - 27F. No.205, 207, 209, Sec.2, Dunhua S. Rd. Daan Dist., Taipei City 106428 Taiwan 遠東國際商業銀行股份有限公司 臺灣 台北市 大安區 敦化南路二段 205、207、209 號 1 樓、13 樓、17 樓、18 樓、20 樓、26 樓、27 樓</p>	<p>The Greenhouse Gas Emissions with Far Eastern International Bank for the period from 2022-01-01 to 2022-12-31 was verified, including direct greenhouse gas emissions 329,5500 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 5,292.7586 tonnes of CO₂ equivalent.</p>
<p>Far Eastern Asset Management Corp. Room B 17F., No. 207, Sec. 2, Dunhua S. Rd. Daan Dist., Taipei City 106428, Taiwan 遠東資產管理股份有限公司 台北市大安區敦化南路二段 207 號 17 樓 B 室</p>	<p>The Greenhouse Gas Emissions with Far Eastern Asset Management Corp. for the period from 2022-01-01 to 2022-12-31 was verified, including direct greenhouse gas emissions 0.0002 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 2.8481 tonnes of CO₂ equivalent.</p>
<p>FEIB Financial Leasing Co., Ltd 8F., Yuanqi Building No.28 Bailianjing Road, Pudong New Area, Shanghai 遠東租賃股份有限公司 上海市浦东新区白莲泾路 28 号远企大楼 8 楼</p>	<p>The Greenhouse Gas Emissions with FEIB Financial Leasing Co., Ltd for the period from 2022-01-01 to 2022-12-31 was verified, including direct greenhouse gas emissions 0.2668 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 4.0443 tonnes of CO₂ equivalent.</p>

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(8) Ethical Corporate Management

Evaluation Item	Implementation Status		Summary description	Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
1. Establishment of ethical corporate management policies and programs				
(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?	✓		<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, were amended by the board resolution on March 23, 2020, in the 8th meeting of the 10th term Board of Directors. These principles clearly state the policies and practices of the Bank's integrity management and the commitment of the Board of Directors and management for active implementation. Furthermore, the bank adopted the "Ethical Behavior Standard" and "Employee Behavior Standard" to clarify employees' integrity. The bank regularly provides regulatory 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 the company's internal procedures. 	None
(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 Practice Principles for TWSE/GTSM Listed Companies"?	✓		<ul style="list-style-type: none"> ■ The Bank formulated "Ethical Corporate Management Best-Practice Principles," which clearly regulate the behavior of business activities. Additionally, we regularly educate and supervise employees 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 assessment, which procedures cover the prevention measures outlined in Article 7, paragraph 2, of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies." Assessment items include: bribes; illegal political donations; improper charitable donations; improper benefits; infringement of business secrets or intellectual property rights; unfair competition; damaging the rights, health, and safety of stakeholders; dealings with persons who are illegal or dishonest; insider trading; non-compliance with laws and regulations. 	None
(3) Does the bank implemented and regularly reviewed the procedures, conduct guidelines, disciplinary and grievance systems for non-	✓		<ul style="list-style-type: none"> ■ Please refer to the "Employee Behavior and Ethics Standards" section on page124-126, and "Labor-Management Agreements and Various Employee Interest Protection Measures" and "Policies of reporting, appealing and 	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		
compliance as set out in the anti-dishonest action plan?			disciplinary actions” section on page 133-136 of this annual report”.	
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"> ■ In accordance with “Employee Behavior and Ethics Standards” , the bank stipulates that prior to engaging in any commercial transactions, due consideration should be given to the legitimacy of agents, contractors, suppliers, customers, or other business counterparties, as well as whether there are any records of dishonest conduct, in order to avoid trading with dishonest operators. When entering into a contract with the counterparty of a transaction, the Bank has included 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. Additionally, the Bank formulated “Ethical Corporate Management Best-Practice Principles,” “Codes of Ethical Conduct,” “Employee Behavior Standard,” and “Codes of Handling Whistle-blowing Cases”. ■ The integrity management steering group reports to the board of directors regularly. Furthermore, directors not only conduct loyalty but also exercise due care of a good administrator with high self-discipline and prudence to supervise the bank’s operation and financial performance, ensuring that the integrity management policy is properly executed. 	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 avoid discussing or voting on any conflict-of-interest proposals. They also cannot exercise voting rights on behalf of other directors in such cases. ■ Regarding the “Codes of Ethical Conduct” and “Employee Behavior Standard,” employees cannot handle any case related to themselves, their spouses, or their third-degree relatives. If an employee’s spouse or relative by blood or marriage within the third degree of kinship is employed by the Company, these individuals 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 audit department has drawn up the relevant audit plan based on the evaluation results of dishonesty risk, and checked the compliance to	✓		<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 regulations. ■ The audit unit conducts unethical risk assessments for medium risk or above (inclusive). 	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		
prevent dishonesty, or entrust an accountant to perform the audit?				
(5) Does the bank regularly hold internal and external educational trainings on operational integrity?	✓		<ul style="list-style-type: none"> The Bank regularly provides educational training courses on operational integrity: Total participation in 2023: 2,532 	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-Management Agreements and Various Employee Interest Protection Measures" and "Policies of reporting, appealing and disciplinary actions" section on page 133-136 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-Management Agreements and Various Employee Interest Protection Measures" and "Policies of reporting, appealing and disciplinary actions" section on page 133-136 of this annual report". 	None
(3) Does the bank provide proper whistleblower protection?	✓		<ul style="list-style-type: none"> Please refer to the "Labor-Management Agreements and Various Employee Interest Protection Measures" and "Policies of reporting, appealing and disciplinary actions" section on page 133-136 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 also promulgated "Ethical Corporate Social Responsibility Best-Practice Principles" and will continue reviewing and revising in response to integrity management needs. For sustainable development, the bank has applied integrity management to its corporate culture.				

(9) Corporate Governance Guidelines and Regulations

The Bank's "Corporate Governance Principles" were formulated based on the "Best Corporate Governance Practices of Banks" and the "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 a "Statutory Public Disclosure" section on the Bank's website to disclose information on operations, dividends, stock prices, corporate governance, spokesperson contacts, etc. The Bank is dedicated to enhancing the transparency of information and protecting investor rights. Additionally, to prevent insider trading and ensure sound operation, the Bank has established "Transactions with Related Persons and Preventing Insider Trading" measures and reviews these measures periodically to meet current legal and practical management needs. The rules are posted on the corporate governance section of the Bank's website for all employees to check. The Bank also implements a publicity mechanism for "Noticeable Issues of Shareholding Change of the Bank's Insiders" as a reminder to related parties. The 2023 Corporate Governance Evaluation Results ranked the Bank in the top 5 percentile of Taiwan's listed companies once again.

(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, 2023 to December 31, 2023, 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 Broker 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 4, 2024

Far Eastern International Bank Co., Ltd
Improvement Plan of Internal Control System
(Base Date : December 31, 2023)

Item for Improvement	Improvement Measures	Scheduled Date of Completion
NONE	-	-

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.

(b) Actions taken:

- Re-signed the "Joint Business Promotion Agreement" with the insurance company.
- Revised the "Directions for Credit Card Users' Project" (Version 2022.04) and executed related businesses 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 member who had cash flow with a customer and provided his own account for customer use was punished by the first personnel review committee in 2023.

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
2023 Shareholders' Meeting	Jun 16, 2023	2022 Business Report and Financial Statements	On Jun 19, 2023, The Board of Directors approved the ex-right date of dividends on Jul 12, 2023, and all dividends were paid on Aug 3, 2023.(Cash dividend per share is NT\$0.4089)
		Proposal of 2022 Earnings Distribution	
		By-election of an Independent Director	The changes have been approved by the Minister of Economic Affairs on Jul 14, 2023 and published on the official website.
		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
9 th meeting of 11 th Board of Directors	Feb. 07, 2023	<ul style="list-style-type: none"> Re-appointment of members of 5th salary and remuneration committee
10 th meeting of 11 th Board of Directors	Mar. 2, 2023	<ul style="list-style-type: none"> Organization and manager changes 2022 Provision of remuneration to employees and directors 2022 Financial Statements and Consolidated Financial Statements 2022 Earnings Distribution Change of financial statement certification accountant and assessment of accountant's independence and competency 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 2023 Shareholders' Meeting will held on June 16, 2023 and the proposal period of the 2023 shareholders' meeting is from April 12, 2023 to April 21, 2023 By-election of 1 independent director in the 11th term Renewed lease of Hsinchu Big City Branch Amendment to "Corporate Governance Code" Amendment to "Standards and specifications for internal control systems for the bond proprietary business of concurrently operating securities firms" Amendment to "Insurance Internal Control and Solicitation Procedures" Amendment to "Credit Card Credit Management Guidelines and Implementation Rules" Amendment to "Guidelines for setting prices for digital financial credit products" 2023 Q1 Consolidated Financial Statements
11 th meeting of 11 th Board of Directors	May 4, 2023	<ul style="list-style-type: none"> Shareholders nominate independent director candidates Manager changes Amendment to "Operations Continuity Management Policy" Amendment to "Collateral Valuation Guidelines"
12 th meeting of 11 th Board of Directors	Aug. 29, 2023	<ul style="list-style-type: none"> 2023 First Half Financial Statements and Consolidated Financial Statements Acquired 7.52% equity of Dazhong Securities Financial Co., Ltd. Apply for an issuance quota of NTD 4 billion for secondary financial bonds Organization and manager changes Renewed lease of Headquarter & Head Office Branch & Taipei Dun Nan Branch Lease the office on the 17th floor of Head Office Branch and surrender on the 10th floor of Taipei Junghsiau Branch Amendment to " Liquidity Risk Management Guidelines " Amendment to " Guidelines for Handling Reporting Cases "

Session	Date	Major resolutions
13 th meeting of 11 th Board of Directors	Nov. 3, 2023	<ul style="list-style-type: none"> ■ Amendment to Guidelines for the Establishment of the " HR Policy Committee " ■ Amendment to " Financial consumption dispute resolution system " ■ Amendment to " Sustainable Development Policy " ■ Consolidated financial statements for the first three quarters of 2023 ■ Organization and manager changes ■ Apply to establish a Singapore branch ■ Amendments to " Employee remuneration distribution method "and" Methods for Distribution of Special Incentive Bonuses for Employee" ■ Amendments to " Corporate Financial Credit Pricing Policy " ■ Amendments to " Risk management policy" and" Operational Risk Management Guidelines" ■ Amendments to the " Personal home loan credit guidelines " ■ Amendments to the " Authorization Guidelines for Foreign Exchange Designated Branches to Handle the Business Promotion of Foreign Exchange-related Structured Commodities " ■ Amendments to the " Standards and specifications for internal control systems for the bond proprietary business of concurrently operating securities firms "

(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

Accounting Firm	Name of CPA		Audit Period	Audit Fees	Non-Audit Fees	Unit: NT\$ Thousands	
						Total	Remarks
Deloitte & Touche	Chun-Hung Chen	Chen-Hsiu Yang	2023	6,570	12,095	18,665	None

Note : Non-audit fees include internal control review, IT governance consultation service, AML/CFT consultation service, TCFD and Equator Principles implement service, personal information protection project review, electronic system information security assessment, 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

(1) Regarding the former CPA

Replacement Date	Approved by the Board of Directors on March 2, 2023		
Replacement reasons and explanations	Due to the internal job adjustment from Deloitte & Touche, CPA will be changed from Ying-Chou Chen to Chen-Hsiu Yang from 2023Q1.		
Describe whether the Company terminated or the CPA did not accept the appointment		Parties	
	Case	CPA	The Bank
	Termination of appointment	Not applicable	Not applicable
Other issues (except for unqualified issues) in the audit reports within the last two years	No longer accepted (continued) appointment		
	Not applicable		
Differences with the company	Yes		Accounting principles or practices
			Financial report disclosure
			Auditing scope or procedure
			Others
	No	V	
Other Revealed Matters (Matters that should be disclosed in accordance with Item 1-4, Subparagraph 6, Article 10 of these guidelines)	Description Not applicable		

(2) Regarding the successor CPA

Name of accounting Firm	Deloitte & Touche
Name of CPA	Chen-Hsiu Yang
Date of appointment	Approved by the Board of Directors on March 2, 2023
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	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	2023		As of March 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairperson	Yue Ding Industry Co., Ltd. Representative: Ching-Ing Hou	*-	-	-	-
Vice Chairman	Douglas Tong Hsu	-	-	-	-
Executive Director	Far Eastern New Century Corp. Representative: Shaw Y. Wang	*-	-	-	-
Executive Director	Asia Cement Corp. Representative: Tsung-Ming Chung	*-	-	-	-
Director	Far Eastern New Century Corp. Representative: Humphrey Cheng	*-	-	-	-
Director	Far Eastern New Century Corp. Representative : James Wu	*-	-	-	-
Director	Asia Cement Corp. Representative: Shi-Chun Hsu	*-	-	-	-
Director	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	*-	-	-	-
Independent Director, Managing Director	Hsiao Hui Wang	-	-	-	-
Independent Director	Susan S. Chang	-	-	-	-
Independent Director	Chia-Juch Chang	-	-	-	-
President	Thomas Chou	-	-	-	-
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	-	-	-	-
Executive Vice President	Lonnie Liu	-	-	-	-
Executive Vice President	James Dai	-	-	-	-
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	-	-	-	-
Senior Deputy Executive Vice President	Hui Ling Chen	-	-	-	-
Senior Deputy Executive Vice President	Roger Lo	-	-	-	-
Senior Deputy Executive Vice President	Vincent Liu	-	-	-	-
Senior Deputy Executive Vice President	Yueh Hua Wu	-	-	-	-
Senior Deputy Executive Vice President	Bob Chen	-	-	-	-
Senior Deputy Executive Vice President	Civi Tsai	-	-	-	-
Senior Deputy Executive Vice President	Cindy Chen	-	-	-	-
Senior Deputy Executive Vice President	Chingh Siang Chen	-	-	-	-

Title	Name	2023		As of March 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Deputy Executive Vice President	Teu Wei Kuo	-	-	-	-
Senior Deputy Executive Vice President	Yi Chen Wang	-	-	-	-
Senior Deputy Executive Vice President	Alex Kao	-	-	-	-
Senior Deputy Executive Vice President	Ines Hong	-	-	-	-
Senior Deputy Executive Vice President	Din Chan Chen	-	-	-	-
Senior Deputy Executive Vice President	Yu Ching Chiu	-	-	-	-
Senior Deputy Executive Vice President	Jen Yu Tang	-	-	-	-
Senior Deputy Executive Vice President	Margaret Du	-	-	-	-
Senior Deputy Executive Vice President	Sen Hsing Pei	-	-	-	-
Senior Deputy Executive Vice President	Audrey Lin	-	-	-	-
Deputy Executive Vice President	Chiung Yu Song	-	-	-	-
Deputy Executive Vice President	Emily Chou	-	-	-	-
Deputy Executive Vice President	Joy Tien	-	-	-	-
Deputy Executive Vice President	An Li Ma	-	-	-	-
Deputy Executive Vice President	Teresa Lo	-	-	-	-
Deputy Executive Vice President	Frank Song	-	-	-	-
Deputy Executive Vice President	Shu Yun Cheng	-	-	-	-
Deputy Executive Vice President	Kuo Ying Huang	(6,000)	-	-	-
Deputy Executive Vice President	Felicia Tseng	-	-	-	-
Deputy Executive Vice President	Warren Ko	-	-	-	-
Deputy Executive Vice President	Starsky Chiang	-	-	-	-
Deputy Executive Vice President	Wen Ming Yang	-	-	-	-
Deputy Executive Vice President	Karry Tsai	-	-	-	-
Deputy Executive Vice President	Justice Chang	-	-	-	-
Deputy Executive Vice President	Alex Chien	-	-	-	-
Deputy Executive Vice President	Amber Tseng	-	-	-	-
Deputy Executive Vice President	Shu Hui Lee	-	-	-	-
Deputy Executive Vice President	Patty Wei	-	-	(19,000)	-
Deputy Executive Vice President	Su Hsiang Li	-	-	-	-
Deputy Executive Vice President	Tony Li	-	-	-	-
Deputy Executive Vice President	Tun Pin Wang	-	-	-	-
Deputy Executive Vice President	Allen Lu	-	-	-	-
Deputy Executive Vice President	Olive Yin	-	-	-	-
Deputy Executive Vice President	Jung Chang Juan	-	-	-	-
Deputy Executive Vice President	Chih Cheng Hsieh	-	-	-	-
Deputy Executive Vice President	Jerry Chiang	-	-	-	-
Deputy Executive Vice President	Chih Jung Chen	-	-	-	-
Deputy Executive Vice President	Chiu Nan Chen	-	-	-	-
Deputy Executive Vice President	Jeff Chiu	-	-	-	-
Deputy Executive Vice President	Yao Chang Lin	-	-	-	-
Deputy Executive Vice President	Hsin Yu Chou	-	-	-	-
Deputy Executive Vice President	Chih Yen Wang	-	-	-	-
Deputy Executive Vice President	Yea Ru Sheu	-	-	-	-
Deputy Executive Vice President	Mei Chu Peng	-	-	-	-
Deputy Executive Vice President	Ying Chieh Yang	-	-	-	-
Deputy Executive Vice President	Pei Wen Liu	-	-	-	-

Title	Name	2023		As of March 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Deputy Executive Vice President	Chia Hsun Hsu	-	-	-	-
Deputy Executive Vice President	Dan Wen Yu	-	-	-	-
Deputy Executive Vice President	Ming Chih Lin	-	-	-	-
Deputy Executive Vice President	Tzu Hao Liu	-	-	-	-
Deputy Executive Vice President	Pei Chih Lin	-	-	-	-
Deputy Executive Vice President	Min Hung Liao	-	-	-	-
Deputy Executive Vice President	Cheng Yu Huang	-	-	-	-
Deputy Executive Vice President	Chien Hung Liu	-	-	-	-
Deputy Executive Vice President	Ting Chieh Lin	-	-	-	-
Deputy Executive Vice President	Bin Yih Lu	-	-	-	-
Deputy Executive Vice President	Shiao Ling Tang	-	-	-	-
Deputy Executive Vice President	Hsing Mei Chen	-	-	-	-
Deputy Executive Vice President	Chia Chien Hsieh	-	-	-	-
Deputy Executive Vice President	Der Chin Pan	-	-	-	-
Senior Vice President	Mag Chen	-	-	-	-
Senior Vice President	Chia Wei Hsiao	-	-	-	-
Senior Vice President	Sofia Hsu	-	-	-	-
Senior Vice President	Wilson Huang	-	-	-	-
Senior Vice President	Heng Kuang Wang	-	-	-	-
Senior Vice President	Lisa Hsu	-	-	-	-
Senior Vice President	Chun Yen Kuo	-	-	-	-
Senior Vice President	Wen Wen Tseng	-	-	-	-
Senior Vice President	Chih Yuan Huang	-	-	-	-
Senior Vice President	Chia Chen Lee	-	-	-	-
Senior Vice President	Wan Ping Wu	-	-	-	-
Senior Vice President	Ching Fu Sung	-	-	-	-
Senior Vice President	Hui Fen Wei	-	-	-	-
Senior Vice President	Chiou Hwa Su	-	-	-	-
Senior Vice President	Judy Yu	-	-	-	-
Senior Vice President	Ring Tsai	-	-	-	-
Senior Vice President	Feng Ying Tsai	-	-	-	-
Senior Vice President	Tsung Fan Chi	-	-	-	-
Senior Vice President	Ya Wan Chang	-	-	-	-
Senior Vice President	Pao Tsai Tsai	-	-	-	-
Senior Vice President	Jane Tsai	-	-	-	-
Senior Vice President	Shin En Shao	-	-	-	-
Senior Vice President	Tse Pin Liang	-	-	-	-
Senior Vice President	Shan Tseng Wen	-	-	-	-
Senior Vice President	I Wen Ho	-	-	-	-
Senior Vice President	Chia Hsien Tseng	-	-	-	-
Senior Vice President	Sheng Hsien Chuang	-	-	-	-
Vice President	Bill Lee	-	-	-	-
Vice President	Wei Cheng Chen	-	-	-	-
Vice President	Shang Fu Lin	(9,000)	-	-	-
Vice President	Chiang Ming Chen	-	-	-	-
Vice President	Chen I Wang	-	-	-	-
Vice President	Pi Yun Peng	-	-	-	-
Vice President	Kuan I Li	-	-	-	-
Vice President	Vivian Lee	-	-	-	-
Vice President	Rich Liu	-	-	-	-
Vice President	Yu Shui Chen	-	-	-	-
Vice President	Chin Hsing Yeh	-	-	-	-
Vice President	I Wen Pao	-	-	-	-
Vice President	Yu Chieh Lin	-	-	-	-
Vice President	Ke Yao Shen	-	-	-	-
Vice President	Chia Mei Kuo	-	-	-	-

Title	Name	2023		As of March 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Che Wei Chang	-	-	-	-
Vice President	Chih Fan Lin	-	-	-	-
Vice President	Adam Chen	-	-	-	-
Vice President	Tien Chung Li	-	-	-	-
Vice President	Chi Shun Lien	-	-	-	-
Vice President	Kuan HSuan Chen	-	-	-	-
Vice President	Suih Chi Liu	-	-	-	-
Vice President	Min Chung Lin	-	-	-	-
Vice President	Hui Sheng Yang	-	-	-	-
Vice President	Huei Chen Chien	-	-	-	-
Vice President	Yung Chieh Lin	-	-	-	-
Vice President	Chun Yu Huang	-	-	-	-
Vice President	Yu Mei Lai	-	-	-	-
Vice President	Yu Ju Chang	-	-	-	-
Vice President	Yu Shan Huang	-	-	-	-
Vice President	Hao Kuei Cheng	-	-	-	-
Vice President	Pei Hua Huang	-	-	-	-
Vice President	Shih Cheng Lin	-	-	-	-
Vice President	Sung Huang Kuo	-	-	-	-
Vice President	Fang Liang Yeh	-	-	-	-
Vice President	Chung En Weng	-	-	-	-
Vice President	Yu Wei Li	-	-	-	-
Deputy Vice President	Chi Chang Ting	-	-	-	-
Deputy Vice President	Wei Lan Lu	-	-	-	-
Deputy Vice President	Chin Chi Lin	-	-	-	-
Same Related Party	Yi Jiu Investment Corp.	-	-	-	-
Same Related Party	Ta Chu Chemical Fiber Co., Ltd.	-	-	-	-
Same Related Party	An Ho Garment Co., Ltd.	-	-	-	-
Same Related Party	Bai Yang Investment Corp.	-	-	-	-
Same Related Party	Chin Feng Investment Corp.	-	-	-	-
Same Related Party	K.Y. Lee	-	-	-	-
Same Related Party	Mei Mei Lee	-	-	-	-
Same Related Party	Chin Hsin Lee	-	-	-	-
Same Related Party	Ya Li Transportation Corp.	-	-	-	-
Same Related Party	Oriental Securities Corporation	-	-	(700,000)	-
Same Related Party	Asia Cement Corp.	-	-	-	-
Same Related Party	Asia Investment Corp.	-	-	-	-
Same Related Party	Ton Fu Investment Corp.	-	-	(21,761,214)	-
Same Related Party	Peter Hsu	-	-	-	-
Same Related Party	Douglas Tong Hsu	-	-	-	-
Same Related Party	Alice Hsu	-	-	-	-
Same Related Party	Nancy Hsu	-	-	-	-
Same Related Party	Fu Da Transportation Co., Ltd.	-	-	-	-
Same Related Party	Kai Yuan Int'l Investment Co., Ltd.	-	-	-	-
Same Related Party	Yu Yuan Investment Co., Ltd.	-	-	-	-
Same Related Party	U-Ming Marine Transport Corp.	-	-	-	-
Same Related Party	Yue Li Investment Corp.	-	20,000,000	-	-
Same Related Party	Yue-Tung Investment Corp.	-	35,000,000	-	15,000,000
Same Related Party	Ydt Technology International Co., Ltd.	-	-	-	-
Same Related Party	Yue Ding Industry Co., Ltd.	-	-	-	-
Same Related Party	Tranquil Investment Ltd.	-	-	-	-
Same Related Party	Ding Yuan Int'l Investment Corp.	-	-	-	-
Same Related Party	Far Eastern New Century Corp.	-	-	-	-
Same Related Party	Yuan Faun Co., Ltd.	-	-	-	-
Same Related Party	Yuan Tong Investment Co., Ltd.	-	-	-	-
Same Related Party	Yuan Ding Investment Co., Ltd.	-	-	-	-

Title	Name	2023		As of March 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Same Related Party	Yuan Ding Co., Ltd.	-	-	-	-
Same Related Party	Yuan Ding Leasing Corp.	-	-	-	-
Same Related Party	Der Ching Investment Corp.	-	-	-	-
Same Related Party	Tranquil Enterprise Ltd.	-	-	-	-

* 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 21, 2024

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: Peter Hsu	196,584,790	4.83%	-	-	-	-	Yuan Ding Investment Co., Ltd. Yue-Tung Investment Corp. Asia Investment Corp. Der Ching Investment Corp.	(2) (2) (3) (3)	-
Yue Li Investment Corp. Representative: Tsung-Liang Chang	174,104,156	4.28%	-	-	-	-	Yue-Tung Investment Corp.	(3)	-
FEIB is Special Account for trust property of Far Eastern International Bank employee in custody of FEIB	165,809,718	4.07%	-	-	-	-	-	-	-
Asia Investment Corp. Representative: Peter Hsu	159,863,267	3.93%	-	-	-	-	Der Ching Investment Corp. Yu Yuan Investment Co., Ltd.	(3) (3)	-
Der Ching Investment Corp. Representative: Peter Hsu	159,844,035	3.93%	-	-	-	-	Asia Investment Corp. Yu Yuan Investment Co., Ltd.	(3) (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)	-
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, 2023

Affiliated Enterprises (Note 1)	Shareholding by FEIB		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	100.00%
Far Eastern International Securities Company Ltd.	26,000,000	100.00%	-	-	26,000,000	100.00%
DWS Far Eastern Investments Limited	12,000,000	40.00%	-	-	12,000,000	40.00%
DAH CHUNG BILLS FINANCE CORP.	136,647,717	29.58%	33,295	0.0001%	136,681,012	29.58%
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%

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

March 31, 2024

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)

Month/ Year	Issuing price (NTD)	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source	Others
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)
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)

Month/ Year	Issuing price (NTD)	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source	Others
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

March 31, 2024

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 21, 2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Foreigners	Total
# of Shareholder	8	15	226	96,980	241	97,470
# of Shares	50,575,464	192,367,628	2,153,330,796	1,259,141,043	414,068,924	4,069,483,855
%	1.24%	4.73%	52.91%	30.94%	10.18%	100.00%

(3) Shares Distribution

A. Common Shares

Per Value: NT\$10

April 21, 2024

Shareholding Segment (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	28,874	7,371,082	0.18%
1,000 ~ 5,000	37,476	85,851,762	2.11%
5,001 ~ 10,000	10,756	79,860,065	1.96%
10,001 ~ 15,000	5,723	70,810,830	1.74%
15,001 ~ 20,000	3,885	69,658,825	1.71%
20,001 ~ 30,000	3,567	87,194,931	2.14%
30,001 ~ 40,000	1,768	61,758,467	1.52%
40,001 ~ 50,000	1,078	48,806,643	1.20%
50,001 ~ 100,000	2,210	154,709,877	3.80%
100,001 ~ 200,000	1,167	159,526,544	3.92%
200,001 ~ 400,000	496	135,818,098	3.34%
400,001 ~ 600,000	153	74,681,570	1.84%
600,001 ~ 800,000	88	61,121,651	1.50%
800,001 ~ 1,000,000	49	43,913,964	1.08%
1,000,001 or over	180	2,928,399,546	71.96%
Total	97,470	4,069,483,855	100.00%

B. Preferred Shares: None.

(4) Major Shareholders

Unit: shares

April 21, 2024

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%
Special Account for trust property of Far Eastern International Bank employee in custody of FEIB		165,809,718	4.07%
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%
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	2022	2023	As of March 31, 2024
Market Price Per Share	Highest		13.15	12.80	14.75
	Lowest		10.10	10.85	11.90
	Average (Note2)		11.39	11.61	13.53
Net Worth Per Share	Before Distribution		13.51	14.47	14.87 (Note6)
	After Distribution		13.10	(Note1)	(Note1)
Earnings Per Share	Weighted Average Shares (Thousand Shares)		3,690,032	4,069,484	4,069,484 (Note6)
	Earnings Per Share	Original	1.00	1.03	0.31 (Note6)
		Adjusted	1.00	(Note1)	(Note1)
Dividends Per Share	Cash Dividends		0.4089	0.5060(Note7)	-
	Stock Dividends	Dividends from Retained Earning	-	0.5060(Note7)	-
		Dividends from Capital Reserve	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/ Earnings Ratio(Note3)		11.32	11.28	-
	Price/ Dividend Ratio(Note4)		27.68	22.96	-
	Cash Dividend Yield Ratio (%) (Note5)		3.61	4.35	-

Note1: Earnings distribution yet to be approved by the 2024 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\$11.32 and NT\$11.62 in 2022 and 2023, respectively.

Note6: They were calculated based on the Bank's March 31, 2024 preliminary financial reports.

Note7: The cash dividend of NT\$0.506 per share and the stock dividend of NT\$0.506 per share were proposed at the board of directors in March 4, 2024, but the actual allocation will be resolved by the shareholders' meeting in 2024.

(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\$0.506 per share, and the stock dividend of NT\$0.506 per share (50.6 shares for every thousand shares). Combined, the Bank was to pay out NT\$ 1.012 per common share in dividends.

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

Unit: NT\$ Thousands

Item	Year	Year 2024 (Forecast)
Beginning Paid-In Capital		40,694,838
Dividends distribution	Cash Dividend per share (NT\$)	0.5060(Note1)
	Capitalization of Retained Earnings Stock Dividend per share (share)	0.0506(Note1)
	Stock dividends per share, from capital surplus (number of shares)	- (Note1)
Changes in business results	Operating Profit	Not Applicable (Note2)
	Increase (decrease) % of operating. profit from last year	
	Net income	
	Increase (decrease)% of net income from last year	
	Earnings per share (EPS) (with retroactive adjustment)	
	Increase (decrease) % of EPS from last year	
	Annually averaged return on investment % (reverse of annually averaged (P/E) ratio)	
Pro forma Earnings per Share and price-earnings (P/E) Ratio	If stock dividends from earning is paid fully by cash dividends	Pro forma earnings per share (EPS) Pro forma annually averaged return on investment
	If no stock dividends from capital surplus	Pro forma earnings per share (EPS) Pro forma annually averaged return on investment
	If dividends from capital surplus and from earnings are paid fully by cash dividends	Pro forma earnings per share (EPS) Pro forma annually averaged return on investment

Note1: By board resolution on March 4, 2024, cash dividends of NT\$0.506 and stock dividends of NT\$0.506 were approved for distribution, where the actual distribution is subject to resolution at 2024 shareholders' meeting.

Note2 : The Bank' s 2024 financial forecast is not disclosed to general public; Hence the info is not available.

(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 be 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; and in addition thereto 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 Estimated 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\$ 193,214,000, employee stock compensation is zero per share and the amount for remuneration of directors is NT\$ 74,313,000. 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 unconsolidated 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\$ 153,113,000, employee stock compensation is zero per share and the amount for remuneration of directors is NT\$ 41,784,000 for the year ended December 31, 2022.

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

(9) Buyback Share:

2023: None.

As of March 31, 2024: None.

2. Issuance of Bank Debenture

To maintain capital adequacy ratio and the medium- to long-term working capital, the Bank applied for and obtained approval from the Financial Supervisory Commission to issue bank debentures. The outstanding balances of bank debentures as of December 31, 2023, are summarized as follows:

Issuance of Bank Debenture

Types of bank debentures	1 st perpetual non-cumulative unsecured subordinated debenture in 2018	1 st senior unsecured financial debenture in 2019
Date and serial No. approved by authority	FSC No. 10702142020, July 20, 2018	FSC No. 10701213730, December 19, 2018
Issuing date	September 18, 2018	February 21, 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\$2.9 billion	NT\$2.5 billion
Coupon	Fixed interest rate at 3.2% per annum	Fixed interest rate at 0.95% per annum
Maturity	Perpetual (issuer with call right)	5 years from the issue date. Maturity on February 21, 2024
Rank	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.	Senior bond
Guarantor	None	None
Trustee	None	None
Underwriter	KGI securities and Master Link securities	Master Link securities, Taiwan Cooperative securities, KGI securities, Yuanta securities and JihSun 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\$ 2.9 billion	NT\$ 2.5 billion
Paid-in capital in the previous year	NT\$31,829,286 (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\$41,389,366 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	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.	None
Conditions for conversion or exchange	None	None
Restrictive terms	The bank may not pay interest if there is no earnings and dividends in previous year (including cash and stock dividends); however this	None

Types of bank debentures	1 st perpetual non-cumulative unsecured subordinated debenture in 2018	1 st senior unsecured financial debenture in 2019
	<p>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 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 (%)	43.49%	49.52%
Eligible capital and type	Tier I	Ione
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 July 2, 2018.

Issuance of Bank Debenture

Types of bank debentures	2 nd subordinated bank debenture (A tranche) in 2019	2 nd subordinated bank debenture (B tranche) 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	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 billion	NT\$ 2 billion
Coupon	Fixed interest rate at 1.15% per annum	Fixed interest rate at 1.25% per annum
Maturity	7 years from the issue date. Maturity on July 30, 2026	5 years from the issue date. Maturity on July 30, 2029
Rank	Subordinated	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	Yuanta securities, KGI securities, Cathay and Capital securities	Yuanta securities, KGI securities, Master Link 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 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\$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 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 (%)	45.06%	49.68%
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 24, 2019.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 24, 2019.

Issuance of Bank Debenture

Types of bank debentures	3 rd senior unsecured financial debenture in 2019	1 st subordinated bank debenture in 2020
Date and serial No. approved by authority	FSC No. 10701213730, December 19, 2018	FSC No. 1090137015, May 15, 2020
Issuing date	September 26, 2019	November 26, 2020
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\$3.5 billion	NT\$ 1.6 billion
Coupon	Fixed interest rate at 0.75% per annum	Fixed interest rate at 0.75% per annum
Maturity	5 years from the issue date. Maturity on September 26, 2024	7 years from the issue date. Maturity on November 26, 2027
Rank	Senior bond	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	Master Link securities	Yuanta securities, KGI securities 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\$ 3.5 billion	NT\$ 1.6 billion
Paid-in capital in the previous year	NT\$32,691,859 (thousand)	NT\$33,558,193 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$43,273,606 (thousand)	NT\$45,713,890 (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 (%)	57.77%	49.44%
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 May 24, 2019.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 12, 2020.

Issuance of Bank Debenture

Types of bank debentures	1 st subordinated bank debenture in 2021
Date and serial No. approved by authority	FSC No. 1090137015, May 15, 2020
Issuing date	April, 27, 2021
Face value	NT\$ 10 million
Issuing and trading	ROC
Currency	New Taiwan dollar
Issuing price	At par value
Total amount	NT\$ 2.4 billion
Coupon	Fixed interest rate at 0.83% per annum
Maturity	7 years from the issue date. Maturity on April 27, 2028
Rank	Subordinated
Guarantor	None
Trustee	None
Underwriter	Master Link securities, KGI securities and Cathay securities
Certified lawyer	None
Certified CPA	Deloitte & Touche
Certified financial institution	None
Repayment	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 2.4 billion
Paid-in capital in the previous year	NT\$34,481,044 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$47,619,623 (thousand)
Default status	Normal
The terms and conditions for redemption or early liquidation	None
Conditions for conversion or exchange	None
Restrictive terms	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.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	50.19%
Eligible capital and type	Tier II
Name of rating agency, issue date, and the rating	"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 March 31, 2024.	
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 March 31, 2024)	
Bearers 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	2023	Highest	US\$8.250
		Lowest	US\$7.050
		Average	US\$7.447
	As of March 31, 2024	Highest	US\$9.250
		Lowest	US\$7.550
		Average	US\$8.193

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 cessation of operations. The takeover 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 shares for the transaction, so the 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 an attempt to increase capital adequacy ratio and finance long-term funding needs, the Bank submitted a debt issuance plan to the competent authority and received approval under Letter No.1120147486 from FSC on September 27, 2023, for the issuance of subordinated bank debentures at NT\$4 billion. Subordinated bank debentures must be issued within one year after approval, and any unused limit afterward 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 execution of the fund utilization plan for the issuance of securities or bond debentures hasn't been completed, the issuance limit will be utilized depending on capital requirement and current 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 keeping pace with market trends; providing optimal asset allocation according to customers' risk attributes and expanding customers' assets under management.
- **Consumer Banking and Credit Cards Business:** Offering products such as mortgages, personal loans, car loans, consumer finance (installment loans), and credit cards; business activities include product planning, marketing, sales, and administrative management.
- **Insurance Agency:** Promoting bancassurance by collaborating with high-quality insurance companies; offering high-quality bancassurance products and services in accordance with increasingly diversified customer demands to provide the most comprehensive insurance plans and services to customers.

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

(c) **Financial Markets:** Covering fixed income, foreign exchange, equity, credit, and derivative products; focusing on financial institutions for solutions in financing, TMU transactions, automatic clearinghouse, and deposit-taking in line with the Bank's deposit funding adjustment; executing TWD and FCY funding and asset management policies of the 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 bank, creating new business models, optimizing digital platforms, and utilizing AI technology to deepen customer management. The Digital Banking Group consistently monitors the latest market trends and regulatory developments with a pragmatic and innovative mindset. We will seek innovative business models by applying technology, enhancing customer experiences, and utilizing digital analytics to transform "digital services" into "digital businesses".

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

BU	Weightings to Net Revenue		Growth Rate (YoY)
	2022	2023	
Retail Banking	49.42%	46.80%	-
Corporate Banking	35.28%	37.56%	13%
Financial Market	15.32%	15.37%	6%
Digital Banking	-0.02%	0.27%	1,348%

(2) Business Plan for 2024

A. Retail Banking

- (a) WM Branding: Grouping marketing discounts and resources exclusively for VIP customers. Implementing "Senior Wealth Management Academy 6.0" by cooperating with Yuan Ze University. Hosting annual VIP Michelin night by coordinating with Shangri-La's Far Eastern Plaza Hotel, Taipei, to enhance customers' loyalty and FEIB wealth management's "customer centric" brand value. Leveraging YouTube channel "XiaoYoan Wins" and Podcast channel "Ten Happiness Podcast", through online and offline models, to innovate the customer acquisition mechanism and expand the brand value of "Ten Happiness".
- (b) Digital innovation: Continuing to cooperate with the group's HG Pay and major payment wallets in the market to enhance mobile payment. Actively increasing the penetration rate of dual-digital platforms (LINE and APP). Optimizing the existing official website and online banking. Enhancing services on i-Application platform. Planning the "Ten Happiness's Metaverse (Feibverse)" and "Eco-friendly Uniform Interactive Game" to provide customers with an experience of virtual banking scenarios in a digital world.
- (c) Trust business: 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. For the second consecutive year, securing the first place in the FSC Trust Industry Promotion Trust 2.0 Program evaluation for Annuity Trust Award in Group B, persistently striving throughout the year 2024.
- (d) Mortgage: Evenly developing new purchase and Housing Loans balance transfer on the basis of stable asset growth. Promoting the green building mortgage to comply with the ESG policy. Optimizing digital workflow and diversified services by automatically importing land registration e-transcript and providing house price inquiry on FEIB website.
- (e) Personal Loan: Promoting revolving loan to high-spread customer to raise margin. Adjusting application channel structure to increase the proportion of sales through digital channels.
- (f) Consumer Finance (Installment): Continuing to expand the scale of AR assets, improve high-quality services to compete with competition from financing companies, and maintain its market share in installment loans.
- (g) Car Loan and Motorcycle Loan: Upgrading the operating process to strengthen banks' competitiveness. Balancing business volume and profitability to pursue steady business growth.
- (h) Credit Card: Continuing developing Happy Family+ card spending offer on daily necessities for "family-type customers" and "customers with pets" in accordance with social change to increase profit. Launching humanistic-care activities with

affiliated companies of FE Group to enhance social image. Appealing customers with common idea to apply the credit card through precise digital marketing.

- (i) Insurance Agency: Offering Mobile Insurance Platform for customers to improve insurance sales efficiency. Coordinating with the policies of the competent authorities, we have continued to promote micro-insurance. Providing a variety of insurance products, protection-oriented products that match customer needs.

B. Corporate Banking

- (a) Proactively promoting ESG credit business to respond to the international trend of sustainable development.
- (b) Developing competitive cash flow and cash management business and implementing a deposit diversification policy to strengthen the deposit foundation.
- (c) Continuously optimizing the loan and deposit portfolio management of Corporate Banking Group to secure net interest income.
- (d) Offering multiple financing products and services to enhance client stickiness as well as contribution.
- (e) Developing the ASEAN market and preparing to apply for the upgrade of the Singapore representative office to a branch.

C. Financial Market

(a) Treasury Marketing

- TMU: Maintaining awareness of policy and risk of products including robust KYC measures and adequate limit control to be in line with customer risk capability. Ensuring seamless support for clients with holistic FX instruments, including derivative products and a variety of interest rate tools to meet or exceed customer expectations.
- FX Margin Trading: Enhancing functions of the electronic trading platform - FETP and digitization services are the main objectives of the year.
- FI: Macro-control of deposits of FI client according to the bank policy, and maintaining steady long-term source of funds. Optimizing deposit structure, and controlling the capital cost. Reacting to the rapid change and uncertainty of global economy, strictly controlling the quality of credit assets. Offering hedge solutions to overseas investment and structured products to elevate operation synergy.
- Asset Swap: Increasing return on credit-assets via aggressively expanding asset portfolio and balancing the risk and rewards. Expanding sales of foreign bonds in view of customer's demands.

- (b) Financial Trading: Developing the capability of in-house derivative product warehousing and providing a variety of financial products to create synergy among trading, sales, and customer services. Through investment and trading position,

setting up to access diversified asset allocation, flexible trading strategy, and creating new sources of profit.

- (c) ALM Asset and Liability Management: Strengthening liquidity risk management. Improving bank deposit structure to meet the supervision target with LCR above 100%.

D. Digital Banking

(a) Financial innovation and digital transformation:

- Regularly convening the Digital Development Committee, focusing on discussing key topics such as new digital technologies, regulations, channels, markets, business models, customer sources, regulatory technology, etc., to accurately grasp digital development strategies and financial innovation services. This aims to drive digital innovation and transformation across the organization.
- Collaborating with various business groups and the Head Office to formulate Bank-wide digital development strategy and utilize resources efficiently to develop appropriate digital services.
- Actively developing digital channels, optimizing various application processes, and making digital channels the main source of acquiring new customers.
- Aligning with the Far Eastern Group's resources to develop a financial ecosystem and establish a position as a professional financial service integrator within the Group.
- Actively promoting digital financial (paperless) services and continuously optimizing the digital financial platform to increase the use of digital transactions, reducing the carbon footprint of customers visiting branches.

(b) Digital banking brand and inclusive finance:

- The Bank's digital brand Bankee social bank is based on digital deposit accounts and uses three core elements: community, BaaP, and BaaS. Actively developing new Bankee financial products - personal loans and credit cards, cultivating digital customer groups, and creating the second growth curve.
- Building a diverse and open financial platform, developing B2B2C strategic alliances, and connecting through Open API to create multiple diverse financial ecosystems.
- Expanding Bankee to implement the ideal goal of promoting inclusive finance.
- Utilizing scenario-based finance to provide customers with diversified digital experiences, which shapes FEIB with the leading innovative image of digital banking.
- Promoting customers to utilize "video verification services" for online applications to increase non-scheduled transfer limits, facilitate the upgrading of digital deposit accounts, and allow customers to use their funds more flexibly and conveniently.

- Utilizing big data technology and intelligent platforms to integrate with consumer behavior databases for precision marketing and achieve goals of intelligent customer data management and efficient operations.

(3) Market Analysis

A. Operating region

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.

B. Market Prospects and Growth

In 2024, central banks will either maintain or cut interest rates, though the turning point might be postponed. "Higher for longer" will bring positive effects to fixed-income securities, leading to increased wealth management fee income, financial trading profits, and banks' net profits. US bond yields and major stock market indices have continuously hit new highs. The increased volatility in the stock, bond, and currency markets in 2024 has exacerbated challenges in investment.

Economic growth in China has slowed down, and global economic fragmentation and supply chain restructuring pose challenges to global economic and trade development. In Taiwan, external demand and investment are expected to regain growth momentum driven by the recovering demand for electronic-related products and the demand for emerging technology applications such as high-speed computing and artificial intelligence.

The Financial Supervisory Commission (FSC) has announced a "FinTech Development Roadmap 2.0." This roadmap includes guidelines for the application of AI in the financial industry, the third phase of open banking, and the digitization of corporate finance. In response to the rapid growth of the virtual currency market, the FSC has announced ten principles for virtual asset platforms to improve the anti-fraud management mechanism. FEIB will focus on collaborating with "Financial Scene" to develop compliant financial solutions based on different Fintech industry customer service scenarios. The bank aspires to become the Transaction Bank for various Fintech innovative services.

C. Competitiveness

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

D. Development Advantages, Disadvantages and Strategies

(a) Advantages:

- High interest rates in 2024 will favor banks to maintain interest margin.
- Conditional credit control measures by the central bank and the Equalization of Land Rights Act will boost the development of the real estate market and financial institutions in Taiwan.

- Diversified financial products, tailored services, precise customer targeting, and comprehensive financial solutions.
 - Active participation in international syndicated loans, development of cross-border business, and enhancement of the Bank's franchise value internationally.
 - The Bank's overseas business footprints, such as Vietnam and Singapore representative office.
 - Continuous focus on talented professionals with international work experience to enhance team diversity and professionalism.
 - Continuous strengthening of systems related to loan portfolio risk management to rigorously monitor asset quality and enhance operational efficiency.
 - Active promotion of digital financial (paperless) services and continuous optimization of its digital financial platform, creating a low-carbon transformation of financial service model.
 - Release of the draft AI guidelines for the financial industry by FSC. Banks are expected to adopt and manage AI technologies based on a risk-oriented approach as outlined in these guidelines.
 - Plans by FSC to release the 'Guidelines on Data Sharing between Cross-Market' to encourage collaboration between financial institutions and non-financial entities in conducting pilot applications of data sharing.
 - Regular collection of external opinions by FSC and according to the intensity of demand, increase and revision of relevant laws and regulations or self-regulations on digital financial services to accelerate the development of digital finance in Taiwan.
 - Leveraging the FEG background and resources to work with affiliated enterprises for group synergy.
- (b) Disadvantages:
- Preferential Housing Loans for the Youth lead to price wars and narrow the interest rate spread.
 - Increased demand by FSC for more rigid post-lending management might increase banks' operating costs.
 - Excessive competition among banks, new entry of internet-only banks, and a low-margin environment, causing unfavorable lending business.
 - Uncertainty in the global economy, affecting Taiwan's trade and investment performance as well as the profit growth of Taiwanese companies.
 - Suppression of interest rate spreads by fierce competition in lending businesses of domestic banks.
 - Relatively late start of Mainland China and Asia-Pacific expansion resulting in fewer overseas business locations.
 - Tighter regulatory frameworks on supervisory businesses constrain business development.
 - Implementation of liquidity management indicators affecting the efficiency of fund utilization.

- Establishment of financial ecosystems by all three internet-only banks and traditional banks also establishing their own digital banking brands, posing challenges to the financial industry from innovative startups.
- Rise in fraudulent crimes in Taiwan leading to an increase in manpower and costs for banks in implementing risk management and regulatory operations.

(c) Strategies:

- Decreasing the deposit interest cost and increasing NII by adjusting the deposit structure to raise the proportion of current deposits.
- Reducing the influence of the Preferential Housing Loans for the Youth by actively developing refinancing and decreasing mortgage outflow.
- Lowering the operating cost by applying the automatic post-lending management procedure.
- Raising the margin by targeting customers with high profit margins and adjusting the asset structure.
- Utilizing Corporate Finance and TMU products, along with financial innovation services, to offer niche products and diversified services.
- Deepening customer relationships in Greater China and the Asia Pacific region to expand offshore markets, customer base, and grasp international syndication deals.
- Improving KYC processes and loan portfolio management, and implementing self-auditing and compliance with regulations.
- Dynamically adjusting asset portfolio while considering capital costs to enhance return on assets and capital utilization efficiency.
- Developing global transaction services to establish a premium customer base of deposits and reinforce the price and volume management mechanism of funds.
- Providing digitized financial services and embracing new technology and cash management to explore new business opportunities.
- Promoting Bankee, the FEIB focuses on developing innovative digital financial products. The goal is to actively attract the attention of the younger generation and effectively expand the Bank's customer base.
- Continuously optimizing digital services and various application processes and creating enterprise sustainability competitiveness through various ESG efforts.
- Continuing to work with cross-industry and startup entrepreneurs to develop innovative business models, develop a diverse ecosystem, and provide customers with more intimate and convenient services.
- Promoting integrated payment services, developing a payment OPEN API network to cooperate with retail channels, and building the FEIB payment ecosystem.
- FEIB collaborates with HAPPY GO PAY to implement 3D authentication for anti-skimming services to reduce operational risks.
- Participating in the 'Eagle Eye Model' for financial fraud detection and warning mechanism. In addition to enhancing the effectiveness of fraud prevention and reducing losses for the public, it is expected to significantly reduce the manual judgment costs for the bank.

(4) Research and Development

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

(a) R&D Results

- Upgrading "Ten Happiness's Metaverse (FEIBVERSE)". Planning modules such as 'Avatar Intelligent Customer Service', 'Transaction & Inquiry Function', and 'Distinctive 3D Branch' allow customers to experience the enchanting world of FEIBVERSE, embodying the magic of the Metaverse bank.
- Bankee: FEIB used the financial open platform BaaP and BaaS concepts to modularize financial services and built an open financial department store. Bankee will continue to be promoted by using B2C2C and B2B2C resources to recruit new customer groups, develop innovative business models, and financial ecosystems. Bankee has already introduced innovative products such as foreign currency digital deposit accounts, credit cards, and credit loans. Through the Open API, it has established four major ecosystems: community finance, FEG, human resources finance, and P2P.
- MasterCard Send Cross Border: FEIB worked with MasterCard to launch the "MasterCard Send Cross Border" service, becoming the first financial institution in Taiwan to provide 24-hour cross-border remittance, creating a brand new service of cross-border remittance with speed, accuracy, and real-time.

(b) Newly Established Department

There were no new departments or offices opened in 2022 and 2023.

B. R&D Expenditures and Result

R&D Expenditures

Year	2022	2023
Amount	479,407	426,026

Unit: NT\$ Thousands

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	99,950	Dec. 2024	Increase market competitiveness
Corporate Banking Project	33,450	Dec. 2024	Provide convenient customer service
Financial Market Project	15,000	Dec. 2024	Provide convenient customer service
Digital Banking Project	28,500	Dec. 2024	Enrich digital sub-brand
Risk Management Project	32,225	Dec. 2024	Strengthen risk management
Headquarter Dept. Project	68,450	Dec. 2024	Improve internal control management and regulation compliance
Operation Dept. Project	58,902	Dec. 2024	Optimize operation process
IT Project	242,388	Dec. 2024	Support business development

(5) Short and Long-Term Business Development Plans

A. Short-term Business Development Plans:

- (a) Balancing customers' investment needs and asset allocation across stages of their life to provide a full range of products, meet their investment needs, and increase product holding.
- (b) Continuing to increase the proportion of home loan balance transfers and refinancing; decreasing mortgage outflow while focusing on asset growth and optimization.
- (c) Increasing the share of the digital channel by adjusting the structure of the personal loan channel.
- (d) Digitalizing FEIB credit cards, expanding mobile payment channels in daily life, and planning for safer digital transaction warning reminders to ensure the safety and convenience of transactions.
- (e) Upgrading FEIB APP 2.0 to provide a more intuitive and user-friendly app for enhancing mobile banking service to customers.
- (f) Strengthening the function of online application service, digitalizing the contract signing of personal loans to increase application convenience, and reduce internal operating costs.
- (g) Targeting premium customers, expanding the scale of assets, implementing dynamic risk management, and strictly controlling asset quality.
- (h) Fully utilizing the corporate e-banking platform to offer integrated accounts and comprehensive cash management services in the Greater China region, with the aim of becoming the client's primary operating bank.
- (i) Developing corporate finance products and actively building regional asset portfolios to meet the full scale of financial needs from medium-sized to jumbo corporate customers.
- (j) Proactively expanding overseas offices or branches and establishing a branch in Singapore.
- (k) Strictly implementing rolling adjustments of deposit prices and volumes to manage funding costs.
- (l) Strengthening the pricing ability of interest rate and foreign exchange products, and providing one-stop-shop customer service, including hedging strategies and investment products.
- (m) Developing FX Margin Trading's new customers and strengthening relationships with current customers.
- (n) Developing Asset Swap's new clients and providing foreign bond sales services that meet risk characteristics and return requirements.
- (o) DBU aims to integrate "financial scenes" into new services, catering to various fintech industry customer service scenarios and tailoring compliant financial solutions.
- (p) Using online/offline O2O, digital identity verification, and Open Data applications to provide customers with a single platform for complete digital financial service applications.

- (q) Offering a variety of innovative financial services. Additionally, the Bank is developing business payment products tailored to the capital needs of SMEs, assisting companies in optimizing operational fund allocation and payment processes.
- (r) Developing Bankee's new digital products, community deposits, and loans, and upgrading Bankee APP 2.0.
- (s) Meeting the needs of users of innovative financial products and implementing inclusive finance with startups.
- (t) Following the "Fintech Development Roadmap 2.0" by FSC to gradually promote cross-market and cross-institutional data exchange.
- (u) Utilizing big data technology to develop deep learning models, connecting with automated marketing functionalities, and executing precision marketing.

B. Long-term Business Development Plans:

- (a) Increasing the proportion of high-profit-margin products by optimizing the structure of net interest income while maintaining asset quality.
- (b) Extensively using AI, FinTech, and Metaverse concepts, combined with characteristic branches, to implement financial innovation and provide comprehensive financial services in real-time.
- (c) Achieving sustainable business development by actively recruiting highly talented professionals for various growth opportunities.
- (d) Proactively expanding overseas markets, targeting specific customer groups driven by industry, and increasing the size and profits of overseas assets.
- (e) Developing Global Transaction Services, expanding the deposit customer base, optimizing the deposit structure, and securing lending interest spread.
- (f) Replicating successful development models in overseas markets, continuing to penetrate the Greater China region and ASEAN markets, and increasing profitability through diversification, international syndicated loans, and structured products.
- (g) Continuously observing the latest market trends and regulatory openness, utilizing financial technology applications, analyzing digital processes, and focusing on enhancing customer experiences. This proactive approach seeks innovative business models, aiming to transform "digital services" into "digital businesses."
- (h) Using fintech to integrate channels, services, and products, transforming into a complex of "intelligent services + lifestyle," and providing customers with complete financial services in real-time.
- (i) Deepening ESG sustainable management, exploring new business opportunities, creating niche financial products, and opening up new blue oceans of digital financial services.
- (j) Providing diverse/tailor-made investment with appropriate hedge under the strict compliance of risk control and KYC procedures.
- (k) Upgrading the electronic trading platform-FETP and developing a new market scope.
- (l) Increasing the diversification of revenue by intensively promoting niche markets such as TMU and ACH, and improving cross-selling of structured products.
- (m) Expanding high-quality asset swap assets continuously, controlling asset quality, and providing excellent service to enhance profits.

- (n) Cultivating trading specialists, setting up the quantitative trading team, and developing an automatic quotation system on the sales channel to enhance investing ability, diversify investment portfolios, and increase profit sources.

2. Human Resources

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

Year		2022	2023	As of Mar 31, 2024	
Number of Employees	Above Vice President	326	349	350	
	Deputy Manager ~Deputy Vice President	1,475	1,515	1,519	
	Below Assistant Manager	772	719	700	
	Total	2,573	2,583	2,569	
Average Age		42.82	43.57	43.82	
Average Years of Service		11.19	11.68	11.93	
Shares of Education Degrees	Above University	23.43%	24.04%	24.48%	
	University	59.70%	59.62%	59.17%	
	Junior College	14.69%	14.33%	14.32%	
	Senior high school	2.14%	1.97%	1.99%	
	Below senior high school	0.04%	0.04%	0.04%	
Number of Professional License	Proficiency Test for Bank Internal Control and Audit	1,815	1,869	1,861	
	Proficiency Test for Trust Operations Personnel	1,561	1,583	1,564	
	Personal Insurance Representative	1,535	1,529	1,509	
	Property Insurance Representative	1,364	1,372	1,352	
	Investment-Orientated Insurance Product Representative	684	672	661	
	Non-Investment-Oriented Life Insurance Eligibility and Payment of Foreign Currency Representative	838	827	819	
	Certification Test for Financial Derivatives Sales Personnel	681	682	680	
	Basic Proficiency Test for Bank Lending Personnel	562	580	578	
	Advanced Proficiency Test for Bank Lending Personnel	20	20	20	
	Basic Proficiency Test for International Banking Personnel	325	344	342	
	Futures Specialist	234	236	237	
	Securities Investment Trust and Consulting Professionals	156	152	152	
	Securities Specialist	207	212	210	
	Senior Securities Specialist	217	216	216	
	Securities Investment Analyst	8	11	11	
	Proficiency Test for Financial Planning Personnel	407	405	403	
	Certified Financial Planner (CFP)	19	16	16	
	Chartered Financial Analyst (CFA)	2	1	1	
	Property Insurance Agent	11	10	10	
	Property Insurance Broker	6	6	6	
	Personal Insurance Agent	10	11	11	
	Personal Insurance Broker	6	6	6	
	CPA	3	3	3	
	Certified Anti-Money Laundering Specialist(CAMS)	33	35	36	
	Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist	541	566	567	
	Others	8,092	8,583	8,582	
		Total	19,337	19,947	19,853

(2) Employee Training and Development

The FEIB has been honored with the National Talent Development Awards, recognizing its outstanding performance in talent development. (NTDA is organized by Taiwan's Ministry of Labor and is a national-level award in the field of human resources.) For 21 consecutive years, the FEIB has received incentive funds totaling NT\$14,552 (thousand) under the "Enterprises Talent Skill Progressive Program."

Here is a summary of the training outcomes from the last three years:

Unit: NT\$ Thousands

Year	Training	Internal Program		External Program		Total	
		Expense	No. of Employees	Expense	No. of Employees	Expense	No. of Employees
2021		11,847	14,712	4,092	1,452	15,939	16,164
2022		12,807	15,651	4,832	1,874	17,639	17,525
2023		14,310	18,621	4,890	2,561	19,200	21,182

In 2023, the total number of training hours amounted to approximately 499,015, with an average of 174 hours (22 days) of training per individual. Training is divided into two categories: online training and classroom training. The following categories are covered in classroom instruction: language, digital skills, regulations, management associates, professional development, fundamental skills, and management training. Current online training resources include eHRD (internal training platform), CWLC (CommonWealth Leader Campus), and Studio Classroom (WebEnglish, external learning platform).

Category		Summary	No. of Hours
Classroom Training	Professional	Professional knowledge to execute business and knowledge of digital finance.	71,235
	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	Fintech and computer application training	
	Language	Toastmasters and English courses	
Online Training	Internal	eHRD	83,828
	External	Studio Classroom	141,390
		CWLC	152,562
Total			449,015

(3) Training and Development Plan in 2024.

- A. FEIB offers core competency training, including advanced professional knowledge and skills training, and continues legal and compliance training.
- B. FEIB not only focuses on ESG disclosure and regulatory developments but also provides fintech and computer skills training to foster a digital thinking culture. Moreover, to support the government's policy of "Bilingual Nation 2030," FEIB introduces English learning platforms for bilingual courses.

C. FEIB develops talents and cultivates talent echelons through the MA (Management Associate) program, Mid HPT (Mid-Level High Potential Talent) program, and HPT (High Potential Talent) program. FEIB also provides management training and leadership development programs for a sustainable talent development pool.

(4) Employee Behavior and Ethics Standards

The Bank adheres to the "Ethical Corporate Management Best-Practice Principles", "Codes of Ethical Conduct," Codes of Handling Whistle-blowing Cases", and "Employee Behavior Standards" to ensure staff compliance. These policies are accessible on the bank's website and are disseminated during departmental meetings to ensure understanding among employees.

The following are excerpts from the "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, and 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 Sustainable Governance

- A. Selected as a constituent stock of the FTSE4Good TIP Taiwan ESG Index and granted permission to use the "Special Badge of FTSE4Good TIP Taiwan ESG Index."
- B. Recognized among the top 5% of listed companies evaluated by the Taiwan Stock Exchange Corporation in the 9th Corporate Governance Evaluation.
- C. Acknowledged among the top 25% of national banks for fair customer service by the Financial Supervisory Commission.

- D. Awarded the Best Financial Sustainable Development Strategy Award by the Hong Kong Financial Magazine.
- E. Granted the "TCSA Taiwan Corporate Sustainability Awards - Taiwan Corporate Sustainability Report Silver Award" by the Taiwan Institute for Sustainable Energy.
- F. Honored with the "Energy Elite - Excellence in Innovation" award by the Bureau of Energy, Ministry of Economic Affairs.
- G. Passed the Ministry of Labor evaluation and received the "Gold Medal for Talent Development Quality-management System (TTQS)" multiple times.
- H. Selected as a constituent stock of the TWSE "Taiwan High Compensation 100 Index" for 10 consecutive years, and the "RA Taiwan Employment Creation 99 Index" for 12 consecutive years.
- I. Granted an award of NT\$1,080,000 from "The Youth's Employment Ultimate Program" of the Workforce Development Agency, Ministry of Labor.
- J. Fourteen branches were newly awarded the "Badge of Accredited Healthy Workplace for Health Initiatives" by the Ministry of Health and Welfare. In total, 56 workplaces received this accreditation.
- K. Received the "Sports Enterprise certificate" from the Sports Administration, Ministry of Education for 2 consecutive terms.
- L. Recognized with the "CHR Badge of Promise for Corporate Health Responsibility" from the journal "Common Health" for 5 consecutive years.
- M. Awarded the "Best Companies to Work for in Asia" for 3 consecutive years and received the "Most Caring Company Awards" from an authoritative human resources publication "HR ASIA".
- N. Granted the "Happy Enterprises Gold Award" from 1111 Job Bank for 2 consecutive years.
- O. All three English-speaking clubs were honored with the "President's Distinguished District Award" by Toastmasters International for 2 consecutive years.
- P. Awarded the "Outstanding Bank for Small and Medium-Sized Enterprise Loans" by the Financial Supervisory Commission R.O.C. (Taiwan) for the second time.
- Q. Received the "Taiwan Domestic Green Finance Initiative of the Year" award from the Asian Banking & Finance.

(2) Caring for Social Welfare

- A. Using the Eden Love Card as the core platform, the Bank developed a diverse and convenient donation mechanism. Through presents, donations, and the support garnered from the public, the Bank has donated over NTD 96 million to Eden. Additionally, the Bank launched a program enabling interactive donations via credit card, with the money raised, NTD 1.25 million, to be donated to one of Eden's early treatment projects.

- B. The Bank organized the "Far Eastern Happy Family + Dogs Carnival" in Taichung and Hsinchu to promote guide dog awareness. These two activities attracted more than 50,000 participants. Additionally, the Bank collaborated with the Professional Baseball Lotte Peach Monkeys to hold the "Far East Bank Loves PET Party" theme day at the Lotte Taoyuan Baseball Stadium. Trainers, foster families, and guide dogs were invited to kick off the game to support the professional baseball movement while promoting a guide dog-friendly environment.
- C. FEIB launched a time deposit program targeting the underprivileged and donors. The higher interest rate motivates customers to donate to charity, favoring the underprivileged.
- D. The Bank collaborated with the Eden Social Welfare Foundation to recruit three visually impaired masseurs, making it the first in the financial industry to employ persons with intellectual disabilities. In 2023, the Bank continued to employ two adults with disabilities to serve tea to customers in the lobby of the North District branch. Additionally, the Bank cooperated with the Children Are Us Foundation to create an innovative public welfare employment model to help disabled individuals integrate into society.
- E. Continuously invited to participate in the "Dementia-Friendly Workshop" organized by the Department of Health, New Taipei City Government, and Far Eastern Memorial Hospital, a total of 30 representatives from 9 branches attended. Sixty colleagues obtained online certification for Dementia-Friendly Environment and Guardian Angel Badge.
- F. In 2023, FEIB continued to promote the event "FEIB ESG Reading" through an initiative. For every 300 completed online courses by colleagues, FEIB provided funding to support a rural schoolchild from the Eden Social Welfare Foundation for summer meal expenses. In total, FEIB funded meals for 100 rural students in 2023.

(3) Culture Support

- A. The Bank has sponsored "Taiwan Connection," a music organization initiated by Nai-Yuan Hu, a violinist, for six consecutive years. Additionally, the Bank has supported a training program for music talent in rural areas.
- B. The Bank collaborated with Franklin Templeton Investments to jointly organize a "Joy Journey" event. This event invited children from families with special circumstances cared for by World Vision Taiwan, as well as The Bank's VIPs. Approximately 400 parent-child pairs gathered at the National Opera House in Taichung to watch a performance by Barrow Lande from the United Kingdom. The troupe performed, and the National Opera House arranged a building tour.
- C. 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 aimed to share joy with the community and spread a warm and grateful festive atmosphere.

- D. The Bank has released the "Environmentally Friendly Cycling" 2024 monthly calendar, which lists 12 dedicated bicycle lanes. These lanes aim to discuss low-carbon transportation and outdoor fitness activities, jointly promoting concepts such as environmental protection and national health. The calendar also includes plans for a "Carbon Elementary School" in a special area on the monthly page, introducing 12 proper nouns related to the global net-zero carbon emission vision. This fulfills the educational responsibility of sharing new ESG knowledge with customers.

(4) Environmental Protection

- A. The Bank is conducting an inventory and external verification of greenhouse gas emissions for both domestic and international branches and subsidiaries for the year 2023. External verification is expected to be completed by April of the year 2024, with a verification coverage rate of 100%.
- B. In order to enhance environmental management effectiveness, the bank implemented the ISO 14001 Environmental Management System at the Banqiao Adult Country and Cultural Miracle Building in 2022, selected for their improvement and demonstrative benefits. In 2023, the bank expanded the scope to include the Head Office Building for management verification and obtained certification through external verification in December of the same year.
- C. In 2016, the Bank introduced the ISO 50001 Energy Management System at our Taoyuan-owned building and Banqiao Nanya Branch as demonstration sites, passing international certification. Over three years, we saved a total of 194,840 kWh of electricity, achieving an energy-saving rate of 24.43%. In 2019, the bank expanded the verification scope of the energy management system to include the Taichung Liberty Building and Chongqing Branch (passed external verification on December 13 of the same year), implementing multiple energy-saving improvement plans. Over three years, we saved a total of 196,908 kWh of electricity, achieving an energy-saving rate of 29.59%. In 2023, the bank added the Head Office Building, Banqiao Adult Country, and Cultural Miracle Building to the management verification scope, continuing to promote multiple energy-saving improvement plans, and obtained certification on December 15, 2023.
- D. The solar photovoltaic system installed at our Taoyuan Building, the first of its kind among our own properties, officially commenced power generation in March 2023. To concretely implement the path to net-zero policy, the bank purchased a total of 184,000 kWh/year of renewable energy power for the Taoyuan Branch, officially transitioning to green energy supply in February 2024, thereby establishing our bank's first green energy branch.
- E. The Bank prioritized the use of equipment with environmental protection and green labels. The Bank's green procurement amount in 2023 was approximately NTD 26.16 million.
- F. The Bank formulated the "Investment Guidelines for Sustainable Development" in

2023, which are applicable to the Bank's investment in securities such as bonds and stocks that belong to bank books; when investing in long-term equity, the policies in the statement must be followed in accordance with the "Institutional Investors' Due Diligence Code" Handle relevant procedures (CDD, Client Due Diligence) and regularly disclose the performance of due diligence. Continue to include 13 tranches of sustainable development bonds with excellent domestic and foreign creditworthiness in the investment portfolio, with an amount of RMB 3.766 billion.

- G. The Bank's ESG credit balance increased by 67% compared with last year, accounting for 28% of the total balance of credit, exceeding the expected target by 20%. Among them, the growth rate of sustainable performance-linked loans of 207%.
- H. The Bank focused on green credit in the fields of "renewable energy", "green building" and "circular economy" and successfully sponsored three ESG joint loan credit cases. It also actively promotes "perpetual time deposits". The number of perpetual time deposits accepted in 2023 years reached 84, with a cumulative amount of NTD 5.3 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 95.2% in 2023.
- J. In 2023, 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 Coast of Guanxi Platform, Anping District, Tainan City, as it takes practical actions to protect the ocean and land.
- K. Received the Best Financial Sustainable Development Strategy Award、Taiwan Green Financing Initiative Award,、Best Green Financial Achievement Award and "Energy Elite - Excellence in Innovation" from the Bureau of Energy, Ministry of Economic Affairs.
- L. By the end of 2023, the number of FEIB's ESG mutual funds, which have the minimum Morningstar Sustainability Rating of 3 or classified as Sustainable Finance Disclosure Regulation Article 8 or Article 9, reached 2,052(74%).
- M. The Bank continuously cooperated with Yuan Ze University, integrating ESG elements into "Senior Wealth Management Academy" and held "2023 Senior Green Fashion Show". The bank's brand new green uniform was demonstrated in the show. The elderly VIP customers were invited to participate in the recycled fashion show program and catwalk competition. It is expected to foster the spirit of sustainability while effectively generating media exposure up to 101 pieces.

(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 9th.

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

Unit: NT\$ Thousand

year	2022	2023	Difference
Full-Time Number of Non-Managers	2,210	2,262	2.4%
Average Number of Non-Managers' Salary	1,199	1,271	6.0%
Median Number of Non-Managers' Salary	1,061	1,136	7.1%

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	Linux Server	Linux
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. The 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 services, and improve user satisfaction.
- B. A 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 the sales supervision mechanism, and comply with regulations.
- D. Establishing a marketing automation system, integrating FEIB's big data and omnichannel, to enable automated, targeted marketing through channel integration and list management.
- E. Establishing a sophisticated bond management system, delivering a multifaceted investment services platform to clients for enhanced financial portfolio management.

- F. Developing a Fundamental Review of the Trading Book (FRTB), offering sensitivity analysis for trading book financial instruments and investment positions, default risk, and residual risk capital provision calculations, and generating reporting data compliant with regulatory authority requirements.
- G. Implementing a Corporate Banking credit scoring system to establish credit risk indicators and strengthen risk management.
- H. Establishing a monitoring system for VSAP transactions to strengthen compliance with Anti-Money Laundering/Combating the Financing of Terrorism.
- I. Enriching the "Bankee" service system to accelerate digital innovation.
- J. Upgrading the Credit Card Application system to support business expansion and provide persistent service.

(3) Emergency Backup and Security Protection Measures

Please refer to Page 132-133, "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 Information Security Management:

The bank established an information security risk management framework in 2018, with the formation of the Information Security Office tasked with formulating information security policies and overseeing their planning, implementation, management, and auditing. Quarterly reports on the overall execution status of information security are submitted to the Board of Directors. Since 2021, the Vice President of the Operations Group has served as the Chief Information Security Officer, responsible for coordinating information security policies, resource allocation, and supervising security enhancement efforts. Detailed management plans and resource allocation for information security execution are outlined below:

A. Information Security, Personal Data Protection, and Business Continuity Management System:

The bank's information security management system framework is certified according to ISO 27001:2013, valid until October 2025. The personal data security management system framework is certified according to BS 10012:2017, valid until September 2026. The business continuity management system framework obtained ISO 22301:2019 certification in September 2023, valid until October 2026. Teams including the Information Security Implementation Team, Personal Data Management Team, and Business Continuity Management Team oversee these systems. Regular management review meetings are held annually, with policy and document reviews conducted at least once a year. In 2023, 29 specification documents were revised to meet BSI International Organization's annual review requirements, ensuring operational procedure implementation, customer data protection, and business continuity.

B. Information Security Detection and Audit:

In 2023, the bank engaged a consulting firm for a computer information system security assessment, which included various evaluations such as compliance, vulnerability scanning, and penetration testing. No deficiencies were found. Additionally, personal data protection audits for the previous year complied with regulations. All employees completed at least 3 hours of online education and training on information security and personal data protection as planned.

C. Strengthening Information Security Architecture:

The bank employs information security monitoring, automatic defense mechanisms, and advanced endpoint protection systems for timely cybersecurity incident monitoring, detection, and prevention. The bank's information security monitoring center shares cybersecurity threat intelligence with the "Financial Information Security Joint Defense and Monitoring Center" and signed a "National Cybersecurity Joint Defense and Threat Intelligence Sharing Memorandum" with the Taipei City Investigation Bureau to enhance early detection and prevention of illicit financial technology-related crimes.

D. Emergency Response Plan:

Exercises for DDoS attack response, ATM incident response procedures, information security incident response procedures, and information system backup drills were completed successfully, confirming the effectiveness of mechanisms and procedures.

The bank's effective management of information security risks was recognized with the "Security and Resilient Award" from the British Standards Institution in October 2023, acknowledging its holistic approach to information resilience and innovative contributions to information security management, personal data protection management, and relevant information systems and financial services for continuous operation of matured information security governance goals.

(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 :
 - Concession contract signing with childcare institutions.
 - Leave for family care, pregnancy check-ups, maternity leave, accompanying maternity leave, and unpaid parental leave for childcare.
 - Flexible adjustment of work start and end times within 2 hours during normal working hours.
- (k) Tuition Reimbursement Program
- (l) Reward Program for Professional Certification
- (m) Regular Employee Health Examination

B. Employee Retirement System

- (a) The bank contributes to the labor pension according to the labor pension system and related laws/regulations. Specifically, for employees hired before July 1, 2005, the bank appropriates labor pension reserve funds amounting to 2% of the total monthly wages of the employees and deposits such amount in a designated account. Before the end of each year, the bank assesses the balance in the designated labor pension reserve funds account to ensure it is adequate to pay pensions for workers who retire in the same year.
- (b) The Supervisory Committee of Labor Retirement Reserve supervises and ensures employees' rights. The 8th term of the committee was established in April 2019 and approved for reference by the Department of Labor, Taipei City Government.

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

- (a) The bank distributes internal meeting minutes on a regular basis and publishes newsletters (Happy Reader) quarterly to deliver significant management decisions and messages. Moreover, it implements a mailbox and e-forum to serve as a communication channel with employees. Also, it holds Labor-Management Meetings every three months to promote mutual communication between employers and employees.
- (b) Abiding 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 implement compliance and protect employees' labor rights and maintain gender equality in the workplace.
- (c) Policies of reporting, appealing, and disciplinary actions:
 - The bank establishes "Codes of Handling Whistle-blowing Cases", "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 addresses for informing illegal activities and expressing complaints about 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 to avoid suffering from inappropriate retaliation.

- If designated departments determine someone has acted inappropriately after investigating, to comply with "Codes of Rewards and Disciplinary Sanctions", the person involved will be punished according to the seriousness of their inappropriate behavior, and the informer will be rewarded appropriately.
- (d) The remuneration policy is determined by the board of directors after discussion by the remuneration committee. It takes into account pay levels in the industry, business performance, and future risks. The remuneration committee gives suggestions to the board of directors after periodic review. In order to share profits with employees, the bank increases employees' salaries every year. The general pay levels are considered in the industry and individual performance. For 2023, the average rate of salary increase was +4.0%.
- (e) In order to ensure members' 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 the central governing authority, the bank establishes the "Code of Practice of Safety and Health", "Occupational Safety and Health Management Plan", "Prevention Plan for Illegal Harassment in the Workplace when Staff Performing their Duties", "Prevention Plan for Diseases Triggered by Abnormal Workloads", "Ergonomics Plan for the 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 the prevention of occupational diseases. In 2023, the Bank had 0 case of occupational disease.
- B. The bank establishes the Occupational Safety and Health Management Organization. It also appoints occupational safety and health affairs managers, field first aid personnel, and fire prevention supervisors, and provides them with training courses. An employee self-defense group is set up, which conducts anti-robbery, self-defense, and fire-fighting exercises every six months. Additionally, it holds occupational safety and health e-learning training courses for employees, with 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 exceed the mandatory requirement. Regarding employees' health management, the bank arranges for occupational medicine physicians to provide medical consultation services at the workplace and hires professional nurses to monitor employees' mental health maintenance.
- D. In addition, it holds various health promotion activities, including health lectures, sports clubs, health management competitions, etc., to create a healthy workplace. The bank's implementation results have been recognized by the HPA (Health Promotion Administration, Ministry of Health and Welfare), and it received 56 badges of Accredited Healthy Workplace.
- E. The Bank is actively involved in health promotion and provides diversified exercise resources to its employees, receiving an honor of a Sports Enterprise certificate from the Sports Administration, Ministry of Education in 2023.
- F. To provide a safe and comfortable working environment for employees, the Bank measures the working environment every six months in accordance with the Occupational Safety and Health Act. The fire safety inspection reports are announced

every year by the Fire Services Act. According to the Building Act, buildings are examined for public safety every two years.

(3) Specification of Losses Resulting from Labor-Management Disputes in 2023, as of the Date of the Publication of the Annual Report, and Disclosure of the Value of Current and Potential Future Losses, Along with Countermeasures.

A. Labor-Management Disputes :

Events	Current and Potential Loss (excluding interest)	Countermeasures
Two disputes over the payment of pension balance	The total requested amount was NT\$2,252,178	Subject to court judgment or negotiation results
One dispute over the return of bonuses	The total requested amount was NT\$334,164	Subject to court judgment or negotiation results

B. Labor Inspection Results in Violation of the Labor Standards Act: None.

8. Important Contracts

March 31, 2024

Contract	Signing Party	Covering Period	Main Content	Restrictions
Outsourcing Agreement	Ding Ding Integrated Marketing Service Co., Ltd.	2024.01.01-2024.12.31	Data processing: Including the data entry, processing, and output of information system	None
Outsourcing Agreement	TUNG KUAN SYSTEM CO. LTD.	2023.12.21-2024.12.20	Data processing: Including the data entry, processing, and output of information system	None
Outsourcing Agreement	FOONGTONE TECHNOLOGY CO., LTD.	2024.02.27-2025.02.26	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	2023.09.01-2024.08.31	Data processing: Including the processing, and output of information system by Statement	Re-outsourcing prohibited except agreed by the Bank via document
		2023.12.01-2024.11.30	Data processing: Including the processing, and output of information system by Withholding Statement.	Re-outsourcing prohibited except agreed by the Bank via document
		2023.07.16-2024.07.15	Data processing: Including the processing, and output of information system by Insurance.	Re-outsourcing prohibited except agreed by the Bank via document
Outsourcing Agreement	FUCO TECHNOLOGY CO.,LTD.	2023.12.10-2024.12.09	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.	2023.11.01-2024-10.31	Collection processing for credit card payment.	Entrusted institutions are limited to those approved by the competent authority

Contract	Signing Party	Covering Period	Main Content	Restrictions
Outsourcing Agreement	LAI LAI Convenience Stores Company	2024.02.29-2025.02.28 2023.12.01-2024.11.30	Collection processing for credit card payment. Collection processing for consumer loan payment.	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	PRESIDENT CHAIN STORE CORPORATION	2023.11.01-2024.10.31 2024.01.01-2024.12.31	Collection processing for credit card payment. Collection processing for consumer loan and credit card payment.	
Outsourcing Agreement	Hi-Life INTERNATION CO., LTD.	2023.11.01-2024.10.31 2024.01.01-2024.12.31 2023.08.01-2024.07.31	Collection processing for credit card payment. Collection processing for consumer loan payment. Collection processing for credit card payment	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	TAIWAN FAMILY Mart CO., LTD.	2023.11.01-2024.10.31 2024.01.01-2024.12.31 2023.07.01-2024.06.30	Collection processing for credit card payment. Collection processing for consumer loan payment. Collection processing for credit card payment.	
Outsourcing Agreement	World Wide Net International Corp.	2023.11.28-2024.11.27	Data processing: Including the data entry, processing, and output of information system.	None
Outsourcing Agreement	Justor Collection Management Co., Ltd.	2024.03.19-2025.03.18	Collection of debt receivables	None
Outsourcing Agreement	Unistar Asset Management Co., Ltd.	2024.03.19-2025.03.18	Collection of debt receivables	None
Outsourcing Agreement	Sunrise Consultancy Co., Ltd.	2024.03.19-2025.03.18	Collection of debt receivables	None
Outsourcing Agreement	United Credit Services Co., Ltd.	2024.03.19-2025.03.18	Collection of debt receivables	None
Outsourcing Agreement	Jungshin Assets Management Co., Ltd.	2024.03.19-2025.03.18	Collection of debt receivables	None
Outsourcing Agreement	Lian Li Asset Management Co., Ltd.	2024.03.19-2025.03.18	Collection of debt receivables	None
Outsourcing Agreement	Yulon Finance Corporation	2022.04.13-2024.04.12	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.	2022.08.03-2024.08.02	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	
Outsourcing Agreement	Fina Finance & Trading Co., Ltd.	2022.08.03-2024.08.02	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	2023.05.30-2025.05.29	1. Application forms, certificates, and related documents conservation	None

Contract	Signing Party	Covering Period	Main Content	Restrictions
			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	
Outsourcing Agreement	Shinshin Credit Corporation	2023.10.11-2025.10.10	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.	2024.03.01-2025.02.28	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.	2023.06.13-2024.06.12	Valet invoicing (checks, money orders) assignments	None
Outsourcing Agreement	Leebao Security Co., Ltd.	2024.01.01-2024.12.31	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	Anfeng Enterprise Co., Ltd.	2024.01.01-2024.12.31	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.	2022.04.01-2024.03.31	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.	2024.02.01-2025.01.31	Outsourced delivery of bank-wide documents and bills.	Re-outsourcing prohibited except agreed by the Bank via document.
Outsourcing Agreement	Chunghwa Post Co., Ltd.	2023.08.01-2024.07.31	Business data processing operations	Contract parties are prohibited from re-trusting without written consent of the Bank
Outsourcing Agreement	Transnational Logistics Solutions(Taiwan)Pte Ltd. Taiwan Branch(Singapore)	2023.10.01-2024.09.30	Outsourced delivery of bank-wide documents and bills.	Re-outsourcing prohibited except agreed by the Bank via document.
Outsourcing Agreement	twMP Co., Ltd.	2024.01.01-2025.12.31	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	2022.01.01-2026.12.31	Computer system professional maintenance service	None
Outsourcing Agreement	TAIWAN-CA. Inc	2023.11.19-2024.11.18	Business data processing operations	None

Contract	Signing Party	Covering Period	Main Content	Restrictions
Engineering Agreement	Jun Jia Interior Design Co., Ltd.	2023.03.11-2023.05.28	1. Taipei Chunghsiao Branch Renovation Interior Engineering	None
		2023.06.01-2023.08.31	2. Chungli Branch Relocation Interior Engineering	
Engineering Agreement	Longtong Engineering Co., Ltd.	2023.03.11-2023.05.28	Taipei Chunghsiao Branch Renovation Mechanical and Electrical Engineering	None
Engineering Agreement	Guoshu Engineering Co., Ltd.	2023.06.01-2023.08.31	Chungli Branch Relocation Mechanical and Electrical Engineering	None
Engineering Agreement	Chengming Air Conditioning Co., Ltd.	2023.03.11-2023.05.28	1. Taipei Chunghsiao Branch Renovation Air Conditioning Engineering	None
		2023.06.01-2023.08.31	2. Chungli Branch Relocation Air Conditioning Engineering	
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.	2023.11.01-2025.08.31	1F,7F,13F,17F,18F,20F,26F,27F,36F of Taipei Metro Tower Office Interior lease contract	None
Lease Contract	YUAN DING CO., LTD.	2023.11.16-2025.08.31	17F of Taipei Metro Tower Office Interior lease contract	None
Lease Contract	New Century InfoComm Tech Co., Ltd.	2022.04.08-2027.04.07	1F of Taipei Far Eastern Telecom Park C building lease contract	None
Lease Contract	Pacific SOGO Department Stores Co., Ltd.	2024.01.01-2033.12.31	1 st Floor,Hsinchu Big City Branch of lease contract	None
Share buying contract	Taipei Fubon Bank	2023.9.14	Acquiring the equity of DAH CHUNG BILLS FINANCE CORP.	None

9. Securitization

The Bank did not initiate securitization of any financial products in 2023.

VI. Financial Information

1. Five-Year Financial Summary

(1) Condensed Balance Sheets

Condensed Consolidated Balance Sheets

Unit: NT\$ Thousands

Item	Year(Note1)	2019	2020	2021	2022	2023
Cash, Cash Equivalents, Due from Central Bank and Due from Banks		36,421,733	41,546,831	50,890,513	43,829,052	47,867,397
Financial Assets at Fair Value Through Profit or Loss		53,015,441	31,757,436	37,662,767	46,652,529	40,846,407
Financial Assets at Fair Value Through Other Comprehensive Income		132,309,472	177,659,673	113,429,715	76,739,907	64,259,784
Investment in Debt Instruments at Amortized Cost		2,543,880	1,077,764	71,374,127	100,836,081	132,436,004
Derivative Financial Assets for Hedging		-	-	-	-	-
Securities Purchased under Resale Agreements		9,944,957	10,960,705	5,888,595	1,146,775	2,240,685
Receivables, net		22,575,863	21,544,213	24,331,835	18,999,211	19,208,528
Current Tax Assets		-	-	-	-	-
Assets held for Sale, net		-	-	-	-	-
Discounts and Loans, net		384,624,817	383,192,769	407,441,765	437,897,093	467,728,161
Investment accounted for using equity method, net		1,812,522	1,911,929	1,970,175	1,886,047	2,735,151
Restricted Assets		-	-	-	-	-
Other Financial Assets, net		5,547,572	4,654,802	3,971,314	4,790,483	6,817,244
Properties and Equipment, net (Note2)		2,913,291	2,984,953	2,984,077	4,760,573	5,139,531
Right-of-use Assets, net		1,025,968	825,209	1,018,720	954,076	1,089,010
Investment Properties, net		-	-	-	-	-
Intangible Assets, net		1,674,119	1,648,636	1,623,153	1,597,670	1,572,187
Deferred Tax Assets, net		249,411	212,925	209,623	179,701	174,527
Other Assets		228,504	313,111	258,134	270,445	389,876
Total Assets		654,887,550	680,290,956	723,054,513	740,539,643	792,504,492
Due to Central Bank and Other Banks		11,137,130	984,839	1,791,820	1,475,448	1,489,494
Funds borrowed from the Central Bank and other banks		-	22,340	77,240	-	133,333
Financial Liabilities at Fair Value Through Profit or Loss		3,909,304	5,196,435	3,002,289	8,689,238	8,397,692
Derivative Financial Liabilities for Hedging		-	-	-	-	-
Securities Sold under Repurchase Agreements		9,675,529	3,530,487	4,959	4,598,749	1,255,766
Payables		6,703,497	5,297,879	5,564,647	5,346,372	5,830,924
Current Tax Liabilities		365,937	176,737	175,662	311,114	158,386
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and Remittances		537,396,140	582,152,911	612,106,685	607,423,881	660,747,761
Bank Debentures		25,001,900	22,601,900	23,901,900	20,901,900	16,901,900
Preferred Stock Liabilities		-	-	-	-	-
Other Financial Liabilities		10,478,546	9,058,823	24,029,819	34,543,411	36,267,896
Provisions		1,235,204	1,063,091	1,056,482	760,392	762,463
Lease Liabilities		1,040,827	839,255	1,026,881	965,817	1,108,714
Deferred Tax Liabilities		-	-	-	-	-
Other Liabilities		659,123	622,554	614,178	550,988	575,351
Total Liabilities	Before Distribution	607,603,137	631,547,251	673,352,562	685,567,310	733,629,680

Item	Year(Note1)	2019	2020	2021	2022	2023
	After Distribution	609,173,661	632,671,333	674,863,566	687,231,322	(Note3)
Equity Attributable to Owners of The Bank		47,284,413	48,743,705	49,701,951	54,972,333	58,874,812
Capital	Before Distribution	33,558,193	34,481,044	35,139,632	40,694,838	40,694,838
	After Distribution	34,481,044	35,139,632	35,694,838	40,694,838	(Note3)
Capital Surplus		456,426	456,426	456,426	302,926	302,926
Retained Earnings	Before Distribution	12,833,788	12,830,481	14,087,051	15,680,441	18,035,610
	After Distribution	10,340,413	11,047,811	12,020,841	14,016,429	(Note3)
Other Equity		436,006	975,754	18,842	(1,705,872)	(158,562)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before Distribution	47,284,413	48,743,705	49,701,951	54,972,333	58,874,812
	After Distribution	45,713,889	47,619,623	48,190,947	53,308,321	(Note3)
Independent Auditors' Report		Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion
Names of Auditors		Chun-Hung Chen, Ying- Chou Chen	Chun-Hung Chen, Ying- Chou Chen	Chun-Hung Chen, Ying- Chou Chen	Chun-Hung Chen, Ying- Chou Chen	Chun-Hung Chen, Chen- Hsiu Yang

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 2024 shareholders' meeting

Condensed Unconsolidated Balance Sheets

Unit: NT\$ Thousands

Item	Year(Note1)	2019	2020	2021	2022	2023
Cash, Cash Equivalents, Due from Central Bank and Due from Banks		36,234,808	41,192,595	50,603,330	43,426,407	47,436,065
Financial Assets at Fair Value Through Profit or Loss		53,015,441	31,757,436	37,662,767	46,652,529	40,846,407
Financial Assets at Fair Value Through Other Comprehensive Income		132,309,472	177,659,673	113,429,715	76,739,907	64,259,784
Investment in Debt Instruments at Amortized Cost		2,543,880	1,077,764	71,374,127	100,836,081	132,436,004
Derivative Financial Assets for Hedging		-	-	-	-	-
Securities Purchased under Resale Agreements		9,944,957	10,960,705	5,888,595	1,146,775	2,240,685
Receivables, net		20,379,813	19,525,730	22,126,806	16,786,028	16,527,777
Current Tax Assets		-	-	-	-	-
Assets held for Sale, net		-	-	-	-	-
Discounts and Loans, net		384,624,817	383,192,769	407,441,765	437,897,093	467,728,161
Investment accounted for using equity method, net		3,941,980	4,188,899	4,206,038	4,014,536	4,842,988
Restricted Assets		-	-	-	-	-
Other Financial Assets, net		5,303,879	4,400,301	3,805,391	4,699,883	6,725,915
Properties and Equipment, net (Note2)		2,894,717	2,966,680	2,957,881	4,739,853	5,124,804
Right-of-use Assets, net		971,147	794,172	1,005,202	853,723	1,015,846
Investment Properties, net		-	-	-	-	-
Intangible Assets, net		1,674,119	1,648,636	1,623,153	1,597,670	1,572,187
Deferred Tax Assets, net		221,299	194,572	185,240	143,763	128,231
Other Assets		217,713	303,887	247,812	260,791	338,816
Total Assets		654,278,042	679,863,819	722,557,822	739,795,039	791,223,670
Due to Central Bank and Other Banks		11,137,130	984,839	1,791,820	1,475,448	1,489,494
Funds borrowed from the Central Bank and other banks		-	22,340	77,240	-	133,333

Item	Year(Note1)	2019	2020	2021	2022	2023
Financial Liabilities at Fair Value Through Profit or Loss		3,909,304	5,196,435	3,002,289	8,689,238	8,397,692
Derivative Financial Liabilities for Hedging		-	-	-	-	-
Securities Sold under Repurchase Agreements		9,675,529	3,530,487	4,959	4,598,749	1,255,766
Payables		6,564,200	5,131,080	5,470,609	5,292,310	5,754,806
Current Tax Liabilities		357,130	126,886	158,815	304,656	147,779
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and Remittances		537,752,178	582,692,412	612,556,258	607,734,750	661,025,928
Bank Debentures		25,001,900	22,601,900	23,901,900	20,901,900	16,901,900
Preferred Stock Liabilities		-	-	-	-	-
Other Financial Liabilities		9,730,519	8,363,435	23,238,057	33,687,918	34,926,225
Provisions		1,235,204	1,063,091	1,056,482	760,392	762,463
Lease Liabilities		987,337	809,359	1,014,799	866,417	1,036,404
Deferred Tax Liabilities		-	-	-	-	-
Other Liabilities		643,198	597,850	582,643	510,928	517,068
Total Liabilities	Before Distribution	606,993,629	631,120,114	672,855,871	684,822,706	732,348,858
	After Distribution	608,564,153	632,244,196	674,366,875	686,486,718	(Note3)
Capital	Before Distribution	33,558,193	34,481,044	35,139,632	40,694,838	40,694,838
	After Distribution	34,481,044	35,139,632	35,694,838	40,694,838	(Note3)
Capital Surplus		456,426	456,426	456,426	302,926	302,926
Retained Earnings	Before Distribution	12,833,788	12,830,481	14,087,051	15,680,441	18,035,610
	After Distribution	10,340,413	11,047,811	12,020,841	14,016,429	(Note3)
Other Equity		436,006	975,754	18,842	(1,705,872)	(158,562)
Treasury stock		-	-	-	-	-
Total Equity	Before Distribution	47,284,413	48,743,705	49,701,951	54,972,333	58,874,812
	After Distribution	45,713,889	47,619,623	48,190,947	53,308,321	(Note3)
Independent Auditors 'Report		Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion
Names of Auditors		Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Ying-Chou Chen	Chun-Hung Chen, Chen-Hsiu Yang

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 2024 shareholders' meeting.

(2) Condensed Comprehensive Income statement

Condensed Consolidated Comprehensive Income Statement

Item	Year(Note1)					Unit: NT\$ Thousands
	2019	2020	2021	2022	2023	
Interest Revenues	11,874,558	10,457,629	9,391,605	12,304,922	18,029,451	
Less: Interest Expenses	6,416,746	4,421,002	2,950,709	5,261,369	11,524,413	
Net Interests	5,457,812	6,036,627	6,440,896	7,043,553	6,505,038	
Noninterest Income and Gains, net	6,263,868	5,178,592	4,351,993	4,695,378	6,288,637	
Net Revenues	11,721,680	11,215,219	10,792,889	11,738,931	12,793,675	
Provision for Loss on Bad Debts Expense, Commitment and Guarantee	511,748	1,464,719	813,218	544,102	540,238	
Operating Expense	6,953,055	6,862,266	6,676,849	7,003,713	7,546,365	
Pre-Tax Income from Continued Operations	4,256,877	2,888,234	3,302,822	4,191,116	4,707,072	
Income Tax Benefit (Expense)	(624,282)	(369,531)	(363,700)	(513,614)	(532,863)	
After-Tax Income from Continued Operations	3,632,595	2,518,703	2,939,122	3,677,502	4,174,209	
After-Tax Income from Discontinued Operations	-	-	-	-	-	
Net Income	3,632,595	2,518,703	2,939,122	3,677,502	4,174,209	
Other Comprehensive Income (Loss)	395,350	511,113	(856,794)	(1,742,616)	1,392,282	
Other Comprehensive Income (Loss), Net of Tax	395,350	511,113	(856,794)	(1,742,616)	1,392,282	
Total Comprehensive Income	4,027,945	3,029,816	2,082,328	1,934,886	5,566,491	
Net Income Attributable to Owners of The Bank	3,632,595	2,518,703	2,939,122	3,677,502	4,174,209	
Net Income Attributable to Non-Controlling Interests	-	-	-	-	-	
Total Comprehensive Income Attributable to Owners of The Bank	4,027,945	3,029,816	2,082,328	1,934,886	5,566,491	
Total Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	
EPS (NT\$)	1.02	0.71	0.82	1.00	1.03	

Note1: The financial data had been audited by CPA.

Condensed Unconsolidated Comprehensive Income Statement

Item	Year(Note1)					Unit: NT\$ Thousands
	2019	2020	2021	2022	2023	
Interest Revenues	11,805,327	10,393,360	9,330,226	12,242,206	17,965,538	
Less: Interest Expenses	6,404,292	4,416,244	2,946,670	5,254,023	11,503,474	
Net Interests	5,401,035	5,977,116	6,383,556	6,988,183	6,462,064	
Noninterest Income and Gains, net	5,930,507	4,670,783	3,982,867	4,507,393	6,059,651	
Net Revenues	11,331,542	10,647,899	10,366,423	11,495,576	12,521,715	
Provision for Loss on Bad Debts Expense, Commitment and Guarantee	517,381	1,460,231	795,191	533,268	527,313	
Operating Expense	6,609,385	6,381,554	6,319,917	6,782,556	7,307,729	
Pre-Tax Income from Continued Operations	4,204,776	2,806,114	3,251,315	4,179,752	4,686,673	
Income Tax Benefit (Expense)	(572,181)	(287,411)	(312,193)	(502,250)	(512,464)	
After-Tax Income from Continued Operations	3,632,595	2,518,703	2,939,122	3,677,502	4,174,209	
After-Tax Income from Discontinued Operations	-	-	-	-	-	
Net Income	3,632,595	2,518,703	2,939,122	3,677,502	4,174,209	
Other Comprehensive Income (Loss)	395,350	511,113	(856,794)	(1,742,616)	1,392,282	
Other Comprehensive Income (Loss), Net of Tax	395,350	511,113	(856,794)	(1,742,616)	1,392,282	
Total Comprehensive Income	4,027,945	3,029,816	2,082,328	1,934,886	5,566,491	
EPS (NT\$)	1.02	0.71	0.82	1.00	1.03	

Note1: 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)	2019	2020	2021	2022	2023
Operating Ability	Loans to deposits ratio (%)	72.62	66.81	67.49	73.12	71.72
	Ratio of NPL (%)*	0.279	0.509	0.265	0.356	0.108
	Interest expense to average total deposits (%)	0.98	0.66	0.41	0.74	1.60
	Interest revenue to average total loans (%)	2.35	2.01	1.79	2.17	2.90
	Total asset turnover (times)	0.02	0.02	0.02	0.02	0.02
	Average net revenue per employee(NT\$1000)	4,624	4,327	4,118	4,486	4,866
	Average net income per employee(NT\$1000)	1,433	972	1,121	1,405	1,588
Profitability	Return on tier 1 capital (%)	9.33	6.10	6.77	7.92	8.14
	Return on total assets (%)*	0.57	0.38	0.42	0.50	0.54
	Return on equity(%)*	7.89	5.25	5.97	7.03	7.33
	Net income ratio (%)	30.99	22.46	27.23	31.33	32.63
	EPS (NT\$) Before Distribution (Note5)*	1.08	0.73	0.84	1.00	1.03
After Distribution	1.02	0.71	0.82	1.00	-	
Financial Structure	Liabilities to assets ratio (%)	92.73	92.78	93.08	92.55	92.54
	Property and equipment as a percentage of equity (%)	6.16	6.12	6.00	8.66	8.73
Growth Ratio	Asset growth ratio (%)	4.39	3.88	6.29	2.42	7.02
	Income growth ratio (%)	4.63	(32.15)	14.35	26.90	12.31
Cash Flow	Cash flow ratio (%)	4.43	99.57	52.45	(Note 2)	74.36
	Cash flow adequacy ratio (%)	(Note 2)	(Note 2)	446.65	93.10	196.93
	Cash flow satisfied ratio (%)	(Note 2)	(Note 2)	1,773.07	(Note 2)	(Note 2)
Liquidity Reserve Ratio (%)		31.17	37.53	37.42	30.81	29.13
Total Secured Loans to interested parties (NT\$1000)		8,044,167	6,599,315	7,412,594	8,029,132	8,668,612
Total Secured Loans to interested parties as a Percentage of Total Loans (%)		1.92	1.57	1.66	1.74	1.78
Operating Scale	Market share of asset (%)	1.11	1.07	1.07	1.03	1.05
	Market share of equity (%)	1.10	1.09	1.07	1.18	1.13
	Market share of deposits (%)	1.25	1.22	1.20	1.09	1.11
	Market share of loans (%)	1.14	1.09	1.08	1.08	1.10

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

- 1.The decrease of ratio of NPL was due to the decrease 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 asset growth ratio was due to the increase of loans and financial assets investment.
- 5.The decrease of income growth ratio was due to the decrease of pre-tax income margin growth rate.
- 6.The increase of cash flow adequacy ratio was due to the increase of net cash generated from operating activities.

Unconsolidated Financial Analysis

Item(Note3)		Year(Note1)	2019	2020	2021	2022	2023
Operating Ability	Loans to deposits ratio (%)		72.57	66.74	67.44	73.08	71.69
	Ratio of NPL(%)*		0.279	0.509	0.265	0.356	0.108
	Interest expense to average total deposits (%)		0.98	0.66	0.41	0.74	1.60
	Interest revenue to average total loans (%)		2.35	2.01	1.79	2.17	2.90
	Total asset turnover (times)		0.02	0.02	0.01	0.02	0.02
	Average net revenue per employee(NT\$1000)		4,640	4,295	4,150	4,565	4,949
	Average net income per employee(NT\$1000)		1,488	1,016	1,177	1,460	1,650
Profitability	Return on tier 1 capital (%)		9.37	6.06	6.82	7.98	8.10
	Return on total assets (%)*		0.57	0.38	0.42	0.50	0.55
	Return on equity (%)*		7.89	5.25	5.97	7.03	7.33
	Net income ratio (%)		32.06	23.65	28.35	31.99	33.34
	EPS (NT\$) Before Distribution (Note5)* After Distribution		1.08 1.02	0.73 0.71	0.84 0.82	1.00 1.00	1.03 -
Financial Structure	Liabilities to assets ratio (%)		92.72	92.78	93.08	92.54	92.53
	Property and equipment as a percentage of equity (%)		6.12	6.09	5.95	8.62	8.70
Growth Ratio	Asset growth ratio (%)		4.48	3.91	6.28	2.39	6.95
	Income growth ratio (%)		3.82	(33.26)	15.87	28.56	12.13
Cash Flow	Cash flow ratio (%)		5.15	100.03	55.27	(Note 2)	80.13
	Cash flow adequacy ratio (%)		(Note 2)	(Note 2)	399.48	87.62	182.41
	Cash flow satisfied ratio (%)		(Note 2)	(Note 2)	1,351.37	(Note 2)	(Note 2)
Liquidity Reserve Ratio (%)			31.17	37.53	37.42	30.81	29.13
Total Secured Loans to interested parties (NT\$1000)			8,044,167	6,599,315	7,412,594	8,029,132	8,668,612
Total Secured Loans to interested parties as a Percentage of Total Loans (%)			1.92	1.57	1.66	1.74	1.78
Operating Scale	Market share of asset (%)		1.11	1.07	1.07	1.03	1.05
	Market share of equity (%)		1.10	1.09	1.07	1.18	1.13
	Market share of deposits (%)		1.25	1.22	1.20	1.09	1.11
	Market share of loans (%)		1.14	1.09	1.08	1.08	1.10

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

1. The decrease of ratio of NPL was due to the decrease 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 asset growth ratio was due to the increase of loans and financial assets investment.
5. The decrease of income growth ratio was due to the decrease of pre-tax income margin growth rate.
6. The increase of cash flow adequacy ratio was due to the increase 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, reserve for financing commitment and letters of credit issued.

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.

Noet6 : 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.

Noet7: 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	2019	2020	2021	2022	2023
Regulatory capital	Common equity		44,327,124	45,576,902	47,211,995	53,332,585	56,574,559
	Additional Tier I capital		2,441,893	2,422,018	2,407,456	2,900,000	2,900,000
	Tier II capital		11,940,847	11,831,485	12,541,523	12,087,994	11,458,832
	Total regulatory capital		58,709,864	59,830,405	62,160,974	68,320,579	70,933,391
Risk-weighted assets	Credit risk	Standardized approach	383,322,495	380,483,851	396,197,242	421,744,787	436,297,730
		Internal rating-based approach	-	-	-	-	-
		Asset securitization	873,284	859,791	458,214	393,738	359,516
	Operational risk	Basic indicator approach	20,256,763	20,884,000	21,252,263	20,432,013	21,473,288
		Standardized approach/alternative standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
		Total operational risk	-	-	-	-	-
	Market risk	Standardized approach	14,451,488	8,822,288	14,680,875	13,375,863	12,092,150
		Internal models approach	-	-	-	-	-
	Total risk-weighted assets			418,904,030	411,049,930	432,588,594	455,946,401
Capital adequacy ratio			14.02%	14.56%	14.37%	14.98%	15.09%
Ratio of Tier I capital to risk-weighted assets			11.16%	11.68%	11.47%	12.33%	12.65%
Ratio of common equity to risk-weighted assets			10.58%	11.09%	10.91%	11.70%	12.03%
Leverage ratio			6.24%	6.23%	5.99%	6.73%	6.82%
Please explain the reason of Capital adequacy ratio change in past two years. (Variation is less than 20%)							

Unconsolidated Capital Adequacy

Unit: NT\$ Thousands

Items		Year	2019	2020	2021	2022	2023	
Regulatory capital	Common equity		43,803,077	45,007,659	46,653,029	53,344,447	56,590,146	
	Additional Tier I capital		1,909,528	1,852,775	1,848,490	2,900,000	2,900,000	
	Tier II capital		10,844,574	10,674,012	11,392,226	12,080,056	11,486,674	
	Total regulatory capital		56,557,179	57,534,446	59,893,745	68,324,503	70,976,820	
Risk-weighted assets	Credit risk	Standardized approach	380,798,943	378,101,729	393,687,935	424,484,834	438,525,154	
		Internal rating-based approach	-	-	-	-	-	
		Asset securitization	873,284	859,791	458,214	393,738	359,516	
	Operational risk	Basic indicator approach	19,809,625	20,229,725	20,512,863	20,321,238	21,249,113	
		Standardized approach/alternative standardized approach	-	-	-	-	-	
		Advanced measurement approach	-	-	-	-	-	
		Market risk	Standardized approach	14,451,488	8,822,288	14,680,875	13,375,863	12,092,150
	Internal models approach		-	-	-	-	-	
	Total risk-weighted assets			415,933,340	408,013,533	429,339,887	458,575,673	472,225,933
	Capital adequacy ratio			13.60%	14.10%	13.95%	14.90%	15.03%
Ratio of Tier I capital to risk-weighted assets			10.99%	11.49%	11.30%	12.27%	12.60%	
Ratio of common equity to risk-weighted assets			10.53%	11.03%	10.87%	11.63%	11.98%	
Leverage ratio			6.11%	6.09%	5.87%	6.73%	6.83%	

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

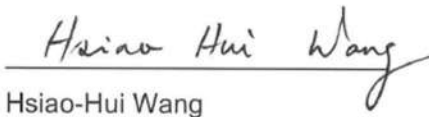
3. The Audit Committee's Review Report

To: 2024 Annual Shareholders' Meeting of Far Eastern International Bank

March 4, 2024

The Board of Directors has submitted business report, audited financial statements (certified by Chun-Hung Chen CPA, and Chen-Hsiu Yang CPA, of Deloitte & Touche) and earnings distribution proposal of the Bank for the year ended Dec.31 2023 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

4. 2023 Audited Consolidated Financial Statement

Please refer to page 169-261.

5. 2023 Audited Unconsolidated Financial Statement

Please refer to page 262-351.

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

Item	Year	Dec. 31, 2023	Dec. 31, 2022	Unit: NT\$ Thousands	
				Difference	
				Amount	%
Cash and Cash Equivalents, Due from the Central Bank and Other Banks		47,867,397	43,829,052	4,038,345	9
Financial Assets at Fair Value Through Profit or Loss		40,846,407	46,652,529	(5,806,122)	(12)
Financial Assets at Fair Value Through Other Comprehensive Income		64,259,784	76,739,907	(12,480,123)	(16)
Investment in Debt Instruments at Amortized Cost		132,436,004	100,836,081	31,599,923	31
Discounts and Loans, net		467,728,161	437,897,093	29,831,068	7
Receivables, net		19,208,528	18,999,211	209,317	1
Other Financial Assets		9,057,929	5,937,258	3,120,671	53
Other Assets		11,100,282	9,648,512	1,451,770	15
Total Assets		792,504,492	740,539,643	51,964,849	7
Deposits and remittance		660,747,761	607,423,881	53,323,880	9
Other Liabilities		72,881,919	78,143,429	(5,261,510)	(7)
Total Liabilities		733,629,680	685,567,310	48,062,370	7
Capital		40,694,838	40,694,838	-	-
Capital Surplus		302,926	302,926	-	-
Retained Earnings		18,035,610	15,680,441	2,355,169	15
Other Equity		(158,562)	(1,705,872)	1,547,310	91
Total Equity		58,874,812	54,972,333	3,902,479	7

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

- The increase of Investment in Debt Instruments at Amortized Cost was due to the increase of Negotiable certificates of deposit-issued by the CBC and bonds.
- The increase of Other Financial Assets was due to the increase of Securities purchased under resale agreements, Restricted time deposits and Refundable deposits.
- The increase of Other Equity was due to the increase of Unrealized gains on financial assets at fair value through other comprehensive income.

2. Analysis of Financial Performance

Item	Year	2023	2022	Unit: NT\$ Thousands	
				Variance	
				Amount	(%)
Net Interest Revenue		6,505,038	7,043,553	(538,515)	(8)
Net-non-interest Revenue		6,288,637	4,695,378	1,593,259	34
Net Revenue		12,793,675	11,738,931	1,054,744	9
Provision for Loss on Bad Debts Expense, Commitment and Guarantee		540,238	544,102	(3,864)	(1)
Operating Expense		7,546,365	7,003,713	542,652	8
Net Income Before Tax		4,707,072	4,191,116	515,956	12
Income tax expense		532,863	513,614	19,249	4
Net Income		4,174,209	3,677,502	496,707	14

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

The increase of net-non-interest revenue was due to the increase of Gain on financial assets and liabilities at fair value through profit or loss.

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 113-116.

3. Analysis of Cash Flow

(1) Liquidity Analysis for the Latest 2 years:

	2023	2022	Change in %
Cash flow ratio (%)	74.36	Note	-
Cash flow adequacy ratio (%)	196.93	93.10	112
Cash flow satisfied ratio (%)	Note	Note	-

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

1. The increase of Cash flow adequacy ratio was due to the increase 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
6,855,577	4,378,553	9,972,929	1,261,201	-	-

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 the bank's strategic development plans, complementing banking activities to achieve consolidation synergy.

(1) Far Eastern International Securities Company Ltd.

A. Main Causes of Losses

The company's operating income in 2023 was NT\$189,029 thousand, resulting in a net loss after tax of NT\$15,678 thousand. The company's income in 2023 was impacted by the overall market environment and personnel turnover. Revenues recorded were NT\$189,029 thousand in 2023, compared to NT\$138,595 thousand the previous year, representing an increase of NT\$50,434 thousand or 36% progress. Operating costs and expense were NT\$210,245 thousand in 2023, compared to NT\$197,816 thousand the previous year, reflecting an increase of NT\$12,429 thousand, or 6%. Despite missing the estimation of income before tax due to the transition period in business direction and sales manpower, results significantly improved by 66% compared to the previous year, resulting from the contribution of new product development, changes in product mix, and increased production per Financial Advisory.

B. Business Plans for the Coming Year

- (a) To reactivate dormant accounts through a scheme of Financial Advisory rotation and to continually develop high net-worth corporate and individual target customers.
- (b) To develop an online stock trading app to target younger demographics.

- (c) To continue recruiting high-quality Financial Advisors to facilitate customer and asset portfolio management, and ensure profitability.
- (d) To fine-tune procedures of Principles for Financial Service Industries to Treat Clients Fairly regulated by local authorities, aiming to minimize the possibility of customer complaints.

(2) Far Eastern Asset Management Corp.

A. Main Causes of Profit

Profits mainly resulted from the purchase of bad debts and returns on investment from joint venture projects.

B. Business Plans for the Coming Year

- (a) To continue purchasing new NPLs to generate service fee income.
- (b) To purchase new real estate from court auctions and dispose of these assets to increase revenues through various market channels.

(3) FEIB Financial Leasing Co., Ltd.

A. Main Causes of Profit

Profits mainly increased due to the increase of interest and fee income from financial leasing transactions.

B. Business Plans for the Coming Year

To continue developing new customer relationships to secure various revenue streams.

6. Analysis of Risk Management

(1) Risk Management Structure and Policy

A. Policy

- (a) Utilizing qualitative and quantitative approaches, such as operational procedures and asset quality ratios, per internal and external regulatory guidelines, as references for the Bank's management strategy under the prudent risk management culture.
- (b) Establishing an independent risk management department to effectively implement and monitor the risk management mechanism.
- (c) (Identifying, measuring, monitoring, and controlling the Bank's existing and potential risks within acceptable parameters; balancing risk with return to meet annual income budgets and achieve business sustainability.

B. Organization Structure

(a) Board of Directors :

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

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

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 profiling of the relevant business unit(s) directly, and reporting regularly.

The responsibilities of each department are as follows:

- The RMG - Corporate Banking Department consists of two teams. The credit review team is responsible for assessing credit proposals and account receivables finance. The credit management team oversees lending policy amendments, post-lending management, and business unit credit reviews and tracking reports.
- The RMG - Consumer Banking Department is responsible for consumer lending/credit card facility approval, consumer lending policy amendments, portfolio management, post-lending management, customer complaint solutions, delinquent loan collection, and non-performing loan collection.
- The RMG - Risk Control Department is responsible for collectively managing bank-wide credit risk, market risk, and operational risk.

(d) Internal Audit Group :

The Internal Audit Group is responsible for auditing the implementation of the risk management framework, operational procedures, and suggesting improvement actions as necessary.

(2) Qualitative and Quantitative Information of Various Risks

A. Credit Risk Management System and Capital Requirement

(a) Credit Risk Management System

2023	
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 credit risk and balance it with justified returns. 2. Corporate Banking and Retail Banking Business: (1) Corporate Banking : <ul style="list-style-type: none"> ▪ Strategy and goal The Bank establishes clear procedures for corporate loan approval and post-lending management to ensure asset quality. ▪ Policy The Bank sets adequate credit allocation limits for each industry and conglomerate, adjusting them regularly based on economic conditions, industrial trends, and the Bank’s strategy. ▪ Procedure <ul style="list-style-type: none"> i. The authorization level is defined in FEIB’s “Credit Authorization Guidelines,” where managers are authorized to approve credit proposals. Large amounts and specific credit lines must be assessed by the Credit Committee before approval by authorized managers. ii. Post-lending reviews follow the management mechanism, tracking changes in borrower credit quality and collateral valuation. Additionally, proactive countermeasures are taken against potential credit risks according to the watch-list system. (2) Retail Banking : <ul style="list-style-type: none"> ▪ Strategy and goal The Bank formulates clear credit policies to ensure portfolio quality and achieve justifiable profits.

Item	Content
	<ul style="list-style-type: none"> ▪ Policy: The Bank manages its asset portfolio adequately, tracking changes in credit quality and adjusting credit policies in response to economic conditions and the financial environment. ▪ Procedure: The credit cycle begins with designing financial products, followed by assessing credit costs and formulating credit terms and approval guidelines. Subsequently, directions for post-lending management are set to track and analyze credit quality and transaction changes for the collective management of portfolio credit risk
2. Organization and structure of credit risk management	<ol style="list-style-type: none"> 1. Board of Directors : The Board of Directors is FEIB's ultimate decision-maker regarding credit risk management. It is responsible for approving credit risk management strategies and regularly examining management results in accordance with overall operational strategy and the 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 regulations, coordinating management differences among departments, and continuously overseeing execution results. 3. Credit Committee : According to the Bank's "Credit Committee Procedures," the Credit Committee is responsible for reviewing specific credit lines and loans. 4. Risk Management Group : RMG - Corporate Banking Department: This department includes two teams. The credit review team assesses credit proposals and account receivables finance, while the credit management team oversees lending policy amendments, post-lending management, and business unit credit reviews and tracking reports. RMG - Consumer Banking Department: This department is responsible for consumer lending/credit card facility assessment, consumer lending policy amendments, portfolio management, post-lending management, customer complaint solutions, delinquency loan collection, and non-performing loan collection. RMG - Risk Control Department: This department is responsible for the collective management of bank-wide credit risk, market risk, and operational risk. 5. Internal Audit Group: This group is responsible for auditing risk management activities at least annually and providing suggestions for improvement.
3. Scope and characteristics of credit risk report and evaluation system	<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. It is submitted to the Board of Directors quarterly after examination by the Risk Management Committee. <ol style="list-style-type: none"> (1)Group: Avoiding excessive concentration of credit risk on any single group. Determining the Group's credit limit on a case-by-case basis. (2)Industry: Reviewing credit exposure for each industry at the end of every quarter. (3)Watch-list: Reviewing financial and business changes of borrowers and taking proactive credit-enhancement actions. (4)Asset quality classification: In addition to performing loan assets, non-performing loans are evaluated, classified, and additional provisions reserved according to collateral value and overdue period. 2. Retail Banking : The group reports quarterly to the Risk Management Committee on portfolio structure, asset quality status, and risk management strategy. This includes credit concentration rates, key asset quality indicators, risk ratings, and the impact of the industrial environment.

Item	Content
4. Policies for credit risk hedging or risk mitigation, as well as strategies and processes for monitoring effectiveness of risk hedging and mitigation	<ol style="list-style-type: none"> Evaluating default probability and net loss of extending credits; stipulating credit terms and mitigating credit risk through guarantors and collateral such as bank deposits, securities, land, and real estate to reduce risk exposure. Updating the value of listed stocks daily and the appraisal value of land and real estate when renewing credit extensions, and monitoring collateral value promptly. Reducing non-target credit extensions to mitigate credit risk. Managing asset quality through credit limits and regulations, tracking changes in credit quality, monitoring credit risk through post-lending management, credit concentration analysis, and interim reviews. 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, 2023		Unit: NT\$ thousands
	Exposure	Capital Requirement	
Sovereign states	158,720,122	-	
Non-central government public sections	11,052,654	176,842	
Bank (including multilateral development banks)	69,798,249	2,080,351	
Enterprises (including securities and insurance companies)	190,542,846	13,715,850	
Retail credit	94,842,722	6,147,579	
Real estate	258,703,605	10,915,583	
Equity investment	9,043,202	1,304,615	
Other assets	12,175,968	606,279	
Total	804,879,369	34,947,099	

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

(a) Securitization Risk Management Framework

2023

Item	Context
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 the continuous effectiveness of risk mitigation tools	
5. Approach applied to Regulatory Capital Charge	
6. Overall qualitative disclosure requirements, included: <ol style="list-style-type: none"> The purpose of engaging in securitization activities and the types of risks undertaken and retained by banks in re-securitization activities. Other risks implied by securitized assets (e.g., liquidity risk). Different roles played by banks in the process of securitization, and the degree of participation of banks in each process. The monitoring process for credit and market risk in securitization. The risk management policy for mitigating the risks retained by securitization and re-securitization. 	Standardized Approach
7. Overview of accounting policies for bank securitization	Not Applicable
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 the 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

Risk Exposure Category Book type Bank Category		Type of assets	December 31, 2023						Unit: NT\$ thousands			
			Traditional				Capital Requirement (2)	Synthetic		Total		
			Risk Exposure Amount					Risk Exposure Amount Retained or Purchased (3)	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)									
Non-Founding Bank	Banking book	CMO	1,797,579	-	-	1,797,579	28,761	-	-	1,797,579	28,761	-
	Trading book	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	-	1,797,579	-	-	1,797,579	28,761	-	-	1,797,579	28,761	-
Founding Bank	Banking book	-	-	-	-	-	-	-	-	-	-	-
	Trading book	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	1,797,579	-	-	1,797,579	28,761	-	-	1,797,579	28,761	-

Note:

- 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.
- The risk exposure amount of the banking book should be booked after risk mitigation.
- 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, 2023			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	2,093,160	-299,204	377	1,793,579	

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

- 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.
- 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.
- (ABCP) Short-term beneficiary certificates or short-term asset-backed securities (asset-backed commercial paper).
- Collateralized debt obligation (CDO).
- Realty securitization: It refers to real estate asset trust (REAT).
- Bills and bonds issued as structured investment vehicles (SIV).
- 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	482,095	-103,654	87	378,354	-	-

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

2023

Item	Content
1. Strategies and procedures of operational risk management	1. Establishing an operational risk management mechanism to enhance risk awareness among all Bank staff; 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 promptly identify vulnerable internal control points and take corrective actions accordingly; establishing a tracking mechanism for improvements; examining the 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	1. Board of Directors The Board of Directors is FEIB's ultimate decision-maker in operational risk management. It is responsible for approving operational risk management strategy and regularly examining the management result, according to the 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 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

Item	Content
	operational risk information and implementation results, and reporting to the Board of Directors regularly.
	4. Internal Audit Group : The Group is responsible for auditing risk management activities at least annually and making suggestions for improvement.
3. Scope and characteristics of operational risk report and measurement system	<ol style="list-style-type: none"> All business groups execute self-audit and self-assessment programs annually to identify vulnerable internal control points in daily operations processes and take corrective actions accordingly to reduce operational risk. Additionally, financial or other losses caused by improper system operation, staff misconduct, fraud, accidents, or disasters will be reported to senior management immediately and regularly, along with improvement actions. To strengthen the Bank's internal controls and prevent misconduct, the Internal Audit Group implements "routine examination" and "special examination" regularly. The Bank also employs a "Compliance Officer" system to ensure strict compliance with regulations..
4. Policies for operational risk hedging or risk mitigation, as well as strategies and processes for monitoring effectiveness of risk hedging and mitigation	<ol style="list-style-type: none"> After assessing the frequency and impacts of operational risk in daily operations processes, the Bank employs insurance or service outsourcing to transfer or offset the risk and loss. The probability of operational risk is reduced by measures such as KYC (Know Your Customer) and anti-money laundering implementation, internal control and compliance systems, employee codes of conduct, and training. The Bank also sets up information security control guidelines in compliance with ISO27001 guidelines, including information security policy, processes, risk monitoring, and training.
5. Approach applied to Regulatory Capital Charge	Basic Indicator Approach

(b) Operational Risk Capital Requirement

Year	December 31, 2023	
	Gross profit	Capital requirement
2021	10,568,046	-
2022	11,317,121	
2023	12,113,410	
Total	33,998,577	1,699,929

D. Market Risk Management System and Capital Requirement

(a) Market Risk Management system

2023

Item	Content
1. Strategies and procedures of market risk management.	<ol style="list-style-type: none"> 1. Developing a prudent market risk management mechanism to effectively identify, measure, monitor, and control market risk, and balance the assumed risk with justified return. 2. According to the "Financial Market Proprietary Trading Authorization Policy," the bank sets position limits and stop-loss limits based on business types, department portfolio balances, and traders' portfolios, respectively. To manage market risk, the Bank assigns a team to monitor the limits daily. Traders must promptly adjust positions to reduce market risk when trading losses exceed the stop-loss limit. 3. Prior to introducing a new product or business plan, the bank assesses market risk exposure and the impact of the risk on the Bank's business..
2. Organization and structure of market risk management	<ol style="list-style-type: none"> 1. Board of Directors: The Board of Directors is FEIB's ultimate decision-maker in market risk management. It is responsible for approving the market risk management strategy and regularly examining management results according to the overall operational strategy and business environment. 2. Risk Management Committee: Following the market risk strategy approved by the Board of Directors, the Risk Management Committee supervises the management mechanism of the Bank's market risk. 3. Risk Management Group: The RMG - Risk Control Department is responsible for market risk monitoring and reporting regularly to senior managers, the Risk Management Committee, and the Board of Directors. The Market Risk Management Office, reporting to the RMG - Risk Control Department and independent from the trading room (the Front Office) and operation desk (the Back Office), is responsible for executing market risk management. 4. Internal Audit Group: The Group is responsible for auditing risk management activities at least annually and making suggestions for improvement.
3. Scope and characteristics of market risk report and valuation system	<ol style="list-style-type: none"> 1. Appraising positions using Mark-to-Market or Mark-to-Model to reflect position profit/loss on the valuation date. 2. The RMG - Risk Control Department reports management results and provides suggestions for improvement, including the Bank's position, risk exposure, profit and loss, limit control, and compliance with market risk policy, to senior management periodically. 3. Establishing a well-performing information system to effectively monitor all trading positions.
4. Policies of market risk hedging or mitigation, and strategies and procedures of monitoring effectiveness of risk hedging and mitigation	<ol style="list-style-type: none"> 1. Position limits and stop-loss limits for each financial instrument are set at the collective trading room level and the individual trader's level to control market risk exposure within a reasonable range. 2. All the Bank's trading positions are appraised using Mark-to-Market or Mark-to-Model in real time or on a daily basis. For hedging positions, the appraisal is done at least twice a month. Position limits and stop-loss limits are independently examined by the RMG - Risk Control Department.
5. Approach applied to Regulatory Capital Charge	Standardized Approach

(b) Market Risk Capital Requirement

Type of risk	December 31, 2023	
	Unit: NT\$ thousands	
	Capital requirement	
Interest rate risk	897,648	
Equity securities risk	59,266	
Foreign exchange risk	10,458	
Product risk	-	
Total	967,372	

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.

To manage the Bank's deposits to meet loan and financial transaction growth, the Bank adeptly adjusts its funding strategy depending on market liquidity situations and the 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 the timing of loan drawdowns and repayments. Emphasis is placed on the stability and allocation of deposits to manage funding liquidity.

The Bank follows the 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, 2023		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	815,024,737	130,802,824	104,616,975	123,624,151	57,973,677	74,340,828	323,666,282
Main capital outflow on maturity	1,018,474,503	86,451,475	101,299,595	191,142,741	183,984,711	219,723,406	235,872,575
Gap	(203,449,766)	44,351,349	3,317,380	(67,518,590)	(126,011,034)	(145,382,578)	87,793,707

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

FOR U.S. DOLLAR ITEMS

December 31, 2023		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	10,637,060	5,069,808	2,202,044	829,755	700,032	1,835,421
Main capital outflow on maturity	11,988,056	4,278,600	3,243,134	1,710,469	1,608,312	1,147,541
Gap	(1,350,996)	791,208	(1,041,090)	(880,714)	(908,280)	687,880

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 amendments to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," "Principles for Review and Approval of Institutions in Continuing Education System under Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," and "Sample Template for OO Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Related Parties" by the Taiwan Stock Exchange, the Bank's "Corporate Governance Principles" were amended accordingly.
- B. In response to amendments to the "Self-Regulatory Rules for Banks Conducting Financial Derivatives" by the BAROC, the Bank's "Authorization Guidelines for Recommending Foreign Exchange-Related Structured Products Business" were amended accordingly.
- C. In response to amendments to the "Annex: Red Flags for Transactions Suspected to Involve Money Laundering or Terrorism Financing" of the "Model Guidelines for Banks' Anti-Money Laundering and Counter Terrorism Financing Policies and Procedures" by the BAROC, the Bank's "Guidelines for Anti-Money Laundering and Counter Terrorism Financing" were amended accordingly.
- D. In response to the Official Letter issued by the Financial Supervisory Commission regarding the customer acceptance policies of financial institutions handling virtual currency platform or transactions, the Bank's "Procedures for Customer Due Diligence" were amended accordingly.
- E. In response to external regulation requirements and business needs, the Bank's "Procedures for Anti-Money Laundering and Counter Terrorism Financing on Hiring Employees and Training" and "Directions for Risk Assessment of Money Laundering and Terrorism Financing" were amended accordingly.

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

The Bank is leveraging emerging technologies to innovate financial services and accelerate digital transformation. To prevent the growing threat of cyberattacks and ensure the provision of secure, convenient, and uninterrupted financial services, the Bank refers to reports from international cybersecurity vendors, aggregates cybersecurity threat intelligence, and follows the framework of the Financial Supervisory Commission's "Financial Cybersecurity Action Plan" to implement various cybersecurity management measures across four dimensions: strengthening cybersecurity governance, enhancing cybersecurity monitoring, streamlining cybersecurity resilience, and promoting cybersecurity collaboration:

- A. Strengthening Cybersecurity Governance:

- (a) Establishing a bank-wide cybersecurity culture, conducting online education and training on cybersecurity and personal data protection for all employees, as well as email social engineering drills.
- (b) Continuously enhancing the training of cybersecurity professionals to grasp overall cybersecurity threat trends and improve cybersecurity capabilities. Encouraging staff to obtain relevant cybersecurity certifications, with 44 certifications obtained in 2023, a 37.5% increase from the 32 certifications obtained in 2022.
- (c) Completed the maturity assessment of financial cybersecurity governance in June 2023, reaching the "Advanced" level, to continuously improve cybersecurity management.

B. Enhancing Cybersecurity Monitoring:

- (a) Establishing an automated joint defense mechanism to detect and immediately block large-scale data collection behaviors, enhancing the timeliness of cybersecurity monitoring and event interception.
- (b) Strengthening the cybersecurity protection mechanism by improving the current malicious program detection system and blocking functions to achieve 24/7 detection, alerting, and blocking of malicious program.

C. Enhancing security resilience:

Completed various cybersecurity drills to confirm the effectiveness of emergency response plans and procedures.

D. Promoting Cybersecurity Collaboration:

- (a) Signed a "National Cybersecurity Collaboration and Intelligence Sharing Memorandum of Understanding" with the Ministry of Justice Investigation Bureau Taipei City Investigation Division in April 2023 to obtain more comprehensive cybersecurity intelligence and enhance the bank's cybersecurity defense and response capabilities.
- (b) To enhance the efficiency of cybersecurity collaboration, the bank's cybersecurity monitoring center has been interfaced with the regulatory authority's "Financial Cybersecurity Collaboration Monitoring Center" to achieve the collaboration of cybersecurity with the industry.

(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 the 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 mergers or acquisitions occurred in 2023.

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

To expand into the ASEAN market and extend the cross-border financing platform, we are preparing to apply for the upgrade of the Singapore representative office to a branch, aiming to enhance financial services and acquire new overseas clients. The impact on the bank's financial structure and profits is expected to be limited during the preparatory phase.

(8) Risks and Responding Measures of Business Concentration

The corporate credit and lending businesses are conducted in accordance with external guidelines and internal risk management policies. The Bank implements a regular inspection and control mechanism to monitor credit concentration rates from various angles, including within the same industry, same group, related counterparties, and individual customers. In 2023, the proportion of the credit portfolio by sectors under the management of the Corporate Banking Group met the target range.

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

No major managing ownership changes occurred in 2023.

(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 June 2023, the Supreme Court of Taiwan ruled that the amount of NT\$37,288,597 received by other creditor banks from the Bank's collateral during the restructuring procedures against ProMOS Technologies Inc. in 2016 should be returned to the Bank. The Bank received the aforementioned amount in July 2023.

(12) Other Important Risks and Responsive Procedures

None.

7. Contingency Plans for Crisis Management

- (1) The Bank has established the "Emergency Incident Response Procedure" and "Major Disaster Crisis Response Measures," and established a Major Disaster Crisis Response Organization tasked with the prevention, handling, and post-disaster recovery of major disasters. In the event of a major disaster, the organization can effectively grasp real-time data, integrate resources in a timely manner, and take response measures to ensure uninterrupted operations.
- (2) The Bank has implemented a duty officer system, with one Chief Duty Officer appointed to oversee and manage emergent emergencies, handle crises effectively, and follow prescribed procedures for crisis notification.

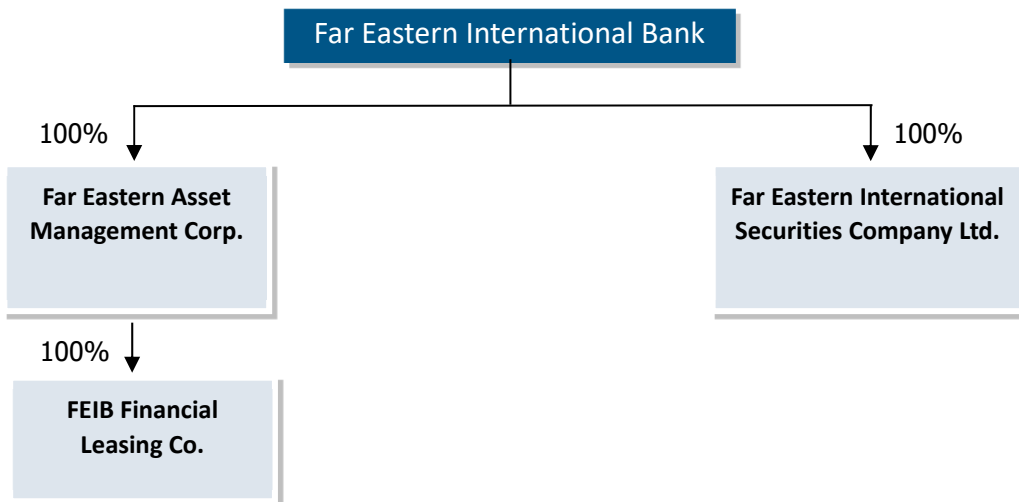
8. Other Important Items

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, 2023

Company Name	Established Date	Address	Paid-in Capital	Main Business
Far Eastern Asset Management Corp.	Jan 29,2004	17 th Floor, No. 207, Section 2, Dunhua South Road, Taipei	1,684,000	Financial institutions buy, evaluate, auction and manage services for money claims. Accounts receivable purchase business. Overdue accounts receivable management services.
FEIB Financial Leasing Co.	Apr 27, 2015	8F,FE Enterprise Building,No.28 Bailianjing Road ,Pudong New District,Shanghai 200120,China	USD 30,000 thousands (eqv. NT\$920,470 thousands)	Financial Leasing Business, Leasing Business, Purchase of leasing property, Consultation and Guarantee of Leasing Transactions, Factoring Business related to main business.
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, 2023

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	Hung, Ying-Chi (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, 2023

Company Name	Paid-in capital	Assets	Liabilities	Net worth	Operating revenue	Operating income	Net income	EPS
Far Eastern Asset Management Corp.	1,684,000	3,048,530	1,342,969	1,705,561	82,449	67,673	57,444	0.34
FEIB Financial Leasing Co.	920,470	1,139,113	81,511	1,057,602	71,635	35,118	28,275	-
Far Eastern International Securities Company Ltd.	260,000	536,766	134,490	402,276	189,029	(21,216)	(15,678)	(0.6)

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.

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 Chunghsiao Branch	No. 112, Chunghsiao 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	17F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, 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 Zhongjeng Branch	No. 228, Zhongjeng 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
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

Operating Unit	Address	Telephone Number
	Taiwan	
Shinchiung Fu Guo Branch	No. 6, Fuguo Rd., Shinchiung 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. 211, Huanbei 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
Yungkang Branch	No. 37, Zhongzheng N. Rd., Yungkang 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) 28-35359075
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, 2023 and 2022 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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information.

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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Bank and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 for the Bank and its subsidiaries, which are described as follows:

Allowance for Expected Credit Losses on Loans

As of December 31, 2023, the balance of loans in the aggregate amounted to NT\$467,728,161 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, 2023 and 2022 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2024

Notice to Readers

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

ASSETS	2023		2022	
	Amount	%	Amount	%
ASSETS				
Cash and cash equivalents (Notes 6 and 39)	\$ 6,855,577	1	\$ 8,237,870	1
Due from the Central Bank and other banks (Notes 7 and 39)	41,011,820	5	35,591,182	5
Financial assets at fair value through profit or loss (Notes 4, 8, 39, 43 and 44)	40,846,407	5	46,652,529	6
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 11, 21, 28, 40, 43 and 44)	64,259,784	8	76,739,907	10
Investment in debt instruments at amortized cost, net (Notes 4, 5, 10, 11, 21, 40, 43 and 44)	132,436,004	17	100,836,081	14
Securities purchased under resale agreements, net (Notes 4, 12 and 44)	2,240,685	-	1,146,775	-
Receivables, net (Notes 4, 5, 13 and 44)	19,208,528	3	18,999,211	3
Discounts and loans, net (Notes 4, 5, 14, 39 and 44)	467,728,161	59	437,897,093	59
Investment accounted for using the equity method (Notes 4, 15 and 28)	2,735,151	-	1,886,047	-
Other financial assets, net (Notes 16 and 40)	6,817,244	1	4,790,483	1
Property and equipment, net (Notes 4, 17 and 39)	5,139,531	1	4,760,573	1
Right-of-use assets, net (Notes 4, 18 and 39)	1,089,010	-	954,076	-
Intangible assets, net (Notes 4 and 19)	1,572,187	-	1,597,670	-
Deferred tax assets (Notes 4 and 36)	174,527	-	179,701	-
Other assets (Note 39)	389,876	-	270,445	-
TOTAL	<u>\$ 792,504,492</u>	<u>100</u>	<u>\$ 740,539,643</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Notes 20 and 44)	\$ 1,489,494	-	\$ 1,475,448	-
Funds borrowed from the Central Bank and other banks (Notes 44 and 46)	133,333	-	-	-
Financial liabilities at fair value through profit or loss (Notes 4, 8, 39, 43 and 44)	8,397,692	1	8,689,238	1
Securities sold under repurchase agreements (Notes 4, 9, 10, 21, 44 and 46)	1,255,766	-	4,598,749	1
Payables (Notes 22 and 44)	5,830,924	1	5,346,372	1
Current tax liabilities (Note 4)	158,386	-	311,114	-
Deposits and remittances (Notes 23, 39 and 44)	660,747,761	84	607,423,881	82
Bank debentures (Notes 24, 43, 44 and 46)	16,901,900	2	20,901,900	3
Principal received on structured products (Note 44)	34,139,735	5	31,812,340	4
Other financial liabilities (Notes 25, 44 and 46)	2,128,161	-	2,731,071	1
Provisions (Notes 4, 26 and 39)	762,463	-	760,392	-
Lease liabilities (Notes 4, 18, 39, 44 and 46)	1,108,714	-	965,817	-
Other liabilities (Notes 36 and 39)	575,351	-	550,988	-
Total liabilities	<u>733,629,680</u>	<u>93</u>	<u>685,567,310</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Notes 4, 9, 15, 28 and 38)				
Share capital	40,694,838	5	40,694,838	5
Capital surplus	302,926	-	302,926	-
Retained earnings				
Legal reserve	12,304,518	2	11,206,638	1
Special reserve	1,711,795	-	5,922	-
Unappropriated earnings	4,019,297	-	4,467,881	1
Total retained earnings	18,035,610	2	15,680,441	2
Other equity	(158,562)	-	(1,705,872)	-
Total equity	<u>58,874,812</u>	<u>7</u>	<u>54,972,333</u>	<u>7</u>
TOTAL	<u>\$ 792,504,492</u>	<u>100</u>	<u>\$ 740,539,643</u>	<u>100</u>

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, 2023 AND 2022

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUES (Notes 4, 29 and 39)	\$ 18,029,451	141	\$ 12,304,922	105	47
INTEREST EXPENSES (Notes 4, 18, 29 and 39)	<u>11,524,413</u>	<u>90</u>	<u>5,261,369</u>	<u>45</u>	119
NET INTERESTS	<u>6,505,038</u>	<u>51</u>	<u>7,043,553</u>	<u>60</u>	(8)
NET REVENUES AND GAINS OTHER THAN INTEREST					
Net service fee income (Notes 4, 30 and 39)	2,639,247	21	2,521,960	22	5
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 31, 39 and 43)	2,680,211	21	1,244,942	11	115
Realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9, 28 and 43)	181,405	1	152,173	1	19
Net foreign exchange gain (Note 4)	214,034	2	405,834	3	(47)
Shares of profit of associates for using equity method (Notes 4 and 15)	98,052	1	112,357	1	(13)
Gain from bargain purchase (Notes 4 and 15)	193,188	1	-	-	-
Others	<u>282,500</u>	<u>2</u>	<u>258,112</u>	<u>2</u>	9
Total net revenues and gains other than interest	<u>6,288,637</u>	<u>49</u>	<u>4,695,378</u>	<u>40</u>	34
NET REVENUES	<u>12,793,675</u>	<u>100</u>	<u>11,738,931</u>	<u>100</u>	9
PROVISION FOR POSSIBLE LOSSES ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 4, 5, 13, 14, 16, 26 and 39)	<u>540,238</u>	<u>4</u>	<u>544,102</u>	<u>4</u>	(1)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefits expense (Notes 4, 27, 32, 33, 38 and 39)	\$ 4,491,386	35	\$ 4,239,619	36	6
Depreciation and amortization (Notes 4, 17, 18, 19 and 34)	740,131	6	732,480	6	1
Other general and administrative expenses (Notes 18, 35 and 39)	<u>2,314,848</u>	<u>18</u>	<u>2,031,614</u>	<u>18</u>	14
Total operating expenses	<u>7,546,365</u>	<u>59</u>	<u>7,003,713</u>	<u>60</u>	8
INCOME BEFORE INCOME TAX	4,707,072	37	4,191,116	36	12
INCOME TAX EXPENSE (Notes 4 and 36)	<u>532,863</u>	<u>4</u>	<u>513,614</u>	<u>5</u>	4
NET INCOME FOR THE YEAR	<u>4,174,209</u>	<u>33</u>	<u>3,677,502</u>	<u>31</u>	14
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 9, 11, 15, 27, 28, 36 and 43)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(50,332)	-	108,511	1	(146)
Gain (loss) on valuation of investments in equity instruments at fair value through other comprehensive income	776,837	6	(374,443)	(3)	307
Share of other comprehensive income of associates for using equity method	664	-	6,218	-	(89)
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	<u>10,067</u>	<u>-</u>	<u>(21,702)</u>	<u>-</u>	146
	<u>737,236</u>	<u>6</u>	<u>(281,416)</u>	<u>(2)</u>	362

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	\$ (24,358)	-	\$ 96,628	1	(125)
Share of other comprehensive income (loss) of associates for using equity method	169,434	1	(98,986)	(1)	271
Gain (loss) on investments in debt instruments measured at fair value through other comprehensive income	506,108	4	(1,455,943)	(13)	135
Income tax benefit (expense) relating to items that may be reclassified subsequently to profit or loss	<u>3,862</u>	<u>-</u>	<u>(2,899)</u>	<u>-</u>	233
	<u>655,046</u>	<u>5</u>	<u>(1,461,200)</u>	<u>(13)</u>	145
Other comprehensive income (loss) for the year	<u>1,392,282</u>	<u>11</u>	<u>(1,742,616)</u>	<u>(15)</u>	180
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,566,491</u>	<u>44</u>	<u>\$ 1,934,886</u>	<u>16</u>	188
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 4,174,209</u>	<u>33</u>	<u>\$ 3,677,502</u>	<u>31</u>	14
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 5,566,491</u>	<u>44</u>	<u>\$ 1,934,886</u>	<u>16</u>	188
EARNINGS PER SHARE (Note 37)					
Basic	<u>\$1.03</u>		<u>\$1.00</u>		
Diluted	<u>\$1.02</u>		<u>\$0.99</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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent						Others		Total Equity
	Share Capital (Note 28)	Capital Surplus (Notes 4, 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)		
			Legal Reserve	Special Reserve				Legal Reserve	
BALANCE AT JANUARY 1, 2022	\$ 35,139,632	\$ 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 - NTS 0.4300 per share	555,206	-	-	-	(555,206)	-	-	-	
Shares dividends - NTS 0.1580 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	
Appropriation of the 2022 earnings	-	-	1,097,880	-	(1,097,880)	-	-	-	
Legal reserve	-	-	-	-	(1,705,873)	-	-	-	
Special reserves	-	-	-	-	(1,664,012)	-	-	(1,664,012)	
Cash dividends - NTS0.4089 per share	-	-	-	-	(4,467,765)	-	-	(4,467,765)	
Net income for the year ended December 31, 2023	-	-	-	-	4,174,209	-	-	4,174,209	
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(42,546)	(20,496)	1,455,324	1,392,282	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	4,131,663	(20,496)	1,455,324	5,566,491	
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	(112,482)	-	112,482	-	
BALANCE AT DECEMBER 31, 2023	\$ 40,694,838	\$ 302,926	\$ 12,304,518	\$ 1,711,795	\$ 4,019,297	\$ (167,411)	\$ 8,849	\$ 58,874,812	

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,707,072	\$ 4,191,116
Adjustments for:		
Depreciation	714,648	706,997
Amortization	25,483	25,483
Provision for loss on bad debts expense, commitment and guarantee	992,680	930,101
Net valuation loss on financial assets and liabilities at fair value through profit or loss	36,292	225,705
Interest expenses	11,524,413	5,261,369
Interest revenues	(18,029,451)	(12,304,922)
Dividend revenue	(217,315)	(215,560)
Share-based payments	-	41,500
Shares of profit from associates	(98,052)	(112,357)
Unrealized net gain on foreign currency exchange	(32,441)	(165,809)
Gain from bargain purchase	(193,188)	-
Other adjustments	5,451	3,561
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(695,382)	(1,421,701)
Decrease (increase) in financial assets at fair value through profit or loss	5,788,949	(7,309,324)
Decrease in financial assets at fair value through other comprehensive income	13,786,916	36,706,490
Increase in investments in debt instruments at amortized cost	(31,693,920)	(29,228,081)
Decrease (increase) in receivables	(403,434)	8,143,763
Increase in discounts and loans	(30,668,124)	(25,225,464)
Decrease in due to the Central Bank and other banks	(5,387)	(533,978)
Increase (decrease) in financial liabilities at fair value through profit or loss	(297,609)	5,413,537
Decrease in payables	(188,351)	(622,777)
Increase (decrease) in deposits and remittances	53,680,700	(18,312,752)
Increase in principal received on structured products	2,350,695	8,474,977
Decrease in provisions for employee benefits	(70,743)	(83,183)
Increase (decrease) in other liabilities	<u>2,662</u>	<u>(59,968)</u>
Cash generated from (used in) operations	11,022,564	(25,471,277)
Interest received	17,678,726	11,813,030
Dividends received	216,846	215,425
Interest paid	(10,680,620)	(4,791,793)
Income tax paid	<u>(660,939)</u>	<u>(367,406)</u>
Net cash generated from (used in) operating activities	<u>17,576,577</u>	<u>(18,602,021)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(426,147)	-
Acquisition of property and equipment	(681,376)	(2,074,870)
Proceeds from disposal of property and equipment	106	124

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

	2023	2022
Increase in other financial assets	\$ (2,035,311)	\$ (465,034)
Increase in other assets	(119,265)	(11,782)
Dividends received from associates	<u>38,381</u>	<u>103,717</u>
Net cash used in investing activities	<u>(3,223,612)</u>	<u>(2,447,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 46)		
Increase (decrease) in funds borrowed from the Central Bank and other banks	133,333	(77,240)
Repayments of bank debentures	(4,000,000)	(3,000,000)
Increase (decrease) in securities sold under repurchase agreements	(3,392,676)	4,690,600
Repayments of the principal portion of lease liabilities	(405,178)	(412,561)
Increase (decrease) in other financial liabilities	(609,504)	1,749,323
Cash dividends	(1,664,012)	(1,511,004)
Issuance of ordinary shares for cash	<u>-</u>	<u>4,805,000</u>
Net cash generated from (used in) financing activities	<u>(9,938,037)</u>	<u>6,244,118</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>21,945</u>	<u>1,580,766</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,436,873	(13,224,982)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>28,933,031</u>	<u>42,158,013</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 33,369,904</u>	<u>\$ 28,933,031</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	
	2023	2022
Cash and cash equivalents in consolidated balance sheets	\$ 6,855,577	\$ 8,237,870
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	24,273,642	19,548,386
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	<u>2,240,685</u>	<u>1,146,775</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 33,369,904</u>	<u>\$ 28,933,031</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, 2023 AND 2022 (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, 2023, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 54 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 STATEMENTS

The financial statements were approved by the Bank’s Board of Directors on March 4, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have a material impact on the Bank and its subsidiaries’ accounting policies.
- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

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

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

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

<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 IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and IFRS Accounting Standards 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, 2023	December 31, 2022
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.

The fair value of the identifiable net assets and liabilities acquired by the Bank and its subsidiaries' on the acquisition date, deducting the purchase price, is recognized in profit or loss.

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make essential judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. When developing material accounting estimates, the 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 judgment 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, 2023	December 31, 2022
Cash on hand	\$ 4,087,627	\$ 4,446,644
Notes and checks for clearing	652,197	930,022
Deposits due from other banks	1,684,421	2,458,559
Balance with other banks	<u>431,332</u>	<u>402,645</u>
	<u>\$ 6,855,577</u>	<u>\$ 8,237,870</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2023	December 31, 2022
Due from other banks	\$ 12,246,299	\$ 11,861,642
New Taiwan dollar reserve deposits - Type A	8,379,938	4,039,838
New Taiwan dollar reserve deposits - Type B	16,738,178	16,042,796
Foreign-currency reserve deposits	146,716	146,510
Due from the Central Bank - Interbank fund transfer account	<u>3,500,689</u>	<u>3,500,396</u>
	<u>\$ 41,011,820</u>	<u>\$ 35,591,182</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, 2023 and 2022, 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 \$24,273,642

thousand and \$19,548,386 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

	December 31, 2023	December 31, 2022
Non-derivative financial assets		
Government bonds	\$ 10,323,464	\$ 14,911,749
Shares listed on TWSE and TPEX	858,711	926,269
Beneficiary certificates	<u>200,145</u>	<u>-</u>
	<u>11,382,320</u>	<u>15,838,018</u>
Derivative financial assets		
Interest rate swap contracts	3,626,368	3,828,660
Foreign-currency swap contracts	3,475,637	4,261,111
Forward exchange contracts	361,648	424,534
Credit default swap contracts	101,245	51,032
Cross-currency swap contracts	13,746	586,811
Others	<u>107,160</u>	<u>337,895</u>
	<u>7,685,804</u>	<u>9,490,043</u>
Hybrid contract		
Asset swap fixed-income	17,895,451	18,913,127
Credit linked note contracts	3,238,842	1,239,144
Credit linked loan contracts	541,894	1,018,973
Convertible bonds	<u>102,096</u>	<u>153,224</u>
	<u>21,778,283</u>	<u>21,324,468</u>
Total financial assets classified as at FVTPL	<u>\$ 40,846,407</u>	<u>\$ 46,652,529</u>

Financial liabilities held for trading

	December 31, 2023	December 31, 2022
Derivative financial liabilities		
Foreign-currency swap contracts	\$ 4,736,648	4,552,508
Interest rate swap contracts	3,026,804	3,234,998
Cross-currency swap contracts	239,979	330,039
Others	<u>394,261</u>	<u>571,693</u>
	<u>8,397,692</u>	<u>8,689,238</u>
Total financial liabilities at FVTPL	<u>\$ 8,397,692</u>	<u>\$ 8,689,238</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, 2023	December 31, 2022
Foreign-currency swap contracts	\$ 369,496,212	\$ 370,699,233
Interest rate swap contracts	331,221,560	310,841,788
Currency option contracts	36,320,101	39,199,022
Forward exchange contracts	27,856,041	22,446,595
Seller of credit default swap contracts	17,057,925	23,860,116
Interest rate option contracts	10,300,000	7,000,000
Cross-currency swap contracts	2,325,402	9,189,720
Government bond futures contracts	689,542	30,708
Non-deliverable forward contracts	347,959	279,308
Share index futures contracts	16,807	28,429
Forward contracts	-	529,996

9. FINANCIAL ASSETS AT FVTOCI

	December 31, 2023	December 31, 2022
<u>Investments in equity instruments</u>		
Shares listed on TWSE and TPEX	\$ 3,203,816	\$ 2,220,940
Shares unlisted on TWSE and TPEX	<u>265,241</u>	<u>259,368</u>
	<u>3,469,057</u>	<u>2,480,308</u>
<u>Investments in debt instruments</u>		
Government bonds	22,114,475	26,682,124
Bank debentures	14,808,467	20,109,910
Corporate bonds	14,700,239	18,318,731
Commercial paper	7,373,967	7,184,492
Collateralized mortgage obligation	<u>1,793,579</u>	<u>1,964,342</u>
	<u>60,790,727</u>	<u>74,259,599</u>
Total financial assets at FVTOCI	<u>\$ 64,259,784</u>	<u>\$ 76,739,907</u>

The above investments in equity instrument in the form of 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:

	<u>For the Year Ended December 31</u>	
	2023	2022
Dividend revenue recognized in profit or loss		
On equity held at year end	\$ 153,746	\$ 147,998
On equity disposed of in current year	<u>28,412</u>	<u>26,557</u>
	<u>\$ 182,158</u>	<u>\$ 174,555</u>

Because of the management and adjustment of the investment portfolio and the liquidation of the investee company, the information about the disposal of equity instruments in the current year is as below:

	For the Year Ended December 31	
	2023	2022
Fair value at the date of disposal	<u>\$ 685,181</u>	<u>\$ 418,214</u>
Accumulated loss transferred to retained earnings due to disposal	<u>\$ (112,513)</u>	<u>\$ (107,327)</u>

The Bank originally held the shares in Yuan Hsin Digital Payment Co., Ltd., which were recorded as financial assets at FVOCI. Yuan Hsin Digital Payment Co., Ltd. obtained the approval of dissolution from the Ministry of Economic Affairs on January 31, 2023, and the liquidation process was completed on July 12, 2023. However, the liquidation shall be reported to the court for future reference after approval by tax authority. As a result of liquidation, the Bank expects distributable liquidation proceeds of \$9,776 thousand, and the relevant accumulated unrealized loss of \$97,070 thousand, which were originally listed under shareholders' equity - other equity, have been reclassified to retained earnings in September 2023.

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.

The carrying amount of the above transactions that have been issued under repurchase agreements (refer to Note 21 for related information) were as follows:

	December 31, 2023	December 31, 2022
Bank debentures	<u>\$ 84,988</u>	<u>\$ 1,135,462</u>
Government bonds	<u>\$ -</u>	<u>\$ 582,408</u>

10. INVESTMENT IN DEBT INSTRUMENT AT AMORTIZED COST

	December 31, 2023	December 31, 2022
Negotiable certificates of deposits - issued by the CBC	\$ 95,600,000	\$ 87,200,000
Government bonds	13,010,769	5,339,929
Corporate bonds	12,248,395	4,797,107
Bank debentures	<u>11,581,149</u>	<u>3,500,449</u>
	132,440,313	100,837,485
Less: Accumulated impairment loss	<u>4,309</u>	<u>1,404</u>
	<u>\$ 132,436,004</u>	<u>\$ 100,836,081</u>

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

The carrying amount of the above transactions that have been issued under repurchase agreements (refer to Note 21 for related information) were as follows:

	December 31, 2023	December 31, 2022
Government bonds	<u>\$ 1,225,372</u>	<u>\$ 3,052,512</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 announced by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecasts when measuring the expected credit loss of the debt instrument investments.

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

December 31, 2023

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 61,714,826	\$ 132,440,313	\$ 194,155,139
Less: Accumulated impairment loss	<u>8,534</u>	<u>4,309</u>	<u>12,843</u>
Amortized cost	61,706,292	<u>\$ 132,436,004</u>	194,142,296
Fair value adjustment	<u>(915,565)</u>		<u>(915,565)</u>
	<u>\$ 60,790,727</u>		<u>\$ 193,226,731</u>

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 75,690,056	\$ 100,837,485	\$ 176,527,541
Less: Accumulated 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>

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

For the year ended December 31, 2023

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2023	\$ 8,784	\$ 1,404	\$ 10,188
Impairment loss on the acquisition of new debt instruments for the current year	2,778	2,789	5,567
Derecognition	(3,272)	-	(3,272)
Exchange rate changes	5	1	6
Expected credit losses and other changes	<u>239</u>	<u>115</u>	<u>354</u>
Balance on December 31, 2023	<u>\$ 8,534</u>	<u>\$ 4,309</u>	<u>\$ 12,843</u>

For the year ended December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2022	\$ 15,693	\$ 65	\$ 15,758
Impairment loss on the acquisition of new debt instruments for the current year	3,646	1,336	4,982
Derecognition	(10,311)	-	(10,311)
Exchange rate changes	196	7	203
Expected credit losses and other changes	<u>(440)</u>	<u>(4)</u>	<u>(444)</u>
Balance on December 31, 2022	<u>\$ 8,784</u>	<u>\$ 1,404</u>	<u>\$ 10,188</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	December 31, 2023	December 31, 2022
Commercial paper	\$ 1,041,113	\$ 215,075
Negotiable certificates of deposit	1,000,000	-
Government bonds	<u>200,182</u>	<u>931,736</u>
	2,241,295	1,146,811
Less: Accumulated impairment loss	<u>610</u>	<u>36</u>
	<u>\$ 2,240,685</u>	<u>\$ 1,146,775</u>
Resale price	<u>\$ 2,244,954</u>	<u>\$ 1,148,310</u>
Resale date	2024.01.03- 2024.01.29	2023.01.05- 2023.02.13

The total carrying amounts shown above have been included as cash and cash equivalents in the statements of cash flows. The allowance for accumulated impairment loss was measured at an amount equal to the 12-month expected credit loss based on historical experience and forward-looking information.

13. RECEIVABLES, NET

	December 31, 2023	December 31, 2022
Credit card	\$ 12,326,803	\$ 12,853,159
Buying debt receivable	1,718,881	1,274,078
Interest	1,703,104	1,352,379
Factoring	1,275,892	2,061,981
Proceeds from disposal of securities	768,375	11,737
Lease receivables	704,377	731,687
Spot exchange transactions	522,612	469,945
Acceptances	43,765	207,327
Others	<u>587,309</u>	<u>510,381</u>
	19,651,118	19,472,674
Less: Allowance for possible losses	<u>442,590</u>	<u>473,463</u>
	<u>\$ 19,208,528</u>	<u>\$ 18,999,211</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, 2023

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Balance on January 1, 2023	\$ 16,963,039	\$ 80,179	\$ 1,057,654	\$ 18,100,872
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(50,832)	55,421	(415)	4,174
Transfer to Stage 3	(92,503)	(15,916)	114,561	6,142
Transfer to Stage 1	7,750	(11,881)	(235)	(4,366)
Financial assets derecognized in the current period	(6,822,802)	(9,026)	(199,344)	(7,031,172)
Purchased or originated financial assets	6,053,621	10,395	40,714	6,104,730
Write-offs	(63,118)	(19,380)	(48,943)	(131,441)
Exchange rate and other changes	<u>(18,243)</u>	<u>(1,694)</u>	<u>(4,249)</u>	<u>(24,186)</u>
Balance on December 31, 2023	<u>\$ 15,976,912</u>	<u>\$ 88,098</u>	<u>\$ 959,743</u>	<u>\$ 17,024,753</u>

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	\$ 21,806,059	\$ 109,996	\$ 1,101,702	\$ 23,017,757
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(62,737)	66,596	(63)	3,796
Transfer to Stage 3	(86,702)	(55,066)	151,373	9,605
Transfer to Stage 1	8,760	(11,521)	(795)	(3,556)
Financial assets derecognized in the current period	(10,853,561)	(7,877)	(211,458)	(11,072,896)
Purchased or originated financial assets	6,118,562	9,021	40,462	6,168,045
Write-offs	(49,131)	(30,310)	(66,678)	(146,119)
Exchange rate and other changes	<u>81,789</u>	<u>(660)</u>	<u>43,111</u>	<u>124,240</u>
Balance on December 31, 2022	<u>\$ 16,963,039</u>	<u>\$ 80,179</u>	<u>\$ 1,057,654</u>	<u>\$ 18,100,872</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, 2023

	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, 2023	\$ 20,072	\$ 6,419	\$ 370,551	\$ 397,042	\$ 76,596	\$ 473,638
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(14)	6,354	(56)	6,284	-	6,284
Transfer to Stage 3	(25)	(1,264)	25,565	24,276	-	24,276
Transfer to Stage 1	2	(1,134)	(28)	(1,160)	-	(1,160)
Financial assets derecognized in the current period	(10,035)	(846)	(43,714)	(54,595)	-	(54,595)
Purchased or originated financial assets	6,653	1,453	22,444	30,550	-	30,550
The difference of impairment under the Regulations	-	-	-	-	51,419	51,419
Write-offs	(63,118)	(19,380)	(48,943)	(131,441)	-	(131,441)
Exchange rate and other changes	68,339	18,080	(42,696)	43,723	-	43,723
Balance on December 31, 2023	<u>\$ 21,874</u>	<u>\$ 9,682</u>	<u>\$ 283,123</u>	<u>\$ 314,679</u>	<u>\$ 128,015</u>	<u>\$ 442,694</u>

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	\$ 32,547	\$ 8,117	\$ 383,147	\$ 423,811	\$ 131,398	\$ 555,209
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(42)	4,917	-	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	(18,496)	(1,155)	(61,809)	(81,460)	-	(81,460)
Purchased or originated financial assets	6,102	1,008	17,400	24,510	-	24,510
The difference of impairment under the Regulations	-	-	-	-	(54,802)	(54,802)
Write-offs	(49,131)	(30,310)	(66,678)	(146,119)	-	(146,119)
Exchange rate and other changes	49,129	27,892	62,993	140,014	-	140,014
Balance on December 31, 2022	<u>\$ 20,072</u>	<u>\$ 6,419</u>	<u>\$ 370,551</u>	<u>\$ 397,042</u>	<u>\$ 76,596</u>	<u>\$ 473,638</u>

14. DISCOUNTS AND LOANS, NET

	December 31, 2023	December 31, 2022
Negotiations, discounts and overdraft	\$ 18,578	\$ 62,683
Short-term loans	102,871,272	84,666,192
Medium-term loans	174,949,647	169,842,660
Long-term loans	195,747,734	188,241,006
Overdue receivable	<u>236,771</u>	<u>1,269,783</u>
	473,824,002	444,082,324
Less: Allowance for possible losses	<u>6,095,841</u>	<u>6,185,231</u>
	<u>\$ 467,728,161</u>	<u>\$ 437,897,093</u>

The details of the provision for possible losses on bad debts, commitment, guarantee and letters of credit issued were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Provision for possible losses - discounts and loans	\$ 872,869	\$ 988,086
Provision for possible losses - receivables and other financial assets	97,569	48,529
Provision for (reversal of) possible losses - commitment, guarantee obligations and letters of credit issued	22,242	(106,514)
Amounts recovered - discounts and loans	(308,264)	(233,467)
Amounts recovered - receivables and other financial assets	<u>(144,178)</u>	<u>(152,532)</u>
	<u>\$ 540,238</u>	<u>\$ 544,102</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, 2023

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2023	\$ 440,758,644	\$ 394,186	\$ 2,929,494	\$ 444,082,324
Changes of financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(1,014,621)	973,187	(1,998)	(43,432)
Transfer to Stage 3	(367,332)	(74,078)	355,804	(85,606)
Transfer to Stage 1	128,235	(144,870)	(1,528)	(18,163)
Financial assets derecognized in the current period	(123,140,883)	(57,996)	(826,724)	(124,025,603)
Purchased or originated financial assets	154,865,104	34,779	38,442	154,938,325
Write-offs	(90,016)	(57,229)	(832,946)	(980,191)
Exchange rate and other changes	<u>(48,864)</u>	<u>1,340</u>	<u>3,872</u>	<u>(43,652)</u>
Balance on December 31, 2023	<u>\$ 471,090,267</u>	<u>\$ 1,069,319</u>	<u>\$ 1,664,416</u>	<u>\$ 473,824,002</u>

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>

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, 2023

	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, 2023	\$ 915,284	\$ 105,986	\$ 1,304,653	\$ 2,325,923	\$ 3,859,308	\$ 6,185,231
Changes of financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(5,698)	64,186	(1,748)	56,740	-	56,740
Transfer to Stage 3	(1,715)	(21,909)	175,480	151,856	-	151,856
Transfer to Stage 1	141	(21,076)	(1,237)	(22,172)	-	(22,172)
Financial assets derecognized in the current period	(281,879)	(13,539)	(169,735)	(465,153)	-	(465,153)
Purchased or originated financial assets	651,377	14,979	15,865	682,221	-	682,221
The difference of impairment under the Regulations	-	-	-	-	305,489	305,489
Write-offs	(90,016)	(57,229)	(832,946)	(980,191)	-	(980,191)
Exchange rate and other changes	<u>280,713</u>	<u>15,528</u>	<u>(114,421)</u>	<u>181,820</u>	<u>-</u>	<u>181,820</u>
Balance on December 31, 2023	<u>\$ 1,468,207</u>	<u>\$ 86,926</u>	<u>\$ 375,911</u>	<u>\$ 1,931,044</u>	<u>\$ 4,164,797</u>	<u>\$ 6,095,841</u>

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>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2023	December 31, 2022
Associates that are not individually material	<u>\$ 2,735,151</u>	<u>\$ 1,886,047</u>

At the board of directors' meeting held on August 29, 2023, the Bank resolved to acquire 7.52% of the shares of associate - Dah Chung Bills Finance Corp. from a third person for a total price of \$425,967 thousand, which was settled on September 20, 2023. Therefore, a bargain purchase gain of \$193,188 thousand was recognized. As of December 31, 2023, the Bank holds 29.58% of the shares of Dah Chung Bills Finance Corp. 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>	
	2023	2022
Net income from continuing operation	\$ 98,052	\$ 112,357
Other comprehensive income (loss)	<u>170,098</u>	<u>(92,768)</u>
Total comprehensive income (loss)	<u>\$ 268,150</u>	<u>\$ 19,589</u>

16. OTHER FINANCIAL ASSETS, NET

	December 31, 2023	December 31, 2022
Nonaccrual loans other than discounts and loans	\$ 243	\$ 349
Less: Allowance for possible losses (Note 13)	<u>104</u>	<u>175</u>
	139	174
Refundable deposits	3,352,970	2,585,868
Less: Accumulated impairment loss	<u>425</u>	<u>259</u>
	3,352,545	2,585,609
Restricted time deposits (Note 40)	<u>3,464,560</u>	<u>2,204,700</u>
	<u>\$ 6,817,244</u>	<u>\$ 4,790,483</u>

The accumulated impairment loss of the refundable deposits was measured at an amount equal to the 12-month expected credit loss based on historical experience and forward-looking information.

17. PROPERTY AND EQUIPMENT, NET

For the year ended December 31, 2023

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Properties and Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 2,724,488	\$ 1,145,436	\$ 2,556,920	\$ 1,134	\$ 1,568,976	\$ 482,849	\$ 8,479,803
Additions	368,125	17,460	136,515	-	59,013	100,263	681,376
Disposals	-	-	(15,938)	(124)	(63,678)	-	(79,740)
Others	<u>367,600</u>	<u>683</u>	<u>39,743</u>	<u>-</u>	<u>5,909</u>	<u>(415,682)</u>	<u>(1,747)</u>
Ending balance	<u>3,460,213</u>	<u>1,163,579</u>	<u>2,717,240</u>	<u>1,010</u>	<u>1,570,220</u>	<u>167,430</u>	<u>9,079,692</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	650,026	1,739,327	1,078	1,328,799	-	3,719,230
Depreciation	-	26,006	220,262	16	54,562	-	300,846
Disposals	-	-	(15,937)	(124)	(63,652)	-	(79,713)
Others	<u>-</u>	<u>-</u>	<u>(199)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>(202)</u>
Ending balance	<u>-</u>	<u>676,032</u>	<u>1,943,453</u>	<u>970</u>	<u>1,319,706</u>	<u>-</u>	<u>3,940,161</u>
Net ending balance	<u>\$ 3,460,213</u>	<u>\$ 487,547</u>	<u>\$ 773,787</u>	<u>\$ 40</u>	<u>\$ 250,514</u>	<u>\$ 167,430</u>	<u>\$ 5,139,531</u>

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	1,277,055	916	148,872	62	69,654	578,311	2,074,870
Disposals	-	(5,076)	(131,532)	(112)	(133,516)	-	(270,236)
Others	<u>-</u>	<u>-</u>	<u>143,673</u>	<u>-</u>	<u>53,447</u>	<u>(194,986)</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>

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

In order to build the Bank's headquarters office, the Bank resolved to acquire a parcel of land in Xinyi District, Taipei City, and participated in the planning of joint construction on the land at the Board of Directors' meeting held in November 2020. 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 on 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, 2023	December 31, 2022
Net carrying amount of right-of-use assets	<u>\$ 1,089,010</u>	<u>\$ 954,076</u>
Carrying amount of lease liabilities	<u>\$ 1,108,714</u>	<u>\$ 965,817</u>
The range of discount rate	0.83%-4.82%	0.83%-4.82%
	<u>For the Year Ended December 31</u>	
	2023	2022
Additions to right-of-use assets	<u>\$ 549,029</u>	<u>\$ 349,949</u>
Depreciation expense of right-of-use assets	<u>\$ 413,802</u>	<u>\$ 416,489</u>
Interest expense of lease liabilities	<u>\$ 8,906</u>	<u>\$ 10,076</u>
Other lease information		
Short-term lease expenses	<u>\$ 8,954</u>	<u>\$ 7,059</u>
Cash outflow for leases	<u>\$ 423,038</u>	<u>\$ 429,696</u>

19. INTANGIBLE ASSETS, NET

	December 31, 2023	December 31, 2022
Operation rights	\$ 1,538,210	\$ 1,538,210
Fair value of core deposits	428,887	428,887
Less: Accumulated amortization	<u>394,910</u>	<u>369,427</u>
	<u>33,977</u>	<u>59,460</u>
	<u>\$ 1,572,187</u>	<u>\$ 1,597,670</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 2023 and 2022. To reflect risks specific to the operation, the recoverable amount was estimated on the net fair value of 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, 2023	December 31, 2022
Call loans to banks	\$ 1,383,075	\$ 1,402,035
Bank overdrafts	70,447	3,064
Due to banks	<u>35,972</u>	<u>70,349</u>
	<u>\$ 1,489,494</u>	<u>\$ 1,475,448</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31, 2023	December 31, 2022
Government bonds (Notes 9 and 10)	\$ 1,174,419	\$ 3,501,590
Bank debentures (Note 9)	<u>81,347</u>	<u>1,097,159</u>
	<u>\$ 1,255,766</u>	<u>\$ 4,598,749</u>
Repurchase price	<u>\$ 1,261,101</u>	<u>\$ 4,617,001</u>
Repurchase date	2024.01.01- 2024.01.09	2023.01.09- 2023.01.13

22. PAYABLES

	December 31, 2023	December 31, 2022
Interest	\$ 1,831,265	\$ 994,066
Expenses	1,675,880	1,496,899
Notes and checks for clearing	652,197	930,022
Accounts payable factoring	470,406	485,671
Securities settlement	196,810	169,159
Credit card	192,732	209,229
Acceptances	43,765	207,327
Others	<u>767,869</u>	<u>853,999</u>
	<u>\$ 5,830,924</u>	<u>\$ 5,346,372</u>

23. DEPOSITS AND REMITTANCES

	December 31, 2023	December 31, 2022
Checking deposits	\$ 4,769,663	\$ 3,863,727
Demand deposits	116,578,286	102,334,898
Demand savings	104,501,099	94,983,370
Time savings	100,062,388	95,879,926
Negotiable certificates of deposit	32,332,500	18,445,500
Time deposits	302,443,179	291,838,528
Remittances	<u>60,646</u>	<u>77,932</u>
	<u>\$ 660,747,761</u>	<u>\$ 607,423,881</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	December 31, 2023	December 31, 2022
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
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

(Continued)

Item	Issuance Period	Note	December 31, 2023	December 31, 2022
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>\$ 16,901,900</u>	<u>\$ 20,901,900</u> (Concluded)

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 since September 18, 2023. As of December 31, 2023, the Bank has not exercised the right of redemption.

25. OTHER FINANCIAL LIABILITIES

	December 31, 2023	December 31, 2022
Deposit received	\$ 843,371	\$ 1,955,437
Bank loan	920,000	321,017
Commercial paper	365,000	455,000
Less: Unamortized discount on commercial paper	<u>210</u>	<u>383</u>
	<u>\$ 2,128,161</u>	<u>\$ 2,731,071</u>

Interest rates

Bank loan	1.95%-2.04%	1.75%-4.67%
Commercial paper	1.95%-2.07%	2.04%-2.15%

26. PROVISIONS

	December 31, 2023	December 31, 2022
Reserve for employee benefits liability - defined benefit plans (Note 27)	\$ 511,456	\$ 531,867
Reserve for obligations guarantee	145,214	174,194
Reserve for financing commitment and letters of credit issued	<u>105,793</u>	<u>54,331</u>
	<u>\$ 762,463</u>	<u>\$ 760,392</u>

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

For the year ended December 31, 2023

	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, Obligations Guarantee and Letters of Credit Issued
Balance on January 1, 2023	\$ 85,542	\$ 8,648	\$ 21,079	\$ 115,269	\$ 113,256	\$ 228,525
Changes at the beginning of the year:						
Transfer to Stage 2	(317)	9,128	(1)	8,810	-	8,810
Transfer to Stage 3	-	(20)	374	354	-	354
Transfer to Stage 1	6	(6,145)	(152)	(6,291)	-	(6,291)
Financial assets derecognized in the current period	(32,106)	(915)	(261)	(33,282)	-	(33,282)
Purchased or originated	71,457	2,953	15	74,425	-	74,425
The difference of impairment under the Regulations	-	-	-	-	(46,370)	(46,370)
Exchange rate and other changes	26,022	(1,190)	4	24,836	-	24,836
Balance on December 31, 2023	<u>\$ 150,604</u>	<u>\$ 12,459</u>	<u>\$ 21,058</u>	<u>\$ 184,121</u>	<u>\$ 66,886</u>	<u>\$ 251,007</u>

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, Obligations Guarantee and Letters of Credit Issued
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	(2,791)	(3,052)	(6)	(5,849)	-	(5,849)
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>

27. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Bank and its subsidiaries make monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance for those who qualify a pension plan for the Labor Pension Act. Related pension expense of \$139,730 thousand and \$139,656 thousand for the year ended December 31, 2023 and 2022, 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, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 1,078,526	\$ 1,039,710
Fair value of plan assets	<u>(567,070)</u>	<u>(507,843)</u>
Reserve for employee benefits liability	<u>\$ 511,456</u>	<u>\$ 531,867</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, 2023	\$ 1,039,710	\$ (507,843)	\$ 531,867
Service cost			
Current service cost	4,187	-	4,187
Net interest expense (revenue)	<u>17,799</u>	<u>(9,558)</u>	<u>8,241</u>
Recognized in profit or loss	<u>21,986</u>	<u>(9,558)</u>	<u>12,428</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,501)	(1,501)
Actuarial loss - experience adjustments	24,489	-	24,489
Actuarial loss - changes in financial assumptions	<u>27,344</u>	<u>-</u>	<u>27,344</u>
Recognized in other comprehensive income	<u>51,833</u>	<u>(1,501)</u>	<u>50,332</u>
Contributions from the employer	-	(50,612)	(50,612)
Contributions from plan assets	(2,444)	2,444	-
Contributions from provisions	<u>(32,559)</u>	<u>-</u>	<u>(32,559)</u>
Balance at December 31, 2023	<u>\$ 1,078,526</u>	<u>\$ (567,070)</u>	<u>\$ 511,456</u>
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)	<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>

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, 2023	December 31, 2022
Discount rates	1.70%	1.80%
Expected rates of salary increase	3.25%	3.00%

As concluded by the actuaries, the expected contribution to the plan for the next year is \$25,088 thousand, and the average duration of the defined benefit obligation is 7.6 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, 2023	December 31, 2022
Discount rates		
0.50% increase	<u>\$ (39,020)</u>	<u>\$ (39,673)</u>
0.50% decrease	<u>\$ 41,366</u>	<u>\$ 42,163</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 40,566</u>	<u>\$ 41,488</u>
0.50% decrease	<u>\$ (38,668)</u>	<u>\$ (39,443)</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, 2023	December 31, 2022
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>4,069,484</u>
Issued capital	<u>\$ 40,694,838</u>	<u>\$ 40,694,838</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 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 share 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. On October 5, 2022, the share payment of \$4,810,000 thousand has been fully received and was set as the record date for increasing of capital by cash. The total capital amounted to \$40,694,838 thousand after the capital increase by cash. In the above-mentioned increase in capital by cash, some of the shareholders subscribed differently from their existing ownership percentage, some employees gave up their subscriptions, and parts of the shares totaled 50,936 thousand shares were subscribed to by related parties as specific persons.

Global depository receipts

As of December 31, 2023, the outstanding GDRs were 221 thousand units, equivalent to 4,421 thousand ordinary shares.

b. Capital surplus

	December 31, 2023	December 31, 2022
Issuance of ordinary shares	<u>\$ 302,926</u>	<u>\$ 302,926</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 dividends policy

Under the dividends policy as set forth in the Bank's Articles of Incorporation (the "Articles"), in the 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 preference shares. 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 ordinary shares. The dividends for ordinary shares 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 2022 and 2021, which were approved in the shareholders' meetings on June 16, 2023 and June 21, 2022, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (Dollars)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash dividends	\$ 1,664,012	\$ 1,511,004	\$0.4089	\$0.4300
Share dividends	-	555,206	-	0.1580

The appropriations of earnings for 2023 had been proposed by the Bank's Board of Directors on March 4, 2024. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Cash dividends	\$ 2,059,159	\$0.5060
Share dividends	2,059,159	0.5060

The appropriations of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held on June 19, 2024.

d. Other equity items

Change in unrealized gain or loss on financial assets measured at FVTOCI:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ (1,558,957)	\$ 259,486
Recognized for the year		
Valuation gain or loss		
Debt instruments	505,355	(1,478,325)
Equity instruments	776,837	(374,443)
Share of other comprehensive income (loss) of associates for using the equity method	172,379	(95,381)
Investment in debt instruments transferred to current loss due to disposal	<u>753</u>	<u>22,382</u>
Other comprehensive income (loss) recognized for the year	<u>1,455,324</u>	<u>(1,925,767)</u>
Loss on equity instruments transferred to retained earnings due to disposal	<u>112,482</u>	<u>107,324</u>
Balance, ending of year	<u>\$ 8,849</u>	<u>\$ (1,558,957)</u>

29. NET INTERESTS

	For the Year Ended December 31	
	2023	2022
Interest revenues		
Loans	\$ 13,465,373	\$ 9,572,878
Bonds and bills	2,840,815	1,434,771
Credit cards	681,700	693,749
Due from other banks	446,424	226,371
Others	<u>595,139</u>	<u>377,153</u>
	<u>18,029,451</u>	<u>12,304,922</u>
Interest expenses		
Deposits	10,226,393	4,520,121
Structured products	752,195	288,643
Bank debentures	268,413	328,315
Others	<u>277,412</u>	<u>124,290</u>
	<u>11,524,413</u>	<u>5,261,369</u>
	<u>\$ 6,505,038</u>	<u>\$ 7,043,553</u>

30. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2023	2022
Service fee income		
Credit card	\$ 1,090,425	\$ 1,112,455
Trustee business	930,863	686,542
Loan	642,024	697,301
Insurance commission	432,644	424,179
Brokering	181,248	128,730
Others	<u>275,335</u>	<u>307,500</u>
	<u>3,552,539</u>	<u>3,356,707</u>
Service fee expense		
Credit card reward fee	262,102	223,814
Visa and Master fee	191,030	177,308
National credit card center fee	183,822	157,578
Agency service fee	72,367	76,083
Interbank service fee	59,208	56,686
Others	<u>144,763</u>	<u>143,278</u>
	<u>913,292</u>	<u>834,747</u>
	<u>\$ 2,639,247</u>	<u>\$ 2,521,960</u>

31. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2023	2022
Gain on disposal	\$ 2,371,435	\$ 1,210,997
Net interests revenues	309,911	218,645
Dividends	35,157	41,005
Loss on valuation	<u>(36,292)</u>	<u>(225,705)</u>
	<u>\$ 2,680,211</u>	<u>\$ 1,244,942</u>

32. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2023	2022
Salaries (Notes 33 and 38)	\$ 3,647,225	\$ 3,458,622
Labor and health insurance	266,988	253,946
Post-employment benefits (Note 27)	152,158	149,429
Others (Note 33)	<u>425,015</u>	<u>377,622</u>
	<u>\$ 4,491,386</u>	<u>\$ 4,239,619</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. The appropriations of employees' compensation and remuneration of directors in cash for the years ended December 31, 2023 and 2022 that were resolved by the board of directors on March 4, 2024 and March 2, 2023, respectively.

Amount

	For the Year Ended December 31	
	2023	2022
Employees' compensation	<u>\$ 193,214</u>	<u>\$ 153,113</u>
Remuneration of directors	<u>\$ 74,313</u>	<u>\$ 41,784</u>

If there is a change in the amount between the actual distribution of employees' compensation and remuneration of directors and the recognized in the financial statements for the year ended December 31, 2023, the differences are recorded as a change in the accounting estimate and adjusted in the next year.

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, 2022 and 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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Depreciation		
Property and equipment (Note 17)	\$ 300,846	\$ 290,508
Leased right-of-use assets (Note 18)	<u>413,802</u>	<u>416,489</u>
	<u>\$ 714,648</u>	<u>\$ 706,997</u>
Amortization - intangible assets (Note 19)	<u>\$ 25,483</u>	<u>\$ 25,483</u>

35. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Tax and government fees	\$ 733,007	\$ 602,179
Software	332,976	272,631
Marketing and advertising	318,981	220,761
Telecommunications	173,509	171,802
Others	<u>756,375</u>	<u>764,241</u>
	<u>\$ 2,314,848</u>	<u>\$ 2,031,614</u>

36. INCOME TAX EXPENSE

Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 506,452	\$ 505,214
Prior years	<u>1,653</u>	<u>(2,897)</u>
	<u>508,105</u>	<u>502,317</u>
Deferred tax expense		
Current period	27,439	3,972
Prior years	<u>(2,681)</u>	<u>7,325</u>
	<u>24,758</u>	<u>11,297</u>
Income tax expense recognized in profit or loss	<u>\$ 532,863</u>	<u>\$ 513,614</u>

A reconciliation of accounting income and income tax expense recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 4,707,072</u>	<u>\$ 4,191,116</u>
Income tax expense calculated at the statutory rate	\$ 957,332	\$ 847,243
Income from offshore banking unit (OBU)	(491,371)	(381,038)
Tax-exempted income	(127,712)	(5,337)
Tax-exempted other items	9,672	(15,755)
Unrecognized deductible temporary differences	24,239	7,059
Additional income tax under the Alternative Minimum Tax Act	165,358	57,214
Overseas branch income tax	(3,921)	-
Adjustments for prior years' tax	(1,028)	4,428
Others	<u>294</u>	<u>(200)</u>
Income tax expense recognized in profit or loss	<u>\$ 532,863</u>	<u>\$ 513,614</u>

Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Income tax expense (benefit) of remeasurement of defined benefit plans	\$ (10,067)	\$ 21,702
Income tax expense (benefit) of exchange differences on translating foreign operations	<u>(3,862)</u>	<u>2,899</u>
	<u>\$ (13,929)</u>	<u>\$ 24,601</u>

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Asset	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	\$ 103,745	\$ (35,444)	\$ -	\$ 68,301
Defined benefit plans in excess of the limit	106,373	(14,149)	10,067	102,291
Unrealized gain or loss on financial instruments	(97,822)	30,957	-	(66,865)
Others	<u>55,543</u>	<u>(4,192)</u>	<u>3,862</u>	<u>55,213</u>
	<u>167,839</u>	<u>(22,828)</u>	<u>13,929</u>	<u>158,940</u>
Loss carryforwards	<u>11,862</u>	<u>3,725</u>	<u>-</u>	<u>15,587</u>
	<u>\$ 179,701</u>	<u>\$ (19,103)</u>	<u>\$ 13,929</u>	<u>\$ 174,527</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	<u>\$ (37,512)</u>	<u>\$ (5,655)</u>	<u>\$ -</u>	<u>\$ (43,167)</u>

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	<u>\$ (31,536)</u>	<u>\$ (5,976)</u>	<u>\$ -</u>	<u>\$ (37,512)</u>

Unrecognized as deferred tax assets in respect of deductible temporary differences

	December 31, 2023	December 31, 2022
The Bank		
Allowance for possible losses in excess of the limit	<u>\$ 1,301,745</u>	<u>\$ 1,180,550</u>

Income tax assessments

The income tax returns of the Bank through 2021, except 2020, have been assessed by the tax authorities. The income tax returns of FEIS and FEAMC through 2021 have been assessed by the tax authorities.

37. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic EPS	<u>\$ 1.03</u>	<u>\$ 1.00</u>
Diluted EPS	<u>\$ 1.02</u>	<u>\$ 0.99</u>

The net income and weighted average number of ordinary shares outstanding for EPS calculation were as follows:

	For the Year Ended December 31	
	2023	2022
Net income attributable to owners of the Bank	<u>\$ 4,174,209</u>	<u>\$ 3,677,502</u>
<u>Number of ordinary shares (in thousand shares)</u>		
Weighted average number of ordinary shares in the computation of basic EPS	4,069,484	3,690,032
Effect of dilutive potential ordinary shares		
Employees' compensation	<u>17,407</u>	<u>15,818</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>4,086,891</u>	<u>3,705,850</u>

Employees' compensation for the current year should be considered in calculating the current year's 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.

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
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Ding Ding Hotel Co., Ltd.	Chairman is the vice-chairman of the Bank
Far Eastone Telecommunications Co., Ltd.	Chairman is the vice-chairman of the Bank
Bai Ding Investment Corporation	Chairman is the vice-chairman of the Bank
Far Eastern Electronic Toll Collection Co., Ltd.	Chairman is the vice-chairman of the Bank
Far East Memorial Hospital	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
Everest Textile Co., Ltd.	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
Yuan Hsin Digital Payment Co., Ltd.	Substantive related party
Ya Tung Ready Mixed Concrete Co., Ltd.	Substantive related party
Oriental Securities Corporation	Substantive related party
Others	The Bank's chairman, vice-chairman, directors, managers, their second-degree relatives or 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. Notes and checks for clearing/notes and checks for clearing payable

	December 31, 2023	December 31, 2022
Far Eastern New Century Corp.	\$ 138,409	\$ 80,636
Ya Tung Ready Mixed Concrete Co., Ltd.	15,680	31,071
Asia Cement Corp.	6,206	10,700
Far Eastern Department Store Corp.	-	404,300
Far Eastern International Leasing Corp.	-	17,145
	<u>\$ 160,295</u>	<u>\$ 543,852</u>

b. 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				
2023	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,545</u>	1.25%-1.42%
2022	<u>\$ 1,500,000</u>	<u>\$ 400,000</u>	<u>\$ 3,219</u>	0.60%-1.31%

c. 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, 2023</u>							
Consumer loans	Seven individuals	\$ 4,445	\$ 2,957	\$ 2,957	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Fifty four individuals	530,711	423,907	423,907	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,450,000	1,250,000	1,250,000	-	Real estate	No significant difference
	Far Eastern Department Store Corp.	750,000	750,000	750,000	-	Shares listed on TWSE and TPEX	No significant difference
	Everest Textile Co., Ltd.	744,914	744,341	744,341	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE and TPEX	No significant difference
	Others (Note)	1,694,723	<u>873,781</u>	<u>873,781</u>	<u>-</u>	Real estate, certificates of deposits and shares listed on TWSE and TPEX and shares unlisted on TWSE and TPEX	No significant difference
			<u>\$ 4,744,986</u>	<u>\$ 4,744,986</u>	<u>\$ -</u>		
For the year ended <u>December 31, 2022</u>							
Consumer loans	Nine individuals	5,860	\$ 2,845	\$ 2,845	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Fifty four individuals	548,528	466,696	466,696	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co	1,400,000	1,050,000	1,050,000	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE and TPEX	No significant difference
	Far Eastern Department Store Corp.	500,000	500,000	500,000	-	Shares listed on TWSE and TPEX	No significant difference
	Bai Ding Investment Corporation	480,000	480,000	480,000	-	Shares listed on TWSE and TPEX	No significant difference
	Others (Note)	1,867,030	<u>803,610</u>	<u>803,610</u>	<u>-</u>	Real estate, certificates of deposits and shares listed on TWSE and TPEX and shares unlisted on TWSE and TPEX	No significant difference
			<u>\$ 4,003,151</u>	<u>\$ 4,003,151</u>	<u>\$ -</u>		

Note: The individual amount does not exceed 10% of the total disclosure amount.

The information related to the above loans is as follows:

	For the Year Ended December 31	
	2023	2022
Interest revenues	<u>\$ 64,221</u>	<u>\$ 41,279</u>
Interest rate	1.60%-6.55%	0.62%-5.50%
Provision for possible losses	<u>\$ 7,204</u>	<u>\$ 19,188</u>

Balances of related allowance for possible losses were \$49,569 thousand and \$42,365 thousand as of December 31, 2023 and 2022, respectively.

d. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
For the year ended December 31, 2023					
Yuan Long Stainless Steel Co.	\$ 60,000	\$ 30,000	\$ 300	0.60%	Real estate
Yuan Ding Co., Ltd.	30,000	30,000	300	0.80%	Shares unlisted on TWSE and TPEX
Ding Ding Hotel Co., Ltd.	15,000	15,000	150	0.80%	Shares unlisted on TWSE and TPEX
Others (Note)	340,480	-	-	0.30%-0.80%	Real estate
		<u>\$ 75,000</u>	<u>\$ 750</u>		
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, shares listed on TWSE and TPEX and shares unlisted on TWSE and TPEX
		<u>\$ 405,480</u>	<u>\$ 4,055</u>		

Note: The individual amount does not exceed 10% of the total disclosure amount.

e. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss) For the Year Ended	Balance Sheet	
					Items	Balance
For the year ended December 31, 2023						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2020.07.17-2028.01.10	\$ 1,877,063	\$ 23,008	Financial liabilities at FVTPL	\$ 54,833
Far Eastern New Century Corp.	Forward exchange contracts	2023.11.06-2024.03.29	1,170,174	27,433	Financial assets at FVTPL	27,433
		2023.11.08-2024.03.21	168,955	(7,425)	Financial liabilities at FVTPL	7,425
Everest Textile Co., Ltd.	Forward exchange contracts	2023.12.28-2024.01.18	27,969	71	Financial assets at FVTPL	71
		2023.12.13-2024.01.12	129,087	(2,457)	Financial liabilities at FVTPL	2,457
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	768,474	25,173	Financial assets at FVTPL	25,173
		2022.10.20-2023.03.06	262,844	(9,397)	Financial liabilities at FVTPL	9,397
Asia Cement Corp.	Cross-currency swap contracts	2022.12.21-2023.12.26	1,381,860	(1,236)	Financial liabilities at FVTPL	696

f. Deposits

	December 31, 2023	December 31, 2022
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 51,106,374</u>	<u>\$ 53,639,914</u>
	For the Year Ended December 31	
	2023	2022
Interest expenses	<u>\$ 589,939</u>	<u>\$ 325,489</u>
Interest rate	0%-6.59%	0%-6.34%

g. Prepayments

	December 31, 2023	December 31, 2022
New Century InfoComm Tech Co., Ltd.	\$ <u>10,471</u>	\$ <u>21,283</u>

h. Acquisition of equipment

	For the Year Ended December 31	
	2023	2022
New Century InfoComm Tech Co., Ltd.	\$ <u>15,745</u>	\$ <u>28,786</u>

i. Lessee agreements

	For the Year Ended December 31	
	2023	2022
Acquisition of right-of-use assets		
Yuan Ding Co., Ltd.	\$ <u>309,480</u>	\$ <u>5,644</u>
	December 31, 2023	December 31, 2022
Lease liabilities		
Yuan Ding Co., Ltd.	\$ 292,821	\$ 86,356
Pacific SOGO Department Stores Corp.	<u>-</u>	<u>10,499</u>
	\$ <u>292,821</u>	\$ <u>96,855</u>

The Bank and its subsidiaries rented part of its office premises from Yuan Ding Co., Ltd., and Pacific SOGO Department Stores Corp. All the rent determinations and payment methods of leases are not significantly different from those of normal business practice of the Bank.

j. Service fee income

	For the Year Ended December 31	
	2023	2022
Far EasTone Telecommunications Co., Ltd.	\$ <u>36,520</u>	\$ <u>28,396</u>

k. Service fee expense

	For the Year Ended December 31	
	2023	2022
Ding Ding Integrated Marketing Service Co.	\$ 142,970	\$ 142,319
Far Eastern Department Store Corp.	20,909	20,085
Far Eastern Electronic Toll Collection Co.	<u>10,780</u>	<u>10,053</u>
	\$ <u>174,659</u>	\$ <u>172,457</u>

l. Operating expenses

	For the Year Ended December 31	
	2023	2022
Far Eastern Department Store Corp.	\$ 86,364	\$ 89,737
New Century InfoComm Tech Co., Ltd.	49,316	35,304
Pacific SOGO Department Stores Corp.	39,263	55,450
Yuan Ding Co., Ltd.	22,440	18,337
Ding Ding Hotel Co., Ltd.	13,746	9,026
Oriental Securities Corporation	10,819	11,738
Far East Memorial Hospital	<u>21</u>	<u>10,334</u>
	<u>\$ 221,969</u>	<u>\$ 229,926</u>

m. Others

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 refund business in January 2023, and recognized related service fee income of \$15,607 thousand for the year ended December 31, 2023.

n. Compensation of key management personnel (Note 32)

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 238,312	\$ 188,855
Post-employment benefits	<u>5,764</u>	<u>3,591</u>
	<u>\$ 244,076</u>	<u>\$ 192,446</u>

40. PLEDGED ASSETS

	December 31, 2023	December 31, 2022
Financial assets at FVTOCI - Government bonds	\$ 3,577,607	\$ 3,526,769
Investment in debt instruments at amortized cost - negotiable certificates of deposits	2,400,000	2,200,000
Other financial assets - restricted time deposits	<u>3,464,560</u>	<u>2,204,700</u>
	<u>\$ 9,442,167</u>	<u>\$ 7,931,469</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 have been provided as collaterals for maximum daylight overdraft facilities of the RMB.

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, 2023 and 2022 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, 2023	December 31, 2022
<u>Assets</u>		
Deposits in banks	\$ 10,333,098	\$ 8,837,267
Accounts receivable	5,715	3,656
Funds	57,967,813	53,715,259
Equity shares	5,535,607	4,957,320
Bonds	7,198	-
Real estate, net		
Land	9,887,032	8,431,449
Building	272,729	27,385
Construction in progress	7,006,706	5,834,805
Intangible assets		
Superficies	13,471	13,471
Marketable securities in custody	7,988,797	8,037,118
Others	<u>2,827,561</u>	<u>2,802,981</u>
	<u>\$ 101,845,727</u>	<u>\$ 92,660,711</u>
<u>Liabilities</u>		
Accounts payable	\$ 2,759	\$ 2,146
Income tax payable	349	201
Marketable securities in custody payable	7,988,797	8,037,118
Trust capital	92,035,823	83,178,357
Reserve and earnings		
Net income or loss for current period	1,283,753	491,723
Accumulated profit or loss	534,212	951,133
Exchange	<u>34</u>	<u>33</u>
	<u>\$ 101,845,727</u>	<u>\$ 92,660,711</u>

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2023	2022
Trust revenue		
Interest	\$ 74,098	\$ 39,548
Cash dividends	2,542,233	2,232,989
Realized capital gain - Funds	590,846	462,742
Realized capital gain - Ordinary shares	3,783	6,895
Unrealized capital gain - Funds	6,600	22,201
Unrealized capital gain - Ordinary shares	180,845	75,026
Unrealized capital gain - Bonds	<u>2</u>	<u>-</u>
	<u>3,398,407</u>	<u>2,839,401</u>
Trust expenses		
Management	50,579	34,139
Supervision	278	442
Service charges	239,916	311,032
Taxes	5,665	75,762
Realized capital loss - Funds	1,810,354	1,897,372
Realized capital loss - Ordinary shares	11	-
Unrealized capital loss - Funds	6,078	22,693
Unrealized capital loss - Ordinary shares	-	5,650
Unrealized capital loss - Bonds	<u>256</u>	<u>-</u>
	<u>2,113,137</u>	<u>2,347,090</u>
Net income before tax	1,285,270	492,311
Income tax	<u>1,517</u>	<u>588</u>
Net income	<u>\$ 1,283,753</u>	<u>\$ 491,723</u>

Trust Asset Lists

	December 31, 2023	December 31, 2022
Deposits in banks	\$ 10,333,098	\$ 8,837,267
Funds	57,967,813	53,715,259
Equity shares	5,535,607	4,957,320
Bonds	7,198	-
Accounts receivable	5,715	3,656
Real estate, net		
Land	9,887,032	8,431,449
Building	272,729	27,385
Construction in progress	7,006,706	5,834,805
Intangible assets		
Superficies	13,471	13,471
Marketable securities in custody	7,988,797	8,037,118
Others	<u>2,827,561</u>	<u>2,802,981</u>
	<u>\$ 101,845,727</u>	<u>\$ 92,660,711</u>

As of December 31, 2023 and 2022, funds amounting to \$1,569,973 thousand and \$1,395,120 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, 2023			December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 4,359,365	30.735	\$ 133,985,083	\$ 3,666,540	30.708	\$ 112,592,110
CNY	2,469,454	4.331	10,694,464	2,494,916	4.409	11,001,083
AUD	500,000	21.003	10,501,400	331,913	20.832	6,914,511
HKD	1,929,257	3.934	7,590,083	1,608,957	3.938	6,336,555
EUR	149,187	34.033	5,077,266	44,323	32.724	1,450,426
JPY	18,590,828	0.217	4,039,787	9,963,939	0.232	2,315,619
ZAR	1,107,817	1.658	1,836,762	978,253	1.813	1,773,181
<u>Financial liabilities</u>						
Monetary items						
USD	4,284,312	30.735	131,678,329	3,578,742	30.708	109,896,009
CNY	2,468,522	4.331	10,690,428	2,471,507	4.409	10,897,863
AUD	500,137	21.003	10,504,277	332,747	20.832	6,931,885
HKD	1,855,117	3.934	7,298,399	1,583,533	3.938	6,236,428
EUR	149,122	34.033	5,075,054	43,955	32.724	1,438,383
JPY	18,602,298	0.217	4,042,279	9,656,874	0.232	2,244,258
ZAR	1,122,280	1.658	1,860,740	980,246	1.813	1,776,794

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

In order to reflect the credit risk of the counterparty and the credit quality of the Bank, 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. 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.
- b) Debit Value Adjustment (the “DVA”) is the reflection of possibility that the Bank is likely to default and the uncertainty that the Bank may not be able to reimburse for the entire market value. The DVA is calculated by multiplying PD (under zero default rate of the counterparty), LGD and EAD of the Bank together.

The Bank follows the advice in “The disclosure guidelines of CVA and DVA under IFRS 13” issued by the TWSE. The Bank uses the appropriate ratio as the counterparty’s LGD and PD, calculates the EAD based on the fair value method and incorporates credit risk adjustments into measuring the fair value of financial instruments.

4) The definition of measuring three levels of the fair value of financial instruments

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, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 10,323,464	\$ 10,323,464	\$ -	\$ -
Equity investments	858,711	858,711	-	-
Beneficiary certificates	200,145	200,145	-	-
Financial assets at FVTOCI				
Equity instruments	3,469,057	3,203,816	-	265,241
Debt instruments				
Bonds investments	53,416,760	53,416,760	-	-
Bills investments	7,373,967	-	7,373,967	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	7,685,804	678	7,583,881	101,245
Financial liabilities at FVTPL	8,397,692	1,060	8,386,119	10,513
<u>Hybrid contract</u>				
Financial assets at FVTPL	21,778,283	102,096	21,676,187	-

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	125	9,438,886	51,032
Financial liabilities at FVTPL	8,689,238	155	8,640,055	49,028
<u>Hybrid contract</u>				
Financial assets at FVTPL	21,324,468	153,224	21,171,244	-

2) Fair value information levels transfers between Level 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

3) Fair value measurement information of Level 3 financial instruments

a) Movements of Level 3 financial assets

For the Year Ended December 31, 2023

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	\$ 51,032	\$ 16,082	\$ -	\$ 73,560	\$ -	\$ (39,429)	\$ -	\$ 101,245
Financial assets at FVTOCI	259,368	-	15,690	-	-	(9,817)	-	265,241
Total	\$ 310,400	\$ 16,082	\$ 15,690	\$ 73,560	\$ -	\$ (49,246)	\$ -	\$ 366,486

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

b) Movements of Level 3 financial liabilities

For the Year Ended December 31, 2023

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	\$ 49,028	\$ (11,638)	\$ -	\$ -	\$ (26,877)	\$ -	\$ 10,513

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

c) Related information of significant unobservable parameters used to measure fair value

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, 2023	\$ 101,245	Default probability model	Credit separation	0.45%-1.60%	The increase of credit separation decreases its fair value.
December 31, 2022	51,032	Default probability model	Credit separation	0.45%-1.22%	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, 2023	\$ 253,007	Income approach - cash dividend discount method	Without open market marketable discount	19.38%	The increase of discount decreases its fair value
	12,234	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
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
<u>Derivative financial liabilities</u>					
December 31, 2023	10,513	Default probability model	Credit separation	0.45%-1.60%	The increase of credit separation decreases its fair value.
December 31, 2022	49,028	Default probability model	Credit separation	0.45%-1.22%	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 is from specific departments independent of the business unit or external experts evaluating report, 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, 2023		December 31, 2022	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Mandatorily at FVTPL	\$ 1,240	\$ (5,054)	\$ 1,967	\$ (4,346)
<u>Liabilities</u>				
Financial liabilities at FVTPL	320	(320)	2,539	(2,678)

Item	Impact on Other Comprehensive Income and Losses			
	December 31, 2023		December 31, 2022	
	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 carrying amount of financial assets and liabilities which not measured at fair value is close to fair value, except for the carrying amount of those measured at cost and of the items below:

December 31, 2023

	Carrying Amount	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 132,436,004	\$ 132,370,577	\$ 36,735,457	\$ 95,635,120

Financial liabilities

Bank debentures	16,901,900	16,912,749	-	16,912,749
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December 31, 2022

	Carrying Amount	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

Financial liabilities

Bank debentures	20,901,900	20,945,587	-	20,945,587
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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, use both qualitative (such as each operating procedure), quantitative (such as asset quality ratios) indexes from internal and external risk management regulations and set relevant risk appetites 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.

The Assets and Liabilities Management Committee and the Risk Management Committee have been formed to examine and manage the Bank's risks, assess the execution of risk management policies and evaluate risk tolerance. The general manager is the convener and is responsible for designating relevant department heads to serve as committee members.

The Risk Management Group comprises the Risk Control Department, Corporate Banking Department and Retail Banking Department, which directly manage financial 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 and operating procedures for 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.

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 predicted 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) 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-mentioned “PD” and “LGD” are determined based on each group’s historical information (such as credit loss experience) from internal statistical data and adjustment of 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.

d) 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. Financial assets which has been written off still possibly do the recovery of debt and institute legal proceedings continuously under related policies.

The above-mentioned 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.

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, shares and bonds guaranteed by financial institutions) and real estate such as land and buildings. Shares 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, 2023	December 31, 2022
Unused portion of credit card lines	\$ 172,423,754	\$ 195,837,665
Guarantees and standby L/Cs	13,597,354	15,878,608
Irrevocable loan commitments	18,423,021	13,901,262

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.

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, 2023

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 286,458,734	\$ 70,627,638	\$ 116,737,630	\$ 473,824,002
Receivables - credit card	-	-	12,055,146	12,055,146
Factoring	-	-	1,275,892	1,275,892
Receivables - acceptances	-	22,559	21,206	43,765
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	172,423,754	172,423,754
Guarantee	2,521,128	3,864,532	6,051,862	12,437,522
Letters of credit issued	10,458	746,497	402,877	1,159,832
Irrevocable loan commitments	<u>1,074,293</u>	<u>1,922,349</u>	<u>15,426,379</u>	<u>18,423,021</u>
	<u>\$ 290,064,613</u>	<u>\$ 77,183,575</u>	<u>\$ 324,394,746</u>	<u>\$ 691,642,934</u>

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
Factoring	-	-	2,061,981	2,061,981
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>\$ 320,992,422</u>	<u>\$ 684,755,171</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 credit-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, 2023</u>			
Receivables			
Credit cards	\$ 850,236	\$ 220,969	\$ -
Others	109,507	62,154	804
Discounts and loans	<u>1,664,416</u>	<u>375,911</u>	<u>361,944</u>
	<u>\$ 2,624,159</u>	<u>\$ 659,034</u>	<u>\$ 362,748</u>
<u>December 31, 2022</u>			
Receivables			
Credit cards	\$ 951,504	\$ 323,673	\$ -
Others	106,150	46,878	792
Discounts and loans	<u>2,929,494</u>	<u>1,304,653</u>	<u>793,392</u>
	<u>\$ 3,987,148</u>	<u>\$ 1,675,204</u>	<u>\$ 794,184</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, 2023		December 31, 2022	
	Amount	%	Amount	%
Finance and insurance	\$ 80,199,995	17	\$ 73,532,284	17
Manufacturing	62,177,786	13	45,622,667	10
Real estate	<u>34,238,765</u>	<u>7</u>	<u>35,219,236</u>	<u>8</u>
	<u>\$ 176,616,546</u>	<u>37</u>	<u>\$ 154,374,187</u>	<u>35</u>

b) By geography

Region	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Taiwan	\$ 420,259,030	89	\$ 389,650,414	88
Asia Pacific except Taiwan	32,907,514	7	31,691,958	7
Others	<u>20,657,458</u>	<u>4</u>	<u>22,739,952</u>	<u>5</u>
	<u>\$ 473,824,002</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Unsecured	\$ 187,365,268	39	\$ 161,572,379	37
Secured				
Real estate	245,738,662	52	240,922,149	54
Financial collateral	23,081,334	5	23,606,709	5
Movable property	16,945,514	4	17,272,119	4
Others	<u>693,224</u>	<u>-</u>	<u>708,968</u>	<u>-</u>
	<u>\$ 473,824,002</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>

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, 2023	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	\$ 1,470,443	\$ 19,051	\$ -	\$ -	\$ -	\$ 1,489,494
Funds borrowed from the Central Bank and other banks	-	-	-	133,333	-	133,333
Securities sold under repurchase agreements	1,261,101	-	-	-	-	1,261,101
Payables	2,501,625	866,218	1,190,068	685,955	587,058	5,830,924
Deposits and remittances	90,241,672	117,814,214	108,993,915	178,577,216	165,120,744	660,747,761
Bank debentures	1,900	2,500,000	-	3,500,000	10,900,000	16,901,900
Principal received on structured products	45,095	78,398	132,161	191,063	33,693,018	34,139,735
Other financial liabilities	955,000	330,000	-	-	843,371	2,128,371
Lease liabilities	37,629	69,405	92,962	182,290	747,873	1,130,159
Total	\$ 96,514,465	\$ 121,677,286	\$ 110,409,106	\$ 183,269,857	\$ 211,892,064	\$ 723,762,778

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 agreements	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	1,900	-	-	4,000,000	16,900,000	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	\$ 106,380,661	\$ 133,918,016	\$ 94,596,174	\$ 152,824,036	\$ 187,573,101	\$ 675,291,988

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 \$293,363,302 thousand and \$275,489,489 thousand as of December 31, 2023 and 2022, 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, 2023	<u>\$ 332,055</u>	<u>\$ 208,609</u>	<u>\$ 207,209</u>	<u>\$ 747,873</u>
December 31, 2022	<u>\$ 217,986</u>	<u>\$ 164,798</u>	<u>\$ 229,765</u>	<u>\$ 612,549</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, 2023	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	\$ 67	\$ 1,305	\$ 1,241	\$ 2,024	\$ -	\$ 4,637
Interest rate derivatives	8,589	13,160	7,652	58,282	3,000,938	3,088,621
Total	\$ 8,656	\$ 14,465	\$ 8,893	\$ 60,306	\$ 3,000,938	\$ 3,093,258

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

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, 2023	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	\$ 123,113,100	\$ 88,926,009	\$ 24,050,629	\$ 6,603,089	\$ 599,060	\$ 243,291,887
Cash inflow	121,089,753	87,072,176	23,650,752	6,656,536	614,700	239,083,917
Interest rate derivatives						
Cash outflow	1,844,100	614,700	-	-	-	2,458,800
Cash inflow	1,719,400	557,400	-	-	-	2,276,800
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	2,175	2,151	4,303	15,930	24,559
Subtotal of cash outflow	124,957,200	89,540,709	24,050,629	6,603,089	599,060	245,750,687
Subtotal of cash inflow	122,809,153	87,631,751	23,652,903	6,660,839	630,630	241,385,276
Net cash flow	\$ (2,148,047)	\$ (1,908,958)	\$ (397,726)	\$ 57,750	\$ 31,570	\$ (4,365,411)

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)

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, 2023	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	\$ 18,423,021	\$ -	\$ -	\$ -	\$ -	\$ 18,423,021
Irrevocable credit card commitments	172,423,754	-	-	-	-	172,423,754
Issued but unused letters of credit	1,159,832	-	-	-	-	1,159,832
Other guarantees	11,150,441	1,033,400	-	-	253,681	12,437,522
Total	\$ 203,157,048	\$ 1,033,400	\$ -	\$ -	\$ 253,681	\$ 204,444,129

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

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 first identifies the market risk factors of the exposure positions (such as interest rates, share price, foreign exchange rates, commodity price, etc.) and then 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 shares listed on TWSE and TPEx and beneficiary certificates, the Bank sets the limit of investment in each share 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 variables remain constant, where the interest rate increases/decreases by 1 bps, there would be an decrease/increase of \$1,150 thousand in income before income tax for the year ended December 31, 2023. There would be a increases/decreases of \$2,785 thousand in income before income tax for the year ended December 31, 2022. There would be a decrease/increase of \$28 thousand and \$26 thousand in other comprehensive income for the years ended December 31, 2023 and 2022, 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 \$1,172 thousand in income before income tax for the year ended December 31, 2023. There would be a decreases/increases of \$50,651 thousand in income before income tax for the year ended December 31, 2022.

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 \$4,401 thousand and \$1,113 thousand in income before income tax for the years ended December 31, 2023 and 2022, 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, 2023 and 2022; changes in commodity prices have no impact on income before income tax for the years ended December 31, 2023 and 2022.

f. 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, 2023	
	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities
FVTOCI - transactions under repurchase agreements	\$ 84,988	\$ 81,347
Amortized cost - transactions under repurchase agreements	1,225,372	1,174,419

Items	December 31, 2022	
	Carrying Amount of Transferred Financial Assets	Carrying Amount 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

g. 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 gross amount. In the event of default involving one of the parties, the other party can be choose to settled the transaction at net amount.

Information of the above-mentioned financial assets and financial liabilities that are offset, and have an exercisable master netting arrangement or similar agreement is summarized as follows:

December 31, 2023

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	\$ 7,685,804	\$ -	\$ 7,685,804	\$ 1,694,023	\$ 235,661	\$ 5,756,120
Bills and notes purchased under resale agreements	<u>2,241,295</u>	<u>-</u>	<u>2,241,295</u>	<u>2,241,295</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,927,099</u>	<u>\$ -</u>	<u>\$ 9,927,099</u>	<u>\$ 3,935,318</u>	<u>\$ 235,661</u>	<u>\$ 5,756,120</u>

Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Assets in the Balance Sheets	Net Amount of Financial Liabilities Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 8,397,692	\$ -	\$ 8,397,692	\$ 1,694,023	\$ 1,918,341	\$ 4,785,328
Bills and notes sold under repurchase agreements	<u>1,255,766</u>	<u>-</u>	<u>1,255,766</u>	<u>1,255,766</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,653,458</u>	<u>\$ -</u>	<u>\$ 9,653,458</u>	<u>\$ 2,949,789</u>	<u>\$ 1,918,341</u>	<u>\$ 4,785,328</u>

December 31, 2022

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 Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Assets in the Balance Sheets	Net Amount of Financial Liabilities 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>

h. 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, 2023				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 101,119	\$ 70,288,254	0.14%	\$ 954,182	943.62%
	Unsecured	79,935	156,579,157	0.05%	1,745,580	2,183.75%
Consumer Banking	Residential mortgage (Note d)	38,251	136,368,876	0.03%	2,051,244	5,362.59%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	239,839	23,708,204	1.01%	415,760	173.35%
	Others (Note f)	Secured	51,980	79,801,604	0.07%	850,715
Unsecured		402	7,077,907	0.01%	78,360	19,492.54%
Total		511,526	473,824,002	0.11%	6,095,841	1,191.70%
Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card		38,221	12,055,146	0.32%	306,011	800.64%
Accounts receivable factored without recourse (Note g)		-	1,275,892	-	15,808	-

Business \ 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	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		December 31, 2022				
		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)		-	2,061,981	-	23,923	-

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

Item	December 31, 2023		December 31, 2022	
	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)	\$ 6,800	\$ 28,185	\$ 12,532	\$ 44,409
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	985,611	690,800	1,100,747	782,313
Total	992,411	718,985	1,113,279	826,722

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, 2023		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6491 - financial leasing industry	\$ 7,952,268	14
2	B Group - 6700 - real estate development activities	7,671,837	13
3	C Group - 4652 - wholesale of motorcycles	7,082,462	12
4	D Group - 2630 - manufacture of bare printed circuit boards	4,535,603	8
5	E Group - 2413 - rolling and extruding of iron and steel	4,318,341	7
6	F Group - 6491 - financial leasing industry	4,288,000	7
7	G Group - 6499 - other financial service activities not elsewhere classified	3,444,288	6
8	H Group - 6700 - real estate development activities	3,387,842	6
9	I Group - 6700 - real estate development activities	3,273,000	6
10	J Group - 2711 - manufacture of computers	3,139,334	5

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	B Group - 6700 - real estate development activities	\$ 12,259,031	22
2	A 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	K Group - 4642 - electricity transmission and distribution enterprise	3,141,397	6
8	L Group - 6429 - other holding companies	2,983,918	5
9	M Group - 6499 - other financial service activities not elsewhere classified	2,945,000	5
10	N Group - 6429 - other holding companies	2,799,138	5

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, 2023

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 374,525,419	\$ 177,639,912	\$ 11,530,497	\$ 66,396,008	\$ 630,091,836
Interest rate-sensitive liabilities	231,110,850	211,618,003	98,649,877	15,584,081	556,962,811
Interest rate sensitivity gap	143,414,569	(33,978,091)	(87,119,380)	50,811,927	73,129,025
Net worth					58,874,812
Ratio of interest rate-sensitive assets to liabilities					113.13%
Ratio of interest rate-sensitivity gap to net worth					124.21%

**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%

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, 2023**

(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	\$ 2,164,880	\$ 169,005	\$ 167,972	\$ 270,752	\$ 2,772,609
Interest rate-sensitive liabilities	3,724,888	291,977	200,937	-	4,217,802
Interest rate sensitivity gap	(1,560,008)	(122,972)	(32,965)	270,752	(1,445,193)
Net worth					1,915,562
Ratio of interest rate-sensitive assets to liabilities					65.74%
Ratio of interest rate-sensitivity gap to net worth					(75.44%)

**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%)

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, 2023	For the Year Ended December 31, 2022
Return on total assets	Before tax	0.61%	0.57%
	After tax	0.54%	0.50%
Return on equity	Before tax	8.27%	8.01%
	After tax	7.33%	7.03%
Net income ratio		32.63%	31.33%

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, 2023

	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	\$ 815,024,737	\$ 130,802,824	\$ 104,616,975	\$ 123,624,151	\$ 57,973,677	\$ 74,340,828	\$ 323,666,282
Main capital outflow on maturity	1,018,474,503	86,451,475	101,299,595	191,142,741	183,984,711	219,723,406	235,872,575
Gap	(203,449,766)	44,351,349	3,317,380	(67,518,590)	(126,011,034)	(145,382,578)	87,793,707

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

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

b) For U.S. dollar items

December 31, 2023

(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	\$ 10,637,060	\$ 5,069,808	\$ 2,202,044	\$ 829,755	\$ 700,032	\$ 1,835,421
Main capital outflow on maturity	11,988,056	4,278,600	3,243,134	1,710,469	1,608,312	1,147,541
Gap	(1,350,996)	791,208	(1,041,090)	(880,714)	(908,280)	687,880

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

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 Risk 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, 2023	December 31, 2022	
Regulatory capital	Common equity	\$ 56,590,146	\$ 53,344,447	
	Additional Tier I capital	2,900,000	2,900,000	
	Tier II capital	11,486,674	12,080,056	
	Total common capital	70,976,820	68,324,503	
Risk-weighted assets	Credit risk	Standardized approach	438,525,154	424,484,834
		Internal rating-based approach	-	-
		Asset securitization	359,516	393,738
	Operational risk	Basic indicator approach	21,249,113	20,321,238
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	12,092,150	13,375,863
		Internal models approach	-	-
	Total risk-weighted assets		472,225,933	458,575,673
Capital adequacy ratio		15.03%	14.90%	
Ratio of common equity to risk-weighted assets		11.98%	11.63%	
Ratio of Tier I capital to risk-weighted assets		12.60%	12.27%	
Leverage ratio		6.83%	6.73%	

Consolidated

		December 31, 2023	December 31, 2022	
Regulatory capital	Common equity	\$ 56,574,559	\$ 53,332,585	
	Additional Tier I capital	2,900,000	2,900,000	
	Tier II capital	11,458,832	12,087,994	
	Total common capital	70,933,391	68,320,579	
Risk-weighted assets	Credit risk	Standardized approach	436,297,730	421,744,787
		Internal rating-based approach	-	-
		Asset securitization	359,516	393,738
	Operational risk	Basic indicator approach	21,473,288	20,432,013
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	12,092,150	13,375,863
		Internal models approach	-	-
	Total risk-weighted assets		470,222,684	455,946,401
Capital adequacy ratio		15.09%	14.98%	
Ratio of common equity to risk-weighted assets		12.03%	11.70%	
Ratio of Tier I capital to risk-weighted assets		12.65%	12.33%	
Leverage ratio		6.82%	6.73%	

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, 2023

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ -	\$ 133,333	\$ -	\$ -	\$ 133,333
Securities sold under repurchase agreement	4,598,749	(3,392,676)	49,693	-	1,255,766
Bank debentures	20,901,900	(4,000,000)	-	-	16,901,900
Other financial liabilities	2,731,071	(609,504)	-	6,594	2,128,161
Lease liabilities	<u>965,817</u>	<u>(405,178)</u>	<u>(345)</u>	<u>548,420</u>	<u>1,108,714</u>
	<u>\$ 29,197,537</u>	<u>\$ (8,274,025)</u>	<u>\$ 49,348</u>	<u>\$ 555,014</u>	<u>\$ 21,527,874</u>

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	1,749,323	-	2,535	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>\$ 2,950,122</u>	<u>\$ (91,164)</u>	<u>\$ 348,386</u>	<u>\$ 29,197,537</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 and foreign-currency business;
- c. Financial market: Mainly includes investing financial instruments and operating financial market business;
- d. Others: Any business not included in above.

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 (Including Overseas Branches)	Financial Market	Others	Total
For the year ended <u>December 31, 2023</u>					
Net interests	\$ 3,902,429	\$ 3,962,112	\$ (470,424)	\$ (889,079)	\$ 6,505,038
Net revenues and gains other than interest					
Net service fee income	1,825,617	682,545	(36,964)	168,049	2,639,247
Other net income	<u>293,724</u>	<u>214,424</u>	<u>2,476,555</u>	<u>664,687</u>	<u>3,649,390</u>
Net revenues	6,021,770	4,859,081	1,969,167	(56,343)	12,793,675
Provision for bad debt expenses	(132,809)	(400,952)	(5,475)	(1,002)	(540,238)
Operating expenses	<u>(5,158,811)</u>	<u>(1,443,629)</u>	<u>(528,631)</u>	<u>(415,294)</u>	<u>(7,546,365)</u>
Segment income before income tax	<u>\$ 730,150</u>	<u>\$ 3,014,500</u>	<u>\$ 1,435,061</u>	<u>\$ (472,639)</u>	<u>\$ 4,707,072</u>
For the year ended <u>December 31, 2022</u>					
Net interests	\$ 4,029,577	\$ 3,380,746	\$ 382,206	\$ (748,976)	\$ 7,043,553
Net revenues and gains other than interest					
Net service fee income	1,654,892	795,840	(33,055)	104,283	2,521,960
Other net income	<u>285,610</u>	<u>131,031</u>	<u>1,503,277</u>	<u>253,500</u>	<u>2,173,418</u>
Net revenues	5,970,079	4,307,617	1,852,428	(391,193)	11,738,931
Provision for bad debt expenses	(94,845)	(352,871)	(3,243)	(93,143)	(544,102)
Operating expenses	<u>(4,703,781)</u>	<u>(1,307,104)</u>	<u>(486,936)</u>	<u>(505,892)</u>	<u>(7,003,713)</u>
Segment income before income tax	<u>\$ 1,171,453</u>	<u>\$ 2,647,642</u>	<u>\$ 1,362,249</u>	<u>\$ (990,228)</u>	<u>\$ 4,191,116</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: Table 1 (attached)
 - 2) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: Table 2 (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 3 (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 4 (attached)
- c. Related information of investees on which the Bank exercises significant influence: Table 5 (attached)
- d. Information about branches and investments in mainland China: Table 6 (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

MARKETABLE SECURITIES ACQUIRED OR SOLD AT COSTS OR PRICES AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Type and Name of Securities	Account	Transaction Counterparty	Relationship	Beginning of Year		Purchase (Note 1)		Sale			End of Year (Note 2)		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Book Cost	Gain or Loss on Disposal	Number of Shares	Amount
The Bank	Dah Chung Bills Financial Corp. Shares	Investment accounted for using equity method	Taipei Fibon Commercial Bank Co., Ltd.	Unrelated parties	101,907,869	\$ 1,727,460	34,739,848	\$ 619,335	-	\$ -	\$ -	-	136,647,717	\$ 2,576,171

Note 1: Included the purchase price of \$425,967 thousand, the recognition of the gain from the bargain purchase of \$193,188 thousand and the other acquisition cost of \$180 thousand.

Note 2: In addition to the purchase price in this period, the share of profit of \$79,726 thousand, other comprehensive income (loss) of \$170,031 thousand and cash dividends received of \$20,381 thousand.

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, 2023
(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	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 lands \$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

TABLE 3

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 FV/TPL	\$ 276,112 2,352 1,606 994	Note 3 Note 3 Note 3 Note 3	0.03 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 income	276,112 2,352 2,600	Note 3 Note 3 Note 3	0.03 0.02 0.02

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, 2023
(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	\$ 16,012	\$ 15,591	\$ 15,591	6%-10%	1	\$ 17,266	-	\$	312	Real estate	\$ 32,674	\$ 317,281	\$ 1,057,602

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. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	Shares (In Thousands)	Percentage of Ownership (%)	
<u>Held by the Bank</u>										
Financial business										
Deutsche Far Eastern Asset Management Co., Ltd.	7F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Securities investment trust funds	40.00	\$ 138,980	\$ 18,226	12,000	-	12,000	40.00	
Dah Chung Bills Finance Corp.	4F, 4F-1, 4F-2, 4F-3, Np. 88 Dun Hwa North Road, Taipei, Taiwan	Underwriting, dealing and brokering of short-term bills	29.58	2,576,171	79,726	136,681	-	136,681	29.58	
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	1,705,561	57,444	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	402,276	(15,678)	26,000	-	26,000	100.00	
Taipei Foreign Exchange Agency Co., Ltd.	8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan	Foreign exchange, cross-currency swaps, etc.	0.40	4,177	-	80	-	80	0.40	
Sunshine Asset Management Co., Ltd.	15F., No. 218, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Management of creditor's rights and tendering of commercial detective services	3.46	2,867	-	207	-	207	3.46	
Financial Information Service Co., Ltd.	No. 81, Kangning Road, Sec. 3, Taipei, Taiwan	Data processing service and electronic information supply	1.14	253,007	-	5,938	-	5,938	1.14	
Yuan Hsin Digital Payment Co., Ltd.	Room A, 5F., No. 1, Yuanfong Road, Banqiao Dist., New Taipei City, Taiwan	Issuing electronic tickets and signing contracted institutions	-	-	-	-	-	-	-	Note 3
Nonfinancial business										
An Feng Enterprise Co., Ltd.	3F., No. 139, Jhengjhou Road, Taipei, Taiwan	ATM maintenance, replacement and repair	10.00	5,190	-	300	-	300	10.00	
<u>Held by Far Eastern Asset Management Co., Ltd.</u>										
Financial business										
FEIB Financial Lending Co., Ltd.	8F, Far Eastern Plaza, No. 28, Baolinjing Road, Pudong New District, Shanghai, China	Lending operation	100.00	1,057,602	28,275	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.

Note 3: Yuan Hsin Digital Payment Co., Ltd. had obtained the approval of dissolution from the Ministry of Economic Affairs on January 31, 2023, and the liquidation process was completed on July 12, 2023. However, the liquidation shall be reported to the court for future reference after approval by tax authority.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(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, 2023	Investment Flow (Note 4)		Accumulated Outflow of Investment as of December 31, 2023 (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, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	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)	\$ 28,275 (CNY 6,392 thousand)	100.00	\$ 28,275 (CNY 6,392 thousand)	\$ 1,057,602	\$ -	
Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)		Investment Amount Authorized by Investment Commission, MOEA (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)		\$920,470 (US\$30,000 thousand)	\$1,023,337								

Note 1: Routes of investment in mainland China are listed below:

- Direct investment.
- Investment via third place company (state third place investment company).
- 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 2023.

Far Eastern International Bank Ltd.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters related to the Bank's financial statements for the year ended December 31, 2023 for the Bank, which are described as follows:

Allowance for Expected Credit Losses on Loans

As of December 31, 2023, the balance of loans in the aggregate amounted to NT\$467,728,161 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2024

Notice to Readers

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

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

FAR EASTERN INTERNATIONAL BANK LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
ASSETS				
Cash and cash equivalents (Notes 6 and 38)	\$ 6,424,245	1	\$ 7,835,225	1
Due from the Central Bank and other banks (Notes 7 and 38)	41,011,820	5	35,591,182	5
Financial assets at fair value through profit or loss (Notes 4, 8, 38, 42 and 43)	40,846,407	5	46,652,529	6
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 11, 21, 27, 39, 42 and 43)	64,259,784	8	76,739,907	10
Investment in debt instruments at amortized cost, net (Notes 4, 5, 10, 11, 21, 39, 42 and 43)	132,436,004	17	100,836,081	14
Securities purchased under resale agreements, net (Notes 4, 12 and 43)	2,240,685	-	1,146,775	-
Receivables, net (Notes 4, 5, 13 and 43)	16,527,777	2	16,786,028	2
Discounts and loans, net (Notes 4, 5, 14, 38 and 43)	467,728,161	59	437,897,093	59
Investment accounted for using the equity method (Notes 4, 15 and 27)	4,842,988	1	4,014,536	1
Other financial assets, net (Notes 16 and 39)	6,725,915	1	4,699,883	1
Property and equipment, net (Notes 4, 17 and 38)	5,124,804	1	4,739,853	1
Right-of-use assets, net (Notes 4, 18 and 38)	1,015,846	-	853,723	-
Intangible assets, net (Notes 4 and 19)	1,572,187	-	1,597,670	-
Deferred tax assets (Notes 4 and 35)	128,231	-	143,763	-
Other assets (Note 38)	338,816	-	260,791	-
TOTAL	\$ 791,223,670	100	\$ 739,795,039	100
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Notes 20 and 43)	\$ 1,489,494	-	\$ 1,475,448	-
Funds borrowed from the Central Bank and other banks (Notes 43 and 45)	133,333	-	-	-
Financial liabilities at fair value through profit or loss (Notes 4, 8, 38, 42 and 43)	8,397,692	1	8,689,238	1
Securities sold under repurchase agreements (Notes 4, 9, 10, 21, 43 and 45)	1,255,766	-	4,598,749	1
Payables (Notes 22 and 43)	5,754,806	1	5,292,310	1
Current tax liabilities (Note 4)	147,779	-	304,656	-
Deposits and remittances (Notes 23, 38 and 43)	661,025,928	84	607,734,750	82
Bank debentures (Notes 24, 42, 43 and 45)	16,901,900	2	20,901,900	3
Principal received on structured products (Note 43)	34,139,735	5	31,812,340	5
Other financial liabilities (Notes 43 and 45)	786,490	-	1,875,578	-
Provisions (Notes 4, 25 and 38)	762,463	-	760,392	-
Lease liabilities (Notes 4, 18, 38, 43 and 45)	1,036,404	-	866,417	-
Other liabilities (Note 38)	517,068	-	510,928	-
Total liabilities	732,348,858	93	684,822,706	93
EQUITY (Notes 4, 9, 15, 27 and 37)				
Share capital	40,694,838	5	40,694,838	5
Capital surplus	302,926	-	302,926	-
Retained earnings				
Legal reserve	12,304,518	2	11,206,638	1
Special reserve	1,711,795	-	5,922	-
Unappropriated earnings	4,019,297	-	4,467,881	1
Total retained earnings	18,035,610	2	15,680,441	2
Other equity	(158,562)	-	(1,705,872)	-
Total equity	58,874,812	7	54,972,333	7
TOTAL	\$ 791,223,670	100	\$ 739,795,039	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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUES (Notes 4, 28 and 38)	\$ 17,965,538	144	\$ 12,242,206	107	47
INTEREST EXPENSES (Notes 4, 18, 28 and 38)	<u>11,503,474</u>	<u>92</u>	<u>5,254,023</u>	<u>46</u>	119
NET INTERESTS	<u>6,462,064</u>	<u>52</u>	<u>6,988,183</u>	<u>61</u>	(8)
NET REVENUES AND GAINS OTHER THAN INTEREST					
Net service fee income (Notes 4, 29 and 38)	2,460,186	20	2,397,225	21	3
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 30, 38 and 42)	2,679,217	21	1,244,180	11	115
Realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9, 27 and 42)	181,405	1	152,173	1	19
Net foreign exchange gain (Note 4)	213,846	2	404,227	3	(47)
Shares of profit of subsidiaries and associates for using equity method (Notes 4 and 15)	139,818	1	117,608	1	19
Gain from bargain purchase (Notes 4 and 15)	193,188	2	-	-	-
Others	<u>191,991</u>	<u>1</u>	<u>191,980</u>	<u>2</u>	-
Total net revenues and gains other than interest	<u>6,059,651</u>	<u>48</u>	<u>4,507,393</u>	<u>39</u>	34
NET REVENUES	<u>12,521,715</u>	<u>100</u>	<u>11,495,576</u>	<u>100</u>	9
PROVISION FOR POSSIBLE LOSSES ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 4, 5, 13, 14, 16, 25 and 38)	<u>527,313</u>	<u>4</u>	<u>533,268</u>	<u>5</u>	(1)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefits expense (Notes 4, 26, 31, 32, 37 and 38)	\$ 4,335,280	35	\$ 4,096,996	36	6
Depreciation and amortization (Notes 4, 17, 18, 19 and 33)	705,372	6	697,852	6	1
Other general and administrative expenses (Notes 18, 34 and 38)	<u>2,267,077</u>	<u>18</u>	<u>1,987,708</u>	<u>17</u>	14
Total operating expenses	<u>7,307,729</u>	<u>59</u>	<u>6,782,556</u>	<u>59</u>	8
INCOME BEFORE INCOME TAX	4,686,673	37	4,179,752	36	12
INCOME TAX EXPENSE (Notes 4 and 35)	<u>512,464</u>	<u>4</u>	<u>502,250</u>	<u>4</u>	2
NET INCOME FOR THE YEAR	<u>4,174,209</u>	<u>33</u>	<u>3,677,502</u>	<u>32</u>	14
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 9, 11, 15, 26, 27, 35 and 42)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(50,332)	-	108,511	1	(146)
Gain (loss) on valuation of investments in equity instruments at fair value through other comprehensive income	776,837	6	(374,443)	(3)	307
Share of other comprehensive income of subsidiaries and associates for using equity method	664	-	6,218	-	(89)
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	<u>10,067</u>	<u>-</u>	<u>(21,702)</u>	<u>-</u>	146
	<u>737,236</u>	<u>6</u>	<u>(281,416)</u>	<u>(2)</u>	362

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	\$ (5,047)	-	\$ 82,134	1	(106)
Share of other comprehensive income (loss) of subsidiaries and associates for using equity method	153,985	1	(87,391)	(1)	276
Gain (loss) on investments in debt instruments measured at fair value through other comprehensive income	<u>506,108</u>	<u>4</u>	<u>(1,455,943)</u>	<u>(13)</u>	135
	<u>655,046</u>	<u>5</u>	<u>(1,461,200)</u>	<u>(13)</u>	145
Other comprehensive income (loss) for the year	<u>1,392,282</u>	<u>11</u>	<u>(1,742,616)</u>	<u>(15)</u>	180
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,566,491</u>	<u>44</u>	<u>\$ 1,934,886</u>	<u>17</u>	188
EARNINGS PER SHARE (Note 36)					
Basic	<u>\$1.03</u>		<u>\$1.00</u>		
Diluted	<u>\$1.02</u>		<u>\$0.99</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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Other Equity					Total Equity
	Share Capital (Note 27)	Capital Surplus (Notes 4, 27 and 37)	Retained Earnings (Notes 9 and 27)	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)	
BALANCE AT JANUARY 1, 2022	\$ 35,139,632	\$ 456,426	\$ 10,294,866	\$ (240,644)	\$ 259,486	\$ 49,701,951
Appropriation of the 2021 earnings	-	-	-	-	-	-
Legal reserve	-	-	911,772	-	-	-
Cash dividends - NT\$0.4300 per share	555,206	-	-	-	-	(1,511,004)
Shares dividends - NT\$0.1580 per share	555,206	-	911,772	-	-	-
						(1,511,004)
Net income for the year ended December 31, 2022	-	-	-	-	-	3,677,502
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	93,729	(1,925,767)	(1,742,616)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	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	-
BALANCE AT DECEMBER 31, 2022	40,694,838	302,926	11,206,638	(146,915)	(1,558,957)	54,972,333
Appropriation of the 2022 earnings	-	-	-	-	-	-
Legal reserve	-	-	1,097,880	-	-	-
Special reserves	-	-	1,705,873	-	-	-
Cash dividends - NT\$0.4089 per share	-	-	-	-	-	(1,664,012)
						(1,664,012)
Net income for the year ended December 31, 2023	-	-	1,097,880	-	-	4,174,209
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(20,496)	1,455,324	1,392,282
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(20,496)	1,455,324	5,566,491
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	112,482	-
BALANCE AT DECEMBER 31, 2023	\$ 40,694,838	\$ 302,926	\$ 12,304,518	\$ (167,411)	\$ 8,849	\$ 58,874,812

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,686,673	\$ 4,179,752
Adjustments for:		
Depreciation	679,889	672,369
Amortization	25,483	25,483
Provision for loss on bad debts expense, commitment and guarantee	979,755	919,267
Net valuation loss on financial assets and liabilities at fair value through profit or loss	36,292	225,705
Interest expenses	11,503,474	5,254,023
Interest revenues	(17,965,538)	(12,242,206)
Dividend revenue	(217,315)	(215,560)
Share-based payments	-	41,500
Shares of profit from subsidiaries and associates	(139,818)	(117,608)
Unrealized net gain on foreign currency exchange	(28,579)	(168,708)
Gain from bargain purchase	(193,188)	-
Other adjustments	20,723	(10,145)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(695,382)	(1,421,701)
Decrease (increase) in financial assets at fair value through profit or loss	5,788,949	(7,309,324)
Decrease in financial assets at fair value through other comprehensive income	13,786,916	36,706,490
Increase in investments in debt instruments at amortized cost	(31,693,920)	(29,228,081)
Decrease in receivables	73,603	8,160,812
Increase in discounts and loans	(30,668,124)	(25,225,464)
Decrease in due to the Central Bank and other banks	(5,387)	(533,978)
Increase (decrease) in financial liabilities at fair value through profit or loss	(297,609)	5,413,537
Decrease in payables	(209,968)	(582,437)
Increase (decrease) in deposits and remittances	53,647,998	(18,451,456)
Increase in principal received on structured products	2,350,695	8,474,977
Decrease in provisions for employee benefits	(70,743)	(83,183)
Decrease in other liabilities	(9,906)	(62,517)
Cash generated from (used in) operations	11,384,973	(25,578,453)
Interest received	17,618,269	11,752,253
Dividends received	216,846	215,425
Interest paid	(10,666,714)	(4,787,346)
Income tax paid	(643,726)	(337,022)
Net cash generated from (used in) operating activities	<u>17,909,648</u>	<u>(18,735,143)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(426,147)	-
Acquisition of property and equipment	(680,452)	(2,071,583)
Proceeds from disposal of property and equipment	106	124

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

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

	2023	2022
Increase in other financial assets	\$ (2,034,582)	\$ (540,357)
Increase in other assets	(78,061)	(12,641)
Dividends received from subsidiaries and associates	<u>85,350</u>	<u>227,937</u>
Net cash used in investing activities	<u>(3,133,786)</u>	<u>(2,396,520)</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 45)		
Increase (decrease) in funds borrowed from the Central Bank and other banks	133,333	(77,240)
Repayments of bank debentures	(4,000,000)	(3,000,000)
Increase (decrease) in securities sold under repurchase agreements	(3,392,676)	4,690,600
Repayments of the principal portion of lease liabilities	(377,178)	(385,030)
Increase (decrease) in other financial liabilities	(1,089,088)	1,688,127
Cash dividends	(1,664,012)	(1,511,004)
Issuance of ordinary shares for cash	<u>-</u>	<u>4,805,000</u>
Net cash generated from (used in) financing activities	<u>(10,389,621)</u>	<u>6,210,453</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>21,945</u>	<u>1,580,766</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,408,186	(13,340,444)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>28,530,386</u>	<u>41,870,830</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 32,938,572</u>	<u>\$ 28,530,386</u>

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

	<u>December 31</u>	
	2023	2022
Cash and cash equivalents in balance sheets	\$ 6,424,245	\$ 7,835,225
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	24,273,642	19,548,386
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	<u>2,240,685</u>	<u>1,146,775</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 32,938,572</u>	<u>\$ 28,530,386</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, 2023 AND 2022

(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, 2023, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 54 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 STATEMENTS

The financial statements were approved by the Bank’s Board of Directors on March 4, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have a material impact on the Bank accounting policies.
- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

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

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

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

<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 IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and IFRS Accounting Standards 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.

The fair value of the identifiable net assets and liabilities acquired by the Bank and its subsidiaries' on the acquisition date, deducting the purchase price, is recognized in profit or loss.

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make essential judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. When developing material accounting estimates, the 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 judgment 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, 2023	December 31, 2022
Cash on hand	\$ 4,087,627	\$ 4,446,644
Notes and checks for clearing	652,197	930,022
Deposits due from other banks	<u>1,684,421</u>	<u>2,458,559</u>
	<u>\$ 6,424,245</u>	<u>\$ 7,835,225</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2023	December 31, 2022
Due from other banks	\$ 12,246,299	\$ 11,861,642
New Taiwan dollar reserve deposits - Type A	8,379,938	4,039,838
New Taiwan dollar reserve deposits - Type B	16,738,178	16,042,796
Foreign-currency reserve deposits	146,716	146,510
Due from the Central Bank - Interbank fund transfer account	<u>3,500,689</u>	<u>3,500,396</u>
	<u>\$ 41,011,820</u>	<u>\$ 35,591,182</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, 2023 and 2022, 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 \$24,273,642 thousand and \$19,548,386 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

	December 31, 2023	December 31, 2022
Non-derivative financial assets		
Government bonds	\$ 10,323,464	\$ 14,911,749
Shares listed on TWSE and TPEX	858,711	926,269
Beneficiary certificates	200,145	-
	<u>11,382,320</u>	<u>15,838,018</u>
Derivative financial assets		
Interest rate swap contracts	3,626,368	3,828,660
Foreign-currency swap contracts	3,475,637	4,261,111
Forward exchange contracts	361,648	424,534
Credit default swap contracts	101,245	51,032
Cross-currency swap contracts	13,746	586,811
Others	107,160	337,895
	<u>7,685,804</u>	<u>9,490,043</u>
Hybrid contract		
Asset swap fixed-income	17,895,451	18,913,127
Credit linked note contracts	3,238,842	1,239,144
Credit linked loan contracts	541,894	1,018,973
Convertible bonds	102,096	153,224
	<u>21,778,283</u>	<u>21,324,468</u>
Total financial assets classified as at FVTPL	<u>\$ 40,846,407</u>	<u>\$ 46,652,529</u>

Financial liabilities held for trading

	December 31, 2023	December 31, 2022
Derivative financial liabilities		
Foreign-currency swap contracts	\$ 4,736,648	\$ 4,552,508
Interest rate swap contracts	3,026,804	3,234,998
Cross-currency swap contracts	239,979	330,039
Others	394,261	571,693
	<u>8,397,692</u>	<u>8,689,238</u>
Total financial liabilities at FVTPL	<u>\$ 8,397,692</u>	<u>\$ 8,689,238</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, 2023	December 31, 2022
Foreign-currency swap contracts	\$ 369,496,212	\$ 370,699,233
Interest rate swap contracts	331,221,560	310,841,788
Currency option contracts	36,320,101	39,199,022
Forward exchange contracts	27,856,041	22,446,595
Seller of credit default swap contracts	17,057,925	23,860,116
Interest rate option contracts	10,300,000	7,000,000
Cross-currency swap contracts	2,325,402	9,189,720
Government bond futures contracts	689,542	30,708
Non-deliverable forward contracts	347,959	279,308
Share index futures contracts	16,807	28,429
Forward contracts	-	529,996

9. FINANCIAL ASSETS AT FVTOCI

	December 31, 2023	December 31, 2022
<u>Investments in equity instruments</u>		
Shares listed on TWSE and TPEX	\$ 3,203,816	\$ 2,220,940
Shares unlisted on TWSE and TPEX	<u>265,241</u>	<u>259,368</u>
	<u>3,469,057</u>	<u>2,480,308</u>
<u>Investments in debt instruments</u>		
Government bonds	22,114,475	26,682,124
Bank debentures	14,808,467	20,109,910
Corporate bonds	14,700,239	18,318,731
Commercial paper	7,373,967	7,184,492
Collateralized mortgage obligation	<u>1,793,579</u>	<u>1,964,342</u>
	<u>60,790,727</u>	<u>74,259,599</u>
Total financial assets at FVTOCI	<u>\$ 64,259,784</u>	<u>\$ 76,739,907</u>

The above investments in equity instrument in the form of 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	
	2023	2022
Dividend revenue recognized in profit or loss		
On equity held at year end	\$ 153,746	\$ 147,998
On equity disposed of in current year	<u>28,412</u>	<u>26,557</u>
	<u>\$ 182,158</u>	<u>\$ 174,555</u>

Because of the management and adjustment of the investment portfolio and the liquidation of the investee company, the information about the disposal of equity instruments in the current year is as below:

	For the Year Ended December 31	
	2023	2022
Fair value at the date of disposal	<u>\$ 685,181</u>	<u>\$ 418,214</u>
Accumulated loss transferred to retained earnings due to disposal	<u>\$ (112,513)</u>	<u>\$ (107,327)</u>

The Bank originally held the shares in Yuan Hsin Digital Payment Co., Ltd., which were recorded as financial assets at FVOCI. Yuan Hsin Digital Payment Co., Ltd. obtained the approval of dissolution from the Ministry of Economic Affairs on January 31, 2023, and the liquidation process was completed on July 12, 2023. However, the liquidation shall be reported to the court for future reference after approval by tax authority. As a result of liquidation, the Bank expects distributable liquidation proceeds of \$9,776 thousand, and the relevant accumulated unrealized loss of \$97,070 thousand, which were originally listed under shareholders' equity - other equity, have been reclassified to retained earnings in September 2023.

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.

The carrying amount of the above transactions that have been issued under repurchase agreements (refer to Note 21 for related information) were as follows:

	December 31, 2023	December 31, 2022
Bank debentures	<u>\$ 84,988</u>	<u>\$ 1,135,462</u>
Government bonds	<u>\$ -</u>	<u>\$ 582,408</u>

10. INVESTMENT IN DEBT INSTRUMENT AT AMORTIZED COST

	December 31, 2023	December 31, 2022
Negotiable certificates of deposits - issued by the CBC	\$ 95,600,000	\$ 87,200,000
Government bonds	13,010,769	5,339,929
Corporate bonds	12,248,395	4,797,107
Bank debentures	<u>11,581,149</u>	<u>3,500,449</u>
	132,440,313	100,837,485
Less: Accumulated impairment loss	<u>4,309</u>	<u>1,404</u>
	<u>\$ 132,436,004</u>	<u>\$ 100,836,081</u>

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

The carrying amount of the above transactions that have been issued under repurchase agreements (refer to Note 21 for related information) were as follows:

	December 31, 2023	December 31, 2022
Government bonds	<u>\$ 1,225,372</u>	<u>\$ 3,052,512</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 announced by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecasts when measuring the expected credit loss of the debt instrument investments.

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

December 31, 2023

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 61,714,826	\$ 132,440,313	\$ 194,155,139
Less: Accumulated impairment loss	<u>8,534</u>	<u>4,309</u>	<u>12,843</u>
Amortized cost	61,706,292	<u>\$ 132,436,004</u>	194,142,296
Fair value adjustment	<u>(915,565)</u>		<u>(915,565)</u>
	<u>\$ 60,790,727</u>		<u>\$ 193,226,731</u>

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 75,690,056	\$ 100,837,485	\$ 176,527,541
Less: Accumulated 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>

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

For the year ended December 31, 2023

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2023	\$ 8,784	\$ 1,404	\$ 10,188
Impairment loss on the acquisition of new debt instruments for the current year	2,778	2,789	5,567
Derecognition	(3,272)	-	(3,272)
Exchange rate changes	5	1	6
Expected credit losses and other changes	<u>239</u>	<u>115</u>	<u>354</u>
Balance on December 31, 2023	<u>\$ 8,534</u>	<u>\$ 4,309</u>	<u>\$ 12,843</u>

For the year ended December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2022	\$ 15,693	\$ 65	\$ 15,758
Impairment loss on the acquisition of new debt instruments for the current year	3,646	1,336	4,982
Derecognition	(10,311)	-	(10,311)
Exchange rate changes	196	7	203
Expected credit losses and other changes	<u>(440)</u>	<u>(4)</u>	<u>(444)</u>
Balance on December 31, 2022	<u>\$ 8,784</u>	<u>\$ 1,404</u>	<u>\$ 10,188</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	December 31, 2023	December 31, 2022
Commercial paper	\$ 1,041,113	\$ 215,075
Negotiable certificates of deposit	1,000,000	-
Government bonds	<u>200,182</u>	<u>931,736</u>
	2,241,295	1,146,811
Less: Accumulated impairment loss	<u>610</u>	<u>36</u>
	<u>\$ 2,240,685</u>	<u>\$ 1,146,775</u>
Resale price	<u>\$ 2,244,954</u>	<u>\$ 1,148,310</u>
Resale date	2024.01.03- 2024.01.29	2023.01.05- 2023.02.13

The total carrying amounts shown above have been included as cash and cash equivalents in the statements of cash flows. The allowance for accumulated impairment loss was measured at an amount equal to the 12-month expected credit loss based on historical experience and forward-looking information.

13. RECEIVABLES, NET

	December 31, 2023	December 31, 2022
Credit card	\$ 12,326,803	\$ 12,853,159
Interest	1,696,888	1,349,619
Factoring	1,275,892	2,061,981
Proceeds from disposal of securities	768,375	11,737
Spot exchange transactions	522,612	469,945
Acceptances	43,765	207,327
Others	<u>319,085</u>	<u>292,997</u>
	16,953,420	17,246,765
Less: Allowance for possible losses	<u>425,643</u>	<u>460,737</u>
	<u>\$ 16,527,777</u>	<u>\$ 16,786,028</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, 2023

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Balance on January 1, 2023	\$ 14,854,066	\$ 63,780	\$ 1,020,009	\$ 15,937,855
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(50,832)	55,421	(415)	4,174
Transfer to Stage 3	(84,054)	(15,916)	106,112	6,142
Transfer to Stage 1	7,750	(11,881)	(235)	(4,366)
Financial assets derecognized in the current period	(6,502,293)	(9,026)	(190,912)	(6,702,231)
Purchased or originated financial assets	5,270,514	7,520	40,519	5,318,553
Write-offs	(54,669)	(19,380)	(48,924)	(122,973)
Exchange rate and other changes	<u>(5,260)</u>	<u>(1,340)</u>	<u>(3,658)</u>	<u>(10,258)</u>
Balance on December 31, 2023	<u>\$ 13,435,222</u>	<u>\$ 69,178</u>	<u>\$ 922,496</u>	<u>\$ 14,426,896</u>

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>

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, 2023

	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, 2023	\$ 17,891	\$ 6,402	\$ 362,478	\$ 386,771	\$ 74,141	\$ 460,912
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(14)	6,354	(56)	6,284	-	6,284
Transfer to Stage 3	(25)	(1,264)	25,565	24,276	-	24,276
Transfer to Stage 1	2	(1,134)	(28)	(1,160)	-	(1,160)
Financial assets derecognized in the current period	(8,736)	(842)	(42,871)	(52,449)	-	(52,449)
Purchased or originated financial assets	6,196	1,453	15,961	23,610	-	23,610
The difference of impairment under the Regulations	-	-	-	-	51,710	51,710
Write-offs	(54,669)	(19,380)	(48,924)	(122,973)	-	(122,973)
Exchange rate and other changes	<u>59,977</u>	<u>18,080</u>	<u>(42,520)</u>	<u>35,537</u>	<u>-</u>	<u>35,537</u>
Balance on December 31, 2023	<u>\$ 20,622</u>	<u>\$ 9,669</u>	<u>\$ 269,605</u>	<u>\$ 299,896</u>	<u>\$ 125,851</u>	<u>\$ 425,747</u>

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>

14. DISCOUNTS AND LOANS, NET

	December 31, 2023	December 31, 2022
Negotiations, discounts and overdraft	\$ 18,578	\$ 62,683
Short-term loans	102,871,272	84,666,192
Medium-term loans	174,949,647	169,842,660
Long-term loans	195,747,734	188,241,006
Overdue receivable	<u>236,771</u>	<u>1,269,783</u>
	473,824,002	444,082,324
Less: Allowance for possible losses	<u>6,095,841</u>	<u>6,185,231</u>
	<u>\$ 467,728,161</u>	<u>\$ 437,897,093</u>

The details of the provision for possible losses on bad debts, commitment, guarantee and letters of credit issued were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Provision for possible losses - discounts and loans	\$ 872,869	\$ 988,086
Provision for possible losses - receivables and other financial assets	84,644	37,695
Provision for (reversal of) possible losses - commitment, guarantee obligations and letters of credit issued	22,242	(106,514)
Amounts recovered - discounts and loans	(308,264)	(233,467)
Amounts recovered - receivables and other financial assets	<u>(144,178)</u>	<u>(152,532)</u>
	<u>\$ 527,313</u>	<u>\$ 533,268</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, 2023

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2023	\$ 440,758,644	\$ 394,186	\$ 2,929,494	\$ 444,082,324
Changes of financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(1,014,621)	973,187	(1,998)	(43,432)
Transfer to Stage 3	(367,332)	(74,078)	355,804	(85,606)
Transfer to Stage 1	128,235	(144,870)	(1,528)	(18,163)
Financial assets derecognized in the current period	(123,140,883)	(57,996)	(826,724)	(124,025,603)
Purchased or originated financial assets	154,865,104	34,779	38,442	154,938,325
Write-offs	(90,016)	(57,229)	(832,946)	(980,191)
Exchange rate and other changes	<u>(48,864)</u>	<u>1,340</u>	<u>3,872</u>	<u>(43,652)</u>
Balance on December 31, 2023	<u>\$ 471,090,267</u>	<u>\$ 1,069,319</u>	<u>\$ 1,664,416</u>	<u>\$ 473,824,002</u>

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>

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, 2023

	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, 2023	\$ 915,284	\$ 105,986	\$ 1,304,653	\$ 2,325,923	\$ 3,859,308	\$ 6,185,231
Changes of financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(5,698)	64,186	(1,748)	56,740	-	56,740
Transfer to Stage 3	(1,715)	(21,909)	175,480	151,856	-	151,856
Transfer to Stage 1	141	(21,076)	(1,237)	(22,172)	-	(22,172)
Financial assets derecognized in the current period	(281,879)	(13,539)	(169,735)	(465,153)	-	(465,153)
Purchased or originated financial assets	651,377	14,979	15,865	682,221	-	682,221
The difference of impairment under the Regulations	-	-	-	-	305,489	305,489
Write-offs	(90,016)	(57,229)	(832,946)	(980,191)	-	(980,191)
Exchange rate and other changes	<u>280,713</u>	<u>15,528</u>	<u>(114,421)</u>	<u>181,820</u>	<u>-</u>	<u>181,820</u>
Balance on December 31, 2023	<u>\$ 1,468,207</u>	<u>\$ 86,926</u>	<u>\$ 375,911</u>	<u>\$ 1,931,044</u>	<u>\$ 4,164,797</u>	<u>\$ 6,095,841</u>

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>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2023	December 31, 2022
Investment in subsidiaries	\$ 2,107,837	\$ 2,128,489
Associates that are not individually material	<u>2,735,151</u>	<u>1,886,047</u>
	<u>\$ 4,842,988</u>	<u>\$ 4,014,536</u>

Investment in subsidiaries

	December 31, 2023		December 31, 2022	
	Amount	% of Ownership	Amount	% of Ownership
Far Eastern Asset Management Co., Ltd. ("FEAMC")	\$ 1,705,561	100.00	\$ 1,710,535	100.00
Far Eastern International Securities Co., Ltd. ("FEIS")	<u>402,276</u>	100.00	<u>417,954</u>	100.00
	<u>\$ 2,107,837</u>		<u>\$ 2,128,489</u>	

At the board of directors' meeting held on August 29, 2023, the Bank resolved to acquire 7.52% of the shares of associate - Dah Chung Bills Finance Corp. from a third person for a total price of \$425,967 thousand, which was settled on September 20, 2023. Therefore, a bargain purchase gain of \$193,188 thousand was recognized. As of December 31, 2023, the Bank holds 29.58% of the shares of Dah Chung Bills Finance Corp. 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 in these associates' financial performance was summarized as follows:

	For the Year Ended December 31	
	2023	2022
Net income from continuing operation	\$ 98,052	\$ 112,357
Other comprehensive income (loss)	<u>170,098</u>	<u>(92,768)</u>
Total comprehensive income (loss)	<u>\$ 268,150</u>	<u>\$ 19,589</u>

16. OTHER FINANCIAL ASSETS, NET

	December 31, 2023	December 31, 2022
Nonaccrual loans other than discounts and loans	\$ 243	\$ 349
Less: Allowance for possible losses (Note 13)	<u>104</u>	<u>175</u>
	<u>139</u>	<u>174</u>
Refundable deposits	3,261,641	2,495,268
Less: Accumulated impairment loss	<u>425</u>	<u>259</u>
	<u>3,261,216</u>	<u>2,495,009</u>
Restricted time deposits (Note 39)	<u>3,464,560</u>	<u>2,204,700</u>
	<u>\$ 6,725,915</u>	<u>\$ 4,699,883</u>

The accumulated impairment loss of the refundable deposits was measured at an amount equal to the 12-month expected credit loss based on historical experience and forward-looking information.

17. PROPERTY AND EQUIPMENT, NET

For the year ended December 31, 2023

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Properties and Equipment, Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 2,724,488	\$ 1,145,436	\$ 2,556,920	\$ 1,134	\$ 1,485,852	\$ 482,749	\$ 8,396,579
Additions	368,125	17,460	136,515	-	58,229	100,123	680,452
Disposals	-	-	(15,938)	(124)	(63,678)	-	(79,740)
Others	<u>367,600</u>	<u>683</u>	<u>39,743</u>	<u>-</u>	<u>5,956</u>	<u>(415,442)</u>	<u>(1,460)</u>
Ending balance	<u>3,460,213</u>	<u>1,163,579</u>	<u>2,717,240</u>	<u>1,010</u>	<u>1,486,359</u>	<u>167,430</u>	<u>8,995,831</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	650,026	1,739,327	1,078	1,266,295	-	3,656,726
Depreciation	-	26,006	220,262	16	47,901	-	294,185
Disposals	-	-	(15,937)	(124)	(63,652)	-	(79,713)
Others	<u>-</u>	<u>-</u>	<u>(199)</u>	<u>-</u>	<u>28</u>	<u>-</u>	<u>(171)</u>
Ending balance	<u>-</u>	<u>676,032</u>	<u>1,943,453</u>	<u>970</u>	<u>1,250,572</u>	<u>-</u>	<u>3,871,027</u>
Net ending balance	<u>\$ 3,460,213</u>	<u>\$ 487,547</u>	<u>\$ 773,787</u>	<u>\$ 40</u>	<u>\$ 235,787</u>	<u>\$ 167,430</u>	<u>\$ 5,124,804</u>

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	1,277,055	916	148,872	62	67,437	577,241	2,071,583
Disposals	-	(5,076)	(131,532)	(112)	(130,369)	-	(267,089)
Others	-	-	143,673	-	53,432	(192,836)	4,269
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	-	-	6,450	-	1,270	-	7,720
Ending balance	-	<u>650,026</u>	<u>1,739,327</u>	<u>1,078</u>	<u>1,266,295</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>

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

In order to build the Bank's headquarters office, the Bank resolved to acquire a parcel of land in Xinyi District, Taipei City, and participated in the planning of joint construction on the land at the Board of Directors' meeting held in November 2020. 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 on 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, 2023	December 31, 2022
Net carrying amount of right-of-use assets	<u>\$ 1,015,846</u>	<u>\$ 853,723</u>
Carrying amount of lease liabilities	<u>\$ 1,036,404</u>	<u>\$ 866,417</u>
The range of discount rate	0.83%-1.35%	0.83%

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 548,129</u>	<u>\$ 234,856</u>
Depreciation expense of right-of-use assets	<u>\$ 385,704</u>	<u>\$ 388,473</u>
Interest expense of lease liabilities	<u>\$ 7,536</u>	<u>\$ 8,371</u>
Other lease information		
Short-term lease expenses	<u>\$ 5,531</u>	<u>\$ 4,023</u>
Cash outflow for leases	<u>\$ 390,245</u>	<u>\$ 397,424</u>

19. INTANGIBLE ASSETS, NET

	December 31, 2023	December 31, 2022
Operation rights	\$ 1,538,210	\$ 1,538,210
Fair value of core deposits	428,887	428,887
Less: Accumulated amortization	<u>394,910</u>	<u>369,427</u>
	<u>33,977</u>	<u>59,460</u>
	<u>\$ 1,572,187</u>	<u>\$ 1,597,670</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 2023 and 2022. To reflect risks specific to the operation, the recoverable amount was estimated on the net fair value of 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, 2023	December 31, 2022
Call loans to banks	\$ 1,383,075	\$ 1,402,035
Bank overdrafts	70,447	3,064
Due to banks	<u>35,972</u>	<u>70,349</u>
	<u>\$ 1,489,494</u>	<u>\$ 1,475,448</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31, 2023	December 31, 2022
Government bonds (Notes 9 and 10)	\$ 1,174,419	\$ 3,501,590
Bank debentures (Note 9)	<u>81,347</u>	<u>1,097,159</u>
	<u>\$ 1,255,766</u>	<u>\$ 4,598,749</u>
Repurchase price	<u>\$ 1,261,101</u>	<u>\$ 4,617,001</u>
Repurchase date	2024.01.01- 2024.01.09	2023.01.09- 2023.01.13

22. PAYABLES

	December 31, 2023	December 31, 2022
Interest	\$ 1,830,399	\$ 993,639
Expenses	1,609,412	1,454,940
Notes and checks for clearing	652,197	930,022
Accounts payable factoring	470,406	485,671
Securities settlement	196,810	169,159
Credit card	192,732	209,229
Acceptances	43,765	207,327
Others	<u>759,085</u>	<u>842,323</u>
	<u>\$ 5,754,806</u>	<u>\$ 5,292,310</u>

23. DEPOSITS AND REMITTANCES

	December 31, 2023	December 31, 2022
Checking deposits	\$ 4,769,663	\$ 3,863,727
Demand deposits	116,581,453	102,355,767
Demand savings	104,501,099	94,983,370
Time savings	100,062,388	95,879,926
Negotiable certificates of deposit	32,332,500	18,445,500
Time deposits	302,718,179	292,128,528
Remittances	<u>60,646</u>	<u>77,932</u>
	<u>\$ 661,025,928</u>	<u>\$ 607,734,750</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	December 31, 2023	December 31, 2022
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
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>\$ 16,901,900</u>	<u>\$ 20,901,900</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 since September 18, 2023. As of December 31, 2023, the Bank has not exercised the right of redemption.

25. PROVISIONS

	December 31, 2023	December 31, 2022
Reserve for employee benefits liability - defined benefit plans (Note 26)	\$ 511,456	\$ 531,867
Reserve for obligations guarantee	145,214	174,194
Reserve for financing commitment and letters of credit issued	<u>105,793</u>	<u>54,331</u>
	<u>\$ 762,463</u>	<u>\$ 760,392</u>

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

For the year ended December 31, 2023

	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, Obligations Guarantee and Letters of Credit Issued
Balance on January 1, 2023	\$ 85,542	\$ 8,648	\$ 21,079	\$ 115,269	\$ 113,256	\$ 228,525
Changes at the beginning of the year:						
Transfer to Stage 2	(317)	9,128	(1)	8,810	-	8,810
Transfer to Stage 3	-	(20)	374	354	-	354
Transfer to Stage 1	6	(6,145)	(152)	(6,291)	-	(6,291)
Financial assets derecognized in the current period	(32,106)	(915)	(261)	(33,282)	-	(33,282)
Purchased or originated	71,457	2,953	15	74,425	-	74,425
The difference of impairment under the Regulations	-	-	-	-	(46,370)	(46,370)
Exchange rate and other changes	26,022	(1,190)	4	24,836	-	24,836
Balance on December 31, 2023	<u>\$ 150,604</u>	<u>\$ 12,459</u>	<u>\$ 21,058</u>	<u>\$ 184,121</u>	<u>\$ 66,886</u>	<u>\$ 251,007</u>

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, Obligations Guarantee and Letters of Credit Issued
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	(2,791)	(3,052)	(6)	(5,849)	-	(5,849)
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>

26. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Bank make monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance for those who qualify a pension plan for the Labor Pension Act. Related pension expense of \$134,977 thousand and \$131,939 thousand for the year ended December 31, 2023 and 2022, 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, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 1,078,526	\$ 1,039,710
Fair value of plan assets	<u>(567,070)</u>	<u>(507,843)</u>
Reserve for employee benefits liability	<u>\$ 511,456</u>	<u>\$ 531,867</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, 2023	<u>\$ 1,039,710</u>	<u>\$ (507,843)</u>	<u>\$ 531,867</u>
Service cost			
Current service cost	4,187	-	4,187
Net interest expense (revenue)	<u>17,799</u>	<u>(9,558)</u>	<u>8,241</u>
Recognized in profit or loss	<u>21,986</u>	<u>(9,558)</u>	<u>12,428</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,501)	(1,501)
Actuarial loss - experience adjustments	24,489	-	24,489
Actuarial loss - changes in financial assumptions	<u>27,344</u>	<u>-</u>	<u>27,344</u>
Recognized in other comprehensive income	<u>51,833</u>	<u>(1,501)</u>	<u>50,332</u>
Contributions from the employer	-	(50,612)	(50,612)
Contributions from plan assets	(2,444)	2,444	-
Contributions from provisions	<u>(32,559)</u>	<u>-</u>	<u>(32,559)</u>
Balance at December 31, 2023	<u>\$ 1,078,526</u>	<u>\$ (567,070)</u>	<u>\$ 511,456</u>

(Continued)

	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> (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, 2023	December 31, 2022
Discount rates	1.70%	1.80%
Expected rates of salary increase	3.25%	3.00%

As concluded by the actuaries, the expected contribution to the plan for the next year is \$25,088 thousand, and the average duration of the defined benefit obligation is 7.6 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, 2023	December 31, 2022
Discount rates		
0.50% increase	<u>\$ (39,020)</u>	<u>\$ (39,673)</u>
0.50% decrease	<u>\$ 41,366</u>	<u>\$ 42,163</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 40,566</u>	<u>\$ 41,488</u>
0.50% decrease	<u>\$ (38,668)</u>	<u>\$ (39,443)</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, 2023	December 31, 2022
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>4,069,484</u>
Issued capital	<u>\$ 40,694,838</u>	<u>\$ 40,694,838</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 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 share 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. On October 5, 2022, the share payment of \$4,810,000 thousand has been fully received and was set as the record date for increasing of capital by cash. The total capital amounted to \$40,694,838 thousand after the capital increase by cash. In the above-mentioned increase in capital by cash, some of the shareholders subscribed differently from their existing ownership percentage, some employees gave up their subscriptions, and parts of the shares totaled 50,936 thousand shares were subscribed to by related parties as specific persons.

Global depository receipts

As of December 31, 2023, the outstanding GDRs were 221 thousand units, equivalent to 4,421 thousand ordinary shares.

b. Capital surplus

	December 31, 2023	December 31, 2022
Issuance of ordinary shares	<u>\$ 302,926</u>	<u>\$ 302,926</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

Under the dividends policy as set forth in the Bank's Articles of Incorporation (the "Articles"), in the 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 preference shares. 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 ordinary shares. The dividends for ordinary shares 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 2022 and 2021, which were approved in the shareholders' meetings on June 16, 2023 and June 21, 2022, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (Dollars)</u>	
	2022	2021	2022	2021
Cash dividends	\$ 1,664,012	\$ 1,511,004	\$0.4089	\$0.4300
Share dividends	-	555,206		0.1580

The appropriations of earnings for 2023 had been proposed by the Bank's Board of Directors on March 4, 2024. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Cash dividends	\$ 2,059,159	\$0.5060
Share dividends	2,059,159	0.5060

The appropriations of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held on June 19, 2024.

d. Other equity items

Change in unrealized gain or loss on financial assets measured at FVTOCI:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	\$ (1,558,957)	\$ 259,486
Recognized for the year		
Valuation gain or loss		
Debt instruments	505,355	(1,478,325)
Equity instruments	776,837	(374,443)
Share of other comprehensive income (loss) of associates for using the equity method	172,379	(95,381)
Investment in debt instruments transferred to current loss due to disposal	<u>753</u>	<u>22,382</u>
Other comprehensive income (loss) recognized for the year	<u>1,455,324</u>	<u>(1,925,767)</u>
Loss on equity instruments transferred to retained earnings due to disposal	<u>112,482</u>	<u>107,324</u>
Balance, ending of year	<u>\$ 8,849</u>	<u>\$ (1,558,957)</u>

28. NET INTERESTS

	For the Year Ended December 31	
	2023	2022
Interest revenues		
Loans	\$ 13,465,373	\$ 9,572,878
Bonds and bills	2,840,815	1,434,771
Credit cards	681,700	693,749
Due from other banks	446,424	226,371
Others	<u>531,226</u>	<u>377,153</u>
	<u>17,965,538</u>	<u>12,242,206</u>
Interest expenses		
Deposits	10,228,826	4,522,197
Structured products	752,195	288,643
Bank debentures	268,413	328,315
Others	<u>254,040</u>	<u>114,868</u>
	<u>11,503,474</u>	<u>5,254,023</u>
	<u>\$ 6,462,064</u>	<u>\$ 6,988,183</u>

29. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2023	2022
Service fee income		
Credit card	\$ 1,090,425	\$ 1,112,455
Trustee business	930,863	686,542
Loan	642,024	697,301
Insurance commission	432,644	424,179
Others	<u>260,183</u>	<u>295,412</u>
	<u>3,356,139</u>	<u>3,215,889</u>
Service fee expense		
Credit card reward fee	262,102	223,814
Visa and Master fee	191,030	177,308
National credit card center fee	183,822	157,578
Agency service fee	72,367	76,083
Interbank service fee	59,208	56,686
Others	<u>127,424</u>	<u>127,195</u>
	<u>895,953</u>	<u>818,664</u>
	<u>\$ 2,460,186</u>	<u>\$ 2,397,225</u>

30. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2023	2022
Gain on disposal	\$ 2,370,441	\$ 1,210,235
Net interests revenues	309,911	218,645
Dividends	35,157	41,005
Loss on valuation	<u>(36,292)</u>	<u>(225,705)</u>
	<u>\$ 2,679,217</u>	<u>\$ 1,244,180</u>

31. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2023	2022
Salaries (Notes 32 and 37)	\$ 3,519,205	\$ 3,346,350
Labor and health insurance	257,780	244,308
Post-employment benefits (Note 26)	147,405	141,712
Others (Note 32)	<u>410,890</u>	<u>364,626</u>
	<u>\$ 4,335,280</u>	<u>\$ 4,096,996</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. The appropriations of employees' compensation and remuneration of directors in cash for the years ended December 31, 2023 and 2022 that were resolved by the board of directors on March 4, 2024 and March 2, 2023, respectively.

Amount

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Employees' compensation	<u>\$ 193,214</u>	<u>\$ 153,113</u>
Remuneration of directors	<u>\$ 74,313</u>	<u>\$ 41,784</u>

If there is a change in the amount between the actual distribution of employees' compensation and remuneration of directors and the recognized in the financial statements for the year ended December 31, 2023, the differences are recorded as a change in the accounting estimate and adjusted in the next year.

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, 2022 and 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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Depreciation		
Property and equipment (Note 17)	\$ 294,185	\$ 283,896
Leased right-of-use assets (Note 18)	<u>385,704</u>	<u>388,473</u>
	<u>\$ 679,889</u>	<u>\$ 672,369</u>
Amortization - intangible assets (Note 19)	<u>\$ 25,483</u>	<u>\$ 25,483</u>

34. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Tax and government fees	\$ 729,021	\$ 598,988
Software	322,193	260,070
Marketing and advertising	318,783	219,559
Telecommunications	170,079	168,525
Others	<u>727,001</u>	<u>740,566</u>
	<u>\$ 2,267,077</u>	<u>\$ 1,987,708</u>

35. INCOME TAX EXPENSE

Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax expense		
Current period	\$ 485,241	\$ 485,384
Prior years	<u>1,624</u>	<u>(2,909)</u>
	<u>486,865</u>	<u>482,475</u>
Deferred tax expense		
Current period	28,230	12,501
Prior years	<u>(2,631)</u>	<u>7,274</u>
	<u>25,599</u>	<u>19,775</u>
Income tax expense recognized in profit or loss	<u>\$ 512,464</u>	<u>\$ 502,250</u>

A reconciliation of accounting income and income tax expense recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 4,686,673</u>	<u>\$ 4,179,752</u>
Income tax expense calculated at the statutory rate	\$ 937,335	\$ 835,950
Income from offshore banking unit (OBU)	(491,371)	(381,038)
Tax-exempted income	(127,712)	(5,337)
Tax-exempted other items	9,249	(15,763)
Unrecognized deductible temporary differences	24,239	7,059
Additional income tax under the Alternative Minimum Tax Act	165,358	57,214
Overseas branch income tax	(3,921)	-
Adjustments for prior years' tax	(1,007)	4,365
Others	<u>294</u>	<u>(200)</u>
Income tax expense recognized in profit or loss	<u>\$ 512,464</u>	<u>\$ 502,250</u>

Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Income tax expense (benefit) of remeasurement of defined benefit plans	<u>\$ (10,067)</u>	<u>\$ 21,702</u>

The movements of deferred tax assets were as follows:

For the year ended December 31, 2023

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	\$ 91,953	\$ (38,411)	\$ -	\$ 53,542
Defined benefit plans in excess of the limit	106,373	(14,149)	10,067	102,291
Unrealized gain or loss on financial instruments	(97,822)	30,957	-	(66,865)
Others	<u>43,259</u>	<u>(3,996)</u>	<u>-</u>	<u>39,263</u>
	<u>\$ 143,763</u>	<u>\$ (25,599)</u>	<u>\$ 10,067</u>	<u>\$ 128,231</u>

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>

Unrecognized as deferred tax assets in respect of deductible temporary differences

	December 31, 2023	December 31, 2022
Allowance for possible losses in excess of the limit	<u>\$ 1,301,745</u>	<u>\$ 1,180,550</u>

Income tax assessments

The income tax returns of the Bank through 2021, except 2020, have been assessed by the tax authorities.

36. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2023	2022
Basic EPS	<u>\$ 1.03</u>	<u>\$ 1.00</u>
Diluted EPS	<u>\$ 1.02</u>	<u>\$ 0.99</u>

The net income and weighted average number of ordinary shares outstanding for EPS calculation were as follows:

	For the Year Ended December 31	
	2023	2022
Net income attributable to owners of the Bank	<u>\$ 4,174,209</u>	<u>\$ 3,677,502</u>
<u>Number of ordinary shares (in thousand shares)</u>		
Weighted average number of ordinary shares in the computation of basic EPS	4,069,484	3,690,032
Effect of dilutive potential ordinary shares		
Employees' compensation	<u>17,407</u>	<u>15,818</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>4,086,891</u>	<u>3,705,850</u>

Employees' compensation for the current year should be considered in calculating the current year's 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.

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
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Ding Ding Hotel Co., Ltd.	Chairman is the vice-chairman of the Bank
Far EasTone Telecommunications Co., Ltd.	Chairman is the vice-chairman of the Bank
Bai Ding Investment Corporation	Chairman is the vice-chairman of the Bank
Far Eastern Electronic Toll Collection Co., Ltd.	Chairman is the vice-chairman of the Bank
Far East Memorial Hospital	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
Everest Textile Co., Ltd.	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
Yuan Hsin Digital Payment Co., Ltd.	Substantive related party
Ya Tung Ready Mixed Concrete Co., Ltd.	Substantive related party
Oriental Securities Corporation	Substantive related party
Others	The Bank's chairman, vice-chairman, directors, managers, their second-degree relatives or 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. Notes and checks for clearing/notes and checks for clearing payable

	December 31, 2023	December 31, 2022
Far Eastern New Century Corp.	\$ 138,409	\$ 80,636
Ya Tung Ready Mixed Concrete Co., Ltd.	15,680	31,071
Asia Cement Corp.	6,206	10,700
Far Eastern Department Store Corp.	-	404,300
Far Eastern International Leasing Corp.	-	17,145
	<u>\$ 160,295</u>	<u>\$ 543,852</u>

b. 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>				
2023	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,545</u>	1.25%-1.42%
2022	<u>\$ 1,500,000</u>	<u>\$ 400,000</u>	<u>\$ 3,219</u>	0.60%-1.31%

c. 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
<u>For the year ended December 31, 2023</u>							
Consumer loans	Seven individuals	\$ 4,445	\$ 2,957	\$ 2,957	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Fifty Four individuals	530,711	423,907	423,907	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,450,000	1,250,000	1,250,000	-	Real estate	No significant difference
	Far Eastern Department Store Corp.	750,000	750,000	750,000	-	Shares listed on TWSE and TPEX	No significant difference
	Everest Textile Co., Ltd.	744,914	744,341	744,341	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE and TPEX	No significant difference
	Others (Note)	1,694,723	<u>873,781</u>	<u>873,781</u>	<u>-</u>	Real estate, certificates of deposits and shares listed on TWSE and TPEX and shares unlisted on TWSE and TPEX	No significant difference
			<u>\$ 4,744,986</u>	<u>\$ 4,744,986</u>	<u>\$ -</u>		
<u>For the year ended December 31, 2022</u>							
Consumer loans	Nine individuals	5,860	\$ 2,845	\$ 2,845	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Fifty Four individuals	548,528	466,696	466,696	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co	1,400,000	1,050,000	1,050,000	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE and TPEX	No significant difference
	Far Eastern Department Store Corp.	500,000	500,000	500,000	-	Shares listed on TWSE and TPEX	No significant difference
	Bai Ding Investment Corporation	480,000	480,000	480,000	-	Shares listed on TWSE and TPEX	No significant difference
	Others (Note)	1,867,030	<u>803,610</u>	<u>803,610</u>	<u>-</u>	Real estate, certificates of deposits and shares listed on TWSE and TPEX and shares unlisted on TWSE and TPEX	No significant difference
			<u>\$ 4,003,151</u>	<u>\$ 4,003,151</u>	<u>\$ -</u>		

Note: The individual amount does not exceed 10% of the total disclosure amount.

The information related to the above loans is as follows:

	For the Year Ended December 31 2023	2022
Interest revenues	<u>\$ 64,221</u>	<u>\$ 41,279</u>
Interest rate	1.60%-6.55%	0.62%-5.50%
Provision for possible losses	<u>\$ 7,204</u>	<u>\$ 19,188</u>

Balances of related allowance for possible losses were \$49,569 thousand and \$42,365 thousand as of December 31, 2023 and 2022, respectively.

d. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
<u>For the year ended December 31, 2023</u>					
Yuan Long Stainless Steel Co.	\$ 60,000	\$ 30,000	\$ 300	0.60%	Real estate
Yuan Ding Co., Ltd.	30,000	30,000	300	0.80%	Shares unlisted on TWSE and TPEX
Ding Ding Hotel Co., Ltd.	15,000	15,000	150	0.80%	Shares unlisted on TWSE and TPEX
Others (Note)	340,480	-	-	0.30%-0.80%	Real estate
		<u>\$ 75,000</u>	<u>\$ 750</u>		
<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	65,480	655	0.40%-0.80%	Real estate, shares listed on TWSE and TPEX and shares unlisted on TWSE and TPEX
		<u>\$ 405,480</u>	<u>\$ 4,055</u>		

Note: The individual amount does not exceed 10% of the total disclosure amount.

e. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss) For the Year Ended	Balance Sheet	
					Items	Balance
<u>For the year ended December 31, 2023</u>						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2020.07.17-2028.01.10	\$ 1,877,063	\$ 23,008	Financial liabilities at FVTPL	\$ 54,833
Far Eastern New Century Corp.	Forward exchange contracts	2023.11.06-2024.03.29	1,170,174	27,433	Financial assets at FVTPL	27,433
		2023.11.08-2024.03.21	168,955	(7,425)	Financial liabilities at FVTPL	7,425
Everest Textile Co., Ltd.	Forward exchange contracts	2023.12.28-2024.01.18	27,969	71	Financial assets at FVTPL	71
		2023.12.13-2024.01.12	129,087	(2,457)	Financial liabilities at FVTPL	2,457
<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	768,474	25,173	Financial assets at FVTPL	25,173
		2022.10.20-2023.03.06	262,844	(9,397)	Financial liabilities at FVTPL	9,397
Asia Cement Corp.	Cross-currency swap contracts	2022.12.21-2023.12.26	1,381,860	(1,236)	Financial liabilities at FVTPL	696

f. Deposits

	December 31, 2023	December 31, 2022
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 51,384,542</u>	<u>\$ 53,950,784</u>
	<u>For the Year Ended December 31</u>	<u>2023</u>
	<u>2023</u>	<u>2022</u>
Interest expenses	<u>\$ 592,372</u>	<u>\$ 327,565</u>
Interest rate	0%-6.59%	0%-6.34%

g. Prepayments

	December 31, 2023	December 31, 2022
New Century InfoComm Tech Co., Ltd.	<u>\$ 10,471</u>	<u>\$ 21,283</u>

h. Acquisition of equipment

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
New Century InfoComm Tech Co., Ltd.	<u>\$ 15,745</u>	<u>\$ 28,786</u>

i. Lessee agreements

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of right-of-use assets		
Yuan Ding Co., Ltd.	<u>\$ 308,580</u>	<u>\$ 5,644</u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
Lease liabilities		
Yuan Ding Co., Ltd.	\$ 291,973	\$ 86,084
Pacific SOGO Department Stores Corp.	<u> -</u>	<u> 10,499</u>
	<u>\$ 291,973</u>	<u>\$ 96,583</u>

The Bank rented part of its office premises from Yuan Ding Co., Ltd., and Pacific SOGO Department Stores Corp. All the rent determinations and payment methods of leases are not significantly different from those of normal business practice of the Bank.

j. Service fee income

	For the Year Ended December 31	
	2023	2022
Far EasTone Telecommunications Co., Ltd.	\$ 36,520	\$ 28,396

k. Service fee expense

	For the Year Ended December 31	
	2023	2022
Ding Ding Integrated Marketing Service Co.	\$ 142,970	\$ 142,319
Far Eastern Department Store Corp.	20,909	20,085
Far Eastern Electronic Toll Collection Co.	<u>10,780</u>	<u>10,053</u>
	<u>\$ 174,659</u>	<u>\$ 172,457</u>

l. Operating expenses

	For the Year Ended December 31	
	2023	2022
Far Eastern Department Store Corp.	\$ 86,364	\$ 89,737
New Century InfoComm Tech Co., Ltd	49,316	35,304
Pacific SOGO Department Stores Corp.	39,263	55,450
Yuan Ding Co., Ltd.	22,440	18,337
Ding Ding Hotel Co., Ltd.	13,746	9,026
Oriental Securities Corporation	10,819	11,738
Far East Memorial Hospital	<u>21</u>	<u>10,334</u>
	<u>\$ 221,969</u>	<u>\$ 229,926</u>

m. Others

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 refund business in January 2023, and recognized related service fee income of \$15,607 thousand for the year ended December 31, 2023.

n. Compensation of key management personnel (Note 31)

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 237,856	\$ 188,399
Post-employment benefits	<u>5,764</u>	<u>3,591</u>
	<u>\$ 243,620</u>	<u>\$ 191,990</u>

39. PLEDGED ASSETS

	December 31, 2023	December 31, 2022
Financial assets at FVTOCI - Government bonds	\$ 3,577,607	\$ 3,526,769
Investment in debt instruments at amortized cost - Negotiable certificates of deposits	2,400,000	2,200,000
Other financial assets - Restricted time deposits	<u>3,464,560</u>	<u>2,204,700</u>
	<u>\$ 9,442,167</u>	<u>\$ 7,931,469</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 have been provided as collaterals for maximum daylight overdraft facilities of the RMB.

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, 2023 and 2022 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, 2023	December 31, 2022
<u>Assets</u>		
Deposits in banks	\$ 10,333,098	\$ 8,837,267
Accounts receivable	5,715	3,656
Funds	57,967,813	53,715,259
Equity shares	5,535,607	4,957,320
Bonds	7,198	-
Real estate, net		
Land	9,887,032	8,431,449
Building	272,729	27,385
Construction in progress	7,006,706	5,834,805
Intangible assets		
Superficies	13,471	13,471
Marketable securities in custody	7,988,797	8,037,118
Others	<u>2,827,561</u>	<u>2,802,981</u>
	<u>\$ 101,845,727</u>	<u>\$ 92,660,711</u>

(Continued)

	December 31, 2023	December 31, 2022
<u>Liabilities</u>		
Accounts payable	\$ 2,759	\$ 2,146
Income tax payable	349	201
Marketable securities in custody payable	7,988,797	8,037,118
Trust capital	92,035,823	83,178,357
Reserve and earnings		
Net income or loss for current period	1,283,753	491,723
Accumulated profit or loss	534,212	951,133
Exchange	<u>34</u>	<u>33</u>
	<u>\$ 101,845,727</u>	<u>\$ 92,660,711</u>
		(Concluded)

Income Statements of Trust Accounts

	<u>For the Year Ended December 31</u>	
	2023	2022
Trust revenue		
Interest	\$ 74,098	\$ 39,548
Cash dividends	2,542,233	2,232,989
Realized capital gain - Funds	590,846	462,742
Realized capital gain - Ordinary shares	3,783	6,895
Unrealized capital gain - Funds	6,600	22,201
Unrealized capital gain - Ordinary shares	180,845	75,026
Unrealized capital gain - Bonds	<u>2</u>	<u>-</u>
	<u>3,398,407</u>	<u>2,839,401</u>
Trust expenses		
Management	50,579	34,139
Supervision	278	442
Service charges	239,916	311,032
Taxes	5,665	75,762
Realized capital loss - Funds	1,810,354	1,897,372
Realized capital loss - Ordinary shares	11	-
Unrealized capital loss - Funds	6,078	22,693
Unrealized capital loss - Ordinary shares	-	5,650
Unrealized capital loss - Bonds	<u>256</u>	<u>-</u>
	<u>2,113,137</u>	<u>2,347,090</u>
Net income before tax	1,285,270	492,311
Income tax	<u>1,517</u>	<u>588</u>
Net income	<u>\$ 1,283,753</u>	<u>\$ 491,723</u>

Trust Asset Lists

	December 31, 2023	December 31, 2022
Deposits in banks	\$ 10,333,098	\$ 8,837,267
Funds	57,967,813	53,715,259
Equity shares	5,535,607	4,957,320
Bonds	7,198	-
Accounts receivable	5,715	3,656
Real estate, net		
Land	9,887,032	8,431,449
Building	272,729	27,385
Construction in progress	7,006,706	5,834,805
Intangible assets		
Superficies	13,471	13,471
Marketable securities in custody	7,988,797	8,037,118
Others	<u>2,827,561</u>	<u>2,802,981</u>
	<u>\$ 101,845,727</u>	<u>\$ 92,660,711</u>

As of December 31, 2023 and 2022, funds amounting to \$1,569,973 thousand and \$1,395,120 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, 2023			December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 4,357,715	30.735	\$ 133,934,374	\$ 3,665,728	30.708	\$ 112,567,170
CNY	2,469,404	4.331	10,694,250	2,494,905	4.409	11,001,035
AUD	499,985	21.003	10,501,086	331,902	20.832	6,914,277
HKD	1,929,255	3.934	7,590,074	1,608,935	3.938	6,336,470
EUR	149,129	34.033	5,075,295	44,315	32.724	1,450,174
JPY	18,590,566	0.217	4,039,730	9,963,939	0.232	2,315,619
ZAR	1,107,634	1.658	1,836,458	977,702	1.813	1,772,182
<u>Financial liabilities</u>						
Monetary items						
USD	4,283,313	30.735	131,647,619	3,578,295	30.708	109,882,292
CNY	2,468,491	4.331	10,690,294	2,471,504	4.409	10,897,852
AUD	500,136	21.003	10,504,253	332,744	20.832	6,931,817
HKD	1,855,117	3.934	7,298,399	1,583,533	3.938	6,236,428
EUR	149,078	34.033	5,073,543	43,947	32.724	1,438,136
JPY	18,602,298	0.217	4,042,279	9,656,874	0.232	2,244,258
ZAR	1,122,190	1.658	1,860,590	979,937	1.813	1,776,234

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

In order to reflect the credit risk of the counterparty and the credit quality of the Bank, 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. 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.
- b) Debit Value Adjustment (the "DVA") is the reflection of possibility that the Bank is likely to default and the uncertainty that the Bank may not be able to reimburse for the entire market value. The DVA is calculated by multiplying PD (under zero default rate of the counterparty), LGD and EAD of the Bank together.

The Bank follows the advice in “The disclosure guidelines of CVA and DVA under IFRS 13” issued by the TWSE. The Bank uses the appropriate ratio as the counterparty’s LGD and PD, calculates the EAD based on the fair value method and incorporates credit risk adjustments into measuring the fair value of financial instruments.

4) The definition of measuring three levels of the fair value of financial instruments

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, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 10,323,464	\$ 10,323,464	\$ -	\$ -
Equity investments	858,711	858,711	-	-
Beneficiary certificates	200,145	200,145	-	-
Financial assets at FVTOCI				
Equity instruments	3,469,057	3,203,816	-	265,241
Debt instruments				
Bonds investments	53,416,760	53,416,760	-	-
Bills investments	7,373,967	-	7,373,967	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	7,685,804	678	7,583,881	101,245
Financial liabilities at FVTPL	8,397,692	1,060	8,386,119	10,513
<u>Hybrid contract</u>				
Financial assets at FVTPL	21,778,283	102,096	21,676,187	-

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	125	9,438,886	51,032
Financial liabilities at FVTPL	8,689,238	155	8,640,055	49,028
<u>Hybrid contract</u>				
Financial assets at FVTPL	21,324,468	153,224	21,171,244	-

2) Fair value information levels transfers between Level 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

3) Fair value measurement information of Level 3 financial instruments

a) Movements of Level 3 financial assets

For the Year Ended December 31, 2023

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	\$ 51,032	\$ 16,082	\$ -	\$ 73,560	\$ -	\$ (39,429)	\$ -	\$ 101,245
Financial assets at FVTOCI	259,368	-	15,690	-	-	(9,817)	-	265,241
Total	\$ 310,400	\$ 16,082	\$ 15,690	\$ 73,560	\$ -	\$ (49,246)	\$ -	\$ 366,486

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

b) Movements of Level 3 financial liabilities

For the Year Ended December 31, 2023

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	\$ 49,028	\$(11,638)	\$ -	\$ -	\$(26,877)	\$ -	\$ 10,513

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

c) Related information of significant unobservable parameters used to measure fair value

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, 2023	\$ 101,245	Default probability model	Credit separation	0.45%-1.60%	The increase of credit separation decreases its fair value.
December 31, 2022	51,032	Default probability model	Credit separation	0.45%-1.22%	
<u>Investments in equity</u>					
December 31, 2023	253,007	Income approach - cash dividend discount method	Without open market marketable discount	19.38%	The increase of discount decreases its fair value
	12,234	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
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
<u>Derivative financial liabilities</u>					
December 31, 2023	10,513	Default probability model	Credit separation	0.45%-1.60%	The increase of credit separation decreases its fair value.
December 31, 2022	49,028	Default probability model	Credit separation	0.45%-1.22%	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 is from specific departments independent of the business unit or external experts evaluating report, 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, 2023		December 31, 2022	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Mandatorily at FVTPL	\$ 1,240	\$ (5,054)	\$ 1,967	\$ (4,346)
<u>Liabilities</u>				
Financial liabilities at FVTPL	320	(320)	2,539	(2,678)

Item	Impact on Other Comprehensive Income and Losses			
	December 31, 2023		December 31, 2022	
	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 carrying amount of financial assets and liabilities which not measured at fair value is close to fair value, except for the carrying amount of those measured at cost and of the items below:

December 31, 2023

	Carrying Amount	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 132,436,004	\$ 132,370,577	\$ 36,735,457	\$ 95,635,120
<u>Financial liabilities</u>				
Bank debentures	16,901,900	16,912,749	-	16,912,749

December 31, 2022

	Carrying Amount	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

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, use both qualitative (such as each operating procedure), quantitative (such as asset quality ratios) indexes from internal and external risk management regulations and set relevant risk appetites 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.

The Assets and Liabilities Management Committee and the Risk Management Committee have been formed to examine and manage the Bank's risks, assess the execution of risk management policies and evaluate risk tolerance. The general manager is the convener and is responsible for designating relevant department heads to serve as committee members.

The Risk Management Group comprises the Risk Control Department, Corporate Banking Department and Retail Banking Department, which directly manage financial 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 and operating procedures for 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.

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 predicted 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) 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-mentioned “PD” and “LGD” are determined based on each group’s historical information (such as credit loss experience) from internal statistical data and adjustment of 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.

d) 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. Financial assets which has been written off still possibly do the recovery of debt and institute legal proceedings continuously under related policies.

The above-mentioned 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.

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, shares and bonds guaranteed by financial institutions) and real estate such as land and buildings. Shares 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, 2023	December 31, 2022
Unused portion of credit card lines	\$ 172,423,754	\$ 195,837,665
Guarantees and standby L/Cs	13,597,354	15,878,608
Irrevocable loan commitments	18,423,021	13,901,262

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.

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, 2023

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 286,458,734	\$ 70,627,638	\$ 116,737,630	\$ 473,824,002
Receivables - credit card	-	-	12,055,146	12,055,146
Factoring	-	-	1,275,892	1,275,892
Receivables - acceptances	-	22,559	21,206	43,765
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	172,423,754	172,423,754
Guarantee	2,521,128	3,864,532	6,051,862	12,437,522
Letters of credit issued	10,458	746,497	402,877	1,159,832
Irrevocable loan commitments	<u>1,074,293</u>	<u>1,922,349</u>	<u>15,426,379</u>	<u>18,423,021</u>
	<u>\$ 290,064,613</u>	<u>\$ 77,183,575</u>	<u>\$ 324,394,746</u>	<u>\$ 691,642,934</u>

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
Factoring	-	-	2,061,981	2,061,981
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>\$ 320,992,422</u>	<u>\$ 684,755,171</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 credit-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, 2023</u>			
Receivables			
Credit cards	\$ 850,236	\$ 220,969	\$ -
Others	72,260	48,636	804
Discounts and loans	<u>1,664,416</u>	<u>375,911</u>	<u>361,944</u>
	<u>\$ 2,586,912</u>	<u>\$ 645,516</u>	<u>\$ 362,748</u>
<u>December 31, 2022</u>			
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>

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, 2023		December 31, 2022	
	Amount	%	Amount	%
Finance and insurance	\$ 80,199,995	17	\$ 73,532,284	17
Manufacturing	62,177,786	13	45,622,667	10
Real estate	<u>34,238,765</u>	<u>7</u>	<u>35,219,236</u>	<u>8</u>
	<u>\$ 176,616,546</u>	<u>37</u>	<u>\$ 154,374,187</u>	<u>35</u>

b) By geography

Region	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Taiwan	\$ 420,259,030	89	\$ 389,650,414	88
Asia Pacific except Taiwan	32,907,514	7	31,691,958	7
Others	<u>20,657,458</u>	<u>4</u>	<u>22,739,952</u>	<u>5</u>
	<u>\$ 473,824,002</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Unsecured	\$ 187,365,268	39	\$ 161,572,379	37
Secured				
Real estate	245,738,662	52	240,922,149	54
Financial collateral	23,081,334	5	23,606,709	5
Movable property	16,945,514	4	17,272,119	4
Others	<u>693,224</u>	<u>-</u>	<u>708,968</u>	<u>-</u>
	<u>\$ 473,824,002</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>

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:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- 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
- 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, 2023	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	\$ 1,470,443	\$ 19,051	\$ -	\$ -	\$ -	\$ 1,489,494
Funds borrowed from the Central Bank and other banks	-	-	-	133,333	-	133,333
Securities sold under repurchase agreements	1,261,101	-	-	-	-	1,261,101
Payables	2,499,308	866,218	1,190,068	685,955	513,257	5,754,806
Deposits and remittances	90,486,897	117,844,352	108,994,023	178,577,408	165,123,248	661,025,928
Bank debentures	1,900	2,500,000	-	3,500,000	10,900,000	16,901,900
Principal received on structured products	45,095	78,398	132,161	191,063	33,693,018	34,139,735
Other financial liabilities	-	-	-	-	786,490	786,490
Lease liabilities	35,390	65,255	86,903	170,171	698,427	1,056,146
Total	\$ 95,800,134	\$ 121,373,274	\$ 110,403,155	\$ 183,257,930	\$ 211,714,440	\$ 722,548,933

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 agreements	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	1,900	-	-	4,000,000	16,900,000	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	\$ 106,187,176	\$ 133,763,862	\$ 94,589,759	\$ 152,660,623	\$ 187,389,058	\$ 674,590,478

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 \$293,611,470 thousand and \$275,525,358 thousand as of December 31, 2023 and 2022, 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, 2023	<u>\$ 307,793</u>	<u>\$ 185,312</u>	<u>\$ 205,322</u>	<u>\$ 698,427</u>
December 31, 2022	<u>\$ 193,747</u>	<u>\$ 140,864</u>	<u>\$ 204,801</u>	<u>\$ 539,412</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, 2023	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	\$ 67	\$ 1,305	\$ 1,241	\$ 2,024	\$ -	\$ 4,637
Interest rate derivatives	8,589	13,160	7,652	58,282	3,000,938	3,088,621
Total	\$ 8,656	\$ 14,465	\$ 8,893	\$ 60,306	\$ 3,000,938	\$ 3,093,258

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

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, 2023	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	\$ 123,113,100	\$ 88,926,009	\$ 24,050,629	\$ 6,603,089	\$ 599,060	\$ 243,291,887
Cash inflow	121,089,753	87,072,176	23,650,752	6,656,536	614,700	239,083,917
Interest rate derivatives						
Cash outflow	1,844,100	614,700	-	-	-	2,458,800
Cash inflow	1,719,400	557,400	-	-	-	2,276,800
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	2,175	2,151	4,303	15,930	24,559
Subtotal of cash outflow	124,957,200	89,540,709	24,050,629	6,603,089	599,060	245,750,687
Subtotal of cash inflow	122,809,153	87,631,751	23,652,903	6,660,839	630,630	241,385,276
Net cash flow	\$ (2,148,047)	\$ (1,908,958)	\$ (397,726)	\$ (57,750)	\$ 31,570	\$ (4,365,411)

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)

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, 2023	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	\$ 18,423,021	\$ -	\$ -	\$ -	\$ -	\$ 18,423,021
Irrevocable credit card commitments	172,423,754	-	-	-	-	172,423,754
Issued but unused letters of credit	1,159,832	-	-	-	-	1,159,832
Other guarantees	11,150,441	1,033,400	-	-	253,681	12,437,522
Total	\$ 203,157,048	\$ 1,033,400	\$ -	\$ -	\$ 253,681	\$ 204,444,129

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

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 first identifies the market risk factors of the exposure positions (such as interest rates, share price, foreign exchange rates, commodity price, etc.) and then 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 shares listed on TWSE and TPEX and beneficiary certificates, the Bank sets the limit of investment in each share 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 variables remain constant, where the interest rate increases/decreases by 1 bps, there would be an decrease/increase of \$1,150 thousand in income before income tax for the year ended December 31, 2023. There would be a increases/decreases of \$2,785 thousand in income before income tax for the year ended December 31, 2022. There would be a decrease/increase of \$28 thousand and \$26 thousand in other comprehensive income for the years ended December 31, 2023 and 2022, 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 \$1,172 thousand in income before income tax for the year ended December 31, 2023. There would be a decreases/increases of \$50,651 thousand in income before income tax for the year ended December 31, 2022.

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 \$4,401 thousand and \$1,113 thousand in income before income tax for the years ended December 31, 2023 and 2022, 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, 2023 and 2022; changes in commodity prices have no impact on income before income tax for the years ended December 31, 2023 and 2022.

f. 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, 2023	
	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities
FVTOCI - transactions under repurchase agreements	\$ 84,988	\$ 81,347
Amortized cost - transactions under repurchase agreements	1,225,372	1,174,419

Items	December 31, 2022	
	Carrying Amount of Transferred Financial Assets	Carrying Amount 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

g. 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 gross amount. In the event of default involving one of the parties, the other party can be choose to settled the transaction at net amount.

Information of the above-mentioned financial assets and financial liabilities that are offset, and have an exercisable master netting arrangement or similar agreement is summarized as follows:

December 31, 2023

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	\$ 7,685,804	\$ -	\$ 7,685,804	\$ 1,694,023	\$ 235,661	\$ 5,756,120
Bills and notes purchased under resale agreements	2,241,295	-	2,241,295	2,241,295	-	-
	<u>\$ 9,927,099</u>	<u>\$ -</u>	<u>\$ 9,927,099</u>	<u>\$ 3,935,318</u>	<u>\$ 235,661</u>	<u>\$ 5,756,120</u>

Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Assets in the Balance Sheets	Net Amount of Financial Liabilities Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 8,397,692	\$ -	\$ 8,397,692	\$ 1,694,023	\$ 1,918,341	\$ 4,785,328
Bills and notes sold under repurchase agreements	<u>1,255,766</u>	<u>-</u>	<u>1,255,766</u>	<u>1,255,766</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,653,458</u>	<u>\$ -</u>	<u>\$ 9,653,458</u>	<u>\$ 2,949,789</u>	<u>\$ 1,918,341</u>	<u>\$ 4,785,328</u>

December 31, 2022

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 Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Assets in the Balance Sheets	Net Amount of Financial Liabilities 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>

h. 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, 2023					
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)	
Business	Corporate Banking						
	Secured	\$ 101,119	\$ 70,288,254	0.14%	\$ 954,182	943.62%	
	Unsecured	79,935	156,579,157	0.05%	1,745,580	2,183.75%	
	Residential mortgage (Note d)	38,251	136,368,876	0.03%	2,051,244	5,362.59%	
Consumer Banking	Cash card	-	-	-	-	-	
	Small-scale credit loan (Note e)	239,839	23,708,204	1.01%	415,760	173.35%	
	Others (Note f)	Secured	51,980	79,801,604	0.07%	850,715	1,636.62%
		Unsecured	402	7,077,907	0.01%	78,360	19,492.54%
Total		511,526	473,824,002	0.11%	6,095,841	1,191.70%	
Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	
Business							
Credit card		38,221	12,055,146	0.32%	306,011	800.64%	
Accounts receivable factored without recourse (Note g)		-	1,275,892	-	15,808	-	

Business \ 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	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		December 31, 2022				
		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)		-	2,061,981	-	23,923	-

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

Item	December 31, 2023		December 31, 2022	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Business				
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 6,800	\$ 28,185	\$ 12,532	\$ 44,409
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	985,611	690,800	1,100,747	782,313
Total	992,411	718,985	1,113,279	826,722

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, 2023		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6491 - financial leasing industry	\$ 7,952,268	14
2	B Group - 6700 - real estate development activities	7,671,837	13
3	C Group - 4652 - wholesale of motorcycles	7,082,462	12
4	D Group - 2630 - manufacture of bare printed circuit boards	4,535,603	8
5	E Group - 2413 - rolling and extruding of iron and steel	4,318,341	7
6	F Group - 6491 - financial leasing industry	4,288,000	7
7	G Group - 6499 - other financial service activities not elsewhere classified	3,444,288	6
8	H Group - 6700 - real estate development activities	3,387,842	6
9	I Group - 6700 - real estate development activities	3,273,000	6
10	J Group - 2711 - manufacture of computers	3,139,334	5

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	B Group - 6700 - real estate development activities	\$ 12,259,031	22
2	A 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	K Group - 4642 - electricity transmission and distribution enterprise	3,141,397	6
8	L Group - 6429 - other holding companies	2,983,918	5
9	M Group - 6499 - other financial service activities not elsewhere classified	2,945,000	5
10	N Group - 6429 - other holding companies	2,799,138	5

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, 2023

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 374,525,419	\$ 177,639,912	\$ 11,530,497	\$ 66,396,008	\$ 630,091,836
Interest rate-sensitive liabilities	231,110,850	211,618,003	98,649,877	15,584,081	556,962,811
Interest rate sensitivity gap	143,414,569	(33,978,091)	(87,119,380)	50,811,927	73,129,025
Net worth					58,874,812
Ratio of interest rate-sensitive assets to liabilities					113.13%
Ratio of interest rate-sensitivity gap to net worth					124.21%

**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%

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, 2023**

(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	\$ 2,164,880	\$ 169,005	\$ 167,972	\$ 270,752	\$ 2,772,609
Interest rate-sensitive liabilities	3,724,888	291,977	200,937	-	4,217,802
Interest rate sensitivity gap	(1,560,008)	(122,972)	(32,965)	270,752	(1,445,193)
Net worth					1,915,562
Ratio of interest rate-sensitive assets to liabilities					65.74%
Ratio of interest rate-sensitivity gap to net worth					(75.44%)

**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%)

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, 2023	For the Year Ended December 31, 2022
Return on total assets	Before tax	0.61%	0.57%
	After tax	0.55%	0.50%
Return on equity	Before tax	8.23%	7.99%
	After tax	7.33%	7.03%
Net income ratio		33.34%	31.99%

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, 2023

	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	\$ 815,024,737	\$ 130,802,824	\$ 104,616,975	\$ 123,624,151	\$ 57,973,677	\$ 74,340,828	\$ 323,666,282
Main capital outflow on maturity	1,018,474,503	86,451,475	101,299,595	191,142,741	183,984,711	219,723,406	235,872,575
Gap	(203,449,766)	44,351,349	3,317,380	(67,518,590)	(126,011,034)	(145,382,578)	87,793,707

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

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

b) For U.S. dollar items

December 31, 2023

(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	\$ 10,637,060	\$ 5,069,808	\$ 2,202,044	\$ 829,755	\$ 700,032	\$ 1,835,421
Main capital outflow on maturity	11,988,056	4,278,600	3,243,134	1,710,469	1,608,312	1,147,541
Gap	(1,350,996)	791,208	(1,041,090)	(880,714)	(908,280)	687,880

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

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 Risk 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, 2023	December 31, 2022	
Regulatory capital	Common equity	\$ 56,590,146	\$ 53,344,447	
	Additional Tier I capital	2,900,000	2,900,000	
	Tier II capital	11,486,674	12,080,056	
	Total common capital	70,976,820	68,324,503	
Risk-weighted assets	Credit risk	Standardized approach	438,525,154	424,484,834
		Internal rating-based approach	-	-
		Asset securitization	359,516	393,738
	Operational risk	Basic indicator approach	21,249,113	20,321,238
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	12,092,150	13,375,863
		Internal models approach	-	-
	Total risk-weighted assets		472,225,933	458,575,673
Capital adequacy ratio		15.03%	14.90%	
Ratio of common equity to risk-weighted assets		11.98%	11.63%	
Ratio of Tier I capital to risk-weighted assets		12.60%	12.27%	
Leverage ratio		6.83%	6.73%	

Consolidated

		December 31, 2023	December 31, 2022	
Regulatory capital	Common equity	\$ 56,574,559	\$ 53,332,585	
	Additional Tier I capital	2,900,000	2,900,000	
	Tier II capital	11,458,832	12,087,994	
	Total common capital	70,933,391	68,320,579	
Risk-weighted assets	Credit risk	Standardized approach	436,297,730	421,744,787
		Internal rating-based approach	-	-
		Asset securitization	359,516	393,738
	Operational risk	Basic indicator approach	21,473,288	20,432,013
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	12,092,150	13,375,863
		Internal models approach	-	-
	Total risk-weighted assets		470,222,684	455,946,401
Capital adequacy ratio		15.09%	14.98%	
Ratio of common equity to risk-weighted assets		12.03%	11.70%	
Ratio of Tier I capital to risk-weighted assets		12.65%	12.33%	
Leverage ratio		6.82%	6.73%	

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, 2023

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ -	\$ 133,333	\$ -	\$ -	\$ 133,333
Securities sold under repurchase agreement	4,598,749	(3,392,676)	49,693	-	1,255,766
Bank debentures	20,901,900	(4,000,000)	-	-	16,901,900
Other financial liabilities	1,875,578	(1,089,088)	-	-	786,490
Lease liabilities	866,417	(377,178)	(345)	547,510	1,036,404
	<u>\$ 28,242,644</u>	<u>\$ (8,725,609)</u>	<u>\$ 49,348</u>	<u>\$ 547,510</u>	<u>\$ 20,113,893</u>

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	1,014,799	(385,030)	5,646	231,002	866,417
	<u>\$ 25,186,349</u>	<u>\$ 2,916,457</u>	<u>\$ (91,164)</u>	<u>\$ 231,002</u>	<u>\$ 28,242,644</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: Table 1 (attached)
 - 2) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: Table 2 (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 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

TABLE 1

FAR EASTERN INTERNATIONAL BANK LTD.

**MARKETABLE SECURITIES ACQUIRED OR SOLD AT COSTS OR PRICES AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars)

Buyer/Seller	Type and Name of Securities	Account	Transaction Counterparty	Relationship	Beginning of Year		Purchase (Note 1)		Number of Shares	Sale			End of Year (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount		Number of Shares	Selling Price	Book Cost	Gain or Loss on Disposal	Number of Shares
The Bank	Dah Chung Bills Financial Corp. Shares	Investment accounted for using equity method	Tripai Fibon Commercial Bank Co., Ltd.	Unrelated parties	101,907,869	\$ 1,727,460	34,739,848	\$ 619,335	-	\$ -	\$ -	-	136,647,717	\$ 2,576,171

Note 1: Included the purchase price of \$425,967 thousand, the recognition of the gain from the bargain purchase of \$193,188 thousand and the other acquisition cost of \$180 thousand.

Note 2: In addition to the purchase price in this period, the share of profit of \$79,726 thousand, other comprehensive income (loss) of \$170,031 thousand, and cash dividends received of \$20,381 thousand.

TABLE 2

FAR EASTERN INTERNATIONAL BANK LTD.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	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, 2023**
(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	\$ 16,012	\$ 15,591	\$ 15,591	6%-10%	1	\$ 17,266	-	\$ 312	Real estate	\$ 32,674	\$ 317,281	\$ 1,057,602

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.

TABLE 4

FAR EASTERN INTERNATIONAL BANK LTD.

RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	
Held by the Bank									
Financial business Deutsche Far Eastern Asset Management Co., Ltd. Dat 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 29.58	\$ 158,980 2,576,171	\$ 18,226 79,726	12,000 136,681	- -	12,000 136,681	40.00 29.58
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	1,705,561	57,444	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	402,276	(15,678)	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	4,177 2,867	- -	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	253,007	-	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	-	-	-	-	-	-	-
Nonfinancial business An Feng Enterprise Co., Ltd.	3F., No. 139, Jhenghou Road, Taipei, Taiwan	ATM maintenance, replacement and repair	10.00	5,190	-	300	-	300	10.00
Held by Far Eastern Asset Management Co., Ltd.									
Financial business FEIB Financial Leasing Co., Ltd.	8F., Far Eastern Plaza, No. 28, Bailianjing Road, Pudong New District, Shanghai, China	Leasing operation	100.00	1,057,602	28,275	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:

- 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.

Note 3: Yuan Hsin Digital Payment Co., Ltd. had obtained the approval of dissolution from the Ministry of Economic Affairs on January 31, 2023, and the liquidation process was completed on July 12, 2023. However, the liquidation process shall be reported to the court for future reference after approval by tax authority.

FAR EASTERN INTERNATIONAL BANK LTD.

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(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, 2023	Investment Flow (Note 4)		Accumulated Outflow of Investment as of December 31, 2023 (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, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	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)	\$ 28,275 (CNY 6,392 thousand)	100.00	\$ 28,275 (CNY 6,392 thousand)	\$ 1,057,602	\$ -	

Accumulated Investment in Mainland China as of December 31, 2023 (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)	\$1,023,337

Note 1: Routes of investment in mainland China are listed below:

- Direct investment.
- Investment via third place company (state third place investment company).
- 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 2023.

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
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