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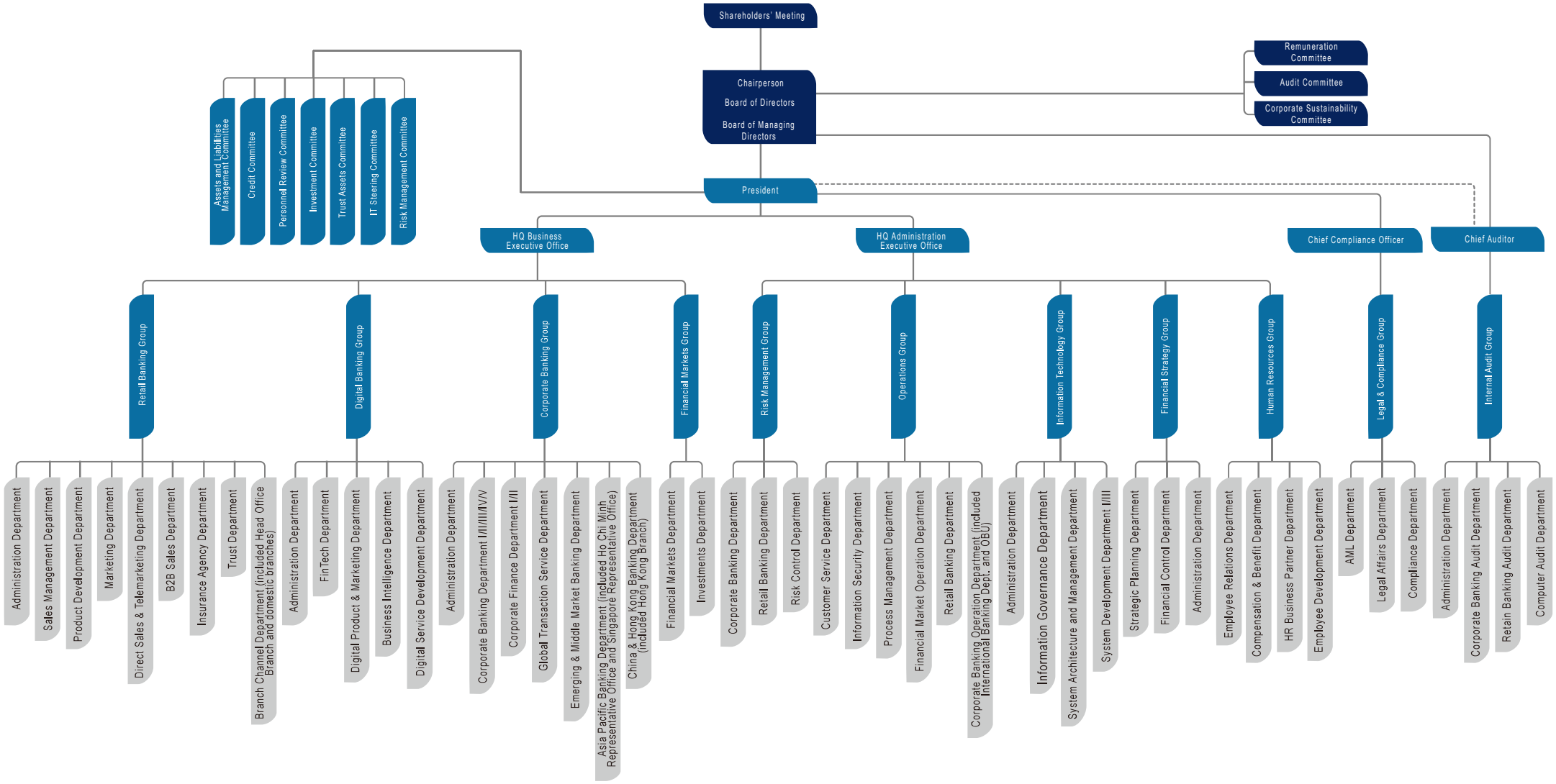
Turbulent situation brings risks and challenges and comes with opportunities and hope. In the ever-changing era, emerging risk, technologically innovative development, customer behavior change, and evolution of regulations and supervision rules affect each other. Operation in financial industry must ensure internal stability and reinforce external agility at the same time. This aims to prevent damaging investors' rights, and prevent stakeholders from losing confidence in financial system. Both of these problems hinder development of economy, industry and society. Far Eastern International Bank drew up the Corporate Governance Guidelines and Ethical Management Principles, and built an effective corporate governance structure, to ensure compliance, enhance internal management and monitoring mechanism, increase investment value and social reputation of the company, and pursue long-term, stable performance growth and sustainable operation. We endeavor to give back to shareholders, take care of employees, gain national economic capital, inherit social wealth, and build a competitive, reliable long-lasting foundation.

Join the third-party evaluation

We join the corporate governance evaluation held by TWSE every year. Through objective, professional evaluation, we aim to find out the possibility for improving ourselves in five governance aspects and internal control system, including maintaining shareholders' rights, fair treatment to shareholders, reinforcing the structure and operation of the Board of Directors, enhancing information transparency, and fulfilling the corporate social responsibility. The 9th term of evaluation results released in 2023 indicates that we are in top 5% in the Listed Company Group, as good as previous year.

Governance structure and organization chart of Far Eastern International Bank



Base date: December 31, 2022

Operation of the Board of Directors

We treat shareholders fairly and enhance transparency of director nomination and review. Directors candidates nomination system is adopted for director election. The Board of Directors chooses an independent accounting firm to check finance and internal control. It regularly discusses with internal auditors on internal control system. In 2022, general key points to operation of the Board of Directors are shown below:

Diverse director composition

1. Directors have professional educational background and experience. Their background includes finance, banking, law and management, and they have worked in the industry, government agency or academic institution. Their abilities cover the fields of international market perspective, industrial knowledge, operation management, and financial analysis. Therefore, they are able to bear the responsibility for making business judgments and major decisions in the financial industry, supervising the management team and management risk in a complicated, ever-changing environment.
2. Among the 11th term of the Board of Directors, there's no director who's also an employee. One independent director holds the post over six years and one holds the post over four years but less than six years. Four directors are over 81 years old, three of them are between 71 to 80 years old, and three of them are between 61 to 70 years old.
3. We care about gender equality of the Board of Directors. The Chairperson is a female and 30% of the members are female. We achieved the goal of making sure that 25% of the members have the same gender.
4. The policy on diversity of the Board of Directors is announced in the Corporate Governance Section of the website.

Overall attendance

1. The Board of Directors held six meetings in the year. The overall attendance is 91%.
2. The Shareholders' Meeting was held on June 16. More than half of the directors attended the Meeting themselves. The convener of the Audit Committee attended the Meeting via video conferencing.

Continuing education of directors

Directors took refresher courses on news regarding development of corporate governance. The number of hours of courses they took reached or exceeded the annual number of hours required by law. Courses include corporate sustainability topics such as "Corporate Digital Transition," "Major Trend of ESG/CSR and Sustainable Governance," and "Three Principles and Cases on Ethical Management, Corporate Governance, and Corporate Social Responsibility."

Independence of directors and management of conflicts of interest

At the board meeting, for discussion and voting on bills that a director or the entity the director represents has a stake in, recusal is mandatory. The director may not exercise voting rights on behalf of other directors. Evasion of conflict of interest regarding bills is disclosed fully and accurately in our annual report.

Performance evaluation of the Board of Directors

> Internal evaluation: Conduct performance evaluation of the Board of Directors and functional committee every year. All members and individual members are evaluated. All decision-making units conduct overall evaluation based on the rubrics. Individual members fill out the self-evaluation survey based on their position. The Administration Department collects surveys to grade the members.

> External evaluation: In April 2022, we authorize EY Business Advisory Services Inc. to conduct external evaluation every three years. The first evaluation period is from 2020 to 2022. The evaluation result shows that our comprehensive performance in all aspects, e.g. structure of the Board of Directors, member process and information of the member, is rated "Advanced," conforming to basic requirements specified by competent authorities and specified in relevant laws. "Advanced" also means that we have an existing, effective practice or we voluntarily improved our performance in all aspects.

Performance evaluation of the Board of Directors in 2022		
Scope of Evaluation		Score
Board of Directors	Overall evaluation	100.0
	Self-evaluation of director	96.1
Audit Committee	Overall evaluation	100.0
	Self-evaluation of director	98.5

Director Summary

The 11th director's term of office starts from July 20, 2021 and it is three years. Director's information is as follows:

Title	Name	Date of first appointment	Primary education and experience	Concurrent positions in our bank and other companies
Chairperson	Representative of Yue Ding Industry Co., Ltd.: Hou Chin Ying	05.19.1995	• M.A. in Economics, Vanderbilt University • B.A. in Economics, and M.A. in Economics, National Taiwan University • Chair and Professor, Department of Money and Banking, National Chengchi University • Chairperson, Taiwan Academy of Banking and Finance • Supervisor, Far Eastern New Century Corporation	• Director, Southern Taiwan University of Science and Technology
Deputy Chairperson	Douglas Hsu	12.09.1991	• Honorary Doctorate in Management, National Chiao Tung University • MBA, University of Notre Dame • M.A. in Economics, Columbia University • Chairperson, Far Eastern New Century Corporation	• Chairperson, Far Eastern New Century Corporation • Chairperson, Asia Cement Corporation • Chairperson, Far Eastern Dept. Store, Ltd. • Chairperson, Far EasTone Telecommunications Co., Ltd. • Chairperson, U-Ming Marine. • Chairperson, Oriental Union Chemical Corp. • Director, Everest Textile Co., Ltd. • Director, Yuan Ze University
Executive director	Representative of Far Eastern New Century Corporation: Hsiao-I Wang	12.09.1991	• Graduate school credit class in Management, National Taiwan University • B.A. in Business Administration, National Chung Hsing University • Director and Chief Senior Vice President, Far Eastern New Century Corporation	• Director and Charity Business CEO, Far Eastern New Century Corporation • Director, Far Eastern Asset Management Corporation • Director, Yuan Ze University

Title	Name	Date of first appointment	Primary education and experience	Concurrent positions in our bank and other companies
Executive director	Representative of Asia Cement Corporation: Tsung-Ming Chung	05.29.2003	• MBA, National Chengchi University • Accountant, Deloitte Taiwan	• Chairperson, Dynapack International Technology Corporation • Chairperson, Vactronics Technologies Inc.
Director	Representative of Far Eastern New Century Corporation: Humphrey Cheng	06.27.2006	• M.A. in International Business, National Taiwan University • M.A. in Law, National Chung Hsing University • Vice President, Far Eastern New Century Corporation	• President, Far Eastern New Century Corporation • Chairperson, Deutsche Far Eastern Asset Management Company (Limited) • Director, Oriental Union Chemical Corp. • Director, Ding Ding Integrated Marketing Service Co., Ltd. • Supervisor, Far Eastern Asset Management Corporation • Director, Yuan Ze University
Director	Representative of Far Eastern New Century Corporation: James Wu	06.15.2017	• MBA, University of Missouri • B.A. in Law, National Taiwan University • President, Taiwan Branch, Deutsche Bank • Deputy Chairperson in Taiwan, Citibank National Association • President of Fubon Bank (Hong Kong) Limited • President in Taiwan, Fidelity Investments • President in Taiwan, Citi Bank • President, Tokyo Branch, Bankers Trust New York Corporation • Vice President, New York Head Office, Bankers Trust New York Corporation • President, YungShin Global Holding Corporation • Assistant Vice President in Hong Kong and Taipei, JPMorgan Chase Bank N.A.	• Independent Director, Primax Electronics Ltd.
Director	Representative of Asia Cement Corporation: Shih-Chun Hsu	05.21.2000	• Ph.D. in Business Management, University of Michigan • First dean of College of Management, National Taiwan University • Chairperson, Bank of Kaohsiung Co., Ltd • Professor, Yuan Ze University	• Independent Director, Eslite Spectrum Corporation • Independent Director, ChainSea Information Integration Co., Ltd • Director, Far Eastern Electronic Toll Collection Co., Ltd. • Director, FETC International Co., Ltd. • Chair Professor, Mr. Kao Yen Jen Academic Forum

Title	Name	Date of first appointment	Primary education and experience	Concurrent positions in our bank and other companies
Director	Representative of U-Ming Marine: Min-Teh Yu	05.21.2000	• Ph.D. in Economics, The Ohio State University • Professor, Finance, National Taiwan University • Emeritus Chair Professor, National Tsing Hua University • Principal, Providence University • Principal, China University of Technology • Dean, College of Management, National Chiao Tung University • Dean, College of Management, Yuan Ze University • Committee Member, Executive Yuan Financial Restructuring Fund • Committee Member, Executive Yuan National Development Fund • Consultant, Asian Development Bank	• Independent Director, JMicron Technology Corp • Independent Director, Mister International Enterprise Corp. • Independent Director, Gourmet Master Co., Ltd. • Director, Harbinger VIII Venture Capital Corp. • Chair Professor, Providence University
Independent director and executive director	Hsiao-Hui Wang	06.20.2018	• M.A. in Accounting, National Chengchi University • Accountant, Deloitte Taiwan • Supervisor, CTCI Advanced Systems Inc. • Independent Director, Les enphants Co., Ltd.	• Director, TN Soong Foundation
Independent director	Susan S. Chang	06.16.2015	• M.A. in Economics, and B.A. in Economics, National Taiwan University • Chairperson, Taiwan Financial Holdings Co., Ltd. and Bank of Taiwan • Executive Deputy Director, Financial Supervisory Commission • Vice Minister, Ministry of Finance • Director-general, National Treasury Administration • Deputy Director-general and Deputy Director, Banking Bureau • Deputy Director-general, Department of Economic Research, Council for Economic Planning And Development, Executive Yuan	• Chairperson, Jinniujin Business Co., Ltd. • Director, Grace Technology Co., Ltd. • Supervisor, Entie Tech Engineering Co., Ltd.

A functional committee has been set up under the Board of Directors

To elaborate competency of the Board of Directors effectively and improve the quality of decision making, three functional committees have been set up under the Board of Directors. They are in charge of discussion on important bills, and important topics such as economy, environment, society and risk.

Committee	Rules of composition	Percentage of independent directors	Main authority	Operation in 2022
Corporate Sustainability Committee	The member is appointed based on the resolution of the Board of Directors. The term of office of the committee is that of the appointed Board of Directors.	67%	● Promote and strengthen the ethical management system. ● Promote and develop corporate sustainability items. ● Supervise other sustainability tasks determined by the Board of Directors.	The attendance of two meetings is 100%.
Audit Committee	The committee is served by the independent director. The term of office of the committee member is as long as that of the Board of Directors.	100%	● Proper expression of the company's financial statement ● Designation, dismissal, independence and performance of CPA ● Effective implementation of the company's internal control ● Regulations and rules related to company compliance ● Existence or potential risk control of the company	The attendance of six meetings is 83%.
Remuneration Committee	● The member is appointed based on the resolution of the Board of Directors. The term of office of the committee is that of the appointed Board of Directors. ● At least three committees must be appointed. Over half of them shall be independent directors. Their qualification is examined according to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." (Note 1)	100%	● Draw up and regularly review the performance evaluation of directors and managers, and the policy, system, standard and structure of remuneration of directors and managers. Offer advice to the Board of Directors. ● Evaluate and set up the remuneration of director and manager regularly. Offer advice to the Board of Directors. ● Refer to the common level of payment among competitors for performance evaluation and remuneration of directors and managers. Consider how performance evaluation and remuneration are reasonably related to personal performance, our operating performance and future risk. (Note 2)	The attendance of three meetings is 78%.

Note 1: Two of the three committee members are male and one of them is female. The convener is Hsiao-Hui Wang, Independent Director.
Note 2: 1. To attract, motivate and retain talents, we aim to make sure that the remuneration policy of all employees surpass the market level. The types of salary include fixed salary and variable salary (including various bonuses in stock or cash). Variable salary is paid based on operating condition, future risk and personal performance rationally. Performance and development potential form the remuneration structure for payment standard, creating a three-win situation for company, employee and shareholder. 2. The annual remuneration of the President and Vice President is 7.1% more than previous year, about 9.1 times of the median of annual salary of employee. The median annual salary of employee is 2.3% higher than previous year. It is calculated based on the median "salary of non-managerial full-time employees." Refer to the disclosure of corporate governance in our annual report of 2022 for the annual remuneration of the President and Vice President.

Information Disclosure

When facing the investment market and investor, we offer accurate, real-time, open, transparent company information and maintain a smooth communication channel for investors to acquire sufficient, accurate information, and keep track of our current financial, business and operating condition, and development strategy. Therefore, they will be more confident in our investment, and we can provide complete reference information for investment decision-making.

Information Disclosure Channel

Investor Conference	Organize the investor conference every quarter. The presentation of the investor conference and the video on the process of investor conference are announced on the website.
Shareholders' Meeting	Hold the Shareholders' Meeting every year. In order to make sure that shareholders can express opinions on bills, the Shareholders' Meeting voted on each bill, and voted on each proposed resolution and discussion item. Shareholders may also vote on bills via the online voting platform built by TDCC.
Website in Chinese and English	Set up the Investor Relations Division and disclose information on finance, operation, dividend, corporate governance and sustainable development.
MOPS	Financial information and other material information are announced on the MOPS immediately.
Annual report	Release the annual report in Chinese and English every year. The corporate sustainability report in English is available starting from 2022.
Assign a spokesperson	Assign a spokesperson and a deputy spokesperson. Disclose the contact number and email of the spokesperson and deputy spokesperson. Offer contact and opinion channel to investors.
News release	Often release news, state operation strategy and performance or fintech progress, or communicate sustainability topics.

Compliance with Laws and Regulationstraining

We abide by all of the applicable national and international laws, set up the Legal & Compliance Group, and designate the Chief Compliance Officer. The Legal & Compliance Group is directly subordinate to the President Department to ensure independence regarding the organizational level. The Chief Compliance Officer reports on the implementation of the compliance system to the Board of Directors every half year. The duty of the Legal & Compliance Group is to coordinate compliance affairs of the entire bank, build an active, preventive compliance system, draw up an annual executive plan, integrate compliance operations of all departments systematically, and execute onsite inspection and evaluation and education training. The Legal & Compliance Group is also liable for building a compliance digital platform, which offers Q&A that raise employee awareness on compliance. It oversees improvement of all units and keeps track of compliance risk during operation of the entire bank in advance.

Management and executive outcome of compliance in 2022

Calibrate regulations

- Collect information on law changes and penalties against competitors every day. Convey this information to all employees via the online system immediately. 78 relevant internal inspections were performed.
- Tracked and controlled 424 cases associated with compliance.
- All departments appointed their compliance officers to attend the quarterly compliance meeting to build a system for regulation conveying, counseling and reporting.
- Prepare a compliance journal every quarter to promote regulations and the cases regarding penalties on competitors.
- Take action at the right time or amend internal rules based on law changes. Use the compliance checklist to check compliance of regulations actively.

Conduct training and promotion

- Execution of compliance system, important regulations and quarterly compliance journal are included in the report items at the top management meeting. Four meetings were held.
- Organize the compliance officer education training of all departments. All of our compliance officers take relevant courses, 447 hours in total.
- Conduct compliance education training for all employees. Courses include important laws, latest internal and external regulations, review on internal defects, and cases of administrative sanction. The number of hours of education training for all employees is 16,361 hours in total.

Check executive achievement

- Evaluate how all units conduct compliance businesses. The result of evaluation is as follows:

Unit	Number of units	Evaluation level		
		A/Excellent	B/Good	C/Fair
Head Office	9	2	5	2
Branch and subunit	81	2	76	3

- Complete general inspection for 24 units and four project inspections during onsite compliance inspection.
- Direct all units to conduct self-evaluation of compliance, and execute preliminary review of their self-evaluation.
- Track violation of law by any unit or improvement of defect found during external check. The Chief Compliance Officer reports the information above to the Board of Directors.
- Checked if application for new product or service launch conforms to laws via the sign-off process. Conducted compliance review on advertising documents, relevant contracts and press releases.
- Execute the “Self-evaluation Regarding the Principles of Fair Treatment of Customers” for all business groups twice.
- Execute the compliance control measures of the subsidiary twice and direct execution of the measures.
- Strengthen compliance management mechanism of Hong Kong Branch. Make sure that local compliance executives are fully responsible for compliance and may act independently. Convene online quarterly compliance meeting four times. Conduct the risk assessment and assessment on human resource for compliance at Hong Kong Branch once each. Hong Kong Branch submits the “Compliance and Anti-money Laundering Meeting Minutes” every month and fills out relevant forms.

Fines imposed by the government agency and improvement measures in 2022		
Case	Explanation on defect	Improvement measures
Case 1	In February 2022, one of our employees did not submit the overtime application form as required when working overtime. We were not able to make the extended work hour payment as required. Taipei City Government determined that we violated Paragraph 1, Article 24 of the Labor Standards Act, and we were fined NT$50 thousand.	☑ Make the extended work hour payment immediately. ☑ Promote overtime pay application and urge the executive to fulfill his management responsibility by making sure that employee have applied for overtime pay to avoid the situation that the overtime payment has not been made.
Case 2	In this case, when a competent authority conducted financial check on numerous insurance companies, it found out that numerous banks including our bank signed the "Telemarketing Cooperation Agreement" and "Cross-Selling Cooperation Agreement" with insurance companies when handling insurance agency business. Later on, after legally obtaining the agreement of credit card holder for promotion, our insurance company partner executes insurance solicitation. However, we and other banks collected money from the insurance company but recorded the money as other expenses. The FSC determined that we collected commissions not for the purpose of insurance solicitation. We were fined NT$600 thousand for violating the Insurance Act (on August 10, 2022).	☑ Sign the "cooperation promotion contract" with our insurance company partner again. Collect the business service fee according to the calculation standard as agreed in the contract. ☑ Stipulate the "Directions Governing the Product Development Department Credit Card Holder Information Sharing." ☑ Continue to promote regulations related to our business.

Anti-money laundering and counter-terrorism financing

The AML Department of Legal & Compliance Group is a unit in charge of Anti-money laundering and counter-terrorism financing (AML/CFT). All members of the Department obtained the CAMS certificate. The Board of Directors assigned a senior executive to act as the functional head, responsible for overseeing execution of identification, evaluation and monitoring mechanism for the entire bank. The functional head helps us fulfill the responsibility for serving as the second line of defense of AML/CFT for the financial industry. The AML/CFT supervisor is appointed at the Head Office and all business units. He must be qualified, complete statutory AML/CFT OJT, and have expertise for his duty.

Management and executive achievement of AML/CFT in 2022

Management and report

- Organize achievements at work every quarter, report them to the Risk Management Committee, and report them to the Audit Committee and the Board of Directors every half year.
- Hold the AML/CFT branch supervisor monthly meeting and head office supervisor quarterly meeting to promote relevant regulations, operating mechanisms, and defects found in internal and external checks.
- Convene the AML/CFT management quarterly meeting for the Head Office and Hong Kong Branch, coordinate the operating mechanism, track major topics or program progress. Hong Kong Branch shall submit the AML/CFT checklist every month. The AML Department examines the checklist and submits 12 inspection reports.
- Adjust internal AML/CFT regulations based on change to laws.

Training and promotion

- Hold quarterly AML/CFT meetings.
- All employees take at least two hours of anti-money laundering education training in a year, 5,351 hours in total. All employees completed the number of hours of training required by law.

Supervision and assessment

- Complete inspection of 21 units and two projects in a year. Examine operation of all of our anti-money laundering mechanisms. 33 defects were found in inspection and 23 problems were suggested for improvement.
- Check AML/CFT evaluation of all units and examine performance related to AML/CFT evaluation. The result of evaluation is shown below:

Unit	Number of units	Evaluation level		
		A/Excellent	B/Good	C/Fair
Head Office	8	1	7	0
Branch and subunit	72	2	66	4

- 10,780 currency transactions declared are at least at a certain amount and above, 34 of them are suspicious money laundering transactions.
- Continue to entrust external consultants to assist in optimization of relevant systems. Perform accountant project inspection. Verify effectiveness of internal system related to AML/CFT.

Risk Management

- The Board of Directors is the top decision-making unit of risk management system. It is responsible for supervising and approving risk management policy and important risk management system.
- We set up the Risk Management Committee and a specialized, independent risk control unit, the Risk Management Group. We implemented three lines of defense for internal control to ensure unhindered management. When handling businesses included in and excluded from the balance sheet, management standards have been explicitly formulated for the credit risk, market risk, interest rate risk, fluctuation risk, operational risk, climate change risk and environmental risk the businesses included in and excluded from the balance sheet are involved in. We aim to integrate risk management into main businesses of investment and loan. The evaluation indicator has been formulated for main risks to evaluate and monitor the main risks regularly.
- The Risk Management Committee holds a meeting every quarter. The Risk Management Group reports on and fully discusses executive outcome, exposure and decision-making of credit risk, market risk and operational risk management. Fluctuation risk and interest risk are discussed at the quarterly meeting of the Assets and Liabilities Management Committee. The discussion will be used as the reference when the top management makes decisions. The resolution or conclusion of the meeting will be reported to the Board of Directors.
- In 2022, all audits were completed in time. Besides striving to prevent malpractice and corruption, we identify possible internal and external risks in advance, and assist in implementing risk management and compliance system. In addition, we endeavor to strengthen consumer protection and fulfill principles of fair treatment of customers. Therefore, we reinforce examination on the passbook/debit book/passport letter kept by the employee, account opening outside the bank, agency collection and payment, prevention of financial planner from embezzling customer's money, sales and control of financial instruments for seniors, insurance solicitation, customer complaint handling, prevention of real estate speculation, and loan control mechanism of nominee account. In 2022, we planned for 38 reinforced project inspections and carried out 49 reinforced project inspections, and made improvements based on suggestions raised according to the inspection. We have not been punished by the FSC for major mistakes. In 2023, we planned for 37 reinforced project inspections. To adapt to the international development trend and the sustainable development blueprint plan of Corporate Governance 3.0 of the FSC, we promote to include the execution of ESG development tasks into key inspection items.

Risk Management Organization

Board of Directors	This is the top decision-making unit of risk management. It is responsible for determining the risk management policy of the entire bank and establishing a risk management culture. It is ultimately responsible for overall risk management.
Risk Management Committee Assets and Liabilities Management Committee	The President acts as the convener. Relevant heads are appointed as committees. They hold a meeting regularly and bear the responsibility for handling and reviewing risk management execution and risk exposure of the entire bank.
Risk Management Group	The Corporate Banking Department, Retail Banking Department, and Risk Control Department are established under the Group. Direct management is implemented on operational risks of all business groups. The Group submits the risk management report to the Risk Management Committee and the Board of Directors regularly.
Internal Audit Group	Help the Board of Directors and the management level check and assess whether the internal control system is in operation. Check all of the risk management operations, including implementation of risk management structure, risk management operating procedure. Offer suggestion when necessary.

Climate risk management

The Board of Directors passed the "Climate Change and Environmental Risk Management Guidelines" in November 2022. The Guidelines explicitly specified that the Board of Directors is the top decision-making unit, and the Risk Management Group is the responsible unit. Internal Audit Group conducts a check on relevant businesses at least once a year. Key points are as follows:

Title	Content
Risk definition	Include risks of relevant topics, such as GHG emissions, pollution emissions, and energy and resource consumption involved with climate change, natural disaster and environmental protection. Also include the risks of air, sewage, waste, toxic chemical substance and noise regarding emission management or EIA requirements specified in the international and local environmental laws that we must comply with.
Risk management objective	Develop robust climate change and environmental risk management mechanism sequentially by business scale and complexity. The goal is to identify, evaluate, monitor and manage climate risk and environmental risk effectively, and help us become more resilient to climate change risk.
Risk management process	Establish the process of risk identification, evaluation, monitoring and management. Rationally evaluate risks and set up relevant control regulations.
Risk management countermeasures	Take adequate management countermeasures according to the evaluation result of climate change and environmental risk, e.g. risk transfer, evasion or control.
Organizational structure, and responsibility and authority, of risk management	Explicitly draw up the organizational structure and the regulations of responsibility and authority of the Board of Directors, Risk Management Committee, Risk Management Group, all directorate generals/business groups, and Internal Audit Group. The Board of Directors is the top decision-making unit. The Risk Management Group is the responsible unit. The Internal Audit Group checks relevant businesses at least once a year.
Risk management report	Risk Management Group regularly submits the risk management report to the senior management, Risk Management Committee and the Board of Directors for decision-making, and regularly discloses it to the public.

Risk management of major infectious disease in emerging risks

Risk identification		Corresponding relevant risk management
Item	Possible impact on operation	
Employee isolation due to infectious disease	Business interruption	• Set up an emergency response division when a risk occurs. Keep a close watch on current pandemic development and trend, and formulate protective measures. • Implement the backup mechanism. Employees in critical positions work in separate locations to ensure uninterrupted operation. • When the Taiwanese government announced that Taiwan is in an alert period, we fully coordinated with the Central Epidemic Command Center and FSC. Various preceding deployments are executed or initiated via the roll planning method to respond to the alert. To ensure uninterrupted operation, we handled employees of Taipei Nanking East Road Branch infected with COVID-19 at the beginning of the alert period properly, showing our resilience to the pandemic.
Industry stagnation due to infectious disease	Business risk and opportunity	Keep track of business risk • Closely pay attention to business condition of industries more sensitive to the pandemic. • Check impact on corporate customers and continue to track operation of the corporate customers. Roll out a financial service plan for the pandemic. • Grant policy-based relief loans/bounce back loans according to the government's policy or postpone loan payments. Customers under pandemic impact may apply for the loan or loan postponement. • Optimize a contactless digital financial service platform to help customers maintain social distancing.

Information Security and Personal Information Protection

To face threats and challenges of financial cybersecurity, we built a complete information security governance, monitoring and risk management structure. We also set up a specialized unit, Information Security Department, to bear the responsibility for planning of information security affairs, and policy coordination and promotion. We build a management system that conforms to international information security standard by working on control framework, establishment integrity, corporate culture, employee mindset, incident handling ability, and threat management and repair. We put ourselves into education promotion and emergency drill, and make sure that we are embattled when facing the gradually rising cybersecurity threat. We report the overall information security implementation in previous year to the Board of Directors in Q1. In 2022, 11% of the total IT expenditure is cybersecurity expenditure. It is expected to increase to 20% in 2023.

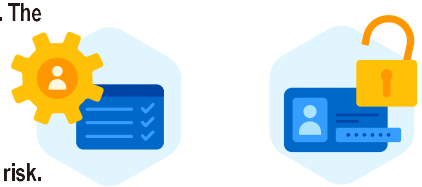
In addition, we built a complete personal data protection management system to ensure legal collection and use of customer's personal data, and maintain security of relevant personal data. Besides the existing IT Steering Committee, the cross-departmental "Personal Data Protection Management Division" has been formed. The Vice President of the Operations Group acts as the convener of the Division, supervising relevant affairs of the entire bank. Seeded employees have been trained to root the idea and regulations of personal information protection in internal operation. Furthermore, collection, handling and use of customer data, and relevant customer rights, are disclosed to public, explicitly stated in the trading contract, announced on the website, and notified to new customers actively. If personal information has been breached, we must report the breach to the executive instantly and complete risk evaluation and incident rating in a specified period. We form an emergency response division depending on the impact of incident, coordinate and contact related parties, draw up a handling plan and respond to stakeholders.

Information security incident	2021	2022
Number of information security incidents	0	0
Customer data loss due to information security incidents	0	0
Number of customers affected by information security incidents	0	0
Property lost due to information security incidents	0	0

Concrete measures and actions of information security management in 2022			Management goal of 2023
1. Implement more international standards	2. Strengthen testing and check	3. Strengthen monitoring and response resilience	
1.1 Passed the secondary review of ISO 27001 Information Security Management System Structure. The certification expires in July 2024. 1.2 Complete preliminary evaluation of maturity of financial and information security governance. 1.3 Set up the Information Security Promotion Division and Personal Information Management Division. Hold the management review meeting every half year. Review the information security policy and all of the documents of management system at least once a year. 18 documents on regulation were amended in 2022. 1.4 Implement ISO 22301 Business Continuity Management System. 1.5 Enhancement of expertise of information security employee: 37 certificates of international information security have been obtained, 95% more than in 2021, which is 19 certificates. 1.6 Besides that we are a member of "Financial Information Sharing and Analysis Center (F-ISAC)," we become a member of "Taiwan Computer Emergency Response Team/Coordination Center" in 2022. We strive for acquiring cybersecurity information for analysis immediately. This is a part of joint defense of information security.	2.1 Entrust a third-party consultant firm to conduct security risk assessment of information system. No defect was found. Evaluation items include information structure review, network activity review, compliance review, vulnerability scanning operation, penetration test operation, App security test, and SWIFT Customer Security Program (CSP) check. 2.2 Organize the education training of information security and personal information protection for all employees. 2.3 Hold the email social engineering for all employees.	3.1 Increase surveillance coverage of information security monitoring center, and make sure that all information systems can perform 24/7 real-time information security monitoring and incident analysis. 3.2 Implement the information security management platform, keep track of our information security vulnerabilities on the Internet, and repair and strengthen vulnerabilities as soon as possible. 3.3 Implement the service of white hat simulation test, detect if the existing network defense structure in the bank still requires reinforcement, and strengthen the existing network defense structure based on the test result. 3.4 Implement the protection service that automatically detects the website and app that pretend to be our website and app. 10 faking incidents are detected. The fake website has been blocked and removed. No customer has been scammed. 3.5 Conduct three scenario response drills on information security incident, personal information incident and ATM incident. 3.6 Conduct the attack and defense response drill of distributed denial-of-service (DDoS) attack. 3.7 Organize 42 information system backup drills.	• Complete verification regarding ISO 22301 Business Continuity Management System in September. • Complete review of assessment of financial information security governance maturity in September. We aim for the Advanced Level. • Maintain validity of international standard verification. • Organize information system backup drills. • Hold the information security course of director. • Appoint directors, counselors or counseling divisions in information security field. • Build the automatic defense mechanism of information security monitoring center. Contact the competent authority "F-SOC" and join the meeting that contacts the CISO of financial institution. • Introduce the EDR information security defense tool. • Enhance expertise of information security staff. Acquire seven information security certificates.

Personal information protection measures and achievements in 2022

- No personal information leakage incident occurred.
- Passed the review of verification of BS 10012:2017 PIMS Personal Information Management System. The certification expires in September 2023.
- Entrusted an accountant to check the personal data protection program in previous year to check implementation of relevant internal control system. The inspection result conforms to relevant regulations.
- All of the activities conform to the Personal Data Protection Act and relevant laws. There was no violation of law or rules specified by competent authorities.
- Held the personal information management review meeting twice to examine operation of personal information management, and discussed relevant topics.
- Examined the personal data file list again in the first and second half year. The completion rate is 100%. Executed evaluation of personal information risk.
- All of our employees signed the personal information NDA and joined at least two hours of education training on personal information protection.
- Conducted the personal information leakage drill. The topic of the drill of the year is "Suspicious Leak of the Facebook Raffle Winner List."



Reporting process of personal information breach incident

If an employee finds a suspicious personal data security incident, he must fulfill his responsibility by reporting to the head of the unit discovering the incident, the head of the unit in charge of the business, and executive secretary. Once the incident is judged as a personal data security incident, the executive secretary must report to the convener of the Personal Data Protection Management Division immediately. The head of the unit in charge of the business must make a preliminary judgment on incident severity.

Incident level	Level judgment	Key point of reporting and handling
Level 1 incident	Less than 50 personal data entries were leaked. No media inquired or reported the incident.	❶ The unit head discovering the incident provides the information on incident and the report handling form to the unit in charge of the business. ❷ If the incident is under control, the head in charge of the business updates the report handling form, then puts the report handling form in archive for reference and closes the case. The head must report to the executive secretary. ❸ The incident is still out of control five workdays later after it is discovered. It is handled according to Level-2 Incident Regulations after the unit in charge of the business recognized that it is a level-2 incident. If the operation is jeopardized or the right of the party is severely hurt, major incident reporting must be conducted at the same time.
Level 2 incident	An incident can be judged as a Level-2 incident if any of the following applies: ❶ More than 50 personal data entries were leaked. ❷ The incident has caught media attention. ❸ Breach of incident includes special personal information. ❹ The incident is still out of control five workdays later. ❺ The incident has caught the attention of law enforcement agency or competent authorities for business. ❻ Normal operation is jeopardized by the incident, interrupting our business.	❶ The unit head discovering the incident provides the information on incident and the report handling form to the unit in charge of the business, which makes emergency response for the incident and reports the executive secretary in real time. ❷ After receiving the report, the executive secretary asks the convener of the Personal Information Protection Management Division. The convener forms an emergency response division when necessary to conduct response plans including coordination and handling, investigation and evaluation, and public relations and media. ❸ If the operation is jeopardized or the right of the party is severely hurt, the unit in charge of the business must report to the FSC in 72 hours and complete major incident reporting.

Ethical Management

Our business concept "Honesty, diligence, simplicity, prudence and innovation" is rooted in the heart of employees and embodied in our honest management culture. We set the Ethical Management Promotion Division as the responsible unit.

Rules, regulations and commitments

Ethical Management Principles

Illegal, Unethical and Dishonest Conduct Report Handling Guidelines

Employee Code of Conduct

In 2022, the "Employee Code of Conduct" was amended. These key points have been added: ❶ Do not perform any conduct not related to the employee's duty arbitrarily, or perform any conduct not related to the employee's duty on behalf of the customer. ❷ Do not send any document or message containing information that is illegal or violating public order or good morals through any means of communication. ❸ Do not disturb the sequence of work, or threaten, intimidate or insult others.

Major corruption risk	Key points to Employee Code
Avoid conflicts of interest	Employees must avoid handling cases that they are at stake.
Avoid personal profits	• Do not accept any gift, treatment or embezzlement from any party related to business. • An employee must not make side deal with our bank in other's name, or transfer customer's fund or his fund from other's account or his account. He must not make money dealings with the customer nor keep the customer's passbook, stamp or property. He must not perform any conduct not related to the employee's duty arbitrarily, nor perform any conduct not related to the employee's duty on behalf of the customer. • Employees must not handle business not related to their duty at work. Appointment or approval is required for concurrently handling the duty not related to our business. • Conduct bidding, price parity or bargaining for procurement, project contracting or business outsourcing and submit a report for approval.
Avoid hurting other's interests	• Information on interaction with customers must be kept in custody and confidential. • Do not plagiarize other's intellectual properties or breach other's intellectual property rights when creating any work when performing duties. • Do not disturb the sequence of work, or threaten, intimidate or insult others.
Fair trade	Treat customers, competitors and employees fairly. Do not earn illegal profits by manipulating, concealing or misusing information acquired for duties, misrepresenting important facts or making other unfair transactions.
Adequately use the company asset	Protect the company's asset. Prevent theft, negligence or waste of the asset. Documents associated with the business or under management must be kept in custody and confidential.
Compliance with Laws and Regulations	Employee's operation conforms to the Banking Act of The Republic of China, Securities and Exchange Act and other regulations. Employees abide by work ethics. Employees must not send any document or message containing information that is illegal or violating public order or good morals through any means of communication.

Guidelines for Supplier Social Responsibility Management

- Require main suppliers to sign the "Supplier Social Responsibility Letter of Commitment," "Supplier Social Responsibility Self-Evaluation Form" and "Supplier Corruption and Bribery Risk Evaluation Form."
- Important procurement contracts are included in the terms for compliance to ethical management. The terms contain ethical management requirements, and explicitly prohibit bribery, corruption, blackmailing and profiteering in any form, including money, gratuity, commission, position, service, preferential treatment, rebate in whatever form or name.

Evaluation mechanism and conduct	We conduct ethical management risk assessment every year. In 2022, we analyzed all of our 105 business types and found out that the unethical risk of these business types is low. All of the directors of the 11th term of the Board of Directors, Vice President and the senior management mentioned above signed the "Statement of Compliance to Ethical Management Policy." All of our Senior Vice Presidents and their subordinates, 2,510 in total, signed the Employee Code of Conduct. Combine the Employee Code of Conduct, Employee Code of Ethics, and Illegal, Unethical and Dishonest Conduct Report Handling into a digital course. 12,460 employees completed the course and the training completion rate is 100%. Conduct the supplier evaluation. When checking all units, the Internal Audit Group reinforces inspection on access to all systems, control of business expenditure, and furlough. Key points to inspection also include checking whether financial planners keep document certification of customer in custody and perform external agency collection and payment services. Donations to political parties, stakeholders and charity groups are disclosed on our website according to the "Donation Management Regulations." We made no donation to political party or group in 2022. We were not involved in anticompetitive practices, anti-trust act or monopolistic behavior.

Reporting system and whistleblower protection

We aim to build a grievance channel of malpractice and corruption that makes whistleblowers feel at ease, and encourages employees to report any conduct that is unlawful or violates ethical management. Therefore, we explicitly stipulate terms regarding grievance channel, investigation procedure, acceptance of anonymous grievance, reporting and handling measures after investigation, and measures for protecting whistleblowers from unfair treatment in the "Employee Grievance Handling Notices" and "Illegal, Unethical and Dishonest Conduct Report Handling Notices." The rules above are announced on the website or intranet to notify employees. We promote these rules every year and remind employees of them regularly. Employee reward and punishment guidelines have been stipulated and the Personnel Review Committee has been set up to punish employees violating regulations and to discipline them.

In 2022, all of the relevant reports were investigated by the Internal Audit Group or business management unit in accordance with our "Illegal, Unethical and Dishonest Conduct Report Handling Guidelines." The investigation result is inconsistent with the letter of accusation or no empirical evidence was found. Six of the reports were closed after being submitted to the President. There was no report found to be true or violating ethical management. There was no employee punished according to our employee reward and punishment guidelines due to violation of ethical management policy.

Number of reports received	Number of cases closed	Number of reports violated internal regulations	Number of reports involved with corruption
6	6	0	0

Far Eastern International Bank
Illegal, unethical and dishonestconduct reporting channel

- Complaint mailbox suggestion@feib.com.tw → Human Resources Group appointed specialists to manage and appoint the report to proper units/levels to handle the report based on the type of the report.
- Reporting tel. 0800-213-198 → The customer service staff answered the call and appointed reported cases to proper units for handling.
- Report in written 27F., No. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City → Human Resources Group appointed specialists to manage and appoint the report to proper units/levels to handle the report based on the type of the report.