

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Far Eastern International Bank Ltd. and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Far Eastern International Bank Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 4, 2023

Notice to Readers

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
Cash and cash equivalents (Notes 6 and 39)	\$ 9,360,815	1	\$ 8,237,870	1	\$ 4,486,164	1
Due from the Central Bank and other banks (Notes 7, 39 and 40)	45,601,602	6	35,591,182	5	39,843,279	6
Financial assets at fair value through profit or loss (Notes 8, 39 and 43)	42,998,676	6	46,652,529	6	43,378,449	6
Financial assets at fair value through other comprehensive income (Notes 9, 11, 21, 28, 40, 43 and 44)	74,065,562	10	76,739,907	10	106,134,927	15
Investment in debt instruments at amortized cost, net (Notes 10, 11, 21, 40 and 43)	94,165,970	12	100,836,081	14	68,136,263	9
Securities purchased under resale agreements, net (Note 12)	1,172,800	-	1,146,775	-	2,600,390	-
Receivables, net (Notes 13 and 44)	18,847,580	3	18,999,211	3	19,414,935	3
Discounts and loans, net (Notes 14, 39 and 44)	462,598,591	60	437,897,093	59	430,600,738	59
Investment accounted for using equity method (Notes 15 and 28)	1,935,576	-	1,886,047	-	1,935,816	-
Other financial assets, net (Notes 16 and 40)	6,430,059	1	4,790,483	1	6,360,047	1
Property and equipment, net (Notes 17 and 39)	5,117,618	1	4,760,573	1	2,992,792	-
Right-of-use assets, net (Notes 18 and 39)	891,121	-	954,076	-	1,105,059	-
Intangible assets, net (Note 19)	1,591,300	-	1,597,670	-	1,616,783	-
Deferred tax assets (Notes 4 and 36)	147,340	-	179,701	-	227,485	-
Other assets	318,406	-	270,445	-	277,646	-
TOTAL	<u>\$ 765,243,016</u>	<u>100</u>	<u>\$ 740,539,643</u>	<u>100</u>	<u>\$ 729,110,773</u>	<u>100</u>
LIABILITIES AND EQUITY						
LIABILITIES						
Due to the Central Bank and other banks (Notes 20 and 44)	\$ 2,324,176	-	\$ 1,475,448	-	\$ 3,026,023	-
Funds borrowed from the Central Bank and other banks (Notes 44 and 46)	-	-	-	-	90,040	-
Financial liabilities at fair value through profit or loss (Notes 8, 39 and 43)	6,390,639	1	8,689,238	1	8,366,911	1
Securities sold under repurchase agreements (Notes 9, 10, 21, 44 and 46)	-	-	4,598,749	1	-	-
Payables (Notes 22, 39 and 44)	9,594,796	1	5,346,372	1	4,173,438	1
Current tax liabilities (Note 4)	370,164	-	311,114	-	259,670	-
Deposits and remittances (Notes 23, 39 and 44)	631,092,965	83	607,423,881	82	608,351,864	84
Bank debentures (Notes 24, 43, 44 and 46)	20,901,900	3	20,901,900	3	23,901,900	3
Principal received on structured products (Note 44)	33,137,057	4	31,812,340	4	27,655,577	4
Other financial liabilities (Notes 25, 44 and 46)	3,009,041	1	2,731,071	1	973,036	-
Provisions (Notes 26 and 39)	726,775	-	760,392	-	958,278	-
Lease liabilities (Notes 18, 39, 44 and 46)	895,214	-	965,817	-	1,104,547	-
Other liabilities (Note 39)	527,590	-	550,988	-	525,917	-
Total liabilities	<u>708,970,317</u>	<u>93</u>	<u>685,567,310</u>	<u>93</u>	<u>679,387,201</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Notes 9, 15, 28 and 38)						
Share capital	40,694,838	5	40,694,838	5	35,139,632	5
Capital surplus	302,926	-	302,926	-	456,426	-
Retained earnings						
Legal reserve	11,206,638	1	11,206,638	1	10,294,866	1
Special reserve	5,922	-	5,922	-	5,922	-
Unappropriated earnings	5,311,037	1	4,467,881	1	4,446,975	1
Total retained earnings	16,523,597	2	15,680,441	2	14,747,763	2
Other equity	(1,248,662)	-	(1,705,872)	-	(620,249)	-
Total equity	<u>56,272,699</u>	<u>7</u>	<u>54,972,333</u>	<u>7</u>	<u>49,723,572</u>	<u>7</u>
TOTAL	<u>\$ 765,243,016</u>	<u>100</u>	<u>\$ 740,539,643</u>	<u>100</u>	<u>\$ 729,110,773</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

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31				Percentage Increase (Decrease) %
	2023		2022		
	Amount	%	Amount	%	
INTEREST REVENUES (Notes 29 and 39)	\$ 4,145,560	136	\$ 2,352,930	93	76
INTEREST EXPENSES (Notes 18, 29 and 39)	<u>2,443,556</u>	<u>80</u>	<u>729,904</u>	<u>29</u>	235
NET INTERESTS	<u>1,702,004</u>	<u>56</u>	<u>1,623,026</u>	<u>64</u>	5
NET REVENUES AND GAINS OTHER THAN INTEREST					
Net service fee income (Notes 30 and 39)	639,961	21	666,685	26	(4)
Gain on financial assets and liabilities at fair value through profit or loss (Notes 31, 39 and 43)	584,830	19	105,722	4	453
Realized gain (loss) on financial assets at fair value through other comprehensive income (Notes 9 and 28)	5	-	(3,343)	-	100
Net foreign exchange gain	41,462	1	67,022	3	(38)
Shares of profit of associates for using equity method (Note 15)	24,617	1	31,207	1	(21)
Others	<u>62,830</u>	<u>2</u>	<u>55,816</u>	<u>2</u>	13
Total net revenues and gains other than interest	<u>1,353,705</u>	<u>44</u>	<u>923,109</u>	<u>36</u>	47
NET REVENUES	<u>3,055,709</u>	<u>100</u>	<u>2,546,135</u>	<u>100</u>	20
NET PROVISION FOR LOSS ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 13, 14, 16, 26 and 39)	<u>370,840</u>	<u>12</u>	<u>207,087</u>	<u>8</u>	79

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31				Percentage Increase (Decrease) %
	2023		2022		
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefits expense (Notes 27, 32, 33, 38 and 39)	\$ 1,004,782	33	\$ 981,639	38	2
Depreciation and amortization (Notes 17, 18, 19 and 34)	183,968	6	179,505	7	2
Other general and administrative expenses (Notes 18, 35 and 39)	<u>518,245</u>	<u>17</u>	<u>427,052</u>	<u>17</u>	21
Total operating expenses	<u>1,706,995</u>	<u>56</u>	<u>1,588,196</u>	<u>62</u>	7
INCOME BEFORE INCOME TAX	977,874	32	750,852	30	30
INCOME TAX EXPENSE (Notes 4 and 36)	<u>128,576</u>	<u>4</u>	<u>90,140</u>	<u>4</u>	43
NET INCOME FOR THE PERIOD	<u>849,298</u>	<u>28</u>	<u>660,712</u>	<u>26</u>	29
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 9, 11, 15, 28 and 36)					
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on valuation of investments in equity instruments at fair value through other comprehensive income	198,862	7	50,173	2	296
Share of other comprehensive income of associates for using equity method	<u>1,014</u>	<u>-</u>	<u>1,370</u>	<u>-</u>	(26)
	<u>199,876</u>	<u>7</u>	<u>51,543</u>	<u>2</u>	288
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(12,125)	(1)	48,932	2	(125)
Share of other comprehensive income (loss) of associates for using equity method	23,898	1	(66,936)	(3)	136

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FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31				Percentage Increase (Decrease) %
	2023		2022		
	Amount	%	Amount	%	
Gain (loss) on investments in debt instruments measured at fair value through other comprehensive income	\$ 240,474	8	\$ (668,378)	(26)	136
Income tax expense relating to items that may be reclassified subsequently	(1,055)	-	(4,252)	-	75
	<u>251,192</u>	<u>8</u>	<u>(690,634)</u>	<u>(27)</u>	<u>136</u>
Other comprehensive income (loss) for the period	<u>451,068</u>	<u>15</u>	<u>(639,091)</u>	<u>(25)</u>	<u>171</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,300,366</u>	<u>43</u>	<u>\$ 21,621</u>	<u>1</u>	<u>5,914</u>
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 849,298</u>	<u>28</u>	<u>\$ 660,712</u>	<u>26</u>	29
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 1,300,366</u>	<u>43</u>	<u>\$ 21,621</u>	<u>1</u>	5,914
EARNINGS PER SHARE (Note 37)					
Basic	<u>\$0.21</u>		<u>\$0.19</u>		
Diluted	<u>\$0.21</u>		<u>\$0.18</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
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent					Others		Total Equity
	Share Capital (Note 28)	Capital Surplus (Notes 28 and 38)	Retained Earnings (Notes 9 and 28)			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 9, 15 and 28)	
			Legal Reserve	Special Reserve	Unappropriated Earnings			
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
Net income for the three months ended March 31, 2022	-	-	-	-	660,712	-	-	660,712
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	44,680	(683,771)	(639,091)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	660,712	44,680	(683,771)	21,621
BALANCE AT MARCH 31, 2022	<u>\$ 35,139,632</u>	<u>\$ 456,426</u>	<u>\$ 10,294,866</u>	<u>\$ 5,922</u>	<u>\$ 4,446,975</u>	<u>\$ (195,964)</u>	<u>\$ (424,285)</u>	<u>\$ 49,723,572</u>
BALANCE AT JANUARY 1, 2023	\$ 40,694,838	\$ 302,926	\$ 11,206,638	\$ 5,922	\$ 4,467,881	\$ (146,915)	\$ (1,558,957)	\$ 54,972,333
Net income for the three months ended March 31, 2023	-	-	-	-	849,298	-	-	849,298
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(13,180)	464,248	451,068
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	849,298	(13,180)	464,248	1,300,366
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	(6,142)	-	6,142	-
BALANCE AT MARCH 31, 2023	<u>\$ 40,694,838</u>	<u>\$ 302,926</u>	<u>\$ 11,206,638</u>	<u>\$ 5,922</u>	<u>\$ 5,311,037</u>	<u>\$ (160,095)</u>	<u>\$ (1,088,567)</u>	<u>\$ 56,272,699</u>

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 977,874	\$ 750,852
Adjustments for:		
Depreciation	177,598	173,135
Amortization	6,370	6,370
Provision for loss on bad debts expense, commitment and guarantee	483,379	308,645
Net valuation loss (gain) on financial assets and liabilities at fair value through profit or loss	(33,546)	65,683
Interest expenses	2,443,556	729,904
Interest revenues	(4,145,560)	(2,352,930)
Dividend revenue	(509)	(1,117)
Shares of profit from associates	(24,617)	(31,207)
Unrealized net loss (gain) on foreign currency exchange	11,829	(33,882)
Other adjustments	1,761	(1,617)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(417,413)	(392,073)
Decrease (increase) in financial assets at fair value through profit or loss	3,539,833	(5,236,855)
Decrease in financial assets at fair value through other comprehensive income	2,910,780	7,253,009
Decrease in investments in debt instruments at amortized cost	6,623,465	3,325,851
Decrease (increase) in receivables	(112,147)	5,026,118
Increase in discounts and loans	(25,602,957)	(21,610,910)
Increase in due to the Central Bank and other banks	866,613	1,127,726
Increase (decrease) in financial liabilities at fair value through profit or loss	(2,278,425)	5,309,472
Increase (decrease) in payables	3,869,593	(1,219,380)
Increase (decrease) in deposits and remittances	24,620,556	(7,568,120)
Increase in principal received on structured products	1,359,246	4,507,819
Decrease in provisions for employee benefits	(44,308)	(51,407)
Decrease in other liabilities	(12,080)	(90,890)
Cash generated from (used in) in operations	15,220,891	(10,005,804)
Interest received	4,173,606	2,409,805
Dividends received	176	978
Interest paid	(2,001,644)	(614,069)
Income tax paid	(35,540)	(26,690)
Net cash generated from (used in) operating activities	17,357,489	(8,235,780)

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FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (433,090)	\$ (79,920)
Proceeds from disposal of property and equipment	16	38
Increase in other financial assets	(1,655,472)	(2,286,739)
Increase in other assets	<u>(47,914)</u>	<u>(19,360)</u>
Net cash used in investing activities	<u>(2,136,460)</u>	<u>(2,385,981)</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 46)		
Increase in funds borrowed from the Central Bank and other banks	-	12,800
Decrease in securities sold under repurchase agreements	(4,554,665)	(5,014)
Repayments of the principal portion of lease liabilities	(109,657)	(110,009)
Increase (decrease) in other financial liabilities	<u>277,970</u>	<u>(6,177)</u>
Net cash used in financing activities	<u>(4,386,352)</u>	<u>(108,400)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(92,700)</u>	<u>488,813</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,741,977	(10,241,348)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>28,933,031</u>	<u>42,158,013</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 39,675,008</u>	<u>\$ 31,916,665</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Cash and cash equivalents in consolidated balance sheets	\$ 9,360,815	\$ 8,237,870	\$ 4,486,164
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	29,141,393	19,548,386	24,830,111
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	<u>1,172,800</u>	<u>1,146,775</u>	<u>2,600,390</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 39,675,008</u>	<u>\$ 28,933,031</u>	<u>\$ 31,916,665</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 THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 March 31, 2023, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 55 domestic branches, as well as an overseas branch in Hong Kong and two foreign representative offices (Vietnam and Singapore).

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

2. APPROVAL OF FINANCIAL REPORTS

The financial statements were approved by the Bank’s Board of Directors on May 4, 2023.

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

- a. The Bank and its subsidiaries’ initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Bank and its subsidiaries’ accounting policies.
- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

4. SUMMARY OF 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 IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in the interim financial statements is less than those required in a complete set of annual financial statements.

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		
			March 31, 2023	December 31, 2022	March 31, 2022
The Bank	Far Eastern Asset Management Co., Ltd. ("FEAMC")	Purchase, evaluation, auction and management of rights of financial institution creditors	100	100	100
	Far Eastern International Securities Co., Ltd. ("FEIS")	Foreign securities broker, wealth management and offshore fund consulting	100	100	100
Far Eastern Asset Management Co., Ltd. ("FEAMC")	FEIB Financial Leasing Co., Ltd. ("FEIL")	Leasing operation	100	100	100

Other Material Accounting Policies

Except for those described below, please refer to consolidated financial statements as of December 31, 2022 for details of summary of significant accounting policies.

a. Retirement benefits

Pension cost of interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for market fluctuations since that time and for plan amendments, settlements, or other significant one-off events.

b. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same material accounting judgements and key sources of estimation uncertainty have been followed in the financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 3,232,136	\$ 4,446,644	\$ 3,019,522
Notes and checks for clearing	4,603,820	930,022	206,247
Deposits due from other banks	1,306,905	2,458,559	946,192
Balance with other banks	<u>217,954</u>	<u>402,645</u>	<u>314,203</u>
	<u>\$ 9,360,815</u>	<u>\$ 8,237,870</u>	<u>\$ 4,486,164</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	March 31, 2023	December 31, 2022	March 31, 2022
Due from other banks	\$ 17,388,428	\$ 11,861,642	\$ 18,209,649
New Taiwan dollar reserve deposits - Type A	7,606,532	4,039,838	3,486,409
New Taiwan dollar reserve deposits - Type B	16,460,209	16,042,796	15,013,168
Foreign-currency reserve deposits	145,477	146,510	133,743
Due from the Central Bank - Interbank fund transfer account	<u>4,000,956</u>	<u>3,500,396</u>	<u>3,000,310</u>
	<u>\$ 45,601,602</u>	<u>\$ 35,591,182</u>	<u>\$ 39,843,279</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 March 31, 2023, December 31, 2022 and March 31, 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 \$29,141,393 thousand, \$19,548,386 thousand and \$24,830,111 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

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

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

	March 31, 2023	December 31, 2022	March 31, 2022
Non-derivative financial assets			
Government bond	\$ 12,333,964	\$ 14,911,749	\$ 14,507,209
Stock listed on TWSE and TPEX	844,348	926,269	1,041,234
Beneficiary certificates	<u>130,258</u>	<u>-</u>	<u>120,483</u>
	<u>13,308,570</u>	<u>15,838,018</u>	<u>15,668,926</u>
Derivative financial assets			
Interest rate swap contracts	3,998,070	3,828,660	3,738,692
Foreign-currency swap contracts	2,000,014	4,261,111	4,108,892
Cross-currency swap contracts	489,043	586,811	152,739
Forward exchange contracts	216,160	424,534	166,278
Currency option contracts	114,695	219,149	555,937
Others	<u>78,117</u>	<u>169,778</u>	<u>271,732</u>
	<u>6,896,099</u>	<u>9,490,043</u>	<u>8,994,270</u>
Hybrid contract			
Asset swap fixed-income	19,782,834	18,913,127	15,215,969
Credit linked note contracts	1,842,113	1,239,144	858,491
Credit linked loan contracts	1,007,615	1,018,973	2,525,472
Convertible bonds	<u>161,445</u>	<u>153,224</u>	<u>115,321</u>
	<u>22,794,007</u>	<u>21,324,468</u>	<u>18,715,253</u>
Total financial assets classified as at FVTPL	<u>\$ 42,998,676</u>	<u>\$ 46,652,529</u>	<u>\$ 43,378,449</u>

Financial liabilities held for trading

	March 31, 2023	December 31, 2022	March 31, 2022
Non-derivative financial liabilities			
Short-covering debentures	\$ 297,024	\$ -	\$ -
Derivative financial liabilities			
Interest rate swap contracts	3,413,621	3,234,998	3,118,212
Foreign-currency swap contracts	1,981,435	4,552,508	4,197,907
Cross-currency swap contracts	283,877	330,039	85,588
Forward exchange contracts	179,797	172,168	119,600
Currency option contracts	114,415	219,549	556,454
Others	120,470	179,976	289,150
	<u>6,093,615</u>	<u>8,689,238</u>	<u>8,366,911</u>
Total financial liabilities at FVTPL	<u>\$ 6,390,639</u>	<u>\$ 8,689,238</u>	<u>\$ 8,366,911</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Foreign-currency swap contracts	\$ 415,383,489	\$ 370,699,233	\$ 411,072,309
Interest rate swap contracts	327,986,843	310,841,788	265,426,096
Currency option contracts	36,393,459	39,199,022	102,262,343
Seller of credit default swap contracts	20,465,088	23,860,116	20,908,999
Forward exchange contracts	20,287,999	22,446,595	17,431,664
Cross-currency swap contracts	9,307,718	9,189,720	7,620,120
Interest rate option contracts	7,000,000	7,000,000	5,000,000
Non-deliverable forward contracts	187,192	279,308	7,266,610
Bond futures	98,800	30,708	354,913
Stock index futures contracts	28,477	28,429	70,465
Future contracts	18,209	-	-
Forward contracts	-	529,996	1,123,217

9. FINANCIAL ASSETS AT FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Investments in equity instruments</u>			
Stock listed on TWSE and TPEX	\$ 2,472,672	\$ 2,220,940	\$ 1,629,824
Stock unlisted on TWSE and TPEX	259,368	259,368	267,768
	<u>2,732,040</u>	<u>2,480,308</u>	<u>1,897,592</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Investments in debt instruments</u>			
Government bonds	\$ 25,044,976	\$ 26,682,124	\$ 36,637,876
Bank debentures	18,845,316	20,109,910	15,848,864
Corporate bonds	18,398,274	18,318,731	19,541,283
Commercial paper	7,112,320	7,184,492	21,684,366
Collateralized mortgage obligation	1,932,636	1,964,342	1,997,980
Negotiable certificates of deposit	<u>-</u>	<u>-</u>	<u>8,526,966</u>
	<u>71,333,522</u>	<u>74,259,599</u>	<u>104,237,335</u>
 Total financial assets at FVTOCI	 <u>\$ 74,065,562</u>	 <u>\$ 76,739,907</u>	 <u>\$ 106,134,927</u> (Concluded)

The above investments in equity instrument in the form of stock 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 Three Months Ended March 31	
	2023	2022
Dividend revenue recognized in profit or loss		
On equity held at period end	\$ 168	\$ 125
On equity disposed of in current period	<u>-</u>	<u>-</u>
	<u>\$ 168</u>	<u>\$ 125</u>

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

	For the Three Months Ended March 31	
	2023	2022
Fair value at the date of disposal	<u>\$ 111,680</u>	<u>\$ -</u>
Accumulated loss transferred to retained earnings due to disposal	<u>\$ (6,154)</u>	<u>\$ -</u>

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

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

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

10. INVESTMENT IN DEBT INSTRUMENT AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
Negotiable certificates of deposits - issued by the CBC	\$ 73,200,000	\$ 87,200,000	\$ 63,100,000
Government bonds	9,950,209	5,339,929	2,839,494
Bank debentures	6,220,338	3,500,449	800,936
Corporate bonds	<u>4,797,414</u>	<u>4,797,107</u>	<u>1,396,132</u>
	94,167,961	100,837,485	68,136,562
Less: Accumulated impairment loss	<u>1,991</u>	<u>1,404</u>	<u>299</u>
	<u>\$ 94,165,970</u>	<u>\$ 100,836,081</u>	<u>\$ 68,136,263</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Government bonds	<u>\$ -</u>	<u>\$ 3,052,512</u>	<u>\$ -</u>

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The policy which the Bank implements is to invest mainly in debt instruments with credit ratings above (and including) investment grade and with impairment low in credit risk.

The Bank continued to track external rating information to monitor changes in credit risk of the investments in debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition. The Bank considers the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecasts when measuring the 12-month expected credit loss or full-lifetime expected credit loss of the debt instrument investments.

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

March 31, 2023

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 72,524,362	\$ 94,167,961	\$ 166,692,323
Less: Accumulated impairment loss	<u>9,641</u>	<u>1,991</u>	<u>11,632</u>
Amortized cost	72,514,721	<u>\$ 94,165,970</u>	166,680,691
Fair value adjustment	<u>(1,181,199)</u>		<u>(1,181,199)</u>
	<u>\$ 71,333,522</u>		<u>\$ 165,499,492</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>

March 31, 2022

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 104,885,032	\$ 68,136,562	\$ 173,021,594
Less: Accumulated impairment loss	<u>13,589</u>	<u>299</u>	<u>13,888</u>
Amortized cost	104,871,443	<u>\$ 68,136,263</u>	173,007,706
Fair value adjustment	<u>(634,108)</u>		<u>(634,108)</u>
	<u>\$ 104,237,335</u>		<u>\$ 172,373,598</u>

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

For the three months ended March 31, 2023

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2023	\$ 8,784	\$ 1,404	\$ 10,188
Purchase of new debt instruments	2,435	433	2,868
Derecognition	(1,996)	-	(1,996)
Exchange rate changes	43	8	51
Expected credit losses and other changes	<u>375</u>	<u>146</u>	<u>521</u>
Balance on March 31, 2023	<u>\$ 9,641</u>	<u>\$ 1,991</u>	<u>\$ 11,632</u>

For the three months ended March 31, 2022

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2022	\$ 15,693	\$ 65	\$ 15,758
Purchase of new debt instruments	7,612	236	7,848
Derecognition	(9,363)	-	(9,363)
Exchange rate changes	(97)	(2)	(99)
Expected credit losses and other changes	<u>(256)</u>	<u>-</u>	<u>(256)</u>
Balance on March 31, 2022	<u>\$ 13,589</u>	<u>\$ 299</u>	<u>\$ 13,888</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Government bonds	\$ 295,107	\$ 931,736	\$ 1,852,151
Commercial paper	<u>877,958</u>	<u>215,075</u>	<u>748,468</u>
	1,173,065	1,146,811	2,600,619
Less: Accumulated impairment loss	<u>265</u>	<u>36</u>	<u>229</u>
	<u>\$ 1,172,800</u>	<u>\$ 1,146,775</u>	<u>\$ 2,600,390</u>
Resale price	<u>\$ 1,174,411</u>	<u>\$ 1,148,310</u>	<u>\$ 2,601,428</u>
Resale date	2023.04.06- 2023.04.28	2023.01.05- 2023.02.13	2022.04.06- 2022.04.26

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

13. RECEIVABLES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Credit card	\$ 11,721,954	\$ 12,853,159	\$ 11,973,526
Factoring	2,096,579	1,959,157	3,724,135
Buying debt receivable	1,697,248	1,274,078	1,194,090
Interest	1,324,333	1,352,379	803,613
Lease receivables	937,428	731,687	821,246
Spot exchange transactions	440,682	469,945	425,753
Proceeds from disposal of securities	299,549	11,737	10,691
Acceptances	152,470	207,327	95,018
Forfeiting	112,013	102,824	295,037
Others	<u>537,057</u>	<u>510,381</u>	<u>564,574</u>
	19,319,313	19,472,674	19,907,683
Less: Allowance for possible losses	<u>471,733</u>	<u>473,463</u>	<u>492,748</u>
	<u>\$ 18,847,580</u>	<u>\$ 18,999,211</u>	<u>\$ 19,414,935</u>

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

For the three months ended March 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	\$ 16,957,873	\$ 63,780	\$ 1,024,797	\$ 18,046,450
Changes in financial instruments recognized at the beginning of the period:				
Transfer to Stage 2	(39,474)	42,725	(553)	2,698
Transfer to Stage 3	(22,301)	(18,657)	41,989	1,031
Transfer to Stage 1	10,128	(14,514)	(251)	(4,637)
Financial assets derecognized in the current period	(5,056,479)	(4,743)	(52,521)	(5,113,743)
Purchased or originated financial assets	4,741,077	1,237	8,759	4,751,073
Write-offs	(1,343)	(9,660)	(17,442)	(28,445)
Exchange rate and other changes	<u>(18,334)</u>	<u>(36)</u>	<u>(2,377)</u>	<u>(20,747)</u>
Balance on March 31, 2023	<u>\$ 16,571,147</u>	<u>\$ 60,132</u>	<u>\$ 1,002,401</u>	<u>\$ 17,633,680</u>

For the three months ended March 31, 2022

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Balance on January 1, 2022	\$ 21,802,022	\$ 67,547	\$ 1,077,425	\$ 22,946,994
Changes in financial instruments recognized at the beginning of the period:				
Transfer to Stage 2	(36,997)	40,372	(242)	3,133
Transfer to Stage 3	(22,429)	(21,868)	45,672	1,375
Transfer to Stage 1	10,724	(14,380)	(460)	(4,116)
Financial assets derecognized in the current period	(7,846,484)	(4,085)	(60,537)	(7,911,106)
Purchased or originated financial assets	3,628,439	1,222	9,987	3,639,648
Write-offs	(24,354)	(10,449)	(18,138)	(52,941)
Exchange rate and other changes	<u>3,153</u>	<u>(12)</u>	<u>(2,439)</u>	<u>702</u>
Balance on March 31, 2022	<u>\$ 17,514,074</u>	<u>\$ 58,347</u>	<u>\$ 1,051,268</u>	<u>\$ 18,623,689</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 three months ended March 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	\$ 25,829	\$ 6,402	\$ 367,266	\$ 399,497	\$ 74,141	\$ 473,638
Changes in financial instruments recognized at the beginning of the period:						
Transfer to Stage 2	(14)	4,410	(80)	4,316	-	4,316
Transfer to Stage 3	(8)	(1,560)	10,336	8,768	-	8,768
Transfer to Stage 1	4	(1,644)	(35)	(1,675)	-	(1,675)
Financial assets derecognized in the current period	(6,704)	(647)	(14,614)	(21,965)	-	(21,965)
Purchased or originated financial assets	12,697	193	3,694	16,584	-	16,584
The difference of impairment under the Regulations	-	-	-	-	(12,378)	(12,378)
Write-offs	(1,343)	(9,660)	(17,442)	(28,445)	-	(28,445)
Exchange rate and other changes	<u>3,635</u>	<u>10,440</u>	<u>19,027</u>	<u>33,102</u>	<u>-</u>	<u>33,102</u>
Balance on March 31, 2023	<u>\$ 34,096</u>	<u>\$ 7,934</u>	<u>\$ 368,152</u>	<u>\$ 410,182</u>	<u>\$ 61,763</u>	<u>\$ 471,945</u>

For the three months ended March 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulations	Total Allowance for Possible Losses
Balance on January 1, 2022	\$ 62,163	\$ 8,064	\$ 363,726	\$ 433,953	\$ 121,256	\$ 555,209
Changes in financial instruments recognized at the beginning of the period:						
Transfer to Stage 2	(17)	4,485	(29)	4,439	-	4,439
Transfer to Stage 3	(11)	(2,124)	11,748	9,613	-	9,613
Transfer to Stage 1	6	(2,114)	(64)	(2,172)	-	(2,172)
Financial assets derecognized in the current period	(13,801)	(663)	(12,706)	(27,170)	-	(27,170)
Purchased or originated financial assets	3,409	174	5,158	8,741	-	8,741
The difference of impairment under the Regulations	-	-	-	-	(25,453)	(25,453)
Write-offs	(24,354)	(10,449)	(18,138)	(52,941)	-	(52,941)
Exchange rate and other changes	<u>1,678</u>	<u>9,314</u>	<u>11,687</u>	<u>22,679</u>	<u>-</u>	<u>22,679</u>
Balance on March 31, 2022	<u>\$ 29,073</u>	<u>\$ 6,687</u>	<u>\$ 361,382</u>	<u>\$ 397,142</u>	<u>\$ 95,803</u>	<u>\$ 492,945</u>

14. DISCOUNTS AND LOANS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Negotiations, discounts and overdraft	\$ 89,094	\$ 62,683	\$ 107,746
Short-term loans	98,968,558	84,666,192	93,950,952
Medium-term loans	179,465,165	169,842,660	158,058,968
Long-term loans	189,328,181	188,241,006	183,528,166
Overdue receivable	<u>1,299,230</u>	<u>1,269,783</u>	<u>716,083</u>
	469,150,228	444,082,324	436,361,915
Less: Allowance for possible losses	<u>6,551,637</u>	<u>6,185,231</u>	<u>5,761,177</u>
	<u>\$ 462,598,591</u>	<u>\$ 437,897,093</u>	<u>\$ 430,600,738</u>

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

	For the Three Months Ended March 31	
	2023	2022
Provision for possible losses - discounts and loans	\$ 447,807	\$ 368,581
Provision for (reversal of) for possible losses - receivables and other financial assets	24,750	(12,574)
Provision for (reversal of) for possible losses - reserve for commitment, guarantee obligations and letters of credit receivables	10,822	(47,362)
Amounts recovered - discounts and loans	(76,487)	(62,055)
Amounts recovered - receivables and other financial assets	<u>(36,052)</u>	<u>(39,503)</u>
	<u>\$ 370,840</u>	<u>\$ 207,087</u>

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

For the three months ended March 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 period:				
Transfer to Stage 2	(241,012)	230,595	(1,569)	(11,986)
Transfer to Stage 3	(43,236)	(109,200)	152,338	(98)
Transfer to Stage 1	98,460	(105,394)	(2,048)	(8,982)
Financial assets derecognized in the current period	(34,405,864)	(17,353)	(90,934)	(34,514,151)
Purchased or originated financial assets	60,001,557	1,037	11,200	60,013,794
Write-offs	(300)	(1,711)	(79,941)	(81,952)
Exchange rate and other changes	<u>(328,231)</u>	<u>36</u>	<u>(526)</u>	<u>(328,721)</u>
Balance on March 31, 2023	<u>\$ 465,840,018</u>	<u>\$ 392,196</u>	<u>\$ 2,918,014</u>	<u>\$ 469,150,228</u>

For the three months ended March 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 period:				
Transfer to Stage 2	(179,927)	178,893	(2,669)	(3,703)
Transfer to Stage 3	(51,012)	(108,024)	159,165	129
Transfer to Stage 1	137,951	(141,834)	(3,902)	(7,785)
Financial assets derecognized in the current period	(32,632,628)	(18,459)	(206,200)	(32,857,287)
Purchased or originated financial assets	55,258,843	727	12,982	55,272,552
Write-offs	(212)	(891)	(70,056)	(71,159)
Exchange rate and other changes	<u>1,137,802</u>	<u>12</u>	<u>19,654</u>	<u>1,157,468</u>
Balance on March 31, 2022	<u>\$ 433,339,431</u>	<u>\$ 297,787</u>	<u>\$ 2,724,697</u>	<u>\$ 436,361,915</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 three months ended March 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 period:						
Transfer to Stage 2	(1,038)	57,589	(1,372)	55,179	-	55,179
Transfer to Stage 3	(161)	(41,786)	81,200	39,253	-	39,253
Transfer to Stage 1	325	(31,312)	(1,180)	(32,167)	-	(32,167)
Financial assets derecognized in the current period	(71,428)	(6,134)	(23,319)	(100,881)	-	(100,881)
Purchased or originated financial assets	317,256	730	5,490	323,476	-	323,476
The difference of impairment under the Regulations.	-	-	-	-	122,279	122,279
Write-offs	(300)	(1,711)	(79,941)	(81,952)	-	(81,952)
Exchange rate and other changes	<u>21,113</u>	<u>(1,626)</u>	<u>21,732</u>	<u>41,219</u>	<u>-</u>	<u>41,219</u>
Balance on March 31, 2023	<u>\$ 1,181,051</u>	<u>\$ 81,736</u>	<u>\$ 1,307,263</u>	<u>\$ 2,570,050</u>	<u>\$ 3,981,587</u>	<u>\$ 6,551,637</u>

For the three months ended March 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 period:						
Transfer to Stage 2	(884)	77,946	(2,418)	74,644	-	74,644
Transfer to Stage 3	(278)	(54,717)	86,066	31,071	-	31,071
Transfer to Stage 1	438	(30,335)	(3,303)	(33,200)	-	(33,200)
Financial assets derecognized in the current period	(24,380)	(3,285)	(23,101)	(50,766)	-	(50,766)
Purchased or originated financial assets	114,530	368	6,105	121,003	-	121,003
The difference of impairment under the Regulations.	-	-	-	-	230,575	230,575
Write-offs	(212)	(891)	(70,056)	(71,159)	-	(71,159)
Exchange rate and other changes	<u>3,773</u>	<u>335</u>	<u>24,966</u>	<u>29,074</u>	<u>-</u>	<u>29,074</u>
Balance on March 31, 2022	<u>\$ 646,431</u>	<u>\$ 97,108</u>	<u>\$ 799,718</u>	<u>\$ 1,543,257</u>	<u>\$ 4,217,920</u>	<u>\$ 5,761,177</u>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Associates that are not individually material	<u>\$ 1,935,576</u>	<u>\$ 1,886,047</u>	<u>\$ 1,935,816</u>

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

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

	For the Three Months Ended March 31	
	2023	2022
Net income from continuing operation	\$ 24,617	\$ 31,207
Other comprehensive income (loss)	<u>24,912</u>	<u>(65,566)</u>
Total comprehensive income (loss)	<u>\$ 49,529</u>	<u>\$ (34,359)</u>

16. OTHER FINANCIAL ASSETS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Nonaccrual loans other than discounts and loans	\$ 508	\$ 349	\$ 395
Less: Allowance for possible losses (Note 13)	<u>212</u>	<u>175</u>	<u>197</u>
	296	174	198
Refundable deposits	2,884,642	2,585,868	4,074,606
Less: Accumulated impairment loss	<u>319</u>	<u>259</u>	<u>990</u>
	<u>2,884,323</u>	<u>2,585,609</u>	<u>4,073,616</u>
Restricted time deposits (Note 40)	3,545,440	2,204,700	2,252,950
Restricted assets	<u>-</u>	<u>-</u>	<u>33,283</u>
	<u>\$ 6,430,059</u>	<u>\$ 4,790,483</u>	<u>\$ 6,360,047</u>

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

17. PROPERTY AND EQUIPMENT, NET

For the three months ended March 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	185	4,994	20,858	-	10,616	396,437	433,090
Disposals	-	-	(5,151)	-	(27,112)	-	(32,263)
Others	<u>735,540</u>	<u>-</u>	<u>19,630</u>	<u>-</u>	<u>(227)</u>	<u>(756,645)</u>	<u>(1,702)</u>
Ending balance	<u>3,460,213</u>	<u>1,150,430</u>	<u>2,592,257</u>	<u>1,134</u>	<u>1,552,253</u>	<u>122,641</u>	<u>8,878,928</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	650,026	1,739,327	1,078	1,328,799	-	3,719,230
Depreciation	-	6,468	55,169	4	13,936	-	75,577
Disposals	-	-	(5,150)	-	(27,113)	-	(32,263)
Others	<u>-</u>	<u>-</u>	<u>(1,036)</u>	<u>-</u>	<u>(198)</u>	<u>-</u>	<u>(1,234)</u>
Ending balance	<u>-</u>	<u>656,494</u>	<u>1,788,310</u>	<u>1,082</u>	<u>1,315,424</u>	<u>-</u>	<u>3,761,310</u>
Net ending balance	<u>\$ 3,460,213</u>	<u>\$ 493,936</u>	<u>\$ 803,947</u>	<u>\$ 52</u>	<u>\$ 236,829</u>	<u>\$ 122,641</u>	<u>\$ 5,117,618</u>

For the three months ended March 31, 2022

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	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	-	230	17,594	-	20,813	41,283	79,920
Disposals	-	-	(7,576)	(56)	(3,323)	-	(10,955)
Others	<u>-</u>	<u>-</u>	<u>5,306</u>	<u>-</u>	<u>710</u>	<u>(3,380)</u>	<u>2,636</u>
Ending balance	<u>1,447,433</u>	<u>1,149,826</u>	<u>2,411,231</u>	<u>1,128</u>	<u>1,597,591</u>	<u>137,427</u>	<u>6,744,636</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	629,172	1,649,785	1,174	1,408,827	-	3,688,958
Depreciation	-	6,522	52,989	5	12,242	-	71,758
Disposals	-	-	(7,576)	(56)	(3,322)	-	(10,954)
Others	<u>-</u>	<u>-</u>	<u>1,718</u>	<u>-</u>	<u>364</u>	<u>-</u>	<u>2,082</u>
Ending balance	<u>-</u>	<u>635,694</u>	<u>1,696,916</u>	<u>1,123</u>	<u>1,418,111</u>	<u>-</u>	<u>3,751,844</u>
Net ending balance	<u>\$ 1,447,433</u>	<u>\$ 514,132</u>	<u>\$ 714,315</u>	<u>\$ 5</u>	<u>\$ 179,480</u>	<u>\$ 137,427</u>	<u>\$ 2,992,792</u>

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

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

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

18. LEASE ARRANGEMENTS

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

	March 31, 2023	December 31, 2022	March 31, 2022
Net carrying amount of right-of-use assets	<u>\$ 891,121</u>	<u>\$ 954,076</u>	<u>\$ 1,105,059</u>
Carrying amount of lease liabilities	<u>\$ 895,214</u>	<u>\$ 965,817</u>	<u>\$ 1,104,547</u>
The range of discount rate	0.83%-4.82%	0.83%-4.82%	0.83%-2.01%
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 39,612</u>	<u>\$ 186,275</u>
Cash outflow for leases		<u>\$ 113,615</u>	<u>\$ 113,897</u>
Depreciation expense of right-of-use assets		<u>\$ 102,021</u>	<u>\$ 101,377</u>
Interest expense of lease liabilities		<u>\$ 2,184</u>	<u>\$ 2,487</u>
Other lease information			
Short-term lease expenses		<u>\$ 1,774</u>	<u>\$ 1,401</u>

19. INTANGIBLE ASSETS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Operation rights	<u>\$ 1,538,210</u>	<u>\$ 1,538,210</u>	<u>\$ 1,538,210</u>
Fair value of core deposits	428,887	428,887	428,887
Less: Accumulated amortization	<u>375,797</u>	<u>369,427</u>	<u>350,314</u>
	<u>53,090</u>	<u>59,460</u>	<u>78,573</u>
	<u>\$ 1,591,300</u>	<u>\$ 1,597,670</u>	<u>\$ 1,616,783</u>

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

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

The Bank assessed the recoverable amount of the cash generating unit of the operation rights for impairment in 2022 and 2021; the computation foundations of the recoverable amount is determined based on the net fair value. To reflect risks specific to the operation right, the net fair value of the recoverable amount was calculated using the discounted cash flows based on the Bank's financial forecast, and no impairment was assessed. There were no significant changes in the assessment for the three months ended March 31, 2023 and 2022, no impairment loss was recognized on operation rights.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	March 31, 2023	December 31, 2022	March 31, 2022
Call loans to banks	\$ 2,264,085	\$ 1,402,035	\$ 2,946,494
Bank overdrafts	33,681	3,064	49,038
Due to banks	<u>26,410</u>	<u>70,349</u>	<u>30,491</u>
	<u>\$ 2,324,176</u>	<u>\$ 1,475,448</u>	<u>\$ 3,026,023</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Government bonds (Notes 9 and 10)	\$ -	\$ 3,501,590	\$ -
Bank debentures (Note 9)	<u>-</u>	<u>1,097,159</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 4,598,749</u>	<u>\$ -</u>
Repurchase price	<u>\$ -</u>	<u>\$ 4,617,001</u>	<u>\$ -</u>
Repurchase date	-	2023.01.09- 2023.01.13	-

22. PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and checks for clearing	\$ 4,603,820	\$ 930,022	\$ 206,247
Interest	1,435,978	994,066	642,860
Expenses	1,108,219	1,496,899	1,440,069
Securities settlement	648,258	169,159	296,598
Accounts payable factoring	549,492	485,671	747,216
Credit card	214,106	209,229	190,423
Acceptances	152,470	207,327	95,018
Others	<u>882,453</u>	<u>853,999</u>	<u>555,007</u>
	<u>\$ 9,594,796</u>	<u>\$ 5,346,372</u>	<u>\$ 4,173,438</u>

23. DEPOSITS AND REMITTANCES

	March 31, 2023	December 31, 2022	March 31, 2022
Checking deposits	\$ 2,917,205	\$ 3,863,727	\$ 2,819,384
Demand deposits	88,997,981	102,334,898	130,697,128
Demand savings	99,222,566	94,983,370	97,233,128
Time savings	97,570,191	95,879,926	85,852,439
Negotiable certificates of deposit	29,825,500	18,445,500	11,432,500
Time deposits	312,484,969	291,838,528	279,999,485
Remittances	<u>74,553</u>	<u>77,932</u>	<u>317,800</u>
	<u>\$ 631,092,965</u>	<u>\$ 607,423,881</u>	<u>\$ 608,351,864</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	March 31, 2023	December 31, 2022	March 31, 2022
Subordinated bank debentures - seven-year maturity; first issue in 2015	2015.09.30-2022.09.30	Interest payable on September 30 each year fixed interest rate at 1.95%	\$ -	\$ -	\$ 3,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2016	2016.09.27-2023.09.27	Interest payable on September 27 each year fixed interest rate at 1.55%	4,000,000	4,000,000	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	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	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	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	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	3,500,000

(Continued)

Item	Issuance Period	Note	December 31,		
			March 31, 2023	2022	March 31, 2022
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	\$ 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	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	1660	1,660
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	240	240	240
Total bank debentures			<u>\$ 20,901,900</u>	<u>\$ 20,901,900</u>	<u>\$ 23,901,900</u>

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

25. OTHER FINANCIAL LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Deposit received	\$ 1,744,449	\$ 1,955,437	\$ 313,250
Bank loan	810,000	321,017	210,000
Commercial paper	455,000	455,000	450,000
Less: Unamortized discount on commercial paper	<u>408</u>	<u>383</u>	<u>214</u>
	<u>\$ 3,009,041</u>	<u>\$ 2,731,071</u>	<u>\$ 973,036</u>
<u>Interest rates</u>			
Bank loan	1.90%-2.10%	1.75%-4.67%	1.00%-1.10%
Commercial paper	1.92%-2.09%	2.04%-2.15%	0.97%-1.08%

26. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
Reserve for employee benefits liability - defined benefit plans (Note 27)	\$ 487,559	\$ 531,867	\$ 672,154
Reserve for obligations guarantee (Note 44)	165,914	174,194	239,520
Reserve for financing commitment and letters of credit receivables (Note 44)	<u>73,302</u>	<u>54,331</u>	<u>46,604</u>
	<u>\$ 726,775</u>	<u>\$ 760,392</u>	<u>\$ 958,278</u>

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

For the three months ended March 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 and Obligations Guarantee
Balance on January 1, 2023	\$ 85,542	\$ 8,648	\$ 21,079	\$ 115,269	\$ 113,256	\$ 228,525
Changes at the beginning of the period:						
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	(6,532)	(1,369)	(203)	(8,104)	-	(8,104)
Purchased or originated	30,689	1,746	31	32,466	-	32,466
The difference of impairment under the Regulations	-	-	-	-	(16,008)	(16,008)
Exchange rate and other changes	4,452	(137)	(404)	3,911	-	3,911
Balance on March 31, 2023	<u>\$ 114,149</u>	<u>\$ 7,009</u>	<u>\$ 20,810</u>	<u>\$ 141,968</u>	<u>\$ 97,248</u>	<u>\$ 239,216</u>

For the three months ended March 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime ECLs (Stage 2)	Lifetime ECLs (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Balance on January 1, 2022	\$ 84,892	\$ 13,201	\$ 20,950	\$ 119,043	\$ 213,878	\$ 332,921
Changes at the beginning of the period:						
Transfer to Stage 2	(9)	7,230	-	7,221	-	7,221
Transfer to Stage 3	-	(18)	155	137	-	137
Transfer to Stage 1	11	(8,668)	(62)	(8,719)	-	(8,719)
Financial assets derecognized in the current period	(10,743)	(739)	(203)	(11,685)	-	(11,685)
Purchased or originated	8,255	420	-	8,675	-	8,675
The difference of impairment under the Regulations	-	-	-	-	(35,299)	(35,299)
Exchange rate and other changes	(9,738)	2,610	1	(7,127)	-	(7,127)
Balance on March 31, 2022	<u>\$ 72,668</u>	<u>\$ 14,036</u>	<u>\$ 20,841</u>	<u>\$ 107,545</u>	<u>\$ 178,579</u>	<u>\$ 286,124</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 expenses of the first quarter in 2023 and 2022 are \$33,423 thousand and \$34,377 thousand respectively.

Defined benefit plans

The Bank's pension expenses related to the defined benefit plans were estimated based on the pension cost rate determined by actuarial calculations on December 31, 2022 and 2021. The related pension expenses for the first quarter of 2023 and 2022 were \$3,107 thousand and \$5,689 thousand, respectively.

28. EQUITY

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized shares (in thousands)	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,500,000</u>
Authorized capital	<u>\$ 55,000,000</u>	<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>	<u>3,513,963</u>
Issued capital	<u>\$ 40,694,838</u>	<u>\$ 40,694,838</u>	<u>\$ 35,139,632</u>

Issued ordinary shares with par value of \$10 are entitled to the right to vote and to receive dividends.

At the shareholders' meeting held on June 21, 2022, the Bank resolved to increase its capital by using its undistributed earnings of \$555,206 thousand. As a result, the Bank issued 55,521 thousand ordinary shares at a par value of NT\$10 and the record date for stock dividends was September 12, 2022.

At the Board of Directors' meeting held on May 5, 2022, the Bank resolved to increase its capital by issuing 500,000 thousand ordinary shares. The issuance was approved by the Securities and Futures Bureau, FSC in July 2022 and the issuance price was NT\$9.62 per share. The record date for the capital increase by cash was October 5, 2022, and the Bank completed the registration of capital change on October 31, 2022. After the capital increase by cash, the total capital amounted to \$40,694,838 thousand. In the above-mentioned increasing of capital by cash, some of the original shareholders subscribed different from its existing ownership percentage and some employees gave up their subscription, and related parties subscribed for parts of the shares for total of 50,936 thousand shares as specific persons.

Global depository receipts

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

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
Issuance of ordinary shares premium	<u>\$ 302,926</u>	<u>\$ 302,926</u>	<u>\$ 456,426</u>

The amount of capital surplus net decreased by \$153,500 thousand due to the issuance price of the shares in 2022 being lower than the par value and the recognition of the employee share options from the issuance of ordinary shares for cash.

According to the Company Law, the capital surplus arising from shares issued in excess of par may be used to offset a deficit, or, if the Bank has no deficit, distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year).

c. Retained earnings and dividend policy

The shareholders of the Bank held their regular meeting on July 20, 2021 and in that meeting, resolved the amendments to the Bank's Articles of Incorporation (the "Articles"). In case of surplus earnings after settlement of accounts for each fiscal year, the Bank shall recover all the losses incurred in the previous years, if any, before setting aside a legal reserve of thirty percent (30%) of the net profit and appropriating, according to law and regulations, a special reserve shall be retained, and shall first be distributed to the dividends of Preferred Stock. The remaining amount together with the accumulated retained profits of the last year and the reversals of special reserves are available for distribution as dividends for Common Stock. The dividends for Common Stock shall be distributed at least thirty percent (30%) of the remaining amount. The Board of Directors shall prepare the earnings distribution in accordance with the existing circumstances at the time, taking into account the future development plan of the Bank. Any allocation of cash dividend shall, in principle, be no less than 10% of the total dividends to be distributed that year.

The Banking Law provides that, unless legal reserve reached the Bank's paid-in capital, cash dividends are limited to 15% of paid-in capital.

Under the Company Law, legal reserve should be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. According to an amendment to the Company Law, when the Bank has no deficit and its legal reserve has exceeded 25% of its paid-in capital, the excess may be distributed in the form of stocks or cash.

The appropriations of earnings for 2022 were proposed in the Bank's board of directors' meeting on March 2, 2023 and the appropriations of earnings for 2021 were approved in the shareholders' meeting on June 21, 2022. The appropriations and dividends per share 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
Stock dividends	-	555,206	-	0.1580

The above of appropriations of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held on June 16, 2023.

d. Other equity items

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

	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ (1,558,957)	\$ 259,486
Recognized for the period		
Valuation gain or loss		
Debt instruments	240,311	(671,846)
Equity instruments	198,862	50,173

(Continued)

	For the Three Months Ended March 31	
	2023	2022
Share of other comprehensive income (loss) of associates for using the equity method	\$ 24,912	\$ (65,566)
Investment in debt instruments transferred to current loss due to disposal	<u>163</u>	<u>3,468</u>
Other comprehensive income (loss) recognized for the period	<u>464,248</u>	<u>(683,771)</u>
Loss on equity instruments transferred to retained earnings due to disposal	<u>6,142</u>	<u>-</u>
Balance at on March 31	<u>\$ (1,088,567)</u>	<u>\$ (424,285)</u> (Concluded)

29. NET INTERESTS

	For the Three Months Ended March 31	
	2023	2022
Interest revenues		
Discounts and loans	\$ 3,166,367	\$ 1,871,813
Invest in securities	600,572	233,724
Credit cards	170,277	174,339
Others	<u>208,344</u>	<u>73,054</u>
	<u>4,145,560</u>	<u>2,352,930</u>
Interest expenses		
Deposits and remittances	2,139,803	592,850
Structured products	156,769	38,874
Bank debentures	70,205	84,629
Others	<u>76,779</u>	<u>13,551</u>
	<u>2,443,556</u>	<u>729,904</u>
	<u>\$ 1,702,004</u>	<u>\$ 1,623,026</u>

30. NET SERVICE FEE INCOME

	For the Three Months Ended March 31	
	2023	2022
Service fee income		
Fees from credit card	\$ 267,956	\$ 318,541
Fees from trustee business	237,283	204,406
Fees from loan	139,877	102,818
Fees from insurance commission	100,296	130,685
Fees from brokering	35,797	39,297
Others	<u>86,827</u>	<u>78,316</u>
	<u>868,036</u>	<u>874,063</u>
		(Continued)

	For the Three Months Ended March 31	
	2023	2022
Service fee expense		
Credit card reward fee	\$ 64,835	\$ 59,972
Visa and Master fee	49,974	42,479
National credit card center fee	44,208	32,380
Agency service fee	18,198	18,856
Interbank service fee	14,064	13,798
Credit investigation fee	9,567	10,537
Others	<u>27,229</u>	<u>29,356</u>
	<u>228,075</u>	<u>207,378</u>
	<u>\$ 639,961</u>	<u>\$ 666,685</u>

(Concluded)

31. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Three Months Ended March 31	
	2023	2022
Gain on disposal	\$ 486,110	\$ 128,423
Gain (loss) on valuation	33,546	(65,683)
Net interests	64,833	41,990
Dividends	<u>341</u>	<u>992</u>
	<u>\$ 584,830</u>	<u>\$ 105,722</u>

32. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended March 31	
	2023	2022
Salaries (Notes 33 and 38)	\$ 814,249	\$ 795,731
Labor and health insurance	65,623	65,906
Post-employment benefits (Note 27)	36,530	40,066
Others (Note 33)	<u>88,380</u>	<u>79,936</u>
	<u>\$ 1,004,782</u>	<u>\$ 981,639</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. In the first quarter of 2023 and 2022, the Bank's accrued employees' compensation were \$37,923 thousand and \$29,042 thousand, and the remuneration of directors were \$12,641 thousand and \$9,681 thousand, respectively.

The appropriations of employees' compensation and remuneration of directors in cash for 2022 and 2021 that were resolved by the board of directors on March 2, 2023 and March 3, 2022, respectively. The distribution amounts were as follows:

Amount

	For the Year Ended December 31	
	2022	2021
Employees' compensation	<u>\$ 153,113</u>	<u>\$ 127,261</u>
Remuneration of directors	<u>\$ 41,784</u>	<u>\$ 42,420</u>

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

	For the Three Months Ended	
	March 31	
	2023	2022
Depreciation		
Property and equipment (Note 17)	\$ 75,577	\$ 71,758
Leased right-of-use assets (Note 18)	<u>102,021</u>	<u>101,377</u>
	<u>\$ 177,598</u>	<u>\$ 173,135</u>
Amortization - intangible assets (Note 19)	<u>\$ 6,370</u>	<u>\$ 6,370</u>

35. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended	
	March 31	
	2023	2022
Tax and government fees	\$ 174,003	\$ 133,599
Software	74,128	61,667
Marketing and advertising	59,885	29,595
Telecommunications	41,660	38,253
Others	<u>168,569</u>	<u>163,938</u>
	<u>\$ 518,245</u>	<u>\$ 427,052</u>

36. INCOME TAX EXPENSE

Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax expense	\$ 94,642	\$ 110,647
Deferred tax expense	<u>33,934</u>	<u>(20,507)</u>
	<u>\$ 128,576</u>	<u>\$ 90,140</u>

Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
Income tax of exchange differences on translating foreign operations	<u>\$ 1,055</u>	<u>\$ 4,252</u>

The income tax returns of the Bank through 2019 had been assessed by the tax authorities. The income tax returns of FEIS and FEAMC through 2020 had been assessed by the tax authorities.

37. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2023	2022
Basic EPS	<u>\$ 0.21</u>	<u>\$ 0.19</u>
Diluted EPS	<u>\$ 0.21</u>	<u>\$ 0.18</u>

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

	For the Three Months Ended March 31	
	2023	2022
Net income attributable to owners of the Bank	<u>\$ 849,298</u>	<u>\$ 660,712</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	3,569,484
Effect of dilutive potential ordinary shares Employees' compensation	<u>12,067</u>	<u>10,082</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>4,081,551</u>	<u>3,579,566</u>

Employees' compensation for the current year should be considered in calculating the weighted-average number of shares used for calculating diluted EPS. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the board meeting resolves the number of shares to be distributed as employees' compensation at their board meeting in the following year.

Due to retrospective adjustments to the impact of the appropriations of earnings, the changes in basic earnings per share and diluted earnings per share in the first quarter of 2022 are as follows:

	Unit: NT\$ Per Share	
	Before Adjustment	After Adjustment
Basic EPS	<u>\$ 0.19</u>	<u>\$ 0.19</u>
Diluted EPS	<u>\$ 0.19</u>	<u>\$ 0.18</u>

38. SHARE-BASED PAYMENT ARRANGEMENTS

In August 2022, the Bank resolved to increase its capital by issuing 500,000 thousand ordinary shares. According to the Company Act, the Bank shall allocate 50,000 thousand of shares as provision for subscription by employees. Lock-up period is 2 years. The relevant remuneration costs of \$41,500 thousand was recognized based on fair value on the grant date according to the valuation report issued by the experts. The valuation report applied the Black-Scholes pricing model, and the inputs to the model are as follows:

Grant date	August 30, 2022
Grant date share price (after considering ex-rights and ex-dividends)	\$11.22
Exercise price	\$9.62
Expected volatility	14.65%
Duration	0.079 years
Restricted period	2.118 years
Risk-free interest rate	0.7014%

39. RELATED-PARTY TRANSACTIONS

The Bank and its subsidiaries had significant business transactions with the following related parties:

Related Party	Relationship with the Bank
Dah Chung Bills Finance Corp.	Association
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Far Eastern New Century Corp.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd	Chairman is the vice-chairman of the Bank
Far Eastern Ai Mai Co., Ltd.	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank

(Continued)

<u>Related Party</u>	<u>Relationship with the Bank</u>
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
Der Ching Investment Corporation	Chairman is a second-degree relative of the vice chairman of the Bank
Far Eastern International Leasing Corp.	Substantive related party
Pacific SOGO Department Stores Corp.	Substantive related party
Yuan Hsin Digital Payment Co., Ltd.	Substantive related party
Ya Tung Ready Mixed Concrete Co., Ltd.	Substantive related party
Others	The Bank's chairman, vice-chairman, managers, their second-degree relatives and substantive related party

(Concluded)

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

	March 31, 2023	December 31, 2022	March 31, 2022
Far Eastern New Century Corp.	\$ 4,298,476	\$ 80,636	\$ 139
Ya Tung Ready Mixed Concrete Co., Ltd.	23,415	31,071	-
Far Eastern International Leasing Corp.	16,530	17,145	6,694
Asia Cement Corp.	13,644	10,700	5,674
Far Eastern Department Store Corp.	<u>4,300</u>	<u>404,300</u>	<u>12,300</u>
	<u>\$ 4,356,365</u>	<u>\$ 543,852</u>	<u>\$ 24,807</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 three months ended				
March 31				
2023	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 433</u>	1.25%-1.27%
2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-

c. Loans

Category	Number of Accounts and Related Party	Highest Balance in Current Period	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the three months ended March 31, 2023							
Consumer loans	Five individuals	\$ 2,845	\$ 2,437	\$ 2,437	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Thirty five individuals	363,075	340,209	340,209	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,050,000	950,000	950,000	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Stock listed on TWSE	No significant difference
	Everest Textile Co., Ltd.	699,639	510,422	510,422	-	Real estate	No significant difference
	Others (Note)	1,806,000	<u>426,000</u>	<u>426,000</u>	-	Real estate, stock unlisted on TWSE, and stock listed on TWSE	No significant difference
			<u>\$ 2,929,068</u>	<u>\$ 2,929,068</u>	<u>\$ -</u>		
For the three months ended March 31, 2022							
Consumer loans	Six individuals	4,229	\$ 4,083	\$ 4,083	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Thirty five individuals	366,509	355,957	355,957	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,300,000	1,300,000	1,300,000	-	Real estate	No significant difference
	Far Eastern Ai Mai Co., Ltd.	400,000	400,000	400,000	-	Real estate	No significant difference
	Others (Note)	1,081,196	<u>583,743</u>	<u>583,743</u>	-	Real estate, stock listed on TWSE, and certificates of deposits	No significant difference
			<u>\$ 2,643,783</u>	<u>\$ 2,643,783</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 Three Months Ended March 31	
	2023	2022
Interest revenues	<u>\$ 15,816</u>	<u>\$ 5,367</u>
Interest rate	1.60%-5.73%	0.62%-1.87%
Provision for (reversal of) possible losses	<u>\$ (8,806)</u>	<u>\$ 5,041</u>

Balances of related allowance for possible losses were \$30,992 thousand and \$28,218 thousand as of March 31, 2023 and 2022, respectively.

d. Guarantees

Related Party	Highest Balance in Current Period	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
For the three months ended March 31, 2023					
Far Eastern International Leasing Corp.	\$ 340,000	\$ 80,000	\$ 800	0.30%-0.35%	Real estate
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%	Stock unlisted on TWSE
Others (Note)	15,480	<u>15,000</u>	<u>150</u>	0.80%	Real estate and stock unlisted on TWSE
		<u>\$ 155,000</u>	<u>\$ 1,550</u>		
For the three months ended March 31, 2022					
Far Eastern International Leasing Corp.	700,000	\$ 501,000	\$ 5,010	0.30%	Real estate
U-Ming Marine Transport Corp.	500,000	500,000	5,000	0.40%	Stock listed on TWSE
Der Ching Investment Corporation	180,000	180,000	1,800	0.50%	Stock listed on TWSE
Others (Note)	365,000	<u>205,000</u>	<u>2,050</u>	0.50%-0.80%	Real estate, stock unlisted on TWSE and stock listed on TWSE
		<u>\$ 1,386,000</u>	<u>\$ 13,860</u>		

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

e. Letters of credit issued

	March 31, 2023	December 31, 2022	March 31, 2022
Yuan Long Stainless Steel Co.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,820</u>

f. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
For the three months ended March 31, 2023						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2020.07.17-2028.01.10	\$ 2,078,714	\$ 12,938	Financial liabilities at FVTPL	\$ 64,903
Far Eastern New Century Corp.	Forward exchange contracts	2023.02.17-2023.06.30	620,667	6,948	Financial assets at FVTPL	6,948
		2023.03.06-2023.05.02	121,287	(1,697)	Financial liabilities at FVTPL	1,697
Asia Cement Corp.	Cross-currency swap contracts	2022.12.21-2023.12.26	1,370,430	(119)	Financial assets at FVTPL	10,615
For the three months ended March 31, 2022						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27 - 2028.01.10	2,457,628	(91,133)	Financial assets at FVTPL	41,771
Far Eastern New Century Corp.	Forward exchange contracts	2022.01.10 - 2022.06.30	530,940	8,659	Financial assets at FVTPL	8,659
		2021.12.29 - 2022.05.31	648,891	(21,068)	Financial liabilities at FVTPL	21,080

g. Deposits

	March 31, 2023	December 31, 2022	March 31, 2022
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 49,129,858</u>	<u>\$ 55,226,399</u>	<u>\$ 47,282,648</u>
Interest rate	0%-6.65%	0%-6.34%	0%-5.84%

**For the Three Months Ended
March 31**

	2023	2022
Interest expenses	<u>\$ 138,973</u>	<u>\$ 44,990</u>

h. Acquisition of equipment

**For the Three Months Ended
March 31**

	2023	2022
New Century InfoComm Tech Co., Ltd.	<u>\$ 4,135</u>	<u>\$ 21,486</u>

i. Lessee agreements

	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities			
Yuan Ding Co., Ltd.	\$ 60,512	\$ 86,356	\$ 131,714
Pacific SOGO Department Stores Corp.	9,196	10,499	14,392
Far Eastern Department Store Corp.	<u>7,818</u>	<u>8,874</u>	<u>12,032</u>
	<u>\$ 77,526</u>	<u>\$ 105,729</u>	<u>\$ 158,138</u>

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

j. Service fee expense

**For the Three Months Ended
March 31**

	2023	2022
Ding Ding Integrated Marketing Service Co. - credit card reward fee	<u>\$ 38,311</u>	<u>\$ 38,607</u>

k. Operating expenses

	For the Three Months Ended March 31	
	2023	2022
Far Eastern Department Store Corp.	\$ 25,183	\$ 28,729
Pacific SOGO Department Stores Corp.	8,430	20,428
New Century InfoComm Tech Co., Ltd	<u>12,830</u>	<u>5,993</u>
	<u>\$ 46,443</u>	<u>\$ 55,150</u>

l. 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 \$3,902 thousand in the first quarter of 2023.

m. Compensation of key management personnel (Note 32)

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 43,560	\$ 45,506
Post-employment benefits	<u>1,443</u>	<u>898</u>
	<u>\$ 45,003</u>	<u>\$ 46,404</u>

40. PLEDGED ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at FVTOCI -			
Government bonds	\$ 3,526,486	\$ 3,526,769	\$ 3,569,277
Negotiable certificates of deposits	-	-	3,397,695
Investment in debt instruments at amortized cost -			
Negotiable certificates of deposits	2,400,000	2,200,000	-
Other financial assets - restricted time deposits	3,545,440	2,204,700	2,252,950
Due from the Central Bank and other banks -			
New Taiwan dollar reserve deposits - Type B	<u>-</u>	<u>-</u>	<u>500,000</u>
	<u>\$ 9,471,926</u>	<u>\$ 7,931,469</u>	<u>\$ 9,719,922</u>

In addition to those disclosed in other notes, the government bonds had been provided as the reserve for compensation of trust department as well as security deposits for provisional seizures of the debtors' properties. The negotiable certificates of deposits had been pledged as collaterals to back the extension of intraday credit in the Central Bank's real-time gross settlement system. The balance of intraday credit and the amount of collateral may vary at any time. Restricted time deposits had been provided as collaterals for overdraft of domestic CNY settlement. New Taiwan dollar reserve deposits - Type B had been used as collaterals to apply for financing of project loans to small and medium enterprises affected by the COVID-19.

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 44, the Bank's and its subsidiaries contingent liabilities and commitments resulting from operating activities as of March 31, 2023, December 31, 2022 and March 31, 2022 are summarized as follows:

Balance sheets and income statements of trust accounts and the trust assets lists were as follows:

Balance Sheets of Trust Accounts

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Assets</u>			
Deposits in banks	\$ 9,995,813	\$ 8,837,267	\$ 9,225,671
Accounts receivable	9,281	3,656	2,357
Funds	55,005,286	53,715,259	48,619,085
Equity stocks	4,931,985	4,957,320	5,260,999
Real estate, net			
Land	9,460,920	8,431,449	10,445,000
Building	31,108	27,385	68,228
Construction in progress	6,091,450	5,834,805	4,486,875
Intangible assets			
Superficies	13,471	13,471	13,471
Marketable securities in custody	7,828,708	8,037,118	12,885,173
Others	<u>2,804,184</u>	<u>2,802,981</u>	<u>2,634,250</u>
	<u>\$ 96,172,206</u>	<u>\$ 92,660,711</u>	<u>\$ 93,641,109</u>
<u>Liabilities</u>			
Accounts payable	\$ 1,964	\$ 2,146	\$ 1,706
Income tax payable	536	201	117
Marketable securities in custody payable	7,828,708	8,037,118	12,885,173
Trust capital	86,732,865	83,178,357	79,253,051
Reserve and earnings			
Net income or loss for current period	316,714	491,723	569,134
Accumulated profit or loss	1,291,386	951,133	931,897
Exchange	<u>33</u>	<u>33</u>	<u>31</u>
	<u>\$ 96,172,206</u>	<u>\$ 92,660,711</u>	<u>\$ 93,641,109</u>

Income Statements of Trust Accounts

	For the Three Months Ended March 31	
	2023	2022
Trust revenue		
Interest	\$ 16,373	\$ 6,597
Cash dividends	563,286	474,521
Realized capital gain - Funds	110,131	222,445
Realized capital gain - Common stock	1,602	664
Unrealized capital gain - Funds	3,736	1,231
Unrealized capital gain - Common stock	<u>6,467</u>	<u>360,419</u>
	<u>701,595</u>	<u>1,065,877</u>
Trust expenses		
Management	8,907	11,252
Supervision	18	18
Taxes	254	47
Service charges	17,796	114,253
Realized capital loss - Funds	350,383	368,159
Unrealized capital loss - Common stock	3,428	1
Unrealized capital loss - Funds	<u>3,720</u>	<u>2,938</u>
	<u>384,506</u>	<u>496,668</u>
Net income before tax	317,089	569,209
Income tax	<u>375</u>	<u>75</u>
Net income	<u>\$ 316,714</u>	<u>\$ 569,134</u>

Trust Asset Lists

	March 31, 2023	December 31, 2022	March 31, 2022
Deposits in banks	\$ 9,995,813	\$ 8,837,267	\$ 9,225,671
Funds	55,005,286	53,715,259	48,619,085
Equity stocks	4,931,985	4,957,320	5,260,999
Accounts receivable	9,281	3,656	2,357
Real estate, net			
Land	9,460,920	8,431,449	10,445,000
Building	31,108	27,385	68,228
Construction in progress	6,091,450	5,834,805	4,486,875
Intangible assets			
Superficies	13,471	13,471	13,471
Marketable securities in custody	7,828,708	8,037,118	12,885,173
Others	<u>2,804,184</u>	<u>2,802,981</u>	<u>2,634,250</u>
	<u>\$ 96,172,206</u>	<u>\$ 92,660,711</u>	<u>\$ 93,641,109</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, funds amounting to \$1,460,024 thousand, \$1,395,120 thousand and \$1,189,518 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:

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 3,512,643	30.454	\$ 106,974,030	\$ 3,666,540	30.708	\$ 112,592,110	\$ 3,545,253	28.622	\$ 101,472,231
CNY	2,331,608	4.432	10,333,220	2,494,916	4.409	11,001,083	1,454,746	4.506	6,554,940
AUD	427,080	20.333	8,683,647	331,913	20.832	6,914,511	172,684	21.405	3,696,301
HKD	1,594,637	3.880	6,186,554	1,608,957	3.938	6,336,555	2,579,352	3.656	9,429,338
EUR	81,950	33.149	2,716,577	44,323	32.724	1,450,426	174,075	31.869	5,547,631
JPY	9,488,787	0.229	2,172,932	9,963,939	0.232	2,315,619	9,612,178	0.235	2,257,901
ZAR	1,015,258	1.710	1,736,091	978,253	1.813	1,773,181	935,552	1.982	1,854,264
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	3,413,929	30.454	103,967,794	3,578,742	30.708	109,896,009	3,468,245	28.622	99,268,108
CNY	2,304,916	4.432	10,214,927	2,471,507	4.409	10,897,863	1,434,362	4.506	6,463,092
AUD	426,678	20.333	8,675,473	332,747	20.832	6,931,885	175,513	21.405	3,756,856
HKD	1,586,197	3.880	6,153,808	1,583,533	3.938	6,236,428	2,584,012	3.656	9,446,373
EUR	76,417	33.149	2,533,175	43,955	32.724	1,438,383	174,675	31.869	5,566,742
JPY	9,295,215	0.229	2,128,604	9,656,874	0.232	2,244,258	9,638,187	0.235	2,264,010
ZAR	1,008,209	1.710	1,724,037	980,246	1.813	1,776,794	947,931	1.982	1,878,799

43. FINANCIAL INSTRUMENTS

a. Information of fair value

1) Overview

Fair value is defined as the price the trader collected or paid in an ordinary transaction for disposal or acquisition of assets or transfer of liabilities on the measurement date.

Financial instruments are initially recognized at fair value on transaction date (Normally refer to transaction price). All financial instruments are subsequently measured at fair value on balance sheet date except for financial instruments which are valued at amortized cost.

2) Valuation principles of fair value measurement

When the Bank determines the fair value of financial instruments, they consider the market. If the market is active, then the fair value of the instruments will be consistent with quoted market prices. If the market is not active, then the fair value will be estimated by using a valuation model that is widely adopted by market participants or by referring to counterparties' parameters or to parameters based on conditions and quoted market prices of financial instruments that are similar to those of the Bank' instruments.

The parameters of valuation model used to measure fair value of financial instruments are observable data from market, such as OTC, Reuters and Bloomberg's offering price. The valuation department determines the scope of valuation model and assesses any uncertainty and its impact. In its assessment, the valuation department ensures the following:

- a) The consistency and adequacy of the market parameters used in the valuation;
- b) The appropriateness of the valuation model in light of the assumptions to be used, the internal control and risk management framework, and the degree of mathematical expertise required for an independent unit to make the valuation;
- c) Reliability of price information and other parameters used in the valuation and any model adjustments to be made on the basis of current market conditions.

3) Credit risk valuation adjustment

Credit risk valuation adjustment is for financial instrument transactions made outside the stock exchange, namely the transactions made over-the-counter, which could be mainly divided into credit value adjustment and debit value adjustment. The definition is as follows:

- a) Credit Value Adjustment (the “CVA”) is the reflection of possibility that counterparty is likely to default and the possible loss that the counter party may not be able to reimburse entire market value.
- b) Debit Value Adjustment (the “DVA”) is the reflection of possibility that the Bank is likely to default and the uncertainty that the Bank may not be able to reimburse for the entire market value.

The CVA is calculated by multiplying the probability of default (the “PD”) (under zero default rate of the Bank), loss given default (the “LGD”) and exposure at default (the “EAD”) of counterparty together. In contrast, DVA is calculated by multiplying PD (under zero default rate of the counterparty), LGD and EAD of the Bank together.

To reflect the credit risk of the counterparty and the credit quality of the Bank respectively and incorporate credit risk adjustments into measuring the fair value of financial instruments, the Bank use the appropriate ratio of LGD and PD that follows the advice of “The disclosure guidelines of CVA and DVA under IFRS 13” issued by the TWSE, and calculate the counterparty’s EAD based on the fair value of over-the-counter derivatives transaction.

4) The definition of 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	March 31, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 12,333,964	\$ 12,333,964	\$ -	\$ -
Equity investments	844,348	844,348	-	-
Beneficiary certificates	130,258	130,258	-	-
Financial assets at FVTOCI				
Equity instruments	2,732,040	2,472,672	-	259,368
Debt instruments				
Bonds investments	64,221,202	64,221,202	-	-
Bills investments	7,112,320	-	7,112,320	-
Financial liabilities at FVTPL				
Short-covering debentures	297,024	297,024	-	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	6,896,099	101	6,848,864	47,134
Financial liabilities at FVTPL	6,093,615	322	6,018,314	74,979
<u>Hybrid contract</u>				
Financial assets at FVTPL	22,794,007	161,445	22,632,562	-
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	-

Financial Instruments	March 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 14,507,209	\$ 14,507,209	\$ -	\$ -
Equity investments	1,041,234	1,041,234	-	-
Beneficiary certificates	120,483	120,483	-	-
Financial assets at FVTOCI				
Equity instruments	1,897,592	1,629,824	-	267,768
Debt instruments				
Bonds investments	74,026,003	74,026,003	-	-
Bills investments	30,211,332	-	30,211,332	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	8,994,270	33	8,944,823	49,414
Financial liabilities at FVTPL	8,366,911	3,063	8,336,719	27,129
<u>Hybrid contract</u>				
Financial assets at FVTPL	18,715,253	115,321	18,599,932	-

2) Fair value information levels transfers between Levels 1 and level 2

There was no transfer between Level 1 and Level 2 for the first quarter of 2023 and 2022.

3) Fair value measurement information of level 3 financial instruments

a) Movements of Level 3 financial assets

For the Three Months Ended March 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	
Mandatorily at FVTPL	\$ 51,032	\$ 9,308	\$ -	\$ 2,836	\$ -	\$ (16,042)	\$ -	\$ 47,134
Financial assets at FVTOCI	259,368	-	-	-	-	-	-	259,368
Total	\$ 310,400	\$ 9,308	\$ -	\$ 2,836	\$ -	\$ (16,042)	\$ -	\$ 306,502

For the Three Months Ended March 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	
Mandatorily at FVTPL	\$ 75,749	\$ (29,882)	\$ -	\$ 4,954	\$ -	\$ (1,407)	\$ -	\$ 49,414
Financial assets at FVTOCI	267,768	-	-	-	-	-	-	267,768
Total	\$ 343,517	\$ (29,882)	\$ -	\$ 4,954	\$ -	\$ (1,407)	\$ -	\$ 317,182

b) Movements of Level 3 financial liabilities

For the Three Months Ended March 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							
Derivative financial liabilities	\$ 49,028	\$ 11,769	\$ 15,318	\$ -	\$ (1,136)	\$ -	\$ 74,979

For the Three Months Ended March 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 Derivative financial liabilities	\$ 2,919	\$ 15,734	\$ 8,476	\$ -	\$ -	\$ -	\$ 27,129

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>					
March 31, 2023	\$ 47,134	Default probability model	Credit separation	0.50%-1.22%	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.
March 31, 2022	49,414	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
<u>Investments in equity</u>					
March 31, 2023	237,926	Income approach - cash dividend discount method	Without open market marketable discount	19.37%	The increase of discount decreases its fair value
	21,442	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
December 31, 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
March 31, 2022	238,460	Income approach - cash dividend discount method	Without open market marketable discount	19.54%	The increase of discount decreases its fair value
	17,758	Market approach - comparable listed or TPEX company	Without open market marketable discount	10.00%	The increase of discount decreases its fair value
	11,550	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
<u>Derivative financial liabilities</u>					
March 31, 2023	74,979	Default probability model	Credit separation	0.50%-1.22%	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.
March 31, 2022	27,129	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					
	March 31, 2023		December 31, 2022		March 31, 2022	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>						
Mandatorily at FVTPL	\$ 1,072	\$ (3,058)	\$ 1,967	\$ (4,346)	\$ 2,564	\$ (3,293)
<u>Liabilities</u>						
Financial liabilities at FVTPL	3,162	(3,231)	2,539	(2,678)	2,567	(2,568)

Item	Impact on Other Comprehensive Income and Losses					
	March 31, 2023		December 31, 2022		March 31, 2022	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>						
Financial assets at FVTOCI	\$ -	\$ (59)	\$ -	\$ (59)	\$ 59	\$ -

- c. Fair value information - Financial instruments not measured at fair value

The Bank considers that the book value of financial assets and liabilities which not measured at fair value is close to fair value, except for the book value of those measured at cost and of the items below:

March 31, 2023

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 94,165,970	\$ 94,029,217	\$ 20,818,781	\$ 73,210,436
<u>Financial liabilities</u>				
Bank debentures	20,901,900	20,934,905	-	20,934,905

December 31, 2022

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 100,836,081	\$ 100,661,787	\$ 13,439,878	\$ 87,221,909
<u>Financial liabilities</u>				
Bank debentures	20,901,900	20,945,587	-	20,945,587

March 31, 2022

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 68,136,263	\$ 68,095,309	\$ 4,998,366	\$ 63,096,943
<u>Financial liabilities</u>				
Bank debentures	23,901,900	23,988,484	-	23,988,484

For the valuation methods and assumptions for Level 2 financial instruments in the table above, negotiable certificates of deposit of investments in debt instruments at amortized cost are calculated by discounting future cash flows using the TAIBIR which is provided by the TDCC, and the bank debentures are estimated based on the public price information on the OTC exchange.

44. FINANCIAL RISK MANAGEMENT

a. Overview

The Bank's risk management policy is to form a risk management-oriented culture, and to use both qualitative (such as each operating procedures) and quantitative (such as asset quality ratios) indexes from internal and external risk management regulations in developing operating strategies.

The Bank has set up an independent risk control department to implement and monitor risk management policies. The Bank's risk management policies are established to identify and measure the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits, and to maximize shareholder value and achieve sustainable development goals of the enterprise.

Each subsidiary has its own risk management mechanism to identify, measure, monitor, and control the credit risk, liquidity risk, and market risk.

b. Risk management framework

The Board of Directors, the highest decision-making unit of the Bank, has overall responsibility for the establishment and oversight of the Bank's risk management framework.

Assets and Liabilities Management Committee and Risk Management Committee have been formed to examine and manage the Bank's risks, to assess the execution of risk management policies and to evaluate risk tolerance. The general manager is the convener, and is responsible for appointing members of committees.

Risk Management Group comprises Risk Control Department, Corporate Banking Department and Retail Banking Department which directly manage credit extension risks in their respective areas, and present risk management report to the Risk Management Committee and the Board of Directors, regularly. The Internal Audit Group undertakes regular reviews of risk management controls and procedures, including risk management framework, operating procedures of risk management, and provides timely suggestions for improvements.

c. Credit risk management

1) Definition and scope of credit risk

Credit risk is the risk of financial loss to the Bank if a borrower, issuer or counterparty to a financial instrument fails to meet its contractual obligations due to its credit deterioration or other factors, such as a dispute between the borrower and its counterparty.

Credit risk includes all risks derived from on- and off-balance sheet business, and all credit risk related to products, businesses and positions.

2) Management policies on credit risk

The Bank shall identify risk factors and consider appropriate risk evaluation and control process prior to taking the existing or new business. For all credit risks identified on- and off-balance sheet, adequate credit limits are set based on the same borrower, counterparty, related party, group, or industry. The Bank shall establish review mechanism to track and assess changes in each borrower's or issuer's financial position; regularly assess and manage asset quality, also strengthen the management of unusual borrowers and make appropriate allowance for possible losses if applicable.

3) The credit risk management processes and valuation methods for credit extension are as follows:

a) The credit risk has increased significantly after original recognition

The Bank assesses the change in the risk of default over the expected duration of each type of credit asset on each reporting date in order to determine whether the credit risk has increased significantly since original recognition. For this assessment, the Bank's considerations show that the credit risk has increased significantly since original recognition and can be corroborated. The main considerations include the following:

Qualitative Index

The debtor's payment is overdue for 30-89 days.

Quantitative Index

- i. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
- ii. Significant changes in actual or expected results of the debtor's operations.
- iii. The credit risk of other financial instruments of the same debtor has increased significantly.

b) The definition of default and credit impairment on financial assets

The Bank's definition of default on financial assets is the same as the judgment of credit impairment on financial assets. If one or more of the following conditions are met, the Bank determines that the financial assets have defaulted and have credit impairment:

Qualitative Index

The debtor's payment is overdue for more than 90 days.

Quantitative Index

If there is any evidence indicates that the debtor can not pay the contract, or the debtor is in a material financial difficulties as follows:

- i. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- ii. The debtor has conformed to a non-performed loan by authorities.
- iii. The debtor has conducted a negotiation of debts or self-negotiating.
- iv. The active market of the financial assets disappeared due to financial difficulties.

The aforementioned default and credit impairment definitions apply to all financial assets held by the Bank and its subsidiaries and are consistent with the definitions used for the internal credit risk management purposes of the financial assets and are applied to the relevant impairment assessment model.

If the financial assets have not conformed to the definition of default and credit impairment on financial assets for 6 consecutive months, it would not be classified as a default and credit impairment on financial assets.

c) 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, stocks and bonds guaranteed by financial institutions) and real estate such as land and buildings. Stocks listed on TWSE and TPEX are marked to market day to day, and changes in the value of their collaterals are monitored all the time; values of land and buildings are examined every time the contract is renewed.
- b) Through policy mechanism, such as credit limits and credit regulation prior to the credit being committed to customers, to control the quality of credit assets. Via post-loan management, concentration analysis, midway credit and review tracking to view assets quality and changes of each case. Master and monitor risk in time. Periodic reports and feedbacks to understand credit portfolios and overall credit risks, ensure risk offsets for continued effectiveness.
- c) When a risk occurs, according to the Bank's "Principles for Acceptance and Disposal of Collaterals," collateral of nonperforming loans secured through compulsory enforcement or participating distribution, if the minimum auction price or liquidation price of the collateral is too low and damage the Bank's credit right, the Bank will participate in the auction or declare to undertake, for example, the minimum auction price is too low to compensate the principal and interest of loans but the collateral must not be difficult to dispose in the future. For collaterals tendered or undertaken, the Bank should actively seek buyers, and if the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.
- d) Other credit enhancements

If there are guarantee, strategic alliance or collaterals provided in the terms of the loan contracts which the Bank recognized as unsecured loan, when default events occur, the Bank will demand compensation from the guarantor, strategic alliance, transfer of credits to the Bank or disposal of collaterals to decrease credit risk.

5) The maximum credit risk exposure

The carrying amount represents the Bank's maximum exposure to credit risk of the on-balance sheet assets, without taking into account the collaterals held or other credit enhancements. The amounts of the maximum credit exposure of the irrevocable off-balance commitments and guarantees, without taking into account the collaterals held or other credit enhancements, were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Unused portion of credit card lines	\$ 183,213,695	\$ 195,837,665	\$ 198,565,538
Guarantees and standby L/Cs	15,362,097	15,878,608	23,547,965
Irrevocable loan commitments	17,922,914	13,901,262	14,817,925

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:

March 31, 2023

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 286,753,741	\$ 75,673,997	\$ 106,722,490	\$ 469,150,228
Receivables - credit card	-	-	11,668,089	11,668,089
Receivables - acceptances	-	48,596	103,874	152,470
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	183,213,695	183,213,695
Guarantee	2,435,370	4,841,449	7,248,558	14,525,377
Letters of credit issued	10,038	547,627	279,055	836,720
Irrevocable loan commitments	<u>876,348</u>	<u>-</u>	<u>17,046,566</u>	<u>17,922,914</u>
	<u>\$ 290,075,497</u>	<u>\$ 81,111,669</u>	<u>\$ 326,282,327</u>	<u>\$ 697,469,493</u>

December 31, 2022

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
<u>Balance sheet items</u>				
Discounts and loans	\$ 282,509,945	\$ 70,838,042	\$ 90,734,337	\$ 444,082,324
Receivables - credit card	-	-	12,786,004	12,786,004
Receivables - acceptances	84,483	35,182	87,662	207,327
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	195,837,665	195,837,665
Guarantee	4,612,998	4,463,605	6,276,761	15,353,364
Letters of credit issued	24,947	318,309	181,988	525,244
Irrevocable loan commitments	<u>875,238</u>	<u>-</u>	<u>13,026,024</u>	<u>13,901,262</u>
	<u>\$ 288,107,611</u>	<u>\$ 75,655,138</u>	<u>\$ 318,930,441</u>	<u>\$ 682,693,190</u>

March 31, 2022

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
<u>Balance sheet items</u>				
Discounts and loans	\$ 274,420,415	\$ 67,635,435	\$ 94,306,065	\$ 436,361,915
Receivables - credit card	-	-	11,861,956	11,861,956
Receivables - acceptances	-	77,235	17,783	95,018
<u>Off-balance sheet items</u>				
Unused portion of credit card lines	-	-	198,565,538	198,565,538
Guarantee	7,017,450	5,707,963	9,160,591	21,886,004
Letters of credit issued	265,000	931,565	465,396	1,661,961
Irrevocable loan commitments	<u>2,047,594</u>	<u>-</u>	<u>12,770,331</u>	<u>14,817,925</u>
	<u>\$ 283,750,459</u>	<u>\$ 74,352,198</u>	<u>\$ 327,147,660</u>	<u>\$ 685,250,317</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>March 31, 2023</u>			
Receivables			
Credit cards	\$ 929,639	\$ 318,163	\$ -
Others	72,762	49,989	914
Discounts and loans	<u>2,918,014</u>	<u>1,307,263</u>	<u>804,628</u>
	<u>\$ 3,920,415</u>	<u>\$ 1,675,415</u>	<u>\$ 805,542</u>
	Carrying Amount	Allowance for Possible Losses Under IFRS 9	Collateral Fair Value and Other Credit Enhancements
<u>December 31, 2022</u>			
Receivables			
Credit cards	\$ 951,504	\$ 323,673	\$ -
Others	73,293	43,593	792
Discounts and loans	<u>2,929,494</u>	<u>1,304,653</u>	<u>793,392</u>
	<u>\$ 3,954,291</u>	<u>\$ 1,671,919</u>	<u>\$ 794,184</u>
	Carrying Amount	Allowance for Possible Losses Under IFRS 9	Collateral Fair Value and Other Credit Enhancements
<u>March 31, 2022</u>			
Receivables			
Credit cards	\$ 1,025,825	\$ 349,050	\$ -
Others	25,443	12,332	1,760
Discounts and loans	<u>2,724,697</u>	<u>799,718</u>	<u>1,040,462</u>
	<u>\$ 3,775,965</u>	<u>\$ 1,161,100</u>	<u>\$ 1,042,222</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	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Finance and insurance	\$ 78,036,893	17	\$ 73,532,284	17	\$ 63,846,352	15
Manufacturing	58,980,682	13	45,622,667	10	46,701,837	11
Real estate	<u>39,274,002</u>	<u>8</u>	<u>35,219,236</u>	<u>8</u>	<u>32,424,062</u>	<u>7</u>
	<u>\$ 176,291,577</u>	<u>38</u>	<u>\$ 154,374,187</u>	<u>35</u>	<u>\$ 142,972,251</u>	<u>33</u>

b) By geography

Region	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 411,092,122	88	\$ 389,650,414	88	\$ 379,892,625	87
Asia Pacific except	34,807,322	7	31,691,958	7	30,979,487	7
Others	<u>23,250,784</u>	<u>5</u>	<u>22,739,952</u>	<u>5</u>	<u>25,489,803</u>	<u>6</u>
	<u>\$ 469,150,228</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 436,361,915</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 182,396,487	39	\$ 161,572,379	37	\$ 161,941,500	37
Secured						
Real estate	245,344,418	52	240,922,149	54	234,102,400	54
Financial collateral	22,904,599	5	23,606,709	5	21,929,982	5
Movable property	17,824,755	4	17,272,119	4	17,192,738	4
Others	<u>679,969</u>	<u>-</u>	<u>708,968</u>	<u>-</u>	<u>1,195,295</u>	<u>-</u>
	<u>\$ 469,150,228</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 436,361,915</u>	<u>100</u>

7) Continuing assessment of credit quality and any impairment of financial assets

Some of the financial assets held by the Bank and its subsidiaries, such as cash and cash equivalents, due from the Central Bank and other banks, financial assets at FVTPL, securities purchased under resale agreements, refundable deposits and operating deposits, are assessed with low credit risk due to the good credit rating of the counterparties.

d. Liquidity risk management

1) Sources and definition of liquidity risk

Liquidity risk is the risk that the Bank is unable to liquidate assets or obtain loans to meet its obligations when they fall due as a result of customer deposits being early withdrawn, deteriorating access to and terms of interbank facilities, deteriorating delinquency by borrowers, or financial instruments not easily liquidated. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets, or potentially an inability to fulfill lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activities, systemic shocks and natural disasters, etc.

2) Risk management policies on liquidity risk

The Bank's liquidity management processes, which are implemented by an independent department, include:

- a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- b) Maintaining a portfolio of highly marketable assets, including cash and cash equivalents, due from the Central Bank and other banks and securities purchased under resale agreements etc., that can easily be liquidated as protection against any unforeseen interruption to cash flow; and
- c) Monitoring the liquidity ratios against internal and regulatory requirements.

Monitoring and reporting take the form of cash flow measurement and projections of various future days. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Related information is submitted regularly to the Bank's Assets and Liabilities Management Committee and the Board of Directors.

3) Maturity analysis of non-derivative financial liabilities

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the date of the balance sheet.

March 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	\$ 963,268	\$ 1,360,908	\$ -	\$ -	\$ -	\$ 2,324,176
Short-covering debentures	297,024	-	-	-	-	297,024
Payables	6,680,308	1,012,657	731,333	388,439	782,059	9,594,796
Deposits and remittances	118,669,711	132,714,026	105,306,260	141,285,642	133,117,326	631,092,965
Bank debentures	-	-	4,000,000	2,500,000	14,401,900	20,901,900
Principal received on structured products	62,381	28,856	165,852	86,185	32,793,783	33,137,057
Other financial liabilities	585,000	480,000	200,000	-	1,744,449	3,009,449
Lease liabilities	25,317	73,816	94,417	142,854	575,436	911,840
Total	\$ 127,283,009	\$ 135,670,263	\$ 110,497,862	\$ 144,403,120	\$ 183,414,953	\$ 701,269,207

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 829,670	\$ 645,778	\$ -	\$ -	\$ -	\$ 1,475,448
Securities sold under repurchase agreement	4,617,001	-	-	-	-	4,617,001
Payables	2,605,105	978,736	748,721	495,210	518,600	5,346,372
Deposits and remittances	98,051,343	131,693,307	93,691,950	147,987,215	136,000,066	607,423,881
Bank debentures	-	-	-	4,000,000	16,901,900	20,901,900
Principal received on structured products	41,853	102,407	57,065	24,566	31,586,449	31,812,340
Other financial liabilities	201,017	425,000	-	150,000	1,955,437	2,731,454
Lease liabilities	32,772	72,788	98,438	167,045	612,549	983,592
Total	\$ 106,378,761	\$ 133,918,016	\$ 94,596,174	\$ 152,824,036	\$ 187,575,001	\$ 675,291,988

March 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	\$ 1,074,891	\$ 1,951,132	\$ -	\$ -	\$ -	\$ 3,026,023
Funds borrowed from the Central Bank and other banks	-	-	90,040	-	-	90,040
Payables	1,386,276	1,184,434	460,665	351,269	790,794	4,173,438
Deposits and remittances	99,714,230	120,279,694	91,896,814	160,054,085	136,407,041	608,351,864
Bank debentures	-	-	-	3,000,000	20,901,900	23,901,900
Principal received on structured products	136,817	150,809	111,540	234,271	27,022,140	27,655,577
Other financial liabilities	490,000	170,000	-	-	313,250	973,250
Lease liabilities	26,848	75,461	99,571	201,259	721,408	1,124,547
Total	\$ 102,829,062	\$ 123,811,530	\$ 92,658,630	\$ 163,840,884	\$ 186,156,533	\$ 669,296,639

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 \$286,513,830 thousand, \$275,489,489 thousand and \$299,760,704 thousand as of March 31, 2023, December 31, 2022 and March 31, 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
March 31, 2023	<u>\$ 216,863</u>	<u>\$ 151,160</u>	<u>\$ 207,413</u>	<u>\$ 575,436</u>
December 31, 2022	<u>\$ 217,986</u>	<u>\$ 164,798</u>	<u>\$ 229,765</u>	<u>\$ 612,549</u>
March 31, 2022	<u>\$ 291,976</u>	<u>\$ 192,936</u>	<u>\$ 236,496</u>	<u>\$ 721,408</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:

March 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	\$ 901	\$ 4,320	\$ 950	\$ 5,000	\$ -	\$ 11,171
Interest rate derivatives	710	16,894	34,016	102,746	3,304,348	3,458,714
Total	\$ 1,611	\$ 21,214	\$ 34,966	\$ 107,746	\$ 3,304,348	\$ 3,469,885

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

March 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	\$ 54,793	\$ 3,569	\$ 651	\$ 6,921	\$ -	\$ 65,934
Interest rate derivatives	28,608	66,108	24,660	55,565	2,999,155	3,174,096
Total	\$ 83,401	\$ 69,677	\$ 25,311	\$ 62,486	\$ 2,999,155	\$ 3,240,030

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:

March 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	\$ 81,921,016	\$ 88,117,541	\$ 38,604,640	\$ 17,416,140	\$ 50,080	\$ 226,109,417
Cash inflow	81,133,501	87,530,804	38,012,938	17,181,316	46,037	223,904,596
Interest rate derivatives						
Cash outflow	-	-	913,620	1,827,240	611,600	3,352,460
Cash inflow	-	-	835,610	1,662,100	609,080	3,106,790
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	18,054	17,661	35,323	210,014	281,052
Subtotal of cash outflow	81,921,016	88,117,541	39,518,260	19,243,380	661,680	229,461,877
Subtotal of cash inflow	81,133,501	87,548,858	38,866,209	18,878,739	865,131	227,292,438
Net cash flow	\$ (787,515)	\$ (568,683)	\$ (652,051)	\$ (364,641)	\$ 203,451	\$ (2,169,439)

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)

March 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	\$ 66,046,556	\$ 78,244,310	\$ 60,023,004	\$ 53,374,976	\$ 1,906,937	\$ 259,595,783
Cash inflow	64,919,246	76,874,298	59,092,051	52,114,328	1,892,186	254,892,109
Interest rate derivatives						
Cash outflow	-	-	-	-	2,575,980	2,575,980
Cash inflow	-	-	-	-	2,497,710	2,497,710
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	9,960	9,740	19,481	142,609	181,790
Subtotal of cash outflow	66,046,556	78,244,310	60,023,004	53,374,976	4,482,917	262,171,763
Subtotal of cash inflow	64,919,246	76,884,258	59,101,791	52,133,809	4,532,505	257,571,609
Net cash flow	\$ (1,127,310)	\$ (1,360,052)	\$ (921,213)	\$ (1,241,167)	\$ 49,588	\$ (4,600,154)

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:

March 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	\$ 17,922,914	\$ -	\$ -	\$ -	\$ -	\$ 17,922,914
Irrevocable credit card commitments	183,213,695	-	-	-	-	183,213,695
Issued but unused letters of credit	836,720	-	-	-	-	836,720
Other guarantees	11,015,596	2,680,300	300,000	275,800	253,681	14,525,377
Total	\$ 212,988,925	\$ 2,680,300	\$ 300,000	\$ 275,800	\$ 253,681	\$ 216,498,706

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

March 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	\$ 14,817,925	\$ -	\$ -	\$ -	\$ -	\$ 14,817,925
Irrevocable credit card commitments	198,565,538	-	-	-	-	198,565,538
Issued but unused letters of credit	1,661,961	-	-	-	-	1,661,961
Other guarantees	12,907,604	7,985,600	317,000	-	675,800	21,886,004
Total	\$ 227,953,028	\$ 7,985,600	\$ 317,000	\$ -	\$ 675,800	\$ 236,931,428

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, stock 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 stock listed on TWSE and TPEX and beneficiary certificates, the Bank sets the limit of investment in each stock and stop loss/gain limits on overall and particular positions, which are monitored daily.

A stop loss/gain order would be executed once a given stop price has been reached; otherwise, traders should report to the manager of its department, including reasons for not executing stop loss/gain order.

7) Management of commodity risk

a) Definition of commodity risk

Commodity risk is the risk of loss due to changes in fair value arising from open positions in commodity price fluctuations. Commodity transactions include energy, non-ferrous metals (including precious metals), agricultural products, and other commodity futures and options.

b) Commodity risk management policies, process and valuation methods

To manage commodity risk and limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions. Energy, non-ferrous metals (including precious metals), agricultural products, and other commodity futures and options are controlled collectively using Delta; commodity option is additionally controlled using Vega. The stop loss limits are controlled on a daily basis.

8) Stress testing

The Risk Management Group performs stress testing at least once a year and submits the results of stress testing to the Risk Management Committee and the board of directors. The Bank applies market risk factors sensitivity analysis under extreme scenarios to analyze the situational profit and loss and risk exposure of risk factors on asset portfolios in trading book that have become extremely volatile for the management to evaluate the market risk-bearing capacity and ensure the continuous solvency of the Bank.

9) Sensitivity analysis

a) Interest rate sensitivity

Interest rate factor sensitivity (“DV01” or “PVBP”) measured at the balance sheet date is the impact on the discounted future cash flows of bonds and interest-rate-based derivative instruments in trading book for 1 basis points (“bps”) parallel shift in all yield curves.

Assuming all other risk factors remain constant, where the interest rate increases/decreases by 1 bps, there would be a decrease/increase of \$1,607 thousand and \$97 thousand in income before income tax for the first quarter of 2023 and 2022, respectively. There would be a decrease/increase of \$26 thousand in other comprehensive income for the first quarter of 2023. There would be a decrease of \$194 thousand and increase of \$94 thousand in other comprehensive income for the first quarter of 2022.

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 a decrease/increase of \$210,864 thousand and an increase/decrease of \$41,620 thousand in income before income tax for the first quarters of 2023 and 2022, respectively.

c) Equity securities market risk

Equity securities market factor sensitivity measured at the balance sheet date is the impact on the values of open positions in equity securities in trading book for a 1% change in stock market prices.

Where the securities prices increases/decreases by 1%, assuming all other risk factors remain constant, there would be an increase/decrease of \$3,090 thousand and \$12,700 thousand in income before income tax for the first quarter of 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.

Where the commodity price increases/decreases by 1%, assuming all other risk factors remain constant, there would be an increase/decrease of \$6 thousand in income before income tax for the first quarter of 2023. The Bank has none net position of the commodity as of March 31, 2022; changes in commodity prices have no impact on income before income tax for the first quarter of 2022.

f. Interest rate benchmark reform

The financial instruments of the Bank affected by the interest rate benchmarks reform include derivatives and non-derivatives financial assets and liabilities. The linked indicator interest rate types is USD LIBOR.

According to IBA’s announcement on March 5, 2021, one-week and two-month USD LIBOR, GBP LIBOR, EUR LIBOR, CHF LIBOR and JPY LIBOR were available until the end of 2021, and the remaining USD LIBOR will sure to be available until the end of June 2023.

The Bank prepared interest rate benchmark transition plan which comprises the following work streams: Risk management, contract management, product management, taxation and accounting, and customer communication. The Bank has already implement the adjustments of internal processes and risk management policies, upgraded IT systems and valuation models of financial instruments, as well as managing any related tax and accounting implications.

For contracts of loans and financial instruments that are expected to expire after the discontinuation of LIBOR, the Bank had incorporated fallback provisions into the supplementary contracts of the financial instrument contracts to enable the contract-linked interest rate to be converted from the current interest rate to another alternative reference rate at the agreed time. Since January 1, 2022, the Bank has signed contracts linked to interest rate benchmark other than LIBOR.

On March 31, 2023, financial instruments held by the Bank that have been affected by the interest rate benchmark reform and have not transitioned to an alternative benchmark interest rate are summarized as follows:

Non-Derivative Items	Carrying Amount Linked to USD LIBOR
Assets	
Financial assets at FVTPL	\$ 8,025,943
Financial assets at FVTOCI	5,845,051
Investment in debt instrument at amortized cost	396,797
Discounts and loans	<u>20,513,311</u>
	<u>\$ 34,781,102</u>
Liabilities	
Principal received on structured products	<u>\$ 179,435</u>

Derivative Items	Nominal Amount	Carrying Amount	
		Financial Assets	Financial Liabilities
Derivative financial instruments linked to USD LIBOR			
Interest rate swap contracts	\$ 16,770,805	\$ 580,580	\$ 479,790
Cross-currency swap contracts	<u>5,786,260</u>	<u>476,837</u>	<u>148,141</u>
	<u>\$ 22,557,065</u>	<u>\$ 1,057,417</u>	<u>\$ 627,931</u>

g. Transfer of financial assets

In the daily operations of the Bank, the transactions of the transferred financial assets not eligible for derecognition in full are mainly bonds under repurchase agreement. Since the cash flows of those financial assets have been transferred to outsiders, the Bank is not eligible to conduct, sell, or pledge the transferred financial assets during the effective period. However, the Bank is still exposed to interest rate risks and credit risks. The liabilities of repurchasing the transferred financial assets in an agreed amount have been recognized. The following tables show the transferred financial assets not eligible for derecognition in full and related amounts. (on the March 31, 2023 and 2022: Nil)

Items	December 31, 2022	
	Book Value of Transferred Financial Assets	Book Value of Related Financial Liabilities
FVTOCI - transactions under repurchase agreements	\$ 1,717,870	\$ 1,685,327
Amortized cost - transactions under repurchase agreements	3,052,512	2,913,422

h. Offset of financial assets and financial liabilities

The Bank has an exercisable master netting arrangement or similar agreement in place with counterparties. When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at 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:

March 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	\$ 6,896,099	\$ -	\$ 6,896,099	\$ 1,108,764	\$ 553,089	\$ 5,234,246
Bills and notes purchased under resale agreements	<u>1,173,065</u>	<u>-</u>	<u>1,173,065</u>	<u>1,173,065</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,069,164</u>	<u>\$ -</u>	<u>\$ 8,069,164</u>	<u>\$ 2,281,829</u>	<u>\$ 553,089</u>	<u>\$ 5,234,246</u>

Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Liabilities in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivatives	<u>\$ 6,093,615</u>	<u>\$ -</u>	<u>\$ 6,093,615</u>	<u>\$ 1,108,764</u>	<u>\$ 1,753,876</u>	<u>\$ 3,230,975</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 Liabilities in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 8,689,238	\$ -	\$ 8,689,238	\$ 2,348,300	\$ 1,518,626	\$ 4,822,312
Bills and notes sold under repurchase agreements	<u>4,598,749</u>	<u>-</u>	<u>4,598,749</u>	<u>4,598,749</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,287,987</u>	<u>\$ -</u>	<u>\$ 13,287,987</u>	<u>\$ 6,947,049</u>	<u>\$ 1,518,626</u>	<u>\$ 4,822,312</u>

March 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	\$ 8,994,270	\$ -	\$ 8,994,270	\$ 1,736,213	\$ 27,191	\$ 7,230,866
Bills and notes purchased under resale agreements	2,600,619	-	2,600,619	2,600,619	-	-
	<u>\$ 11,594,889</u>	<u>\$ -</u>	<u>\$ 11,594,889</u>	<u>\$ 4,336,832</u>	<u>\$ 27,191</u>	<u>\$ 7,230,866</u>

Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Liabilities in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivatives	<u>\$ 8,366,911</u>	<u>\$ -</u>	<u>\$ 8,366,911</u>	<u>\$ 1,736,213</u>	<u>\$ 2,087,154</u>	<u>\$ 4,543,544</u>

i. Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality of loans

Nonperforming loans and nonperforming receivables of the Bank

Item		March 31, 2023				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 430,866	\$ 74,223,304	0.58%	\$ 1,165,144	270.42%
	Unsecured	811,605	152,278,102	0.53%	1,993,737	245.65%
Consumer Banking	Residential mortgage (Note d)	43,784	136,729,942	0.03%	2,070,380	4,728.62%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	256,874	23,376,347	1.10%	428,219	166.70%
	Others (Note f)	Secured	48,801	75,800,495	0.06%	818,041
Unsecured		-	6,742,038	-	76,116	-
Total		1,591,930	469,150,228	0.34%	6,551,637	411.55%
Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Business						
Credit card		35,214	11,668,089	0.30%	338,656	961.71%
Accounts receivable factored without recourse (Note g)		-	2,096,579	-	23,904	-

Item		December 31, 2022				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 433,595	\$ 71,568,150	0.61%	\$ 1,046,622	241.38%
	Unsecured	817,597	131,195,905	0.62%	1,787,157	218.59%
Consumer Banking	Residential mortgage (Note d)	23,242	136,694,783	0.02%	2,053,107	8,833.61%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	264,420	23,650,324	1.12%	429,629	162.48%
	Others (Note f)	Secured	40,486	74,247,012	0.05%	793,419
Unsecured		-	6,726,150	-	75,297	-
Total		1,579,340	444,082,324	0.36%	6,185,231	391.63%
Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Business						
Credit card		34,011	12,786,004	0.27%	344,514	1,012.95%
Accounts receivable factored without recourse (Note g)		-	1,959,157	-	22,781	-

Business \ Item		March 31, 2022					
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)	
Corporate Banking	Secured	\$ 286,299	\$ 68,175,932	0.42%	\$ 936,070	326.96%	
	Unsecured	237,675	131,401,750	0.18%	1,499,616	630.95%	
Consumer Banking	Residential mortgage (Note d)	111,658	134,315,653	0.08%	2,026,046	1,814.51%	
	Cash card	-	-	-	-	-	
	Small-scale credit loan (Note e)	298,343	24,146,972	1.24%	449,234	150.58%	
	Others (Note f)	Secured	95,305	71,928,830	0.13%	777,397	815.69%
		Unsecured	3,840	6,392,778	0.06%	72,814	1,896.20%
Total		1,033,120	436,361,915	0.24%	5,761,177	557.65%	

Business \ Item		March 31, 2022				
		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card		31,868	11,861,956	0.27%	364,173	1,142.75%
Accounts receivable factored without recourse (Note g)		-	3,724,135	-	40,959	-

Note a: Nonperforming credit cards receivables represent the amounts of nonperforming receivables reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note b: Ratio of nonperforming loans: $\text{Nonperforming loans} \div \text{Outstanding loan balance}$.

Ratio of nonperforming credit cards receivables: $\text{Nonperforming credit cards receivables} \div \text{Outstanding credit cards receivables balance}$.

Note c: Coverage ratio of allowance for possible losses for loans: $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$.

Coverage ratio of allowance for possible losses for credit cards receivables: $\text{Allowance for possible losses for credit cards receivables} \div \text{Nonperforming credit cards receivables}$.

Note d: Residential mortgage is a loan given to the borrower who provides a house, to be purchased (or already owned) by the borrower or the spouse or the minor children of the borrower, as a mortgage to the Bank and will use the loan for house purchase or refurbishment.

Note e: Small-scale credit loans refer to the loans under the Banking Bureau's regulation, dated December 19, 2005 (Ref. No. 09440010950), but excluding small-scale unsecured loans obtained through credit cards and cash cards.

Note f: Other loans of consumer banking refer to secured or unsecured loans, excluding residential mortgage, cash card, small-scale credit loans and credit card.

Note g: As required by the Banking Bureau's letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as nonperforming receivables in three months upon the factors' or insurance companies' rejection of claims.

Nonperforming loans and nonperforming receivables excluded from the information stated above

Business \ Item	March 31, 2023		December 31, 2022		March 31, 2022	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	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)	\$ 10,840	\$ 39,748	\$ 12,532	\$ 44,409	\$ 18,113	\$ 59,102
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	1,084,792	759,933	1,100,747	782,313	1,118,527	845,855
Total	1,095,632	799,681	1,113,279	826,722	1,136,640	904,957

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)	March 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 - 6700 - real estate development activities	\$ 13,621,474	24
2	B Group - 6499 - other financial service activities not elsewhere classified	7,245,206	13
3	C Group - 4652 - wholesale of motorcycles	7,039,828	13
4	D Group - 2630 - manufacture of bare printed circuit boards	5,794,181	10
5	E Group - 6491 - financial leasing industry	3,873,745	7
6	F Group - 4831 - electricity transmission and distribution enterprise	3,462,345	6
7	G Group - 6429 - other holding companies	2,963,830	5
8	H Group - 6499 - other financial service activities not elsewhere classified	2,955,000	5
9	I Group - 6499 - other financial service activities not elsewhere classified	2,744,288	5
10	J Group - 2413 - rolling and extruding of iron and steel	2,741,422	5

Ranking (Note a)	December 31, 2022		
	Group Entity Industry and Code (Note a)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development	\$ 12,259,031	22
2	B Group - 6499 - other financial service activities not elsewhere classified	6,950,410	13
3	C Group - 4652 - wholesale of motorcycles	6,209,825	11
4	D Group - 2630 - manufacture of bare printed circuit boards	4,274,155	8
5	J Group - 2413 - rolling and extruding of iron and steel	3,862,961	7
6	E Group - 3010 - manufacture of motor vehicles	3,478,608	6
7	K Group - 4642 - electricity transmission and distribution enterprise	3,141,397	6
8	G Group - 6429 - other holding companies	2,983,918	5
9	H Group - 6499 - other financial service activities not elsewhere classified	2,945,000	5
10	L Group - 6429 - other holding companies	2,799,138	5

Ranking (Note a)	March 31, 2022		
	Group Entity Industry and Code (Note a)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development	\$ 12,916,520	26
2	C Group - 4652 - wholesale of motorcycles	6,780,238	14
3	B Group - 6499 - other financial service activities not elsewhere classified	6,243,342	13
4	M Group - 3510 - electricity supply	5,048,360	10
5	K Group - 4642 - electricity transmission and distribution enterprise	4,051,755	8
6	E Group - 6496 - non-depository financing	4,014,676	8
7	J Group - 2411 - smelting and refining of iron and steel	3,872,023	8
8	F Group - 4641 - wholesale of computers, computer peripheral equipment and software	3,663,442	7
9	N Group - 2613 - packaging and testing of semiconductors	3,580,116	7
10	H Group - 6499 - other financial service activities not elsewhere classified	3,000,000	6

Note a: The rankings above represent the top 10 corporate entities except for government or state-owned enterprises, based on the total balance of credit extension granted by the Bank. The amount of credit extensions should be disclosed in aggregate for each group entity, the code and industry of which are also required. The industry of the group entities is designated as the industry of the individual group entity with the greatest risk exposure. The lines of industry should conform to the industry sub-categorization of the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note b: "Group Entity" is defined in Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note c: Credit extension balance includes various loans (import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans; and nonaccrual loans), bills purchased, factored accounts receivable without recourse, acceptances and guarantees.

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

**Interest Rate Sensitivity Analysis
March 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	\$ 360,457,709	\$ 166,005,883	\$ 7,189,561	\$ 48,520,257	\$ 582,173,410
Interest rate-sensitive liabilities	277,207,253	202,622,301	69,387,461	18,717,352	567,934,367
Interest rate sensitivity gap	83,250,456	(36,616,418)	(62,197,900)	29,802,905	14,239,043
Net worth					56,272,699
Ratio of interest rate-sensitive assets to liabilities					102.51%
Ratio of interest rate-sensitivity gap to net worth					25.30%

**Interest Rate Sensitivity Analysis
December 31, 2022**

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 359,752,537	\$ 167,100,034	\$ 6,570,678	\$ 49,867,941	\$ 583,291,190
Interest rate-sensitive liabilities	253,144,061	190,586,248	73,187,475	20,984,999	537,902,783
Interest rate sensitivity gap	106,608,476	(23,486,214)	(66,616,797)	28,882,942	45,388,407
Net worth					54,972,333
Ratio of interest rate-sensitive assets to liabilities					108.44%
Ratio of interest rate-sensitivity gap to net worth					82.57%

**Interest Rate Sensitivity Analysis
March 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	\$ 366,597,361	\$ 157,112,725	\$ 5,389,780	\$ 46,471,461	\$ 575,571,327
Interest rate-sensitive liabilities	231,165,329	199,364,762	86,108,682	23,864,972	540,503,745
Interest rate sensitivity gap	135,432,032	(42,252,037)	(80,718,902)	22,606,489	35,067,582
Net worth					49,723,572
Ratio of interest rate-sensitive assets to liabilities					106.49%
Ratio of interest rate-sensitivity gap to net worth					70.53%

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
March 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	\$ 2,595,548	\$ 175,384	\$ 25,062	\$ 236,738	\$ 3,032,732
Interest rate-sensitive liabilities	2,860,010	246,983	168,347	46	3,275,386
Interest rate sensitivity gap	(264,462)	(71,599)	(143,285)	236,692	(242,654)
Net worth					1,847,793
Ratio of interest rate-sensitive assets to liabilities					92.59%
Ratio of interest rate-sensitivity gap to net worth					(13.13%)

Interest Rate Sensitivity Analysis
December 31, 2022

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,591,449	\$ 121,562	\$ 23,831	\$ 194,581	\$ 2,931,423
Interest rate-sensitive liabilities	1,864,714	1,503,663	164,214	-	3,532,591
Interest rate sensitivity gap	726,735	(1,382,101)	(140,383)	194,581	(601,168)
Net worth					1,790,163
Ratio of interest rate-sensitive assets to liabilities					82.98%
Ratio of interest rate-sensitivity gap to net worth					(33.58%)

Interest Rate Sensitivity Analysis
March 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	\$ 2,832,974	\$ 219,677	\$ 104,089	\$ 117,371	\$ 3,274,111
Interest rate-sensitive liabilities	966,565	2,313,616	149,243	-	3,429,424
Interest rate sensitivity gap	1,866,409	(2,093,939)	(45,154)	117,371	(155,313)
Net worth					1,737,250
Ratio of interest rate-sensitive assets to liabilities					95.47%
Ratio of interest rate-sensitivity gap to net worth					(8.94%)

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 Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Return on total assets	Before tax	0.13%	0.10%
	After tax	0.11%	0.09%
Return on equity	Before tax	1.76%	1.51%
	After tax	1.53%	1.33%
Net income ratio		27.79%	25.95%

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

March 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	\$ 826,100,900	\$ 129,001,816	\$ 96,357,667	\$ 136,280,519	\$ 83,403,716	\$ 76,736,256	\$ 304,320,926
Main capital outflow on maturity	1,014,537,900	84,007,320	125,776,335	196,194,069	185,371,796	190,585,501	232,602,651
Gap	(188,436,772)	44,994,496	(29,418,668)	(59,913,550)	(101,968,080)	(113,849,245)	71,718,275

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

March 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	\$ 793,603,740	\$ 118,453,573	\$ 103,239,095	\$ 107,366,260	\$ 83,715,795	\$ 98,531,047	\$ 282,297,970
Main capital outflow on maturity	963,755,926	41,188,635	104,275,286	189,980,016	161,947,803	226,013,434	240,350,752
Gap	(170,152,186)	77,264,938	(1,036,191)	(82,613,756)	(78,232,008)	(127,482,387)	41,947,218

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

b) For U.S. dollar items

March 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	\$ 11,426,547	\$ 5,180,555	\$ 2,088,791	\$ 1,204,396	\$ 922,179	\$ 2,030,626
Main capital outflow on maturity	12,555,640	4,649,749	3,536,618	2,207,094	1,763,458	398,721
Gap	(1,129,093)	530,806	(1,447,827)	(1,002,698)	(841,279)	1,631,905

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

March 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	\$ 11,443,662	\$ 3,531,441	\$ 2,680,715	\$ 1,427,676	\$ 1,932,624	\$ 1,871,206
Main capital outflow on maturity	12,131,471	3,643,788	3,263,687	2,150,256	2,467,358	606,382
Gap	(687,809)	(112,347)	(582,972)	(722,580)	(534,734)	1,264,824

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.

46. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the three months ended March 31, 2023

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Securities sold under repurchase agreement	\$ 4,598,749	\$ (4,554,665)	\$ (44,084)	\$ -	\$ -
Bank debentures	20,901,900	-	-	-	20,901,900
Other financial liabilities	2,731,071	277,970	-	-	3,009,041
Lease liabilities	<u>965,817</u>	<u>(109,657)</u>	<u>(326)</u>	<u>39,380</u>	<u>895,214</u>
	<u>\$ 29,197,537</u>	<u>\$ (4,386,352)</u>	<u>\$ (44,410)</u>	<u>\$ 39,380</u>	<u>\$ 24,806,155</u>

For the three months ended March 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	\$ 12,800	\$ -	\$ -	\$ 90,040
Securities sold under repurchase agreement	4,959	(5,014)	55	-	-
Bank debentures	23,901,900	-	-	-	23,901,900
Other financial liabilities	979,213	(6,177)	-	-	973,036
Lease liabilities	<u>1,026,881</u>	<u>(110,009)</u>	<u>1,905</u>	<u>185,770</u>	<u>1,104,547</u>
	<u>\$ 25,990,193</u>	<u>\$ (108,400)</u>	<u>\$ 1,960</u>	<u>\$ 185,770</u>	<u>\$ 26,069,523</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:

- Individual banking: Mainly includes consumer banking loans such as mortgages, credit loans, car loans, installment, etc.; credit cards; individual deposits; and wealth management;
- Corporate banking: Mainly includes corporate-related business, foreign-currency business and financial market business;
- Others: Any business not included in individual and corporate banking.

Segment Income and Operating Results

The accounting policies adopted by each reportable segments are the same as those stated in Note 4 to the consolidated financial reports.

The income and operating results of the reportable segments of the Bank and its subsidiaries were as follows:

	Individual Banking	Corporate Banking	Others	Total
<u>For the three months ended March 31, 2023</u>				
Net interests	\$ 948,733	\$ 861,785	\$ (108,514)	\$ 1,702,004
Net revenues and gains other than interest				
Net service fee income	443,953	160,386	35,622	639,961
Other net income	<u>80,062</u>	<u>511,756</u>	<u>121,926</u>	<u>713,744</u>
Net revenues	1,472,748	1,533,927	49,034	3,055,709
(Provision for) reversal of bad debt expenses	(27,042)	(343,824)	26	(370,840)
Operating expenses	<u>(1,203,714)</u>	<u>(416,631)</u>	<u>(86,650)</u>	<u>(1,706,995)</u>
Segment income before income tax	<u>\$ 241,992</u>	<u>\$ 773,472</u>	<u>\$ (37,590)</u>	<u>\$ 977,874</u>
<u>For the three months ended March 31, 2022</u>				
Net interests	\$ 990,176	\$ 879,077	\$ (246,227)	\$ 1,623,026
Net revenues and gains other than interest				
Net service fee income	515,519	121,520	29,646	666,685
Other net income	<u>59,309</u>	<u>101,840</u>	<u>95,275</u>	<u>256,424</u>
Net revenues	1,565,004	1,102,437	(121,306)	2,546,135
Provision for bad debt expenses	(7,008)	(140,095)	(59,984)	(207,087)
Operating expenses	<u>(1,116,134)</u>	<u>(398,054)</u>	<u>(74,008)</u>	<u>(1,588,196)</u>
Segment income before income tax	<u>\$ 441,862</u>	<u>\$ 564,288</u>	<u>\$ (255,298)</u>	<u>\$ 750,852</u>

48. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

- 1) Marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital: Nil
- 2) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: Table 1 (attached)
- 3) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: Nil
- 4) Service charge discounts on transactions with related parties in aggregated amount of at least NT\$5 million: Nil
- 5) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Nil
- 6) Sale of nonperforming loans: Nil
- 7) The type and related information of any securitization product that has been approved in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act: Nil

- 8) Intercompany relationships and significant intercompany transactions: Table 2 (attached)
- 9) Other significant transactions which may have effects on decision making of financial statement users: Nil
- b. Information of subsidiaries' financing provided, endorsement/guarantee provided, marketable securities held, marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital and derivative transactions: Table 3 (attached)
- c. Related information of investees on which the Bank exercises significant influence: Nil
- d. Information about branches and investments in mainland China: Table 4 (attached)
- e. Information about major shareholders: Name, number of shares, and percentage of ownership of shareholders holding more than 5% of the shares: Nil

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 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	Relationship	Transaction Date	Amount			
The Bank	Land	October 3, 2022	\$ 2,011,507	As of December 31, 2022, the Bank has paid \$1,643,907 thousand (\$1,276,307 thousand accounted for as land; \$367,600 thousand accounted for as properties prepayment). The Bank has paid off the transaction amount and completed the legal procedures for the land transfer in January 2023.	Natural Person (9 individuals)	-	-	-	\$ -	Reference to the market price and appraisal report.	To build office for the headquarters of the Bank.	Nil	

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Flow of Transaction	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Net Profit or Consolidated Total Assets (% , Note 2)
0	Far Eastern International Bank Ltd.	Far Eastern Asset Management Co., 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	Deposits and remittances	\$ 41,079	Note 3	0.01
			From parent company to subsidiary	Deposits and remittances	277,307	Note 3	0.04
			From parent company to subsidiary	Interest expense	615	Note 3	0.02
			From parent company to subsidiary	Service charge	359	Note 3	0.01
			From parent company to subsidiary	Loss on disposal of financial assets at FVTPL	113	Note 3	-
1	Far Eastern Asset Management Co., Ltd.	Far Eastern International Bank Ltd.	From subsidiary to parent company	Cash and cash equivalents	41,079	Note 3	0.01
2	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	Cash and cash equivalents	277,307	Note 3	0.04
			From subsidiary to parent company	Interest revenue	615	Note 3	0.02
			From subsidiary to parent company	Service fee income	472	Note 3	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 THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, In Thousand Shares)**

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	\$ 15,954	\$ 15,954	6%-10%	a	\$ 16,377	-	\$ 319	Real estate	\$ 33,437	\$ 316,190	\$ 1,053,965

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

INVESTMENT IN MAINLAND CHINA

FOR THE THREE MONTHS ENDED MARCH 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 January 1, 2023	Investment Flow (Note 4)		Accumulated Outflow of Investment as of March 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 March 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of March 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)	\$ 13,129 (CNY 2,951 thousand)	100.00	\$ 13,129 (CNY 2,951 thousand)	\$ 1,067,044	\$ -	

Accumulated Investment in Mainland China as of March 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)	\$1,011,216

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

- a. Direct investment.
- b. Investment via third place company (state third place investment company).
- c. Others.

Note 2: Calculation based on investee company's financial statements unreviewed 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 three months ended March 31, 2023.