

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and 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 June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six 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 June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 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.

Other Matter

We have also audited the parent company only financial statements of Far Eastern International Bank Ltd. as of and for the six months ended June 30, 2023 and 2022 on which we have issued an unmodified opinion.

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

August 29, 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	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
ASSETS						
Cash and cash equivalents (Notes 6 and 39)	\$ 7,676,337	1	\$ 8,237,870	1	\$ 6,518,128	1
Due from the Central Bank and other banks (Notes 7 and 39)	32,974,456	4	35,591,182	5	62,543,692	8
Financial assets at fair value through profit or loss (Notes 8, 39 and 43)	46,065,594	6	46,652,529	6	44,974,556	6
Financial assets at fair value through other comprehensive income (Notes 9, 11, 21, 28, 40, 43 and 44)	78,948,692	10	76,739,907	10	92,033,798	12
Investment in debt instruments at amortized cost, net (Notes 10, 11, 21, 40, 43 and 44)	117,477,310	15	100,836,081	14	77,076,813	10
Securities purchased under resale agreements, net (Note 12)	2,267,110	-	1,146,775	-	2,049,469	-
Receivables, net (Notes 13 and 44)	19,135,413	3	18,999,211	3	20,467,533	3
Discounts and loans, net (Notes 14, 39 and 44)	468,095,569	59	437,897,093	59	438,518,383	58
Investment accounted for using equity method (Notes 15 and 28)	1,936,206	-	1,886,047	-	1,796,758	-
Other financial assets, net (Notes 16 and 40)	6,996,213	1	4,790,483	1	6,714,071	1
Property and equipment, net (Notes 17 and 39)	5,097,768	1	4,760,573	1	3,007,599	1
Right-of-use assets, net (Notes 18 and 39)	881,345	-	954,076	-	1,136,184	-
Intangible assets, net (Note 19)	1,584,929	-	1,597,670	-	1,610,412	-
Deferred tax assets (Notes 4 and 36)	129,532	-	179,701	-	188,862	-
Other assets	387,783	-	270,445	-	222,539	-
TOTAL	\$ 789,654,257	100	\$ 740,539,643	100	\$ 758,858,797	100
LIABILITIES AND EQUITY						
LIABILITIES						
Due to the Central Bank and other banks (Notes 20 and 44)	\$ 3,918,263	1	\$ 1,475,448	-	\$ 3,755,846	-
Financial liabilities at fair value through profit or loss (Notes 8, 39 and 43)	9,091,859	1	8,689,238	1	11,383,678	2
Securities sold under repurchase agreements (Notes 9, 10, 21, 44 and 46)	-	-	4,598,749	1	-	-
Payables (Notes 22, 39 and 44)	6,861,715	1	5,346,372	1	11,970,875	2
Current tax liabilities (Note 4)	163,891	-	311,114	-	213,205	-
Deposits and remittances (Notes 23, 39 and 44)	653,538,839	83	607,423,881	82	627,077,365	83
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)	33,655,586	4	31,812,340	4	28,758,964	4
Other financial liabilities (Notes 25, 44 and 46)	3,288,127	-	2,731,071	1	928,274	-
Provisions (Notes 26 and 39)	700,677	-	760,392	-	925,987	-
Lease liabilities (Notes 18, 39, 44 and 46)	889,428	-	965,817	-	1,138,616	-
Other liabilities (Note 39)	535,516	-	550,988	-	525,883	-
Total liabilities	733,545,801	93	685,567,310	93	710,580,593	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Notes 9, 15, 28 and 38)						
Share capital						
Ordinary shares	40,694,838	5	40,694,838	5	35,139,632	4
Reserve for capitalization	-	-	-	-	555,206	-
Total share capital	40,694,838	5	40,694,838	5	35,694,838	4
Capital surplus	302,926	-	302,926	-	456,426	-
Retained earnings						
Legal reserve	12,304,518	2	11,206,638	1	11,206,638	2
Special reserve	1,711,795	-	5,922	-	5,922	-
Unappropriated earnings	2,030,802	-	4,467,881	1	2,457,684	-
Total retained earnings	16,047,115	2	15,680,441	2	13,670,244	2
Other equity	(936,423)	-	(1,705,872)	-	(1,543,304)	-
Total equity	56,108,456	7	54,972,333	7	48,278,204	6
TOTAL	\$ 789,654,257	100	\$ 740,539,643	100	\$ 758,858,797	100

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUES (Notes 29 and 39)	\$ 4,493,096	134	\$ 2,764,113	94	\$ 8,638,656	135	\$ 5,117,043	93
INTEREST EXPENSES (Notes 18, 29 and 39)	<u>2,813,919</u>	<u>84</u>	<u>965,909</u>	<u>33</u>	<u>5,257,475</u>	<u>82</u>	<u>1,695,813</u>	<u>31</u>
NET INTERESTS	<u>1,679,177</u>	<u>50</u>	<u>1,798,204</u>	<u>61</u>	<u>3,381,181</u>	<u>53</u>	<u>3,421,230</u>	<u>62</u>
NET REVENUES AND GAINS OTHER THAN INTEREST								
Net service fee income (Notes 30 and 39)	658,705	20	801,450	27	1,298,666	20	1,468,135	27
Gain on financial assets and liabilities at fair value through profit or loss (Notes 31, 39 and 43)	739,595	22	7,966	-	1,324,425	21	113,688	2
Realized gain on financial assets at fair value through other comprehensive income (Notes 9 and 28)	104,705	3	78,995	3	104,710	1	75,652	1
Net foreign exchange gain	80,212	2	153,085	5	121,674	2	220,107	4
Shares of profit of associates for using equity method (Note 15)	30,579	1	26,874	1	55,196	1	58,081	1
Others	<u>65,165</u>	<u>2</u>	<u>79,038</u>	<u>3</u>	<u>127,995</u>	<u>2</u>	<u>134,854</u>	<u>3</u>
Total net revenues and gains other than interest	<u>1,678,961</u>	<u>50</u>	<u>1,147,408</u>	<u>39</u>	<u>3,032,666</u>	<u>47</u>	<u>2,070,517</u>	<u>38</u>
NET REVENUES	<u>3,358,138</u>	<u>100</u>	<u>2,945,612</u>	<u>100</u>	<u>6,413,847</u>	<u>100</u>	<u>5,491,747</u>	<u>100</u>
NET PROVISION FOR LOSS ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 13, 14, 16, 26 and 39)	<u>144,687</u>	<u>4</u>	<u>81,268</u>	<u>3</u>	<u>515,527</u>	<u>8</u>	<u>288,355</u>	<u>5</u>
OPERATING EXPENSES								
Employee benefits expense (Notes 4, 27, 32, 33, 38 and 39)	1,104,815	33	1,053,529	36	2,109,597	33	2,035,168	37
Depreciation and amortization (Notes 17, 18, 19 and 34)	183,808	5	182,595	6	367,776	5	362,100	7
Other general and administrative expenses (Notes 18, 35 and 39)	<u>562,649</u>	<u>17</u>	<u>453,054</u>	<u>15</u>	<u>1,080,894</u>	<u>17</u>	<u>880,106</u>	<u>16</u>
Total operating expenses	<u>1,851,272</u>	<u>55</u>	<u>1,689,178</u>	<u>57</u>	<u>3,558,267</u>	<u>55</u>	<u>3,277,374</u>	<u>60</u>
INCOME BEFORE INCOME TAX	1,362,179	41	1,175,166	40	2,340,053	37	1,926,018	35
INCOME TAX EXPENSE (Notes 4 and 36)	<u>171,233</u>	<u>5</u>	<u>186,477</u>	<u>7</u>	<u>299,809</u>	<u>5</u>	<u>276,617</u>	<u>5</u>
NET INCOME FOR THE PERIOD	<u>1,190,946</u>	<u>36</u>	<u>988,689</u>	<u>33</u>	<u>2,040,244</u>	<u>32</u>	<u>1,649,401</u>	<u>30</u>

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 9, 11, 15, 28, 36 and 43)								
Items that will not be reclassified subsequently to profit or loss:								
Gain (loss) on valuation of investments in equity instruments at fair value through other comprehensive income	\$ 180,937	5	\$ (343,776)	(12)	\$ 379,799	6	\$ (293,603)	(5)
Share of other comprehensive income (loss) of associates for using equity method	<u>(2,355)</u>	<u>-</u>	<u>(324)</u>	<u>-</u>	<u>(1,341)</u>	<u>-</u>	<u>1,046</u>	<u>-</u>
	<u>178,582</u>	<u>5</u>	<u>(344,100)</u>	<u>(12)</u>	<u>378,458</u>	<u>6</u>	<u>(292,557)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	13,785	1	37,662	2	1,660	-	86,594	1
Share of other comprehensive income (loss) of associates for using equity method	10,787	-	(61,891)	(2)	34,685	1	(128,827)	(2)
Gain (loss) on investments in debt instruments measured at fair value through other comprehensive income	98,449	3	(554,592)	(19)	338,923	5	(1,222,970)	(22)
Income tax benefit (expense) relating to items that may be reclassified subsequently	<u>7,220</u>	<u>-</u>	<u>(132)</u>	<u>-</u>	<u>6,165</u>	<u>-</u>	<u>(4,384)</u>	<u>-</u>
	<u>130,241</u>	<u>4</u>	<u>(578,953)</u>	<u>(19)</u>	<u>381,433</u>	<u>6</u>	<u>(1,269,587)</u>	<u>(23)</u>
Other comprehensive loss for the period	<u>308,823</u>	<u>9</u>	<u>(923,053)</u>	<u>(31)</u>	<u>759,891</u>	<u>12</u>	<u>(1,562,144)</u>	<u>(28)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,499,769</u>	<u>45</u>	<u>\$ 65,636</u>	<u>2</u>	<u>\$ 2,800,135</u>	<u>44</u>	<u>\$ 87,257</u>	<u>2</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of the Bank	<u>\$ 1,190,946</u>	<u>36</u>	<u>\$ 988,689</u>	<u>34</u>	<u>\$ 2,040,244</u>	<u>33</u>	<u>\$ 1,649,401</u>	<u>30</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	<u>\$ 1,499,769</u>	<u>45</u>	<u>\$ 65,636</u>	<u>2</u>	<u>\$ 2,800,135</u>	<u>44</u>	<u>\$ 87,257</u>	<u>2</u>
EARNINGS PER SHARE (Note 37)								
Basic	<u>\$ 0.29</u>		<u>\$ 0.28</u>		<u>\$ 0.50</u>		<u>\$ 0.46</u>	
Diluted	<u>\$ 0.29</u>		<u>\$ 0.28</u>		<u>\$ 0.50</u>		<u>\$ 0.46</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)

	Equity Attributable to Shareholders of the Parent						Others		Total Equity
	Ordinary Shares (Note 28)	Reserve for Raising Capital	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
Appropriation of the 2021 earnings									
Legal reserve	-	-	-	911,772	-	(911,772)	-	-	-
Cash dividends - NT\$0.4300 per share	-	-	-	-	-	(1,511,004)	-	-	(1,511,004)
Share dividends - NT\$0.1580 per share	-	555,206	-	-	-	(555,206)	-	-	-
	-	555,206	-	911,772	-	(2,977,982)	-	-	(1,511,004)
Net income for the six months ended June 30, 2022	-	-	-	-	-	1,649,401	-	-	1,649,401
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	82,210	(1,644,354)	(1,562,144)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	1,649,401	82,210	(1,644,354)	87,257
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	-	2	-	(2)	-
BALANCE AT JUNE 30, 2022	\$ 35,139,632	\$ 555,206	\$ 456,426	\$ 11,206,638	\$ 5,922	\$ 2,457,684	\$ (158,434)	\$ (1,384,870)	\$ 48,278,204
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
Appropriation of the 2022 earnings									
Legal reserve	-	-	-	1,097,880	-	(1,097,880)	-	-	-
Special reserves	-	-	-	-	1,705,873	(1,705,873)	-	-	-
Cash dividends - NT\$0.4089 per share	-	-	-	-	-	(1,664,012)	-	-	(1,664,012)
	-	-	-	1,097,880	1,705,873	(4,467,765)	-	-	(1,664,012)
Net income for the six months ended June 30, 2023	-	-	-	-	-	2,040,244	-	-	2,040,244
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	7,825	752,066	759,891
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	2,040,244	7,825	752,066	2,800,135
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	-	(9,558)	-	9,558	-
BALANCE AT JUNE 30, 2023	\$ 40,694,838	\$ -	\$ 302,926	\$ 12,304,518	\$ 1,711,795	\$ 2,030,802	\$ (139,090)	\$ (797,333)	\$ 56,108,456

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)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,340,053	\$ 1,926,018
Adjustments for:		
Depreciation	355,035	349,359
Amortization	12,741	12,741
Provision for loss on bad debts expense, commitment and guarantee	748,501	498,511
Net valuation loss (gain) on financial assets and liabilities at fair value through profit or loss	(73,187)	279,600
Interest expenses	5,257,475	1,695,813
Interest revenues	(8,638,656)	(5,117,043)
Dividend revenue	(105,676)	(85,532)
Shares of profit from associates	(55,196)	(58,081)
Unrealized net loss (gain) on foreign currency exchange	(29,615)	(101,616)
Other adjustments	2,091	(4,533)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(1,059,286)	(361,401)
Decrease (increase) in financial assets at fair value through profit or loss	963,260	(6,358,059)
Decrease (increase) in financial assets at fair value through other comprehensive income	(1,305,107)	21,144,446
Increase in investments in debt instruments at amortized cost	(16,426,973)	(5,515,138)
Decrease in receivables	144,377	5,018,559
Increase in discounts and loans	(30,040,278)	(27,376,249)
Increase in due to the Central Bank and other banks	2,313,788	1,730,662
Increase in financial liabilities at fair value through profit or loss	360,456	8,241,990
Increase (decrease) in payables	(802,893)	4,819,333
Increase in deposits and remittances	44,363,419	5,872,493
Increase in principal received on structured products	1,759,409	5,503,128
Decrease in provisions for employee benefits	(61,738)	(57,425)
Decrease in other liabilities	(42,696)	(93,454)
Cash generated from (used in) operations	(20,696)	11,964,122
Interest received	8,521,224	4,980,664
Dividends received	11,210	6,780
Interest paid	(4,567,020)	(1,418,675)
Income tax paid	(384,847)	(216,163)
Net cash generated from operating activities	3,559,871	15,316,728
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(487,844)	(168,062)
Proceeds from disposal of property and equipment	35	64
Increase in other financial assets	(2,160,841)	(2,521,664)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
Decrease (increase) in other assets	\$ (117,053)	\$ 35,914
Dividends received from associates	<u>38,381</u>	<u>103,717</u>
Net cash used in investing activities	<u>(2,727,322)</u>	<u>(2,550,031)</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 46)		
Decrease in funds borrowed from the Central Bank and other banks	-	(77,240)
Decrease in securities sold under repurchase agreements	(4,575,956)	(5,143)
Repayments of the principal portion of lease liabilities	(208,198)	(211,441)
Increase (decrease) in other financial liabilities	<u>557,056</u>	<u>(50,939)</u>
Net cash used in financing activities	<u>(4,227,098)</u>	<u>(344,763)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>277,339</u>	<u>1,548,846</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,117,210)	13,970,780
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>\$ 25,815,821</u>	<u>\$ 56,128,793</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents in consolidated balance sheets	\$ 7,676,337	\$ 8,237,870	\$ 6,518,128
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	15,872,374	19,548,386	47,561,196
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	<u>2,267,110</u>	<u>1,146,775</u>	<u>2,049,469</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 25,815,821</u>	<u>\$ 28,933,031</u>	<u>\$ 56,128,793</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 SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

As of June 30, 2023, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 54 domestic branches, as well as an overseas branch in Hong Kong and two foreign representative offices (Vietnam and Singapore).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Bank’s Board of Directors on August 29, 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 a material impact on the Bank and its subsidiaries’ accounting policies.
- b. The IFRSs endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above 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.

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

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

- c. The 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 IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and 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		
			June 30, 2023	December 31, 2022	June 30, 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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 3,072,865	\$ 4,446,644	\$ 2,833,090
Notes and checks for clearing	216,884	930,022	964,913
Deposits due from other banks	4,042,494	2,458,559	2,275,756
Balance with other banks	<u>344,094</u>	<u>402,645</u>	<u>444,369</u>
	<u>\$ 7,676,337</u>	<u>\$ 8,237,870</u>	<u>\$ 6,518,128</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Due from other banks	\$ 6,616,930	\$ 11,861,642	\$ 40,390,956
New Taiwan dollar reserve deposits - Type A	6,106,293	4,039,838	4,028,376
New Taiwan dollar reserve deposits - Type B	17,102,082	16,042,796	14,982,496
Foreign-currency reserve deposits	148,318	146,510	141,501
Due from the Central Bank - Interbank fund transfer account	<u>3,000,833</u>	<u>3,500,396</u>	<u>3,000,363</u>
	<u>\$ 32,974,456</u>	<u>\$ 35,591,182</u>	<u>\$ 62,543,692</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 June 30, 2023, December 31, 2022 and June 30, 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 \$15,872,374 thousand, \$19,548,386 thousand and \$47,561,196 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

	June 30, 2023	December 31, 2022	June 30, 2022
Non-derivative financial assets			
Government bond	\$ 11,600,889	\$ 14,911,749	\$ 12,358,170
Shares listed on TWSE and TPEX	851,670	926,269	1,016,149
Beneficiary certificates	<u>170,808</u>	<u>-</u>	<u>8,596</u>
	<u>12,623,367</u>	<u>15,838,018</u>	<u>13,382,915</u>
Derivative financial assets			
Interest rate swap contracts	4,480,419	3,828,660	4,267,095
Foreign-currency swap contracts	4,000,171	4,261,111	5,268,826
Forward exchange contracts	624,397	424,534	206,093
Cross-currency swap contracts	528,367	586,811	370,311
Currency option contracts	146,581	219,149	555,810
Others	<u>92,776</u>	<u>169,778</u>	<u>114,160</u>
	<u>9,872,711</u>	<u>9,490,043</u>	<u>10,782,295</u>
Hybrid contract			
Asset swap fixed-income	21,056,824	18,913,127	17,587,289
Credit linked note contracts	1,886,181	1,239,144	1,190,214
Credit linked loan contracts	467,821	1,018,973	1,873,320
Convertible bonds	<u>158,690</u>	<u>153,224</u>	<u>158,523</u>
	<u>23,569,516</u>	<u>21,324,468</u>	<u>20,809,346</u>
Total financial assets classified as at FVTPL	<u>\$ 46,065,594</u>	<u>\$ 46,652,529</u>	<u>\$ 44,974,556</u>

Financial liabilities held for trading

	June 30, 2023	December 31, 2022	June 30, 2022
Non-derivative financial liabilities			
Short-covering debentures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,248</u>
Derivative financial liabilities			
Foreign-currency swap contracts	4,302,246	4,552,508	5,906,601
Interest rate swap contracts	3,904,988	3,234,998	3,646,730
Cross-currency swap contracts	409,916	330,039	203,067
Forward exchange contracts	215,538	172,168	126,242
Currency option contracts	146,624	219,549	556,286
Others	<u>112,547</u>	<u>179,976</u>	<u>244,504</u>
	<u>9,091,859</u>	<u>8,689,238</u>	<u>10,683,430</u>
Total financial liabilities at FVTPL	<u>\$ 9,091,859</u>	<u>\$ 8,689,238</u>	<u>\$ 11,383,678</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Foreign-currency swap contracts	\$ 384,773,001	\$ 370,699,233	\$ 399,165,643
Interest rate swap contracts	345,135,962	310,841,788	297,095,608
Currency option contracts	41,727,905	39,199,022	103,830,351
Forward exchange contracts	22,618,586	22,446,595	15,905,149
Seller of credit default swap contracts	18,525,325	23,860,116	22,515,825
Interest rate option contracts	10,300,000	7,000,000	7,000,000
Cross-currency swap contracts	9,351,942	9,189,720	7,719,480
Non-deliverable forward contracts	238,006	279,308	1,456,101
Government bond futures contracts	149,448	30,708	36,598
Share index futures	64,216	28,429	15,147
Future contracts	11,910	-	-
Forward contracts	-	529,996	232,957

9. FINANCIAL ASSETS AT FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Investments in equity instruments</u>			
Shares listed on TWSE and TPEX	\$ 3,253,780	\$ 2,220,940	\$ 2,460,936
Shares unlisted on TWSE and TPEX	<u>273,326</u>	<u>259,368</u>	<u>277,879</u>
	<u>3,527,106</u>	<u>2,480,308</u>	<u>2,738,815</u>
<u>Investments in debt instruments</u>			
Government bonds	24,798,967	26,682,124	32,801,719
Corporate bonds	17,930,233	18,318,731	18,772,108
Bank debentures	16,418,841	20,109,910	17,453,227
Commercial paper	14,137,625	7,184,492	15,831,265
Collateralized mortgage obligation	1,885,168	1,964,342	1,839,172
Negotiable certificates of deposit	<u>250,752</u>	<u>-</u>	<u>2,597,492</u>
	<u>75,421,586</u>	<u>74,259,599</u>	<u>89,294,983</u>
Total financial assets at FVTOCI	<u>\$ 78,948,692</u>	<u>\$ 76,739,907</u>	<u>\$ 92,033,798</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Dividend revenue recognized in profit or loss				
On equity held at period end	\$ 104,925	\$ 80,573	\$ 105,093	\$ 80,698
On equity disposed of in current period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 104,925</u>	<u>\$ 80,573</u>	<u>\$ 105,093</u>	<u>\$ 80,698</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 Six Months Ended June 30	
	2023	2022
Fair value at the date of disposal	<u>\$ 164,335</u>	<u>\$ -</u>
Accumulated loss transferred to retained earnings due to disposal	<u>\$ (9,581)</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:

	June 30, 2023	December 31, 2022	June 30, 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

	June 30, 2023	December 31, 2022	June 30, 2022
Negotiable certificates of deposits - issued by the CBC	\$ 85,500,000	\$ 87,200,000	\$ 69,800,000
Government bonds	13,042,852	5,339,929	2,951,023
Bank debentures	9,740,127	3,500,449	1,629,976
Corporate bonds	<u>9,197,748</u>	<u>4,797,107</u>	<u>2,696,469</u>
	117,480,727	100,837,485	77,077,468
Less: Accumulated impairment loss	<u>3,417</u>	<u>1,404</u>	<u>655</u>
	<u>\$ 117,477,310</u>	<u>\$ 100,836,081</u>	<u>\$ 77,076,813</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:

	June 30, 2023	December 31, 2022	June 30, 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 at FVTOCI and at amortized cost. The information of changes in carrying amount was as follows:

June 30, 2023

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 76,515,604	\$ 117,480,727	\$ 193,996,331
Less: Accumulated impairment loss	<u>11,268</u>	<u>3,417</u>	<u>14,685</u>
Amortized cost	76,504,336	<u>\$ 117,477,310</u>	193,981,646
Fair value adjustment	<u>(1,082,750)</u>		<u>(1,082,750)</u>
	<u>\$ 75,421,586</u>		<u>\$ 192,898,896</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>

June 30, 2022

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 90,495,169	\$ 77,077,468	\$ 167,572,637
Less: Accumulated impairment loss	<u>11,486</u>	<u>655</u>	<u>12,141</u>
Amortized cost	90,483,683	<u>\$ 77,076,813</u>	167,560,496
Fair value adjustment	<u>(1,188,700)</u>		<u>(1,188,700)</u>
	<u>\$ 89,294,983</u>		<u>\$ 166,371,796</u>

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

For the six months ended June 30, 2023

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2023	\$ 8,784	\$ 1,404	\$ 10,188
Impairment loss on the acquisition of new debt instruments for the current period	4,597	1,313	5,910
Derecognition	(2,671)	-	(2,671)
Exchange rate changes	(9)	(6)	(15)
Expected credit losses and other changes	<u>567</u>	<u>706</u>	<u>1,273</u>
Balance on June 30, 2023	<u>\$ 11,268</u>	<u>\$ 3,417</u>	<u>\$ 14,685</u>

For the six months ended June 30, 2022

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2022	\$ 15,693	\$ 65	\$ 15,758
Impairment loss on the acquisition of new debt instruments for the current period	5,682	554	6,236
Derecognition	(9,591)	-	(9,591)
Exchange rate changes	(161)	(7)	(168)
Expected credit losses and other changes	<u>(137)</u>	<u>43</u>	<u>(94)</u>
Balance on June 30, 2022	<u>\$ 11,486</u>	<u>\$ 655</u>	<u>\$ 12,141</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial paper	\$ 1,777,452	\$ 215,075	\$ 549,214
Government bonds	490,000	931,736	1,000,571
Negotiable certificate of deposit	<u>-</u>	<u>-</u>	<u>500,000</u>
	2,267,452	1,146,811	2,049,785
Less: Allowance for loss	<u>342</u>	<u>36</u>	<u>316</u>
	<u>\$ 2,267,110</u>	<u>\$ 1,146,775</u>	<u>\$ 2,049,469</u>
Resale price	<u>\$ 2,270,665</u>	<u>\$ 1,148,310</u>	<u>\$ 2,051,387</u>
Resale date	2023.07.03- 2023.07.28	2023.01.05- 2023.02.13	2022.07.11- 2022.08.25

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

13. RECEIVABLES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Credit card	\$ 12,270,445	\$ 12,853,159	\$ 11,375,531
Factoring	1,865,846	2,061,981	4,849,511
Buying debt receivable	1,719,689	1,274,078	1,194,090
Interest	1,469,811	1,352,379	996,867
Lease receivables	762,403	731,687	695,630
Spot exchange transactions	521,792	469,945	467,109
Proceeds from disposal of securities	187,474	11,737	731,270
Acceptances	151,700	207,327	116,927
Others	<u>647,707</u>	<u>510,381</u>	<u>540,168</u>
	19,596,867	19,472,674	20,967,103
Less: Allowance for possible losses	<u>461,454</u>	<u>473,463</u>	<u>499,570</u>
	<u>\$ 19,135,413</u>	<u>\$ 18,999,211</u>	<u>\$ 20,467,533</u>

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

For the six months ended June 30, 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	(42,669)	45,938	(535)	2,734
Transfer to Stage 3	(46,519)	(16,795)	66,605	3,291
Transfer to Stage 1	9,819	(13,962)	(395)	(4,538)
Financial assets derecognized in the current period	(5,901,847)	(6,443)	(101,423)	(6,009,713)
Purchased or originated financial assets	5,761,326	4,311	23,512	5,789,149
Write-offs	(26,412)	(15,564)	(27,627)	(69,603)
Exchange rate and other changes	<u>(10,506)</u>	<u>(797)</u>	<u>(2,768)</u>	<u>(14,071)</u>
Balance on June 30, 2023	<u>\$ 16,701,065</u>	<u>\$ 60,468</u>	<u>\$ 982,166</u>	<u>\$ 17,743,699</u>

For the six months ended June 30, 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	(49,532)	54,489	(163)	4,794
Transfer to Stage 3	(47,972)	(22,733)	75,335	4,630
Transfer to Stage 1	9,678	(12,870)	(483)	(3,675)
Financial assets derecognized in the current period	(8,538,746)	(5,575)	(114,276)	(8,658,597)
Purchased or originated financial assets	4,621,197	3,195	22,257	4,646,649
Write-offs	(39,264)	(14,509)	(27,789)	(81,562)
Exchange rate and other changes	<u>47,738</u>	<u>(997)</u>	<u>(3,702)</u>	<u>43,039</u>
Balance on June 30, 2022	<u>\$ 17,805,121</u>	<u>\$ 68,547</u>	<u>\$ 1,028,604</u>	<u>\$ 18,902,272</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 six months ended June 30, 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	(15)	5,261	(73)	5,173	-	5,173
Transfer to Stage 3	(17)	(1,541)	18,822	17,264	-	17,264
Transfer to Stage 1	4	(1,522)	(60)	(1,578)	-	(1,578)
Financial assets derecognized in the current period	(9,318)	(862)	(29,963)	(40,143)	-	(40,143)
Purchased or originated financial assets	21,315	647	12,398	34,360	-	34,360
The difference of impairment under the Regulations	-	-	-	-	(22,293)	(22,293)
Write-offs	(26,412)	(15,564)	(27,627)	(69,603)	-	(69,603)
Exchange rate and other changes	<u>24,333</u>	<u>15,766</u>	<u>24,727</u>	<u>64,826</u>	<u>-</u>	<u>64,826</u>
Balance on June 30, 2023	<u>\$ 35,719</u>	<u>\$ 8,587</u>	<u>\$ 365,490</u>	<u>\$ 409,796</u>	<u>\$ 51,848</u>	<u>\$ 461,644</u>

For the six months ended June 30, 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	(23)	5,768	(11)	5,734	-	5,734
Transfer to Stage 3	(22)	(2,265)	21,307	19,020	-	19,020
Transfer to Stage 1	3	(1,859)	(75)	(1,931)	-	(1,931)
Financial assets derecognized in the current period	(15,342)	(913)	(27,263)	(43,518)	-	(43,518)
Purchased or originated financial assets	3,822	362	7,599	11,783	-	11,783
The difference of impairment under the Regulations	-	-	-	-	(12,676)	(12,676)
Write-offs	(39,264)	(14,509)	(27,789)	(81,562)	-	(81,562)
Exchange rate and other changes	16,580	12,816	18,185	47,581	-	47,581
Balance on June 30, 2022	<u>\$ 27,917</u>	<u>\$ 7,464</u>	<u>\$ 355,679</u>	<u>\$ 391,060</u>	<u>\$ 108,580</u>	<u>\$ 499,640</u>

14. DISCOUNTS AND LOANS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Negotiations, discounts and overdraft	\$ 55,514	\$ 62,683	\$ 570,573
Short-term loans	96,809,120	84,666,192	91,728,613
Medium-term loans	183,777,060	169,842,660	165,711,392
Long-term loans	192,883,575	188,241,006	185,883,418
Overdue receivable	<u>693,715</u>	<u>1,269,783</u>	<u>510,729</u>
	474,218,984	444,082,324	444,404,725
Less: Allowance for possible losses	<u>6,123,415</u>	<u>6,185,231</u>	<u>5,886,342</u>
	<u>\$ 468,095,569</u>	<u>\$ 437,897,093</u>	<u>\$ 438,518,383</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Provision for possible losses - discounts and loans	\$ 248,098	\$ 184,593	\$ 695,905	\$ 553,174
Provision for possible losses - receivables and other financial assets	26,380	32,255	51,130	19,681
Provision for (reversal of) for possible losses - reserve for commitment, guarantee obligations and letters of credit issued	(9,356)	(26,982)	1,466	(74,344)
Amounts recovered - discounts and loans	(86,219)	(70,587)	(162,706)	(132,642)
Amounts recovered - receivables and other financial assets	<u>(34,216)</u>	<u>(38,011)</u>	<u>(70,268)</u>	<u>(77,514)</u>
	<u>\$ 144,687</u>	<u>\$ 81,268</u>	<u>\$ 515,527</u>	<u>\$ 288,355</u>

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

For the six months ended June 30, 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	(213,151)	199,899	(3,339)	(16,591)
Transfer to Stage 3	(192,505)	(83,854)	266,844	(9,515)
Transfer to Stage 1	117,419	(129,235)	(1,265)	(13,081)
Financial assets derecognized in the current period	(65,844,516)	(28,287)	(175,361)	(66,048,164)
Purchased or originated financial assets	96,480,434	4,274	13,246	96,497,954
Write-offs	(4,622)	(31,681)	(743,780)	(780,083)
Exchange rate and other changes	<u>497,695</u>	<u>797</u>	<u>7,648</u>	<u>506,140</u>
Balance on June 30, 2023	<u>\$ 471,599,398</u>	<u>\$ 326,099</u>	<u>\$ 2,293,487</u>	<u>\$ 474,218,984</u>

For the six months ended June 30, 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	(740,959)	769,604	(2,907)	25,738
Transfer to Stage 3	(172,154)	(75,672)	244,180	(3,646)
Transfer to Stage 1	133,564	(141,821)	(2,900)	(11,157)
Financial assets derecognized in the current period	(63,678,092)	(26,084)	(490,040)	(64,194,216)
Purchased or originated financial assets	93,917,530	7,654	21,259	93,946,443
Write-offs	(4,981)	(39,067)	(116,356)	(160,404)
Exchange rate and other changes	<u>1,896,989</u>	<u>997</u>	<u>32,281</u>	<u>1,930,267</u>
Balance on June 30, 2022	<u>\$ 441,020,511</u>	<u>\$ 882,974</u>	<u>\$ 2,501,240</u>	<u>\$ 444,404,725</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 six months ended June 30, 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	(741)	64,371	(2,853)	60,777	-	60,777
Transfer to Stage 3	(1,022)	(32,888)	175,875	141,965	-	141,965
Transfer to Stage 1	225	(28,419)	(762)	(28,956)	-	(28,956)
Financial assets derecognized in the current period	(170,496)	(8,900)	(161,886)	(341,282)	-	(341,282)
Purchased or originated financial assets	390,077	2,564	12,840	405,481	-	405,481
The difference of impairment under the Regulations.	-	-	-	-	229,606	229,606
Write-offs	(4,622)	(31,681)	(743,780)	(780,083)	-	(780,083)
Exchange rate and other changes	<u>209,755</u>	<u>10,773</u>	<u>30,148</u>	<u>250,676</u>		<u>250,676</u>
Balance on June 30, 2023	<u>\$ 1,338,460</u>	<u>\$ 81,806</u>	<u>\$ 614,235</u>	<u>\$ 2,034,501</u>	<u>\$ 4,088,914</u>	<u>\$ 6,123,415</u>

For the six months ended June 30, 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	(2,948)	79,661	(2,633)	74,080	-	74,080
Transfer to Stage 3	(1,077)	(38,370)	129,084	89,637	-	89,637
Transfer to Stage 1	238	(26,518)	(2,643)	(28,923)	-	(28,923)
Financial assets derecognized in the current period	(133,447)	(6,888)	(45,187)	(185,522)	-	(185,522)
Purchased or originated financial assets	188,372	4,706	5,174	198,252	-	198,252
The difference of impairment under the Regulations.	-	-	-	-	420,352	420,352
Write-offs	(4,981)	(39,067)	(116,356)	(160,404)	-	(160,404)
Exchange rate and other changes	<u>11,231</u>	<u>15,335</u>	<u>22,369</u>	<u>48,935</u>		<u>48,935</u>
Balance on June 30, 2022	<u>\$ 610,832</u>	<u>\$ 96,546</u>	<u>\$ 771,267</u>	<u>\$ 1,478,645</u>	<u>\$ 4,407,697</u>	<u>\$ 5,886,342</u>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2023	December 31, 2022	June 30, 2022
Associates that are not individually material	<u>\$ 1,936,206</u>	<u>\$ 1,886,047</u>	<u>\$ 1,796,758</u>

The above associates included Dah Chung Bills Finance Corp. 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.

At the board of directors' meeting held on August 29, 2023, the Bank resolved to acquire 7.52% of the shares from other shareholders of Dah Chung Bills Finance Corp. for an approximate total price of \$425 million. The case is currently yet to be approved by the FSC.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net income from continuing operation	\$ 30,579	\$ 26,874	\$ 55,196	\$ 58,081
Other comprehensive income (loss)	<u>8,432</u>	<u>(62,215)</u>	<u>33,344</u>	<u>(127,781)</u>
Total comprehensive income (loss)	<u>\$ 39,011</u>	<u>\$ (35,341)</u>	<u>\$ 88,540</u>	<u>\$ (69,700)</u>

16. OTHER FINANCIAL ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Nonaccrual loans other than discounts and loans	\$ 334	\$ 349	\$ 143
Less: Allowance for possible losses (Note 13)	<u>190</u>	<u>175</u>	<u>70</u>
	144	174	73
Refundable deposits	3,570,659	2,585,868	4,492,820
Less: Accumulated impairment loss	<u>430</u>	<u>259</u>	<u>976</u>
	<u>3,570,229</u>	<u>2,585,609</u>	<u>4,491,844</u>
Restricted time deposits (Note 40)	3,425,840	2,204,700	2,220,350
Restricted assets	<u>-</u>	<u>-</u>	<u>1,804</u>
	<u>\$ 6,996,213</u>	<u>\$ 4,790,483</u>	<u>\$ 6,714,071</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 six months ended June 30, 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	44,516	-	12,963	425,186	487,844
Disposals	-	-	(7,850)	(57)	(43,496)	-	(51,403)
Others	<u>735,540</u>	<u>-</u>	<u>27,527</u>	<u>-</u>	<u>64</u>	<u>(762,513)</u>	<u>618</u>
Ending balance	<u>3,460,213</u>	<u>1,150,430</u>	<u>2,621,113</u>	<u>1,077</u>	<u>1,538,507</u>	<u>145,522</u>	<u>8,916,862</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	650,026	1,739,327	1,078	1,328,799	-	3,719,230
Depreciation	-	13,032	109,828	8	27,605	-	150,473
Disposals	-	-	(7,850)	(57)	(43,496)	-	(51,403)
Others	<u>-</u>	<u>-</u>	<u>704</u>	<u>-</u>	<u>90</u>	<u>-</u>	<u>794</u>
Ending balance	<u>-</u>	<u>663,058</u>	<u>1,842,009</u>	<u>1,029</u>	<u>1,312,998</u>	<u>-</u>	<u>3,819,094</u>
Net ending balance	<u>\$ 3,460,213</u>	<u>\$ 487,372</u>	<u>\$ 779,104</u>	<u>\$ 48</u>	<u>\$ 225,509</u>	<u>\$ 145,522</u>	<u>\$ 5,097,768</u>

For the six months ended June 30, 2022

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Properties and Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,149,596	\$ 2,395,907	\$ 1,184	\$ 1,579,391	\$ 99,524	\$ 6,673,035
Additions	-	273	38,645	-	24,589	104,555	168,062
Disposals	-	-	(37,516)	(57)	(11,620)	-	(49,193)
Others	-	-	20,535	-	2,492	(19,125)	3,902
Ending balance	<u>1,447,433</u>	<u>1,149,869</u>	<u>2,417,571</u>	<u>1,127</u>	<u>1,594,852</u>	<u>184,954</u>	<u>6,795,806</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	629,172	1,649,785	1,174	1,408,827	-	3,688,958
Depreciation	-	13,004	106,020	10	24,678	-	143,712
Disposals	-	-	(37,516)	(57)	(11,620)	-	(49,193)
Others	-	-	3,930	-	800	-	4,730
Ending balance	-	<u>642,176</u>	<u>1,722,219</u>	<u>1,127</u>	<u>1,422,685</u>	-	<u>3,788,207</u>
Net ending balance	<u>\$ 1,447,433</u>	<u>\$ 507,693</u>	<u>\$ 695,352</u>	<u>\$ -</u>	<u>\$ 172,167</u>	<u>\$ 184,954</u>	<u>\$ 3,007,599</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 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Net carrying amount of right-of-use assets	<u>\$ 881,345</u>	<u>\$ 954,076</u>	<u>\$ 1,136,184</u>
Carrying amount of lease liabilities	<u>\$ 889,428</u>	<u>\$ 965,817</u>	<u>\$ 1,138,616</u>
The range of discount rate	0.83%-4.82%	0.83%-4.82%	0.83%-4.82%
		For the Six Months Ended	
		June 30	
		2023	2022
Additions to right-of-use assets		<u>\$ 131,677</u>	<u>\$ 321,090</u>
Cash outflow for leases		<u>\$ 216,299</u>	<u>\$ 219,398</u>

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Depreciation expense of right-of-use assets	<u>\$ 102,541</u>	<u>\$ 104,270</u>	<u>\$ 204,562</u>	<u>\$ 205,647</u>
Interest expense of lease liabilities	<u>\$ 2,028</u>	<u>\$ 2,697</u>	<u>\$ 4,212</u>	<u>\$ 5,184</u>
Other lease information				
Short-term lease expenses	<u>\$ 2,115</u>	<u>\$ 1,372</u>	<u>\$ 3,889</u>	<u>\$ 2,773</u>

19. INTANGIBLE ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 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>382,168</u>	<u>369,427</u>	<u>356,685</u>
	<u>46,719</u>	<u>59,460</u>	<u>72,202</u>
	<u>\$ 1,584,929</u>	<u>\$ 1,597,670</u>	<u>\$ 1,610,412</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 six months ended June 30, 2023 and 2022, no impairment loss was recognized on operation rights.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Call loans to banks	\$ 3,868,560	\$ 1,402,035	\$ 3,579,610
Due to banks	35,865	70,349	6,840
Bank overdrafts	<u>13,838</u>	<u>3,064</u>	<u>169,396</u>
	<u>\$ 3,918,263</u>	<u>\$ 1,475,448</u>	<u>\$ 3,755,846</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2023	December 31, 2022	June 30, 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

	June 30, 2023	December 31, 2022	June 30, 2022
Interest	\$ 1,684,521	\$ 994,066	\$ 804,163
Dividends (Note 28)	1,664,012	-	1,511,004
Expenses	1,198,660	1,496,899	1,312,821
Accounts payable factoring	690,071	485,671	888,250
Notes and checks for clearing	216,884	930,022	964,913
Credit card	199,771	209,229	186,233
Acceptances	151,700	207,327	116,927
Taxes	122,656	116,924	105,250
Receipts under custody	83,646	95,980	5,303,400
Securities settlement	79,371	169,159	229,933
Others	<u>770,423</u>	<u>641,095</u>	<u>547,981</u>
	<u>\$ 6,861,715</u>	<u>\$ 5,346,372</u>	<u>\$ 11,970,875</u>

23. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022	June 30, 2022
Checking deposits	\$ 2,570,824	\$ 3,863,727	\$ 2,928,261
Demand deposits	90,413,286	102,334,898	130,983,928
Demand savings	100,753,009	94,983,370	93,921,806
Time savings	98,031,118	95,879,926	89,854,210
Negotiable certificates of deposit	38,529,500	18,445,500	21,089,500
Time deposits	323,188,941	291,838,528	287,963,004
Remittances	<u>52,161</u>	<u>77,932</u>	<u>336,656</u>
	<u>\$ 653,538,839</u>	<u>\$ 607,423,881</u>	<u>\$ 627,077,365</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	June 30, 2023	December 31, 2022	June 30, 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
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	1,660	1,660
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	<u>240</u>	<u>240</u>	<u>240</u>
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

	June 30, 2023	December 31, 2022	June 30, 2022
Deposit received	\$ 2,013,875	\$ 1,955,437	\$ 258,394
Bank loan	820,000	321,017	380,000
Commercial paper	455,000	455,000	290,000
Less: Unamortized discount on commercial paper	<u>748</u>	<u>383</u>	<u>120</u>
	<u>\$ 3,288,127</u>	<u>\$ 2,731,071</u>	<u>\$ 928,274</u>

Interest rates

Bank loan	1.92%-2.12%	1.75%-4.67%	1.10%-1.25%
Commercial paper	2.00%-2.10%	2.04%-2.15%	1.24%-1.36%

26. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Reserve for employee benefits liability - defined benefit plans (Note 27)	\$ 470,129	\$ 531,867	\$ 666,136
Reserve for obligations guarantee	142,239	174,194	210,052
Reserve for financing commitment and letters of credit issued	<u>88,309</u>	<u>54,331</u>	<u>49,799</u>
	<u>\$ 700,677</u>	<u>\$ 760,392</u>	<u>\$ 925,987</u>

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

For the six months ended June 30, 2023

	12-Month Expected Credit Loss (Stage 1)	Lifetime ECLs (Stage 2)	Lifetime ECLs (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments, Obligations Guarantee and Letters of Credit Issued
Balance on January 1, 2023	\$ 85,542	\$ 8,648	\$ 21,079	\$ 115,269	\$ 113,256	\$ 228,525
Changes at the beginning of the period:						
Transfer to Stage 2	(7)	7,523	(1)	7,515	-	7,515
Transfer to Stage 3	-	(27)	180	153	-	153
Transfer to Stage 1	6	(7,296)	(176)	(7,466)	-	(7,466)
Financial assets derecognized in the current period	(14,764)	(777)	(229)	(15,770)	-	(15,770)
Purchased or originated	35,442	1,398	5	36,845	-	36,845
The difference of impairment under the Regulations	-	-	-	-	(43,711)	(43,711)
Exchange rate and other changes	<u>24,375</u>	<u>78</u>	<u>4</u>	<u>24,457</u>	<u>-</u>	<u>24,457</u>
Balance on June 30, 2023	<u>\$ 130,594</u>	<u>\$ 9,547</u>	<u>\$ 20,862</u>	<u>\$ 161,003</u>	<u>\$ 69,545</u>	<u>\$ 230,548</u>

For the six months ended June 30, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime ECLs (Stage 2)	Lifetime ECLs (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments, Obligations Guarantee and Letters of Credit Issued
Balance on January 1, 2022	\$ 84,892	\$ 13,201	\$ 20,950	\$ 119,043	\$ 213,878	\$ 332,921
Changes at the beginning of the period:						
Transfer to Stage 2	(9)	6,966	(16)	6,941	-	6,941
Transfer to Stage 3	-	(47)	379	332	-	332
Transfer to Stage 1	7	(8,576)	(46)	(8,615)	-	(8,615)
Financial assets derecognized in the current period	(19,931)	(980)	(203)	(21,114)	-	(21,114)
Purchased or originated	13,928	2,004	71	16,003	-	16,003
The difference of impairment under the Regulations	-	-	-	-	(58,312)	(58,312)
Exchange rate and other changes	<u>(13,746)</u>	<u>5,376</u>	<u>65</u>	<u>(8,305)</u>	<u>-</u>	<u>(8,305)</u>
Balance on June 30, 2022	<u>\$ 65,141</u>	<u>\$ 17,944</u>	<u>\$ 21,200</u>	<u>\$ 104,285</u>	<u>\$ 155,566</u>	<u>\$ 259,851</u>

27. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Bank and its subsidiaries make monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance for those who qualify a pension plan for the Labor Pension Act. Related pension expense for the six months ended June 30, 2023 and 2022 are \$66,667 thousand and \$71,721 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 six months ended June 30, 2023 and 2022 were \$6,214 thousand and \$4,887 thousand, respectively.

28. EQUITY

a. Share capital

Ordinary shares

	June 30, 2023	December 31, 2022	June 30, 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>
When-issued shares (in thousands)	<u>-</u>	<u>-</u>	<u>55,521</u>
Reserve for capitalization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555,206</u>

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

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

At the Board of Directors' meeting held on May 5, 2022, the Bank resolved to increase its capital by issuing 500,000 thousand ordinary shares. The issuance was approved by the Securities and Futures Bureau, FSC in July 2022 and the issuance price was NT\$9.62 per share. 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 June 30, 2023, the outstanding GDRs were 221 thousand units, equivalent to 4,421 thousand ordinary shares.

b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
Issuance of ordinary shares premium	\$ <u>302,926</u>	\$ <u>302,926</u>	\$ <u>456,426</u>

The amount of capital surplus at the end of 2022 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 dividends policy

Under the dividends policy as set forth in the Bank's Articles of Incorporation (the "Articles"), in the case of surplus earnings after settlement of accounts for each fiscal year, the Bank shall recover all the losses incurred in the previous years, if any, before setting aside a legal reserve of thirty percent (30%) of the net profit and appropriating, according to law and regulations, a special reserve shall be retained and shall first be distributed to the dividends of preference shares. The remaining amount together with the accumulated retained profits of the last year and the reversals of special reserves are available for distribution as dividends for ordinary shares. The dividends for ordinary shares shall be distributed at least thirty percent (30%) of the remaining amount. The board of directors shall prepare the earnings distribution in accordance with the existing circumstances at the time, taking into account the future development plan of the Bank. Any allocation of cash dividend shall, in principle, be no less than 10% of the total dividends to be distributed that year.

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

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

The appropriations of earnings for the 2022 and 2021, which were approved in the shareholders' meetings on June 16, 2023 and June 21, 2022, respectively, were as follows:

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

d. Other equity items

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

	For the Six Months Ended June 30	
	2023	2022
Balance on January 1	<u>\$ (1,558,957)</u>	<u>\$ 259,486</u>
Recognized for the period		
Valuation gain or loss		
Debt instruments	338,540	(1,228,016)
Equity instruments	379,799	(293,603)
Share of other comprehensive income (loss) of associates for using the equity method	33,344	(127,781)
Investment in debt instruments transferred to current loss due to disposal	<u>383</u>	<u>5,046</u>
Other comprehensive income (loss) recognized for the period	<u>752,066</u>	<u>(1,644,354)</u>
Loss (gain) on equity instruments transferred to retained earnings due to disposal	<u>9,558</u>	<u>(2)</u>
Balance on June 30	<u>\$ (797,333)</u>	<u>\$ (1,384,870)</u>

29. NET INTERESTS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest revenues				
Loans	\$ 3,377,499	\$ 2,155,951	\$ 6,543,866	\$ 4,027,764
Bonds and bills	683,217	309,575	1,283,789	543,299
Credit cards	168,224	172,015	338,501	346,354
Others	<u>264,156</u>	<u>126,572</u>	<u>472,500</u>	<u>199,626</u>
	<u>4,493,096</u>	<u>2,764,113</u>	<u>8,638,656</u>	<u>5,117,043</u>
Interest expenses				
Deposits	2,494,447	806,674	4,634,250	1,399,524
Structured products	185,859	56,555	342,628	95,429
Bank debentures	70,985	85,570	141,190	170,199
Others	<u>62,628</u>	<u>17,110</u>	<u>139,407</u>	<u>30,661</u>
	<u>2,813,919</u>	<u>965,909</u>	<u>5,257,475</u>	<u>1,695,813</u>
	<u>\$ 1,679,177</u>	<u>\$ 1,798,204</u>	<u>\$ 3,381,181</u>	<u>\$ 3,421,230</u>

30. NET SERVICE FEE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Service fee income				
Credit card	\$ 264,842	\$ 239,204	\$ 532,798	\$ 557,745
Trustee business	230,500	156,107	467,783	360,513
Loan	152,306	389,113	292,183	491,931
Insurance commission	115,035	108,074	215,331	238,759
Brokering	42,246	24,934	78,043	64,231
Others	<u>59,705</u>	<u>76,919</u>	<u>146,532</u>	<u>155,235</u>
	<u>864,634</u>	<u>994,351</u>	<u>1,732,670</u>	<u>1,868,414</u>
Service fee expense				
Credit card reward fee	52,382	44,341	117,217	104,313
Visa and Master fee	47,020	41,785	96,994	84,264
National credit card center fee	37,942	38,261	82,150	70,641
Agency service fee	19,164	19,834	37,362	38,690
Interbank service fee	15,244	14,509	29,308	28,307
Credit investigation	5,219	5,659	14,786	16,196
Others	<u>28,958</u>	<u>28,512</u>	<u>56,187</u>	<u>57,868</u>
	<u>205,929</u>	<u>192,901</u>	<u>434,004</u>	<u>400,279</u>
	<u>\$ 658,705</u>	<u>\$ 801,450</u>	<u>\$ 1,298,666</u>	<u>\$ 1,468,135</u>

31. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Gain on disposal	\$ 627,130	\$ 172,839	\$1,113,240	\$ 301,262
Gain (loss) on valuation	39,641	(213,917)	73,187	(279,600)
Net interests revenues	72,582	45,203	137,415	87,193
Dividends	<u>242</u>	<u>3,841</u>	<u>583</u>	<u>4,833</u>
	<u>\$ 739,595</u>	<u>\$ 7,966</u>	<u>\$1,324,425</u>	<u>\$ 113,688</u>

32. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Salaries (Notes 33 and 38)	\$ 894,313	\$ 870,674	\$ 1,708,562	\$ 1,666,405
Labor and health insurance	75,754	63,310	141,377	129,216
Post-employment benefits (Note 27)	36,351	36,542	72,881	76,608
Others (Note 33)	<u>98,397</u>	<u>83,003</u>	<u>186,777</u>	<u>162,939</u>
	<u>\$ 1,104,815</u>	<u>\$ 1,053,529</u>	<u>\$ 2,109,597</u>	<u>\$ 2,035,168</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. For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the Bank's employees' compensation and remuneration of directors were accrued as follows:

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 37,923</u>	<u>\$ 45,199</u>	<u>\$ 91,019</u>	<u>\$ 74,241</u>
Remuneration of directors	<u>\$ 12,641</u>	<u>\$ 15,066</u>	<u>\$ 30,340</u>	<u>\$ 24,747</u>

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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Depreciation				
Property and equipment (Note 17)	\$ 74,896	\$ 71,954	\$ 150,473	\$ 143,712
Leased right-of-use assets (Note 18)	<u>102,541</u>	<u>104,270</u>	<u>204,562</u>	<u>205,647</u>
	<u>\$ 177,437</u>	<u>\$ 176,224</u>	<u>\$ 355,035</u>	<u>\$ 349,359</u>
Amortization - intangible assets (Note 19)	<u>\$ 6,371</u>	<u>\$ 6,371</u>	<u>\$ 12,741</u>	<u>\$ 12,741</u>

35. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Tax and government fees	\$ 184,133	\$ 145,359	\$ 358,136	\$ 278,958
Software	95,124	61,878	169,252	123,545
Marketing and advertising	66,459	17,255	126,344	46,850
Telecommunications	40,877	43,824	82,537	82,077
Others	<u>176,056</u>	<u>184,738</u>	<u>344,625</u>	<u>348,676</u>
	<u>\$ 562,649</u>	<u>\$ 453,054</u>	<u>\$ 1,080,894</u>	<u>\$ 880,106</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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax expense	\$ 145,806	\$ 146,133	\$ 240,448	\$ 256,780
Deferred tax expense	<u>25,427</u>	<u>40,344</u>	<u>59,361</u>	<u>19,837</u>
Income tax expense recognized in profit or loss	<u>\$ 171,233</u>	<u>\$ 186,477</u>	<u>\$ 299,809</u>	<u>\$ 276,617</u>

Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Income tax expense (benefit) of exchange differences on translating foreign operations	<u>\$ (7,220)</u>	<u>\$ 132</u>	<u>\$ (6,165)</u>	<u>\$ 4,384</u>

Income tax assessments

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

37. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic EPS	<u>\$ 0.29</u>	<u>\$ 0.28</u>	<u>\$ 0.50</u>	<u>\$ 0.46</u>
Diluted EPS	<u>\$ 0.29</u>	<u>\$ 0.28</u>	<u>\$ 0.50</u>	<u>\$ 0.46</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net income attributable to owners of the Bank	<u>\$ 1,190,946</u>	<u>\$ 988,689</u>	<u>\$ 2,040,244</u>	<u>\$ 1,649,401</u>
Number of ordinary shares (in thousand shares)				
Weighted average number of ordinary shares in the computation of basic EPS	4,069,484	3,569,484	4,069,484	3,569,484
Effect of dilutive potential ordinary shares				
Employees' compensation	<u>7,649</u>	<u>6,599</u>	<u>11,950</u>	<u>10,429</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>4,077,133</u>	<u>3,576,083</u>	<u>4,081,434</u>	<u>3,579,913</u>

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

The weighted average number of ordinary shares outstanding used in the calculation of the EPS for the six months ended June 30, 2022 was retrospectively adjusted for the issuance of share dividends. The basic and diluted after-tax EPS were adjusted retrospectively as follows:

Unit: NT\$ Per Share

	Before Adjustment	After Adjustment
Basic EPS	<u>\$ 0.47</u>	<u>\$ 0.46</u>
Diluted EPS	<u>\$ 0.47</u>	<u>\$ 0.46</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
Ding Ding Hotel Co., Ltd.	Chairman is the vice-chairman of the Bank
Far EasTone Telecommunications Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport (Singapore) Private, Ltd.	Chairman of parent company is the vice-chairman of the Bank
Yuan Long Stainless Steel Co.	Chairman of parent company is the vice-chairman of the Bank
Everest Textile Co., Ltd.	Chairman is a second-degree relative of the vice chairman of the Bank
Far Eastern International Leasing Corp.	Substantive related party
Pacific SOGO Department Stores Corp.	Substantive related party
Yuan Hsin Digital Payment Co., Ltd.	Substantive related party
Ya Tung Ready Mixed Concrete Co., Ltd.	Substantive related party
Others	The Bank's chairman, vice-chairman, managers, their second-degree relatives and substantive related party

The significant transactions and account balances with the above parties (in addition to those disclosed in other notes) are summarized as follows:

a. Notes and checks for clearing/notes and checks for clearing payable

	June 30, 2023	December 31, 2022	June 30, 2022
Far Eastern Department Store Corp.	\$ 81,087	\$ 404,300	\$ 4,300
Ya Tung Ready Mixed Concrete Co., Ltd.	8,101	31,071	23
Far Eastern International Leasing Corp.	5,920	17,145	3,490
Asia Cement Corp.	5,082	10,700	21,885
Far Eastern Ai Mai Co., Ltd.	1,122	1,480	201,722
Far Eastern New Century Corp.	-	80,636	623,442
	<u>\$ 101,312</u>	<u>\$ 545,332</u>	<u>\$ 854,862</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 six months ended June 30				
2023	\$ 1,000,000	\$ -	\$ 1,452	1.25%-1.40%
2022	\$ 1,500,000	\$ 1,000,000	\$ 1,114	0.60%-0.75%

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 six months ended <u>June 30, 2023</u>							
Consumer loans	Five individuals	\$ 2,845	\$ 2,333	\$ 2,333	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Thirty five individuals	363,075	335,088	335,088	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,450,000	1,350,000	1,350,000	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE	No significant difference
	Everest Textile Co., Ltd.	699,639	436,497	436,497	-	Real estate	No significant difference
	Others (Note)	1,941,000	<u>626,000</u>	<u>626,000</u>	<u>-</u>	Real estate, shares unlisted on TWSE and shares listed on TWSE	No significant difference
			<u>\$ 3,449,918</u>	<u>\$ 3,449,918</u>	<u>\$ -</u>		
For the six months ended <u>June 30, 2022</u>							
Consumer loans	Six individuals	4,229	\$ 2,476	\$ 2,476	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Thirty six individuals	384,121	339,343	339,343	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,400,000	1,400,000	1,400,000	-	Real estate	No significant difference
	Far Eastern Department Store Corp.	500,000	500,000	500,000	-	Shares listed on TWSE	No significant difference
	Others (Note)	1,642,196	<u>532,164</u>	<u>532,164</u>	<u>-</u>	Real estate, certificates of deposits and shares listed on TWSE	No significant difference
			<u>\$ 2,773,983</u>	<u>\$ 2,773,983</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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest revenues	<u>\$ 13,863</u>	<u>\$ 6,174</u>	<u>\$ 29,679</u>	<u>\$ 11,541</u>
Interest rate	1.70%-6.16%	0.82%-2.38%	1.60%-6.16%	0.62%-2.38%
Provision for (reversal of) possible losses	<u>\$ 5,183</u>	<u>\$ 1,219</u>	<u>\$ (3,623)</u>	<u>\$ 6,260</u>

Balances of related allowance for possible losses were \$36,175 thousand and \$29,437 thousand as of June 30, 2023 and 2022, respectively.

d. Guarantees

Related Party	Highest Balance in Current Period	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
<u>For the six months ended June 30, 2023</u>					
Yuan Long Stainless Steel Co.	\$ 60,000	\$ 30,000	\$ 300	0.60%	Real estate
Yuan Ding Co., Ltd.	30,000	30,000	300	0.80%	Shares unlisted on TWSE
Ding Ding Hotel Co., Ltd.	15,000	15,000	150	0.80%	Shares unlisted on TWSE
Others (Note)	340,480	-	-	0.30%-0.80%	Real estate
		<u>\$ 75,000</u>	<u>\$ 750</u>		
<u>For the six months ended June 30, 2022</u>					
Far Eastern International Leasing Corp.	700,000	\$ 200,000	\$ 2,000	0.30%	Real estate
Yuan Ding Co., Ltd.	30,000	30,000	300	0.80%	Shares unlisted on TWSE
Yuan Long Stainless Steel Co.	60,000	30,000	300	0.60%	Real estate
Others (Note)	955,480	<u>15,480</u>	<u>155</u>	0.40%-0.80%	Real estate, shares unlisted on TWSE and shares listed on TWSE
		<u>\$ 275,480</u>	<u>\$ 2,755</u>		

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

e. Letters of credit issued

	June 30, 2023	December 31, 2022	June 30, 2022
Yuan Long Stainless Steel Co.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,225</u>

f. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss) For the Three Months Ended June 30	Valuation Gain (Loss) For the Six Months Ended June 30	Balance Sheet	
						Account	Balance
For the six months ended June 30, 2023							
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2010.07.17-2028.01.10	\$ 2,125,197	\$ (20,733)	\$ (7,795)	Financial liabilities at FVTPL	\$ 85,636
Far Eastern New Century Corp.	Forward exchange contracts	2023.05.12	227,050	(2,259)	4,689	Financial assets at FVTPL	4,689
		2023.04.26-2023.09.28	721,784	(12,893)	(14,590)	Financial liabilities at FVTPL	14,590
Asia Cement Corp.	Cross-currency swap contracts	2022.12.21-2023.12.26	1,401,075	3,205	3,086	Financial liabilities at FVTPL	16,825
For the six months ended June 30, 2022							
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27-2028.01.10	2,504,304	(49,888)	(141,021)	Financial liabilities at FVTPL	8,117
Far Eastern New Century Corp.	Forward exchange contracts	2022.04.28-2022.10.07	434,253	(4,406)	4,253	Financial assets at FVTPL	4,253
		2022.04.20-2022.10.27	713,129	5,162	(15,906)	Financial liabilities at FVTPL	15,906

g. Deposits

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 44,028,803</u>	<u>\$ 55,226,399</u>	<u>\$ 47,277,478</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest expenses	<u>\$ 126,692</u>	<u>\$ 55,413</u>	<u>\$ 265,665</u>	<u>\$ 100,403</u>
Interest rate	0%-6.59%	0%-6.09%	0%-6.59%	0%-6.09%

h. Acquisition of equipment

	For the Six Months Ended June 30	
	2023	2022
New Century InfoComm Tech Co., Ltd.	<u>\$ 6,625</u>	<u>\$ 23,804</u>

i. Lessee agreements

	June 30, 2023	December 31, 2022	June 30, 2022
Lease liabilities			
Yuan Ding Co., Ltd.	\$ 34,614	\$ 86,356	\$ 131,651
Pacific SOGO Department Stores Corp.	7,891	10,499	13,097
Far Eastern Department Store Corp.	<u>6,759</u>	<u>8,874</u>	<u>10,982</u>
	<u>\$ 49,264</u>	<u>\$ 105,729</u>	<u>\$ 155,730</u>

At the board of directors' meeting held on August 29, 2023, the Bank resolved to renew the office leased from Yuan Ding Co., Ltd. In addition, the Bank planned to lease new office premises from Yuan Ding Co., Ltd. for business and operations planning. The estimated amount of the total right-of-use assets for this lease is \$309 million.

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 income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Far EastOne Telecommunications Co., Ltd.	<u>\$ 8,855</u>	<u>\$ 7,073</u>	<u>\$ 18,079</u>	<u>\$ 13,521</u>

k. Service fee expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Ding Ding Integrated Marketing Service Co.	\$ 27,444	\$ 25,762	\$ 65,755	\$ 64,369
Far Eastern Department Store Corp.	<u>4,280</u>	<u>4,888</u>	<u>10,150</u>	<u>10,018</u>
	<u>\$ 31,724</u>	<u>\$ 30,650</u>	<u>\$ 75,905</u>	<u>\$ 74,387</u>

l. Operating expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Far Eastern Department Store Corp.	\$ 13,681	\$ 11,267	\$ 38,864	\$ 39,996
Pacific SOGO Department Stores Corp.	18,391	14,043	26,821	34,471
New Century InfoComm Tech Co., Ltd.	13,063	10,360	25,893	16,354
Yuan Ding Co., Ltd.	<u>5,072</u>	<u>3,967</u>	<u>10,348</u>	<u>8,416</u>
	<u>\$ 50,207</u>	<u>\$ 39,637</u>	<u>\$ 101,926</u>	<u>\$ 99,237</u>

m. Others

At the Board of Directors' meeting held in March 2022, the Bank resolved to undertake the business of refund of the cards and the stored value in the cards after Yuan Hsin Digital Payment Co., Ltd. terminated its business. Yuan Hsin Digital Payment Co., Ltd. paid the Bank \$16,000 thousand in full for future operating costs on December 30, 2022, which the Bank recognized in advance receipts. The Bank started refund business in January 2023, and recognized related service fee income of \$3,901 thousand and \$7,803 thousand for the three months ended June 30, 2023 and for the six months ended June 30, 2023, respectively.

n. Compensation of key management personnel (Note 32)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 56,304	\$ 49,548	\$ 108,271	\$ 95,054
Post-employment benefits	<u>1,441</u>	<u>898</u>	<u>2,884</u>	<u>1,796</u>
	<u>\$ 57,745</u>	<u>\$ 50,446</u>	<u>\$ 111,155</u>	<u>\$ 96,850</u>

40. PLEDGED ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at FVTOCI -			
Government bonds	\$ 3,574,746	\$ 3,526,769	\$ 3,566,016
Negotiable certificates of deposits	-	-	399,450
Investment in debt instruments at amortized cost -			
Negotiable certificates of deposits	2,400,000	2,200,000	1,800,000
Other financial assets - restricted time deposits	<u>3,425,840</u>	<u>2,204,700</u>	<u>2,220,350</u>
	<u>\$ 9,400,586</u>	<u>\$ 7,931,469</u>	<u>\$ 7,985,816</u>

In addition to those disclosed in other notes, the government bonds had been provided as the reserve for compensation of trust department as well as security deposits for provisional seizures of the debtors' properties. The negotiable certificates of deposits had been pledged as collaterals to back the extension of intraday credit in the Central Bank's real-time gross settlement system. The balance of intraday credit and the amount of collateral may vary at any time. Restricted time deposits have been provided as collaterals for maximum daylight overdraft facilities of the RMB.

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 44, the Bank's and its subsidiaries contingent liabilities and commitments resulting from operating activities as of June 30, 2023, December 31, 2022 and June 30, 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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Assets</u>			
Deposits in banks	\$ 9,778,012	\$ 8,837,267	\$ 8,361,891
Accounts receivable	5,441	3,656	3,357
Funds	56,730,504	53,715,259	50,463,525
Equity shares	5,235,874	4,957,320	5,093,904
Bonds	6,818	-	-
Real estate, net			
Land	10,081,502	8,431,449	9,248,622
Building	42,620	27,385	31,362
Construction in progress	6,167,900	5,834,805	4,439,726
Intangible assets			
Superficies	13,471	13,471	13,471
Marketable securities in custody	7,921,651	8,037,118	12,208,759
Others	<u>2,780,710</u>	<u>2,802,981</u>	<u>2,717,315</u>
	<u>\$ 98,764,503</u>	<u>\$ 92,660,711</u>	<u>\$ 92,581,932</u>
<u>Liabilities</u>			
Accounts payable	\$ 2,025	\$ 2,146	\$ 1,770
Income tax payable	358	201	136
Marketable securities in custody payable	7,921,651	8,037,118	12,208,759
Trust capital	88,829,793	83,178,357	79,110,090
Reserve and earnings			
Net income or loss for current period	834,362	491,723	409,569
Accumulated profit or loss	1,176,280	951,133	851,576
Exchange	<u>34</u>	<u>33</u>	<u>32</u>
	<u>\$ 98,764,503</u>	<u>\$ 92,660,711</u>	<u>\$ 92,581,932</u>

Income Statements of Trust Accounts

	For the Six Months Ended June 30	
	2023	2022
Trust revenue		
Interest	\$ 35,312	\$ 15,217
Cash dividends	1,124,625	953,428
Realized capital gain - Funds	280,267	320,104
Realized capital gain - Ordinary shares	2,346	2,070
Unrealized capital gain - Funds	5,382	15,295
Unrealized capital gain - Ordinary shares	<u>270,037</u>	<u>182,053</u>
	<u>1,717,969</u>	<u>1,488,167</u>
Trust expenses		
Management	19,927	18,335
Supervision	30	30
Service charges	38,143	273,828
Taxes	3,110	149
Realized capital loss - Funds	815,978	763,238
Unrealized capital loss - Funds	5,180	17,169
Unrealized capital loss - Ordinary shares	-	5,681
Unrealized capital loss - Bonds	<u>439</u>	<u>-</u>
	<u>882,807</u>	<u>1,078,430</u>
Net income before tax	835,162	409,737
Income tax	<u>800</u>	<u>168</u>
Net income	<u>\$ 834,362</u>	<u>\$ 409,569</u>

Trust Asset Lists

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits in banks	\$ 9,778,012	\$ 8,837,267	\$ 8,361,891
Funds	56,730,504	53,715,259	50,463,525
Equity shares	5,235,874	4,957,320	5,093,904
Bonds	6,818	-	-
Accounts receivable	5,441	3,656	3,357
Real estate, net			
Land	10,081,502	8,431,449	9,248,622
Building	42,620	27,385	31,362
Construction in progress	6,167,900	5,834,805	4,439,726
Intangible assets			
Superficies	13,471	13,471	13,471
Marketable securities in custody	7,921,651	8,037,118	12,208,759
Others	<u>2,780,710</u>	<u>2,802,981</u>	<u>2,717,315</u>
	<u>\$ 98,764,503</u>	<u>\$ 92,660,711</u>	<u>\$ 92,581,932</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, funds amounting to \$1,497,303 thousand, \$1,395,120 thousand and \$1,246,856 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:

	June 30, 2023			December 31, 2022			June 30, 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	\$ 3,792,597	31.135	\$ 118,082,508	\$ 3,666,540	30.708	\$ 112,592,110	\$ 4,156,059	29.726	\$ 123,543,010
CNY	2,639,017	4.282	11,301,062	2,494,916	4.409	11,001,083	1,520,722	4.441	6,753,070
AUD	490,267	20.621	10,109,649	331,913	20.832	6,914,511	194,608	20.481	3,985,805
HKD	1,741,663	3.974	6,921,368	1,608,957	3.938	6,336,555	2,455,462	3.789	9,303,500
EUR	134,125	33.791	4,532,191	44,323	32.724	1,450,426	251,396	31.050	7,805,921
JPY	13,895,770	0.215	2,987,591	9,963,939	0.232	2,315,619	11,098,160	0.218	2,421,619
ZAR	1,043,858	1.648	1,720,278	978,253	1.813	1,773,181	926,863	1.831	1,696,623
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	3,726,879	31.135	116,036,378	3,578,742	30.708	109,896,009	4,076,381	29.726	121,174,502
CNY	2,550,564	4.282	10,922,278	2,471,507	4.409	10,897,863	1,518,312	4.441	6,742,368
AUD	488,690	20.621	10,077,130	332,747	20.832	6,931,885	204,704	20.481	4,192,584
HKD	1,709,357	3.974	6,792,985	1,583,533	3.938	6,236,428	2,437,058	3.789	9,233,769
EUR	132,739	33.791	4,485,357	43,955	32.724	1,438,383	250,039	31.050	7,763,795
JPY	13,882,493	0.215	2,984,736	9,656,874	0.232	2,244,258	11,162,232	0.218	2,435,599
ZAR	1,062,919	1.648	1,751,691	980,246	1.813	1,776,794	939,697	1.831	1,720,115

43. FINANCIAL INSTRUMENTS

a. Information of fair value

1) Overview

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

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

2) Valuation principles of fair value measurement

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

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

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

3) Credit risk valuation adjustment

In order to reflect the credit risk of the counterparty and the credit quality of the Bank, credit risk valuation adjustment is for financial instrument transactions made outside the stock exchange, namely the transactions made over-the-counter, which could be mainly divided into credit value adjustment and debit value adjustment. The definition is as follows:

- a) Credit Value Adjustment (the “CVA”) is the reflection of possibility that counterparty is likely to default and the possible loss that the counter party may not be able to reimburse entire market value. The CVA is calculated by multiplying the probability of default (the “PD”) (under zero default rate of the Bank), loss given default (the “LGD”) and exposure at default (the “EAD”) of counterparty together.
- b) Debit Value Adjustment (the “DVA”) is the reflection of possibility that the Bank is likely to default and the uncertainty that the Bank may not be able to reimburse for the entire market value. The DVA is calculated by multiplying PD (under zero default rate of the counterparty), LGD and EAD of the Bank together.

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

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

a) Level 1

Level 1 inputs are observable inputs that reflect quoted prices for identical financial instruments in an active market. A market is active if it has these characteristics: Products traded in the market are homogeneous; willing buyers and sellers can be found immediately and the price information is publicly available.

b) Level 2

Level 2 inputs are observable information other than quoted prices for identical assets or liabilities in active markets, including direct inputs (such as market prices) or indirect inputs (such as prices derived from market prices).

c) Level 3

Level 3 inputs are unobservable items, such as inputs derived through extrapolation or Interpolation, and thus cannot be corroborated by observable market data.

b. Fair value information - Financial instrument measured at fair value under repetitive basis

1) Information of the financial instruments measured at fair value categorized by level is as follows:

Financial Instruments	June 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 11,600,889	\$ 11,600,889	\$ -	\$ -
Equity investments	851,670	851,670	-	-
Beneficiary certificates	170,808	170,808	-	-
Financial assets at FVTOCI				
Equity instruments	3,527,106	3,253,780	-	273,326
Debt instruments				
Bonds investments	61,033,209	61,033,209	-	-
Bills investments	14,388,377	-	14,388,377	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	9,872,711	652	9,807,245	64,814
Financial liabilities at FVTPL	9,091,859	2,112	9,049,864	39,883
<u>Hybrid contract</u>				
Financial assets at FVTPL	23,569,516	158,690	23,410,826	-
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	June 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 12,358,170	\$ 12,358,170	\$ -	\$ -
Equity investments	1,016,149	1,016,149	-	-
Beneficiary certificates	8,596	8,596	-	-

(Continued)

Financial Instruments	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets at FVTOCI				
Equity instruments	\$ 2,738,815	\$ 2,460,936	\$ -	\$ 277,879
Debt instruments				
Bonds investments	70,866,226	70,866,226	-	-
Bills investments	18,428,757	-	18,428,757	-
Financial liabilities at FVTPL				
Short-covering debentures	700,248	700,248	-	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	10,782,295	350	10,760,432	21,513
Financial liabilities at FVTPL	10,683,430	562	10,545,067	137,801
<u>Hybrid contract</u>				
Financial assets at FVTPL	20,809,346	158,523	20,650,823	-

(Concluded)

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

There was no transfer between Level 1 and Level 2 for the six months ended June 30, 2023 and 2022.

3) Fair value measurement information of Level 3 financial instruments

a) Movements of Level 3 financial assets

For the Six Months Ended June 30, 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	\$ 21,481	\$ -	\$ 20,973	\$ -	\$ (28,672)	\$ -	\$ 64,814
Financial assets at FVTOCI	259,368	-	13,958	-	-	-	-	273,326
Total	\$ 310,400	\$ 21,481	\$ 13,958	\$ 20,973	\$ -	\$ (28,672)	\$ -	\$ 338,140

For the Six Months Ended June 30, 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	\$ (16,889)	\$ -	\$ 1,460	\$ -	\$ (38,807)	\$ -	\$ 21,513
Financial assets at FVTOCI	267,768	-	10,111	-	-	-	-	277,879
Total	\$ 343,517	\$ (16,889)	\$ 10,111	\$ 1,460	\$ -	\$ (38,807)	\$ -	\$ 299,392

b) Movements of Level 3 financial liabilities

For the Six Months Ended June 30, 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	\$ (2,116)	\$ 6,128	\$ -	\$ (13,157)	\$ -	\$ 39,883

For the Six Months Ended June 30, 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	\$ 8,125	\$ 126,757	\$ -	\$ -	\$ -	\$ 137,801

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>					
June 30, 2023	\$ 64,814	Default probability model	Credit separation	0.45%-1.55%	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.
June 30, 2022	21,513	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
<u>Investments in equity</u>					
June 30, 2023	252,176	Income approach - cash dividend discount method	Without open market marketable discount	19.41%	The increase of discount decreases its fair value
	21,150	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
June 30, 2022	251,048	Income approach - cash dividend discount method	Without open market marketable discount	19.45%	The increase of discount decreases its fair value
	15,773	Market approach - comparable listed or TPEX company	Without open market marketable discount	10.00%	The increase of discount decreases its fair value
	11,058	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
<u>Derivative financial liabilities</u>					
June 30, 2023	39,883	Default probability model	Credit separation	0.45%-1.55%	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.
June 30, 2022	137,801	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					
	June 30, 2023		December 31, 2022		June 30, 2022	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>						
Mandatorily at FVTPL	\$ 1,429	\$ (4,321)	\$ 1,967	\$ (4,346)	\$ 1,477	\$ (2,515)
<u>Liabilities</u>						
Financial liabilities at FVTPL	1,565	(1,636)	2,539	(2,678)	4,477	(4,578)

Item	Impact on Other Comprehensive Income and Losses					
	June 30, 2023		December 31, 2022		June 30, 2022	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>						
Financial assets at FVTOCI	\$ 59	\$ -	\$ -	\$ (59)	\$ 59	\$ (59)

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

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

June 30, 2023

	Carrying Amount	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 117,477,310	\$ 117,332,665	\$ 31,817,038	\$ 85,515,627
<u>Financial liabilities</u>				
Bank debentures	20,901,900	20,924,818	-	20,924,818

December 31, 2022

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

June 30, 2022

	Carrying Amount	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 77,076,813	\$ 76,962,557	\$ 7,166,851	\$ 69,795,706
<u>Financial liabilities</u>				
Bank debentures	23,901,900	23,966,609	-	23,966,609

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

d) Other credit enhancements

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

5) The maximum credit risk exposure

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

	June 30, 2023	December 31, 2022	June 30, 2022
Unused portion of credit card lines	\$ 182,979,445	\$ 195,837,665	\$ 198,895,271
Guarantees and standby L/Cs	13,394,906	15,878,608	20,098,817
Irrevocable loan commitments	17,723,532	13,901,262	17,150,583

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:

June 30, 2023

	<u>Maximum Credit Risk Exposure</u>			<u>Total</u>
	<u>With Collaterals</u>	<u>Other Credit Enhancements</u>	<u>Without Collaterals</u>	
<u>Balance sheet items</u>				
Discounts and loans	\$ 292,163,919	\$ 73,800,732	\$ 108,254,333	\$ 474,218,984
Receivables - credit card	-	-	12,188,652	12,188,652
Factoring	-	-	1,865,846	1,865,846
Receivables - acceptances	-	40,991	110,709	151,700
<u>Off-balance sheet items</u>				
Unused portion of credit card lines	-	-	182,979,445	182,979,445
Guarantee	1,109,014	4,229,870	6,819,064	12,157,948
Letters of credit issued	474	948,106	288,378	1,236,958
Irrevocable loan commitments	<u>796,472</u>	<u>-</u>	<u>16,927,060</u>	<u>17,723,532</u>
	<u>\$ 294,069,879</u>	<u>\$ 79,019,699</u>	<u>\$ 329,433,487</u>	<u>\$ 702,523,065</u>

December 31, 2022

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 282,509,945	\$ 70,838,042	\$ 90,734,337	\$ 444,082,324
Receivables - credit card	-	-	12,786,004	12,786,004
Factoring	-	-	2,061,981	2,061,981
Receivables - acceptances	84,483	35,182	87,662	207,327
<u>Off-balance sheet items</u>				
Unused portion of credit card lines	-	-	195,837,665	195,837,665
Guarantee	4,612,998	4,463,605	6,276,761	15,353,364
Letters of credit issued	24,947	318,309	181,988	525,244
Irrevocable loan commitments	<u>875,238</u>	<u>-</u>	<u>13,026,024</u>	<u>13,901,262</u>
	<u>\$ 288,107,611</u>	<u>\$ 75,655,138</u>	<u>\$ 320,992,422</u>	<u>\$ 684,755,171</u>

June 30, 2022

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 279,296,201	\$ 69,686,565	\$ 95,421,959	\$ 444,404,725
Receivables - credit card	-	-	11,266,424	11,266,424
Factoring	-	-	4,849,511	4,849,511
Receivables - acceptances	-	38,392	78,535	116,927
<u>Off-balance sheet items</u>				
Unused portion of credit card lines	-	-	198,895,271	198,895,271
Guarantee	4,911,388	5,527,121	8,500,698	18,939,207
Letters of credit issued	124,250	637,612	397,748	1,159,610
Irrevocable loan commitments	<u>1,606,391</u>	<u>-</u>	<u>15,544,192</u>	<u>17,150,583</u>
	<u>\$ 285,938,230</u>	<u>\$ 75,889,690</u>	<u>\$ 334,954,338</u>	<u>\$ 696,782,258</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>June 30, 2023</u>			
Receivables			
Credit cards	\$ 902,284	\$ 310,081	\$ -
Others	79,882	55,409	860
Discounts and loans	<u>2,293,487</u>	<u>614,235</u>	<u>996,570</u>
	<u>\$ 3,275,653</u>	<u>\$ 979,725</u>	<u>\$ 997,430</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>June 30, 2022</u>			
Receivables			
Credit cards	\$ 1,001,102	\$ 343,349	\$ -
Others	27,502	12,330	697
Discounts and loans	<u>2,501,240</u>	<u>771,267</u>	<u>894,402</u>
	<u>\$ 3,529,844</u>	<u>\$ 1,126,946</u>	<u>\$ 895,099</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	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Finance and insurance	\$ 83,040,128	17	\$ 73,532,284	17	\$ 68,856,182	16
Manufacturing	55,803,413	12	45,622,667	10	50,381,567	11
Real estate	<u>40,657,601</u>	<u>9</u>	<u>35,219,236</u>	<u>8</u>	<u>34,248,073</u>	<u>8</u>
	<u>\$ 179,501,142</u>	<u>38</u>	<u>\$ 154,374,187</u>	<u>35</u>	<u>\$ 153,485,822</u>	<u>35</u>

b) By geography

Region	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 414,599,263	87	\$ 389,650,414	88	\$ 386,753,203	87
Asia Pacific except Taiwan	35,753,834	8	31,691,958	7	32,930,347	7
Others	<u>23,865,887</u>	<u>5</u>	<u>22,739,952</u>	<u>5</u>	<u>24,721,175</u>	<u>6</u>
	<u>\$ 474,218,984</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 444,404,725</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 182,055,065	38	\$ 161,572,379	37	\$ 165,108,524	37
Secured						
Real estate	250,806,257	53	240,922,149	54	236,647,128	54
Financial collateral	22,877,910	5	23,606,709	5	23,788,676	5
Movable property	17,842,548	4	17,272,119	4	17,780,784	4
Others	<u>637,204</u>	<u>-</u>	<u>708,968</u>	<u>-</u>	<u>1,079,613</u>	<u>-</u>
	<u>\$ 474,218,984</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 444,404,725</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.

June 30, 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	\$ 795,483	\$ 3,122,780	\$ -	\$ -	\$ -	\$ 3,918,263
Payables	2,070,235	2,740,048	509,851	840,058	701,523	6,861,715
Deposits and remittances	110,231,841	142,042,013	103,380,214	164,023,894	133,860,877	653,538,839
Bank debentures	-	4,000,000	-	2,500,000	14,401,900	20,901,900
Principal received on structured products	23,653	174,808	43,589	181,517	33,232,019	33,655,586
Other financial liabilities	720,000	555,000	-	-	2,013,875	3,288,875
Lease liabilities	26,529	71,579	78,431	131,604	598,674	906,817
Total	\$ 113,867,741	\$ 152,706,228	\$ 104,012,085	\$ 167,677,073	\$ 184,808,868	\$ 723,071,995

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

June 30, 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	\$ 2,025,054	\$ 1,730,792	\$ -	\$ -	\$ -	\$ 3,755,846
Short-covering debentures	700,248	-	-	-	-	700,248
Payables	7,810,568	909,428	1,845,395	717,436	688,048	11,970,875
Deposits and remittances	119,333,963	118,972,422	106,148,861	148,345,809	134,276,310	627,077,365
Bank debentures	-	-	3,000,000	-	20,901,900	23,901,900
Principal received on structured products	122,693	31,834	116,348	181,477	28,306,612	28,758,964
Other financial liabilities	390,000	280,000	-	-	258,394	928,394
Lease liabilities	27,119	76,128	98,985	200,601	757,897	1,160,730
Total	\$ 130,409,645	\$ 122,000,604	\$ 111,209,589	\$ 149,445,323	\$ 185,189,161	\$ 698,254,322

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 \$280,478,523 thousand, \$275,489,489 thousand and \$315,816,762 thousand as of June 30, 2023, December 31, 2022 and June 30, 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
June 30, 2023	<u>\$ 218,589</u>	<u>\$ 149,063</u>	<u>\$ 231,022</u>	<u>\$ 598,674</u>
December 31, 2022	<u>\$ 217,986</u>	<u>\$ 164,798</u>	<u>\$ 229,765</u>	<u>\$ 612,549</u>
June 30, 2022	<u>\$ 276,468</u>	<u>\$ 190,710</u>	<u>\$ 290,719</u>	<u>\$ 757,897</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:

June 30, 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	\$ 4,544	\$ 10,862	\$ 651	\$ 354	\$ -	\$ 16,411
Interest rate derivatives	13,077	15,339	59,149	55,298	3,830,589	3,973,452
Total	\$ 17,621	\$ 26,201	\$ 59,800	\$ 55,652	\$ 3,830,589	\$ 3,989,863

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

June 30, 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	\$ 5,535	\$ 453	\$ 1,122	\$ 4,223	\$ -	\$ 11,333
Interest rate derivatives	42,285	15,280	72,024	55,933	3,514,944	3,700,466
Total	\$ 47,820	\$ 15,733	\$ 73,146	\$ 60,156	\$ 3,514,944	\$ 3,711,799

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:

June 30, 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	\$ 72,147,272	\$ 85,215,256	\$ 29,970,844	\$ 22,847,694	\$ 124,540	\$ 210,305,606
Cash inflow	70,729,973	83,329,219	29,039,597	21,812,785	145,024	205,056,598
Interest rate derivatives						
Cash outflow	-	934,050	1,401,075	2,490,800	-	4,825,925
Cash inflow	-	835,610	1,382,400	2,276,800	-	4,494,810
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	9,154	9,313	17,911	98,802	135,180
Subtotal of cash outflow	72,147,272	86,149,306	31,371,919	25,338,494	124,540	215,131,531
Subtotal of cash inflow	70,729,973	84,173,983	30,431,310	24,107,496	243,826	209,686,588
Net cash flow	\$ (1,417,299)	\$ (1,975,323)	\$ (940,609)	\$ (1,230,998)	\$ 119,286	\$ (5,444,943)

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)

June 30, 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	\$ 77,709,335	\$ 89,688,758	\$ 61,498,048	\$ 29,865,816	\$ 687,747	\$ 259,449,704
Cash inflow	76,000,500	88,153,955	59,748,856	28,585,006	680,420	253,168,737
Interest rate derivatives						
Cash outflow	-	-	-	-	2,675,340	2,675,340
Cash inflow	-	-	-	-	2,497,710	2,497,710
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	23,591	24,226	46,868	322,462	417,147
Subtotal of cash outflow	77,709,335	89,688,758	61,498,048	29,865,816	3,363,087	262,125,044
Subtotal of cash inflow	76,000,500	88,177,546	59,773,082	28,631,874	3,500,592	256,083,594
Net cash flow	\$ (1,708,835)	\$ (1,511,212)	\$ (1,724,966)	\$ (1,233,942)	\$ 137,505	\$ (6,041,450)

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:

June 30, 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	\$ 17,723,532	\$ -	\$ -	\$ -	\$ -	\$ 17,723,532
Irrevocable credit card commitments	182,979,445	-	-	-	-	182,979,445
Issued but unused letters of credit	1,236,958	-	-	-	-	1,236,958
Other guarantees	9,427,467	2,201,000	275,800	-	253,681	12,157,948
Total	\$ 211,367,402	\$ 2,201,000	\$ 275,800	\$ -	\$ 253,681	\$ 214,097,883

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

June 30, 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	\$ 17,150,583	\$ -	\$ -	\$ -	\$ -	\$ 17,150,583
Irrevocable credit card commitments	198,895,271	-	-	-	-	198,895,271
Issued but unused letters of credit	1,159,610	-	-	-	-	1,159,610
Other guarantees	14,466,307	3,797,100	100,000	-	575,800	18,939,207
Total	\$ 231,671,771	\$ 3,797,100	\$ 100,000	\$ -	\$ 575,800	\$ 236,144,671

e. Market risk management

1) Definition and scope of market risk

Market risk is the risk that unfavorable changes in market prices, such as interest rates, foreign exchange rates, equity prices and commodity prices will affect the Bank's income or its holdings of on- and off-balance sheet positions. The Bank's market risk mainly comes from equity investment securities, interest rates, foreign exchange rates and commodity.

2) Management policies of market risk

The Bank develops appropriate management process to identify and measure market risk, and to effectively manage and control credit limits, valuation of profits and losses, sensitivity analysis and stress tests of each financial instrument position. Besides, the Bank takes appropriate management strategy while facing market risk in its daily operating activities and management processes. The information of market risk and implementation are managed, monitored and disclosed by the Risk Management Group. A summary report, including suggestion, is submitted regularly to the Risk Management Committee and the Board of Directors.

3) Market risk management process

a) Recognition and measurement

The risk measurement system first identifies the market risk factors of the exposure positions (such as interest rates, share price, foreign exchange rates, commodity price, etc.) and then measures the risks assumed in on- and off-balance sheet trading positions with the change in market risk factors.

Risk measurement adds sensitivity analysis (DV01, Delta, Vega) etc. or situational analysis, to assess the changes in the value of the asset portfolio. And perform stress testing in accordance with the regulations of the administration, to measure abnormal losses under extreme conditions.

b) Monitoring and reporting

The Bank's Risk Management Group regularly reviews market risk management objective, positions and control of gain and loss, sensitivity analysis and pressure test and reports to the Risk Management Committee and the Board of Directors to well understand the situation of market risk control. The Bank has established explicit notification process, the limit and stop-loss regulation for various transactions. Stop-loss order must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by the management.

4) Management process of interest risk

Interest rate risk is the risk of loss or changes in the fair value resulting from interest rate or credit spread fluctuations.

The Bank separates the interest rate risk positions between trading book and banking book. Financial instruments and commodity positions held for trading purpose or to hedge against trading book positions are carried in trading book. Positions held for trading purpose are those transactions with the intention of profiting from actual or forecast spread. Positions not belonging to trading book are carried in banking book.

a) Management process and valuation methods of interest rate risk in trading book

To limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions.

The operation limit of securities and interest rate related derivative instruments are controlled by the notional amount or DV01. The risk of bonds and interest rate related options are additionally measured using Vega. The stop loss limits are controlled on a daily basis.

b) Management process and valuation methods of interest rate risk in banking book

To improve its capacity to adapt to changes, the Bank measures, manages and mitigates changes in its earnings and economic values of balance sheet items arising from interest rate fluctuations.

When undertaking the operations relating to interest rate instruments, the Bank identifies the repricing risk of interest rate, yield curve risk, basis risk and options risk characteristics. In addition, the Bank also measures the potential impact of interest rate changes on earnings.

The measurement of interest rate risk in banking book is based on the analysis of position change of interest rate sensitivity among the durations of all products. The measurement is also derived from the interest rate shock scenarios regulated by the domestic and foreign supervisory agency to calculate the impact of changes in the economic value of equity (Δ EVE) and changes in net interest income (Δ NII).

The Bank periodically analyzes and monitors the interest risk limits and various targets of interest risk management. The results of analysis and monitoring are submitted regularly to the Assets and Liabilities Management Committee and the Board of Directors. If the risk management targets are found to be in excess of early warning thresholds during the monitoring process, the Bank will report to the Assets and Liabilities Management Committee and propose remedial action to be taken.

5) Management of foreign exchange risk

a) Definition of foreign exchange risk

Foreign exchange risk is the risk of loss or changes in fair value arising from open trading positions in currency due to exchange rate fluctuations. Foreign exchange transactions include spot exchange, forward exchange, non-deliverable forward and foreign currency option between New Taiwan dollars and a foreign currency or between two foreign currencies.

b) Foreign exchange risk management policies, process and valuation methods

To manage foreign exchange risk and limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions. Spot exchange, forward exchange, non-deliverable forward and foreign currency option are controlled collectively using Delta; foreign currency option is additionally controlled using Vega. The stop loss limits are controlled on a daily basis.

c) Concentration of foreign exchange risk

Information on concentration of foreign currency exposures at the balance sheet date is shown in Note 42.

6) Management of equity securities market risk

a) Definition and measurement bases of equity market risk

Equity market risk is the risk arising from open positions in equity securities as a result of fluctuations in the market prices of individual securities. The Bank manages market risk on the basis of closing prices of equity securities to calculate their fair values.

b) Management processes of equity market risk

The Bank sets gross limits on overall positions, by industries, and by groups. For shares listed on TWSE and TPEx and beneficiary certificates, the Bank sets the limit of investment in each share and stop loss/gain limits on overall and particular positions, which are monitored daily.

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

7) Management of commodity risk

a) Definition of commodity risk

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

b) Commodity risk management policies, process and valuation methods

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

8) Stress testing

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

9) Sensitivity analysis

a) Interest rate sensitivity

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

Assuming all other risk factors remain constant, where the interest rate increases/decreases by 1 bps, there would be a decrease/increase of \$1,516 thousand in income before income tax for the six months ended June 30, 2023. There would be a increases/decreases of \$172 thousand in income before income tax for the six months ended June 30, 2022. There would be a decrease/increase of \$54 thousand and \$94 thousand in other comprehensive income for the six months ended June 30, 2023 and 2022, respectively.

b) Foreign exchange sensitivity

Foreign exchange rate factor sensitivity (“FX Delta”) measured at the balance sheet date is the impact on the values of foreign exchange positions in trading book for a 1% change in foreign exchange rates.

Where the foreign exchange increases/decreases by 1%, assuming all other risk factors remain constant, there would be a decrease/increase of \$71,717 thousand and \$2,225 thousand in income before income tax for the six months ended June 30, 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 \$2,465 thousand and \$1,721 thousand in income before income tax for the six months ended June 30, 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 \$4 thousand in income before income tax for the six months ended June 30, 2023. The Bank has none net position of the commodity as of June 30, 2022; changes in commodity prices have no impact on income before income tax for the six months ended June 30, 2022.

f. Transfer of financial assets

In the daily operations of the Bank, the transactions of the transferred financial assets not eligible for derecognition in full are mainly bonds under repurchase agreement. Since the cash flows of those financial assets have been transferred to outsiders, the Bank is not eligible to conduct, sell, or pledge the transferred financial assets during the effective period. However, the Bank is still exposed to interest rate risks and credit risks. The liabilities of repurchasing the transferred financial assets in an agreed amount have been recognized. The following tables show the transferred financial assets not eligible for derecognition in full and related amounts. (on the June 30, 2023 and 2022: Nil)

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

g. Offset of financial assets and financial liabilities

The Bank has an exercisable master netting arrangement or similar agreement in place with counterparties. When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at gross amount. In the event of default involving one of the parties, the other party can be choose to settled the transaction at net amount.

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

June 30, 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	\$ 9,872,711	\$ -	\$ 9,872,711	\$ 1,222,564	\$ 661,579	\$ 7,988,568
Bills and notes purchased under resale agreements	<u>2,267,452</u>	<u>-</u>	<u>2,267,452</u>	<u>2,267,452</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,140,163</u>	<u>\$ -</u>	<u>\$ 12,140,163</u>	<u>\$ 3,490,016</u>	<u>\$ 661,579</u>	<u>\$ 7,988,568</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>\$ 9,091,859</u>	<u>\$ -</u>	<u>\$ 9,091,859</u>	<u>\$ 1,222,564</u>	<u>\$ 2,324,967</u>	<u>\$ 5,544,328</u>

December 31, 2022

Financial Asset	Gross Amount of Recognized Financial Assets	Gross Amount of Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivatives	\$ 9,490,043	\$ -	\$ 9,490,043	\$ 2,348,300	\$ 786,501	\$ 6,355,242
Bills and notes purchased under resale agreements	<u>1,146,811</u>	<u>-</u>	<u>1,146,811</u>	<u>1,146,811</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,636,854</u>	<u>\$ -</u>	<u>\$ 10,636,854</u>	<u>\$ 3,495,111</u>	<u>\$ 786,501</u>	<u>\$ 6,355,242</u>

Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial 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>

June 30, 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	\$ 10,782,295	\$ -	\$ 10,782,295	\$ 2,488,555	\$ 9,810	\$ 8,283,930
Bills and notes purchased under resale agreements	<u>2,049,785</u>	<u>-</u>	<u>2,049,785</u>	<u>2,049,785</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,832,080</u>	<u>\$ -</u>	<u>\$ 12,832,080</u>	<u>\$ 4,538,340</u>	<u>\$ 9,810</u>	<u>\$ 8,283,930</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>\$ 10,683,430</u>	<u>\$ -</u>	<u>\$ 10,683,430</u>	<u>\$ 2,488,555</u>	<u>\$ 3,026,054</u>	<u>\$ 5,168,821</u>

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

1) Asset quality of loans

Nonperforming loans and nonperforming receivables of the Bank

Business \ Item		June 30, 2023				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 436,766	\$ 76,036,520	0.57%	\$ 989,832	226.63%
	Unsecured	267,903	151,741,234	0.18%	1,701,580	635.15%
Consumer Banking	Residential mortgage (Note d)	35,738	138,001,568	0.03%	2,088,341	5,843.47%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	255,745	23,556,543	1.09%	425,962	166.56%
	Others (Note f)	Secured	46,380	78,125,831	0.06%	841,605
Unsecured		-	6,757,288	-	76,095	-
Total		1,042,532	474,218,984	0.22%	6,123,415	587.36%
Business \ Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card		36,824	12,188,652	0.30%	322,349	875.38%
Accounts receivable factored without recourse (Note g)		-	1,865,846	-	21,523	-

Business \ Item		December 31, 2022				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 433,595	\$ 71,568,150	0.61%	\$ 1,046,622	241.38%
	Unsecured	817,597	131,195,905	0.62%	1,787,157	218.59%
Consumer Banking	Residential mortgage (Note d)	23,242	136,694,783	0.02%	2,053,107	8,833.61%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	264,420	23,650,324	1.12%	429,629	162.48%
	Others (Note f)	Secured	40,486	74,247,012	0.05%	793,419
Unsecured		-	6,726,150	-	75,297	-
Total		1,579,340	444,082,324	0.36%	6,185,231	391.63%
Business \ Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card		34,011	12,786,004	0.27%	344,514	1,012.95%
Accounts receivable factored without recourse (Note g)		-	2,061,981	-	23,923	-

Business \ Item		June 30, 2022				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 416,152	\$ 70,507,525	0.59%	\$ 916,388	220.21%
	Unsecured	238,367	134,723,848	0.18%	1,630,858	684.18%
Consumer Banking	Residential mortgage (Note d)	71,604	135,729,078	0.05%	2,045,221	2,856.29%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	282,266	23,993,592	1.18%	438,016	155.18%
	Others (Note f)	Secured	28,169	73,059,598	0.04%	783,330
Unsecured		-	6,391,084	-	72,529	-
Total		1,036,558	444,404,725	0.23%	5,886,342	567.87%
Business \ Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card		36,167	11,266,424	0.32%	361,170	998.62%
Accounts receivable factored without recourse (Note g)		-	4,849,511	-	53,437	-

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

Note b: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.

Ratio of nonperforming credit cards receivables: Nonperforming credit cards receivables ÷ Outstanding credit cards receivables balance.

Note c: Coverage ratio of allowance for possible losses for loans: Allowance for possible losses for loans ÷ Nonperforming loans.

Coverage ratio of allowance for possible losses for credit cards receivables: Allowance for possible losses for credit cards receivables ÷ Nonperforming credit cards receivables.

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

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

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

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

Nonperforming loans and nonperforming receivables excluded from the information stated above

Item	June 30, 2023		December 31, 2022		June 30, 2022	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Business						
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 9,382	\$ 35,491	\$ 12,532	\$ 44,409	\$ 16,017	\$ 53,878
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	1,045,881	739,118	1,100,747	782,313	1,125,243	821,477
Total	1,055,263	774,609	1,113,279	826,722	1,141,260	875,355

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)	June 30, 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	\$ 13,755,580	25
2	B Group - 6499 - other financial service activities not elsewhere classified	8,388,070	15
3	C Group - 4652 - wholesale of motorcycles	6,943,731	12
4	D Group - 2630 - manufacture of bare printed circuit boards	5,767,675	10
5	E Group - 6491 - financial leasing industry	4,904,365	9
6	F Group - 6499 - other financial service activities not elsewhere classified	3,887,351	7
7	G Group - 2413 - rolling and extruding of iron and steel	3,187,497	6
8	H Group - 6429 - other holding companies	2,990,419	5
9	I Group - 6499 - other financial service activities not elsewhere classified	2,972,000	5
10	J Group - 6499 - other financial service activities not elsewhere classified	2,605,985	5

Ranking (Note a)	December 31, 2022		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	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	G 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	H Group - 6429 - other holding companies	2,983,918	5
9	I Group - 6499 - other financial service activities not elsewhere classified	2,945,000	5
10	L Group - 6429 - other holding companies	2,799,138	5

Ranking (Note a)	June 30, 2022		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development activities	\$ 13,830,568	29
2	B Group - 6499 - other financial service activities not elsewhere classified	7,129,630	15
3	C Group - 4652 - wholesale of motorcycles	6,695,311	14
4	K Group - 4642 - electricity transmission and distribution enterprise	4,092,724	8
5	F Group - 3510 - electricity supply	4,072,174	8
6	E Group - 6496 - non-depository financing	3,756,040	8
7	M Group - 2729 - manufacture of other communication equipment	3,402,219	7
8	L Group - 6429 - other holding companies	3,390,700	7
9	N Group - 2699 - non-categorized and other electronic component manufacturing	3,225,057	7
10	I Group - 6499 - other financial service activities not elsewhere classified	3,000,000	6

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

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

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

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

Interest Rate Sensitivity Analysis
June 30, 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	\$ 367,285,235	\$ 175,009,020	\$ 8,907,119	\$ 66,657,056	\$ 617,858,430
Interest rate-sensitive liabilities	274,754,850	193,564,910	88,409,321	18,818,127	575,547,208
Interest rate sensitivity gap	92,530,385	(18,555,890)	(79,502,202)	47,838,929	42,311,222
Net worth					56,108,456
Ratio of interest rate-sensitive assets to liabilities					107.35%
Ratio of interest rate-sensitivity gap to net worth					75.41%

**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
June 30, 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	\$ 355,788,403	\$ 164,888,872	\$ 7,248,472	\$ 48,438,510	\$ 576,364,257
Interest rate-sensitive liabilities	241,455,086	198,167,977	70,961,291	26,598,645	537,182,999
Interest rate sensitivity gap	114,333,317	(33,279,105)	(63,712,819)	21,839,865	39,181,258
Net worth					48,278,204
Ratio of interest rate-sensitive assets to liabilities					107.29%
Ratio of interest rate-sensitivity gap to net worth					81.16%

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
June 30, 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	\$ 2,375,797	\$ 245,847	\$ 142,538	\$ 382,645	\$ 3,146,827
Interest rate-sensitive liabilities	3,137,969	250,472	264,501	-	3,652,942
Interest rate sensitivity gap	(762,172)	(4,625)	(121,963)	382,645	(506,115)
Net worth					1,802,102
Ratio of interest rate-sensitive assets to liabilities					86.15%
Ratio of interest rate-sensitivity gap to net worth					(28.08%)

**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
June 30, 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	\$ 3,643,180	\$ 232,822	\$ 15,401	\$ 197,975	\$ 4,089,378
Interest rate-sensitive liabilities	1,562,954	2,237,399	117,293	-	3,917,646
Interest rate sensitivity gap	2,080,226	(2,004,577)	(101,892)	197,975	171,732
Net worth					1,624,107
Ratio of interest rate-sensitive assets to liabilities					104.38%
Ratio of interest rate-sensitivity gap to net worth					10.57%

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 Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Before tax	0.31%	0.26%
	After tax	0.27%	0.22%
Return on equity	Before tax	4.21%	3.93%
	After tax	3.67%	3.37%
Net income ratio		31.81%	30.03%

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

June 30, 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	\$ 809,074,412	\$ 120,677,891	\$ 92,393,543	\$ 133,933,625	\$ 63,218,453	\$ 77,342,014	\$ 321,508,886
Main capital outflow on maturity	1,007,023,545	82,351,474	105,564,652	195,355,285	177,844,821	211,961,689	233,945,624
Gap	(197,949,133)	38,326,417	(13,171,109)	(61,421,660)	(114,626,368)	(134,619,675)	87,563,262

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

June 30, 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	\$ 787,603,827	\$ 139,991,809	\$ 98,052,337	\$ 100,217,388	\$ 75,478,973	\$ 84,742,505	\$ 289,120,815
Main capital outflow on maturity	972,784,033	66,782,939	96,602,279	176,904,038	197,965,368	198,375,590	236,153,819
Gap	(185,180,206)	73,208,870	1,450,058	(76,686,650)	(122,486,395)	(113,633,085)	52,966,996

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

b) For U.S. dollar items

June 30, 2023

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 10,861,178	\$ 4,848,467	\$ 1,846,335	\$ 1,148,832	\$ 776,483	\$ 2,241,061
Main capital outflow on maturity	11,969,828	3,969,533	3,725,079	1,704,294	1,758,791	812,131
Gap	(1,108,650)	878,934	(1,878,744)	(555,462)	(982,308)	1,428,930

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

June 30, 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	\$ 11,670,023	\$ 4,020,249	\$ 2,325,673	\$ 1,950,460	\$ 1,220,272	\$ 2,153,369
Main capital outflow on maturity	12,497,777	4,279,759	3,301,591	2,299,507	1,992,442	624,478
Gap	(827,754)	(259,510)	(975,918)	(349,047)	(772,170)	1,528,891

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

45. CAPITAL MANAGEMENT

a. Objective of capital management

- 1) The basic goal of the Bank's capital management is that unconsolidated regulatory capital and the consolidated regulatory capital should meet the requirements of the related regulations. The ratio of regulatory capital and risk assets (the "capital adequacy ratio") should meet the statutory threshold according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".
- 2) In order to maintain an adequate level of capital to bear various risks, the Bank makes capital planning based on the operating plans and budget, the development strategies and dividend policy. The objective is to optimize assets allocation and strengthen capital structure.

b. Procedure of capital management

- 1) The calculation of the Bank's capital adequacy ratio is based on the "The Methods for Calculating the Bank's regulatory Capital and Risk-weighted Assets" enacted by the Financial Supervisory Commission and the related information is reported to the competent authority on a regular basis.
- 2) In order to monitor capital adequacy ratio, the execution and changes in the parameters of the capital planning are reported to the Bank's Risk Management Committee on a quarterly basis. The Bank are performed stress testing periodically and evaluated capital adequacy to assesses whether the Bank's capital is able to respond to various risks and whether the objective of capital management is met.

The calculations of regulatory capital, risk-weighted assets and capital adequacy ratio were as follows:

Unconsolidated

		June 30, 2023	December 31, 2022	June 30, 2022	
Regulatory capital	Common equity	\$ 54,201,250	\$ 53,344,447	\$ 46,596,688	
	Additional Tier I capital	2,900,000	2,900,000	2,900,000	
	Tier II capital	12,141,062	12,080,056	13,922,225	
	Total common capital	69,242,312	68,324,503	63,418,913	
Risk-weighted assets	Credit risk	Standardized approach	447,305,074	424,484,834	439,553,618
		Internal rating-based approach	-	-	-
		Asset securitization	377,880	393,738	368,536
	Operational risk	Basic indicator approach	20,321,238	20,321,238	20,228,813
		Standardized approach/alternative standardized approach	-	-	-
		Advanced measurement approach	-	-	-
	Market risk	Standardized approach	13,966,875	13,375,863	12,912,725
		Internal models approach	-	-	-
Total risk-weighted assets		481,971,067	458,575,673	473,063,692	
Capital adequacy ratio		14.37%	14.90%	13.41%	
Ratio of common equity to risk-weighted assets		11.25%	11.63%	9.85%	
Ratio of Tier I capital to risk-weighted assets		11.85%	12.27%	10.46%	
Leverage ratio		6.57%	6.73%	5.75%	

Consolidated

		June 30, 2023	December 31, 2022	June 30, 2022	
Regulatory capital	Common equity	\$ 54,186,368	\$ 53,332,585	\$ 46,596,688	
	Additional Tier I capital	2,900,000	2,900,000	2,900,000	
	Tier II capital	12,114,040	12,087,994	13,894,437	
	Total common capital	69,200,408	68,320,579	63,391,125	
Risk-weighted assets	Credit risk	Standardized approach	445,143,334	421,744,787	436,626,687
		Internal rating-based approach	-	-	-
		Asset securitization	377,880	393,738	368,536
	Operational risk	Basic indicator approach	20,432,013	20,432,013	20,968,225
		Standardized approach/alternative standardized approach	-	-	-
		Advanced measurement approach	-	-	-
	Market risk	Standardized approach	13,966,875	13,375,863	12,912,725
		Internal models approach	-	-	-
	Total risk-weighted assets		479,920,102	455,946,401	470,876,173
	Capital adequacy ratio		14.42%	14.98%	13.46%
Ratio of common equity to risk-weighted assets		11.29%	11.70%	9.90%	
Ratio of Tier I capital to risk-weighted assets		11.89%	12.33%	10.51%	
Leverage ratio		6.56%	6.73%	5.74%	

Note a: Regulatory capital, risk-weighted assets and exposure measurement are calculated under the “Regulations Governing the Capital Adequacy and capital category of Banks” and the “The Methods for Calculating the Bank’s regulatory Capital and Risk-weighted Assets”.

Note b: An annual report should include both the current year’s and prior year’s capital adequacy ratio, but a semiannual report should include the capital adequacy ratio of the most recent year.

Note c: Formulas used were as follows:

- 1) Regulatory capital = Common equity + Additional Tier I capital + Tier II capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) × 12.5.
- 3) Capital adequacy ratio = Regulatory capital/Total risk-weighted assets.
- 4) Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets.
- 5) Ratio of Tier I capital to risk-weighted assets = (Common equity + Additional Tier I capital)/Total risk-weighted assets.
- 6) Leverage ratio = Net Tier I capital/Exposure measurement.

46. CASH FLOW INFORMATION

a. Non-cash transactions

Cash dividends which were approved by the shareholders’ meeting recognized as accrued dividends were \$1,664,012 thousand and \$1,511,004 thousand as of June 30, 2023 and 2022, respectively.

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2023

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Securities sold under repurchase agreement	\$ 4,598,749	\$ (4,575,956)	\$ (22,793)	\$ -	\$ -
Bank debentures	20,901,900	-	-	-	20,901,900
Other financial liabilities	2,731,071	557,056	-	-	3,288,127
Lease liabilities	<u>965,817</u>	<u>(208,198)</u>	<u>352</u>	<u>131,457</u>	<u>889,428</u>
	<u>\$ 29,197,537</u>	<u>\$ (4,227,098)</u>	<u>\$ (22,441)</u>	<u>\$ 131,457</u>	<u>\$ 25,079,455</u>

For the six months ended June 30, 2022

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ 77,240	\$ (77,240)	\$ -	\$ -	\$ -
Securities sold under repurchase agreement	4,959	(5,143)	184	-	-
Bank debentures	23,901,900	-	-	-	23,901,900
Other financial liabilities	979,213	(50,939)	-	-	928,274
Lease liabilities	<u>1,026,881</u>	<u>(211,441)</u>	<u>3,956</u>	<u>319,220</u>	<u>1,138,616</u>
	<u>\$ 25,990,193</u>	<u>\$ (344,763)</u>	<u>\$ 4,140</u>	<u>\$ 319,220</u>	<u>\$ 25,968,790</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 six months ended June 30, 2023</u>				
Net interests	\$ 1,925,669	\$ 1,668,947	\$ (213,435)	\$ 3,381,181
Net revenues and gains other than interest				
Net service fee income	921,751	304,419	72,496	1,298,666
Other net income	<u>144,567</u>	<u>1,329,874</u>	<u>259,559</u>	<u>1,734,000</u>
Net revenues	2,991,987	3,303,240	118,620	6,413,847
Reversal of (provision for) for bad debt expenses	(89,584)	(425,943)	-	(515,527)
Operating expenses	<u>(2,493,997)</u>	<u>(917,207)</u>	<u>(147,063)</u>	<u>(3,558,267)</u>
Segment income before income tax	<u>\$ 408,406</u>	<u>\$ 1,960,090</u>	<u>\$ (28,443)</u>	<u>\$ 2,340,053</u>
<u>For the six months ended June 30, 2022</u>				
Net interests	\$ 1,986,635	\$ 1,863,398	\$ (428,803)	\$ 3,421,230
Net revenues and gains other than interest				
Net service fee income	886,932	527,281	53,922	1,468,135
Other net income	<u>124,084</u>	<u>264,825</u>	<u>213,473</u>	<u>602,382</u>
Net revenues	2,997,651	2,655,504	(161,408)	5,491,747
Provision for bad debt expenses	(51,090)	(177,264)	(60,001)	(288,355)
Operating expenses	<u>(2,219,690)</u>	<u>(822,697)</u>	<u>(234,987)</u>	<u>(3,277,374)</u>
Segment income before income tax	<u>\$ 726,871</u>	<u>\$ 1,655,543</u>	<u>\$ (456,396)</u>	<u>\$ 1,926,018</u>

48. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	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 International Securities Co., Ltd.	From parent company to subsidiary	Deposits and remittances	\$ 270,884	Note 3	0.03
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Interest expense	1,172	Note 3	0.02
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Service fee expense	674	Note 3	0.01
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Loss on disposal of financial assets at FVTPL	188	Note 3	-
1	Far Eastern International Securities Co., Ltd.	Far Eastern International Bank Ltd.	From subsidiary to parent company	Cash and cash equivalents	270,884	Note 3	0.03
		Far Eastern International Bank Ltd.	From subsidiary to parent company	Interest revenue	1,172	Note 3	0.02
		Far Eastern International Bank Ltd.	From subsidiary to parent company	Service fee income	862	Note 3	0.01

Note 1: Transacting parties are identified as follows: Number 0 - parent company; and number 1 and the following numbers - subsidiaries.

Note 2: The ratio is calculated as follows: For asset and liability accounts = Transaction amount/Consolidated total assets; and for income and expenses = Transaction amount/Consolidated net profit.

Note 3: The terms of intercompany transactions are not significantly different from those to third parties.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

**SUBSIDIARIES' FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 15,416	\$ 15,416	6%-10%	a	\$ 16,238	-	\$ 346	Real estate	\$ 32,309	\$ 305,523	\$ 1,018,411

Note 1: No. column is coded as follows:

- a. The Issuer is coded "0".
- b. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The nature of financing is described as follows:

- a. Business transaction is coded "1".
- b. Short-term financing is coded "2".

Note 3: The limits on financing are as follows:

- a. Financing limit for each borrower
 - 1) In the case of lending funds to companies or firms who have a business relationship with the lender, the total lending amount to an individual borrower shall not exceed 30% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
 - 2) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 30% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
- b. Aggregate financing limit
 - 1) In the case of lending funds to companies or firms who have a business relationship with the lender, the total accumulation lending amount to an individual borrower shall not exceed two times of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.
 - 2) In the case of lending funds to the companies or firms in need of short-term financing, the total accumulation lending amount to an individual borrower shall not exceed 40% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

The total accumulated lending amount of the above shall not exceed the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	The Proportionate Share of the Bank, Its Subsidiaries and Their Affiliates in Investees (Note 1)				Note
						Present Shares (In Thousands)	Pro Forma Shares (Note 2)	Total		
								Shares (In Thousands)	Percentage of Ownership (%)	
<u>Held by the Bank</u>										
Financial business										
Deutsche Far Eastern Asset Management Co., Ltd.	7F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Securities investment trust funds	40.00	\$ 151,128	\$ 10,541	12,000	-	12,000	40.00	
Dah Chung Bills Finance Corp.	4F, 4F-1, 4F-2, 4F-3, Np. 88 Dun Hwa North Road, Taipei, Taiwan	Underwriting, dealing and brokering of short-term bills	22.06	1,785,078	44,655	101,941	-	101,941	22.07	
Far Eastern Asset Management Co., Ltd.	Room B, 17F, No. 207, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Purchase, evaluation, auction and management of creditor's rights to financial institutions	100.00	1,667,051	28,147	168,400	-	168,400	100.00	
Far Eastern International Securities Co., Ltd.	51F, No. 7, Xinyi Road, Sec. 5, Taipei, Taiwan	Foreign securities broker, wealth management and offshore fund consulting	100.00	405,928	(12,026)	26,000	-	26,000	100.00	
Taipei Foreign Exchange Agency Co., Ltd.	8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan	Foreign exchange, cross-currency swaps, etc.	0.40	3,819	-	80	-	80	0.40	
Sunshine Asset Management Co., Ltd.	15F., No. 218, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Management of creditor's rights and rendering of commercial detective services	3.46	2,675	-	207	-	207	3.46	
Financial Information Service Co., Ltd.	No. 81, Kangning Road, Sec. 3, Taipei, Taiwan	Data processing service and electronic information supply	1.14	252,176	-	5,938	-	5,938	1.14	
Yuan Hsin Digital Payment Co., Ltd.	Room A, 5F., No. 1, Yuandong Road, Banqiao Dist., New Taipei City, Taiwan	Issuing electronic tickets and signing contracted institutions	4.05	9,817	-	2,758	-	2,758	4.05	Note 3
Nonfinancial business										
An Feng Enterprise Co., Ltd.	3F., No. 139, Jhengjhou Road, Taipei, Taiwan	ATM maintenance, replacement and repair	10.00	4,839	-	300	-	300	10.00	
<u>Held by Far Eastern Asset Management Co., Ltd.</u>										
Financial business										
FEIB Financial Leasing Co., Ltd.	8F., Far Eastern Plaza, No. 28, Bailianjing Road, Pudong New District, Shanghai, China	Leasing operation	100.00	1,032,924	15,114	N/A	-	N/A	100.00	

Note 1: The Bank, board chairman, supervisors, managing directors, and the shares of investee companies invested in by related parties which comply with corporation law are considered.

Note 2: Routes of investment are listed below:

- Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of the Banking Law.
- Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of "Securities and Exchange Law Enforcement Rules".
- Derivative contracts, such as share options, are those conforming to the definition of derivatives in International Financial Reporting Standard 9.

Note 3: Yuan Hsin Digital Payment Co., Ltd. obtained the approval of dissolution from the Ministry of Economic Affairs on January 31, 2023. As of June 30, 2023, the liquidation process was not completed.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

**INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 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 June 30, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 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)	\$ 15,114 (CNY 3,389 thousand)	100.00	\$ 15,114 (CNY 3,389 thousand)	\$ 1,032,924	\$ -	

Accumulated Investment in Mainland China as of June 30, 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)	\$1,000,230

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 unaudited 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 six months ended June 30, 2023.