

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

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Far Eastern International Bank Ltd. and its subsidiaries as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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.

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

November 3, 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	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
ASSETS						
Cash and cash equivalents (Notes 6 and 39)	\$ 6,251,167	1	\$ 8,237,870	1	\$ 5,787,751	1
Due from the Central Bank and other banks (Notes 7 and 39)	47,654,404	6	35,591,182	5	37,438,105	5
Financial assets at fair value through profit or loss (Notes 8, 39 and 43)	47,617,726	6	46,652,529	6	54,893,850	7
Financial assets at fair value through other comprehensive income (Notes 9, 11, 21, 28, 40, 43 and 44)	72,348,933	9	76,739,907	10	77,677,451	10
Investment in debt instruments at amortized cost, net (Notes 10, 11, 21, 40, 43 and 44)	126,012,509	16	100,836,081	14	77,341,309	10
Securities purchased under resale agreements, net (Note 12)	2,467,054	-	1,146,775	-	4,570,375	1
Receivables, net (Notes 13 and 44)	19,670,542	3	18,999,211	3	19,092,633	3
Discounts and loans, net (Notes 14, 39 and 44)	458,350,583	57	437,897,093	59	456,590,958	61
Investment accounted for using equity method (Notes 15 and 28)	2,638,101	-	1,886,047	-	1,788,762	-
Other financial assets, net (Notes 16 and 40)	8,258,336	1	4,790,483	1	10,521,786	1
Property and equipment, net (Notes 17 and 39)	5,095,018	1	4,760,573	1	3,040,721	1
Right-of-use assets, net (Notes 18 and 39)	859,720	-	954,076	-	1,030,400	-
Intangible assets, net (Note 19)	1,578,558	-	1,597,670	-	1,604,041	-
Deferred tax assets (Notes 4 and 36)	52,330	-	179,701	-	192,859	-
Other assets	401,744	-	270,445	-	295,198	-
TOTAL	\$ 799,256,725	100	\$ 740,539,643	100	\$ 751,866,199	100
LIABILITIES AND EQUITY						
LIABILITIES						
Due to the Central Bank and other banks (Notes 20 and 44)	\$ 41,769	-	\$ 1,475,448	-	\$ 981,550	-
Financial liabilities at fair value through profit or loss (Notes 8, 39 and 43)	11,423,637	2	8,689,238	1	16,927,444	2
Securities sold under repurchase agreements (Notes 9, 10, 21, 44 and 46)	750,704	-	4,598,749	1	-	-
Payables (Notes 22 and 44)	7,599,104	1	5,346,372	1	8,304,082	1
Current tax liabilities (Note 4)	46,196	-	311,114	-	225,833	-
Deposits and remittances (Notes 23, 39 and 44)	665,476,242	83	607,423,881	82	618,869,805	83
Bank debentures (Notes 24, 43, 44 and 46)	16,901,900	2	20,901,900	3	20,901,900	3
Principal received on structured products (Note 44)	33,925,338	4	31,812,340	4	29,534,136	4
Other financial liabilities (Notes 25, 44 and 46)	3,278,476	1	2,731,071	1	1,287,487	-
Provisions (Notes 26 and 39)	715,563	-	760,392	-	895,723	-
Lease liabilities (Notes 18, 39, 44 and 46)	872,043	-	965,817	-	1,036,806	-
Other liabilities (Note 39)	511,433	-	550,988	-	537,834	-
Total liabilities	741,542,405	93	685,567,310	93	699,502,600	93
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	35,694,838	5
Advance receipts for share capital	-	-	-	-	3,893,470	-
Total share capital	40,694,838	5	40,694,838	5	39,588,308	5
Capital surplus	302,926	-	302,926	-	349,974	-
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	3,366,076	-	4,467,881	1	3,271,489	-
Total retained earnings	17,382,389	2	15,680,441	2	14,484,049	2
Other equity	(665,833)	-	(1,705,872)	-	(2,058,732)	-
Total equity	57,714,320	7	54,972,333	7	52,363,599	7
TOTAL	\$ 799,256,725	100	\$ 740,539,643	100	\$ 751,866,199	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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUES (Notes 29 and 39)	\$ 4,696,941	138	\$ 3,346,828	116	\$ 13,335,597	136	\$ 8,463,871	101
INTEREST EXPENSES (Notes 18, 29 and 39)	<u>3,088,255</u>	<u>91</u>	<u>1,495,601</u>	<u>52</u>	<u>8,345,730</u>	<u>85</u>	<u>3,191,414</u>	<u>38</u>
NET INTERESTS	<u>1,608,686</u>	<u>47</u>	<u>1,851,227</u>	<u>64</u>	<u>4,989,867</u>	<u>51</u>	<u>5,272,457</u>	<u>63</u>
NET REVENUES AND GAINS OTHER THAN INTEREST								
Net service fee income (Notes 30 and 39)	734,155	22	591,568	21	2,032,821	21	2,059,703	25
Gain on financial assets and liabilities at fair value through profit or loss (Notes 31, 39 and 43)	592,316	17	101,856	4	1,916,741	19	215,544	3
Realized gain on financial assets at fair value through other comprehensive income (Notes 9 and 28)	76,214	2	92,913	3	180,924	2	168,565	2
Net foreign exchange gain	93,401	3	148,872	5	215,075	2	368,979	4
Shares of profit of associates for using equity method (Note 15)	27,875	1	28,808	1	83,071	1	86,889	1
Gain from bargain purchase (Note 15)	193,188	6	-	-	193,188	2	-	-
Others	<u>70,315</u>	<u>2</u>	<u>61,820</u>	<u>2</u>	<u>198,310</u>	<u>2</u>	<u>196,674</u>	<u>2</u>
Total net revenues and gains other than interest	<u>1,787,464</u>	<u>53</u>	<u>1,025,837</u>	<u>36</u>	<u>4,820,130</u>	<u>49</u>	<u>3,096,354</u>	<u>37</u>
NET REVENUES	<u>3,396,150</u>	<u>100</u>	<u>2,877,064</u>	<u>100</u>	<u>9,809,997</u>	<u>100</u>	<u>8,368,811</u>	<u>100</u>
PROVISION FOR (REVERSAL OF) POSSIBLE LOSSES ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 13, 14, 16, 26 and 39)	<u>(184,196)</u>	<u>(5)</u>	<u>111,999</u>	<u>4</u>	<u>331,331</u>	<u>3</u>	<u>400,354</u>	<u>5</u>
OPERATING EXPENSES								
Employee benefits expense (Notes 4, 27, 32, 33, 38 and 39)	1,223,637	36	1,057,085	37	3,333,234	34	3,092,253	37
Depreciation and amortization (Notes 17, 18, 19 and 34)	185,329	6	186,511	6	553,105	6	548,611	6
Other general and administrative expenses (Notes 18, 35 and 39)	<u>592,865</u>	<u>17</u>	<u>545,905</u>	<u>19</u>	<u>1,673,759</u>	<u>17</u>	<u>1,426,011</u>	<u>17</u>
Total operating expenses	<u>2,001,831</u>	<u>59</u>	<u>1,789,501</u>	<u>62</u>	<u>5,560,098</u>	<u>57</u>	<u>5,066,875</u>	<u>60</u>
INCOME BEFORE INCOME TAX	1,578,515	46	975,564	34	3,918,568	40	2,901,582	35
INCOME TAX EXPENSE (Notes 4 and 36)	<u>181,196</u>	<u>5</u>	<u>121,096</u>	<u>4</u>	<u>481,005</u>	<u>5</u>	<u>397,713</u>	<u>5</u>
NET INCOME FOR THE PERIOD	<u>1,397,319</u>	<u>41</u>	<u>854,468</u>	<u>30</u>	<u>3,437,563</u>	<u>35</u>	<u>2,503,869</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 September 30				For the Nine Months Ended September 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	\$ 146,542	4	\$ (125,449)	(5)	\$ 526,341	5	\$ (419,052)	(5)
Share of other comprehensive income of associates for using equity method	<u>3,382</u>	<u>-</u>	<u>1,728</u>	<u>-</u>	<u>2,041</u>	<u>-</u>	<u>2,774</u>	<u>-</u>
	<u>149,924</u>	<u>4</u>	<u>(123,721)</u>	<u>(5)</u>	<u>528,382</u>	<u>5</u>	<u>(416,278)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	64,954	2	105,460	4	66,614	1	192,054	2
Share of other comprehensive income (loss) of associates for using equity method	51,303	2	(38,532)	(2)	85,988	1	(167,359)	(2)
Gain (loss) on investments in debt instruments measured at fair value through other comprehensive income	(51,292)	(2)	(497,562)	(17)	287,631	3	(1,720,532)	(20)
Income tax expense relating to items that may be reclassified subsequently	<u>(6,344)</u>	<u>-</u>	<u>(1,736)</u>	<u>-</u>	<u>(179)</u>	<u>-</u>	<u>(6,120)</u>	<u>-</u>
	<u>58,621</u>	<u>2</u>	<u>(432,370)</u>	<u>(15)</u>	<u>440,054</u>	<u>5</u>	<u>(1,701,957)</u>	<u>(20)</u>
Other comprehensive income (loss) for the period	<u>208,545</u>	<u>6</u>	<u>(556,091)</u>	<u>(20)</u>	<u>968,436</u>	<u>10</u>	<u>(2,118,235)</u>	<u>(25)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,605,864</u>	<u>47</u>	<u>\$ 298,377</u>	<u>10</u>	<u>\$ 4,405,999</u>	<u>45</u>	<u>\$ 385,634</u>	<u>5</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of the Bank	<u>\$ 1,397,319</u>	<u>41</u>	<u>\$ 854,468</u>	<u>30</u>	<u>\$ 3,437,563</u>	<u>35</u>	<u>\$ 2,503,869</u>	<u>30</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	<u>\$ 1,605,864</u>	<u>47</u>	<u>\$ 298,377</u>	<u>10</u>	<u>\$ 4,405,999</u>	<u>45</u>	<u>\$ 385,634</u>	<u>5</u>
EARNINGS PER SHARE (Note 37)								
Basic	<u>\$ 0.34</u>		<u>\$ 0.24</u>		<u>\$ 0.84</u>		<u>\$ 0.70</u>	
Diluted	<u>\$ 0.34</u>		<u>\$ 0.24</u>		<u>\$ 0.84</u>		<u>\$ 0.70</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)	Advance Receipts for Share Capital (Note 28)	Capital Surplus (Notes 28 and 38)	Retained Earnings (Notes 9 and 28)			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 9, 15 and 28)	
				Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	\$ 35,139,632	\$ -	\$ 456,426	\$ 10,294,866	\$ 5,922	\$ 3,786,263	\$ (240,644)	\$ 259,486	\$ 49,701,951
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 nine months ended September 30, 2022	-	-	-	-	-	2,503,869	-	-	2,503,869
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	185,934	(2,304,169)	(2,118,235)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	2,503,869	185,934	(2,304,169)	385,634
Issuance of ordinary shares for cash	-	3,893,470	(147,952)	-	-	-	-	-	3,745,518
Share-based payments	-	-	41,500	-	-	-	-	-	41,500
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	-	(40,661)	-	40,661	-
BALANCE AT SEPTEMBER 30, 2022	\$ 35,694,838	\$ 3,893,470	\$ 349,974	\$ 11,206,638	\$ 5,922	\$ 3,271,489	\$ (54,710)	\$ (2,004,022)	\$ 52,363,599
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 nine months ended September 30, 2023	-	-	-	-	-	3,437,563	-	-	3,437,563
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	66,435	902,001	968,436
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	3,437,563	66,435	902,001	4,405,999
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	-	(71,603)	-	71,603	-
BALANCE AT SEPTEMBER 30, 2023	\$ 40,694,838	\$ -	\$ 302,926	\$ 12,304,518	\$ 1,711,795	\$ 3,366,076	\$ (80,480)	\$ (585,353)	\$ 57,714,320

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 Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,918,568	\$ 2,901,582
Adjustments for:		
Depreciation	533,993	529,499
Amortization	19,112	19,112
Provision for loss on bad debts expense, commitment and guarantee	699,170	697,581
Net valuation loss (gain) on financial assets and liabilities at fair value through profit or loss	(125,277)	562,266
Interest expenses	8,345,730	3,191,414
Interest revenues	(13,335,597)	(8,463,871)
Dividend revenue	(214,265)	(215,383)
Share-based payments	-	41,500
Shares of profit from associates	(83,071)	(86,889)
Unrealized net gain on foreign currency exchange	(44,232)	(161,789)
Gain from bargain purchase	(193,188)	-
Other adjustments	5,652	(2,129)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(984,396)	(795,787)
Decrease (increase) in financial assets at fair value through profit or loss	281,946	(15,255,769)
Decrease in financial assets at fair value through other comprehensive income	6,004,746	36,207,961
Increase in investments in debt instruments at amortized cost	(24,507,406)	(5,535,114)
Decrease in receivables	470,756	8,476,636
Increase in discounts and loans	(18,358,071)	(41,720,678)
Decrease in due to the Central Bank and other banks	(1,453,783)	(1,106,167)
Increase in financial liabilities at fair value through profit or loss	2,587,071	13,556,911
Increase in payables	1,253,238	860,962
Increase (decrease) in deposits and remittances	51,593,042	(10,992,397)
Increase in principal received on structured products	1,836,209	6,062,678
Decrease in provisions for employee benefits	(68,429)	(79,811)
Decrease in other liabilities	(128,092)	(111,965)
Cash generated from (used in) operations	18,053,426	(11,419,647)
Interest received	13,087,696	8,198,238
Dividends received	213,988	215,218
Interest paid	(7,449,419)	(2,811,506)
Income tax paid	(614,222)	(328,566)
Net cash generated from (used in) operating activities	23,291,469	(6,146,263)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(425,967)	-
Acquisition of property and equipment	(560,990)	(278,223)
Proceeds from disposal of property and equipment	46	93

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
Increase in other financial assets	\$ (3,293,497)	\$ (2,362,478)
Increase in other assets	(130,860)	(36,499)
Dividends received from associates	<u>38,381</u>	<u>103,717</u>
Net cash used in investing activities	<u>(4,372,887)</u>	<u>(2,573,390)</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 46)		
Decrease in funds borrowed from the Central Bank and other banks	-	(77,240)
Repayments of bank debentures	(4,000,000)	(3,000,000)
Decrease in securities sold under repurchase agreements	(3,912,661)	(5,242)
Repayments of the principal portion of lease liabilities	(307,846)	(314,280)
Increase in other financial liabilities	542,412	306,548
Cash dividends distributed	<u>(1,664,012)</u>	<u>-</u>
Net cash used in financing activities	<u>(9,342,107)</u>	<u>(3,090,214)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>835,927</u>	<u>2,031,203</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,412,402	(9,778,664)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>28,933,031</u>	<u>42,158,013</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 39,345,433</u>	<u>\$ 32,379,349</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents in consolidated balance sheets	\$ 6,251,167	\$ 8,237,870	\$ 5,787,751
Due from the Central Bank and other banks that meet the IAS 7 definition of “cash and cash equivalents”	30,627,212	19,548,386	22,021,223
Securities purchased under resale agreements that meet the IAS 7 definition of “cash and cash equivalents”	<u>2,467,054</u>	<u>1,146,775</u>	<u>4,570,375</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 39,345,433</u>	<u>\$ 28,933,031</u>	<u>\$ 32,379,349</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 NINE MONTHS ENDED SEPTEMBER 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 September 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 November 3, 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		
			September 30, 2023	December 31, 2022	September 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 material 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 3,087,687	\$ 4,446,644	\$ 2,882,902
Notes and checks for clearing	692,108	930,022	575,827
Deposits due from other banks	2,103,837	2,458,559	1,905,091
Balance with other banks	<u>367,535</u>	<u>402,645</u>	<u>423,931</u>
	<u>\$ 6,251,167</u>	<u>\$ 8,237,870</u>	<u>\$ 5,787,751</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	September 30, 2023	December 31, 2022	September 30, 2022
Due from other banks	\$ 17,707,990	\$ 11,861,642	\$ 12,057,624
New Taiwan dollar reserve deposits - Type A	8,765,523	4,039,838	6,812,760
New Taiwan dollar reserve deposits - Type B	17,027,192	16,042,796	15,416,882
Foreign-currency reserve deposits	153,249	146,510	150,269
Due from the Central Bank - Interbank fund transfer account	<u>4,000,450</u>	<u>3,500,396</u>	<u>3,000,570</u>
	<u>\$ 47,654,404</u>	<u>\$ 35,591,182</u>	<u>\$ 37,438,105</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 September 30, 2023, December 31, 2022 and September 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 \$30,627,212 thousand, \$19,548,386 thousand and \$22,021,223 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

	September 30, 2023	December 31, 2022	September 30, 2022
Non-derivative financial assets			
Government bonds	\$ 9,001,142	\$ 14,911,749	\$ 14,622,519
Shares listed on TWSE and TPEX	807,834	926,269	947,498
Beneficiary certificates	<u>15,815</u>	<u>-</u>	<u>-</u>
	<u>9,824,791</u>	<u>15,838,018</u>	<u>15,570,017</u>
Derivative financial assets			
Interest rate swap contracts	5,648,837	3,828,660	4,305,655
Foreign-currency swap contracts	4,569,235	4,261,111	10,883,213
Cross-currency swap contracts	753,630	586,811	756,455
Forward exchange contracts	407,215	424,534	399,243
Currency option contracts	95,534	219,149	871,344
Others	<u>109,607</u>	<u>169,778</u>	<u>104,504</u>
	<u>11,584,058</u>	<u>9,490,043</u>	<u>17,320,414</u>
Hybrid contract			
Asset swap fixed-income	21,187,168	18,913,127	18,568,279
Credit linked note contracts	3,398,678	1,239,144	1,276,296
Credit linked loan contracts	1,449,452	1,018,973	2,002,227
Convertible bonds	<u>173,579</u>	<u>153,224</u>	<u>156,617</u>
	<u>26,208,877</u>	<u>21,324,468</u>	<u>22,003,419</u>
Total financial assets classified as at FVTPL	<u>\$ 47,617,726</u>	<u>\$ 46,652,529</u>	<u>\$ 54,893,850</u>

Financial liabilities held for trading

	September 30, 2023	December 31, 2022	September 30, 2022
Derivative financial liabilities			
Foreign-currency swap contracts	\$ 5,410,583	\$ 4,552,508	\$ 11,419,580
Interest rate swap contracts	5,004,066	3,234,998	3,648,651
Cross-currency swap contracts	402,265	330,039	391,471
Forward exchange contracts	352,786	172,168	255,760
Currency option contracts	95,752	219,549	872,206
Others	<u>158,185</u>	<u>179,976</u>	<u>339,776</u>
	<u>11,423,637</u>	<u>8,689,238</u>	<u>16,927,444</u>
Total financial liabilities at FVTPL	<u>\$ 11,423,637</u>	<u>\$ 8,689,238</u>	<u>\$ 16,927,444</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Foreign-currency swap contracts	\$ 373,063,804	\$ 370,699,233	\$ 410,205,443
Interest rate swap contracts	343,870,792	310,841,788	338,898,071
Currency option contracts	52,574,609	39,199,022	89,250,541
Forward exchange contracts	26,366,399	22,446,595	13,493,938
Seller of credit default swap contracts	19,199,460	23,860,116	25,452,934
Interest rate option contracts	10,300,000	7,000,000	7,000,000
Cross-currency swap contracts	8,542,957	9,189,720	7,901,010
Non-deliverable forward contracts	1,501,962	279,308	1,482,170
Government bond futures contracts	95,060	30,708	31,743
Share index futures	55,690	28,429	-
Forward contracts	-	529,996	484,493

9. FINANCIAL ASSETS AT FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Investments in equity instruments</u>			
Shares listed on TWSE and TPEX	\$ 3,031,377	\$ 2,220,940	\$ 2,265,796
Shares unlisted on TWSE and TPEX	<u>263,509</u>	<u>259,368</u>	<u>277,879</u>
	<u>3,294,886</u>	<u>2,480,308</u>	<u>2,543,675</u>
<u>Investments in debt instruments</u>			
Government bonds	22,760,036	26,682,124	27,978,082
Corporate bonds	15,533,251	18,318,731	18,340,485
Bank debentures	15,404,406	20,109,910	19,268,929
Commercial paper	13,557,147	7,184,492	5,152,680
Collateralized mortgage obligation	1,799,207	1,964,342	2,093,338
Negotiable certificates of deposit	<u>-</u>	<u>-</u>	<u>2,300,262</u>
	<u>69,054,047</u>	<u>74,259,599</u>	<u>75,133,776</u>
Total financial assets at FVTOCI	<u>\$ 72,348,933</u>	<u>\$ 76,739,907</u>	<u>\$ 77,677,451</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Dividend revenue recognized in profit or loss				
On equity held at period end	\$ 51,751	\$ 77,257	\$ 156,844	\$ 157,955
On equity disposed of in current period	<u>24,712</u>	<u>16,432</u>	<u>24,712</u>	<u>16,432</u>
	<u>\$ 76,463</u>	<u>\$ 93,689</u>	<u>\$ 181,556</u>	<u>\$ 174,387</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Fair value at the date of disposal	<u>\$ 595,136</u>	<u>\$ 259,805</u>
Accumulated loss transferred to retained earnings due to disposal	<u>\$ (71,634)</u>	<u>\$ (40,663)</u>

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

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Bank debentures	<u>\$ 86,735</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

	September 30, 2023	December 31, 2022	September 30, 2022
Negotiable certificates of deposits - issued by the CBC	\$ 89,600,000	\$ 87,200,000	\$ 69,400,000
Government bonds	13,159,684	5,339,929	3,153,440
Corporate bonds	11,748,075	4,797,107	3,046,795
Bank debentures	<u>11,508,952</u>	<u>3,500,449</u>	<u>1,741,803</u>
	126,016,711	100,837,485	77,342,038
Less: Accumulated impairment loss	<u>4,202</u>	<u>1,404</u>	<u>729</u>
	<u>\$ 126,012,509</u>	<u>\$ 100,836,081</u>	<u>\$ 77,341,309</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Government bonds	<u>\$ 707,106</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:

September 30, 2023

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 70,198,605	\$ 126,016,711	\$ 196,215,316
Less: Accumulated impairment loss	<u>10,516</u>	<u>4,202</u>	<u>14,718</u>
Amortized cost	70,188,089	<u>\$ 126,012,509</u>	196,200,598
Fair value adjustment	<u>(1,134,042)</u>		<u>(1,134,042)</u>
	<u>\$ 69,054,047</u>		<u>\$ 195,066,556</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>

September 30, 2022

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 76,829,109	\$ 77,342,038	\$ 154,171,147
Less: Accumulated impairment loss	<u>9,071</u>	<u>729</u>	<u>9,800</u>
Amortized cost	76,820,038	<u>\$ 77,341,309</u>	154,161,347
Fair value adjustment	<u>(1,686,262)</u>		<u>(1,686,262)</u>
	<u>\$ 75,133,776</u>		<u>\$ 152,475,085</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 nine months ended September 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	4,468	2,658	7,126
Derecognition	(3,217)	-	(3,217)
Exchange rate changes	67	22	89
Expected credit losses and other changes	<u>414</u>	<u>118</u>	<u>532</u>
Balance on September 30, 2023	<u>\$ 10,516</u>	<u>\$ 4,202</u>	<u>\$ 14,718</u>

For the nine months ended September 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	3,534	658	4,192
Derecognition	(9,986)	-	(9,986)
Exchange rate changes	308	11	319
Expected credit losses and other changes	<u>(478)</u>	<u>(5)</u>	<u>(483)</u>
Balance on September 30, 2022	<u>\$ 9,071</u>	<u>\$ 729</u>	<u>\$ 9,800</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper	\$ 1,537,655	\$ 215,075	\$ 1,744,426
Negotiable certificates of deposit	500,000	-	-
Government bonds	<u>430,011</u>	<u>931,736</u>	<u>2,826,283</u>
	2,467,666	1,146,811	4,570,709
Less: Allowance for loss	<u>612</u>	<u>36</u>	<u>334</u>
	<u>\$ 2,467,054</u>	<u>\$ 1,146,775</u>	<u>\$ 4,570,375</u>
Resale price	<u>\$ 2,470,744</u>	<u>\$ 1,148,310</u>	<u>\$ 4,575,309</u>
Resale date	2023.10.02- 2023.10.27	2023.01.05- 2023.02.13	2022.10.03- 2022.11.30

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

13. RECEIVABLES, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Credit card	\$ 12,064,469	\$ 12,853,159	\$ 11,717,394
Factoring	2,476,519	2,061,981	3,442,204
Buying debt receivable	1,718,881	1,274,078	1,194,090
Interest	1,600,280	1,352,379	1,126,121
Lease receivables	771,250	731,687	736,073
Spot exchange transactions	559,188	469,945	594,598
Acceptances	209,337	207,327	219,739
Proceeds from disposal of securities	180,738	11,737	3,506
Others	<u>553,880</u>	<u>510,381</u>	<u>541,566</u>
	20,134,542	19,472,674	19,575,291
Less: Allowance for possible losses	<u>464,000</u>	<u>473,463</u>	<u>482,658</u>
	<u>\$ 19,670,542</u>	<u>\$ 18,999,211</u>	<u>\$ 19,092,633</u>

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

For the nine months ended September 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	(50,173)	54,257	(391)	3,693
Transfer to Stage 3	(65,309)	(15,945)	84,655	3,401
Transfer to Stage 1	9,244	(12,848)	(419)	(4,023)
Financial assets derecognized in the current period	(6,530,801)	(7,765)	(148,334)	(6,686,900)
Purchased or originated financial assets	6,882,831	7,277	31,539	6,921,647
Write-offs	(43,577)	(18,207)	(38,808)	(100,592)
Exchange rate and other changes	<u>108,272</u>	<u>(1,157)</u>	<u>(1,828)</u>	<u>105,287</u>
Balance on September 30, 2023	<u>\$ 17,268,360</u>	<u>\$ 69,392</u>	<u>\$ 951,211</u>	<u>\$ 18,288,963</u>

For the nine months ended September 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	(46,568)	50,921	(165)	4,188
Transfer to Stage 3	(73,937)	(22,780)	104,713	7,996
Transfer to Stage 1	9,512	(12,545)	(436)	(3,469)
Financial assets derecognized in the current period	(10,349,414)	(6,661)	(165,060)	(10,521,135)
Purchased or originated financial assets	5,698,542	7,055	29,710	5,735,307
Write-offs	(53,283)	(17,500)	(35,255)	(106,038)
Exchange rate and other changes	<u>78,958</u>	<u>(1,251)</u>	<u>(3,896)</u>	<u>73,811</u>
Balance on September 30, 2022	<u>\$ 17,065,832</u>	<u>\$ 64,786</u>	<u>\$ 1,007,036</u>	<u>\$ 18,137,654</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 nine months ended September 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)	6,397	(49)	6,333	-	6,333
Transfer to Stage 3	(19)	(1,281)	19,884	18,584	-	18,584
Transfer to Stage 1	3	(1,212)	(58)	(1,267)	-	(1,267)
Financial assets derecognized in the current period	(9,626)	(729)	(29,715)	(40,070)	-	(40,070)
Purchased or originated financial assets	30,771	1,148	13,437	45,356	-	45,356
The difference of impairment under the Regulations	-	-	-	-	52,743	52,743
Write-offs	(43,577)	(18,207)	(38,808)	(100,592)	-	(100,592)
Exchange rate and other changes	<u>41,264</u>	<u>17,073</u>	<u>(48,798)</u>	<u>9,539</u>	<u>-</u>	<u>9,539</u>
Balance on September 30, 2023	<u>\$ 44,630</u>	<u>\$ 9,591</u>	<u>\$ 283,159</u>	<u>\$ 337,380</u>	<u>\$ 126,884</u>	<u>\$ 464,264</u>

For the nine months ended September 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	(22)	5,211	(13)	5,176	-	5,176
Transfer to Stage 3	(34)	(2,321)	29,968	27,613	-	27,613
Transfer to Stage 1	3	(1,783)	(73)	(1,853)	-	(1,853)
Financial assets derecognized in the current period	(21,449)	(1,012)	(44,372)	(66,833)	-	(66,833)
Purchased or originated financial assets	6,016	783	10,310	17,109	-	17,109
The difference of impairment under the Regulations	-	-	-	-	(16,687)	(16,687)
Write-offs	(53,283)	(17,500)	(35,255)	(106,038)	-	(106,038)
Exchange rate and other changes	30,661	15,389	22,983	69,033	-	69,033
Balance on September 30, 2022	<u>\$ 24,055</u>	<u>\$ 6,831</u>	<u>\$ 347,274</u>	<u>\$ 378,160</u>	<u>\$ 104,569</u>	<u>\$ 482,729</u>

14. DISCOUNTS AND LOANS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Negotiations, discounts and overdraft	\$ 18,666	\$ 62,683	\$ 249,168
Short-term loans	94,570,189	84,666,192	100,192,128
Medium-term loans	172,497,222	169,842,660	173,951,691
Long-term loans	196,961,522	188,241,006	187,582,107
Overdue receivable	<u>235,236</u>	<u>1,269,783</u>	<u>694,372</u>
	464,282,835	444,082,324	462,669,466
Less: Allowance for possible losses	<u>5,932,252</u>	<u>6,185,231</u>	<u>6,078,508</u>
	<u>\$ 458,350,583</u>	<u>\$ 437,897,093</u>	<u>\$ 456,590,958</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Provision for (reversal of) possible losses - discounts and loans	\$ (101,822)	\$ 209,324	\$ 594,083	\$ 762,498
Provision for (reversal of) possible losses - receivables and other financial assets	32,151	(1,058)	83,281	18,623
Provision for (reversal of) possible losses - commitment, guarantee obligations and letters of credit issued	20,340	(9,196)	21,806	(83,540)
Amounts recovered - discounts and loans	(97,136)	(51,422)	(259,842)	(184,064)
Amounts recovered - receivables and other financial assets	<u>(37,729)</u>	<u>(35,649)</u>	<u>(107,997)</u>	<u>(113,163)</u>
	<u>\$ (184,196)</u>	<u>\$ 111,999</u>	<u>\$ 331,331</u>	<u>\$ 400,354</u>

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

For the nine months ended September 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	(256,617)	214,127	(3,154)	(45,644)
Transfer to Stage 3	(252,538)	(77,671)	313,642	(16,567)
Transfer to Stage 1	145,888	(160,354)	(1,780)	(16,246)
Financial assets derecognized in the current period	(110,004,858)	(35,700)	(745,032)	(110,785,590)
Purchased or originated financial assets	130,269,548	19,454	19,904	130,308,906
Write-offs	(45,163)	(48,853)	(804,079)	(898,095)
Exchange rate and other changes	<u>1,648,989</u>	<u>1,157</u>	<u>3,601</u>	<u>1,653,747</u>
Balance on September 30, 2023	<u>\$ 462,263,893</u>	<u>\$ 306,346</u>	<u>\$ 1,712,596</u>	<u>\$ 464,282,835</u>

For the nine months ended September 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	(248,057)	231,515	(6,047)	(22,589)
Transfer to Stage 3	(782,439)	(65,386)	915,079	67,254
Transfer to Stage 1	103,527	(121,306)	(2,755)	(20,534)
Financial assets derecognized in the current period	(186,722,866)	(48,109)	(678,598)	(187,449,573)
Purchased or originated financial assets	234,515,339	12,045	46,119	234,573,503
Write-offs	(52,412)	(50,127)	(132,905)	(235,444)
Exchange rate and other changes	<u>2,830,661</u>	<u>1,250</u>	<u>53,238</u>	<u>2,885,149</u>
Balance on September 30, 2022	<u>\$ 459,312,367</u>	<u>\$ 347,245</u>	<u>\$ 3,009,854</u>	<u>\$ 462,669,466</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 nine months ended September 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	(803)	54,469	(2,691)	50,975	-	50,975
Transfer to Stage 3	(1,235)	(23,547)	172,302	147,520	-	147,520
Transfer to Stage 1	167	(23,497)	(1,348)	(24,678)	-	(24,678)
Financial assets derecognized in the current period	(292,304)	(11,338)	(175,102)	(478,744)	-	(478,744)
Purchased or originated financial assets	544,902	11,239	4,732	560,873	-	560,873
The difference of impairment under the Regulations	-	-	-	-	273,151	273,151
Write-offs	(45,163)	(48,853)	(804,079)	(898,095)	-	(898,095)
Exchange rate and other changes	241,444	11,475	(136,900)	116,019	-	116,019
Balance on September 30, 2023	<u>\$ 1,362,292</u>	<u>\$ 75,934</u>	<u>\$ 361,567</u>	<u>\$ 1,799,793</u>	<u>\$ 4,132,459</u>	<u>\$ 5,932,252</u>

For the nine months ended September 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	(1,075)	83,591	(1,848)	80,668	-	80,668
Transfer to Stage 3	(3,481)	(34,732)	776,583	738,370	-	738,370
Transfer to Stage 1	200	(24,167)	(2,496)	(26,463)	-	(26,463)
Financial assets derecognized in the current period	(362,666)	(10,512)	(61,223)	(434,401)	-	(434,401)
Purchased or originated financial assets	468,559	7,614	9,298	485,471	-	485,471
The difference of impairment under the Regulations	-	-	-	-	(20,315)	(20,315)
Write-offs	(52,412)	(50,127)	(132,905)	(235,444)	-	(235,444)
Exchange rate and other changes	61,808	19,652	(20,773)	60,687	-	60,687
Balance on September 30, 2022	<u>\$ 664,377</u>	<u>\$ 99,006</u>	<u>\$ 1,348,095</u>	<u>\$ 2,111,478</u>	<u>\$ 3,967,030</u>	<u>\$ 6,078,508</u>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Associates that are not individually material	<u>\$ 2,638,101</u>	<u>\$ 1,886,047</u>	<u>\$ 1,788,762</u>

At the board of directors' meeting held on August 29, 2023, the Bank resolved to acquire 7.52% of the shares of Dah Chung Bills Finance from a third person for a total price of \$425,967 thousand, which was settled on September 20, 2023. Therefore, a bargain purchase gain of \$193,188 thousand was recognized. As of September 30, 2023, the Bank holds 29.58% of the shares of Dah Chung Bills Finance Corp. and is the single largest shareholder. The Bank does not have absolute difference in shareholding ratio compared with other shareholders, does not control more than half of the seats in the board of directors, does not have the control power to dominate the related activities, and only has significant influence over the invested company. Therefore, Dah Chung is reported as an associate in the financial statements.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net income from continuing operation	\$ 27,875	\$ 28,808	\$ 83,071	\$ 86,889
Other comprehensive income (loss)	<u>54,685</u>	<u>(36,804)</u>	<u>88,029</u>	<u>(164,585)</u>
Total comprehensive income (loss)	<u>\$ 82,560</u>	<u>\$ (7,996)</u>	<u>\$ 171,100</u>	<u>\$ (77,696)</u>

16. OTHER FINANCIAL ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Nonaccrual loans other than discounts and loans	\$ 528	\$ 349	\$ 142
Less: Allowance for possible losses (Note 13)	<u>264</u>	<u>175</u>	<u>71</u>
	<u>264</u>	<u>174</u>	<u>71</u>
Refundable deposits	4,727,866	2,585,868	4,538,606
Less: Accumulated impairment loss	<u>594</u>	<u>259</u>	<u>1,009</u>
	<u>4,727,272</u>	<u>2,585,609</u>	<u>4,537,597</u>
Restricted time deposits (Note 40)	3,530,800	2,204,700	2,238,600
Restricted assets	<u>-</u>	<u>-</u>	<u>3,745,518</u>
	<u>\$ 8,258,336</u>	<u>\$ 4,790,483</u>	<u>\$ 10,521,786</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 nine months ended September 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	368,125	4,995	76,973	-	29,954	80,943	560,990
Disposals	-	-	(10,081)	(57)	(43,837)	-	(53,975)
Others	<u>367,600</u>	<u>-</u>	<u>44,060</u>	<u>-</u>	<u>1,509</u>	<u>(410,019)</u>	<u>3,150</u>
Ending balance	<u>3,460,213</u>	<u>1,150,431</u>	<u>2,667,872</u>	<u>1,077</u>	<u>1,556,602</u>	<u>153,773</u>	<u>8,989,968</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	650,026	1,739,327	1,078	1,328,799	-	3,719,230
Depreciation	-	19,514	164,924	12	41,051	-	225,501
Disposals	-	-	(10,081)	(57)	(43,835)	-	(53,973)
Others	<u>-</u>	<u>1</u>	<u>3,517</u>	<u>-</u>	<u>674</u>	<u>-</u>	<u>4,192</u>
Ending balance	<u>-</u>	<u>669,541</u>	<u>1,897,687</u>	<u>1,033</u>	<u>1,326,689</u>	<u>-</u>	<u>3,894,950</u>
Net ending balance	<u>\$ 3,460,213</u>	<u>\$ 480,890</u>	<u>\$ 770,185</u>	<u>\$ 44</u>	<u>\$ 229,913</u>	<u>\$ 153,773</u>	<u>\$ 5,095,018</u>

For the nine months ended September 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	-	513	85,903	62	44,417	147,328	278,223
Disposals	-	(5,075)	(41,208)	(112)	(32,803)	-	(79,198)
Others	-	-	59,483	-	14,312	(68,627)	5,168
Ending balance	<u>1,447,433</u>	<u>1,145,034</u>	<u>2,500,085</u>	<u>1,134</u>	<u>1,605,317</u>	<u>178,225</u>	<u>6,877,228</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	629,172	1,649,785	1,174	1,408,827	-	3,688,958
Depreciation	-	19,453	160,019	12	37,138	-	216,622
Disposals	-	(5,048)	(41,207)	(112)	(32,690)	-	(79,057)
Others	-	-	8,314	-	1,670	-	9,984
Ending balance	-	<u>643,577</u>	<u>1,776,911</u>	<u>1,074</u>	<u>1,414,945</u>	-	<u>3,836,507</u>
Net ending balance	<u>\$ 1,447,433</u>	<u>\$ 501,457</u>	<u>\$ 723,174</u>	<u>\$ 60</u>	<u>\$ 190,372</u>	<u>\$ 178,225</u>	<u>\$ 3,040,721</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Net carrying amount of right-of-use assets	<u>\$ 859,720</u>	<u>\$ 954,076</u>	<u>\$ 1,030,400</u>
Carrying amount of lease liabilities	<u>\$ 872,043</u>	<u>\$ 965,817</u>	<u>\$ 1,036,806</u>
The range of discount rate	0.83%-4.82%	0.83%-4.82%	0.83%-4.82%
		For the Nine Months Ended September 30	
		2023	2022
Additions to right-of-use assets		<u>\$ 213,240</u>	<u>\$ 321,394</u>
Cash outflow for leases		<u>\$ 320,805</u>	<u>\$ 326,602</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Depreciation expense of right-of-use assets	<u>\$ 103,930</u>	<u>\$ 107,230</u>	<u>\$ 308,492</u>	<u>\$ 312,877</u>
Interest expense of lease liabilities	<u>\$ 2,072</u>	<u>\$ 2,554</u>	<u>\$ 6,284</u>	<u>\$ 7,738</u>
Other lease information Short-term lease expenses	<u>\$ 2,786</u>	<u>\$ 1,811</u>	<u>\$ 6,675</u>	<u>\$ 4,584</u>

19. INTANGIBLE ASSETS, NET

	September 30, 2023	December 31, 2022	September 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>388,539</u>	<u>369,427</u>	<u>363,056</u>
	<u>40,348</u>	<u>59,460</u>	<u>65,831</u>
	<u>\$ 1,578,558</u>	<u>\$ 1,597,670</u>	<u>\$ 1,604,041</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 nine months ended September 30, 2023 and 2022, no impairment loss was recognized on operation rights.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	September 30, 2023	December 31, 2022	September 30, 2022
Due to banks	\$ 35,865	\$ 70,349	\$ 39,828
Bank overdrafts	5,904	3,064	27,823
Call loans to banks	<u>-</u>	<u>1,402,035</u>	<u>913,899</u>
	<u>\$ 41,769</u>	<u>\$ 1,475,448</u>	<u>\$ 981,550</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Government bonds (Notes 9 and 10)	\$ 665,300	\$ 3,501,590	\$ -
Bank debentures (Note 9)	<u>85,404</u>	<u>1,097,159</u>	<u>-</u>
	<u>\$ 750,704</u>	<u>\$ 4,598,749</u>	<u>\$ -</u>
Repurchase price	<u>\$ 751,824</u>	<u>\$ 4,617,001</u>	<u>\$ -</u>
Repurchase date	2023.10.01- 2023.10.05	2023.01.09- 2023.01.13	-

22. PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Interest	\$ 1,885,384	\$ 994,066	\$ 905,207
Expenses	1,582,683	1,496,899	1,447,500
Securities settlement	901,895	169,159	5,017
Receipts under custody	842,295	95,980	2,053,529
Accounts payable factoring	744,782	485,671	844,952
Notes and checks for clearing	692,108	930,022	575,827
Acceptances	209,337	207,327	219,739
Credit card	200,579	209,229	185,213
Dividends (Note 28)	-	-	1,511,004
Others	<u>540,041</u>	<u>758,019</u>	<u>556,094</u>
	<u>\$ 7,599,104</u>	<u>\$ 5,346,372</u>	<u>\$ 8,304,082</u>

23. DEPOSITS AND REMITTANCES

	September 30, 2023	December 31, 2022	September 30, 2022
Checking deposits	\$ 3,346,132	\$ 3,863,727	\$ 3,106,826
Demand deposits	104,418,852	102,334,898	110,327,072
Demand savings	104,708,106	94,983,370	94,812,578
Time savings	101,001,979	95,879,926	94,558,694
Negotiable certificates of deposit	34,431,500	18,445,500	20,717,500
Time deposits	317,510,276	291,838,528	294,895,637
Remittances	<u>59,397</u>	<u>77,932</u>	<u>451,498</u>
	<u>\$ 665,476,242</u>	<u>\$ 607,423,881</u>	<u>\$ 618,869,805</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	September 30, 2023	December 31, 2022	September 30, 2022
Subordinated bank debentures - seven-year maturity; first issue in 2016	2016.09.27-2023.09.27	Interest payable on September 27 each year fixed interest rate at 1.55%	\$ -	\$ 4,000,000	\$ 4,000,000
Subordinated bank debentures - perpetual; first issue in 2018	From 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	-	240	240	240
Total bank debentures			<u>\$ 16,901,900</u>	<u>\$ 20,901,900</u>	<u>\$ 20,901,900</u>

The Bank issued the first issuance of perpetual non-cumulative subordinated bank debentures in 2018 in the amount of \$2,900,000 thousand on September 18, 2018 with an interest rate of 3.20%, and the interest is paid once a year if the interest payment condition is met. After five years of issuance, the Bank has the right to redeem in advance under the regulation of issuance and the permission by authorities since September 18, 2023. As of September 30, 2023, the Bank has not exercised the right of redemption.

25. OTHER FINANCIAL LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Deposit received	\$ 2,003,786	\$ 1,955,437	\$ 610,546
Bank loan	820,000	321,017	480,000
Commercial paper	455,000	455,000	197,000
Less: Unamortized discount on commercial paper	<u>310</u>	<u>383</u>	<u>59</u>
	<u>\$ 3,278,476</u>	<u>\$ 2,731,071</u>	<u>\$ 1,287,487</u>

Interest rates

Bank loan	1.90%-2.04%	1.75%-4.67%	1.28%-1.62%
Commercial paper	2.00%-2.08%	2.04%-2.15%	1.42%-1.44%

26. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Reserve for employee benefits liability - defined benefit plans (Note 27)	\$ 463,438	\$ 531,867	\$ 643,750
Reserve for obligations guarantee	143,012	174,194	200,403
Reserve for financing commitment and letters of credit issued	<u>109,113</u>	<u>54,331</u>	<u>51,570</u>
	<u>\$ 715,563</u>	<u>\$ 760,392</u>	<u>\$ 895,723</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 nine months ended September 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	(6)	8,636	(1)	8,629	-	8,629
Transfer to Stage 3	-	(32)	379	347	-	347
Transfer to Stage 1	6	(6,290)	(176)	(6,460)	-	(6,460)
Financial assets derecognized in the current period	(19,893)	(742)	(233)	(20,868)	-	(20,868)
Purchased or originated	63,315	1,770	24	65,109	-	65,109
The difference of impairment under the Regulations	-	-	-	-	(47,983)	(47,983)
Exchange rate and other changes	<u>26,028</u>	<u>(1,208)</u>	<u>6</u>	<u>24,826</u>	<u>-</u>	<u>24,826</u>
Balance on September 30, 2023	<u>\$ 154,992</u>	<u>\$ 10,782</u>	<u>\$ 21,078</u>	<u>\$ 186,852</u>	<u>\$ 65,273</u>	<u>\$ 252,125</u>

For the nine months ended September 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)	7,632	-	7,623	-	7,623
Transfer to Stage 3	-	(44)	238	194	-	194
Transfer to Stage 1	7	(8,524)	(62)	(8,579)	-	(8,579)
Financial assets derecognized in the current period	(46,233)	(1,172)	(203)	(47,608)	-	(47,608)
Purchased or originated	36,300	2,148	21	38,469	-	38,469
The difference of impairment under the Regulations	-	-	-	-	(64,796)	(64,796)
Exchange rate and other changes	<u>(10,984)</u>	<u>4,720</u>	<u>13</u>	<u>(6,251)</u>	<u>-</u>	<u>(6,251)</u>
Balance on September 30, 2022	<u>\$ 63,973</u>	<u>\$ 17,961</u>	<u>\$ 20,957</u>	<u>\$ 102,891</u>	<u>\$ 149,082</u>	<u>\$ 251,973</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 nine months ended September 30, 2023 and 2022 are \$103,664 thousand and \$106,257 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 nine months ended September 30, 2023 and 2022 were \$9,321 thousand and \$7,329 thousand, respectively.

28. EQUITY

a. Share capital

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Authorized shares (in thousands)	5,500,000	5,500,000	5,500,000
Authorized capital	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000
Issued and paid shares (in thousands)	4,069,484	4,069,484	3,569,484
Issued capital	\$ 40,694,838	\$ 40,694,838	\$ 35,694,838
Advance receipts for share capital	\$ -	\$ -	\$ 3,893,470

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. As of September 30, 2022, the amount of capital increase received was \$3,745,518 thousand. As the relevant procedures are still in progress, advance receipts for share capital of \$3,893,470 thousand and reduction of capital surplus of \$147,952 thousand are accounted for. On October 5, 2022, the share payment of \$4,810,000 thousand has been fully received and was set as the record date for increasing of capital by cash. The Bank completed the registration of capital change on October 31, 2022, and the total capital amounted to \$40,694,838 thousand after the capital increase by cash. In the above-mentioned increase in capital by cash, some of the shareholders subscribed differently from their existing ownership percentage, some employees gave up their subscriptions, and parts of the shares totaled 50,936 thousand shares were subscribed to by related parties as specific persons.

Global depository receipts

As of September 30, 2023, the outstanding GDRs were 221 thousand units, equivalent to 4,421 thousand ordinary shares.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
Issuance of ordinary shares	\$ 302,926	\$ 302,926	\$ 308,474
Cash capital increase from employee share options (Note 38)	<u> -</u>	<u> -</u>	<u> 41,500</u>
	<u>\$ 302,926</u>	<u>\$ 302,926</u>	<u>\$ 349,974</u>

The amount of capital surplus at the end of 2022 decreased by \$47,048 thousand due to the issuance price of the remaining shares received in the fourth quarter of 2022 being lower than the par value. A capital surplus of \$41,500 thousand increased from employee share options on September 30, 2022 has been transferred to the capital surplus - issuance of ordinary shares on the record date (October 5, 2022) for increasing capital by 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 stocks or cash.

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

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	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 Nine Months Ended September 30	
	2023	2022
Balance on January 1	\$ (1,558,957)	\$ 259,486
Recognized for the current period		
Valuation gain or loss		
Debt instruments	287,000	(1,726,355)
Equity instruments	526,341	(419,052)
Share of other comprehensive income (loss) of associates for using the equity method	88,029	(164,585)
Investment in debt instruments transferred to current loss due to disposal	<u>631</u>	<u>5,823</u>
Other comprehensive income (loss) recognized for the current period	<u>902,001</u>	<u>(2,304,169)</u>
Loss on equity instruments transferred to retained earnings due to disposal	<u>71,603</u>	<u>40,661</u>
Balance on September 30	<u>\$ (585,353)</u>	<u>\$ (2,004,022)</u>

29. NET INTERESTS

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest revenues				
Loans	\$ 3,467,422	\$ 2,591,592	\$ 10,011,288	\$ 6,619,356
Bonds and bills	770,314	394,167	2,054,103	937,466
Credit cards	171,101	172,985	509,602	519,339
Others	<u>288,104</u>	<u>188,084</u>	<u>760,604</u>	<u>387,710</u>
	<u>4,696,941</u>	<u>3,346,828</u>	<u>13,335,597</u>	<u>8,463,871</u>
Interest expenses				
Deposits	2,741,865	1,308,232	7,376,115	2,707,756
Structured products	203,319	79,622	545,947	175,051
Bank debentures	71,085	86,350	212,275	256,549
Others	<u>71,986</u>	<u>21,397</u>	<u>211,393</u>	<u>52,058</u>
	<u>3,088,255</u>	<u>1,495,601</u>	<u>8,345,730</u>	<u>3,191,414</u>
	<u>\$ 1,608,686</u>	<u>\$ 1,851,227</u>	<u>\$ 4,989,867</u>	<u>\$ 5,272,457</u>

30. NET SERVICE FEE INCOME

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Service fee income				
Credit card	\$ 250,878	\$ 241,859	\$ 783,676	\$ 799,604
Trustee business	249,602	193,604	717,385	554,117
Loan	223,642	108,412	515,825	600,343
Insurance commission	117,145	127,423	332,476	366,182
Brokering	42,229	33,482	120,272	97,713
Others	70,437	82,538	216,969	237,773
	<u>953,933</u>	<u>787,318</u>	<u>2,686,603</u>	<u>2,655,732</u>
Service fee expense				
Credit card reward fee	53,415	40,948	170,632	145,261
Visa and Master fee	45,579	44,912	142,573	129,176
National credit card center fee	49,219	39,703	131,369	110,344
Agency service fee	17,908	18,600	55,270	57,290
Interbank service fee	14,970	13,473	44,278	41,780
Credit investigation	7,704	7,855	22,490	24,051
Others	30,983	30,259	87,170	88,127
	<u>219,778</u>	<u>195,750</u>	<u>653,782</u>	<u>596,029</u>
	<u>\$ 734,155</u>	<u>\$ 591,568</u>	<u>\$ 2,032,821</u>	<u>\$ 2,059,703</u>

31. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Gain on disposal	\$ 431,467	\$ 288,972	\$1,544,707	\$ 590,234
Net interests revenues	76,632	59,387	214,047	146,580
Gain (loss) on valuation	52,090	(282,666)	125,277	(562,266)
Dividends	32,127	36,163	32,710	40,996
	<u>\$ 592,316</u>	<u>\$ 101,856</u>	<u>\$ 1,916,741</u>	<u>\$ 215,544</u>

32. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Salaries (Notes 33 and 38)	\$ 1,010,500	\$ 857,945	\$ 2,719,062	\$ 2,524,350
Labor and health insurance	65,079	67,268	206,456	196,484
Post-employment benefits (Note 27)	40,104	36,978	112,985	113,586
Others (Note 33)	107,954	94,894	294,731	257,833
	<u>\$ 1,223,637</u>	<u>\$ 1,057,085</u>	<u>\$ 3,333,234</u>	<u>\$ 3,092,253</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 September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the Bank's employees' compensation and remuneration of directors were accrued as follows:

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Employees' compensation	\$ 61,837	\$ 34,369	\$ 152,856	\$ 108,610
Remuneration of directors	\$ 20,612	\$ 11,550	\$ 50,952	\$ 36,297

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	\$ 153,113	\$ 127,261
Remuneration of directors	\$ 41,784	\$ 42,420

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Depreciation				
Property and equipment (Note 17)	\$ 75,028	\$ 72,910	\$ 225,501	\$ 216,622
Leased right-of-use assets (Note 18)	103,930	107,230	308,492	312,877
	\$ 178,958	\$ 180,140	\$ 533,993	\$ 529,499
Amortization - intangible assets (Note 19)	\$ 6,371	\$ 6,371	\$ 19,112	\$ 19,112

35. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Tax and government fees	\$ 187,145	\$ 158,974	\$ 545,281	\$ 437,932
Software	81,123	70,636	250,375	194,181
Marketing and advertising	86,558	77,562	212,902	124,412
Telecommunications	43,407	42,521	125,944	124,598
Others	<u>194,632</u>	<u>196,212</u>	<u>539,257</u>	<u>544,888</u>
	<u>\$ 592,865</u>	<u>\$ 545,905</u>	<u>\$ 1,673,759</u>	<u>\$ 1,426,011</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax expense	\$ 109,046	\$ 124,843	\$ 349,494	\$ 381,623
Deferred tax expense	<u>72,150</u>	<u>(3,747)</u>	<u>131,511</u>	<u>16,090</u>
Income tax expense recognized in profit or loss	<u>\$ 181,196</u>	<u>\$ 121,096</u>	<u>\$ 481,005</u>	<u>\$ 397,713</u>

Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Income tax expense of exchange differences on translating foreign operations	<u>\$ 6,344</u>	<u>\$ 1,736</u>	<u>\$ 179</u>	<u>\$ 6,120</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 through 2021 have been assessed by the tax authorities. The income tax returns of FEAMC through 2020 have been assessed by the tax authorities.

37. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic EPS	<u>\$ 0.34</u>	<u>\$ 0.24</u>	<u>\$ 0.84</u>	<u>\$ 0.70</u>
Diluted EPS	<u>\$ 0.34</u>	<u>\$ 0.24</u>	<u>\$ 0.84</u>	<u>\$ 0.70</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net income attributable to owners of the Bank	<u>\$ 1,397,319</u>	<u>\$ 854,468</u>	<u>\$ 3,437,563</u>	<u>\$ 2,503,869</u>
Number of ordinary shares <u>(in thousand shares)</u>				
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>13,121</u>	<u>9,785</u>	<u>15,972</u>	<u>12,324</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>4,082,605</u>	<u>3,579,269</u>	<u>4,085,456</u>	<u>3,581,808</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.

38. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

39. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Bank
Dah Chung Bills Finance Corp.	Association
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Far Eastern New Century Corp.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd.	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Ding Ding Hotel Co., Ltd.	Chairman is the vice-chairman of the Bank
Far EasTone Telecommunications Co., Ltd.	Chairman is the vice-chairman of the Bank
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
Ya Sing Ready-Mixed Concrete Corp.	Substantive related party
Far Eastern Leasing Corp.	Substantive related party
Others	The Bank's chairman, vice-chairman, directors, managers, their second-degree relatives or substantive related party

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Far Eastern New Century Corp.	\$ 100,364	\$ 80,636	\$ 299,500
Far Eastern Department Store Corp.	85,000	\$ 404,300	144,300
Ya Tung Ready Mixed Concrete Co., Ltd.	22,198	31,071	6,956
Far Eastern International Leasing Corp.	20,750	17,145	6,475
Ya Sing Ready-Mixed Concrete Corp.	16,531	3,035	4,029
Far Eastern Leasing Corp.	11,962	8,437	2,317
Asia Cement Corp.	<u>9,144</u>	<u>10,700</u>	<u>5,383</u>
	<u>\$ 265,949</u>	<u>\$ 555,324</u>	<u>\$ 468,960</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 nine months ended September 30				
2023	<u>\$ 1,000,000</u>	<u>\$ 500,000</u>	<u>\$ 1,736</u>	1.25%-1.40%
2022	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,926</u>	0.60%-0.91%

c. Loans

Category	Number of Accounts and Related Party	Highest Balance in Current Period	Ending Balance	Normal Loans	Nonperformin g Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the nine months ended <u>September 30, 2023</u>							
Consumer loans	Seven individuals	\$ 4,445	\$ 3,110	\$ 3,110	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Fifty Four individuals	524,396	428,505	428,505	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,450,000	1,250,000	1,250,000	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE and TPEX	No significant difference
	Others (Note 1)	2,892,605	<u>412,687</u>	<u>412,687</u>	<u>-</u>	Real estate, certificates of deposits and shares listed on TWSE and TPEX and shares unlisted on TWSE and TPEX	No significant difference
			<u>\$ 2,794,302</u>	<u>\$ 2,794,302</u>	<u>\$ -</u>		
For the nine months ended <u>September 30, 2022</u>							
Consumer loans	Nine individuals	\$ 5,860	\$ 3,169	\$ 3,169	\$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Fifty Four individuals	532,598	457,610	457,610	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,400,000	1,300,000	1,300,000	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE and TPEX	No significant difference
	Everest Textile Co., Ltd.	641,306	351,530	351,530	-	Real estate	No significant difference
	Others (Note 1)	1,816,634	<u>387,547</u>	<u>387,547</u>	<u>-</u>	Real estate, certificates of deposits and shares listed on TWSE and TPEX	No significant difference
			<u>\$ 3,199,856</u>	<u>\$ 3,199,856</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest revenues	\$ 14,600	\$ 11,926	\$ 46,999	\$ 25,128
Interest rate	1.76%-6.36%	1.16%-4.55%	1.60%-6.36%	0.62%-4.55%
Provision for (reversal of) possible losses	\$ (8,592)	\$ 2,414	\$ (12,279)	\$ 11,110

Balances of related allowance for possible losses were \$30,086 thousand and \$34,287 thousand as of September 30, 2023 and 2022, respectively.

d. Guarantees

Related Party	Highest Balance in Current Period	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
For the nine months ended September 30, 2023					
Yuan Long Stainless Steel Co. Yuan Ding Co., Ltd.	\$ 60,000 30,000	\$ 30,000 30,000	\$ 300 300	0.60% 0.80%	Real estate Shares unlisted on TWSE and TPEx
Ding Ding Hotel Co., Ltd.	15,000	15,000	150	0.80%	Shares unlisted on TWSE and TPEx
Others (Note)	340,480	-	-	0.30%-0.80%	Real estate
		\$ 75,000	\$ 750		
For the nine months ended September 30, 2022					
Far Eastern International Leasing Corp. Others (Note)	\$ 700,000 1,045,480	\$ 250,000 65,480	\$ 2,500 655	0.30% 0.40%-0.80%	Real estate Real estate, shares listed on TWSE and TPEx and shares unlisted on TWSE and TPEx
		\$ 315,480	\$ 3,155		

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

e. Letters of credit issued

	September 30, 2023	December 31, 2022	September 30, 2022
Yuan Long Stainless Steel Co. Everest Textile Co., Ltd.	\$ - -	\$ - -	\$ 10,609 10,395
	\$ -	\$ -	\$ 21,004

f. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss) For the Three Months Ended September 30	Valuation Gain (Loss) For the Nine Months Ended September 30	Balance Sheet	
						Account	Balance
For the nine months ended September 30, 2023							
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2010.07.17-2028.01.10	\$ 2,086,610	\$ (11,639)	\$ (19,434)	Financial liabilities at FVTPL	\$ 97,275
Far Eastern New Century Corp.	Forward exchange contracts	2023.08.08	176,321	(385)	4,304	Financial assets at FVTPL	4,304
		2023.07.27-2023.12.04	1,777,977	(25,709)	(40,299)	Financial liabilities at FVTPL	40,299
Asia Cement Corp.	Cross-currency swap contracts	2022.12.21-2023.12.26	1,452,060	126	3,212	Financial liabilities at FVTPL	67,684
For the nine months ended September 30, 2022							
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27-2028.01.10	2,446,155	(64,474)	(205,495)	Financial liabilities at FVTPL	72,591
Far Eastern New Century Corp.	Forward exchange contracts	2022.06.22-2022.12.30	747,464	9,408	13,661	Financial assets at FVTPL	13,661
		2022.06.20-2022.12.29	773,125	(14,314)	(30,220)	Financial liabilities at FVTPL	30,220

g. Deposits

	September 30, 2023	December 31, 2022	September 30, 2022	
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 51,139,931</u>	<u>\$ 53,639,914</u>	<u>\$ 48,853,705</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest expenses	<u>\$ 144,130</u>	<u>\$ 85,627</u>	<u>\$ 424,246</u>	<u>\$ 187,525</u>
Interest rate	0%-6.59%	0%-6.22%	0%-6.59%	0%-6.22%

h. Acquisition of equipment

	For the Nine Months Ended September 30	
	2023	2022
New Century InfoComm Tech Co., Ltd.	<u>\$ 9,188</u>	<u>\$ 27,344</u>

i. Lessee agreements

	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities			
Yuan Ding Co., Ltd.	\$ 8,662	\$ 86,356	\$ 112,146
Pacific SOGO Department Stores Corp.	<u>6,582</u>	<u>10,499</u>	<u>11,800</u>
	<u>\$ 15,244</u>	<u>\$ 96,855</u>	<u>\$ 123,946</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 leases 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., and Pacific SOGO Department Stores Corp. All the rent determinations and payment methods of leases are not significantly different from those of normal business practice of the Bank.

j. Service fee income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Far EasTone Telecommunications Co., Ltd.	\$ <u>9,058</u>	\$ <u>7,203</u>	\$ <u>27,137</u>	\$ <u>20,724</u>

k. Service fee expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Ding Ding Integrated Marketing Service Co.	\$ 24,061	\$ 21,854	\$ 89,816	\$ 86,223
Far Eastern Department Store Corp.	<u>4,723</u>	<u>3,852</u>	<u>14,873</u>	<u>13,870</u>
	\$ <u>28,784</u>	\$ <u>25,706</u>	\$ <u>104,689</u>	\$ <u>100,093</u>

l. Operating expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Far Eastern Department Store Corp.	\$ 28,971	\$ 18,694	\$ 67,835	\$ 58,690
New Century InfoComm Tech Co., Ltd.	10,140	11,273	36,033	27,627
Pacific SOGO Department Stores Corp.	2,308	9,982	29,129	44,453
Yuan Ding Co., Ltd.	<u>5,318</u>	<u>4,954</u>	<u>15,666</u>	<u>13,370</u>
	\$ <u>46,737</u>	\$ <u>44,903</u>	\$ <u>148,663</u>	\$ <u>144,140</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 \$3,902 thousand and \$11,705 thousand for the three months ended September 30, 2023 and for the nine months ended September 30, 2023, respectively.

n. Compensation of key management personnel (Note 32)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 64,979	\$ 52,360	\$ 173,250	\$ 147,414
Post-employment benefits	<u>1,440</u>	<u>897</u>	<u>4,324</u>	<u>2,693</u>
	<u>\$ 66,419</u>	<u>\$ 53,257</u>	<u>\$ 177,574</u>	<u>\$ 150,107</u>

40. PLEDGED ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at FVTOCI - Government bonds	\$ 3,574,982	\$ 3,526,769	\$ 3,492,163
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>3,530,800</u>	<u>2,204,700</u>	<u>2,238,600</u>
	<u>\$ 9,505,782</u>	<u>\$ 7,931,469</u>	<u>\$ 7,530,763</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 September 30, 2023, December 31, 2022 and September 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Assets</u>			
Deposits in banks	\$ 9,620,349	\$ 8,837,267	\$ 8,785,759
Accounts receivable	13,433	3,656	62,092
Funds	59,871,448	53,715,259	54,145,368
Equity shares	5,005,875	4,957,320	5,096,370
Bonds	6,602	-	-
Real estate, net			
Land	10,293,487	8,431,449	9,123,027
Building	47,944	27,385	30,145
Construction in progress	6,461,436	5,834,805	4,691,888
Intangible assets			
Superficies	13,471	13,471	13,471
Marketable securities in custody	8,267,142	8,037,118	8,556,275
Others	<u>2,735,663</u>	<u>2,802,981</u>	<u>2,815,911</u>
	<u>\$ 102,336,850</u>	<u>\$ 92,660,711</u>	<u>\$ 93,320,306</u>
<u>Liabilities</u>			
Accounts payable	\$ 2,929	\$ 2,146	\$ 1,864
Income tax payable	828	201	279
Marketable securities in custody payable	8,267,142	8,037,118	8,556,275
Trust capital	92,185,206	83,178,357	83,238,306
Reserve and earnings			
Net income or loss for current period	1,007,005	491,723	617,242
Accumulated profit or loss	873,705	951,133	906,306
Exchange	<u>35</u>	<u>33</u>	<u>34</u>
	<u>\$ 102,336,850</u>	<u>\$ 92,660,711</u>	<u>\$ 93,320,306</u>

Income Statements of Trust Accounts

	For the Nine Months Ended September 30	
	2023	2022
Trust revenue		
Interest	\$ 55,358	\$ 26,062
Cash dividends	2,002,984	1,776,123
Realized capital gain - Funds	476,798	406,813
Realized capital gain - Ordinary shares	2,944	4,362
Unrealized capital gain - Funds	5,675	20,553
Unrealized capital gain - Ordinary shares	<u>-</u>	<u>88,288</u>
	<u>2,543,759</u>	<u>2,322,201</u>
Trust expenses		
Management	\$ 31,993	\$ 26,910
Supervision	68	42
Service charges	41,720	287,285
Taxes	6,990	1,748
Realized capital loss - Funds	1,256,473	1,355,867
Realized capital loss - Ordinary shares	11	-
Unrealized capital loss - Funds	5,887	21,715
Unrealized capital loss - Ordinary shares	191,111	11,055
Unrealized capital loss - Bonds	<u>1,222</u>	<u>-</u>
	<u>1,535,475</u>	<u>1,704,622</u>
Net income before tax	1,008,284	617,579
Income tax	<u>1,279</u>	<u>337</u>
Net income	<u>\$ 1,007,005</u>	<u>\$ 617,242</u>

Trust Asset Lists

	September 30, 2023	December 31, 2022	September 30, 2022
Deposits in banks	\$ 9,620,349	\$ 8,837,267	\$ 8,785,759
Funds	59,871,448	53,715,259	54,145,368
Equity shares	5,005,875	4,957,320	5,096,370
Bonds	6,602	-	-
Accounts receivable	13,433	3,656	62,092
Real estate, net			
Land	10,293,487	8,431,449	9,123,027
Building	47,944	27,385	30,145
Construction in progress	6,461,436	5,834,805	4,691,888
Intangible assets			
Superficies	13,471	13,471	13,471
Marketable securities in custody	8,267,142	8,037,118	8,556,275
Others	<u>2,735,663</u>	<u>2,802,981</u>	<u>2,815,911</u>
	<u>\$ 102,336,850</u>	<u>\$ 92,660,711</u>	<u>\$ 93,320,306</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, funds amounting to \$1,606,191 thousand, \$1,395,210 thousand and \$1,351,171 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:

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
USD	\$ 3,862,904	32.268	\$ 124,648,186	\$ 3,666,540	30.708	\$ 112,592,110	\$ 4,162,648	31.743	\$ 132,134,935
CNY	2,622,324	4.414	11,573,627	2,494,916	4.409	11,001,083	1,623,435	4.477	7,268,443
AUD	495,993	20.552	10,193,400	331,913	20.832	6,914,511	234,611	20.658	4,846,664
EUR	232,914	33.915	7,899,348	44,323	32.724	1,450,426	175,813	31.248	5,493,780
HKD	1,684,513	4.124	6,946,089	1,608,957	3.938	6,336,555	2,202,866	4.044	8,907,950
JPY	16,683,805	0.216	3,605,370	9,963,939	0.232	2,315,619	9,539,838	0.220	2,098,764
ZAR	1,095,813	1.681	1,841,514	978,253	1.813	1,773,181	1,007,234	1.774	1,786,732
Financial liabilities									
Monetary items									
USD	3,801,143	32.268	122,655,282	3,578,742	30.708	109,896,009	4,083,992	31.743	129,638,158
CNY	2,625,110	4.414	11,585,921	2,471,507	4.409	10,897,863	1,641,493	4.477	7,349,292
AUD	495,959	20.552	10,192,701	332,747	20.832	6,931,885	243,271	20.658	5,025,565
EUR	233,964	33.915	7,934,959	43,955	32.724	1,438,383	175,936	31.248	5,497,623
HKD	1,629,082	4.124	6,717,520	1,583,533	3.938	6,236,428	2,180,361	4.044	8,816,944
JPY	16,603,698	0.216	3,588,059	9,656,874	0.232	2,244,258	9,528,619	0.220	2,096,296
ZAR	1,109,762	1.681	1,864,955	980,246	1.813	1,776,794	1,014,437	1.774	1,799,510

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	September 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 9,001,142	\$ 9,001,142	\$ -	\$ -
Equity investments	807,834	807,834	-	-
Beneficiary certificates	15,815	15,815	-	-
Financial assets at FVTOCI				
Equity instruments	3,294,886	3,031,377	-	263,509
Debt instruments				
Bonds investments	55,496,900	55,496,900	-	-
Bills investments	13,557,147	-	13,557,147	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	11,584,058	305	11,527,980	55,773
Financial liabilities at FVTPL	11,423,637	922	11,378,765	43,950
<u>Hybrid contract</u>				
Financial assets at FVTPL	26,208,877	173,579	26,035,298	-
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	September 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets at FVTPL				
Bonds investments	\$ 14,622,519	\$ 14,622,519	\$ -	\$ -
Equity investments	947,498	947,498	-	-
Financial assets at FVTOCI				
Equity instruments	2,543,675	2,265,796	-	277,879
Debt instruments				
Bonds investments	67,680,834	67,680,834	-	-
Bills investments	7,452,942	-	7,452,942	-
<u>Derivative financial assets and liabilities</u>				
Financial assets at FVTPL	17,320,414	421	17,302,990	17,003
Financial liabilities at FVTPL	16,927,444	-	16,686,753	240,691
<u>Hybrid contract</u>				
Financial assets at FVTPL	22,003,419	156,617	21,846,802	-

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

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

3) Fair value measurement information of Level 3 financial instruments

a) Movements of Level 3 financial assets

For the Nine Months Ended September 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 assets at FVTPL	\$ 51,032	\$ 18,851	\$ -	\$ 23,780	\$ -	\$ (37,890)	\$ -	\$ 55,773
Financial assets at FVTOCI	259,368	-	13,958	-	-	(9,817)	-	263,509
Total	\$ 310,400	\$ 18,851	\$ 13,958	\$ 23,780	\$ -	\$ (47,707)	\$ -	\$ 319,282

For the Nine Months Ended September 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 assets at FVTPL	\$ 75,749	\$ (13,670)	\$ -	\$ 5,121	\$ -	\$ (50,197)	\$ -	\$ 17,003
Financial assets at FVTOCI	267,768	-	10,111	-	-	-	-	277,879
Total	\$ 343,517	\$ (13,670)	\$ 10,111	\$ 5,121	\$ -	\$ (50,197)	\$ -	\$ 294,882

b) Movements of Level 3 financial liabilities

For the Nine Months Ended September 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	\$ (5,427)	\$ 12,413	\$ -	\$ (12,064)	\$ -	\$ 43,950

For the Nine Months Ended September 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	\$ 11,210	\$ 226,562	\$ -	\$ -	\$ -	\$ 240,691

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>					
September 30, 2023	\$ 55,573	Default probability model	Credit separation	0.45%-1.60%	The increase of credit separation decreases its fair value.
December 31, 2022	51,032	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
September 30, 2022	17,003	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
<u>Investments in equity</u>					
September 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
	11,333	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
September 30, 2022	251,048	Income approach - cash dividend discount method	Without open market marketable discount	19.54%	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>					
September 30, 2023	43,950	Default probability model	Credit separation	0.45%-1.60%	The increase of credit separation decreases its fair value.
December 31, 2022	49,028	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.
September 30, 2022	240,691	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					
	September 30, 2023		December 31, 2022		September 30, 2022	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>						
Mandatorily at FVTPL	\$ 1,012	\$ (3,405)	\$ 1,967	\$ (4,346)	\$ 1,068	\$ (1,746)
<u>Liabilities</u>						
Financial liabilities at FVTPL	2,341	(2,618)	2,539	(2,678)	5,759	(5,760)

Item	Impact on Other Comprehensive Income and Losses					
	September 30, 2023		December 31, 2022		September 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:

September 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	\$ 126,012,509	\$ 125,898,725	\$ 36,266,974	\$ 89,631,751
<u>Financial liabilities</u>				
Bank debentures	16,901,900	16,914,906	-	16,914,906

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

September 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	\$ 77,341,309	\$ 76,852,129	\$ 7,450,797	\$ 69,401,332
<u>Financial liabilities</u>				
Bank debentures	20,901,900	20,956,206	-	20,956,206

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Unused portion of credit card lines	\$ 172,848,152	\$ 195,837,665	\$ 198,250,923
Guarantees and standby L/Cs	13,326,311	15,878,608	19,564,248
Irrevocable loan commitments	20,303,921	13,901,262	14,409,218

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:

September 30, 2023

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 287,424,614	\$ 66,145,441	\$ 110,712,780	\$ 464,282,835
Receivables - credit card	-	-	11,964,418	11,964,418
Factoring	-	-	2,476,519	2,476,519
Receivables - acceptances	5,251	96,471	107,615	209,337
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	172,848,152	172,848,152
Guarantee	973,583	3,977,855	7,283,798	12,235,236
Letters of credit issued	262	857,740	233,073	1,091,075
Irrevocable loan commitments	431,385	-	19,872,536	20,303,921
	<u>\$ 288,835,095</u>	<u>\$ 71,077,507</u>	<u>\$ 325,498,891</u>	<u>\$ 685,411,493</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>

September 30, 2022

	Maximum Credit Risk Exposure			Total
	With Collaterals	Other Credit Enhancements	Without Collaterals	
<u>Balance sheet items</u>				
Discounts and loans	\$ 283,254,052	\$ 70,801,816	\$ 108,613,598	\$ 462,669,466
Receivables - credit card	-	-	11,629,360	11,629,360
Factoring	-	-	3,442,204	3,442,204
Receivables - acceptances	101,260	76,032	42,447	219,739
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	198,250,923	198,250,923
Guarantee	4,649,430	5,294,674	8,030,213	17,974,317
Letters of credit issued	263,518	767,737	558,676	1,589,931
Irrevocable loan commitments	<u>1,044,275</u>	<u>-</u>	<u>13,364,943</u>	<u>14,409,218</u>
	<u>\$ 289,312,535</u>	<u>\$ 76,940,259</u>	<u>\$ 343,932,364</u>	<u>\$ 710,185,158</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>September 30, 2023</u>			
Receivables			
Credit cards	\$ 872,373	\$ 228,973	\$ -
Others	78,838	54,186	715
Discounts and loans	<u>1,712,596</u>	<u>361,567</u>	<u>389,268</u>
	<u>\$ 2,663,807</u>	<u>\$ 644,726</u>	<u>\$ 389,983</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>September 30, 2022</u>			
Receivables			
Credit cards	\$ 978,336	\$ 334,928	\$ -
Others	28,700	12,346	586
Discounts and loans	<u>3,009,854</u>	<u>1,348,095</u>	<u>813,038</u>
	<u>\$ 4,016,890</u>	<u>\$ 1,695,369</u>	<u>\$ 813,624</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	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Finance and insurance	\$ 76,120,657	16	\$ 73,532,284	17	\$ 74,984,092	16
Manufacturing	54,080,286	12	45,622,667	10	53,809,479	12
Real estate	<u>35,495,889</u>	<u>8</u>	<u>35,219,236</u>	<u>8</u>	<u>37,247,420</u>	<u>8</u>
	<u>\$ 165,696,832</u>	<u>36</u>	<u>\$ 154,374,187</u>	<u>35</u>	<u>\$ 166,040,991</u>	<u>36</u>

b) By geography

Region	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 412,281,225	89	\$ 389,650,414	88	\$ 401,651,866	87
Asia Pacific except Taiwan	32,829,476	7	31,691,958	7	36,165,535	8
Others	<u>19,172,134</u>	<u>4</u>	<u>22,739,952</u>	<u>5</u>	<u>24,852,065</u>	<u>5</u>
	<u>\$ 464,282,835</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 462,669,466</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 176,858,221	38	\$ 161,572,379	37	\$ 179,415,414	39
Secured						
Real estate	247,399,061	53	240,922,149	54	240,814,152	52
Financial collateral	22,020,038	5	23,606,709	5	23,182,965	5
Movable property	17,495,813	4	17,272,119	4	18,204,915	4
Others	<u>509,702</u>	<u>-</u>	<u>708,968</u>	<u>-</u>	<u>1,052,020</u>	<u>-</u>
	<u>\$ 464,282,835</u>	<u>100</u>	<u>\$ 444,082,324</u>	<u>100</u>	<u>\$ 462,669,466</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.

September 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	\$ 25,759	\$ 16,010	\$ -	\$ -	\$ -	\$ 41,769
Securities sold under repurchase agreements	751,824	-	-	-	-	751,824
Payables	4,061,449	1,171,273	848,788	958,174	559,420	7,599,104
Deposits and remittances	106,957,213	121,004,320	110,767,028	187,991,274	138,756,407	665,476,242
Bank debentures	-	-	2,500,000	3,500,000	10,901,900	16,901,900
Principal received on structured products	37,522	46,642	89,630	231,716	33,519,828	33,925,338
Other financial liabilities	815,000	260,000	200,000	-	2,003,786	3,278,786
Lease liabilities	36,713	46,364	77,709	125,791	602,774	889,351
Total	\$ 112,685,480	\$ 122,544,609	\$ 114,483,155	\$ 192,806,955	\$ 186,344,115	\$ 728,864,314

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 829,670	\$ 645,778	\$ -	\$ -	\$ -	\$ 1,475,448
Securities sold under repurchase agreements	4,617,001	-	-	-	-	4,617,001
Payables	2,605,105	978,736	748,721	495,210	518,600	5,346,372
Deposits and remittances	98,051,343	131,693,307	93,691,950	147,987,215	136,000,066	607,423,881
Bank debentures	-	-	-	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

September 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	\$ 332,938	\$ 648,612	\$ -	\$ -	\$ -	\$ 981,550
Payables	5,244,090	1,174,316	800,831	708,809	376,036	8,304,082
Deposits and remittances	120,993,111	133,719,470	89,917,402	143,315,317	130,924,505	618,869,805
Bank debentures	-	-	-	4,000,000	16,901,900	20,901,900
Principal received on structured products	69,645	88,066	125,734	67,740	29,182,951	29,534,136
Other financial liabilities	347,000	200,000	130,000	-	610,546	1,287,546
Lease liabilities	29,111	70,185	104,189	189,229	663,654	1,056,368
Total	\$ 127,015,895	\$ 135,900,649	\$ 91,078,156	\$ 148,281,095	\$ 178,659,592	\$ 680,935,387

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 \$292,172,583 thousand, \$275,489,489 thousand and \$303,124,867 thousand as of September 30, 2023, December 31, 2022 and September 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
September 30, 2023	\$ 220,034	\$ 148,573	\$ 234,167	\$ 602,774
December 31, 2022	\$ 217,986	\$ 164,798	\$ 229,765	\$ 612,549
September 30, 2022	\$ 235,486	\$ 173,865	\$ 254,303	\$ 663,654

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:

September 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	\$ 13,002	\$ 16,440	\$ 1	\$ 391	\$ -	\$ 29,834
Interest rate derivatives	2,439	18,445	32,727	42,741	4,996,940	5,093,292
Total	\$ 15,441	\$ 34,885	\$ 32,728	\$ 43,132	\$ 4,996,940	\$ 5,123,126

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

September 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	\$ 28,122	\$ 34,750	\$ 319	\$ 710	\$ -	\$ 63,901
Interest rate derivatives	27,492	50,055	43,183	65,893	3,512,530	3,699,153
Total	\$ 55,614	\$ 84,805	\$ 43,502	\$ 66,603	\$ 3,512,530	\$ 3,763,054

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:

September 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	\$ 75,043,738	\$ 75,656,048	\$ 52,075,862	\$ 13,454,329	\$ 104,693	\$ 216,334,670
Cash inflow	73,246,787	73,753,133	49,961,970	12,678,880	105,363	209,746,133
Interest rate derivatives						
Cash outflow	-	1,452,060	2,581,440	-	-	4,033,500
Cash inflow	-	1,382,400	2,276,800	-	-	3,659,200
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	14,800	14,638	29,275	173,001	231,714
Subtotal of cash outflow	75,043,738	77,108,108	54,657,302	13,454,329	104,693	220,368,170
Subtotal of cash inflow	73,246,787	75,150,333	52,253,408	12,708,155	278,364	213,637,047
Net cash flow	\$ (1,796,951)	\$ (1,957,775)	\$ (2,403,894)	\$ (746,174)	\$ 173,671	\$ (6,731,123)

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)

September 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	\$ 137,674,538	\$ 72,774,825	\$ 39,405,679	\$ 14,365,551	\$ 425,431	\$ 264,646,024
Cash inflow	133,040,359	69,437,005	36,352,962	13,466,095	414,184	252,710,605
Interest rate derivatives						
Cash outflow	-	-	-	952,290	1,904,580	2,856,870
Cash inflow	-	-	-	835,610	1,662,100	2,497,710
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	33,612	33,235	66,470	411,125	544,442
Subtotal of cash outflow	137,674,538	72,774,825	39,405,679	15,317,841	2,330,011	267,502,894
Subtotal of cash inflow	133,040,359	69,470,617	36,386,197	14,368,175	2,487,409	255,752,757
Net cash flow	\$ (4,634,179)	\$ (3,304,208)	\$ (3,019,482)	\$ (949,666)	\$ 157,398	\$ (11,750,137)

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:

September 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	\$ 20,303,921	\$ -	\$ -	\$ -	\$ -	\$ 20,303,921
Irrevocable credit card commitments	172,848,152	-	-	-	-	172,848,152
Issued but unused letters of credit	1,091,075	-	-	-	-	1,091,075
Other guarantees	10,864,355	1,117,200	-	-	253,681	12,235,236
Total	\$ 205,107,503	\$ 1,117,200	\$ -	\$ -	\$ 253,681	\$ 206,478,384

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

September 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	\$ 14,409,218	\$ -	\$ -	\$ -	\$ -	\$ 14,409,218
Irrevocable credit card commitments	198,250,923	-	-	-	-	198,250,923
Issued but unused letters of credit	1,589,931	-	-	-	-	1,589,931
Other guarantees	14,900,136	2,244,700	-	300,000	529,481	17,974,317
Total	\$ 229,150,208	\$ 2,244,700	\$ -	\$ 300,000	\$ 529,481	\$ 232,224,389

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 \$2,219 thousand in income before income tax for the nine months ended September 30, 2023. There would be a increases/decreases of \$282 thousand in income before income tax for the nine months ended September 30, 2022. There would be a decrease/increase of \$74 thousand and \$31 thousand in other comprehensive income for the nine months ended September 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 an increase/decrease of \$85,391 thousand and \$111,433 thousand in income before income tax for the nine months ended September 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 \$1,982 thousand and \$1,229 thousand in income before income tax for the nine months ended September 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. The Bank has none net position of the commodity as of September 30, 2022 and 2023; changes in commodity prices have no impact on income before income tax for the nine months ended September 30, 2023 and 2022, respectively.

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 September 30, 2022: Nil)

Items	September 30, 2023	
	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities
FVTOCI - transactions under repurchase agreements	\$ 86,735	\$ 85,404
Amortized cost - transactions under repurchase agreements	707,106	665,300

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:

September 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	\$ 11,584,058	\$ -	\$ 11,584,058	\$ 1,728,194	\$ 488,629	\$ 9,367,235
Bills and notes purchased under resale agreements	<u>2,467,666</u>	<u>-</u>	<u>2,467,666</u>	<u>2,467,666</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,051,724</u>	<u>\$ -</u>	<u>\$ 14,051,724</u>	<u>\$ 4,195,860</u>	<u>\$ 488,629</u>	<u>\$ 9,367,235</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	\$ 11,423,637	\$ -	\$ 11,423,637	\$ 1,728,194	\$ 2,717,505	\$ 6,977,938
Bills and notes sold under repurchase agreements	<u>750,704</u>	<u>-</u>	<u>750,704</u>	<u>750,704</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,174,341</u>	<u>\$ -</u>	<u>\$ 12,174,341</u>	<u>\$ 2,478,898</u>	<u>\$ 2,717,505</u>	<u>\$ 6,977,938</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>

September 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	\$ 17,320,414	\$ -	\$ 17,320,414	\$ 3,823,208	\$ 360,283	\$ 13,136,923
Bills and notes purchased under resale agreements	<u>4,570,709</u>	<u>-</u>	<u>4,570,709</u>	<u>4,570,709</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,891,123</u>	<u>\$ -</u>	<u>\$ 21,891,123</u>	<u>\$ 8,393,917</u>	<u>\$ 360,283</u>	<u>\$ 13,136,923</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>\$ 16,927,444</u>	<u>\$ -</u>	<u>\$ 16,927,444</u>	<u>\$ 3,823,208</u>	<u>\$ 2,301,752</u>	<u>\$ 10,802,484</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		September 30, 2023				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 113,476	\$ 69,870,401	0.16%	\$ 887,793	782.36%
	Unsecured	83,947	146,614,175	0.06%	1,616,876	1,926.07%
Consumer Banking	Residential mortgage (Note d)	36,779	138,295,154	0.03%	2,086,102	5,671.99%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	237,002	23,565,248	1.01%	417,856	176.31%
	Others (Note f)	Secured	46,833	79,259,059	0.06%	848,819
Unsecured		-	6,678,798	-	74,806	-
Total		518,037	464,282,835	0.11%	5,932,252	1,145.14%
Business \ Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card		34,650	11,964,418	0.29%	313,204	903.91%
Accounts receivable factored without recourse (Note g)		-	2,476,519	-	28,322	-

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		September 30, 2022				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured	\$ 415,337	\$ 72,889,820	0.57%	\$ 936,246	225.42%
	Unsecured	878,600	149,049,205	0.59%	1,778,813	202.46%
Consumer Banking	Residential mortgage (Note d)	20,332	136,242,970	0.01%	2,055,932	10,111.80%
	Cash card	-	-	-	-	-
	Small-scale credit loan (Note e)	271,771	23,870,847	1.14%	436,792	160.72%
	Others (Note f)	Secured	27,853	74,121,262	0.04%	797,151
Unsecured		-	6,495,362	-	73,574	-
Total		1,613,893	462,669,466	0.35%	6,078,508	376.64%
Business \ Item		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card		35,663	11,629,360	0.31%	353,324	990.73%
Accounts receivable factored without recourse (Note g)		-	3,442,204	-	38,997	-

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

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

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

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

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

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

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

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

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

Nonperforming loans and nonperforming receivables excluded from the information stated above

Business \ Item	September 30, 2023		December 31, 2022		September 30, 2022	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 8,058	\$ 31,821	\$ 12,532	\$ 44,409	\$ 14,313	\$ 49,184
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	1,023,127	716,049	1,100,747	782,313	1,124,256	801,943
Total	1,031,185	747,870	1,113,279	826,722	1,138,569	851,127

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)	September 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 - 6491 - financial leasing industry	\$ 8,578,366	15
2	B Group - 6700 - real estate development activities	7,015,637	12
3	C Group - 6496 - private finance	6,921,638	12
4	D Group - 6491 - financial leasing industry	4,248,000	7
5	E Group - 2630 - manufacture of bare printed circuit boards	4,219,463	7
6	F Group - 6499 - other financial service activities not elsewhere classified	3,394,288	6
7	G Group - 6700 - real estate development activities	3,045,525	5
8	H Group - 6429 - other holding companies	2,985,974	5
9	I Group - 6499 - other financial service activities not elsewhere classified	2,940,000	5
10	J Group - 6700 - real estate development activities	2,608,000	5

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

Ranking (Note a)	September 30, 2022		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	B Group - 6700 - real estate development activities	\$ 13,757,998	26
2	A Group - 6499 - other financial service activities not elsewhere classified	7,600,150	15
3	C Group - 4652 - wholesale of motorcycles	6,664,469	13
4	E Group - 2630 - manufacture of bare printed circuit boards	4,691,981	9
5	N Group - 3510 - electricity supply	4,230,556	8
6	D Group - 3010 - manufacture of motor vehicles	4,060,781	8
7	L Group - 4642 - electricity transmission and distribution enterprise	3,705,527	7
8	O Group - 4831 - retail sale of computers, computer peripheral equipment and software in specialized stores	3,361,660	6
9	K Group - 2413 - rolling and extruding of iron and steel	2,977,010	6
10	F Group - 6499 - other financial service activities not elsewhere classified	2,958,088	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 September 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	\$ 378,277,860	\$ 168,406,343	\$ 7,557,049	\$ 65,886,808	\$ 620,128,060
Interest rate-sensitive liabilities	235,556,020	211,013,449	109,950,720	14,980,554	571,500,743
Interest rate sensitivity gap	142,721,840	(42,607,106)	(102,393,671)	50,906,254	48,627,317
Net worth					57,714,320
Ratio of interest rate-sensitive assets to liabilities					108.51%
Ratio of interest rate-sensitivity gap to net worth					84.26%

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 September 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	\$ 359,898,117	\$ 156,249,972	\$ 9,007,840	\$ 45,816,713	\$ 570,972,642
Interest rate-sensitive liabilities	244,745,609	188,313,982	69,538,612	20,072,256	522,670,459
Interest rate sensitivity gap	115,152,508	(32,064,010)	(60,530,772)	25,744,457	48,302,183
Net worth					52,363,599
Ratio of interest rate-sensitive assets to liabilities					109.24%
Ratio of interest rate-sensitivity gap to net worth					92.24%

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
September 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	\$ 2,414,919	\$ 167,439	\$ 287,628	\$ 235,422	\$ 3,105,408
Interest rate-sensitive liabilities	3,166,087	279,178	244,608	-	3,689,873
Interest rate sensitivity gap	(751,168)	(111,739)	43,020	235,422	(584,465)
Net worth					1,788,593
Ratio of interest rate-sensitive assets to liabilities					84.16%
Ratio of interest rate-sensitivity gap to net worth					(32.68%)

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
September 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	\$ 2,985,028	\$ 178,976	\$ 9,904	\$ 201,357	\$ 3,375,265
Interest rate-sensitive liabilities	2,250,085	1,585,279	147,721	-	3,983,085
Interest rate sensitivity gap	734,943	(1,406,303)	(137,817)	201,357	(607,820)
Net worth					1,649,611
Ratio of interest rate-sensitive assets to liabilities					84.74%
Ratio of interest rate-sensitivity gap to net worth					(36.85%)

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 Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Return on total assets	Before tax	0.51%	0.39%
	After tax	0.45%	0.34%
Return on equity	Before tax	6.95%	5.69%
	After tax	6.10%	4.91%
Net income ratio		35.04%	29.92%

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

September 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	\$ 803,463,228	\$ 113,709,084	\$ 107,641,549	\$ 112,888,743	\$ 77,225,917	\$ 68,018,304	\$ 323,979,631
Main capital outflow on maturity	1,003,386,993	67,174,924	105,183,427	174,959,527	186,151,987	232,351,539	237,565,589
Gap	(199,923,765)	46,534,160	2,458,122	(62,070,784)	(108,926,070)	(164,333,235)	86,414,042

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

September 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	\$ 779,791,707	\$ 119,753,999	\$ 131,591,343	\$ 98,141,913	\$ 67,244,874	\$ 75,010,970	\$ 288,048,608
Main capital outflow on maturity	960,558,055	85,161,269	124,031,023	168,576,618	164,304,173	187,296,756	231,188,216
Gap	(180,766,348)	34,592,730	7,560,320	(70,434,705)	(97,059,299)	(112,285,786)	56,860,392

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

b) For U.S. dollar items

September 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	\$ 10,247,947	\$ 4,290,528	\$ 2,065,285	\$ 1,228,626	\$ 767,624	\$ 1,895,884
Main capital outflow on maturity	11,696,250	3,728,923	3,181,261	2,281,387	1,560,689	943,990
Gap	(1,448,303)	561,605	(1,115,976)	(1,052,761)	(793,065)	951,894

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

September 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	\$ 11,311,686	\$ 5,058,325	\$ 2,244,918	\$ 1,222,822	\$ 641,319	\$ 2,144,302
Main capital outflow on maturity	11,954,986	4,996,619	3,474,875	1,663,987	1,207,613	611,892
Gap	(643,300)	61,706	(1,229,957)	(441,165)	(566,294)	1,532,410

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

45. CAPITAL MANAGEMENT

a. Objective of capital management

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

b. Procedure of capital management

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

46. CASH FLOW INFORMATION

a. Non-cash transactions

Cash dividends which were approved by the shareholders' meeting recognized as accrued dividends were \$1,511,004 thousand as of September 30, 2022.

b. Changes in liabilities arising from financing activities

For the nine months ended September 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	\$ (3,912,661)	\$ 64,616	\$ -	\$ 750,704
Bank debentures	20,901,900	(4,000,000)	-	-	16,901,900
Other financial liabilities	2,731,071	542,412	-	4,993	3,278,476
Lease liabilities	<u>965,817</u>	<u>(307,846)</u>	<u>1,260</u>	<u>212,812</u>	<u>872,043</u>
	<u>\$ 29,197,537</u>	<u>\$ (7,678,095)</u>	<u>\$ 65,876</u>	<u>\$ 217,805</u>	<u>\$ 21,803,123</u>

For the nine months ended September 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	(5,242)	283	-	-
Bank debentures	23,901,900	(3,000,000)	-	-	20,901,900
Other financial liabilities	979,213	306,548	-	1,726	1,287,487
Lease liabilities	<u>1,026,881</u>	<u>(314,280)</u>	<u>7,011</u>	<u>317,194</u>	<u>1,036,806</u>
	<u>\$ 25,990,193</u>	<u>\$ (3,090,214)</u>	<u>\$ 7,294</u>	<u>\$ 318,920</u>	<u>\$ 23,226,193</u>

47. SEGMENT INFORMATION

Information provided to the Bank's and its subsidiaries' chief operating decision makers for resource allocation and segment performance assessment focuses on nature of operation and profits. Based on IFRS 8 - "Operating Segments," the reportable segments were as follows:

- 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
For the nine months ended <u>September 30, 2023</u>				
Net interests	\$ 2,928,476	\$ 2,541,752	\$ (480,361)	\$ 4,989,867
Net revenues and gains other than interest				
Net service fee income	1,393,765	528,141	110,915	2,032,821
Other net income	<u>210,471</u>	<u>1,886,284</u>	<u>690,554</u>	<u>2,787,309</u>
Net revenues	4,532,712	4,956,177	321,108	9,809,997
Provision for bad debt expenses	(120,381)	(210,950)	-	(331,331)
Operating expenses	<u>(3,819,260)</u>	<u>(1,451,512)</u>	<u>(289,326)</u>	<u>(5,560,098)</u>
Segment income before income tax	<u>\$ 593,071</u>	<u>\$ 3,293,715</u>	<u>\$ 31,782</u>	<u>\$ 3,918,568</u>
For the nine months ended <u>September 30, 2022</u>				
Net interests	\$ 3,020,007	\$ 2,829,908	\$ (577,458)	\$ 5,272,457
Net revenues and gains other than interest				
Net service fee income	1,324,424	654,061	81,218	2,059,703
Other net income	<u>182,687</u>	<u>501,183</u>	<u>352,781</u>	<u>1,036,651</u>
Net revenues	4,527,118	3,985,152	(143,459)	8,368,811
Provision for bad debt expenses	(74,118)	(266,235)	(60,001)	(400,354)
Operating expenses	<u>(3,480,233)</u>	<u>(1,299,345)</u>	<u>(287,297)</u>	<u>(5,066,875)</u>
Segment income before income tax	<u>\$ 972,767</u>	<u>\$ 2,419,572</u>	<u>\$ (490,757)</u>	<u>\$ 2,901,582</u>

48. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

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

- 8) Intercompany relationships and significant intercompany transactions: Table 3 (attached)
- 9) Other significant transactions which may have effects on decision making of financial statement users: Nil
- b. Information of subsidiaries' financing provided, endorsement/guarantee provided, marketable securities held, marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital and derivative transactions: Table 4 (attached)
- c. Related information of investees on which the Bank exercises significant influence: Exempt from disclosure
- 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

**MARKETABLE SECURITIES ACQUIRED OR SOLD AT COSTS OR PRICES AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Type and Name of Securities	Account	Transaction Counterparty	Relationship	Beginning of Period		Purchase (Note 1)		Sale				End of Period (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Book Cost	Gain or Loss on Disposal	Number of Shares	Amount
The Bank	Dah Chung Bills Financial Corp. Shares	Investment accounted for using equity method	Taipei Fubon Commercial Bank Co., Ltd.	Unrelated parties	101,907,869	\$ 1,727,460	34,739,848	\$ 619,155	-	\$ -	\$ -	\$ -	136,647,717	\$ 2,482,057

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

Note 2: Included the share of profit and loss for using equity method, cash dividends received, and other comprehensive income (loss).

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 NINE MONTHS ENDED SEPTEMBER 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 272,316	Note 3	0.03
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Interest expense	1,769	Note 3	0.02
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Service fee expense	1,200	Note 3	0.01
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Loss on disposal of financial assets at FVTPL	900	Note 3	0.01
1	Far Eastern International Securities Co., Ltd.	Far Eastern International Bank Ltd.	From subsidiary to parent company	Cash and cash equivalents	272,316	Note 3	0.03
		Far Eastern International Bank Ltd.	From subsidiary to parent company	Interest revenue	1,769	Note 3	0.02
		Far Eastern International Bank Ltd.	From subsidiary to parent company	Service fee income	2,100	Note 3	0.02

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

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

**SUBSIDIARIES' FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 15,889	\$ 15,889	6%-10%	a	\$ 17,166	-	\$ 318	Real estate	\$ 33,299	\$ 314,884	\$ 1,049,613

Note 1: No. column is coded as follows:

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

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

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

Note 3: The limits on financing are as follows:

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 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 September 30, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of September 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)	\$ 21,595 (CNY 4,874 thousand)	100.00	\$ 21,595 (CNY 4,874 thousand)	\$ 1,071,126	\$ -	

Accumulated Investment in Mainland China as of September 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)	\$1,024,423

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 nine months ended September 30, 2023.