Far Eastern International Bank Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern International Bank Ltd. (the "Bank") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (FSC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Allowance for Expected Credit Losses on Loans

As of December 31, 2023, the balance of loans in the aggregate amounted to NT$467,728,161 thousand, which accounted for 59% of the total assets of the consolidated financial statements; an amount that is deemed to be significant to the consolidated financial statements. Besides assessing expected credit losses on loans in accordance with IFRS 9 "Financial Instruments", the Bank complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations when assessing classification of credit assets and recognizing allowance for possible losses, and the higher amount of allowance for expected credit losses on loans is recognized. As the assessment on the impairment of loans involved the management's critical judgments in accounting estimation and the underlying assumptions, we deemed the allowance for expected credit losses on loans as a key audit matter. Refer to Note 5 to the consolidated financial statements for the critical accounting judgments and estimation uncertainty.

Refer to Notes 4, 5, 14 and 44 to the consolidated financial statements for disclosures related to impairment on loans.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Understand and perform tests on the Bank's internal controls relevant to loans impairment assessment.

2. Verify whether the methodology, main assumptions and parameters (consider the probability of default, probability of loss given default and exposure at default on forward-looking information) adopted by the impairment model of expected credit losses adequately reflect the actual position and compliance with IFRS 9, and recalculate the amount of impairment.

3. Sample and review credit files to evaluate whether the loans are reasonably categorized per regulatory stipulation and recalculate for the correctness of the allowance.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Bank and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries' internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Bank and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Bank and its subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2024

<u>*Notice to Readers*</u>

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

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

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

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FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

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

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FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Parent							
			Retained Earnings (Notes 9 and 28)			Others		
	Share Capital (Note 28)	Capital Surplus (Notes 4, 28 and 38)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations (Note 4)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 9, 15 and 28)	Total Equity
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)
Shares dividends - NT$ 0.1580 per share	555,206	-	-	-	(555,206)	-	-	-
	555,206	-	911,772	-	(2,977,982)	-	-	(1,511,004)
Net income for the year ended December 31, 2022	-	-	-	-	3,677,502	-	-	3,677,502
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	89,422	93,729	(1,925,767)	(1,742,616)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	3,766,924	93,729	(1,925,767)	1,934,886
Issuance of ordinary shares for cash	5,000,000	(195,000)	-	-	-	-	-	4,805,000
Share-based payments	-	41,500	-	-	-	-	-	41,500
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	(107,324)	-	107,324	-
BALANCE AT DECEMBER 31, 2022	40,694,838	302,926	11,206,638	5,922	4,467,881	(146,915)	(1,558,957)	54,972,333
Appropriation of the 2022 earnings								
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 year ended December 31, 2023	-	-	-	-	4,174,209	-	-	4,174,209
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(42,546)	(20,496)	1,455,324	1,392,282
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	4,131,663	(20,496)	1,455,324	5,566,491
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	(112,482)	-	112,482	-
BALANCE AT DECEMBER 31, 2023	$ 40,694,838	$ 302,926	$ 12,304,518	$ 1,711,795	$ 4,019,297	$ (167,411)	$ 8,849	$ 58,874,812

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

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

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

	2023	2022
Increase in other financial assets	$ (2,035,311)	$ (465,034)
Increase in other assets	(119,265)	(11,782)
Dividends received from associates	38,381	103,717
Net cash used in investing activities	(3,223,612)	(2,447,845)
CASH FLOWS FROM FINANCING ACTIVITIES (Note 46)		
Increase (decrease) in funds borrowed from the Central Bank and other banks	133,333	(77,240)
Repayments of bank debentures	(4,000,000)	(3,000,000)
Increase (decrease) in securities sold under repurchase agreements	(3,392,676)	4,690,600
Repayments of the principal portion of lease liabilities	(405,178)	(412,561)
Increase (decrease) in other financial liabilities	(609,504)	1,749,323
Cash dividends	(1,664,012)	(1,511,004)
Issuance of ordinary shares for cash	-	4,805,000
Net cash generated from (used in) financing activities	(9,938,037)	6,244,118
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	21,945	1,580,766
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,436,873	(13,224,982)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	28,933,031	42,158,013
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 33,369,904	$ 28,933,031

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

	December 31	
	2023	**2022**
Cash and cash equivalents in consolidated balance sheets	$ 6,855,577	$ 8,237,870
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	24,273,642	19,548,386
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	2,240,685	1,146,775
Cash and cash equivalents in consolidated statements of cash flows	$ 33,369,904	$ 28,933,031

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

As of December 31, 2023, the Bank's operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 54 domestic branches, as well as an overseas branch in Hong Kong and two foreign representative offices (Vietnam and Singapore).

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

The financial reports have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Current and Noncurrent Assets and Liabilities

Accounts included in the balance sheets are not classified as current or noncurrent since the major components of the financial reports are from the banking sector, whose operating cycle cannot be reasonably identified. Nevertheless, accounts are properly categorized in accordance with their nature and sequenced by their liquidity. Refer to Note 44 for the maturity analysis of liabilities.

Basis of Consolidation

a. Principles of preparing consolidated financial reports

   The financial reports incorporate the financial reports of the Bank and its subsidiaries.

   Account balances, income and expenses arising from intercompany transactions between the Bank and its subsidiaries have been eliminated upon consolidation.

b. Entities included in consolidated financial reports

   Entities included in consolidated financial reports were as follows:

			% of Ownership	
Investor Company	**Investee Company**	**Nature of Businesses**	**December 31, 2023**	**December 31, 2022**
The Bank	Far Eastern Asset Management Co., Ltd. (“FEAMC”)	Purchase, evaluation, auction and management of rights of financial institution creditors	100	100
	Far Eastern International Securities Co., Ltd. (“FEIS”)	Foreign securities broker, wealth management and offshore fund consulting	100	100
Far Eastern Asset Management Co., Ltd. (“FEAMC”)	FEIB Financial Leasing Co., Ltd. (“FEIL”)	Leasing operation	100	100

Foreign Currency

Foreign-currency assets and liabilities are recorded in their original currencies. Foreign-currency items in net income of domestic operating units are translated into New Taiwan dollars at prevailing exchange rates at the dates of the transactions. For overseas branches (including the OBU), foreign-currency items in net income from transactions settled in currencies other than the entity’s functional currency are translated into the entity’s functional currency at prevailing exchange rates at the dates of the transactions.

At the balance sheet date, foreign-currency monetary assets and liabilities are translated at prevailing exchange rates, and the exchange differences are recognized as gain or loss.

When foreign-currency assets and liabilities are settled, exchange differences arising from the application of different exchange rates are recognized as gain or loss for the current year.

The financial statements of foreign operations (including foreign branches, the OBU and foreign subsidiaries) are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - at exchange rates prevailing on the balance sheet date. The beginning balance of current year’s earnings of foreign branches and the OBU not yet remitted to the head office - the same as the ending balance of the prior years’ earnings; and Income and expenses - at average exchange rates for the period. Exchange differences arising from the translation of the financial statements of foreign branches and the OBU are recognized as other comprehensive income-exchange differences on translating foreign operations.

Investment Accounted for Using Equity Method

Investments in associates are accounted for using the equity method of accounting.

An associate is an entity over which the Bank and its subsidiaries have significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

An investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Bank and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Bank and its subsidiaries also recognize the changes in the Bank and its subsidiaries' share of equity of associates.

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

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized to allocation the cost of assets averagely less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Intangible assets acquired in a business combination are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets with finite useful lives are reported at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Bank expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

Impairment of Property, Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Bank and its subsidiaries review the carrying amounts of their property, equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Bank and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units under a reasonable and consistent basis.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When the recoverable amount increases in a subsequent period, the reversal of an impairment loss is recognized immediately in profit or loss. The carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Securities Purchased/Sold Under Resale/Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest expenses and interest revenues are recognized on the accrual basis.

Financial Instruments

Financial assets and financial liabilities are recognized in the balance sheets when the Bank and its subsidiaries become a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately as expense.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. The Bank and its subsidiaries own financial assets which are classified into the following specified categories:

   1) Financial assets at FVTPL

      Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

      Financial assets at FVTPL are subsequently measured at fair value, with any gain or loss arising on dividends, interest and re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 43.

   2) Financial assets at amortized cost

      Financial assets that meet the following conditions are subsequently measured at amortized cost:

      a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

      Subsequent to initial recognition, financial assets are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss.

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a) Purchased or originated credit-impaired financial assets, for which interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and

b) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization, the disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

a) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest revenue calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

4) Investments in equity instruments at FVTOCI

On initial recognition, the Bank and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gain and loss arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Bank’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Bank recognizes an allowance for loss for expected credit losses on financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI. For such financial assets, the Bank recognizes lifetime expected credit losses (ECLs) when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank measures the allowance for loss for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Bank recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through an allowance for loss account, except for investments in debt instruments that are measured at FVTOCI, for which the allowance for loss is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

The Bank evaluates possible losses on specific loans on the basis of the borrowers' financial situation, their ability to repay principals and interests, and the values of collaterals in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" (the "Regulations"). The Regulations require that loans should be categorized by collectability and specify the minimum allowance for possible losses and reserve for guarantee obligations using prescribed percentages; the higher amount of allowance for expected credit losses on loans is recognized.

When a loan or receivable is considered uncollectable, it may be written off on the approval of the Bank's Board of Directors or Managing Directors. The subsequent collections of written-off loans are credited against provision for possible losses.

c. Derecognition of financial assets

The Bank and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Debt and equity instruments issued by the Bank and its subsidiaries are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Instruments issued by the Bank and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

a. Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading. Any gain or loss arising on remeasurement, including interest paid on the financial liability, is recognized in profit or loss.

2) Financial guarantee contracts

The financial guarantee contracts issued by the Bank which are not measured at FVTPL are measured at the higher of the allowance for the expected credit losses or the amortized amount after original recognition. Also, they are according to the "Regulations" issued by the FSC.

b. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, and any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss. Derivative financial instruments do not apply hedge accounting are recognized as financial assets or liabilities held for trading. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract.

Levies

A levy imposed by a government is accrued as payables when the transaction or activity that triggers the payment of the levy occurs. If the obligating event occurs over a period of time, the liability is recognized progressively.

Provisions

Provisions are recognized when the Bank and its subsidiaries have a present obligation as a result of a past event, it is probable that the Bank and its subsidiaries will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Revenue Recognition

Interest revenue from discounts and loans is recorded on the accrual basis. For nonaccrual loans, interest revenues are recognized only when collections on these obligations are made.

Service fee income is recognized as loans are provided or services have been completed.

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Bank's obligation is fulfilled.

Service revenue is the consideration received for relevant services provided as agent in the execution of the order of the court; the income is recognized during the period of service.

When the Bank acquires non-performing loans from other financial institutions, revenue related to recovery of non-performing loans is recognized using the cost-recovery method.

Leases

The Bank and its subsidiaries assess whether or not an agreement is a lease or contains a lease on the date of the agreement.

The Bank recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method over the lease terms.

The lease payable is discounted at the lessee's incremental borrowing rate of interest. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, should remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost and net interest) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gain and loss, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Bank's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Share Based Payment Arrangements

The fair value at the grant date of the employee share options is based on the Bank’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in salary expense and capital surplus - employee share options. The Bank increases its capital by issuing ordinary shares and allocates part of shares as provision for subscription by employees. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

Income Tax

Income tax expense represents the sum of current tax expense and deferred tax expense. Income tax expense is recognized in profit or loss, except when it relates to items that are directly recognized in equity or other comprehensive income.

a. Current tax expense

   Income tax payable is based on taxable profit for the year and determined according to the applicable tax laws of each tax jurisdiction.

   According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

   Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

b. Deferred tax expense

   Deferred tax expense represents adjustments to deferred tax assets and liabilities.

   Deferred tax assets or liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make essential judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. When developing material accounting estimates, the management will review estimates and basic assumptions continuously. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimating impairment of financial assets

The estimate of impairment for receivables, discount and loans and investments in debt instruments is based on the assumptions about the probability of default and loss given default. The Bank uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Bank's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 44 where the actual future cash inflows are less than expect, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand	$ 4,087,627	$ 4,446,644
Notes and checks for clearing	652,197	930,022
Deposits due from other banks	1,684,421	2,458,559
Balance with other banks	431,332	402,645
	$ 6,855,577	$ 8,237,870

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

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

The reserve deposits are required by law and determined at a prescribed percentage of the monthly average balances. The Type B reserve deposits can be withdrawn only when the balances are adjusted monthly. The Type A and foreign-currency reserve deposits can be withdrawn on demand but bear no interest.

As of December 31, 2023 and 2022, due from the Central Bank and other banks falling in the definition of IAS 7 “cash and cash equivalents” (i.e. short-term, highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value); amounted to $24,273,642 thousand and $19,548,386 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

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

Financial liabilities held for trading

	December 31, 2023	December 31, 2022
Derivative financial liabilities		
Foreign-currency swap contracts	$ 4,736,648	4,552,508
Interest rate swap contracts	3,026,804	3,234,998
Cross-currency swap contracts	239,979	330,039
Others	394,261	571,693
	8,397,692	8,689,238
Total financial liabilities at FVTPL	$ 8,397,692	$ 8,689,238

The Bank engages in derivative transactions mainly to accommodate customers' needs, manage its exposure positions and to accommodate its fund needs in different currencies.

Outstanding derivative contract (notional) amounts were as follows:

	December 31, 2023	December 31, 2022
Foreign-currency swap contracts	$ 369,496,212	$ 370,699,233
Interest rate swap contracts	331,221,560	310,841,788
Currency option contracts	36,320,101	39,199,022
Forward exchange contracts	27,856,041	22,446,595
Seller of credit default swap contracts	17,057,925	23,860,116
Interest rate option contracts	10,300,000	7,000,000
Cross-currency swap contracts	2,325,402	9,189,720
Government bond futures contracts	689,542	30,708
Non-deliverable forward contracts	347,959	279,308
Share index futures contracts	16,807	28,429
Forward contracts	-	529,996

9. FINANCIAL ASSETS AT FVTOCI

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

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

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

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

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

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

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

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

	December 31, 2023	December 31, 2022
Bank debentures	$ 84,988	$ 1,135,462
Government bonds	$ -	$ 582,408

10. INVESTMENT IN DEBT INSTRUMENT AT AMORTIZED COST

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

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

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

	December 31, 2023	December 31, 2022
Government bonds	$ 1,225,372	$ 3,052,512

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

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

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

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

December 31, 2023

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

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	8,784	1,404	10,188
Amortized cost	75,681,272	$ 100,836,081	176,517,353
Fair value adjustment	(1,421,673)		(1,421,673)
	$ 74,259,599		$ 175,095,680

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

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

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

13. RECEIVABLES, NET

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

Note 1: 12-month ECLs (evaluate the receivables and other financial assets whose credit risk has not increased significantly since initial recognition).

Note 2: Lifetime ECLs (evaluate the receivables and other financial assets whose credit risk has increased significantly since initial recognition).

Note 3: Lifetime ECLs (evaluate impaired financial assets).

The changes in the allowance for possible loss of receivables and other financial assets categorized by credit evaluation stage were as follows:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulations	Total Allowance for Possible Losses
Balance on January 1, 2022	$ 32,547	$ 8,117	$ 383,147	$ 423,811	$ 131,398	$ 555,209
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(42)	4,917	-	4,875	-	4,875
Transfer to Stage 3	(40)	(2,327)	35,639	33,272	-	33,272
Transfer to Stage 1	3	(1,723)	(141)	(1,861)	-	(1,861)
Financial assets derecognized in the current period	(18,496)	(1,155)	(61,809)	(81,460)	-	(81,460)
Purchased or originated financial assets	6,102	1,008	17,400	24,510	-	24,510
The difference of impairment under the Regulations	-	-	-	-	(54,802)	(54,802)
Write-offs	(49,131)	(30,310)	(66,678)	(146,119)	-	(146,119)
Exchange rate and other changes	49,129	27,892	62,993	140,014	-	140,014
Balance on December 31, 2022	$ 20,072	$ 6,419	$ 370,551	$ 397,042	$ 76,596	$ 473,638

14. DISCOUNTS AND LOANS, NET

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

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

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2022	$ 409,668,614	$ 387,363	$ 2,815,723	$ 412,871,700
Changes of financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(311,079)	281,814	(5,423)	(34,688)
Transfer to Stage 3	(849,869)	(54,024)	942,142	38,249
Transfer to Stage 1	82,426	(93,578)	(3,564)	(14,716)
Financial assets derecognized in the current period	(114,760,467)	(96,344)	(761,418)	(115,618,229)
Purchased or originated financial assets	145,531,779	26,027	92,688	145,650,494
Write-offs	(105,793)	(58,492)	(154,209)	(318,494)
Exchange rate and other changes	1,503,033	1,420	3,555	1,508,008
Balance on December 31, 2022	$ 440,758,644	$ 394,186	$ 2,929,494	$ 444,082,324

Note 1: 12-month ECLs (evaluate the discounts and loans whose credit risk has not increased significantly since initial recognition).

Note 2: Lifetime ECLs (evaluate the discounts and loans whose credit risk has increased significantly since initial recognition).

Note 3: Lifetime ECLs (evaluate impaired financial assets).

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

For the year ended December 31, 2023

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2023	$ 915,284	$ 105,986	$ 1,304,653	$ 2,325,923	$ 3,859,308	$ 6,185,231
Changes of financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(5,698)	64,186	(1,748)	56,740	-	56,740
Transfer to Stage 3	(1,715)	(21,909)	175,480	151,856	-	151,856
Transfer to Stage 1	141	(21,076)	(1,237)	(22,172)	-	(22,172)
Financial assets derecognized in the current period	(281,879)	(13,539)	(169,735)	(465,153)	-	(465,153)
Purchased or originated financial assets	651,377	14,979	15,865	682,221	-	682,221
The difference of impairment under the Regulations	-	-	-	-	305,489	305,489
Write-offs	(90,016)	(57,229)	(832,946)	(980,191)	-	(980,191)
Exchange rate and other changes	280,713	15,528	(114,421)	181,820	-	181,820
Balance on December 31, 2023	$ 1,468,207	$ 86,926	$ 375,911	$ 1,931,044	$ 4,164,797	$ 6,095,841

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2022	$ 553,444	$ 107,687	$ 781,459	$ 1,442,590	$ 3,987,345	$ 5,429,935
Changes of financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(1,407)	82,506	(1,270)	79,829	-	79,829
Transfer to Stage 3	(3,738)	(32,378)	757,897	721,781	-	721,781
Transfer to Stage 1	149	(19,448)	(3,202)	(22,501)	-	(22,501)
Financial assets derecognized in the current period	(195,856)	(13,323)	(147,680)	(356,859)	-	(356,859)
Purchased or originated financial assets	518,198	16,317	16,527	551,042	-	551,042
The difference of impairment under the Regulations	-	-	-	-	(128,037)	(128,037)
Write-offs	(105,793)	(58,492)	(154,209)	(318,494)	-	(318,494)
Exchange rate and other changes	150,287	23,117	55,131	228,535	-	228,535
Balance on December 31, 2022	$ 915,284	$ 105,986	$ 1,304,653	$ 2,325,923	$ 3,859,308	$ 6,185,231

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2023	December 31, 2022
Associates that are not individually material	$ 2,735,151	$ 1,886,047

At the board of directors' meeting held on August 29, 2023, the Bank resolved to acquire 7.52% of the shares of associate - Dah Chung Bills Finance Corp. from a third person for a total price of $425,967 thousand, which was settled on September 20, 2023. Therefore, a bargain purchase gain of $193,188 thousand was recognized. As of December 31, 2023, the Bank holds 29.58% of the shares of Dah Chung Bills Finance Corp. and is the single largest shareholder. The Bank does not have absolute difference in shareholding ratio compared with other shareholders, does not control more than half of the seats in the board of directors, does not have the control power to dominate the related activities, and only has significant influence over the invested company. Therefore, Dah Chung is reported as an associate in the financial statements.

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

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

16. OTHER FINANCIAL ASSETS, NET

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

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

17. PROPERTY AND EQUIPMENT, NET

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Properties and Equipment Prepayment	Total
Cost							
Beginning balance	$ 1,447,433	$ 1,149,596	$ 2,395,907	$ 1,184	$ 1,579,391	$ 99,524	$ 6,673,035
Additions	1,277,055	916	148,872	62	69,654	578,311	2,074,870
Disposals	-	(5,076)	(131,532)	(112)	(133,516)	-	(270,236)
Others	-	-	143,673	-	53,447	(194,986)	2,134
Ending balance	2,724,488	1,145,436	2,556,920	1,134	1,568,976	482,849	8,479,803
Accumulated depreciation							
Beginning balance	-	629,172	1,649,785	1,174	1,408,827	-	3,688,958
Depreciation	-	25,902	214,620	16	49,970	-	290,508
Disposals	-	(5,048)	(131,528)	(112)	(131,284)	-	(267,972)
Others	-	-	6,450	-	1,286	-	7,736
Ending balance	-	650,026	1,739,327	1,078	1,328,799	-	3,719,230
Net ending balance	$ 2,724,488	$ 495,410	$ 817,593	$ 56	$ 240,177	$ 482,849	$ 4,760,573

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

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

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

18. LEASE ARRANGEMENTS

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

	December 31, 2023	December 31, 2022
Net carrying amount of right-of-use assets	$ 1,089,010	$ 954,076
Carrying amount of lease liabilities	$ 1,108,714	$ 965,817
The range of discount rate	0.83%-4.82%	0.83%-4.82%

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 549,029	$ 349,949
Depreciation expense of right-of-use assets	$ 413,802	$ 416,489
Interest expense of lease liabilities	$ 8,906	$ 10,076
Other lease information		
Short-term lease expenses	$ 8,954	$ 7,059
Cash outflow for leases	$ 423,038	$ 429,696

19. INTANGIBLE ASSETS, NET

	December 31, 2023	December 31, 2022
Operation rights	$ 1,538,210	$ 1,538,210
Fair value of core deposits	428,887	428,887
Less: Accumulated amortization	394,910	369,427
	33,977	59,460
	$ 1,572,187	$ 1,597,670

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

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

The Bank assessed the recoverable amount of the cash-generating unit of the operation rights for impairment in 2023 and 2022. To reflect risks specific to the operation, the recoverable amount was estimated on the net fair value of the discounted cash flows based on the Bank's financial forecast, and no impairment was assessed.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31, 2023	December 31, 2022
Call loans to banks	$ 1,383,075	$ 1,402,035
Bank overdrafts	70,447	3,064
Due to banks	35,972	70,349
	$ 1,489,494	$ 1,475,448

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

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

22. PAYABLES

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

23. DEPOSITS AND REMITTANCES

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

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	December 31, 2023	December 31, 2022
Subordinated bank debentures - seven-year maturity; first issue in 2016	2016.09.27-2023.09.27	Interest payable on September 27 each year fixed interest rate at 1.55%	$ -	$ 4,000,000
Subordinated bank debentures - perpetual; first issue in 2018	2018.09.18-	Interest payable on September 18 each year fixed interest rate at 3.20%	2,900,000	2,900,000
General bank debentures - five-year maturity; first issue in 2019	2019.02.21-2024.02.21	Interest payable on February 21 each year fixed interest rate at 0.95%	2,500,000	2,500,000
Subordinated bank debentures - seven-year maturity; second issue in 2019	2019.07.30-2026.07.30	Interest payable on July 30 each year fixed interest rate at 1.15%	2,000,000	2,000,000
Subordinated bank debentures - ten-year maturity; second issue in 2019	2019.07.30-2029.07.30	Interest payable on July 30 each year fixed interest rate at 1.25%	2,000,000	2,000,000

(Continued)

Item	Issuance Period	Note	December 31, 2023	December 31, 2022
General bank debentures - five-year maturity; third issue in 2019	2019.09.26-2024.09.26	Interest payable on September 26 each year fixed interest rate at 0.75%	$ 3,500,000	$ 3,500,000
Subordinated bank debentures - seven-year maturity; first issue in 2020	2020.11.26-2027.11.26	Interest payable on November 26 each year fixed interest rate at 0.75%	1,600,000	1,600,000
Subordinated bank debentures - seven-year maturity; first issue in 2021	2021.04.27-2028.04.27	Interest payable on April 27 each year fixed interest rate at 0.83%	2,400,000	2,400,000
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2005; acquired from Chinfon Bank	Matured on 2012.06.28	-	1,660	1,660
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	240	240
Total bank debentures			$ 16,901,900	$ 20,901,900

(Concluded)

The Bank issued the first issuance of perpetual non-cumulative subordinated bank debentures in 2018 in the amount of $2,900,000 thousand on September 18, 2018 with an interest rate of 3.20%, and the interest is paid once a year if the interest payment condition is met. After five years of issuance, the Bank has the right to redeem in advance under the regulation of issuance and the permission by authorities since September 18, 2023. As of December 31, 2023, the Bank has not exercised the right of redemption.

25. OTHER FINANCIAL LIABILITIES

	December 31, 2023	December 31, 2022
Deposit received	$ 843,371	$ 1,955,437
Bank loan	920,000	321,017
Commercial paper	365,000	455,000
Less: Unamortized discount on commercial paper	210	383
	$ 2,128,161	$ 2,731,071
Interest rates		
Bank loan	1.95%-2.04%	1.75%-4.67%
Commercial paper	1.95%-2.07%	2.04%-2.15%

26. PROVISIONS

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	12-Month Expected Credit Loss (Stage 1)	Lifetime ECLs (Stage 2)	Lifetime ECLs (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments, Obligations Guarantee and Letters of Credit Issued
Balance on January 1, 2022	$ 84,892	$ 13,201	$ 20,950	$ 119,043	$ 213,878	$ 332,921
Changes at the beginning of the year:						
Transfer to Stage 2	(8)	6,666	-	6,658	-	6,658
Transfer to Stage 3	-	(76)	387	311	-	311
Transfer to Stage 1	6	(8,469)	(80)	(8,543)	-	(8,543)
Financial assets derecognized in the current period	(29,810)	(1,369)	(203)	(31,382)	-	(31,382)
Purchased or originated	33,253	1,747	31	35,031	-	35,031
The difference of impairment under the Regulations	-	-	-	-	(100,622)	(100,622)
Exchange rate and other changes	(2,791)	(3,052)	(6)	(5,849)	-	(5,849)
Balance on December 31, 2022	$ 85,542	$ 8,648	$ 21,079	$ 115,269	$ 113,256	$ 228,525

27. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Bank and its subsidiaries make monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance for those who qualify a pension plan for the Labor Pension Act. Related pension expense of $139,730 thousand and $139,656 thousand for the year ended December 31, 2023 and 2022, respectively.

Defined benefit plans

Applicable the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered, which are deposited in the Bank of Taiwan by the pension fund monitoring committee's name. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under the Ministry of Labor; the Bank has no right to influence the investment policy and strategy. According to Labor Standards

Act, before the end of each year, the Bank assesses the pension fund balance. If the balance is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation before the end of March of the next year.

The amounts of employee benefits included in the consolidated balance sheets were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 1,078,526	$ 1,039,710
Fair value of plan assets	(567,070)	(507,843)
Reserve for employee benefits liability	$ 511,456	$ 531,867

Movements in defined benefit plan were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Balance at January 1, 2023	$ 1,039,710	$ (507,843)	$ 531,867
Service cost			
Current service cost	4,187	-	4,187
Net interest expense (revenue)	17,799	(9,558)	8,241
Recognized in profit or loss	21,986	(9,558)	12,428
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,501)	(1,501)
Actuarial loss - experience adjustments	24,489	-	24,489
Actuarial loss - changes in financial assumptions	27,344	-	27,344
Recognized in other comprehensive income	51,833	(1,501)	50,332
Contributions from the employer	-	(50,612)	(50,612)
Contributions from plan assets	(2,444)	2,444	-
Contributions from provisions	(32,559)	-	(32,559)
Balance at December 31, 2023	$ 1,078,526	$ (567,070)	$ 511,456
Balance at January 1, 2022	$ 1,142,294	$ (418,733)	$ 723,561
Service cost			
Current service cost	5,698	-	5,698
Net interest expense (revenue)	6,636	(2,561)	4,075
Recognized in profit or loss	12,334	(2,561)	9,773
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(32,529)	(32,529)
Actuarial loss - experience adjustments	29,775	-	29,775
Actuarial loss - changes in financial assumptions	(105,757)	-	(105,757)
Recognized in other comprehensive income	(75,982)	(32,529)	(108,511)
Contributions from the employer	-	(58,490)	(58,490)
Contributions from plan assets	(4,470)	4,470	-
Contributions from provisions	(34,466)	-	(34,466)
Balance at December 31, 2022	$ 1,039,710	$ (507,843)	$ 531,867

The calculation of the present value of the defined benefit obligation was carried out by qualified actuaries. The principal assumptions used in the actuarial valuations were as follows:

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

As concluded by the actuaries, the expected contribution to the plan for the next year is $25,088 thousand, and the average duration of the defined benefit obligation is 7.6 years.

Had there been a possible change in each of the significant actuarial assumptions and all other assumptions remained constant, the present value of the defined benefit obligation would have increased (decreased) as follows:

	December 31, 2023	December 31, 2022
Discount rates		
0.50% increase	$ (39,020)	$ (39,673)
0.50% decrease	$ 41,366	$ 42,163
Expected rates of salary increase		
0.50% increase	$ 40,566	$ 41,488
0.50% decrease	$ (38,668)	$ (39,443)

The sensitivity analysis presented above might not have been representative of the actual change in the present value of the defined benefit obligation because it was unlikely that the change in assumptions occurred in isolation of one another, i.e., some of the assumptions might have been correlated.

The Bank is exposed to the following risks on its defined benefit plans managed by the Bureau:

a. Risk on investment: The investment income of benefit plan assets affects the plan fair value and contribution status. That is, a higher investment income increases the fair value of plan assets and decreases net defined benefits liabilities (or increases net assets) and thus improves contribution status. In contrast, a lower investment income or investment loss is unfavorable to the contribution status of benefit the plan.

b. Risk on interest fluctuations: The discount rate used in calculating the present value of defined benefit obligations mainly pertains to the yields of the corporate bonds with the credit ratings of twAAA assigned by Taiwan Ratings. A decrease in discount rate will increase the present value of defined benefit obligations.

c. Risk on salary fluctuations: As the defined benefit obligation was determined by the salaries of plan members before their retirement, the expected increase in salary should then be considered in the calculation. Thus, an increase in the expected rate for salary increase will result in a rise in the present values of defined benefit obligations.

28. EQUITY

a. Share capital

Ordinary shares

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	5,500,000	5,500,000
Authorized capital	$ 55,000,000	$ 55,000,000
Issued and paid shares (in thousands)	4,069,484	4,069,484
Issued capital	$ 40,694,838	$ 40,694,838

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

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

At the Board of Directors' meeting held on May 5, 2022, the Bank resolved to increase its capital by issuing 500,000 thousand ordinary shares. The issuance was approved by the Securities and Futures Bureau, FSC in July 2022 and the issuance price was NT$9.62 per share. On October 5, 2022, the share payment of $4,810,000 thousand has been fully received and was set as the record date for increasing of capital by cash. The total capital amounted to $40,694,838 thousand after the capital increase by cash. In the above-mentioned increase in capital by cash, some of the shareholders subscribed differently from their existing ownership percentage, some employees gave up their subscriptions, and parts of the shares totaled 50,936 thousand shares were subscribed to by related parties as specific persons.

Global depository receipts

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

b. Capital surplus

	December 31, 2023	December 31, 2022
Issuance of ordinary shares	$ 302,926	$ 302,926

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

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

	Appropriation of Earnings	Dividends Per Share (NT$)
Cash dividends	$ 2,059,159	$0.5060
Share dividends	2,059,159	0.5060

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

d. Other equity items

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

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

29. NET INTERESTS

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

30. NET SERVICE FEE INCOME

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

31. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

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

32. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2023	2022
Salaries (Notes 33 and 38)	$ 3,647,225	$ 3,458,622
Labor and health insurance	266,988	253,946
Post-employment benefits (Note 27)	152,158	149,429
Others (Note 33)	425,015	377,622
	$ 4,491,386	$ 4,239,619

33. EMPLOYEES' COMPENSATION AND REMUNERATION OF DIRECTORS

According to the Bank's Articles, from the Bank's income before income tax, remuneration of directors and employees' compensation, the Bank should retain 3.5%-4.5% for employees' compensation and no greater than 1.5% for remuneration of directors. The appropriations of employees' compensation and remuneration of directors in cash for the years ended December 31, 2023 and 2022 that were resolved by the board of directors on March 4, 2024 and March 2, 2023, respectively.

Amount

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

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Bank's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

34. DEPRECIATION AND AMORTIZATION

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

35. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

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

36. INCOME TAX EXPENSE

Income tax recognized in profit or loss

The major components of tax expenses were as follows:

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

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

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

Income tax recognized in other comprehensive income

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

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

For the year ended December 31, 2023

Deferred Tax Asset	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	$ 103,745	$ (35,444)	$ -	$ 68,301
Defined benefit plans in excess of the limit	106,373	(14,149)	10,067	102,291
Unrealized gain or loss on financial instruments	(97,822)	30,957	-	(66,865)
Others	55,543	(4,192)	3,862	55,213
	167,839	(22,828)	13,929	158,940
Loss carryforwards	11,862	3,725	-	15,587
	$ 179,701	$ (19,103)	$ 13,929	$ 174,527

Deferred Tax Liabilities (Recognized as Other Liabilities)	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Income from equity investments in foreign company under the equity method	$ (37,512)	$ (5,655)	$ -	$ (43,167)

For the year ended December 31, 2022

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	$ 85,238	$ 18,507	$ -	$ 103,745
Defined benefit plans in excess of the limit	144,712	(16,637)	(21,702)	106,373
Unrealized gain or loss on financial instruments	(77,862)	(19,960)	-	(97,822)
Others	57,535	907	(2,899)	55,543
	209,623	(17,183)	(24,601)	167,839
Loss carryforwards	-	11,862	-	11,862
	$ 209,623	$ (5,321)	$ (24,601)	$ 179,701

Deferred Tax Liabilities (Recognized as Other Liabilities)	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Income from equity investments in foreign company under the equity method	$ (31,536)	$ (5,976)	$ -	$ (37,512)

Unrecognized as deferred tax assets in respect of deductible temporary differences

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

Income tax assessments

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

37. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic EPS	$ 1.03	$ 1.00
Diluted EPS	$ 1.02	$ 0.99

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

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

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

38. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

39. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Bank
Dah Chung Bills Finance Corp.	Association
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Far Eastern New Century Corp.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd.	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Ding Ding Hotel Co., Ltd.	Chairman is the vice-chairman of the Bank
Far EasTone Telecommunications Co., Ltd.	Chairman is the vice-chairman of the Bank
Bai Ding Investment Corporation	Chairman is the vice-chairman of the Bank
Far Eastern Electronic Toll Collection Co., Ltd.	Chairman is the vice-chairman of the Bank
Far East Memorial Hospital	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport (Singapore) Private, Ltd.	Chairman of parent company is the vice-chairman of the Bank
Yuan Long Stainless Steel Co.	Chairman of parent company is the vice-chairman of the Bank
Everest Textile Co., Ltd.	Chairman is a second-degree relative of the vice chairman of the Bank
Far Eastern International Leasing Corp.	Substantive related party
Pacific SOGO Department Stores Corp.	Substantive related party
Yuan Hsin Digital Payment Co., Ltd.	Substantive related party
Ya Tung Ready Mixed Concrete Co., Ltd.	Substantive related party
Oriental Securities Corporation	Substantive related party
Others	The Bank's chairman, vice-chairman, directors, managers, their second-degree relatives or substantive related party

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

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

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

b. Due from other banks

Dah Chung Bills Finance Corp.	Highest Balance in Current Year	Ending Balance	Interest Revenues	Interest Rates
For the year ended December 31				
2023	$ 1,000,000	$ 1,000,000	$ 2,545	1.25%-1.42%
2022	$ 1,500,000	$ 400,000	$ 3,219	0.60%-1.31%

c. Loans

Category	Number of Accounts and Related Party	Highest Balance in Current Year	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the year ended December 31, 2023							
Consumer loans	Seven individuals	$ 4,445	$ 2,957	$ 2,957	$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Fifty four individuals	530,711	423,907	423,907	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co.	1,450,000	1,250,000	1,250,000	-	Real estate	No significant difference
	Far Eastern Department Store Corp.	750,000	750,000	750,000	-	Shares listed on TWSE and TPEx	No significant difference
	Everest Textile Co., Ltd.	744,914	744,341	744,341	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE and TPEx	No significant difference
	Others (Note)	1,694,723	873,781	873,781	-	Real estate, certificates of deposits and shares listed on TWSE and TPEx and shares unlisted on TWSE and TPEx	No significant difference
			$ 4,744,986	$ 4,744,986	$ -		
For the year ended December 31, 2022							
Consumer loans	Nine individuals	5,860	$ 2,845	$ 2,845	$ -	Unsecured loan	No significant difference
Loans for residential mortgage	Fifty four individuals	548,528	466,696	466,696	-	Real estate	No significant difference
Others	Yuan Long Stainless Steel Co	1,400,000	1,050,000	1,050,000	-	Real estate	No significant difference
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Shares listed on TWSE and TPEx	No significant difference
	Far Eastern Department Store Corp.	500,000	500,000	500,000	-	Shares listed on TWSE and TPEx	No significant difference
	Bai Ding Investment Corporation	480,000	480,000	480,000	-	Shares listed on TWSE and TPEx	No significant difference
	Others (Note)	1,867,030	803,610	803,610	-	Real estate, certificates of deposits and shares listed on TWSE and TPEx and shares unlisted on TWSE and TPEx	No significant difference
			$ 4,003,151	$ 4,003,151	$ -		

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

The information related to the above loans is as follows:

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

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

d. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
For the year ended December 31, 2023					
Yuan Long Stainless Steel Co.	$ 60,000	$ 30,000	$ 300	0.60%	Real estate
Yuan Ding Co., Ltd.	30,000	30,000	300	0.80%	Shares unlisted on TWSE and TPEx
Ding Ding Hotel Co., Ltd.	15,000	15,000	150	0.80%	Shares unlisted on TWSE and TPEx
Others (Note)	340,480	-	-	0.30%-0.80%	Real estate
		$ 75,000	$ 750		
For the year ended December 31, 2022					
Far Eastern International Leasing Corp.	700,000	$ 340,000	$ 3,400	0.30%	Real estate
Others (Note)	1,045,480	65,480	655	0.40%-0.80%	Real estate, shares listed on TWSE and TPEx and shares unlisted on TWSE and TPEx
		$ 405,480	$ 4,055		

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

e. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss) For the Year Ended	Balance Sheet Items	Balance Sheet Balance
For the year ended December 31, 2023						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2020.07.17-2028.01.10	$ 1,877,063	$ 23,008	Financial liabilities at FVTPL	$ 54,833
Far Eastern New Century Corp.	Forward exchange contracts	2023.11.06-2024.03.29	1,170,174	27,433	Financial assets at FVTPL	27,433
		2023.11.08-2024.03.21	168,955	(7,425)	Financial liabilities at FVTPL	7,425
Everest Textile Co., Ltd.	Forward exchange contracts	2023.12.28-2024.01.18	27,969	71	Financial assets at FVTPL	71
		2023.12.13-2024.01.12	129,087	(2,457)	Financial liabilities at FVTPL	2,457
For the year ended December 31, 2022						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2020.07.17-2028.01.10	2,316,688	(210,173)	Financial liabilities at FVTPL	77,841
Far Eastern New Century Corp.	Forward exchange contracts	2022.10.19-2023.03.06	768,474	25,173	Financial assets at FVTPL	25,173
		2022.10.20-2023.03.06	262,844	(9,397)	Financial liabilities at FVTPL	9,397
Asia Cement Corp.	Cross-currency swap contracts	2022.12.21-2023.12.26	1,381,860	(1,236)	Financial liabilities at FVTPL	696

f. Deposits

	December 31, 2023	December 31, 2022
Deposits of related parties (each account balance did not exceed 5% of total deposits)	$ 51,106,374	$ 53,639,914

	For the Year Ended December 31 2023	2022
Interest expenses	$ 589,939	$ 325,489
Interest rate	0%-6.59%	0%-6.34%

g. Prepayments

	December 31, 2023	December 31, 2022
New Century InfoComm Tech Co., Ltd.	$ 10,471	$ 21,283

h. Acquisition of equipment

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

i. Lessee agreements

	For the Year Ended December 31	
	2023	2022
Acquisition of right-of-use assets		
Yuan Ding Co., Ltd.	$ 309,480	$ 5,644

	December 31, 2023	December 31, 2022
Lease liabilities		
Yuan Ding Co., Ltd.	$ 292,821	$ 86,356
Pacific SOGO Department Stores Corp.	-	10,499
	$ 292,821	$ 96,855

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

j. Service fee income

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

k. Service fee expense

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

l. Operating expenses

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

m. Others

At the Board of Directors' meeting held in March 2022, the Bank resolved to undertake the business of refund of the cards and the stored value in the cards after Yuan Hsin Digital Payment Co., Ltd. terminated its business. Yuan Hsin Digital Payment Co., Ltd. paid the Bank $16,000 thousand in full for future operating costs on December 30, 2022, which the Bank recognized in advance receipts. The Bank started refund business in January 2023, and recognized related service fee income of $15,607 thousand for the year ended December 31, 2023.

n. Compensation of key management personnel (Note 32)

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

40. PLEDGED ASSETS

	December 31, 2023	December 31, 2022
Financial assets at FVTOCI - Government bonds	$ 3,577,607	$ 3,526,769
Investment in debt instruments at amortized cost - negotiable certificates of deposits	2,400,000	2,200,000
Other financial assets - restricted time deposits	3,464,560	2,204,700
	$ 9,442,167	$ 7,931,469

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

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

Balance Sheets of Trust Accounts

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

Income Statements of Trust Accounts

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

Trust Asset Lists

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

As of December 31, 2023 and 2022, funds amounting to $1,569,973 thousand and $1,395,120 thousand, respectively, had been recognized in the OBU’s books as investment in overseas securities through Non-discretionary Pecuniary Trust of the OBU.

42. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

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

43. FINANCIAL INSTRUMENTS

a. Information of fair value

1) Overview

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

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

2) Valuation principles of fair value measurement

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

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

a) The consistency and adequacy of the market parameters used in the valuation;

b) The appropriateness of the valuation model in light of the assumptions to be used, the internal control and risk management framework, and the degree of mathematical expertise required for an independent unit to make the valuation;

c) Reliability of price information and other parameters used in the valuation and any model adjustments to be made on the basis of current market conditions.

3) Credit risk valuation adjustment

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

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

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

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

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

a) Level 1

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

b) Level 2

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

c) Level 3

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

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

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

Financial Instruments	December 31, 2023 Total	Level 1	Level 2	Level 3
Non-derivative financial assets and liabilities				
Financial assets at FVTPL				
Bonds investments	$ 10,323,464	$ 10,323,464	$ -	$ -
Equity investments	858,711	858,711	-	-
Beneficiary certificates	200,145	200,145	-	-
Financial assets at FVTOCI				
Equity instruments	3,469,057	3,203,816	-	265,241
Debt instruments				
Bonds investments	53,416,760	53,416,760	-	-
Bills investments	7,373,967	-	7,373,967	-
Derivative financial assets and liabilities				
Financial assets at FVTPL	7,685,804	678	7,583,881	101,245
Financial liabilities at FVTPL	8,397,692	1,060	8,386,119	10,513
Hybrid contract				
Financial assets at FVTPL	21,778,283	102,096	21,676,187	-

Financial Instruments	December 31, 2022 Total	Level 1	Level 2	Level 3
Non-derivative financial assets and liabilities				
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	-
Derivative financial assets and liabilities				
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
Hybrid contract				
Financial assets at FVTPL	21,324,468	153,224	21,171,244	-

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

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

3) Fair value measurement information of Level 3 financial instruments

a) Movements of Level 3 financial assets

For the Year Ended December 31, 2023

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial assets at FVTPL	$ 51,032	$ 16,082	$ -	$ 73,560	$ -	$ (39,429)	$ -	$ 101,245
Financial assets at FVTOCI	259,368	-	15,690	-	-	(9,817)	-	265,241
Total	$ 310,400	$ 16,082	$ 15,690	$ 73,560	$ -	$ (49,246)	$ -	$ 366,486

For the Year Ended December 31, 2022

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial assets at FVTPL	$ 75,749	$ (14,745)	$ -	$ 27,364	$ -	$ (37,336)	$ -	$ 51,032
Financial assets at FVTOCI	267,768	-	(8,400)	-	-	-	-	259,368
Total	$ 343,517	$ (14,745)	$ (8,400)	$ 27,364	$ -	$ (37,336)	$ -	$ 310,400

b) Movements of Level 3 financial liabilities

For the Year Ended December 31, 2023

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL	$ 49,028	$(11,638)	$ -	$ -	$(26,877)	$ -	$ 10,513

For the Year Ended December 31, 2022

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL	$ 2,919	$ 1,953	$ 44,156	$ -	$ -	$ -	$ 49,028

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

Level 3 financial instruments mainly consist of credit default swap and part of investment in equity instrument at FVTOCI which have single major unobservable parameters; quantitative information is as follows:

Measured at Fair Value Based on Repetition	Fair Value	Valuation Techniques	Significant Unobservable Parameters	Interval (Weighted-average)	Relationship Between Parameters and Fair Value
Derivative financial assets					
December 31, 2023	$ 101,245	Default probability model	Credit separation	0.45%-1.60%	The increase of credit separation decreases its fair value.
December 31, 2022	51,032	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.

(Continued)

Measured at Fair Value Based on Repetition	Fair Value	Valuation Techniques	Significant Unobservable Parameters	Interval (Weighted-average)	Relationship Between Parameters and Fair Value
Investments in equity					
December 31, 2023	$ 253,007	Income approach - cash dividend discount method	Without open market marketable discount	19.38%	The increase of discount decreases its fair value
	12,234	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
December 31, 2022	237,926	Income approach - cash dividend discount method	Without open market marketable discount	19.37%	The increase of discount decreases its fair value
	21,442	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
Derivative financial liabilities					
December 31, 2023	10,513	Default probability model	Credit separation	0.45%-1.60%	The increase of credit separation decreases its fair value.
December 31, 2022	49,028	Default probability model	Credit separation	0.45%-1.22%	The increase of credit separation decreases its fair value.

(Concluded)

d) Valuation procedures for fair value measurements categorized within Level 3

The evaluation of financial instruments is from specific departments independent of the business unit or external experts evaluating report, ensuring the data source is independent, reliable, and consistent with other resources, reviewing the evaluation parameters regularly, updating the required input values, confirming whether correcting the valuation technique is necessary, and adjusting fair value if necessary to ensure the rationality in the evaluation results.

e) The sensitivity analysis of reasonably possible alternative assumptions for fair value measurements categorized within Level 3

The fair value of the Bank’s financial instruments is evaluated as reasonable. Had the valuation parameters for financial instruments categorized within Level 3 been 0.01% higher/lower, the impact of fair value on the assets and liabilities would have been as follows:

Item	Impact on Gain and Loss			
	December 31, 2023		December 31, 2022	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Mandatorily at FVTPL	$ 1,240	$ (5,054)	$ 1,967	$ (4,346)
Liabilities				
Financial liabilities at FVTPL	320	(320)	2,539	(2,678)

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

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

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

<u>December 31, 2023</u>

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

<u>December 31, 2022</u>

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

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

44. FINANCIAL RISK MANAGEMENT

a. Overview

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

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

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

b. Risk management framework

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

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

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

c. Credit risk management

1) Definition and scope of credit risk

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

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

2) Management policies on credit risk

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

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

a) The credit risk has increased significantly after original recognition

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

Qualitative Index

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

Quantitative Index

i. Unfavorable changes in current or predicted operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.

ii. Significant changes in actual or expected results of the debtor's operations.

iii. The credit risk of other financial instruments of the same debtor has increased significantly.

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

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

Qualitative Index

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

Quantitative Index

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

i. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.

ii. The debtor has conformed to a non-performed loan by authorities.

iii. The debtor has conducted a negotiation of debts or self-negotiating.

iv. The active market of the financial assets disappeared due to financial difficulties.

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

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

c) Measurement of expected credit loss

i. Loan and receivables

The Bank considers both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

The above-mentioned "PD" and "LGD" are determined based on each group's historical information (such as credit loss experience) from internal statistical data and adjustment of historical data based on current observable and forward-looking macroeconomic information (such as GDP and unemployment rate).

When the Bank measured the expected credit loss of assets combination, the forward-looking information was taken into the PD's consideration. Among them, the index of forward-looking adjustment in PD is predicted by the Corporate banking Sector which adopted the growth rate of real GDP in Taiwan and the Consumer banking Sector which adopted the unemployment rate in Taiwan. According to the measurement of predict loss in IFRS 9, the forward-looking adjustment in PD is requested to assess any consequences (at least 2 circumstances) and expresses with weighted-average probability. As a result, the Bank took the prediction authorities' consensus forecasting into consideration and adopted the weighted-average prediction value by at least 2 macroeconomic prediction authorities to calculate.

ii. The investments in debt instrument at amortized cost and at FVTOCI

The measurement of expected credit loss was based on the information of PD and LGD which is announced from the external credit ratings and Moody's to calculate. The international credit rating authority has considered the forward-looking information when it assessed the credit rating.

d) Write off policy

When the Bank can not reasonably expect the recoverable from the entire or partial financial assets, the entire or partial financial assets will be written off. Financial assets which has been written off still possibly do the recovery of debt and institute legal proceedings continuously under related policies.

The above-mentioned index of unexpected reasonably recoverable amount includes the following:

i. The recovery of debt has stopped.

ii. The debtor doesn't have enough assets or income resource to pay the debt after assessment.

4) Credit risk hedging and mitigation policies

a) When contracting, the terms of credit facilities are determined in the light of assessments of probability and amounts of default and collateral and guarantees are obtained, including bank deposit receipts, securities (such as treasury securities, government bonds, bank debentures, shares and bonds guaranteed by financial institutions) and real estate such as land and buildings. Shares listed on TWSE and TPEx are marked to market day to day, and changes in the value of their collaterals are monitored all the time; values of land and buildings are examined every time the contract is renewed.

b) Through policy mechanism, such as credit limits and credit regulation prior to the credit being committed to customers, to control the quality of credit assets. Via post-loan management, concentration analysis, midway credit and review tracking to view assets quality and changes of each case. Master and monitor risk in time. Periodic reports and feedbacks to understand credit portfolios and overall credit risks, ensure risk offsets for continued effectiveness.

c) When a risk occurs, according to the Bank's "Principles for Acceptance and Disposal of Collaterals," collateral of nonperforming loans secured through compulsory enforcement or participating distribution, if the minimum auction price or liquidation price of the collateral is too low and damage the Bank's credit right, the Bank will participate in the auction or declare to undertake, for example, the minimum auction price is too low to compensate the principal and interest of loans but the collateral must not be difficult to dispose in the future. For collaterals tendered or undertaken, the Bank should actively seek buyers, and if the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.

d) Other credit enhancements

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

5) The maximum credit risk exposure

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

	December 31, 2023	**December 31, 2022**
Unused portion of credit card lines	$ 172,423,754	$ 195,837,665
Guarantees and standby L/Cs	13,597,354	15,878,608
Irrevocable loan commitments	18,423,021	13,901,262

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

The Bank has documented procedures for the assessment and classification of nonperforming loans and for evaluating adequacy of collaterals.

The breakdown of maximum credit risk exposure of the Bank according to whether collaterals are held or other credit enhancements exist is as follows:

December 31, 2023

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

December 31, 2022

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
Balance sheet items				
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
Off-Balance sheet items				
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	875,238	-	13,026,024	13,901,262
	$ 288,107,611	$ 75,655,138	$ 320,992,422	$ 684,755,171

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
December 31, 2023			
Receivables			
Credit cards	$ 850,236	$ 220,969	$ -
Others	109,507	62,154	804
Discounts and loans	1,664,416	375,911	361,944
	$ 2,624,159	$ 659,034	$ 362,748
December 31, 2022			
Receivables			
Credit cards	$ 951,504	$ 323,673	$ -
Others	106,150	46,878	792
Discounts and loans	2,929,494	1,304,653	793,392
	$ 3,987,148	$ 1,675,204	$ 794,184

6) Concentrations of credit risk

The concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaging in similar business activities and having similar economic features. The similarity would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank's concentrations of credit risk by industry, geography and type of collaterals were as follows:

a) By industry

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

b) By geography

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

c) By type of collaterals

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

d. Liquidity risk management

1) Sources and definition of liquidity risk

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

2) Risk management policies on liquidity risk

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

a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;

b) Maintaining a portfolio of highly marketable assets, including cash and cash equivalents, due from the Central Bank and other banks and securities purchased under resale agreements etc., that can easily be liquidated as protection against any unforeseen interruption to cash flow; and

c) Monitoring the liquidity ratios against internal and regulatory requirements.

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

3) Maturity analysis of non-derivative financial liabilities

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

December 31, 2023	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	$ 1,470,443	$ 19,051	$ -	$ -	$ -	$ 1,489,494
Funds borrowed from the Central Bank and other banks	-	-	-	133,333	-	133,333
Securities sold under repurchase agreements	1,261,101	-	-	-	-	1,261,101
Payables	2,501,625	866,218	1,190,068	685,955	587,058	5,830,924
Deposits and remittances	90,241,672	117,814,214	108,993,915	178,577,216	165,120,744	660,747,761
Bank debentures	1,900	2,500,000	-	3,500,000	10,900,000	16,901,900
Principal received on structured products	45,095	78,398	132,161	191,063	33,693,018	34,139,735
Other financial liabilities	955,000	330,000	-	-	843,371	2,128,371
Lease liabilities	37,629	69,405	92,962	182,290	747,873	1,130,159
Total	$ 96,514,465	$ 121,677,286	$ 110,409,106	$ 183,269,857	$ 211,892,064	$ 723,762,778

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	$ 829,670	$ 645,778	$ -	$ -	$ -	$ 1,475,448
Securities sold under repurchase agreements	4,617,001	-	-	-	-	4,617,001
Payables	2,605,105	978,736	748,721	495,210	518,600	5,346,372
Deposits and remittances	98,051,343	131,693,307	93,691,950	147,987,215	136,000,066	607,423,881
Bank debentures	1,900	-	-	4,000,000	16,900,000	20,901,900
Principal received on structured products	41,853	102,407	57,065	24,566	31,586,449	31,812,340
Other financial liabilities	201,017	425,000	-	150,000	1,955,437	2,731,454
Lease liabilities	32,772	72,788	98,438	167,045	612,549	983,592
Total	$ 106,380,661	$ 133,918,016	$ 94,596,174	$ 152,824,036	$ 187,573,101	$ 675,291,988

Note: The amounts disclosed in the tables are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

The amount of demand deposits in "deposits and remittances" in the above maturity analysis are allocated based on historical experience. If all demand deposits were required to be paid off in recent period, the cash outflows on period of due in 30 days would have been $293,363,302 thousand and $275,489,489 thousand as of December 31, 2023 and 2022, respectively.

Maturity over one year analysis of lease liabilities was as follows:

	Due Between 1 Year and 2 Years	Due Between 2 Years and 3 Years	Due After 3 Years	Total
December 31, 2023	$ 332,055	$ 208,609	$ 207,209	$ 747,873
December 31, 2022	$ 217,986	$ 164,798	$ 229,765	$ 612,549

4) Maturity analysis of derivative financial liabilities

a) Maturity analysis of derivative financial liabilities that will be settled on a net basis is as follows:

December 31, 2023	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	$ 67	$ 1,305	$ 1,241	$ 2,024	$ -	$ 4,637
Interest rate derivatives	8,589	13,160	7,652	58,282	3,000,938	3,088,621
Total	$ 8,656	$ 14,465	$ 8,893	$ 60,306	$ 3,000,938	$ 3,093,258

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	$ 408	$ 8,600	$ 1,279	$ 3,197	$ -	$ 13,484
Interest rate derivatives	12,050	27,189	34,026	127,212	3,085,017	3,285,494
Total	$ 12,458	$ 35,789	$ 35,305	$ 130,409	$ 3,085,017	$ 3,298,978

Note: The amounts disclosed in the table are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

b) Maturity analysis of derivative financial liabilities that will be settled on a gross basis is as follows:

December 31, 2023	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	$ 123,113,100	$ 88,926,009	$ 24,050,629	$ 6,603,089	$ 599,060	$ 243,291,887
Cash inflow	121,089,753	87,072,176	23,650,752	6,656,536	614,700	239,083,917
Interest rate derivatives						
Cash outflow	1,844,100	614,700	-	-	-	2,458,800
Cash inflow	1,719,400	557,400	-	-	-	2,276,800
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	2,175	2,151	4,303	15,930	24,559
Subtotal of cash outflow	124,957,200	89,540,709	24,050,629	6,603,089	599,060	245,750,687
Subtotal of cash inflow	122,809,153	87,631,751	23,652,903	6,660,839	630,630	241,385,276
Net cash flow	$ (2,148,047)	$ (1,908,958)	$ (397,726)	$ 57,750	$ 31,570	$ (4,365,411)

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	$ 46,639,433	$ 126,052,829	$ 30,480,942	$ 9,280,565	$ 638,101	$ 213,091,870
Cash inflow	45,783,631	122,965,398	29,930,088	9,106,742	646,930	208,432,789
Interest rate derivatives						
Cash outflow	-	-	-	2,303,100	1,842,480	4,145,580
Cash inflow	-	-	-	2,218,010	1,662,100	3,880,110
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	13,103	13,053	26,106	157,645	209,907
Subtotal of cash outflow	46,639,433	126,052,829	30,480,942	11,583,665	2,480,581	217,237,450
Subtotal of cash inflow	45,783,631	122,978,501	29,943,141	11,350,858	2,466,675	212,522,806
Net cash flow	$ (855,802)	$ (3,074,328)	$ (537,801)	$ (232,807)	$ (13,906)	$ (4,714,644)

Note: The amounts disclosed in the table are the contractual cash flows, some of which may not reconcile to the corresponding items in the balance sheet.

5) Maturity analysis of off-balance sheet items

Maturity analysis of the off-balance sheet items that can be withdrawn or required to realize on the basis of their earliest possible contractual maturity is as follows:

December 31, 2023	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	$ 18,423,021	$ -	$ -	$ -	$ -	$ 18,423,021
Irrevocable credit card commitments	172,423,754	-	-	-	-	172,423,754
Issued but unused letters of credit	1,159,832	-	-	-	-	1,159,832
Other guarantees	11,150,441	1,033,400	-	-	253,681	12,437,522
Total	$ 203,157,048	$ 1,033,400	$ -	$ -	$ 253,681	$ 204,444,129

December 31, 2022	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	$ 13,901,262	$ -	$ -	$ -	$ -	$ 13,901,262
Irrevocable credit card commitments	195,837,665	-	-	-	-	195,837,665
Issued but unused letters of credit	525,244	-	-	-	-	525,244
Other guarantees	12,023,883	2,500,000	-	575,800	253,681	15,353,364
Total	$ 222,288,054	$ 2,500,000	$ -	$ 575,800	$ 253,681	$ 225,617,535

e. Market risk management

1) Definition and scope of market risk

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

2) Management policies of market risk

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

3) Market risk management process

a) Recognition and measurement

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

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

b) Monitoring and reporting

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

4) Management process of interest risk

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

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

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

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

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

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

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

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

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

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

5) Management of foreign exchange risk

a) Definition of foreign exchange risk

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

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

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

c) Concentration of foreign exchange risk

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

6) Management of equity securities market risk

   a) Definition and measurement bases of equity market risk

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

   b) Management processes of equity market risk

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

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

7) Management of commodity risk

   a) Definition of commodity risk

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

   b) Commodity risk management policies, process and valuation methods

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

8) Stress testing

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

9) Sensitivity analysis

   a) Interest rate sensitivity

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

Assuming all other variables remain constant, where the interest rate increases/decreases by 1 bps, there would be an decrease/increase of $1,150 thousand in income before income tax for the year ended December 31, 2023. There would be a increases/decreases of $2,785 thousand in income before income tax for the year ended December 31, 2022. There would be a decrease/increase of $28 thousand and $26 thousand in other comprehensive income for the years ended December 31, 2023 and 2022, respectively.

b) Foreign exchange sensitivity

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

Where the foreign exchange increases/decreases by 1%, assuming all other risk factors remain constant, there would be an increase/decrease of $1,172 thousand in income before income tax for the year ended December 31, 2023. There would be a decreases/increases of $50,651 thousand in income before income tax for the year ended December 31, 2022.

c) Equity securities market risk

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

Where the securities prices increases/decreases by 1%, assuming all other risk factors remain constant, there would be an increase/decrease of $4,401 thousand and $1,113 thousand in income before income tax for the years ended December 31, 2023 and 2022, respectively.

d) Commodity sensitivity

Commodity sensitivity measured at the balance sheet date is the impact on the values of commodity positions in trading book for a 1% change in market prices. The Bank has none net position of the commodity as of December 31, 2023 and 2022; changes in commodity prices have no impact on income before income tax for the years ended December 31, 2023 and 2022.

f. Transfer of financial assets

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

	December 31, 2023	
Items	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**
FVTOCI - transactions under repurchase agreements	$ 84,988	$ 81,347
Amortized cost - transactions under repurchase agreements	1,225,372	1,174,419

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

g. Offset of financial assets and financial liabilities

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

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

December 31, 2023

Financial Asset	Gross Amount of Recognized Financial Assets	Gross Amount of Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Assets Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets: Financial Instruments	Amount Not Offset in the Balance Sheets: Cash Collateral Received	Net Amount
Derivatives	$ 7,685,804	$ -	$ 7,685,804	$ 1,694,023	$ 235,661	$ 5,756,120
Bills and notes purchased under resale agreements	2,241,295	-	2,241,295	2,241,295	-	-
	$ 9,927,099	$ -	$ 9,927,099	$ 3,935,318	$ 235,661	$ 5,756,120

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

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: Financial Instruments	Amount Not Offset in the Balance Sheets: Cash Collateral Received	Net Amount
Derivatives	$ 9,490,043	$ -	$ 9,490,043	$ 2,348,300	$ 786,501	$ 6,355,242
Bills and notes purchased under resale agreements	1,146,811	-	1,146,811	1,146,811	-	-
	$ 10,636,854	$ -	$ 10,636,854	$ 3,495,111	$ 786,501	$ 6,355,242

Financial Liability	Gross Amount of Recognized Financial Liabilities	Gross Amount of Financial Assets in the Balance Sheets	Net Amount of Financial Liabilities Presented in the Balance Sheet	Amount Not Offset in the Balance Sheets: Financial Instruments	Amount Not Offset in the Balance Sheets: Cash Collateral Pledged	Net Amount
Derivatives	$ 8,689,238	$ -	$ 8,689,238	$ 2,348,300	$ 1,518,626	$ 4,822,312
Bills and notes sold under repurchase agreements	4,598,749	-	4,598,749	4,598,749	-	-
	$ 13,287,987	$ -	$ 13,287,987	$ 6,947,049	$ 1,518,626	$ 4,822,312

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			December 31, 2023: Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured		$ 101,119	$ 70,288,254	0.14%	$ 954,182	943.62%
	Unsecured		79,935	156,579,157	0.05%	1,745,580	2,183.75%
Consumer Banking	Residential mortgage (Note d)		38,251	136,368,876	0.03%	2,051,244	5,362.59%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		239,839	23,708,204	1.01%	415,760	173.35%
	Others (Note f)	Secured	51,980	79,801,604	0.07%	850,715	1,636.62%
		Unsecured	402	7,077,907	0.01%	78,360	19,492.54%
Total			511,526	473,824,002	0.11%	6,095,841	1,191.70%
Business \ Item			**Nonperforming Receivables**	**Accounts Receivable**	**Ratio of Nonperforming Receivables**	**Allowance for Possible Losses**	**Coverage Ratio**
Credit card			38,221	12,055,146	0.32%	306,011	800.64%
Accounts receivable factored without recourse (Note g)			-	1,275,892	-	15,808	-

Business \ Item			December 31, 2022				
			Nonperforming Loans (Note a)	**Loans**	**Ratio of Nonperforming Loans (Note b)**	**Allowance for Possible Losses**	**Coverage Ratio (Note c)**
Corporate Banking	Secured		$ 433,595	$ 71,568,150	0.61%	$ 1,046,622	241.38%
	Unsecured		817,597	131,195,905	0.62%	1,787,157	218.59%
Consumer Banking	Residential mortgage (Note d)		23,242	136,694,783	0.02%	2,053,107	8,833.61%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		264,420	23,650,324	1.12%	429,629	162.48%
	Others (Note f)	Secured	40,486	74,247,012	0.05%	793,419	1,959.74%
		Unsecured	-	6,726,150	-	75,297	-
Total			1,579,340	444,082,324	0.36%	6,185,231	391.63%
Business \ Item			**Nonperforming Receivables**	**Accounts Receivable**	**Ratio of Nonperforming Receivables**	**Allowance for Possible Losses**	**Coverage Ratio**
Credit card			34,011	12,786,004	0.27%	344,514	1,012.95%
Accounts receivable factored without recourse (Note g)			-	2,061,981	-	23,923	-

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

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

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

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

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

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

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

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

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

Nonperforming loans and nonperforming receivables excluded from the information stated above

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

Note a: Supplementary disclosure related to the loans which need not be classified as NPL upon debt restructuring and performed as agreed, as stipulated in the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note b: About the Bank disclosures information and enumerates credit for case of pre-negotiation, pre-mediation, debt settlement proceedings and liquidation under Statute for Consumer Debt Clearance, as stipulated in the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and dates September 20, 2016 (Ref. No. 10500134790).

2) Concentration of credit extensions

Ranking (Note a)	December 31, 2023		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6491 - financial leasing industry	$ 7,952,268	14
2	B Group - 6700 - real estate development activities	7,671,837	13
3	C Group - 4652 - wholesale of motorcycles	7,082,462	12
4	D Group - 2630 - manufacture of bare printed circuit boards	4,535,603	8
5	E Group - 2413 - rolling and extruding of iron and steel	4,318,341	7
6	F Group - 6491 - financial leasing industry	4,288,000	7
7	G Group - 6499 - other financial service activities not elsewhere classified	3,444,288	6
8	H Group - 6700 - real estate development activities	3,387,842	6
9	I Group - 6700 - real estate development activities	3,273,000	6
10	J Group - 2711 - manufacture of computers	3,139,334	5

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

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

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

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

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

Interest Rate Sensitivity Analysis
December 31, 2023

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

Interest Rate Sensitivity Analysis
December 31, 2022

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

Note a: The New Taiwan dollar amounts held by the Bank.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note c: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

Table 2: For U.S. dollar items

Interest Rate Sensitivity Analysis
December 31, 2023

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 2,164,880	$ 169,005	$ 167,972	$ 270,752	$ 2,772,609
Interest rate-sensitive liabilities	3,724,888	291,977	200,937	-	4,217,802
Interest rate sensitivity gap	(1,560,008)	(122,972)	(32,965)	270,752	(1,445,193)
Net worth					1,915,562
Ratio of interest rate-sensitive assets to liabilities					65.74%
Ratio of interest rate-sensitivity gap to net worth					(75.44%)

Interest Rate Sensitivity Analysis
December 31, 2022

(In Thousands of U.S. Dollars)

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

Note a: The total U.S. dollar amounts held by the Bank, excluding contingent assets and liabilities.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note c: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

4) Profitability

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

Note a: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note b: Return on equity = Income before (after) income tax ÷ Average equity.

Note c: Net income ratio = Income after income tax ÷ Total net profit.

5) Maturity analysis of assets and liabilities

a) For New Taiwan dollar items

December 31, 2023

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 815,024,737	$ 130,802,824	$ 104,616,975	$ 123,624,151	$ 57,973,677	$ 74,340,828	$ 323,666,282
Main capital outflow on maturity	1,018,474,503	86,451,475	101,299,595	191,142,741	183,984,711	219,723,406	235,872,575
Gap	(203,449,766)	44,351,349	3,317,380	(67,518,590)	(126,011,034)	(145,382,578)	87,793,707

December 31, 2022

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 785,187,531	$ 129,192,513	$ 73,802,104	$ 158,750,398	$ 60,534,489	$ 65,286,440	$ 297,621,587
Main capital outflow on maturity	978,102,268	78,193,282	74,583,206	229,572,010	158,981,594	201,206,792	235,565,384
Gap	(192,914,737)	50,999,231	(781,102)	(70,821,612)	(98,447,105)	(135,920,352)	62,056,203

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

b) For U.S. dollar items

December 31, 2023

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 10,637,060	$ 5,069,808	$ 2,202,044	$ 829,755	$ 700,032	$ 1,835,421
Main capital outflow on maturity	11,988,056	4,278,600	3,243,134	1,710,469	1,608,312	1,147,541
Gap	(1,350,996)	791,208	(1,041,090)	(880,714)	(908,280)	687,880

December 31, 2022

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 10,486,972	$ 3,054,723	$ 3,641,703	$ 956,589	$ 851,685	$ 1,982,272
Main capital outflow on maturity	11,446,749	3,403,124	4,624,776	1,592,923	1,366,495	459,431
Gap	(959,777)	(348,401)	(983,073)	(636,334)	(514,810)	1,522,841

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

45. CAPITAL MANAGEMENT

a. Objective of capital management

1) The basic goal of the Bank's capital management is that unconsolidated regulatory capital and the consolidated regulatory capital should meet the requirements of the related regulations. The ratio of regulatory capital and risk assets (the "capital adequacy ratio") should meet the statutory threshold according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

2) In order to maintain an adequate level of capital to bear various risks, the Bank makes capital planning based on the operating plans and budget, the development strategies and dividend policy. The objective is to optimize assets allocation and strengthen capital structure.

b. Procedure of capital management

1) The calculation of the Bank's capital adequacy ratio is based on the "The Methods for Calculating the Bank's regulatory Capital and Risk-weighted Assets" enacted by the Financial Supervisory Commission and the related information is reported to the competent authority on a regular basis.

2) In order to monitor capital adequacy ratio, the execution and changes in the parameters of the capital planning are reported to the Bank's Risk Management Committee on a quarterly basis. The Bank are performed stress testing periodically and evaluated capital adequacy to assesses whether the Bank's capital is able to respond to various risks and whether the objective of capital management is met.

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

Unconsolidated

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

Consolidated

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

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

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

Note c: Formulas used were as follows:

1) Regulatory capital = Common equity + Additional Tier I capital + Tier II capital.

2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) × 12.5.

3) Capital adequacy ratio = Regulatory capital/Total risk-weighted assets.

4) Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets.

5) Ratio of Tier I capital to risk-weighted assets = (Common equity + Additional Tier I capital)/Total risk-weighted assets.

6) Leverage ratio = Net Tier I capital/Exposure measurement.

46. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Liabilities Items	Beginning Balance	Cash Inflows (Outflows)	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	$ 77,240	$ (77,240)	$ -	$ -	$ -
Securities sold under repurchase agreement	4,959	4,690,600	(96,810)	-	4,598,749
Bank debentures	23,901,900	(3,000,000)	-	-	20,901,900
Other financial liabilities	979,213	1,749,323	-	2,535	2,731,071
Lease liabilities	1,026,881	(412,561)	5,646	345,851	965,817
	$ 25,990,193	$ 2,950,122	$ (91,164)	$ 348,386	$ 29,197,537

47. SEGMENT INFORMATION

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

a. Individual banking: Mainly includes consumer banking loans such as mortgages, credit loans, car loans, installment, etc.; credit cards; individual deposits; and wealth management;

b. Corporate banking: Mainly includes corporate-related business and foreign-currency business;

c. Financial market: Mainly includes investing financial instruments and operating financial market business;

d. Others: Any business not included in above.

Segment Income and Operating Results

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

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

	Individual Banking	Corporate Banking (Including Overseas Branches)	Financial Market	Others	Total
For the year ended December 31, 2023					
Net interests	$ 3,902,429	$ 3,962,112	$ (470,424)	$ (889,079)	$ 6,505,038
Net revenues and gains other than interest					
Net service fee income	1,825,617	682,545	(36,964)	168,049	2,639,247
Other net income	293,724	214,424	2,476,555	664,687	3,649,390
Net revenues	6,021,770	4,859,081	1,969,167	(56,343)	12,793,675
Provision for bad debt expenses	(132,809)	(400,952)	(5,475)	(1,002)	(540,238)
Operating expenses	(5,158,811)	(1,443,629)	(528,631)	(415,294)	(7,546,365)
Segment income before income tax	$ 730,150	$ 3,014,500	$ 1,435,061	$ (472,639)	$ 4,707,072
For the year ended December 31, 2022					
Net interests	$ 4,029,577	$ 3,380,746	$ 382,206	$ (748,976)	$ 7,043,553
Net revenues and gains other than interest					
Net service fee income	1,654,892	795,840	(33,055)	104,283	2,521,960
Other net income	285,610	131,031	1,503,277	253,500	2,173,418
Net revenues	5,970,079	4,307,617	1,852,428	(391,193)	11,738,931
Provision for bad debt expenses	(94,845)	(352,871)	(3,243)	(93,143)	(544,102)
Operating expenses	(4,703,781)	(1,307,104)	(486,936)	(505,892)	(7,003,713)
Segment income before income tax	$ 1,171,453	$ 2,647,642	$ 1,362,249	$ (990,228)	$ 4,191,116

48. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

   1) Marketable securities acquired and disposed of at cost or prices at least NT$300 million or 10% of the paid-in capital: Table 1 (attached)

   2) Acquisition of individual real estate at cost of at least NT$300 million or 10% of the paid-in capital: Table 2 (attached)

   3) Disposal of individual real estate at prices of at least NT$300 million or 10% of the paid-in capital: Nil

   4) Service charge discounts on transactions with related parties in aggregated amount of at least NT$5 million: Nil

   5) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: Nil

   6) Sale of nonperforming loans: Nil

   7) The type and related information of any securitization product that has been approved in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act: Nil

   8) Intercompany relationships and significant intercompany transactions: Table 3 (attached)

   9) Other significant transactions which may have effects on decision making of financial statement users: Nil

b. Information of subsidiaries' financing provided, endorsement/guarantee provided, marketable securities held, marketable securities acquired and disposed of at cost or prices at least NT$300 million or 10% of the paid-in capital and derivative transactions: Table 4 (attached)

c. Related information of investees on which the Bank exercises significant influence: Table 5 (attached)

d. Information about branches and investments in mainland China: Table 6 (attached)

e. Information about major shareholders: Name, number of shares, and percentage of ownership of shareholders holding more than 5% of the shares: Nil

TABLE 1

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

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

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

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

TABLE 2

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	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

TABLE 3

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Flow of Transaction	Transaction Details			
				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	$ 276,112	Note 3	0.03
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Interest expense	2,352	Note 3	0.02
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Service charge	1,606	Note 3	0.01
		Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Loss on disposal of financial assets at FVTPL	994	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	276,112	Note 3	0.03
		Far Eastern International Bank Ltd.	From subsidiary to parent company	Interest revenue	2,352	Note 3	0.02
		Far Eastern International Bank Ltd.	From subsidiary to parent company	Service fee income	2,600	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 YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	FEIB Financial Leasing Co., Ltd.	A company	Other receivables	No	$ 16,012	$ 15,591	$ 15,591	6%-10%	1	$ 17,266	-	$ 312	Real estate	$ 32,674	$ 317,281	$ 1,057,602

Note 1: No. column is coded as follows:

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

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

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

Note 3: The limits on financing are as follows:

a. Financing limit for each borrower

1) In the case of lending funds to companies or firms who have a business relationship with the lender, the total lending amount to an individual borrower shall not exceed 30% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

2) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 30% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

b. Aggregate financing limit

1) In the case of lending funds to companies or firms who have a business relationship with the lender, the total accumulation lending amount to an individual borrower shall not exceed two times of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

2) In the case of lending funds to the companies or firms in need of short-term financing, the total accumulation lending amount to an individual borrower shall not exceed 40% of the net value of the lender as shown in the latest financial report audited or reviewed by a CPA.

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	The Proportionate Share of the Bank, Its Subsidiaries and Their Affiliates in Investees (Note 1)				Note
						Present Shares (In Thousands)	Pro Forma Shares (Note 2)	Total		
								Shares (In Thousands)	Percentage of Ownership (%)	
Held by the Bank										
Financial business										
Deutsche Far Eastern Asset Management Co., Ltd.	7F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Securities investment trust funds	40.00	$ 158,980	$ 18,326	12,000	-	12,000	40.00	
Dah Chung Bills Finance Corp.	4F, 4F-1, 4F-2, 4F-3, Np. 88 Dun Hwa North Road, Taipei, Taiwan	Underwriting, dealing and brokering of short-term bills	29.58	2,576,171	79,726	136,681	-	136,681	29.58	
Far Eastern Asset Management Co., Ltd.	Room B, 17F, No. 207, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Purchase, evaluation, auction and management of creditor's rights to financial institutions	100.00	1,705,561	57,444	168,400	-	168,400	100.00	
Far Eastern International Securities Co., Ltd.	51F, No. 7, Xinyi Road, Sec. 5, Taipei, Taiwan	Foreign securities broker, wealth management and offshore fund consulting	100.00	402,276	(15,678)	26,000	-	26,000	100.00	
Taipei Foreign Exchange Agency Co., Ltd.	8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan	Foreign exchange, cross-currency swaps, etc.	0.40	4,177	-	80	-	80	0.40	
Sunshine Asset Management Co., Ltd.	15F., No. 218, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Management of creditor's rights and rendering of commercial detective services	3.46	2,867	-	207	-	207	3.46	
Financial Information Service Co., Ltd.	No. 81, Kangning Road, Sec. 3, Taipei, Taiwan	Data processing service and electronic information supply	1.14	253,007	-	5,938	-	5,938	1.14	
Yuan Hsin Digital Payment Co., Ltd.	Room A, 5F., No. 1, Yuandong Road, Banqiao Dist., New Taipei City, Taiwan	Issuing electronic tickets and signing contracted institutions	-	-	-	-	-	-	-	Note 3
Nonfinancial business										
An Feng Enterprise Co., Ltd.	3F., No. 139, Jhengjhou Road, Taipei, Taiwan	ATM maintenance, replacement and repair	10.00	5,190	-	300	-	300	10.00	
Held by Far Eastern Asset Management Co., Ltd.										
Financial business										
FEIB Financial Leasing Co., Ltd.	8F., Far Eastern Plaza, No. 28, Bailianjing Road, Pudong New District, Shanghai, China	Leasing operation	100.00	1,057,602	28,275	N/A	-	N/A	100.00	

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

Note 2: Routes of investment are listed below:

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Business and Product	Total Paid-in Capital (Note 4)	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2023	Investment Flow (Note 4)		Accumulated Outflow of Investment as of December 31, 2023 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 5)	Carrying Value as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
FEIB Financial Leasing Co., Ltd.	Leasing operation	$ 920,470 (US$ 30,000 thousand)	a	$ 920,470 (US$ 30,000 thousand)	$ -	$ -	$ 920,470 (US$ 30,000 thousand)	$ 28,275 (CNY 6,392 thousand)	100.00	$ 28,275 (CNY 6,392 thousand)	$ 1,057,602	$ -	

Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Limit on Investment Authorized by Investment Commission MOEA (Note 3)
$920,470 (US$30,000 thousand)	$920,470 (US$30,000 thousand)	$1,023,337

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

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 audited by a local CPA and covering the same reporting period as that of Far Eastern International Bank.

Note 3: Under the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" announced by Investment Commission, MOEA, upper limit is calculated by applicant company - Far Eastern Asset Management Co., Ltd.

Note 4: Calculated using the exchange rate at remittance date.

Note 5: Calculated using the average exchange rate for the year ended 2023.