

EXIMBANK

The Export-Import Bank of the Republic of China

Annual Report 2022



| Vision |

Strengthen Trade Finance and Assist External Trade

Supporting government economic and trade policies by providing financial services to assist manufacturers in developing foreign trade.

Participating in international financial activities so as to enhance international economic cooperation.

Participating in major domestic economic construction programs in order to facilitate industrial development and increase employment.

<https://www.eximbank.com.tw>



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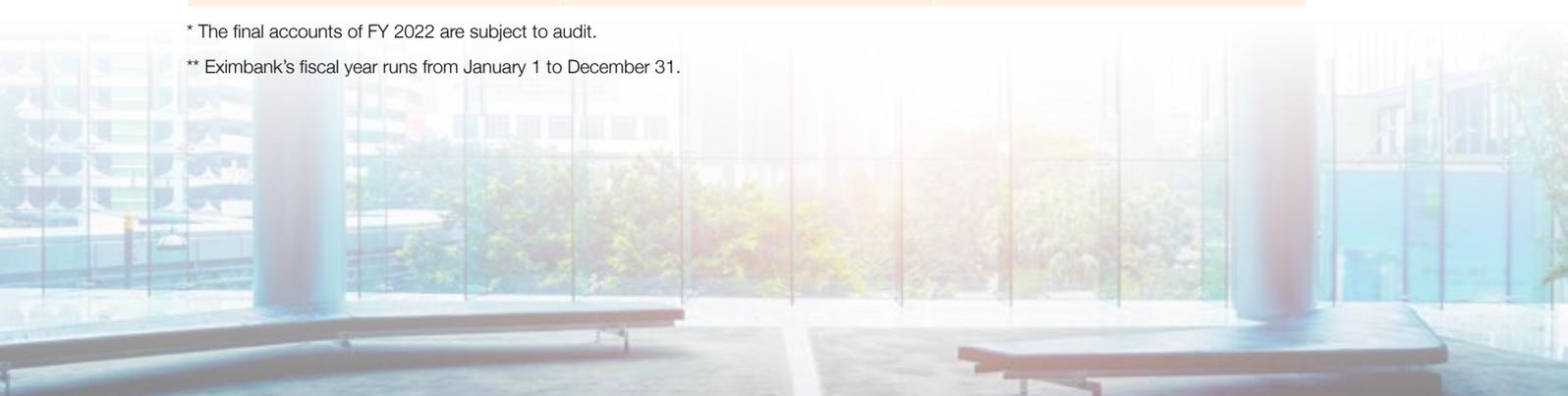
I Summary of Operating Performance

NT\$ Million

Year	FY 2022	FY 2021
Total Operating Revenues	3,595	2,095
Total Operating Expenses	2,738	1,302
Net Income Before Tax	857	793
Profits per Employee Before Tax	3.51	3.38
Loans Outstanding (Average)	157,287	141,628
Guarantees Undertaken	32,383	28,069
Insured Amount of Export Credit Insurance	210,173	175,051
	(December 31, 2022)	(December 31, 2021)
Total Assets	179,029	151,254
Total Equity	36,553	34,940
Capital Adequacy Ratio (%)	26.69	29.58

* The final accounts of FY 2022 are subject to audit.

** Eximbank's fiscal year runs from January 1 to December 31.





II Business Report

1. Mission

The Export-Import Bank of the Republic of China (Eximbank) is a specialized financial institution established in accordance with The Export-Import Bank of the Republic of China Act. Eximbank's vision is to "strengthen trade finance and assist foreign trade". In line with the government policies on economic, trade and finance, the primary task of Eximbank is to assist enterprises expanding foreign trade in order to enhance employment and maintain domestic economic growth. Eximbank offers various financing and guarantee facilities to enhance the export competitiveness of the enterprises and further promote industrial upgrading. It also provides various export credit insurance facilities to help enterprises against credit or political risks while engaging in export trade or overseas investment.

In 2022, global economic and financial turmoil continued amidst the ongoing pandemic; in addition, global inflation, and rising interest rates caused far-reaching crises worldwide, thus Taiwanese businesses seeking to expand overseas are facing enormous risks. At the same time, this has highlighted the importance of the state-owned Eximbank. After completing the six-year NT\$20 billion capital increase plan in 2021,

the funds injection to Eximbank's customers will be effectively expanded, and the funding cost of exporters will be reduced. In 2022, Eximbank's financing, guarantee, and export credit insurance operations have all experienced double-digit growth, demonstrating Eximbank's effectiveness in supporting overseas development for manufacturers amidst global market turbulence.

In the future, Eximbank will continue to cooperate with government policies to assist companies in expanding their overseas markets while creating a sound sustainable development ecosystem, thus guiding enterprises to attach great importance to environmental, social, and corporate governance issues. By doing so, Eximbank aims to promote a virtuous circle of investment and industrial pursuit of sustainable development. Moreover, Eximbank actively assists and guides manufacturers in their green transition based on the concepts of environmental sustainability, making domestic manufacturers more competitive on the international stage.

2. Key Operations Strategies and Achievements

Eximbank's average loans outstanding in 2022 totaled NT\$157,287 million, an increase of 11.06% from 2021, and guarantees totaled NT\$32,382 million, an increase of 15.37% from 2021. The insured amount of export credit insurance by Eximbank was NT\$210,173 million, a year-on-year growth rate of 20.06% from 2021. A summary of key operating strategies and achievements for 2022 is as follows:

(1) Consolidating Government Resources to Implement New Southbound Policy through Various Financial Services to Assist Domestic Enterprises in Global Layout

Eximbank has cooperated with the government to promote the New Southbound Policy, and incorporated the government's supportive policies, including the National Development Fund of the Executive Yuan (hereinafter referred to as National Development Fund), the Small- and Medium-Sized Enterprise Development Fund of the Ministry of Economic Affairs, the trade promotion fund of the Bureau of Foreign Trade, to provide corporates high-quality financial and hedging services, such as various loans and guarantee business plans, to provide preferential measures on insurance premiums, buyer credit checking fees to enhance financial support, fully assist enterprises in expanding their sales in the ASEAN countries, South Asia, New Zealand, and Australia markets. In 2022, for Eximbank's services under the new southbound policy, the loans approved amounted to NT\$33.778 billion (including the relending business), the amount of guarantee approved amounted to NT\$3.773 billion, and the amount of export credit insurance provided reached NT\$33.322 billion. The three services amounted to NT\$70.873 billion. In addition, in accordance with the key performance indicators set by the Executive Yuan's New Southbound Policy

Work Plan, the achievement rate of the loan business was 107.82%, the guarantee business 103.83%, and 119.53% for export credit insurance. Therefore, Eximbank has actively achieved the policy targets.

(2) Actively Promoting Bailout Programs to Help Companies Cope with the Impact of the Pandemic

In order to help companies affected by the pandemic get over the difficulties, Eximbank proactively provided information on bailout programs launched by various ministries and committees to assist them in applying for applicable programs. In addition, in order to continue to assist Taiwanese enterprises in obtaining orders and in meeting the capital needs for purchase of raw materials and machinery and equipment after receiving orders, Eximbank and the Ministry of Economic Affairs jointly launched the "Got Your Back" program in 2020, and continued to implement it in 2021, which provided enterprises with preferential loans and interest rate cuts to relieve their pressure for loan repayment, while providing preferential measures on credit checking fees and insurance premiums for export credit insurance. Eximbank also assisted exporters in controlling the risk of unrecoverable accounts receivable and collecting debts. Considering the ongoing severity of the pandemic, Eximbank extended an exclusive relief program "Got Your Back" during 2022, with the implementation period extended until the end of June 2023.

With Eximbank's active efforts, as of the end of 2022, the loan amount approved under the "Got Your Back" relief program to assist enterprises reached NT\$71.749 billion, and the number of export loan cases approved reached 556. The insured amount of export credit insurance reached NT\$54.799 billion, and the number of insurance cases processed was 3,770. This program was fully implemented by the end of May 2022. In the evaluation program of "Rewards for Domestic Banks to Accelerate the Process of Bailout Loan Programs"

organized by the Financial Supervisory Commission, Eximbank was awarded the first prize of "Bailout Credit Balance to Total Credit Balance Ratio in the Public Sector" in the first and second term by the Premier of the Executive Yuan.

(3) In Response to the Impact of the US-China Trade Conflict, Launching Projects to Assist Overseas Taiwanese Companies in Returning to Taiwan for Investment and Conducting Industrial Transformation

In response to the impact of the US-China trade conflict and to call on overseas Taiwanese businesses to return to Taiwan to invest in real production activities or investments, Eximbank launched the "Preferential Loan, Guarantee, and Export Credit Insurance Project for Overseas Taiwanese Businesses to Return to Taiwan" to provide various loan, guarantee, and export credit insurance services for Taiwanese enterprises to help them reduce financing costs, expand domestic and overseas markets, and boost our country's economic development.

This project was aimed at Taiwanese companies who had invested in subsidiaries overseas for at least two years. When their overseas subsidiaries returned to Taiwan for investment or when the parent companies planned to expand investment in Taiwan, in order to satisfy their needs for funds for investment or purchase of machinery and equipment, Eximbank provided relevant financial support and financial services required for subsequent operations. With regard to export credit insurance, insurance premium, and buyer credit checking fees are calculated at preferential term to reduce the burden on companies substantive and to assist them with the management and control of the risks arising from accounts receivable.



Chair of the Board
of Directors

Pei-Jean Liu

(4) Eximbank Follows the Government's "Forward-Looking Infrastructure Program" and Provides Related Financial Services to Companies with Domestic Major Public Construction and Infrastructure Projects

In line with "Forward-Looking Infrastructure Program", Eximbank has actively assisted domestic enterprises involved with public construction projects with financing and guarantee services. In 2022, Eximbank undertook new domestic major public construction projects, including MRT system signal engineering, water environment construction projects, urban and rural construction projects, rail engineering projects, and MRT civil engineering projects. In addition, Eximbank also actively elevated the loan and guarantee credits to construction clients with the aim of increasing the capacity of undertaking major domestic public projects for those enterprises.

(5) Cooperating with the Government in the Implementation of the "Promotion Program of Six Core Strategic Industries" Policies to Assist in the Development of Industries

- a. Starting in April 2022, the initial "Encourage and Reward Program for Strengthening Domestic Banks' Loan Promotion for the Innovative Key Industries" was replaced by the "Six Core Strategic Industries Program" in cooperation with the government's policies. The purpose of the loan described in the aforementioned program is to assist industries in obtaining tangible and intangible assets, working capital, funds for the development or manufacture of new products or new technologies, and plans for research and development as well as talent training. However, as a specialized financial institution, most of the lending businesses of Eximbank are export-oriented and cannot include the loan purposes mentioned in the program. Nevertheless, Eximbank

has worked to expand its relevant businesses and is committed to fulfilling the tasks assigned by the government to assist the development of industries in Taiwan.

- b. As of the end of December 2022, Eximbank's credit balance for the Six Core Strategic Industries was NT\$4.748 billion.

(6) Implementing Government Policy to Boost Export Project, Strengthen the Promotion of Export Financing, Relending Facility and Export Credit Insurance As Well As Other Related Attractive Measures to Help Exporters Dominate Business Opportunities

- a. In order to help companies strengthen their export momentum, Eximbank and the Bureau of Foreign Trade, Ministry of Economic Affairs ("Bureau of Foreign Trade") jointly launched various policy-based export loan services, relending facilities, and export credit insurance, and provided related measures in the hope of assisting Taiwanese exporters in opening up the international market with complete financial support.
 - i. To assist enterprises further, Eximbank has applied for NT\$6 billion in funding from the Ministry of Economic Affairs under the "Strengthening Trade Finance Loan Program" to support various Eximbank export credit services. The implementation period of the Program is 10 years from January 1, 2016 to December 31, 2025. In 2022, 76 loans were approved, 68 enterprises serviced and total amount of loan approved was NT\$6.536 billion, the export value estimated to grow by NT\$19.607 billion.
 - ii. Since 2009, Eximbank has cooperated with BOFT for the promotion of the "New Cheng Ho Plan-San Pao Project" and assisted exportation and expanded overseas markets.

Thereafter, BOFT has been continuously supporting Eximbank by providing NT\$1 billion in funding for "Promotion of Exportation by Relending Facility" to expand cooperation with global relending banks on attractive terms and encourage foreign importers to purchase Taiwanese commodities.

- iii. In 2021, Eximbank continued to implement the "Strengthened Export Credit Insurance Preparation Program" launched by the Bureau of Foreign Trade. The Trade Promotion Fund approved to provide manufacturers with preferential measures on export credit insurance premium and credit checking fees, to effectively assist businesses with export and expansion of foreign trade. In 2022, the total insured amount under this program was NT\$74.075 billion, an increase of 7.47% compared with 2021. It not only alleviated the burden on exporters but also transferred the risk of accounts receivable arising from international trade to Eximbank so as to help businesses to expand their trade.

- b. In order to effectively assist manufacturers to expand into emerging markets, Eximbank continued to actively implement the Executive Yuan's "Promotion of Exporting Insurance Programs to Global Export Projects" with a total of 4,907 insured cases and insured amount of NT\$20.346 billion in 2022.

(7) Vigorously Engage In The Turnkey and Machinery Equipment Export Financing, and Cooperate with the National Development Fund to Provide Medium and Long-term Financing to Help Manufacturers Dominate Overseas Business

- a. In order to achieve industrial integration of traditional and high-tech industries and industrial upgrading, assist manufacturers to enhance international competitiveness and invest overseas, explore international resources and establish international production and marketing channels, the National Development Fund provides funds for Eximbank to finance domestic manufacturers.



- b. Eximbank has been cooperating with the National Development Fund since May 10, 2006 to launch loan projects successively such as "Export Credit for Machinery and Equipment ", "Export Credit for Green Energy and Industrial Equipment " and "Overseas Investment Project Loans". Eximbank is currently the manager bank of the aforementioned three loan projects, and other domestic banks are invited to participate in the financing program. Eximbank deals with the matters such as signing contracts with the lending banks, appropriation and repayment, applying to the National Development Fund for allocation of funds, etc. Up to the end of December 2022, Eximbank has handled 1,525 cases, and the approved loan amount is approximately NT\$160.67 billion.
- c. In order to promote the long and medium-term export of the turnkey project in Taiwan, Eximbank has set up a special task force for solving problems arising from the export financing demands of manufacturers. Eximbank customize and design loan terms and conditions under the current regulations to meet the requirements of the manufacturers and assist them exploring overseas markets.

(8) Cooperating with the Small and Medium Enterprise Development Fund of the Ministry of Economic Affairs and Small and Medium Enterprise Credit Guarantee Fund of Taiwan for Small and Medium Enterprise (SME) Financing Programs, and Implement Government Policy to Strengthen Financial Services to SME

- a. Eximbank used the funds of the Small- and Medium-Sized Enterprise Development Fund of the Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the guarantee services of the Small and Medium Enterprise Credit

Guarantee Fund of Taiwan to actively finance small- and medium-sized enterprises (SMEs) in order to help them obtain orders and expand the export market. At the end of 2022, the average balance of loans provided to SMEs reached NT\$9.277 billion, and the number of loans in this regard accounted for 26.75% of the total.

- b. Around 85% of the current insured customers of Eximbank's export credit insurance business were SMEs. In 2022, the insured amount of export credit insurance for SMEs reached NT\$64.655 billion, an increase of 11.67% compared to 2021. In addition, in order to strengthen services for SMEs, Eximbank has set up a contact for SME export credit insurance service and worked with more than 20 international credit checking agencies for a long-term cooperation to conduct buyer credit checking, and professional underwriters will analyze the content of credit reports to help companies avoid the possibility of credit risk in the international trade.

(9) Assisting Companies in Strengthening the Development of Service Trade and the Export of Service Industries

Eximbank has actively provided service trade loans and guarantee to strengthen enterprises' advantages and competitiveness in expanding service trade, thereby expanding the scale of the industry and the global market. From the launch to the end of 2022, Eximbank had approved a total of NT\$17.901 billion in service trade loans and a total of NT\$4.148 billion in the guarantee.

(10) Diversified Assistance to Enterprises for Developing Emerging Markets with Remarkable Results

- a. Eximbank has continued to provide comprehensive export loans, guarantee and export credit

insurance mechanisms for the target countries of the New Southbound Policy to strengthen enterprises' competitiveness. The total amount of credit granted in 2022 (excluding relending) was NT\$37.551 billion, an increase of 2.76% from the previous (2021) year; the insured amount of export credit insurance was NT\$33.322 billion, an increase of 7.95% from the previous (2021) year.

- b. Eximbank has actively implemented various work frameworks set by the Ministry of Economic Affairs, and assisted Taiwanese enterprises in exploring business opportunities in emerging markets through various policy-based export credit, relending facilities, and export credit insurance. In 2022, the credit amount approved in cooperation with the economic and trade policies and for exports to emerging markets was NT\$30.575 billion, accounting for 59.96% of Eximbank's total approved export credit amount. The insured amount in cooperation with economic and trade policies and for emerging markets was NT\$106.719 billion, accounting for 50.78% of Eximbank's insured amount of export credit insurance. The business expansion to Southeast Asia, Central and South America, Eastern Europe, Africa, and other emerging market regions, including Indonesia, Malaysia, Singapore, Thailand, the Philippines, Vietnam, India, and other countries, and Eximbank's services have been very effective in assisting enterprises in obtaining orders to expand business in emerging markets and diversifying risks.

(11) Eximbank Continues to Support and Provide Various Guarantee Services to Assist Domestic Enterprises Striving for Domestic and Overseas Business Opportunities

Eximbank follows government policies to launch various kinds of import and export guarantee services.



President / **Teng-Shan Tai**

In 2002, Domestic Major Public Construction and Infrastructure Projects Guarantee have been launched to provide enterprises with construction guarantee services in need to undertake construction projects. Nowadays, Domestic Major Public Construction and Infrastructure Projects Guarantee has become one of the most important guarantee services for Eximbank. In addition, in order to assist enterprises to expand overseas markets, Eximbank has not only continued to provide various import and export guarantees and Domestic Major Public Construction and Infrastructure Projects Guarantee, but also actively promoted overseas (especially the countries targeted by the New Southbound Policy) construction guarantee businesses with the aim of increasing the competitiveness of those enterprises intending to undertake overseas construction projects. In 2022, the amount of Eximbank's guarantee services provided to overseas construction projects and domestic major public construction and infrastructure projects was NT\$17.101 billion, an increase of 19.32% compared to the same period in 2021.

(12) Eximbank Participates in Domestic Syndicated Loans and Helps Companies Improve Productivity and Promote Industrial Upgrading through Financial Support

Eximbank has participated in domestic syndicated loan cases in a timely manner, such as assisting enterprises in importing precision machinery and important fuels through funding of loans, and which has helped Taiwanese enterprises achieve the goal of stable business operations. In line with the government's energy policy and to support the development of green energy industry in Taiwan, Eximbank participated in the domestic syndicated loans of power generation companies to assist them in importing important fuel of natural gas to maintain the stable operation of power

plants and to enhance their operational competitiveness. Eximbank's export and import financing amount approved in 2022 was NT\$59.974 billion, an increase of 13.63% over the same period in 2021.

(13) Eximbank Has Established a Global Relending System to Assist Enterprises in Expanding Exports

In line with the government's economic and trade policies and market demand, Eximbank has continued to establish relending relations with reputable banks around the world. By granting credit facilities to domestic and foreign financial institutions for them to relend foreign importers to purchase products from Taiwan so as to strengthen the competitiveness of our country's export products in the international market. As of the end of 2022, Eximbank had established relending relations in 26 emerging market countries, including Argentina, Brazil, Chile, Dominican Republic, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Belarus, the Czech Republic, Turkey, Ghana, Nigeria, South Africa, Marshall Islands, Bangladesh, Cambodia, India, Indonesia, Mongolia, Philippines, Thailand, the Republic of Uzbekistan, and Vietnam, as well as the United States. The cooperative banks include a total of 69 financial institutions in the Americas, Europe, Oceania, Africa, and Asia, with a total granted credit line of US\$820 million.

(14) Eximbank Actively Participates in International Syndicated Loans with Financial Institutions as Borrowers to Expand Business and Enhance International Financial Collaboration

Eximbank has continued to actively participate in the international syndicated loan seminars and participated in loans based on risk assessment in order to increase Eximbank's international reputation and leverage its policy-based business functions. As of the end of

2022, the balance of the international syndicated loans in which Eximbank had participated was approximately US\$464 million, equivalent to approximately NT\$14.249 billion. The borrowers include 29 financial institutions in 11 countries and international organizations in Asia, Central and South America, Africa, and other regions. In addition, Eximbank assisted 17 financial institutions in 8 countries, including Qatar, Kuwait, Cambodia, Vietnam, the Philippines, Indonesia, South Korea and South Africa, as well as other international organizations in obtaining US\$303 million for working capital. Participating in the international syndicated loan business has not only helped to increase Eximbank's annual revenue but also increased opportunities for collaboration in other business projects through interaction with international financial institutions. For years, Eximbank has promoted the Relending Facilities by participating in international syndicated loans, and has successfully established relending partnerships with reputable banks in emerging markets in Southeast

Asia, Eastern Europe, Central and South America, and Africa to assist enterprises in expanding into emerging markets.

(15) Pressing Ahead with Export Credit Insurance Service, Assisting Manufacturers to Enhance Order Receiving Ability and Avoid Trade Risks

- a. To assist businesses in developing business in emerging markets, whether exported in the term of D/P, D/A, O/A, or L/C, they can utilize all types of export credit insurance products from Eximbank to seize business opportunities and reduce possibility of loss from bad debts. In 2022, the total amount of export credit insurance reached NT\$210.173 billion, an increase of 20.06% from 2021. In particular, Eximbank's main service is "GlobalSure Credit Insurance". With customized features, businesses are motivated to adopt a blanket insurance mechanism to enjoy



● Minister of Finance Su Jain-Rong visits Eximbank. (Picture Taken February 2022).

preferential rates, and prevent manufacturers from Adverse Selection of export credit insurance and effectively increase the export credit insurance business volume. The total insured amount of the insurance products in 2022 reached NT\$158.756 billion, an increase of 21.49% from 2021.

b. Eximbank continues to strengthen the single point of contact service. Each account administrator of Eximbank can provide customers with financing and export credit insurance services to facilitate export businesses to manage trade risks and coordinate capital needs flexibly, while enhancing the cross-marketing effect of financing and export credit insurance businesses. Meanwhile, it has strengthened the debt collection operations to assist export businesses and local negotiating banks in collecting debts from foreign letter of credit issuing banks or buyers to ensure Eximbank's rights and interests, and the outcome has been excellent.

(16) Make Good Use of Reinsurance and International Cooperation of Insurance Industry to Strengthen Underwriting Energy

- a. In view of the requirement in scale-up of insurance performance and the sound operating basis of export credit insurance, Eximbank has renewed a reinsurance contract with the Central Reinsurance Corporation to properly transfer risks to the reinsurance company in order to strengthen export credit insurance capability of Eximbank.
- b. As of the end of 2022, Eximbank had signed cooperation agreements with export credit institutions in 21 countries around the world, including Poland, the Czech Republic, Hungary, Japan, Slovakia, Turkey, Thailand, Indonesia, Malaysia, Belarus, South Korea, Israel, Mainland China, Sweden, Sri Lanka, Hong Kong, India, Finland, Italy, Denmark, and Australia, etc., and signed reinsurance contracts with Japan and Sweden,



● Minister of Finance Chuang Tsui-Yun presents awards recognizing banks with exceptional performance in collaborations with the export credit insurance business of Eximbank in 2022, at the Seminar on State-Owned Enterprise. (Picture Taken March 2023).

with a view to assisting Taiwanese business in expanding into the global market.

(17) Expand Service Level through the Network of Cooperating Bank

- a. To simplify the loan procedures and strengthen the expansion of export financing business, Eximbank has continued to renew the cooperative promotion of foreign exchange business contract with designated domestic foreign exchange banks to entrusted them to review the export documents and handle the payment collection business for Eximbank's loans to accelerate the progress of loan appropriation and streamline the operating process. In 2022, Eximbank commissioned cooperating foreign exchange banks to review a total of 27 cases, which was extremely effective for the promotion of export loan business.
- b. In addition, to strengthen collaboration with domestic commercial banks and foreign banks in Taiwan to promote export credit insurance, Eximbank has signed the cooperative promotion contract with 30 banks so that Eximbank can capitalize on the cooperating banks' marketing channels to promote its export credit insurance

and to help its customers hedge the risk of uncollectible accounts receivables while indirectly protecting the security of the financing credit of the lending banks or negotiating banks.

- c. In response to the upgrade of international trade, businesses' needs, and the enhancement of asset quality, Eximbank has developed new products for financial institutions as policyholders, called "GlobalSure Credit Insurance for Factoring Business" and "L/C Insurance for Forfaiting Business". Through the two products, Eximbank is able to strengthen the mutual cooperation relationship with commercial banks. In 2022, Eximbank collaborated with financial institutions to promote export credit insurance, which totaled NT\$14.613 billion, an increase of 4.28% from last year.

(18) Gradually Increasing Capital to Amplify Business Undertaking Volume for Assisting Enterprises to Improve Their Competitiveness

Eximbank was approved by the Ministry of Finance and Executive Yuan to increase its capital by NT\$20 billion from 2016 to 2021. After the capital increase, the upper limit on the total credit balance for a single enterprise



was raised to NT\$5.241 billion, and the upper limit on the unsecured credit was raised to NT\$1.747 billion, which could effectively increase Eximbank's financing provided to enterprises and improve its ability to undertake larger financing cases. Executive Yuan has approved the NT\$10 billion capital increase project from 2023 to 2027. Through the capital increase, Eximbank has not only succeeded in reducing export enterprises' cost of funds and avoiding trade risks but also driven the growth of overall export value, so as to leverage Eximbank's financial support function to assist enterprises in expanding exports. In addition, in order to cope with the adjustment of Taiwan's industrial structure, Eximbank has strengthened the mid- and long-term loan and guarantee services to assist enterprises in improving their competitiveness in their industries, thereby facilitating the industrial upgrade.

(19) Enhancing the Cooperation with Domestic Economic and Trade Organizations to Promote Export Trade

In order to assist Taiwanese enterprises in expanding their export and strengthen the collaboration with

economic and trade organizations, Eximbank has continued to co-organize business promotion activities with the Taiwan External Trade Development Council (TAITRA). In 2022, Eximbank had co-organized seminars with TAITRA and assigned its staff to promote its relevant financial services at important exhibitions held by TAITRA. This has strengthened business exchanges and collaboration between both parties, and both parties have set up corresponding points of contact to exchange business information so as to provide enterprises with information about their export expansion and trade and financial trends at any time to help them enhance their export competitiveness, expand their sales in overseas markets and gain business opportunities, and accelerate our country's economic development.

(20) Actively Participated in International Organizations to Assist Domestic Manufacturers Expanding Global Market

As a member of the Berne Union, international not-for-profit trade association, Eximbank participated in



- Eximbank's Representative Office in Prague, Czech Republic was formally opened on October 31, 2022, the opening ceremony was hosted by the Chair of the Board Pei-Jean Liu on November 11, 2022. The President of the Senate Miloš Vystrčil attended and spoke at the ceremony. (Picture Taken November 2022).

the “73rd RCG Online Meeting” on May 19, 2022, to strengthen the cooperation between the Asia-Pacific region members of the Berne Union and to stay updated with the latest global economic trends.

(21) Implement Risk Management Mechanism, Improve Management System, and Enhance Risk Control Effectiveness

In view of the ever-changing international economic and trade situation, Eximbank has reinforced its assessment and monitoring of country risks and financial risks of business dealings, and submits the monitoring reports to executives, in particular on the change of risks in the higher risk areas and countries. In terms of industry and enterprise risks, Eximbank continuously monitors the change in risks of major industries, and carry out credit limit control on enterprises and various industries, in order to effectively master the dynamic development of enterprises and related industries and diversify the credit risk.

In order to enhance the effectiveness of risk control, Eximbank has continuously reinforced functions of risk management information system, and established database as well as the “Instant Notification System of Significant Information on Listed, OTC and Public Offering Companies” to master the risk dynamics of loan, guarantee and export credit insurance customers.

(22) Eximbank Plans and Implements Its Compliance Operations, and Supervises and Implements Anti-Money Laundering and Countering the Financing of Terrorism Measures

Eximbank has continued to observe the compliance status during business execution at each unit, reviewed the key points of the compliance assessment in a timely manner, promoted the effective implementation of various laws and regulations by each unit, and enhanced its business development. The audit unit

has worked to strengthen the audit of the compliance, and the compliance unit has striven to increase the awareness of compliance at the entire Bank and to coordinate education and training, as well as evaluation operations. Each unit shall conduct effective control in each case and pay attention to the compliance with laws and regulations at all times.

Eximbank’s Anti-Money Laundering Center has established a compliance and enhanced management mechanism for Eximbank’s anti-money laundering and



- Eximbank's Representative Office in Prague, Czech Republic formally opened on October 31, 2022. The Chair of the Board Pei-Jean Liu signed a MOU with the Czech Export Bank's Director General Mr. Daniel Krumpolc on November 14, 2022 to strengthen cooperation between the two banks. (Picture Taken November 2022).

counter terrorism financing (AML/CTF), and amended Eximbank's internal regulations related to AML/CTF in accordance with the latest amendments to the laws and regulations. Eximbank completed the ad-hoc audit of AML/CTF and Eximbank's "Comprehensive Money Laundering and Terrorism Financing Risk Assessment Report" (including Eximbank's AML/CTF plan) in accordance with the timeline set by competent authorities and submitted it to the Financial Supervisory Commission for future reference.

(23) Vigorously Training Finance Professionals to Enhance Expertise

Eximbank formulated an annual training plan for employees, offered education and training to employees peers, actively trained financial professionals to enhance their business knowledge and capabilities, sent personnel to participate in seminars held by financial professional research and

training institutions, while organizing training courses on specific topics with experts and scholars hired as lecturers. In 2022, Eximbank held 21 keynote speeches on professional competence and laws with a total of 1,411 participants. Eximbank has actively improved the staff's professional knowledge and competence to meet the needs of business development.

3. Credit Rating

- a. In order to expand funding source and save funding cost, Eximbank commissioned Fitch Ratings for credit rating and received their confirmed rating results as the highest IDR Rating among all banks in Taiwan. As the only state-owned specialized bank of export and import credit, Eximbank was given the IDR rating aligned with Taiwan's sovereign rating, which shows that Eximbank has strong creditworthiness and high capability of honoring its debts.



- The Chair of the Eximbank Pei-Jean Liu led a group on a visit to UniCredit Bank on November 14, 2022 in hopes of strengthening cooperation and promote trade between Taiwan and the Czech Republic through the relending facility business. (Picture Taken November 2022).

b. Fitch Ratings has assigned Eximbank the following ratings on November 24, 2022:

- Long-Term Issuer Default Rating of 'AA'; Outlook Stable
- Short-Term Issuer Default Rating of 'F1+'
- National Long-Term Rating of 'AAA(twn)'; Outlook Stable
- National Short-Term Rating of 'F1+(twn)'
- Government Support Rating of 'aa'
- National Long-Term Rating on senior unsecured bonds of 'AAA(twn)'



- Chair Huang (Taiwan-Africa Business Association), Chair Ou (Central, Eastern Europe and CIS Association), Chair Hsieh (Taiwan Turnkey Project Association), and Director Chung visited Eximbank on August 16, 2022 to engage in exchanges and discussions on helping domestic companies expand overseas markets. (Picture Taken August 2022).





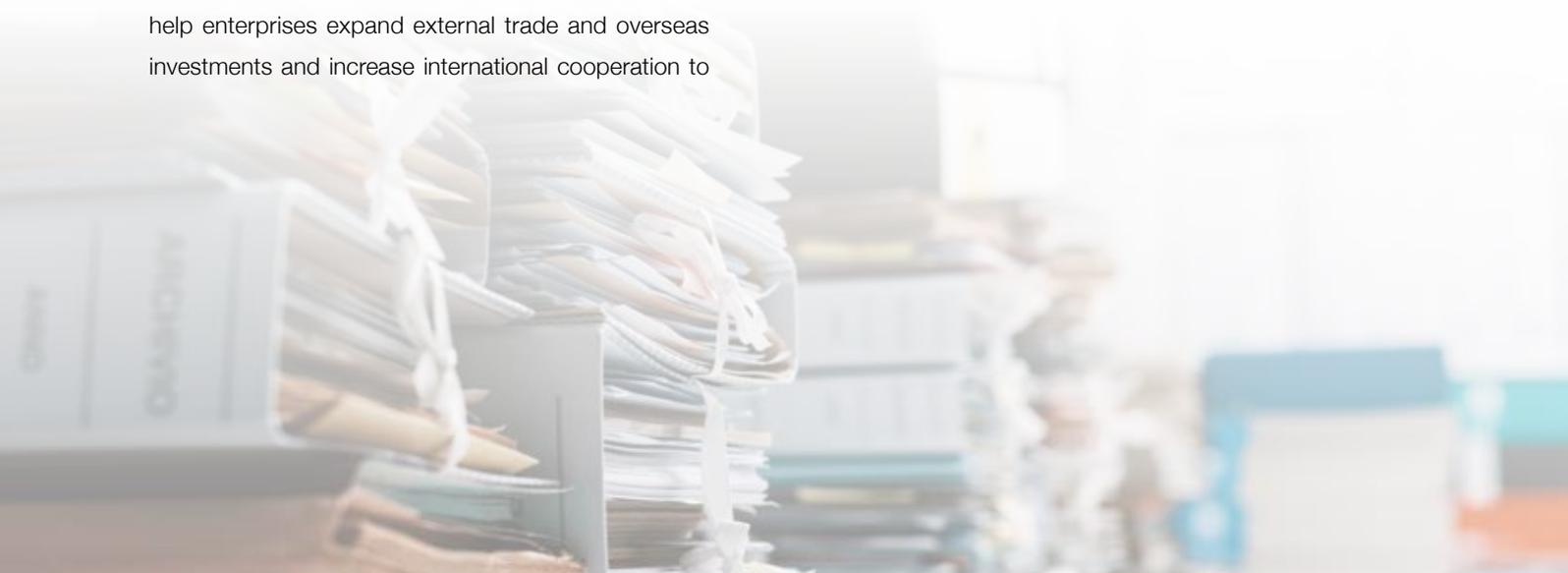
Bank Profile

1. Brief Introduction

Eximbank was established on January 11, 1979 under the Statute of “The Export-Import Bank of the Republic of China Act”. As a state-owned specialized export and import financial institution, which is supervised by the Ministry of Finance and administered by the Financial Supervisory Commission, Eximbank’s mission is “to promote export and import trade and develop the economy”, and its business vision is “to strengthen trade finance and assist external trade”. The main objective of Eximbank is to support government economic and trade policies by providing loans, guarantees, and export credit insurance to help enterprises expand external trade and overseas investments and increase international cooperation to

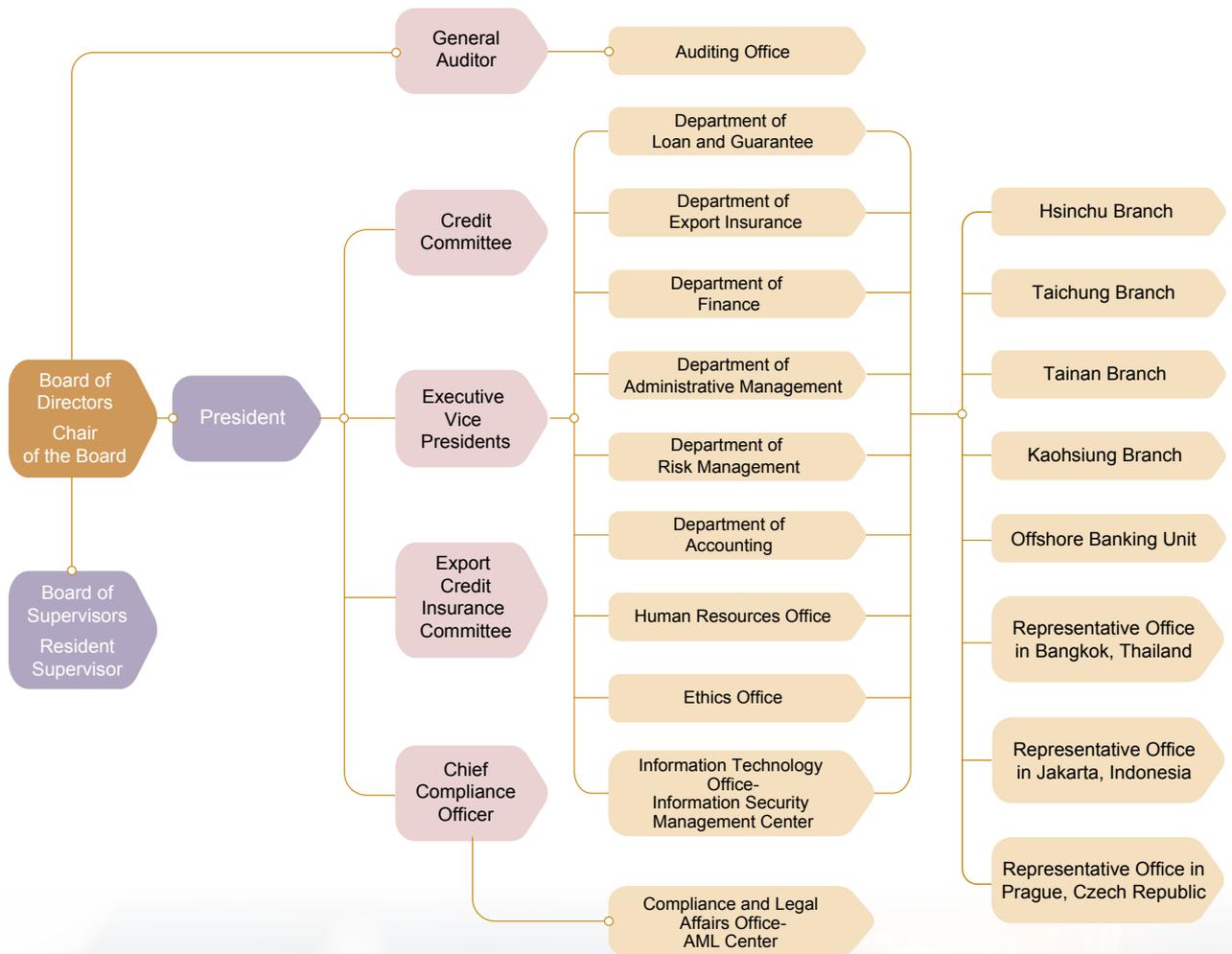
maintain the steady and continuous development of Taiwan economy.

Eximbank has successively established branches in four cities, including Kaohsiung, Taichung, Hsinchu, and Tainan, to assist enterprises in exports and provide export credit and export credit insurance services. In addition, it has set up overseas representative offices in Bangkok, Thailand; Jakarta, Indonesia; and Prague, Czech Republic.



2. Bank Organization

(1) Organization Chart



(2) Board of Directors and Supervisors



Chair of the Board of Directors



Managing Director



Managing Director



Director



Director



Director



Director



✓ Jen-Hsiu Lu

Resident Supervisor



✓ I-Hui Lee

Supervisor



✓ Yao-Yuan Lin

Supervisor



Ming-Ti Chang
Chief Compliance
Officer

Chun-Lan Yen
Executive Vice
President

Teng-Shan Tai
President

Pei-Jean Liu
Chair of the Board
of Directors

Fu-Hua Hsieh
Executive Vice
President

Lih-Chin Hsieh
General Auditor

Board of Directors		Board of Supervisors	
Pei-Jean Liu	Chair of the Board of Directors	Jen-Hsiu Lu	Resident Supervisor
Teng-Shan Tai	Managing Director	I-Hui Lee	Supervisor
Ching-Hua Lee	Managing Director	Yao-Yuan Lin	Supervisor
Chiung-Min Tsai	Director		
Wan-Jung Day	Director		
Wei-Kai Wang	Director		
Tsu-Wang Chen	Director		

(3) Principal Managers and General Auditor

Name	Title
Teng-Shan Tai	President
Fu-Hua Hsieh	Executive Vice President
Chun-Lan Yen	Executive Vice President
Ming-Ti Chang	Chief Compliance Officer
Lih-Chin Hsieh	General Auditor
Shiu-Ru Cheng	(Senior Vice President and) General Manager, Department of Loan and Guarantee
Ting-Chieh Wang	(Senior Vice President and) General Manager, Department of Export Insurance
Hwan-Min Chen	(Senior Vice President and) General Manager, Department of Finance and Offshore Banking Branch
Kuen-Teh Huang	(Senior Vice President and) General Manager, Department of Administrative Management
Yu-Chyng Wang	(Senior Vice President and) General Manager, Department of Risk Management
I-Fang Tsai	(Senior Vice President and) General Manager, Department of Accounting
Shu-Lin Fann	(Senior Vice President and) General Manager Human Resources Office
Wen-Chuan Nieh	(Senior Vice President and) General Manager, Ethics Office
Jiang-Wen Hu	(Senior Vice President and) General Manager, Information Technology Office
Ming-Ti Chang	(Senior Vice President and) General Manager, Compliance and Legal Affairs Office

Note: Chief Compliance Officer Ming-Ti Chang also serves as the General Manager of the Compliance and Legal Affairs Office



IV Operations Overview

1. Business Overview

Below is an overview of Eximbank loans, guarantees, and export credit insurance business in 2022:

(1) Loans

Eximbank's loans include "Medium and Long Term Export Credits", "General Export Credits", "Short Term Export Credits", "Service Trade Credit", "Medium and Long Term Import Credits", "Overseas Investment Credits", "Overseas Construction Credits", "Ship Building Credits", "International Syndicated Loans", "Relending Facilities", "Domestic Major Public Construction and Infrastructure Project Credits", etc.

Eximbank's loan portfolio mainly consists of medium and long-term loans. In 2022, the average balance of these loans totaled NT\$118,973 million, accounting for 75.64% of total loans.

(2) Guarantees

Eximbank's guarantee includes "Overseas Construction Guarantees", "Medium and Long Term Import Guarantees", "Export Guarantees", "Overseas Investment Guarantees", "Domestic Major Public Construction and Infrastructure Project Guarantees", and "Ship Building Guarantees", etc.

In the structure of Eximbank's guarantee business in 2022 (based on the proportion of amounts provided), the "guarantees for domestic major public works" accounted for 49.60%, "import guarantees" 42.02%, "export guarantees" 5.14%, "guarantees for overseas construction projects" 3.20%, and other guarantees 0.04%.

(3) Export Credit Insurance

Eximbank export credit insurance services include "Comprehensive Export Credit Insurance for D/P and D/A Transactions", "Comprehensive Export Credit Insurance for Open Account Transactions", "Export Credit Insurance for Small and Medium Enterprise", "Trade Credit Insurance for L/C Transactions", "Medium and Long-Term Deferred Payment Insurance", "Overseas Investment Insurance", "GlobalSure Credit Insurance", "GlobalSure Credit Insurance for Factoring Business", and "L/C Insurance for Forfaiting Business".

The total insured amount of export credit insurance was NT\$210,173 million in 2022, an increase of 20.06% from 2021.

2. Market Overview

(1) Domestic and Global Financial Conditions

Despite facing the challenge of the Omicron variant of COVID-19 in early 2022, the pandemic eased in major countries; furthermore, pandemic control measures were gradually loosened as vaccination coverage rates increased. Amid the economic recovery, factors such as Russia's invasion of Ukraine, China's insistence on zero-COVID policies, and the disruption of global supply chains have all led to constant rising of energy and food prices worldwide, as well as increased inflation. This has caused central banks around the world to raise interest rates and implement monetary tightening policies to ease inflationary pressures, resulting in a slowdown in global economic growth. The IMF estimated that the global economic growth rate in 2022 was 3.4%.

In 2023, the prices of international fuel and commodities fell, and major countries' monetary policies gradually tightened, leading to a slowdown in global inflation. As China's pandemic prevention policies shifted to reopening measures, the probability of a global economic recession has significantly decreased. However, there are still uncertain risks such as the escalation of the Russia-Ukraine war, Russia's weaponization of energy supplies, worsening of the impacts of inflation and rising interest rates, and tightening financial conditions weakening growth in investments. The IMF estimates that the global economic growth rate will be 2.8% in 2023.

The Federal Reserve adopted a radical monetary tightening policy in 2022 as a response to soaring inflation in the U.S., which would slow economic growth. However, the economy recovered and grew, benefiting from strong consumer spending and labor markets. The IMF estimated that the economic

growth rate of the U.S. in 2022 was 2.1%. In 2023, as inflation still remains high, the Federal Reserve may raise interest rates again before the inflation rate drops to 2%. The IMF estimates that the economic growth rate of the U.S. in 2023 will be 1.6%.

In 2022, the real estate market crisis in China and the rise of COVID-19 infections severely impacted economic activities. However, by the end of 2022, China's zero-COVID policies shifted towards coexisting with COVID-19, helping itself to return to the international market. The IMF estimated that the economic growth rate of China in 2022 was 3.0%. At the beginning of 2023, China's economic growth slowed down due to the impact of COVID-19, which restricted the growth in demand. However, with the increase in government investment, the recovery of individual consumption, and the revival of global tourism, the IMF estimates that the economic growth rate of Mainland China in 2023 will be 5.2%.

In 2022, countries in Europe gradually lifted their lockdowns, and the strong economic recovery and effects of mild winters offset the negative impact of the rise in energy prices due to the Russia-Ukraine war. The European Central Bank also adopted a monetary tightening policy to prevent inflation from continuing to rise. The IMF estimated that the economic growth rate of the Eurozone was 3.5% in 2022. In 2023, the economic growth of Europe still faces obstacles such as high inflation, rising interest rates, and weak external environments. In addition, the ongoing war between Russia and Ukraine continues to create uncertain risks for the economy. The IMF estimates that the economic growth rate for the Eurozone in 2023 will be 0.8%.

In 2022, the Association of Southeast Asian Nations (ASEAN), comprising Indonesia, Malaysia, Philippines, Thailand, and Vietnam, overcame the ravages of COVID-19, benefiting from the restructuring of supply chains, loosening of pandemic control measures, and revival of global tourism. However, as the U.S. Federal

Reserve raised interest rates, central banks in various Asian countries followed suit to alleviate the currency depreciation pressure. The IMF estimated that the economic growth rate of these ASEAN countries was 4.7% in 2022. In 2023, as export-oriented economies, the ASEAN countries may face pressure due to the tightening of global monetary policies, the Russia-Ukraine war, and the slowdown in the U.S. and China's economies. However, they may benefit from COVID-19 restrictions lifted in China and the revival of the tourism industry. The IMF estimated that the economic growth rate of these ASEAN countries will be 4.3% in 2023.

Taiwan gradually loosened its pandemic prevention and control measures in 2022, and moved towards coexisting with the virus. As the pandemic eased and borders reopened, business activities and private consumption rebounded, but the global economic slowdown and high inflation affected end demands and impacted the investment and export performance of Taiwan. It is estimated that the economic growth rate

of Taiwan in 2022 was 2.35%. In 2023, the economy of Taiwan still faces challenges such as weak external demand, rising interest rates, and high inflation. The government will implement expansionary fiscal policies to carry out public constructions and drive private investment. As the pandemic control measures are further loosened and international travel continues to rebound, individual consumption in Taiwan is expected to grow. It is estimated that the economic growth rate in Taiwan will be 2.04% in 2023.

(2) Overview of Credit Market

In 2022, as the Russia-Ukraine war escalated and COVID-19 in China's coastal areas worsened, the price of raw materials and energy soared, further impacting the global supply chain. Moreover, inflation persisted in Europe and the U.S., thus, the Federal Reserve quickly raised interest rates and reduced bond purchases, resulting in significant volatility in the global financial markets. Currencies other than



● Nippon Export and Investment Insurance visited Eximbank on December 13, 2022. (Picture Taken December 2022).

US dollars have depreciated significantly, leading to an increase in import inflation pressures in many countries. In terms of advanced economies, such as the U.S., its economic growth rate in 2022 was 2.1%; the economic growth rate of the Eurozone was 3.5%, and the economic performance of China was 3% in 2022. Regarding the domestic economic situation, as the global end demand continued to be suppressed due to inflation, following the added pressure of rising interest rates and a worsening pandemic in China, which hindered consumption and production activities, Taiwan experienced negative growth in the fourth quarter. The economic growth rate of Taiwan in 2022 was only 2.35%.

In order to help boost the domestic economy, Eximbank was committed to promoting the “Innovative Key Industries” in 2021. In the following year, to cooperate with government policies, Eximbank promoted the “Six Core Strategic Industries” to develop domestic public construction and infrastructure projects and strengthen credit businesses such

as export financing, overseas construction project financing, major public project financing, mid- and long-term import financing, overseas investment financing, and international corporate loans. The performance in financing and guarantee services for 2022 increased by 11.06% and 15.37% YoY, respectively.

(3) Overview on Export Credit Insurance Market

According to Taiwan's customs import and export statistics, the total annual export trade volume in 2022 reached more than US\$479.5 billion, an increase of 7.4% from 2021. In terms of exportation, Asia remained the main export market of Taiwan. It was also the largest region of Eximbank's Export Credit Insurance business, which accounted for 54.48% of the total insured amount. As for industries, electronic products were the primary export goods of Taiwan, thus computer communication and audio video electronic products were the largest target of Eximbank's export credit insurance business, accounting for 27.78% of



- Eximbank organized employee training at the Howard Plaza Hotel Taipei from the afternoon on September 12 to noon on September 13, 2022, in order to improve employees' understanding of developments in the economic and financial situation, improve employees' communication skills in the workplace, and revitalize the economy. (Picture Taken September 2022).

total insured amount. It reveals that Eximbank's export credit insurance business is in line with the government policy as well as the export trade development trend of Taiwan. By providing enterprises financial instruments to mitigate trade credit risks and enhance export capability, Eximbank has assisted manufacturers in overcoming the difficulties encountered during the pandemic to achieve its strategic objectives of cultivating Taiwan, reaching out to the world, and diversifying export markets.

3. Sustainable Development in ESG

In recent years, ESG issues have become important in this era. Since August 2020, Taiwan's Financial Regulatory Commission has successively announced the "Green Finance Action Plan 2.0" and "Corporate Governance 3.0 Blueprint for Sustainable Development", hoping to guide enterprises and investors to pay attention to ESG issues through a financial mechanism. They also hoped that this will bring about a virtuous circle of pursuing sustainable development for investments and industries. As a specialized financial institution focusing on trade finance, Eximbank has the obligation and responsibility to extend ESG concepts to its suppliers and customers, create a sound sustainable development ecosystem, and exert its own influence to implement sustainable development.

(1) Formulate Code of Practice for ESG and Set Up ESG Committee

Eximbank has formulated the "Sustainable Development Best Practice Principles for Eximbank" and set up a cross-departmental sustainability committee directly under the Board of Directors to ensure Eximbank's future ESG implementation strategies and goals. It also assists Eximbank in conducting horizontal communication, ensures the set up and promotion of management

measures, and optimizes Eximbank's operational constitution. While integrating sustainable thinking into Eximbank's business model, it has established a promotion framework that meets the expectations of stakeholders. This allows ESG risk management to play its strategic role and assist Eximbank in gaining sustainable competitive advantages.

(2) Strengthening Three Lines of Defense on Business, Risk Management/Compliance, and Internal Audit

Eximbank continued to promote the culture of three lines of defense of the internal control system. The first line of defense (self-inspection), the second line of defense (compliance and risk management), and the third line of defense (internal audit) ensures the design and operations of the internal control system are effectively executed. It also strengthens the awareness and observance on risk management, legal compliance, and internal control, as to ensure the rights and interests of customers and reduce the negative impact on corporate reputation.

(3) Refer to International Regulations to Compile Sustainability Reports

Starting from 2021, Eximbank has referred to the international regulations and relevant guidelines of the Financial Supervisory Commission year by year to compile its sustainability report, which will be verified by a third-party certification agency. The 2021 Sustainability Report is announced on Eximbank's website after completion at the end of September 2022.

(4) Improve Corporate Governance and Implement Talents Cultivation

Apart from operating business, Eximbank will strengthen corporate governance and improve regulatory compliance. Under the ESG governance

structure, Eximbank ensures the implementation of the risk assessment system and makes sure that the decision-making process in the operation, risk control, and legal compliance teams' meetings and discussions are complemented and balanced. Simultaneously, Eximbank emphasizes the importance of human resources management, protects the rights and interests of employees, and strives for harmonious labor-management relations to ensure that its employees can provide customers with the most professional services in a high-quality working environment.

(5) Eximbank Pays Attention to Environmental Protection and Implements Energy Conservation and Carbon Reduction to Strengthen Environmental Awareness

- a. Eximbank has formulated the "2020-2023 Energy Conservation Implementation Plan" in accordance with the "Government Agencies and Schools Electricity Efficiency Management Plan" and the Ministry of Finance Letter Tai-Cai-Bi No. 10806927170 dated December 18, 2019.
- b. In addition, to cooperate with the Taiwanese government's goal of achieving "net-zero emissions by 2050," non-listed financial institutions should refer to the schedule of the "Sustainable Development Roadmap" launched in March 2022. In accordance with the planning of the Financial Supervisory Commission, these institutions shall complete the greenhouse gas inventory in 2023 and verification in 2024.
- c. In 2022, Eximbank already initiated the inventory and verification plan in advance, and has been reporting to the Board of Directors for control on a quarterly basis since the third quarter of the same year. In 2022, various energy-saving measures were implemented and energy-saving targets for electricity, water, and oil consumption were achieved, which were reduced by 21.56%, 12.96%, and 16.95% respectively from the ener-



● Eximbank organized a farewell party for retiring employees. (Picture Taken July 2022).

gy-saving targets. Paper consumption remained the same as in 2015 (the base year), and all energy sources reached the energy-saving targets.

- d. In cooperation with the government's Green Procurement Promotion Program, Eximbank has actively implemented waste sorting and resource recycling in its offices as well as office supplies with environmental protection labels to create a society where resources can be used sustainably. This year's designated procurement items for green procurement have achieved 100%, with a total score of 99.5, meeting the annual standards.

(6) Eximbank Actively Conducted Public Welfare Activities to Enhance its Image and Fulfill its Social Responsibility

- a. In order to boost the sales of domestic agricultural products and promote Taiwan's high-quality sea-

sonal fruits, Eximbank has once again purchased atemoyas from the Agricultural Technology Research Institute platform. We hope to convey our kindness to every corner of society by donating the purchased atemoyas to social welfare organizations such as the Yi Kuang Orphanage, Datong Childcare Center, WangFang Center for Disabled People, and Funchao Education and Nursing Institution.

- b. Eximbank assists disadvantaged groups and considers public welfare activities as one of its missions. Eximbank continually purchases handmade products as gifts to promote business from social welfare organizations, such as healthy grains and pancake gift boxes from the Taiwan Foundation for the Blind and star creative art cup coasters from the Yilan Association of Autism Corporation.
- c. Since late February, the Russian invasion of Ukraine has caused significant casualties of Ukrainian resi-



- Eximbank was recognized by the Financial Supervisory Commission (FSC) for excellence on the "Syndicated Loan Platform for System Integration, Turnkey Project and Engineering Industry Exports" for the sixth consecutive year. The award was presented by FSC Chairperson Huang Tien-Mu and accepted by Eximbank President Dai Deng-Shan. (Picture Taken December 2022).

dents. In response, the Ministry of Finance led various state-owned enterprises to donate to Ukrainian refugees, fulfilling their humanitarian aid duty. Moreover, Eximbank hopes that the war will end soon and that peace will return.

- d. Eximbank considers environmental protection its responsibility and uses many recycled products. In order to assist spinal cord injured patients to be able to support themselves, Eximbank purchased recycled printer toner cartridges from the “Development Center for the Spinal Cord Injured.” This not only helps maintain the basic quality of life and dignity of such patients, but also demonstrates Eximbank’s love for the earth and its commitment to fulfilling the government’s environmental protection policies. On April 16, 2022, at the “Press Conference of the Cooperation Between Taoyuan City Sheltered Workshops and Business Districts to Advertise Mother’s Day Products” hosted by the Department of Labor of the Taoyuan City Government at the Zhongzhen New Village Cultural Park, Eximbank was publicly recognized and received the Bronze Award in the 2021 Taoyuan Sheltered Workshop Product Ordering Competition by Mayor Cheng Wen-Tsan of Taoyuan City.
- e. Eximbank has been a long-term supporter of high-quality Taiwanese agricultural products.

During the Mid-Autumn Festival, Eximbank once again participated in the “Pomelo Good Autumn Enterprise Group Purchase Pre-sale Platform” organized by the Agricultural Technology Research Institute, jointly supporting the domestic pomelo industry. Eximbank takes practical actions to timely assist Taiwanese farmers and contribute to the sustainable development of Taiwan’s agriculture.

- f. Combining resource recycling and social welfare activities, Eximbank actively participated in the “Renewable Computer Hope Project,” a second-hand computer donation event organized by the ASUS Foundation, serving as a bridge for rural children to continue learning and introducing richer distance education resources into local communities. Eximbank also donated second-hand computer desks to the Changhua County Leshuo Multi-Professional Service Development Association to help the association invest in intervention services for children with delayed development and disabilities, thus sustaining life and spreading the love through public welfare.
- g. Eximbank has continually supported the Kuanyin-Line Charity Concert held by the Taipei Kuanyin-Line Psychological and Social Service Association. This association provides a range of professional



services that integrate psychological care and social work to help disadvantaged families settle down and accompany the elderly to give them peace of mind. Eximbank hopes to work together to build a better life and a harmonious and peaceful society.

- h. There was a wave of COVID-19 in 2022, severely impacting blood donations. Since the fourth quarter, the pandemic situation has gradually stabilized, and patients have returned to their treatments, resulting in a significant increase in demand for blood transfusions. To ensure safe levels of blood reserves, Eximbank invited the Securities & Futures Institute and Central Deposit Insurance Corporation to jointly hold the "Yangde Good Neighbor United Blood Donation for Love" event on December 7, 2022. The event provided sponsored souvenirs to people who donated blood on that day, and it received enthusiastic responses from many people who rolled up their sleeves to join the event.

4. Future Outlook

Eximbank is the only state-owned professional trade financial institution in our country. Shouldered with the policy-oriented mission of assisting businesses in expanding the overseas markets, Eximbank continuously cooperates with the government to promote various major policies, and keeps abreast of economic and trade changes, such as supply chain transfers, brought about by the US-China trade conflict. Eximbank provides complete trade and financial services as a strong backing for enterprises to expand overseas markets, thereby assisting domestic enterprises in achieving the overall adjustment to and transformation of the economic and industrial structure.

In 2022, the world experienced the pandemic, the Russia-Ukraine war, skyrocketing inflation, and a rapid increase in interest rates, all of which had devastating impacts on the economies of many countries. In addition to actively cooperating with the government's relief programs, Eximbank provides preferential loans



- Eximbank President Dai Deng-Shan was invited to attend the "Forum on Taiwan's 2050 Green Finance Transition Strategy" organized by Liberty Times. (Picture Taken May 2022) .

and interest rate reductions for corporates to ease loan repayment pressures, offers double discounts on credit checking fees and insurance premiums for export credit insurance, and assists exporters in managing the risk of uncollectible account receivables and debt collection processes. Moreover, Eximbank has spared no effort in cooperating with the government's New Southbound Policy and Central and Eastern European Policy. In addition to the long-established Bangkok Office in Thailand, the Jakarta Office in Indonesia, the Prague Office in Czech Republic officially began operations in October 2022. Among them, the Prague Office was the first financial institution to obtain the approval for establishment by the Czech National Bank in Taiwan. Given that Central and Eastern Europe is an important foundation for the development of Taiwan's bilateral relations with Europe, Eximbank has also been assigned by the National Development Council as the implementation unit to promote the US\$1 billion "Central and Eastern Europe Credit Fund." Through the Central and Eastern Europe Fund Financing program and with the joint efforts of various ministries and Eximbank, Eximbank hopes to further strengthen Taiwan's bilateral relations with Europe. Eximbank will continue to expand its overseas branches, provide financial services required by Taiwanese companies, and assist companies and local Taiwanese businesses in expanding into global markets.

In addition, according to the Executive Yuan's 2022 policy directions, the government will continue to promote forward-looking infrastructure. On the foundation of the "Five plus two" innovative industries plan, the government will promote the "Six Core Strategic Industries" and build a complete supply chain to make Taiwan a key role in the global economy. Simultaneously, investments in Taiwan accelerates to activate the force of innovation economy and economic growth, and continue to promote the "New Southbound Policy" to explore potential markets and assist industries in expanding businesses in foreign markets and increase global business opportunities.

In the face of the pandemic around the world and the international political and economic turmoil in 2022, Eximbank will remain steady, strictly control risks, and uphold the belief of "strengthening trade finance and assisting external trade." Eximbank will continue to cooperate with various economic and trade policies of the government and actively seek support from the government's economic and trade departments, in order to provide multiple preferential financing measures to enhance the export competitiveness of Taiwanese exporters, help Taiwan manufacturers expand into international markets, and use exports to create job opportunities in Taiwan, increase income, and create consumer demand, thereby promoting economic growth.





Financial Overview

1. Balance Sheets

NT\$ Thousand

Item	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Assets					
Cash and Cash Equivalents	Note 7(1)	278,450	0.16	231,884	0.15
Due from the Central Bank and Call Loans to Other Banks	Note 7(2)	310,459	0.17	1,860,392	1.23
Financial Assets at Fair Value through Profit or Loss	Note 7(3)	13,312	0.01	6,034	0.00
Financial Assets at Fair Value through Other Comprehensive Income	Note 7(4)	346,035	0.19	338,744	0.22
Investments in Debt Instrument at Amortized Cost	Note 7(5)	7,300,000	4.08	7,700,000	5.09
Receivables-Net	Note 7(6)	712,481	0.40	207,312	0.14
Discounts and Loans-Net	Note 7(7)	168,982,528	94.39	139,999,951	92.56
Other Financial Assets-Net	Note 7(8)	267,855	0.15	144,444	0.10
Property and Equipment-Net	Note 7(9)	505,516	0.28	507,985	0.34
Right-of-use Assets-Net	Note 7(10)	8,088	0.00	2,960	0.00
Intangible Assets-Net	Note 7(11)	107,292	0.06	85,136	0.06
Deferred Income Tax Assets		142,383	0.08	128,564	0.08
Other Assets-Net	Note 7(12)	54,643	0.03	40,748	0.03
Total Assets		179,029,042	100.00	151,254,154	100.00

Item	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Liabilities					
Due to the Central Bank and Other Banks	Note 7(13)	35,949,863	20.08	18,840,269	12.46
Borrowed Funds from the Central Bank and Other Banks	Note 7(14)	36,378,221	20.32	31,803,085	21.03
Financial Liabilities at Fair Value through Profit or Loss	Note 7(15)	24,094,422	13.46	29,488,194	19.49
Payables	Note 7(16)	431,438	0.24	296,424	0.20
Current Tax Liabilities		68,624	0.04	72,343	0.05
Financial Debentures Payable	Note 7(17)	7,997,098	4.47	2,999,123	1.98
Other Financial Liabilities	Note 7(18)	34,440,576	19.24	30,040,551	19.86
Provisions	Note 7(19)	1,591,339	0.89	1,340,698	0.89
Lease Liability		8,202	0.00	2,973	0.00
Deferred Tax Liabilities		53,899	0.03	53,159	0.03
Other Liabilities	Note 7(20)	1,462,343	0.81	1,376,838	0.91
Total Liabilities		142,476,025	79.58	116,313,657	76.90
Equity					
Capital		32,000,000	17.87	32,000,000	21.16
Retained Earnings					
Legal Reserve		2,163,906	1.21	1,839,626	1.21
Special Reserve		2,050,540	1.15	1,891,958	1.25
Other Equity		338,571	0.19	-791,087	-0.52
Total Equity		36,553,017	20.42	34,940,497	23.10
Total Liabilities and Equity		179,029,042	100.00	151,254,154	100.00

Note: The 2021 account has been recongnized by the Ministry of Audit, R.O.C; The final accounts of 2022 are still subject to audit.

2. Statements of Comprehensive Income

NT\$ Thousand

Item	Notes	January 1, 2022- December 31, 2022		January 1, 2021- December 31, 2021		Percentage change (%)
		Amount	%	Amount	%	
Interest Revenue		2,872,810	152.42	1,440,248	97.44	99.47
Minus: Interest Expenses		1,106,108	58.69	147,249	9.96	651.18
Net Interest Income		1,766,702	93.74	1,292,999	87.48	36.64
Non-Interest Income						
Net Fees and Commissions	Note 7(21)	61,686	3.27	59,063	4.00	4.44
Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss	Note 7(22)	-157,510	-8.36	-63,316	-4.28	-148.77
Gains From Sale of Financial Assets at Fair Value through Other Comprehensive Income		24,617	1.31	24,483	1.65	0.55
Foreign Exchange Gains (Losses)		1,453	0.08	-740	-0.05	296.35
Net Export Credit Insurance Income	Note 7(23)	264,302	14.02	227,670	15.40	16.09
Other Non-Interest Income	Note 7(24)	-76,470	-4.06	-62,084	-4.20	-23.17
Net Operating Income		1,884,780	100.00	1,478,075	100.00	27.52
Bad Debts Expense, Commitment and Guarantee Liability Provision	Note 7(25)	356,634	18.92	82,925	5.61	330.07
Operating Expenses						
Employee Benefits Expenses		398,558	21.15	373,362	25.26	6.75
Depreciation and Amortization		53,154	2.82	48,431	3.28	9.75
Other General and Administrative Expenses		218,966	11.62	180,040	12.18	21.62
Net Income (Loss) Before Tax		857,468	45.49	793,317	53.67	8.09
Income Tax (expense)		-67,593	-3.59	-64,701	-4.38	-4.47
Net Income (Loss)		789,875	41.91	728,616	49.29	8.41

Item	Notes	January 1, 2022- December 31, 2022		January 1, 2021- December 31, 2021		Percentage change (%)
		Amount	%	Amount	%	
Other Comprehensive Income						
Items not to be Reclassified into Profit or Loss:						
Re-measurements of the Defined Benefit Plans		23,118	1.23	-6,187	-0.41	473.65
Gains (Losses) Valuation of Equity Instrument at Fair Value through Other Comprehensive Income		7,290	0.38	-48,945	-3.31	114.89
Income Tax Related to Items not to be Reclassified		-2,292	-0.12	786	0.05	-391.60
Items that May be Subsequently Reclassified into Profit or Loss:						
Exchange Differences Caused by Translation of Financial Statements of Offshore Branches		1,122,368	59.55	-184,703	-12.50	707.66
Other Comprehensive Income (After Tax)		1,150,484	61.04	-239,049	-16.17	581.28
Total Comprehensive Income		1,940,359	102.95	489,567	33.12	296.34
Earnings per Share						
Basic and Diluted		0.25		0.23		

Note: 1. Eximbank is a non-company entity. For ease of analysis, the number of shares is calculated based on a hypothetical value of NT\$10 per share.

2. Earnings per share are denominated in New Taiwan Dollars.

3. Statements of Cash Flows

NT\$ Thousand

Item	January 1, 2022- December 31, 2022		January 1, 2021- December 31, 2021	
	Subtotal	Total	Subtotal	Total
Cash Flows from Operating Activities:				
Profit Before Tax		857,468		793,317
Adjustments:		-12,110,740		-7,755,445
Adjustments to Reconcile Profit		-1,000,436		-887,127
Bad Debts Expense, Commitment and Guarantee Liability Provision	448,798		138,316	
Depreciation Expense	22,026		20,104	
Amortization Expense	31,259		27,891	
Interest Income	-2,872,810		-1,440,248	
Interest Expense	1,270,197		305,189	
Loss (Gain) on Disposal of Assets	129		157	
Other Adjustments	99,965		61,464	
Changes in Operating Assets and Liability		-11,110,304		-6,868,318
(Increase) Decrease in Loans and Discounts	-28,273,274		719,109	

Item	January 1, 2022- December 31, 2022		January 1, 2021- December 31, 2021	
	Subtotal	Total	Subtotal	Total
(Increase) Decrease in Receivables	18,557		111,858	
(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	-7,278		19,769	
(Increase) Decrease in Other Assets	-11,174		8,042	
Increase (Decrease) in Due to the Central Bank and Other Banks	17,109,594		-7,624,631	
Increase (Decrease) in Payables	35,448		-28,394	
Increase (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	6,228		-73,306	
Increase (Decrease) in Other Liabilities	11,595		-765	
Interest Paid		-1,204,990		-307,326
Interest Received		2,347,016		1,443,354
Income Tax Paid		-88,683		-44,507
Net Cash Inflows from (Used in) Operating Activities		-10,197,929		-5,870,607
Cash Flows from Investing Activities				
Purchase of Property and Equipment	-17,858		-17,394	
Sale of property and equipment			32	
Decrease (Increase) in Other Financial Assets			-4,692	
Decrease (Increase) in Other Assets	-56,135		-33,297	
Dividend Received	24,617		24,483	
Net Cash Inflows from(Used in)Investing Activities		-49,376		-30,868
Cash Flows from Financing Activities				
Increase (Decrease) in Borrowed Funds from the Central Bank and Other Banks	4,575,137		1,850,634	
Increase (Decrease) in Financial Debentures Payable	5,000,000		-3,900,000	
Increase (Decrease) in Other Financial Liabilities	-998,540		10,105,224	
Increase (Decrease) in Other Liabilities	71,516		9,956	
Distribution of Cash Dividends	-296,896		-338,735	
Principal Repayment of Lease Liability	-1,353		-1,136	
Net Cash Flows from (Used in) Financing Activities		8,349,864		7,725,943
Effect of Exchange Rate changes		-5,926		-753
Increase (Decrease) in Cash and Cash Equivalents		-1,903,367		1,823,715
Cash and Cash Equivalents at Beginning of Period		9,792,276		7,968,561

Item	January 1, 2022- December 31, 2022		January 1, 2021- December 31, 2021	
	Subtotal	Total	Subtotal	Total
Cash and Cash Equivalents at End of Period		7,888,909		9,792,276
Composition of Cash and Cash Equivalents				
Cash and Cash Equivalents Reported in the Balance Sheet		278,450		231,884
Due from the Central Bank and Call Loans to Banks Qualifying for Cash and Cash Equivalents Under the Definition of IAS 7		310,459		1,860,392
Securities Under Resell Agreements to Qualifying for Purchased Cash and Cash Equivalents Under the Definition of IAS 7		7,300,000		7,700,000
Cash and Cash Equivalents at End of Period		7,888,909		9,792,276



- Prime Minister Philip J. Pierre of Saint Lucia, an allied country of Taiwan, visited Eximbank on November 28, 2022, in hopes of strengthening exchanges and interactions between banks in the two countries and deepen bilateral economic and trade relationships. (Picture Taken November 2022).



4. Statements of Changes in Equity

January 1, 2021-December 31, 2022

NT\$ Thousand

Item	Attributable to Owners of the Controlling Equity						Total
	Capital	Retained Earnings			Other Equity Items		
		Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statement	Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	
Balance, January 1, 2021	31,711,187	1,550,340	2,044,169	41,219	-849,120	291,681	34,789,476
Recapitalization of special reserve on December 1, 2021	288,813		-288,813				
Provision for Legal Reserve		289,286		-289,286			
Provision for Special Reserve			136,602	-136,602			
Appropriation for Official Dividends				-338,546			-338,546
Net Income for FY 2021				728,616			728,616
Other Comprehensive Income for FY 2021				-5,401	-184,703	-48,945	-239,049
Balance, December 31, 2021	32,000,000	1,839,626	1,891,958		-1,033,823	242,736	34,940,497
Provision for Legal Reserve		324,280		-324,280			
Provision for Special Reserve			158,582	-158,582			
Appropriation for Official Dividends				-327,839			-327,839
Net Income for FY 2022				789,875			789,875
Other Comprehensive Income for FY 2022				20,826	1,122,368	7,290	1,150,484
Balance, December 31, 2022	32,000,000	2,163,906	2,050,540		88,545	250,026	36,553,017

5. Financial Analysis

NT\$ Thousand ; %

Item (Note 2)		year	
		FY2022	FY2021
Operating Ability	Non-performing Loan Ratio	0.047%	0.032%
	Ratio of Interest Income to Annual Average Loans	1.77%	0.97%
	Total Asset Turnover (Times)	1.14	0.98
	Average Operating Income per Employee	7,725	6,290
	Average Profit per Employee	3,237	3,100
Profitability	Return on Tier 1 Capital	2.54%	2.40%
	Return on Assets	0.48%	0.48%
	Return on Equity	2.21%	2.09%
	Net Income to Net Operating Income	41.91%	49.29%
	Earnings per Share (NT\$)	0.25	0.23
Financial Structure	Ratio of Liabilities to Assets	79.45%	76.75%
	Ratio of Property and Equipment to Equity	1.38%	1.45%
Growth Rate	Asset Growth Rate	18.36%	0.33%
	Profit Growth Rate	8.09%	6.36%
Cash Flow	Cash Flow Ratio	-16.07%	-12.07%
	Cash Flow Adequacy Ratio	-6,256.32%	-6,753.84%
	Cash Flow Sufficiency Ratio	20,653.62%	19,018.42%
Liquid Reserve ratio		44.72%	167.69%
Total Secured Loans to Interested parties		-	-
Total Secured Loans to Interested Parties as a Percentage of Total Loans		-	-
Operating Scale	Market Share of Assets	0.28%	0.26%
	Market Share of Net Worth	0.86%	0.82%
	Market Share of Loans	0.47%	0.42%

Analysis of Major Financial Ratio Changes Over the Past Two Fiscal Years:

1. The increase in the non-performing loan ratio in 2022 was mainly because of the increase in the Bank's overdue receivables this year.
2. The increase in the interest income as a percentage of the average loan balances in 2022 was mainly due to the significant increase in interest rates.
3. Increase in revenue per employee in 2022 was mainly attributed to the increase in net profit this year.
4. The increase in asset growth rate in 2022 was mainly due to the significant increase in loan balances this year compared to last year, along with an increase in asset growth.
5. The increase in profit growth rate in 2022 was mainly due to the increase in the profit before tax this year.
6. The decrease in the cash flow ratio in 2022 was mainly because of the increase in loans and discounts this year, resulting in an increase in net cash outflow from operating activities.
7. The decrease in the liquid reserve ratio in 2022 was mainly caused by the increase in NTD interbank borrowing.

Note 1: The 2021 account has been recognized by the Ministry of Audit, R.O.C. The final accounts of 2022 are still subject to account.

Note 2: Financial Formulae

1. Operating Ability

- (1) Non-Performing Loan Ratio = Non-Performing Loans / Total Loans Outstanding
- (2) Ratio of Interest Income to Annual Average Loans = Total Interest Income for Extended Credit / Annual Average Loans
- (3) Total Assets Turnover = Net Operating Income / Average Total Assets
- (4) Average Operating Income per Employee (Note 3) = Net Operating Income / Number of Employees
- (5) Average Profit per Employee = Net Income / Number of Employees

2. Profitability

- (1) Return on Tier 1 Capital = Net Income before Tax / Average Total Tier 1 Capital
- (2) Return on Assets = Net Income / Average Total Assets
- (3) Return on Equity = Net Income / Average Net Equity
- (4) Net Income to Net Operating Income = Net Income / Net Operating Income
- (5) Earnings per Share = (Net Income Attributable to Owners of the Controlling Entity – Dividends from Preferred Stocks) / Weighted Average Outstanding Shares (Note 4)

3. Financial Structure

- (1) Ratio of Liabilities to Total Assets = Total Liabilities (Note 5) / Total Assets
- (2) Ratio of Property and Equipment to Equity = Net Property and Equipment / Net Equity

4. Growth Rates

- (1) Asset Growth Rate = (Total Assets for Current Year – Total Assets for Previous Year) / Total Assets for Previous Year
- (2) Profit Growth Rate = (Net Income before Tax for Current Year – Net Income before Tax for Previous Year) / Net Income before Tax for Previous Year

5. Cash Flows (Note 6)

- (1) Cash Flow Ratio = Net Cash Flows from Operating Activities / (Due to Banks + Commercial Papers Payable + Financial Liabilities at Fair Value through Profit or Loss + Securities Sold Under Agreements to Repurchase + Payables Within One Year)
- (2) Cash Flow Adequacy Ratio = Net Cash Flows from Operating Activities for the Past Five Years / (Capital Expenditures + Cash Dividends) for the Past Five Years
- (3) Cash Flow Sufficiency Ratio = Net Cash Flows from Operating Activities / Net Cash Flows from Investing Activities

6. Liquid Reserve Ratio = Central Bank Liquid Asset Requirements / Liabilities Requiring the Provision of Liquid Reserves

7. Operating Scale

- (1) Market Share of Assets = Total Assets / Total Assets of All Financial Institutions Available for Deposits and Loans (Note 7)
- (2) Market Share of Net Worth = Net Worth / Total Net Worth of All Financial Institutions Available for Deposits and Loans
- (3) Market Share of Loans = Total Loans / Total Loans of All Financial Institutions Available for Deposits and Loans

Note 3: Net operating income refers to the sum of interest income and non-interest income.

Note 4: Eximbank is a non-company entity. For ease of analysis, the number of shares is calculated based on a hypothetical value of NT\$10 per share.

Note 5: Liabilities exclude guarantee reserve and reserve for accident losses.

Note 6: Comments on Measuring Cash Flow Analysis:

- 1. Net cash flows from operating activities refer to the same item in the statements of cash flows.
- 2. Capital expenditures refer to cash outflows required for capital investments each year.
- 3. Cash dividends include cash dividends for common stock and preferred stock.

Note 7: Financial institutions handling deposits and loans include domestic banks, the local branches of Mainland China's banks and foreign banks, credit cooperatives, and credit departments of farmers' and fishermen's associations.

6. Capital Adequacy

NT\$ Thousand; %

Analyzed Item		Year	FY 2022	FY 2021	
Regulatory Capital	Common Equity Tier 1 Capital		34,440,843	33,099,060	
	Additional Tier 1 Capital		-	-	
	Tier 2 Capital		1,798,925	1,562,611	
	Regulatory Capital		36,239,768	34,571,671	
Total Risk Weighted Assets	Credit Risk	Standardized Approach	132,654,423	113,749,298	
		Internal Ratings-Based Approach	-	-	
		Assets Securitization	-	-	
	Operational Risk	The Basic Indicator Approach	3,067,562	3,113,579	
		The Standardized Approach/The Alternative Standardized Approach	-	-	
		Advanced Measurement Approach	-	-	
	Market Risk	Standardized Approach	77,490	19,203	
		Internal Models Approach	-	-	
	Total Risk-Weighted Assets			135,799,475	116,882,080
	Total Capital Adequacy Ratio			26.69%	29.58%
Tier 1 Capital Ratio			25.36%	28.24%	
Common Equity Tier 1 Ratio			25.36%	28.24%	
Leverage Ratio			17.46%	19.69%	

Note: 1. Under the Ministry of Finance Circular Tai-Tsai-Rong (2) No. 89774873, Eximbank's balance sheets, income statements, statements of changes in equity, and statements of cash flows are exempt from verification by a certified public accountant.

2. Regulatory Capital, total risk-weighted assets, and exposure measurement were calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and related instructions for capital adequacy calculations.

3. The following financial formulae are used in calculations on this table:

(1) Regulatory Capital = Common Equity Tier 1 Capital + Additional Tier 1 Capital + Tier 2 Capital

(2) Total Risk-Weighted Assets = Credit-Risk-Weighted Assets + Capital Charge of (Operational Risk + Market Risk) x 12.5

(3) Total Capital Adequacy Ratio = Regulatory Capital / Total Risk-Weighted Assets

(4) Tier 1 Capital Ratio = (Common Equity Tier 1 Capital + Additional Tier 1 Capital) / Total Risk-Weighted Assets

(5) Common Equity Tier 1 Ratio = Common Equity Tier 1 Capital / Total Risk-Weighted Assets

(6) Leverage Ratio = Net Tier 1 Capital / Exposure Measurement

7. Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Measurement Bases

(1) Declaration of Compliance

Eximbank is a state-owned enterprise. Its financial statements are prepared based on Eximbank's accounting policies made in conformity with "Regulations Governing the Preparation of Financial Reports by Public Banks" announced by the competent authority, the International Financial Reporting Standards, International Accounting Standards, explanations/interpretations approved by the Financial Supervisory Commission (FSC), and in accordance with the provisions specified in the Budget Act, the Financial Statement Act, and the Accounting Act.

(2) Preparation Bases

a. Measurement Bases

Except for the gains and losses at fair values of financial instruments (including derivative financial instruments), Eximbank's financial statements are prepared based on historical costs.

b. Functional Currency and Presentation Currency

The functional currency of each operational office of Eximbank is the primary currency of the economy where the office is located. The functional currency of Eximbank's domestic operational institutions is NTD, and functional

currency for the offshore banking branch and the overseas representative office are USD. The presentation currency in the financial statements is NTD.

(3) Foreign Currency Transactions

a. Foreign Currency Transactions

Foreign currency transactions are recorded in original currencies used. Income or expenses generated from foreign currency transactions are converted to the functional currencies at the closing exchange rates on the day or at the end of the month in which the transactions occur.

Foreign currency assets and liabilities held by Eximbank are monetary items, the values of which may be adjusted subject to the closing foreign exchange rates on the balance sheet date, and exchange differences will be recorded under current gains and losses.

b. Translation of Foreign Currency Financial Statements

The functional currency of Eximbank's offshore banking branch and overseas representative office is USD. The assets and liabilities stated as part of the financial status and operational results are converted to the presentation currency at the closing foreign exchange rates on the balance sheet date, while the gains and losses are converted to the presentation currency at the average exchange rates in the current period. All exchange differences generated from the conversion are recorded as other comprehensive income and loss. Exchange differences generated from the conversion of the net investment in foreign operations are recorded as other comprehensive income and loss in the Eximbank's financial statement.

(4) Financial Instruments

Financial assets and financial liabilities are recorded when Eximbank becomes one of the parties entering into a financial instrument contractual agreement. According to International Financial Reporting Standard 9 and the Competent Authority's "Regulations Governing the Preparation of Financial Reports by Public Banks", all financial assets and liabilities of Eximbank, including derivatives, are recognized on the balance sheet and measured according to their classification.

a. Financial Assets

Financial assets are initially recognized at fair value. Those that are not measured at fair value through profit or loss are measured at the transaction cost directly attributable to the obtaining of the financial asset. The subsequent value is measured based on fair value or amortized cost.

- i. Financial Assets at Fair Value through Profit or Loss:
 - (i). Shall mean financial assets that are not measured at amortized cost or measured at fair value through other comprehensive income.
 - (ii). Financial assets measured at fair value through amortized cost or through other comprehensive income can be designated as financial assets measured at fair value through profit or loss in accordance with International Financial Reporting Standard 9. That is, only those who can provide more information through the designation that can eliminate or significantly reduce accounting inconsistency can be designated as financial assets measured at fair value through profit or loss.

The initial recognition is measured at fair value, and the change in fair value shall be included in the current profit and loss.

- ii. Financial Assets at Fair Value through Other Comprehensive Income:
 - (i). Debt instrument investments that meet the following conditions:
 1. The financial asset is held under a business model for the purpose of collecting contractual cash flows and selling.
 2. The contractual terms of the financial assets generate cash flows on a specific date, which are solely for the payment of principal and interest on the outstanding principal amount.
 - (ii). An irrevocable option is made in initial recognition to present changes in fair value to other comprehensive income for equity instrument investment that are not held for trading. This option is made on an item by item basis.

Financial assets measured at fair value through other comprehensive income are measured at fair value and presented in other comprehensive income. When Eximbank derecognize the above equity instruments investment, the accumulated benefits or losses presented in other comprehensive income are transferred directly to retained earnings and are not reclassified to profit or loss.

- iii. Debt Instrument Investments Measured at Amortized Cost
 - (i). The financial assets are held in a business model for the purpose of collecting contractual cash flows.
 - (ii). The contractual terms of the financial assets generate cash flows on a specific

date, which are solely for the payment of principal and interest on the outstanding principal amount.

The initial recognition is measured at the transaction price plus the transaction cost, and the subsequent evaluation is measured at the amortized cost of the effective interest method, and the gain or loss is recognized when it is derecognized, impaired or amortized.

iv. Loans and Receivables

Loans and receivables include bank-originated and non- bank-originated. Bank-originated loans and receivables refer to those that are generated when Eximbank provides money, goods or services to the debtors. Non-bank-originated loans and receivables refer to all the loans and receivables that are not originated by Eximbank. The initially recognized fair value, (generally the transaction price), major transaction costs, major paid or received fees, discounts and premium of loans and receivables are considered for accounting and

subsequently measured based on the effective interest method in accordance with relevant regulations. However, according to Paragraphs 8 and 11 of Article 10 of the “Regulations Governing the Preparation of Financial Reports by Public Banks”, loans and receivables that have minimal effect on discounting can be measured at the original amount.

v. Securities Traded under Repurchase or Resale Agreements

Securities traded by Eximbank under repurchase or resale agreements are managed as financing transaction according to its substance of transaction. For the securities traded under repurchase or resale agreements, the interest expenses or interest incomes are recognized as occurred at the date of sale and purchase as well as the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.



- Taiwan Chamber of Commerce (Tanzania) Chairman Andrew Huang and a trade delegation from the United Republic of Tanzania visited Eximbank on November 24, 2022, in hopes of building a cooperation relationship and increasing bilateral trade between Taiwan and Tanzania. (Picture Taken November 2022).

vi. Impairment of Financial Assets

- (i). The scope of application of Eximbank's impairment assessment.

All of the financial instruments measured at the post-amortization cost, the debt instruments measured at fair value through other comprehensive income, or the loan commitments and financial guarantee contracts applicable to the impairment requirements in accordance with IFRS 9 are included.

- (ii). Eximbank uses the expected credit loss model to assess the impairment of financial assets.

1. If the credit risk of the financial asset has not increased significantly since the initial recognition, the allowance for the financial asset shall be measured by the 12-month expected credit loss amount on the reporting date.

2. If the credit risk of the financial asset has increased significantly since the initial recognition, the allowance for the financial asset shall be measured against the expected credit loss during the duration of each reporting period.

3. In determining whether the credit risk has increased significantly, the risk of default on the financial assets of the reporting date and the risk of default on the financial assets on the initial recognition date should be compared, and the reasonable and provable information showing the significant increase in credit risk since the initial recognition should be considered.

(iii). If the financial instrument measured at the amortized cost is recognized as impairment after the assessment method, the impairment loss is recognized. If the amount of the impairment loss decreases



● Eximbank co-organized the "Seminar on Central and Eastern Europe Credit Fund: Join Hands With Taiwan Enterprises to Develop in Central and Eastern Europe" with the National Development Council, Ministry of Foreign Affairs, and PwC Taiwan on November 2, 2022, and the event was successfully concluded. (Picture Taken November 2022).

in the subsequent period, it will be reversed and recognized as the current profit and loss. The amount of the reversal shall not cause the book value to be greater than the amortized cost of the unrecognized impairment.

- (iv). When debt instrument investments that are measured at fair value through other comprehensive income are recognized as impairments in the assessment, the impairment loss shall be recognized in profit or loss and adjusted and accumulated in other comprehensive income (not classified as allowance). If the amount of the impairment loss is reduced, it will be reversed and recognized as the current profit and loss, and reversed the adjustment in other comprehensive income. The amount of the reversal shall not make the book value greater than the amortized cost of the unrecognized impairment.
- (v). To measure the financial assets other than loans and the expected credit losses of interest receivable, if the risk of credit losses assessed is extremely low according to Eximbank's credit risk management procedures, the nature of the transaction, the short period of commitment and historical experience, etc., it may not be accounted for temporarily because it is not significant; however, the qualitative assessment will be adopted periodically to check whether the assumptions have changed.

vii. Derecognizing Financial Assets

A financial asset shall be derecognized when Eximbank's contractual rights to the cash flows of the financial assets have expired or are transferred through transactions where nearly all the risks and rewards of the ownership (of the financial assets) are also transferred.

b. Financial Liabilities

Except for derivatives with negative fair value and certain financial bonds issued with matching derivatives for risk management, in order to reflect its economic hedging and reduce the improper accounting ratio, they are designated as "financial liabilities measured at fair value through profit or loss", in accordance with the International Financial Reporting Standards 9, Eximbank's other financial liabilities are recognized as financial liabilities measured at amortized cost.

i. Financial Liabilities at Fair Value through Profit or Loss

Including derivatives with a negative fair value and financial bond designated at fair value through profit or loss when initially recognized.

ii. Financial Liabilities Measured at Amortized Cost

Financial liabilities that are not classified as "financial liabilities at fair value through profit or loss" are measured at amortized cost. Interbank deposits, accounts payables, due from the Central Bank and call loans to banks and debt securities issued that are not classified as financial liabilities at fair value through profit or loss are also included in this category.

(3) Derecognizing Financial Liabilities

Financial liabilities are derecognized when Eximbank's contractual obligations are fulfilled, canceled, or expired.

(5) Property and Equipment

- a. Eximbank's property and equipment are stated at historic cost less accumulated depreciation. Historic cost includes all expenses directly attributable to acquisition of the assets.
- b. Land is not affected by depreciation. Depreciation of other assets is calculated

using the straight-line method over service life to derive the residual value. Estimated service life, residual value, and depreciation methods are reviewed at the end of the reporting period. Any changes in estimates shall be applied prospectively.

- c. Gains or losses incurred at sale or disposal of property and equipment are measured as the difference between disposal price and book value of assets and are recorded in gains or losses.

(6) Lease (applicable from January 1, 2019)

Eximbank is the Lessee. For lease of short-term or low value asset, Eximbank elect to account for lease payments as expenses on a straight-line basis over the lease term. Other than the above mentioned, the lease will be recognized as Right-of-use Asset and Lease Liability upon lease commencement.

- a. Right-of-use Asset: Upon lease commencement, the Right-of-use Asset is initially measured at cost model, and subsequently recognize depreciation on a straight-line basis to the end of asset durability or lease term, whichever earlier.
- b. Lease Liability: Upon lease commencement, the unpaid lease payments are discounted to the present value as the initial measurement. If the implied interest rate of the lease is easy to determine, the lease payment is discounted by the interest rate; if the interest rate is not easy to determine, the Eximbank incremental borrowing rate shall apply. Subsequently, interest on Lease Liabilities and variable

lease payments that are not included in the measurement of the Lease Liability are recognized in profit or loss.

(7) Intangible Assets

Eximbank's intangible assets are all computer software recognized at cost. Amortization of intangible assets is calculated using the straight-line method over the economic service life, with a maximum estimated service life of five years. Subsequent measurements are based on the cost model Eximbank applies. Residual value, amortization periods and amortization methods are reviewed at the end of the reporting period, and any changes in estimates will be applied prospectively.

(8) Non-Financial Asset Impairment

The asset applicable to "Impairment of Assets" in the IAS 36, when there is any indication that an asset may be impaired; Eximbank will evaluate the asset or its cash generating unit. An impairment loss is recognized when the recoverable amount (the higher of the fair value or of the value in use) is found to be less than the book value. On the end of reporting date, if the evaluation produces evidence indicating the recognized impairment loss of an asset in the prior year has no longer existed or has reduced, the recoverable amount should be re-measured. Reversal of impairment loss is recognized when the recoverable amount of the asset has increased. However, the book value after the reversal should not exceed the depreciated or amortized book value of the asset assuming no impairment loss was recognized.

(9) Allowance for Bad Debt, Provision of Reserve for Loan Commitment and Guarantee Liability

a. Loans

In accordance with the definition of impairment loss of loans and accounts receivables specified in IAS 9, the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans” announced by the FSC, and Eximbank’s “Guidelines for Asset Evaluation and Loss Reserve”, Eximbank evaluates the debtors’ collateral, length of time overdue and allocates an appropriate allowance for bad debt on the balance sheet date according to the higher one of the two at the time.

b. Guarantee Reserve

Eximbank’s guarantee business focuses mainly on performance obligations, which are not classified as “Financial Guarantee Contracts”.

The reserve for guarantees is allocated in accordance with IAS 37 and the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” released by the competent authority (FSC), whichever higher shall apply.

c. Loan Commitment Reserve

The reserve for loan commitment is allocated based on the provisions of International Financial Reporting Standard 9.

(10) Related Reserve and Liability for Export-Credit Insurance

a. Unearned Premium Reserve and Loss Reserve

Eximbank allocates a reserve in accordance with the “Regulations Governing Insurance Reserves” released by the competent authority and other relevant regulations.



● Eximbank’s Representative Office in Jakarta, Indonesia formally opened on October 24, 2022. (Picture Taken October 2022).

b. Liability Adequacy Reserve

In accordance with IFRS 4, Eximbank carries out liability adequacy tests annually, and will allocate an additional reserve to make up for any insufficiencies found in the test.

c. Export Credit Insurance Reserve (or Funds Appropriations for Export-Credit Insurance)

In order to promote Eximbank's export credit insurance business, the Ministry of Finance and the National Trade Bureau of the Ministry of Economic Affairs allocated reserve to Eximbank.

(11) Employee Benefits

a. Short-Term Employee Benefits

Undiscounted payment for short-term employee benefits during their service period are expensed as incurred.

b. Retirement Benefits

i. Pensions: For employees covered by the old labor pension scheme, Eximbank calculates the actuarial net pension costs annually in accordance with the provisions specified in the "Regulations for the Allocation and Management of Workers' Retirement Reserve Funds" and relevant specification specified in the IAS 19, and recognizes the costs under the item "pension and resignation pay". Meanwhile, Eximbank contributes (calculated as total payroll of the year times actuarial contribution ratio) to Eximbank's "Pension Fund Supervisory Commission" for the use of staff and the designated account in Eximbank of Taiwan, "Pension Fund Supervisory Commission", for the use of workers and security personnel. For employees covered by the new labor pension scheme, Eximbank makes contributions (6% of the employees' salary) to the employees' individual pension accounts at the Bureau of Labor Insurance,

and recognizes the contribution costs under the item "Employee and Worker Pension Fund and Resignation Pay".

- ii. Eximbank recognizes pension liabilities on the balance sheet after calculating the actuarial present value of defined benefit obligations less the fair value of the pension fund and adjusts for unrecognized net gains and losses of pension and the net amount after recognizing service costs in the prior period. The defined benefit obligations are measured annually by actuaries applying the Projected Unit Credit Method. The actuarial present value of defined benefit obligations are the discounted amount of estimated future cash flows calculated by actuaries, taking into consideration the currency of the retirement benefit obligations and the yields of high quality corporate bonds with same maturity dates. According to the defined benefit plan actuarial report, the total defined benefit obligation of Eximbank as at the end of 2022 is NT\$718,988 thousand. The amount of the allocated plan asset is NT\$347,920 thousand. The amount of employee benefit reserve liability is NT\$ 372,424 thousand (including the amount payable to the Chair and President amounting to NT\$1,356 thousand).
- iii. Actuarial gains or losses are recognized as other comprehensive income as incurred. Service costs from the prior period are recognized as current gains and losses.

c. Employee Preferential Deposit

- i. Eximbank provides employee preferential deposits, including fixed amount preferential deposits for employees in-service and fixed amount preferential retirement deposits for retired and in-service employees. The excess interest of these preferential deposits is part of the employee benefits.

- ii. The excess interest Eximbank pays to the preferential deposits for employees in-service is calculated on an accrual basis monthly and recognized as “Interest of Preferential Deposit” of “Non-operating Expenses”. According to the “Regulations Governing the Preparation of Financial Reports by Public Banks”, the excess interest paid to the preferential retirement deposits apply to the provisions on confirmed benefit programs specified in the IAS 19. The actuarial estimation regarding the mentioned benefit program is in accordance with the competent authority’s regulations. However, the reported values of the program are estimated. Therefore, in future cases where the amounts Eximbank pays are different from the estimated value of retirement benefit obligations, the difference is viewed as changes in accounting estimates and will be recognized in gains and losses in the year when the changes occur.

(12) Recognizing Income and Expenses

a. Interest Revenue and Expenses

Except for the financial instruments that are classified as financial instruments at fair value through profit or loss, all the interest revenue and expenses generated by the interest-bearing financial instruments are calculated using the effective interest method and recognized as “Interest Revenue” or “Interest Expenses” in the comprehensive income statement.

b. Fee Income

Fee income is recognized once upon completion of services. Eximbank’s guarantee fee is on an accrual basis and is recognized during the period that the services are provided.

c. Dividend Income

Cash dividend income is recognized when Eximbank’s right to collect the payment is established.

(13) Income Tax

a. Current Income Tax

The income tax payable (receivable) shall be calculated in accordance with provisions of tax laws and regulations announced by the government, except that the transactions or items directly recognized as other comprehensive profits and losses or as equity directly, and the relevant current income tax shall be recognized in other comprehensive profits or losses or as equity directly, the others shall be recognized as income or expense and included in the current profits and losses.

b. Deferred Income Tax

The deferred income tax assets and liabilities shall be measured based on the estimated tax rates at the expected future time when the assets are realized or the tax rates during the payment period of the liabilities. Calculation of tax rates shall be based on the tax rates which have been

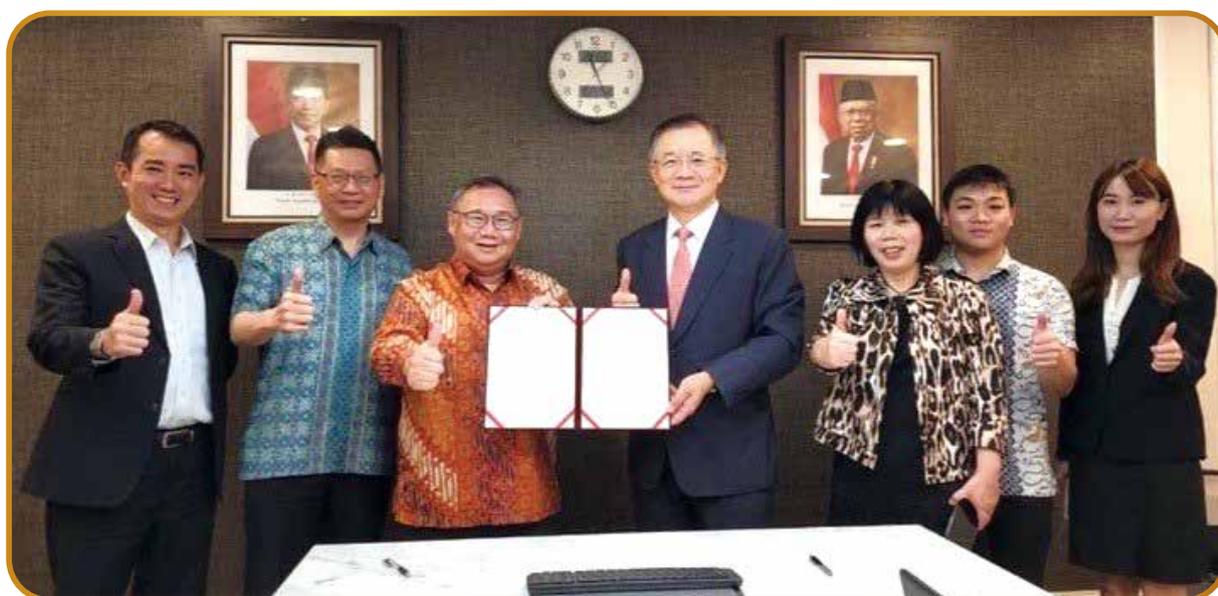


legalized or substantially legalized on the balance sheet date. Temporary differences between the carrying amounts and tax basis of assets and liabilities in the balance sheet are calculated using the balance sheet method and recognized as deferred income tax. The temporary differences of Eximbank are mainly due to the unrealized value of certain financial instruments (including derivatives), reserve and deferring of pensions and other retirement benefits. For the originally recognized assets and liabilities, if not caused by the corporate mergers, and the transaction was not affecting the accounting profits or taxing for income (loss) at that time, then the deferred income tax caused by the assets or liabilities shall not be recognized. Deductible temporary differences that are likely to offset taxable income are recognized as deferred income tax assets. The items recognized by Eximbank under other comprehensive profits and losses, the impact of their income tax are also recognized under other comprehensive income.

Note 2. Main Sources of Significant Accounting Judgments and Estimation Uncertainty

(1) Impairment Losses on Loans

Eximbank estimates possible impairment on loans and receivables every month and determines whether the items shall be recognized as loss mainly based on observable evidence of possible impairment. The evidence may include observable data indicating adverse changes in the payment status of the borrower or the national/local economic conditions related to the default of payments. The analysis by the management level of expected cash flows is based on past experience of losses on assets with similar credit risk characteristics. Eximbank reviews the method and assumptions of expected cash flows and the timing every month in order to reduce the difference between the estimated and the actual amount of losses.



- Eximbank signed a MOU with Mr. Iwan Satawidinata, President of PT Bank CTBC Indonesia, on October 25, 2022, to promote Taiwan's foreign trade. (Picture Taken October 2022).

(2) Fair Value of Financial Instrument

The fair value of a financial instrument without an active market or if the quote is unavailable is determined using valuation techniques. In this case, the fair value is estimated based on observable data or models of similar financial instruments. When there is no observable market parameter, the fair value of the financial instrument is estimated based on appropriate assumptions. When determining the fair value using valuation models, all models shall be adjusted to ensure that the results reflect the actual data and market price.

(3) Income Tax

The final amount of tax payments is determined through various transactions and calculations. Differences might emerge with some transactions and calculations due to differences between the definitions of the tax authorities and Eximbank,

leading to differences between the final actual tax amount and the estimates. Eximbank recognizes the related income tax and deferred income tax items based on an estimation of whether an additional tax might be incurred due to the transaction or calculation. The differences between the final tax amount and the original amount recognized will affect the recognized income tax and deferred tax.

(4) Post-Employment Benefits

- a. The present value of retirement benefit obligations is based on actuarial calculations with several assumptions. Any changes in these assumptions will affect the carrying value of retirement benefit obligations.
- b. Assumptions used for determining the net pension cost (income) include discount rates. Eximbank determines the appropriate discount rates at the end of each year, and



- Eximbank co-organized the "Seizing Business Opportunities in Africa – Seminar on Taxes on Financial Support and Investment" with the Importers and Exporters Association of Taipei, Taiwan-Africa Business Association, Taiwan Africa Industry Development Association, and PwC Taiwan on April 12, 2022, and the event was successfully concluded. (Picture Taken April 2022).

the rates are used to estimate the present value of future cash flows of retirement benefit obligation payments. To determine the appropriate discount rates, Eximbank shall consider the yields of high-quality corporate bonds or government bonds and that is in the same currency used to pay the retirement benefits and with maturity in the same period of relevant pension liabilities.

- c. In estimating the excess interest gained by retired employees via preferential deposits (of retirement benefit obligations), the actuarial assumptions are in accordance with Order Letter Jin Guan Yin Fa No. 10110000850, i.e. discount rate shall be at least 4% or above, withdrawal rate of pension preferential deposit shall not be lower than 1%, and the probability of changes in preferential deposit programs is assumed is 50%. In future cases where the amount paid are different from the estimated value of retirement benefit obligations, the difference is viewed as changes in accounting estimates and will be recognized in gains and losses of the year when the changes occur.

Note 3. Disclosure of Significant Commitments, Contingent Assets, and Contingent Liabilities

- (1) The following are not recognized on the balance sheet but are addressed in the footnotes: assets (liabilities) under trust, agency, and guarantee of NT\$24,776,651 thousand, including guarantee receivables of NT\$24,548,485 thousand,

custodial collections receivables of NT\$162,404 thousand, joint loans receivables memo account of NT\$65,222 thousand, and collateral of NT\$540 thousand.

- (2) No bills receivable (or payable).
 (3) Undisbursed loan commitments of NT\$50,570,568 thousand.

Note 4. Interest Rate Benchmark Reform

- (1) In July 2017, the Financial Conduct Authority publicly announced that it would no longer require quoting banks to provide the London Interbank Offered Rate (LIBOR) quoted rate starting from late 2021. It was found upon review that the Bank's LIBOR-linked products are loans and Central bank refinancing. In response to the LIBOR phaseout, we established a cross-departmental task force in 2020. The Supervising Executive Vice President acts as its convener to gather relevant departments of the Bank in regular consultation meetings and complete the transition plan jointly. The relevant impacts on six major aspects, "Business and profit", "Contract documents", "Customer communication", "Risk management and assessment", "Business processes and system tasks", and "Finance and taxation", will be evaluated and response measures will be formulated to reduce the impact and risk of the LIBOR Transition on the Bank
- (2) The risk exposure situation of the Bank from LIBOR-linked products in 2022 is as follows:

a. Assets:

The amount of LIBOR-linked loan agreements is NT\$69.563 billion.

b. Liabilities:

The amount of LIBOR-linked Central bank refinancing agreements is NT\$35.560 billion.

iv One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v The entity is controlled or jointly controlled by a person identified in (1) a.

vi A person identified in (1) a. i. has significant influence on Eximbank or is a member of the key management personnel of Eximbank.

Note 5. Major Transaction with Related Individual or Related Entity

(1) In accordance with the definition of "Related (Interested) Party Disclosures" in International Accounting Standards 24, the related (interested) party refers to an individual or entity who has a relationship with Eximbank:

a. A person or a close member of that person's family is related to Eximbank if that person:

- i has control or joint control over Eximbank.
- ii has significant influence over Eximbank.
- iii is a member of the key management personnel of Eximbank.

b. An entity is related to Eximbank if any of the following conditions applies:

- i The entity and Eximbank are members of the same group (which means each parent, subsidiary and fellow subsidiary is related to the others).
- ii One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii Both entities are joint ventures of the same third party.

(2) The following entities are related parties of Eximbank:

- a. Bank of Taiwan (Substantive related party)
- b. Mega International Commercial Bank Co., Ltd. (Substantive related party)
- c. First Commercial Bank Co., Ltd. (Substantive related party)

(3) Types of transactions include interbank deposits, interbank lending, and foreign exchange transactions.

Note 6. Financial Information of the Operating Segments

Eximbank's results of operating segments are periodically reviewed by the management level in order to develop the policies regarding resource allocation and performance assessment. The information used is classified by the nature of the business activities in which it is engaged in accordance with the provisions specified in the IFRS 8 "Operating Segments". The reporting operating segments are the Credit Business Segment and the Export Credit Insurance Business Segment.

Eximbank Financial Information of Operating Segments Fiscal Years 2022 and 2021

NT\$ Thousand

	FY 2022			FY 2021		
	Credit Business	Export Credit Insurance	Total	Credit Business	Export Credit Insurance	Total
Net Interest Income	1,744,386	22,316	1,766,702	1,281,070	11,929	1,292,999
Non-Interest Income	-129,541	247,619	118,078	-30,536	215,612	185,076
Net Fees and Commissions	66,678	-4,992	61,686	61,372	-2,309	59,063
Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss	-157,510		-157,510	-63,316		-63,316
Gain From Sale of Financial Assets at Fair Value through Other Comprehensive Income	24,617		24,617	24,483		24,483
Foreign Exchange Gains (Losses)	1,453		1,453	-740		-740
Net Export Credit Insurance Income		264,302	264,302		227,670	227,670
Other Non-Interest Income	-64,779	-11,691	-76,470	-52,335	-9,749	-62,084
Net Operating Income	1,614,845	269,935	1,884,780	1,250,534	227,541	1,478,075
Bad Debts Expense, Commitments and Guarantee Liability Provision	356,634		356,634	82,925		82,925
Operating Expenses	511,246	159,432	670,678	452,891	148,942	601,833
Net Income (Losses) Before Tax	746,965	110,503	857,468	714,718	78,599	793,317

Note: As Eximbank provides only the amount of loans and the export credit insurance business volume for the evaluation of assets and liabilities, evaluation of the assets is zero as per the 2010 Ji-Mi-Zi No.151 Directive from the Accounting Research and Development Foundation interpretation.



- Eximbank co-organized the "Indonesia Investment and Business Opportunities Seminar" with BKPM, IETO and PwC Taiwan on August 15, 2022. Companies enthusiastically participated and the event was successfully concluded. (Picture Taken August 2022).

Note 7. Details of Significant Accounts

(1) Cash and Cash Equivalents

Item	Date	December 31, 2022	December 31, 2021
Cash on Hand		3	3
Petty Cash & Revolving Funds		271	271
Checks for Clearance		231	0
Due from Banks		277,945	231,610
Total		278,450	231,884

(2) Due from the Central Bank and Call Loans to Other Banks

Item	Date	December 31, 2022	December 31, 2021
Due from the Central Bank		10,459	10,392
Call Loans to Other Banks		300,000	1,850,000
Total		310,459	1,860,392

(3) Financial Assets at Fair Value through Profit or Loss

Item	Date	December 31, 2022	December 31, 2021
Valuation Adjustments of Financial Assets at Fair Value through Profit or Loss		13,312	6,034
Total		13,312	6,034

(4) Financial Assets at Fair Value through Other Comprehensive Income

Item	Date	December 31, 2022	December 31, 2021
Financial Assets at Fair Value through Other Comprehensive Income		96,008	96,008
Valuation Adjustment of Financial Assets at Fair Value Through Other Comprehensive Income		250,027	242,736
Total		346,035	338,744

(5) Debt Instrument Investments Measured at Amortized Cost

Item	Date	December 31, 2022	December 31, 2021
Financial Assets Measured at Amortized Cost		7,300,000	7,700,000
Total		7,300,000	7,700,000

(6) Receivables-Net

Item	Date	December 31, 2022	December 31, 2021
Earned Revenue Receivable		499	592
Interest Receivable		698,897	173,676
Accounts Receivable for Factoring without Recourse		0	0
Premium Receivable		3	0
Other Receivable		18,103	36,570
Total		717,502	210,838
Allowance for Losses		-5,021	-3,526
Net Amount		712,481	207,312

(7) Loans and Discounts-Net

Item	Date	December 31, 2022	December 31, 2021
Short-Term Loans		40,587,687	33,913,222
Short-Term Secured Loans		168,750	229,758
Medium-Term Loans		85,910,763	70,368,876
Medium-Term Secured Loans		448,692	864,646
Long-Term Loans		1,054,888	757,644
Long-Term Secured Loans		43,272,746	35,941,799
Overdue Loans		80,506	45,485
Total		171,524,032	142,121,430
Allowance for Losses		-2,539,107	-2,118,509
Discount of Premium		-2,397	-2,970
Net Amount		168,982,528	139,999,951

(8) Other Financial Assets-Net

Item	Date	December 31, 2022	December 31, 2021
Reinsurance Reserve Assets		267,855	144,444
Net Amount		267,855	144,444

(9) Property and Equipment-Net

Item	Date	December 31, 2022	December 31, 2021
Land		103,279	103,279
Revaluation Increments-Land		174,791	174,791
Buildings		411,839	410,626
Accumulated Depreciation- Building		-227,936	-220,416
Machinery and Computer Equipment		84,435	76,012
Accumulated Depreciation - Machinery and Computer Equipment		-58,113	-51,513
Transportation Equipment		11,421	11,111
Accumulated Depreciation - Transportation Equipment		-8,137	-7,491
Miscellaneous Equipment		41,335	39,136
Accumulated Depreciation - Miscellaneous Equipment		-29,148	-27,550
Leasehold Improvements		2,789	873
Accumulated Depreciation- Leasehold Improvements		-1,039	-873
Net Amount		505,516	507,985

(10) Right-of-Use Asset -Net

Item	Date	December 31, 2022	December 31, 2021
Right-of-Use Asset		10,194	3,330
Accumulated Depreciation-Right-of-Use Asset		-2,106	-370
Net Amount		8,088	2,960

(11) Intangible Assets-Net

Item	Date	December 31, 2022	December 31, 2021
Software		107,292	85,136
Total		107,292	85,136

(12) Other Assets-Net

Item	Date	December 31, 2022	December 31, 2021
Inventory of Supplies		289	245
Prepaid Expenses		43,797	32,990
Other Prepayments		584	261
Temporary Payments and Suspense Accounts		2,936	621
Refundable Deposits		7,037	6,631
Total		54,643	40,748

(13) Due to the Central Bank and Other Bank

Item	Date	December 31, 2022	December 31, 2021
Call Loans From Bank		35,949,863	18,840,269
Total		35,949,863	18,840,269

(14) Borrowed Funds from the Central Bank and Other Banks

Item	Date	December 31, 2022	December 31, 2021
Borrowed Funds From the Central Bank		36,378,221	31,803,085
Total		36,378,221	31,803,085

(15) Financial Liabilities at Fair Value through Profit or Loss

Item	Date	December 31, 2022	December 31, 2021
Valuation Adjustment of Financial Liabilities Held for Trading		626,349	147,639
Designated as Financial Liabilities at Fair Value through Profit or Loss		24,200,000	29,600,000
Designated as Valuation Adjustment of Financial Liabilities at Fair Value through Profit or Loss		-731,927	-259,445
Total		24,094,422	29,488,194

(16) Payables

Item	Date	December 31, 2022	December 31, 2021
Accrued Expenses		119,175	114,112
Accrued Interest		157,829	89,207
Other Tax Payable		14,674	7,302
Custodial Collections Payable		1,211	593
Stock (Official) Dividends Payable		31,893	950
Reinsurance Benefits Payable		5,558	2,383
Other Payable		101,098	81,877
Total		431,438	296,424

(17) Financial Debentures Payable

Item	Date	December 31, 2022	December 31, 2021
Financial Debentures Payable		8,000,000	3,000,000
Discount on Financial Debentures Payable		-2,902	-877
Total		7,997,098	2,999,123

(18) Other Financial Liabilities

Item	Date	December 31, 2022	December 31, 2021
Commercial Papers Payable		3,000,000	0
Discount on Commercial Papers Payable		-1,436	0
Funds Appropriated for Loans		31,442,012	30,040,551
Total		34,440,576	30,040,551

(19) Provisions

Item	Date	December 31, 2022	December 31, 2021
Guarantee Liability Reserve		245,485	218,779
Unearned Premium Reserve		99,152	90,324
Claim Reserve		874,278	646,428
Employee Benefits Liability Reserve		372,424	385,167
Total		1,591,339	1,340,698

(20) Other Liabilities

Item	Date	December 31, 2022	December 31, 2021
Unearned Premiums		0	126
Unearned Revenues		59,398	47,676
Refundable Deposits		3,876	3,367
Custodial Deposits		2,133	2,182
Temporary Receipts and Suspense Accounts		164,498	108,847
Funds Appropriated for Export Credit Insurance		1,232,438	1,214,640
Total		1,462,343	1,376,838



(21) Net Fees and Commissions

Item	Date	January 1, 2022-December 31, 2022	January 1, 2021-December 31, 2021
Revenue from Fees and Commissions		91,669	90,714
Expenses from Fees and Commissions		29,983	31,651
Net Amount		61,686	59,063



- Eximbank organized "The Business Opportunity Seminar to Invest Vietnam and India Markets" with the support of industry and government on September 19, 2022. Companies that participated in the event responded enthusiastically and the event was successfully concluded. (Picture Taken September 2022).

(22) Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss

Item	Date	January 1, 2022-December 31, 2022	January 1, 2021-December 31, 2021
Gain on Disposal of Financial Assets (+)		29,260	39,753
Gain (+)/Loss (-) on Valuation of Financial Assets		4,940	-19,429
Interest Expenses of Financial Liabilities (-)		-164,089	-157,940
Loss on Disposal of Financial Liabilities (-)		-20,109	-296
Gain (+)/ Loss (-) on Valuation of Financial Liabilities		-7,512	74,596
Net Amount		-157,510	-63,316

(23) Net Export Credit Insurance Income

Date	Item	January 1, 2022-December 31, 2022	January 1, 2021-December 31, 2021
	Export Credit Insurance Income	566,872	514,802
	Premium Income	482,122	412,809
	Reinsurance Commissions Income	80,066	73,138
	Claims Recovered from Reinsurers	4,684	22,071
	Unearned Premium Reserve Collected	0	6,784
	Export Credit Insurance Costs	302,570	287,132
	Reinsurance Premium	176,634	165,525
	Commission Expenses	4,450	2,745
	Insurance Claims Payments	8,218	26,712
	Provision for Unearned Premium Reserve	11,144	0
	Provision for Claim Reserve	102,124	92,150
	Net Amount	264,302	227,670

(24) Other Non-Interest Income

Item	Date	January 1, 2022-December 31, 2022	January 1, 2021-December 31, 2021
	Other Non-Interest Income		3,734
Miscellaneous Income		3,734	4,863
Other Non-Interest Losses		80,204	66,947
Loss on Disposal of Fixed Assets		129	172
Preferential Deposit Interest in Excess		80,075	66,775
Net Amount		-76,470	-62,084

(25) Bad Debts Expense, Commitment and Guarantee Liability Provision

Item	Date	January 1, 2022-December 31, 2022	January 1, 2021-December 31, 2021
	Bad Debt Expenses for Loans		328,500
Bad Debt Expenses for Account Receivables Factoring		0	-631
Guarantee Liability Provisions		26,666	-9,151
Bad Debt Expenses for Other Account Receivables		1,468	-72
Total		356,634	82,925



VI Risk Management

1. Credit Risk Management System and Capital Requirement

(1) Credit Risk Management System

FY 2022

Item	Contents
Credit Risk Strategy, Objective, Policy and Procedure	<p>Eximbank is a specialized, state-owned bank established to support export and import trade. Its main assets are used to provide loans. As a result, its major risks are credit risks of loans. Primary risk management goals are to strengthen credit risk management and to avoid risk from becoming too concentrated. Strategies include conducting risk analyses and assessments on countries, banks, groups, and enterprises while determining their internal credit ratings. To ensure that risk is properly diversified, Eximbank sets limits on country risk, bank risk, industry risk, group/enterprise risk and the risk associated with each client.</p> <p>The credit risk management process includes identifying, evaluating, monitoring and reporting risk. Its range extends to credit risk both inside and outside the balance sheet items (including the existing and the potential ones).</p> <p>Whenever Eximbank undertakes daily business or starts new Financial products, it must first determine the related credit risks. Also, when conducting business with associated credit risks, it needs to assess the potential losses for each loan, investment or trade thoroughly. Appropriate countermeasures, including risk avoidance, transfer, offset, control and acceptance, are required.</p>
Organization Structure of Credit Risk Management	<p>The Board of Directors is the supreme decision-making level of Eximbank's credit risk management. The Credit Committee is responsible for reviewing the credit risk of cases at and above the level of executive vice presidents' authorization. The Non-Performing/ Non-Accrual Loans Committee is responsible for supervising and evaluating disposal of non-performing/non-accrual loans. The Department of Risk Management is in charge of Eximbank's overall credit risk management. Each business unit supervises and monitors the credit risk implementation of its subordinate units, which shall all follow the relevant regulations and provisions of credit risk management.</p>



Item	Contents
Scope and Characteristics of the Credit Risk Reporting and Evaluation System	<p>Eximbank has established a customer data integration system, a risk assessment system, a credit registry system and a risk management system in order to manage risks associated with its credit extension business and to monitor loans to all borrowers' credit portfolios. The customer data integration system wherein is used to compile basic data for individual clients, the credit system is used for approving and granting loans, and an objective analysis must be executed using the risk assessment system before credit is granted. The risk management system runs up daily exposure for analysis and for executives to use for decision-making purposes.</p> <p>Risk management includes monthly reporting on domestic and international economic conditions, exposure changes in countries where loans are granted, and Financial and industrial risks. Eximbank compiles data on relevant country risks, exposure associated with key credit risks, and risk limit management. This information is reviewed by the Board of Directors and is used for risk management and credit policymaking.</p> <p>Based on the regulations prescribed by the competent authority, Eximbank discloses qualitative and quantitative data associated with its credit risks on the website.</p>
Credit Risk Hedging and Risk Mitigation Policies / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation	<p>Eximbank has also established "Country Risk", "Financial Risk" and "Corporate Credit Risk" early warning indicators. For each debtor, it established a rating system and sought assistance from international credit agencies. For relatively high risk countries (Level C- and below), financial institutions (Level C- and below), or credit customers (Level C or below), or when there were recent negative reports about a particular country or a bank, Eximbank analyzed warning indicators to interpret risks and to strengthen risk management as a reference when considering to extend its business.</p> <p>To lower credit risk, export financing cases such as medium or long-term export loans for turn-key factory equipment or full line equipment exceeding USD 1 million shall be taken under technical evaluations and should produce reports along with credit evaluation reports for reference. In addition, for relatively high-risk financial cases, clients are requested to arrange export credit insurance through Eximbank to mitigate risk.</p> <p>In order to monitor the risk concentration, Eximbank's risk management system sends email to the Executives and staff of departments related to sales and risk management, disclosing the countries, banks, or industries that reached 85% of their risk limit for early response.</p> <p>In addition to strengthening the prior review and approval process, Eximbank conducts follow-up measures after crediting to well grasp the information about clients' financial status and to ensure the creditor's rights when handling the lending operations.</p>
Method Applied for Legal Capital Requirement	<p>Eximbank has applied the capital requirement for credit risk based on the "Standardized Approach" of the Basel III Capital Accord.</p>



- Eximbank invited the Securities & Futures Institute and Central Deposit Insurance Corporation to jointly hold the "Yangde Good Neighbor United Blood Donation for Love" event on December 7, 2022 and received enthusiastic responses from residents. (Picture Taken December 2022).

(2) Credit Risk Exposures and Capital Requirement Regulated by Standardized Approach after Mitigation

December 31, 2022

NT\$ Thousand

Type of Exposure	Credit Risk Exposures after Mitigation	Capital Requirement
Sovereign	37,671,221	602,740
Public Sector Entities/ Non-Central Government	-	-
Banks (including Multilateral Development Banks)	18,830,227	1,014,160
Corporate (including Securities and Insurance Corp.)	118,874,139	7,987,878
Regulatory Retail Portfolios	9,657,800	745,432
Real Estate Exposure	1,146,550	137,586
Rights of Securities Investment	346,035	27,683
Other Assets	997,596	96,875
Total	187,523,568	10,612,354



- Eximbank co-organized "Seizing Business Opportunities in Africa – Seminar on Taxes on Financial Support and Investment" with TAITRA, Taiwan-Africa Business Association, and Taiwan Food & Pharmaceutical Machinery Manufacturers' Association on November 18, 2022. Companies responded enthusiastically and the event was successfully concluded. (Picture Taken November 2022).

2. Operational Risk Management System and Capital Requirement

(1) Operational Risk Management System

FY 2022

Item	Contents
Operational Risk Strategy and Procedure	<p>Eximbank's operational risk strategy includes strengthening internal controls, ensuring that employees abide by regulations, conducting training and displaying standard operating procedures on an internal website for staff to refer to and comply with. In addition, Eximbank has also established "Guidelines for Decentralization of Responsibility and Detailed List" expressing division of authority and responsibility as well as facilitating daily operations.</p> <p>Operational risk management includes determining and evaluating risk along with monitoring and reporting. It establishes operational risk management mechanisms of major products, business activities, operating procedures and other relevant systems. Before launching new products, business activities, procedural changes or system promotions, it is necessary to ensure that operational risk evaluations have been completed.</p> <p>Operational risk management is objective, consistent, transparent, complete and comprehensive.</p>
Organizational Structure of Operating Risk Management	<p>Operational risk management involves the entire organization. The Board of Directors serves as the highest policy making body that determines operational risk management standards and important policies. The Department of Risk Management is responsible for evaluating the entire bank's operational risk management strategies and procedures to build management mechanisms. When all units of the head office determine operational management rules, each unit should adhere to these rules and actively control the operational risks for which they are responsible.</p>
Scope and Characteristics of Operational Risk Reporting and Evaluation System	<p>Eximbank complies with the systems in charge, operates a risk self-assessment approach and internal auditing systems to manage and mitigate operational risk pursuant to the decrees.</p> <p>Data shall be gathered and reported to related units and supervisors who then should formulate response measures when major losses occur to any unit.</p> <p>Eximbank discloses qualitative and quantitative data associated with its operational risks on the website based on the regulations provided by the competent authority.</p>
Operational Risk Hedging and Risk Mitigation Policies / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation	<p>Eximbank's "operational risk management standards" expressed the processing method of risk identification, assessment, monitoring and control / offset. By means of measures of insurance, outsourcing and other risk transfer, it achieved the effect of risk mitigation and fully implemented operational risk management.</p> <p>Eximbank expressly prescribed the authorization scope of the business, division of responsibilities and reporting lines in order to clarify the responsibilities incumbent upon all sectors in accordance with "Guidelines for Decentralization of Responsibility".</p> <p>To avoid litigation, all units of Eximbank shall handle the legal compliance pursuant to the "Directions for Implementation of Legal Compliance Control System for The Export-Import Bank of the Republic of China".</p> <p>Eximbank has established Information Security Protection Mechanism and provided an emergency response plan to ensure that the business is enabled and the losses are controlled to the minimum in event of an emergency.</p> <p>It is required to strengthen the risk management education and training in order to enhance operational risk awareness and to improve operational risk management environment.</p>
Method Applied for Legal Capital Requirement	<p>Eximbank has applied the capital requirement for operational risk based on the "Basic Indicator Approach" of the Basel III Capital Accord.</p>

(2) Operational Risk-Based Capital Requirement

December 31, 2022

NT\$ Thousand

FY	Gross Profit	Capital Requirement
2020	1,675,083	
2021	1,540,159	
2022	1,961,251	
Total	5,176,493	258,825



- Eximbank was publicly recognized with the Bronze Award in the Taoyuan Sheltered Workshop Product Ordering Competition at the "Press Conference of the Cooperation Between Taoyuan City Sheltered Workshops and Business Districts to Advertise Mother's Day Products" on April 16, 2022. (Picture Taken April 2022).

3. Market Risk Management System and Capital Requirement

(1) Market Risk Management System

FY 2022

Item	Contents
Market Risk Strategy and Procedure	<p>Eximbank is an official export credit institution and policy bank. Since most of its financial operations focus on hedging risk, it must keep its exposure to market risks small while adopting prudent market risk management policies. It carefully evaluates trade content while managing risks.</p> <p>Procedure of market risk management includes risk identification, assessment, measuring, monitoring, control and reporting.</p> <p>For all types of financial products, Eximbank must identify the portfolio of potential market risks on which to be based for measuring. Eximbank also builds effective evaluation mechanisms for risk monitoring as part of its day- to-day operations. Its monitoring contents include transaction units as well as overall and individual transaction process of commodities undertaken to ensure that the transaction's objectives, model, position, and flexible loss and profit are underway subject to authorized limitations.</p> <p>Market risk management should be independent, objective, consistent, transparent, comprehensive and timely in principle.</p>
Organizational Structure of Market Risk Management	<p>The Board of Directors is the supreme decision-making level of Eximbank's market risk management and it takes the ultimate liability for market risk. The Department of Risk Management plays the role of mediator for managing market risk and passing its findings on to the Board of Directors. Meanwhile, the Department of Finance, which also oversees the Offshore Banking Unit, controls operational risks, emphasizes further monitoring on limits and conducts position management.</p>
Scope and Characteristics of the Market Risk Reporting and Evaluation System	<p>Eximbank's market risk system is part of its funding system. It provides real-time control over transaction position amounts. Eximbank also established a daily control mechanism to observe changes in exchange market transaction positions and foreign exchange gains or losses.</p> <p>When a unit undertakes a transaction, it shall report to the supervising authority and ensure that the information is accurate and valid. If limits are surpassed, major market changes occur, or irregular situations arise, relevant units must provide prompt reports.</p> <p>To effectively manage market risks, Eximbank regularly reports on how it controls market exposures, positions and amounts to the Board of Directors. The information serves as a reference for policy-making.</p> <p>Eximbank discloses on its website qualitative and quantitative data associated with its market risks based on the regulations prescribed by the financial supervisors.</p>
Market Risk Hedging or Risk Mitigation / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation	<p>To lower market risks, Eximbank has established various transaction limits and stop-loss mechanisms. Additionally, during working hours, when major events that could affect Eximbank's profits or losses occur in domestic or global financial markets, the Head of related Department should immediately report to the President for immediate responses.</p> <p>Related units should be consulted and evaluations should be conducted as a due diligence before establishing a transaction position.</p>
Method Applied for Legal Capital Requirement	<p>Eximbank has applied the capital requirement for market risks based on the "Standardized Approach" of the Basel III Capital Accord.</p>

(2) Market Risk-Based Capital Requirement

December 31, 2022

NT\$ Thousand

Risk	Capital Requirement
Interest Risk	-
Equity Position Risk	-
Foreign Exchange Risk	6,199
Commodity Risk	-
Total	6,199

4. Liquidity Risk

(1) Duration Analysis of Prime Assets and Liabilities

Term Structure Analysis of TWD-Denominated Assets and Liabilities

December 31, 2022

NT\$ Thousand

	Total	Amount by Time Remaining Before Maturity					
		0-10 days	11-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major Inflows of Matured Funds	112,811,427	4,804,810	5,900,978	5,741,614	15,516,277	29,477,435	51,370,313
Major Outflows of Matured Funds	144,781,241	14,775,563	8,649,041	4,839,071	6,429,884	32,675,861	77,411,821
Gap	-31,969,814	-9,970,753	-2,748,063	902,543	9,086,393	-3,198,426	-26,041,508

Note: The table refers to New Taiwan Dollar amounts held in head office and domestic branches excluding foreign currencies.

Term Structure Analysis of USD-Denominated Assets and Liabilities

December 31, 2022

USD Thousand

	Total	Amount by Time Remaining Before Maturity				
		0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major Inflows of Matured Funds	2,213,001	23,440	55,753	49,438	104,650	1,979,720
Major Outflows of Matured Funds	2,705,033	661,584	41,747	53,121	285,161	1,663,420
Gap	-492,032	-638,144	14,006	-3,683	-180,511	316,300

Note:1. The table includes assets and liabilities denominated in United States Dollars held in head office, domestic branches, and Offshore Banking Branch.

Note:2. If overseas assets comprise at least 10 percent of total assets (held in head office, domestic branches, and Offshore Banking Branch), supplementary disclosure is required.

(2) Management of Asset Liquidity and the Funding Gap

Eximbank seeks to diversify funding sources and to maintain funding stability. It refrains from over-concentrated use of remaining funds and embraces earning assets with liquidity. As for management of liquidity risks, Eximbank not only complies with related requirements of the competent authority, but also stipulates liquidity risk management indicators in “Guidelines for Eximbank’s Management of Liquidity Risks and Interests Risks”. These include limits to liquidity gaps for various periods, strategies to obtain funds in an emergency, and early warning mechanisms so as to ensure adequate liquidity.



● Visited Ambassador John Chen at the Taipei Economic and Trade Office (TETO) Jakarta, Indonesia. (Picture Taken June 2022)



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