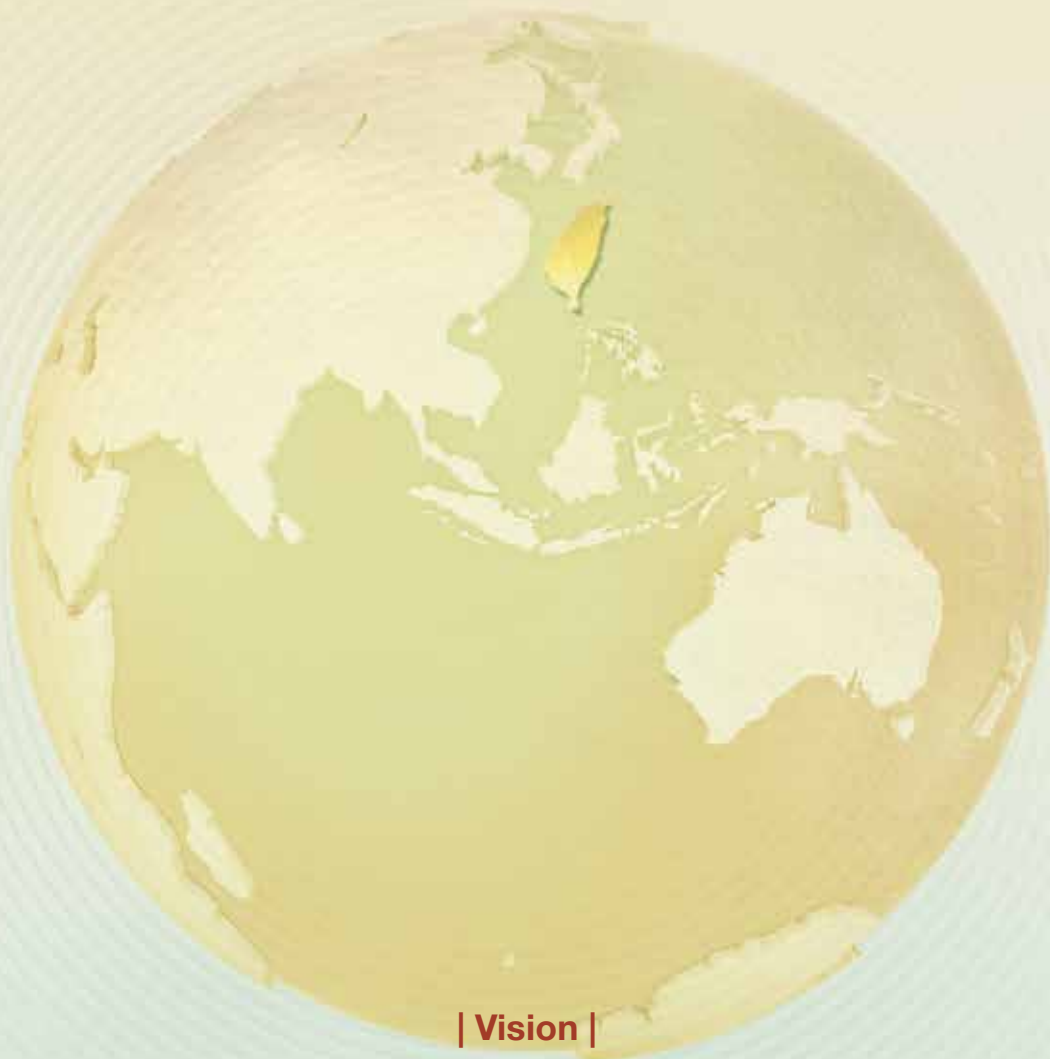


# EXIMBANK

The Export-Import Bank of the Republic of China

Annual Report 2023



| 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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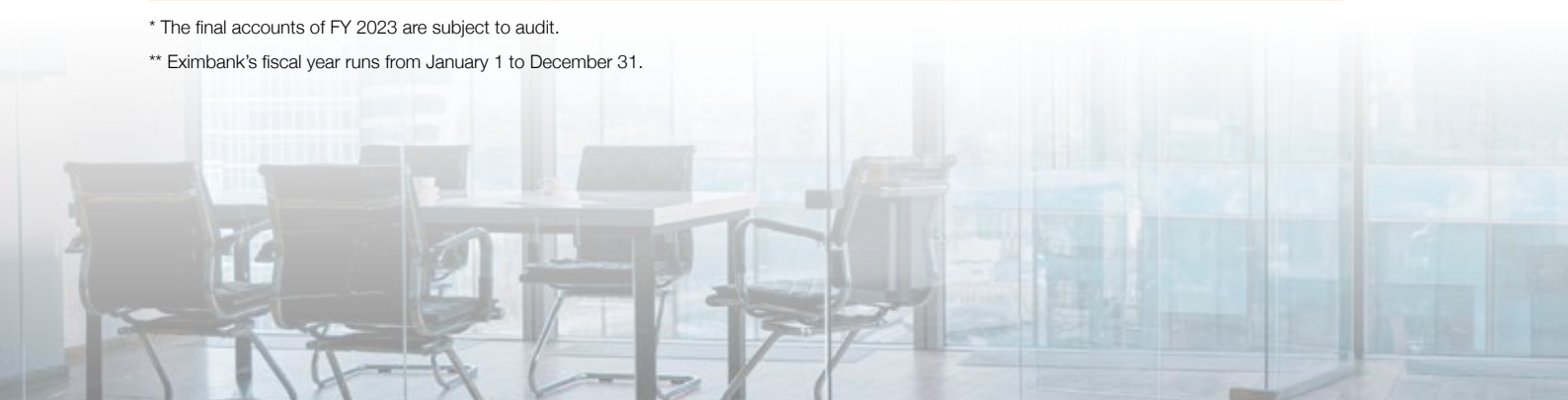
# Summary of Operating Performance

NT\$ Million

Year	FY 2023	FY 2022
Total Operating Revenues	7,241	3,595
Total Operating Expenses	5,979	2,738
Net Income Before Tax	1,262	857
Profits per Employee Before Tax	4.97	3.51
Loans Outstanding (Average)	179,836	157,287
Guarantees Undertaken	37,096	32,383
Insured Amount of Export Credit Insurance	198,378	210,173
	(December 31, 2023)	(December 31, 2022)
Total Assets	188,794	179,029
Total Equity	39,686	36,553
Capital Adequacy Ratio (%)	27.63	26.69

\* The final accounts of FY 2023 are subject to audit.

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





# 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 Taiwan government policies on economic, trade and finance, the primary task of Eximbank is to assist enterprises in expanding foreign trade in order to enhance employment and maintain domestic economic growth. Eximbank offers various financing and guarantee facilities to enhance the export 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 2023, the global economy still faced severe challenges, including: the risks of the Russia-Ukraine war, threats of inflation, geopolitical tensions, US-China conflicts, and climate change. They all continued to impact the pace of the global economic recovery. To assist domestic enterprises in responding to various risks, Eximbank continuously cooperated with the government's economic and trade policies by providing diverse financial services, and fully assisting enterprises

in expanding exports. In addition, to cooperate with the national goal of achieving net-zero transition goals by 2050, Eximbank has signed the Equator Principles and actively implemented the Task Force on Climate-related Financial Disclosures (TCFD). Eximbank extends the concepts of ESG and sustainable development to suppliers and clients and assists Taiwan's Small and Medium Enterprises (SMEs) in optimizing their operational models through green investment and financing. Financial resources not only bring social value but also environmental benefits, leading to effective and sustainable operations. Eximbank creates a sound sustainable development ecosystem to enable enterprises to keep pace with the world when facing net-zero transition.

## 2. Key Operating Strategies and Achievements

Eximbank's average loans outstanding in 2023 totaled NT\$179,836 million, guarantees totaled NT\$37,096 million, and the insured amount of export credit insurance was NT\$198,378 million. These businesses increased by 14.34%, 14.55%, and decreased by 5.61%, respectively, compared to 2022.



Important business strategies and performance in 2023 are summarized 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's promotion of the New Southbound Policy, and incorporated the government's supportive policies, including the National Development Fund of the Executive Yuan, the Small and Medium Enterprises Development Fund of the Ministry of Economic Affairs (MOEA), and the trade promotion fund of the International Trade Administration, to provide enterprises with high-quality financial and hedging services, such as various loans, guarantee and export insurance business plans. In doing so, Eximbank aims to expand its financial support and fully assist enterprises to expand their sales to the ASEAN, South Asia, New Zealand and Australia markets. In 2023, for Eximbank's services under the New Southbound Policy, the loans approved amounted to NT\$37.881 billion (including the relending facilities business), the amount of guarantee approved amounted to NT\$3.825 billion, and the amount of export credit insurance provided reached NT\$33.064 billion. The three services amounted to NT\$74.770 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 120.76%, the guarantee business 105.28%, and 118.60% for export credit insurance. Therefore, Eximbank has actively achieved the policy targets.

### **(2) Extension measures and financial assistance were provided to enterprises in response to the impact of COVID-19**

Taiwan's "Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" was nullified on June 30, 2023. However, Eximbank still refers to the related extension measures and financial assistance for enterprises stipulated by the Bankers Association of the Republic of China in response to COVID-19. For enterprises willing to continue operations and make regular interest payments, relief measures were provided by extending the maturity of existing loans by 6 months for the principal borrowed due by the end of 2023.

### **(3) To cooperate with the government's "Forward-looking Infrastructure Development Program," Eximbank provides financial services related to financing for domestic major public construction projects of Taiwanese enterprises**

Eximbank provided financial support, such as financing and guarantees, to construction clients undertaking domestic major public construction projects. In 2023, loans or guarantees for these new projects included categories such as metro signaling system projects, water environment projects, urban and rural infrastructure projects, railway projects, and metro civil engineering projects. Additionally, Eximbank elevated the loan and guarantee credit amounts to construction clients with the aim of increasing their capacity to undertake domestic major public projects.

### **(4) Cooperate with the government in promoting "Six Core Strategic Industries Promotion Plan" policies to assist in the development of industries**

The government promotes the "Six Core Strategic Industries Plan" mainly to assist industries in obtaining tangible and intangible assets, working capital, funds for the development or manufacture of new products



Chairman of the Board of Directors / **Teng-Shan Tai**

or new technologies, and plans for research and development as well as talent training. However, as a specialized financial institution, most of the credit businesses of Eximbank are export-oriented and cannot include the loan purposes mentioned in the plan. Nevertheless, Eximbank has worked to expand its relevant businesses and as of the end of 2023, the credit balance for this plan amounted to NT\$12.22 billion.

**(5) Implementing government policy to boost export projects, strengthen the promotion of export financing, relending facility and export credit**

**insurance as well as other related financial measures to help exporters create more business opportunities**

In order to help companies strengthen their export momentum, Eximbank and the International Trade Administration, MOEA (hereinafter referred to as the International Trade Administration) jointly launched various policy-based export loan, relending facilities, and export credit insurance services, and provided related measures to assist Taiwanese exporters in exploring the international market.

- a. Eximbank has applied for NT\$6 billion in funding provided by the trade promotion fund of the

MOEA 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. As of the end of 2023, 77 loans were approved, 70 enterprises serviced and total amount of loan approved was NT\$7.147 billion, the export value estimated to grow by NT\$21.441 billion.

- b. Since 2009, Eximbank has cooperated with MOEA for the promotion of the “New Cheng Ho Plan-San Pao Project” and assisted exportation and expanded overseas markets. Subsequently, the International Trade Administration has supported Eximbank by providing NT\$1 billion in funding for the “Promotion of Exportation by Relending Facility” to expand cooperation with global relending and encourage foreign importers to purchase Taiwanese commodities.
- c. Eximbank continued to implement the “Strengthened Export Credit Insurance Preparation Program” of the International Trade Administration. With the trade promotion fund, Eximbank is able to support more Taiwanese exporters to expand global markets and to promote their products safely. The total insured amount was NT\$90.109 billion, an increase of 21.64% compared with 2022. 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 enterprises to expand their trade.

#### **(6) Actively cooperating to promote the Central and Eastern Europe Credit Fund to facilitate industrial, economic, and trade cooperation between Taiwan and Central and Eastern European countries**

To promote economic cooperation between Taiwan and Central and Eastern European countries, the National Development Council (NDC) announced the establishment of a US\$1 billion Central and Eastern Europe Credit Fund in January 2022. Eximbank has been assigned as the implementation unit. By the end of 2023, 8 cases of loans had been processed, with a total approved amount equivalent to approximately US\$27.51 million, covering countries such as Lithuania, Hungary, Czech Republic, Slovenia, and Poland. The industries developed are also quite diverse. Moving forward, efforts will be made to fulfill the fund’s original purpose.

#### **(7) Vigorously engage in the turnkey and machinery equipment export financing, and cooperate with the National Development Fund of the Executive Yuan (hereinafter referred to as 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 enterprises to enhance their international competitiveness and invest overseas, explore international resources, and establish international production and marketing channels, the National Development Fund of the Executive Yuan (hereinafter referred to as the National Development Fund) provides funds for Eximbank to finance domestic enterprises.
- 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 2023, Eximbank has handled 1,685 cases, and the approved loan amount is approximately NT\$200.234 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 customizes and designs loan terms and conditions under the current regulations to meet the requirements of the manufacturers and assist them in exploring overseas markets.

**(8) Cooperating with the Small and Medium Enterprises Development Fund of the Ministry of Economic Affairs and Small and Medium Enterprises Credit Guarantee Fund of Taiwan for small and medium enterprises (SMEs) financing programs, and implement government policy to strengthen financial services to SMEs**

- a. Eximbank used the funds of the Small and Medium Enterprises Development Fund of the Small and Medium Enterprises and Startup Administration, Ministry of Economic Affairs, and the guarantee services of the Small and Medium Enterprises Credit Guarantee Fund of Taiwan to actively finance Small and Medium Enterprises (SMEs) in order to help them obtain orders and expand the export market. As of the end of 2023, the average balance of loans provided to SMEs reached NT\$9.688 billion, and the number of loans in this regard accounted for 24.90% of the total.
- b. Around 85% of the current insured customers of Eximbank's export credit insurance business are SMEs. As of 2023, the insured amount of export credit insurance for SMEs reached NT\$58.725 billion. In addition, in order to strengthen services for SMEs, Eximbank has set up a point of 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 enterprises 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 companies' 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 2023, Eximbank had approved a total of NT\$21.100 billion in service trade loans and a total of NT\$4.238 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' export competitiveness. The total amount of credit granted in 2023 (including relending) was NT\$41.706 billion; the insured amount of export credit insurance was NT\$33.064 billion.
- b. Eximbank has actively implemented various work frameworks set by the MOEA, and assisted Taiwanese companies in exploring business opportunities in emerging markets through its various policy-based export credit, relending facilities, and export credit insurance businesses. In 2023, the credit amount approved in cooperation with the economic and trade policies and for exports to emerging markets was NT\$33.358 billion, accounting for 54.2% of Eximbank's total approved export credit amount. The insured amount of export credit insurance was NT\$99.757 billion, accounting for 50.29% 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 promote various guarantee businesses to assist domestic enterprises to strive for domestic and overseas business opportunities**

Eximbank follows government policies to launch various kinds of import and export guarantee services. In 2002, the Domestic Major Public Construction and Infrastructure Projects Guarantee service was launched to provide enterprises in need to undertake construction projects with construction guarantee services. Currently, the Domestic Major Public Construction and Infrastructure Projects Guarantee has become one of the most important guarantee services of Eximbank. In addition, in order to assist enterprises to expand into overseas markets, Eximbank has continued to provide various import and export guarantees and Domestic Major Public Construction and Infrastructure Projects Guarantee services. It has also actively promoted overseas (especially for countries targeted by the New Southbound Policy) construction guarantee services with the aim of increasing the competitiveness of enterprises intending to undertake overseas construction projects. In 2023, the amount of Eximbank's guarantee services provided to overseas construction projects and domestic major public construction and infrastructure projects was NT\$22.827 billion, an increase of 33.49% compared to the same period in 2022.

### **(12) Eximbank participates in domestic syndicated loans and helps companies improve productivity and promote industrial upgrading through financial support**



President / **Fu-Hua Hsieh**

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 2023 was NT\$77.822

billion, an increase of 29.76% over the same period in 2022.

### **(13) Eximbank has established a global relending system to assist enterprises in expanding exports**

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 2023, Eximbank had established relending points of service

in 23 emerging market countries, including Argentina, Brazil, Chile, Dominican Republic, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Bulgaria, Czech Republic, Turkiye, Nigeria, Bangladesh, Cambodia, India, Indonesia, Mongolia, the Philippines, Thailand, Uzbekistan, Vietnam, as well as the United States. The cooperative banks include a total of 61 financial institutions in the Americas, Europe, Africa, and Asia, with a total granted credit line of US\$742 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 2023, the balance of the international syndicated loans in which Eximbank had participated was approximately US\$524 million, equivalent to approximately NT\$16.08 billion. The borrowers include 31 financial institutions in 10 countries and international organizations in Asia, Central and South America, Africa, and other regions. In addition, Eximbank assisted 9 financial institutions in 4 countries including the Philippines, India, Panama and South Korea, as well as other international organizations in obtaining US\$152 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. 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, 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 enterprises 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 bad debts. In 2023, the total amount of export credit insurance reached NT\$198.378 billion. The achievement rate of the annual target for the legal budget was 112.71%. In particular, Eximbank's main service is "GlobalSure Credit Insurance." With customized features, enterprises are motivated to adopt a blanket insurance mechanism to prevent manufacturers from Adverse Selection of export credit insurance and effectively grow the export credit insurance business. The total insured amount of the export credit insurance business in 2023 reached NT\$140.883 billion.
- 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 enterprises to manage trade risks and coordinate capital needs flexibly, while enhancing the cross-marketing effect of financing and export credit insurance businesses. Meanwhile, the debt collection operations assist enterprises and local negotiating banks in collecting debts from foreign issuing banks or buyers to ensure Eximbank's rights.

#### **(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 2023, Eximbank had signed cooperation agreements with export credit institutions in 21 countries around the world, including Poland, the Czech Republic, Hungary, Japan, Slovakia, Turkiye, 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, 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 entrust them to review the export documents and handle payment collection business for Eximbank's loans to accelerate the progress of loan appropriation and streamline the operating process. In 2023, Eximbank commissioned cooperating foreign exchange banks to review a total of 17 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



Eximbank was recognized by the Financial Supervisory Commission (FSC) for excellence on the Implementation of Loans for Six Major Core Strategic Industries and the Special Award for National Defense and Strategic Industries. (Picture Taken July 2023)



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 protect customers against the risk of non-payment 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, enterprises' 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 its mutual cooperation relationship with commercial banks. In 2023, the Bank collaborated with financial institutions to promote export credit insurance, which totaled NT\$23.380 billion, an increase of 59.99% from 2022.

### **(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\$22 billion from 2016 to 2023. After the capital increase,



Eximbank's Chairman Tai Teng-Shan, along with Li Tsai-Ju, Section Chief of the Sales Department, and colleagues, visited the Lithuanian representative in Taiwan, Paulius Lukauskas. Both parties exchanged views on the global economic outlook and affirmed Eximbank's ongoing efforts to promote the Central and Eastern Europe Credit Fund, facilitating economic, industrial, and trade cooperation between Taiwan and Central and Eastern European countries. (Picture Taken August 2023)

the upper limit on the total credit balance for a single company was raised to NT\$5.783 billion. Due to the increase in capital, Eximbank's net worth increased, and the upper limit on the unsecured credit was raised to NT\$1.928 billion, which could effectively increase Eximbank's financing provided to clients and improve its ability to undertake larger financing cases.

### (19) Enhancing the cooperation with domestic economic and trade organizations to promote export trade

In order to assist Taiwanese companies 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 (hereinafter referred to as TAITRA). In 2023, 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 companies 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 Taiwan's economic development.

### (20) Actively participated in international organizations to assist domestic manufacturers expanding global market

- a. As a member of the "Berne Union", an international not-for-profit trade association, Eximbank attended the "Berne Union" Spring Meeting held in Brussels, Belgium from May 7 to 12, 2023, and the "Claims and Recoveries Specialist Meeting" held in Prague, Czech Republic from June 14 to 16, 2023. Delegates of export credit agencies and credit insurance companies from various countries attended these events to strengthen cooperation among members and keep updated with the latest global economic trends. From November 19 to 21, Eximbank also attended the



“Asia Pacific Regional Cooperation Group CEO Meeting” held in Bangkok, Thailand, to discuss the latest regional economic developments and export credit insurance trends with Asian members of Berne Union.

- b. From September 20 to 21, 2023, Eximbank attended the “Ninth Cross-Strait Export Credit Insurance Seminar” hosted by China Export and Credit Insurance Corporation in Qingdao, China, to strengthen cooperation among export credit agencies from Mainland China, Taiwan, and Hong Kong, 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 not only has reinforced its assessment and monitoring of country risks and financial risks of business dealings, and submitted monitoring reports to executives, in particular on the change of risks in the higher risk areas and countries, but also has continually monitored the change in risks of major industries, and carried out credit limit control, in order to effectively master related dynamic developments and diversify credit risks. Moreover, in order to enhance the effectiveness of risk control, Eximbank has continuously reinforced the functions of the risk management information system, and established databases 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 clients.



Eximbank's newly-appointed President Hsieh Fu-Hua took the oath of office, hosted and overseen by Li Ching-Hua, Political Deputy Minister of the Ministry of Finance and Executive Director of Eximbank. The ceremony was simple yet solemn. (Picture Taken December 2023)



## **(22) Eximbank plans and implements its legal compliance operations, and supervises and implements anti-money laundering actions and measures to counter the financing of terrorism**

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 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 the 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, 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 2023, Eximbank held 36 education and training sessions as well as keynote speeches on professional competence and laws with a total of 3,026 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 special-

ized bank of export and import credit, Eximbank was given the IDR rating aligned with Taiwan's sovereign rating, which shows that the Bank has strong creditworthiness and high capability of honoring its debts.

b. Fitch Ratings has assigned Eximbank the following ratings on November 20, 2023:

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



Love Laos, President of Overseas Liner Agencies (OLA) of Lithuania, visited Eximbank to share the investment projects that his company is currently planning and preparing. We introduced the Central and Eastern Europe Credit Fund and financing guarantee services provided to INVEGA of Lithuania. We exchanged views to actively promote Eximbank's services. (Picture Taken January 2023)





Eximbank participated in the 2023 Berne Union Spring Meeting to strengthen cooperation among peers and expand international exchanges. (Picture Taken May 2023)



Eximbank's Chairman Tai Teng-Shan visited the Chinese International Economic Cooperation Association (CIECA), where he was received by Chairman Henry Chih-Shang Kao and supervisors. In addition to introducing the Central and Eastern Europe Credit Fund, we also explained how Eximbank's medium- and long-term export-import financing and guarantees can provide businesses with medium- and long-term capital. (Picture Taken February 2023)



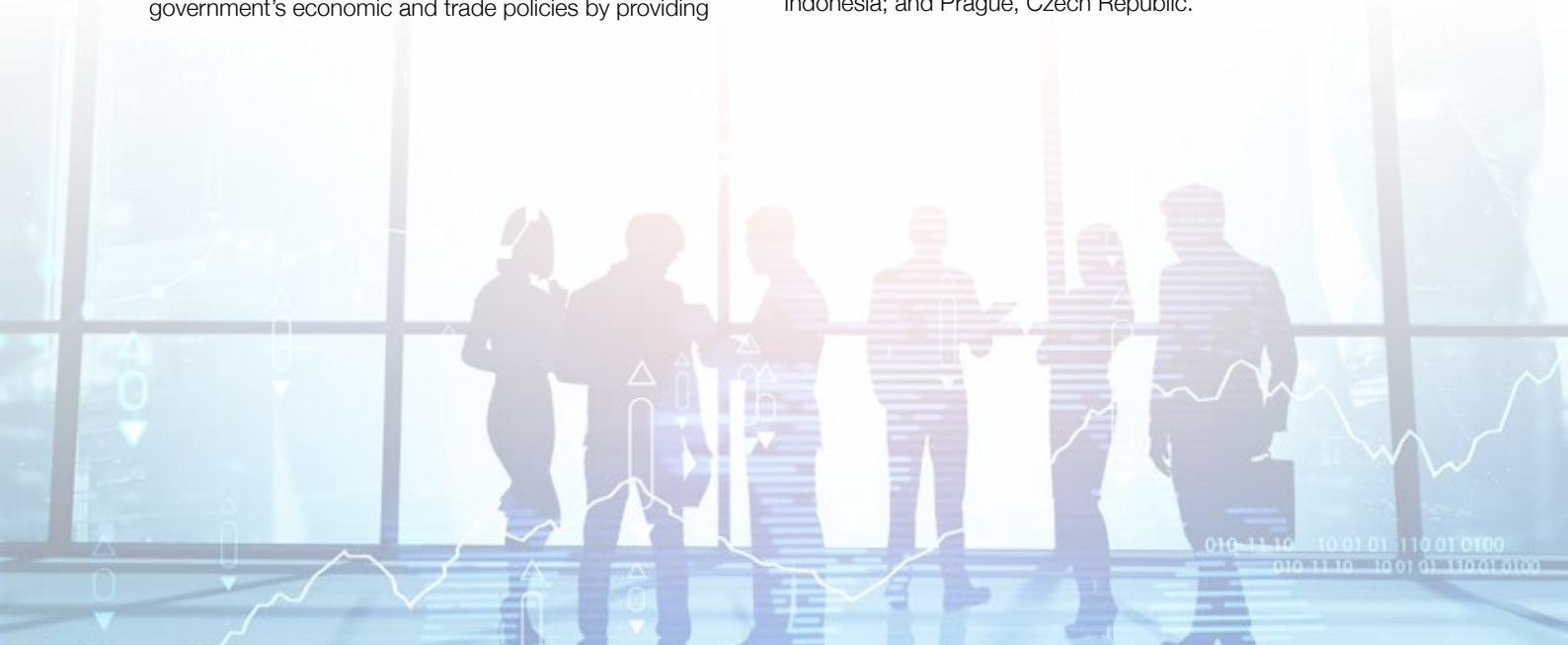
## Bank Profile

### 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 (FSC), 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.” Eximbank is shouldered with the responsibility of supporting the government’s economic and trade policies by providing

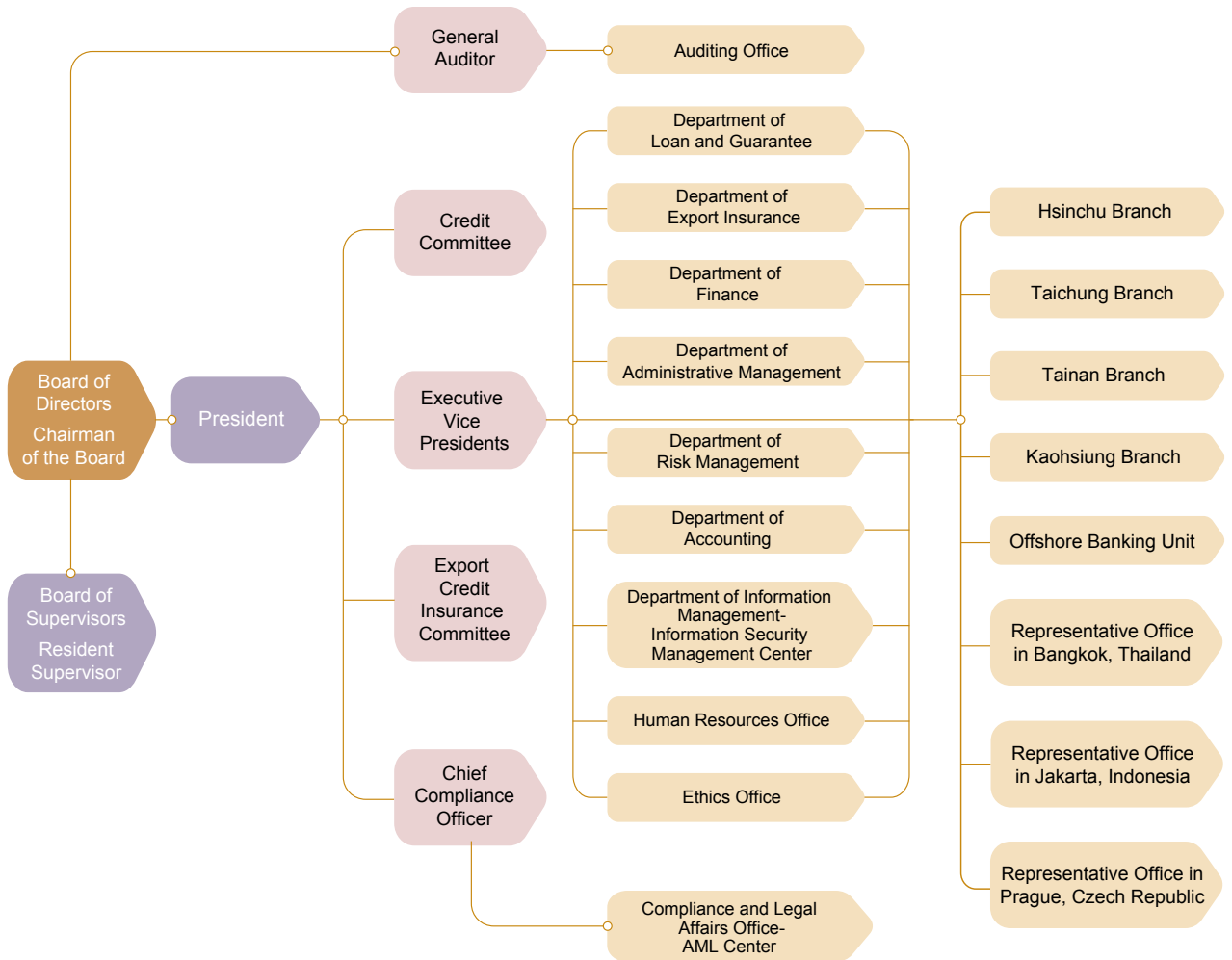
loans, guarantees, and export credit insurance to help enterprises expand external trade and overseas investments and increase international cooperation to maintain the steady and continuous development of Taiwan’s economy.

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 insurance services. In addition, it has set up offshore banking branches and representative offices in Bangkok, Thailand; Jakarta, Indonesia; and Prague, Czech Republic.



## 2. Bank Organization

### (1) Organization Chart





## (2) Board of Directors and Supervisors



Chairman of the Board of Directors



Managing Director



Managing Director



Director



Director



Director



Director



✓ Hsiu-Ling Sung

Resident Supervisor



✓ I-Hui Lee

Supervisor



✓ Yao-Yuan Lin

Supervisor



Lih-Chin Hsieh  
General Auditor

Fu-Hua Hsieh  
President

Teng-Shan Tai  
Chairman of the Board  
of Directors

Chun-Lan Yen  
Executive Vice  
President

Ming-Ti Chang  
Chief Compliance  
Officer



Board of Directors		Board of Supervisors	
Teng-Shan Tai	Chairman of the Board of Directors	Hsiu-Ling Sung	Resident Supervisor
Fu-Hua Hsieh	Managing Director	I-Hui Lee	Supervisor
Ching-Hua Lee	Managing Director	Yao-Yuan Lin	Supervisor
Chuang-An Kuo	Director		
Wan-Jung Day	Director		
Wei-Kai Wang	Director		
Tsu-Wang Chen	Director		

### (3) Principal Managers and General Auditor

Name	Title
Fu-Hua Hsieh	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
Jiang- Wen Hu	(Senior Vice President and) Department of Information Management
Shu-Lin Fann	(Senior Vice President and) General Manager Human Resources Office
Wen-Chuan Nieh	(Senior Vice President and) General Manager, Ethics 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 2023:

### (1) Loans

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

Eximbank's loan portfolio mainly consists of medium- and long-term loans. In 2023, the average balance of these loans totaled NT\$140,463 million, accounting for 78.11% 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.

The proportion of insured amount for Eximbank's guarantee business in 2023 are as follows: the "guarantees for domestic major public works" accounted for 58.87%, "import guarantees" 33.73%, "export guarantees" 4.70%, "guarantees for overseas construction projects" 2.67%, and other guarantees 0.03%.

### (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 Enterprises", "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".

In 2023, the total amount of export credit insurance reached NT\$198.378 billion, with an achievement rate of the annual target for the legal budget of 112.71%.

## 2. Market Overview

### (1) Domestic and Global Financial Conditions

In 2023, the global economy recovered from the impacts of COVID-19, the Russia-Ukraine war, and saw reduced government subsidies. Major countries' monetary policies gradually tightened, leading to a slowdown in global inflation. Despite facing risks such as the Israel-Hamas conflict, the ongoing Russia-Ukraine war, and rising energy prices, the global economy still showed a high level of resilience. The IMF estimated that the global economic growth rate in 2023 was 3.2%.

In 2024, it is expected that with fiscal and consumption support from various countries, the labor force participation rate will increase, and pressure on supply chains will ease. In addition, the energy and commodity prices will decline and inflation will shrink steadily, increasing the possibility of a soft landing for the global economy. However, there are uncertain risks such as geopolitical impacts on international commodity price trends, extreme weather events, and the interest rate policies of the U.S. Federal Reserve. The IMF estimates that the global economic growth rate will remain unchanged at 3.2% in 2024.

In the U.S., in 2023, despite the resolution of the government debt ceiling and financial crisis, the Federal Reserve maintained its monetary tightening policy. However, consumer spending is stable and labor markets are strong, benefiting from increased investments. The IMF estimated that the U.S. economic growth rate in 2023 was 2.5%. In 2024, due to the lagged effects of fiscal and monetary tightening

policies, and weakening labor markets, there are concerns that the total demand may be weakened. The IMF estimates that the U.S. economic growth rate in 2024 will be 2.7%.

In early 2023, the pandemic in China eased, but the economy did not experience a strong rebound. Moreover, facing the worsening conditions in its real estate industry, local fiscal difficulties, and weak external demand, the Chinese government implemented fiscal stimulus measures and continued to deepen reforms to revitalize economic development. The IMF estimates that China's economic growth rate in 2023 was 5.2%. For 2024, the Chinese government's economic development policy will refer to the principle of seeking stability while advancing, promoting stability through progress, and setting up before dismantling. However, factors such as its crisis in the real estate industry, continued increase in local debt, sluggish consumer spending, and slowing global economic growth momentum will weigh down economic growth. The IMF estimates that China's economic growth rate in 2024 will be 4.6%.

In 2023, the economy in the Euro zone stagnated due to persistently high inflation, monetary tightening policies, weak external demand, increases in energy prices, and cost of credit loans; it also experienced poor economic performance in Germany. However, economic expansion in countries such as Spain, Portugal, and Italy prevented a recession. The IMF estimates that the economic growth rate of countries in the Euro zone in 2023 was 0.4%. In 2024, with the alleviation of negative factors related to energy prices, cooling inflation, wage growth, increase in consumption momentum, and government fiscal support for investment, economic recovery can be expected. The IMF estimates that the economic growth rate of countries in the Euro zone in 2024 will be 0.8%.

In 2023, the five ASEAN countries (Indonesia, Malaysia, the Philippines, Thailand, and Vietnam) were affected

by global monetary tightening policies; in addition, the growth of the major economies decelerated, impacting economic recovery after the pandemic. The IMF estimates that their economic growth rate in 2023 was 4.1%. In 2024, as the tourism industry rebounds to its pre-pandemic prosperity, inflation slows down, and trade continues to improve, economic and investment attractiveness will increase. The IMF estimates that their economic growth rate in 2024 will be 4.5%.

In 2023, private consumption in Taiwan remained relatively stable. However, due to weak demand for global end products, industries continued to adjust their inventories, and enterprises tended to invest cautiously. This impacted export and investment performance, resulting in a slowdown in economic growth. The economic growth rate in 2023 was 1.31%. In 2024, Taiwan's economic growth will rely on consumption and support from investment. It is expected that the employment market, private consumption, and public investment will develop steadily. Additionally,

global trade is expected to rebound after hitting rock bottom, with external demand improving. Exports and inventories will return to normal levels, contributing to private investment, and the economic situation will progress steadily. It is estimated that the economic growth of Taiwan in 2024 will be 3.43%.

## (2) Overview of Credit Market

Looking back on 2023, Taiwan's trade showed a double-digit decline in the first half of the year due to factors such as weak economies in Europe and the Americas and the slow recovery in China. However, as the high base period passed and enterprises destocked, the decline in exports significantly decreased in the second half of the year. Regarding the global economy, due to ongoing geopolitical conflicts, not only has the Russia-Ukraine war continued unabated, but the Israel-Hamas conflict has also escalated and the Red Sea crisis continues to heat up. This may disrupt global supply chains and pose risks of



Huang Sheng-Wen, Director of CTBC Banks' South East Asia Region Division, Institutional Banking, and Chang Yuan-Ming, Manager of CTBC Bank's International Business Department, visited Eximbank on July 21. Both parties also exchanged views on the current economic and financial situation and market investment opportunities in Southeast Asia. (Picture Taken July 2023)



inflation rising again. The domestic economic situation is constrained by weak demand in global end-markets and prolonged inventory adjustments in industries, leading to a slowdown in economic growth. Although private consumption in Taiwan remains relatively stable, export of goods is weak and companies tend to approach investments with caution. This resulted in Taiwan's economic growth rate in 2023 falling below expectations, reaching only 1.31%

In the face of highly uncertain global economic prospects, Eximbank has shouldered the mission of serving as a policy bank by continuing to retain existing clients, expanding into emerging markets, promoting export credits, overseas investment credits, and other businesses. Eximbank provides financial support to enterprises while promoting the development of its business.

### (3) Overview on Export Credit Insurance Market

According to Taiwan's trade statistics, the total annual export trade volume in 2023 reached more than US\$432.48 billion, a decrease of 9.8% from 2022. 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 52.22% 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 20.41%. This reveals that Eximbank's export credit insurance business is in line with the government's policies as well as the export trade development trend of Taiwan. By providing financial instruments for enterprises to mitigate trade credit risks and enhance export capability, Eximbank has assisted them 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.



Eximbank hosted the Seminar on Analysis of 2024 International Economic Situation and Analysis of Trading Fraud Cases on November 30, which provided in-depth analysis of the international economic outlook and the latest trading scams in 2024. (Picture Taken November 2023)

### 3. Sustainable Development in ESG

In this day and age, ESG issues have become increasingly crucial. 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 companies and investors to pay attention to ESG issues through a financial mechanism. It is 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 clients, 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 2022 Sustainability Report was announced on Eximbank's website after completion at the end of September 2023.

#### (4) Signing the Equator Principles and implementing Task Force on Climate-related Financial Disclosures (TCFD)

In 2022, Eximbank officially became a member of the Equator Principles Association, adhering to the guidelines of the Equator Principles, and gradually incorporating the spirit of these principles into relevant internal credit regulations to implement the review processes of project finance. In the same year, Eximbank also formally applied to support and participate in the TCFD, implementing operations for climate risk and financial disclosures, identifying risks from climate change, conducting scenario analysis, stress testing, and other tasks. Eximbank has commissioned PricewaterhouseCoopers (PwC) to provide guidance and consultation and compile a 2022 TCFD report.

## (5) 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 clients with the most professional services in a high-quality working environment.

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

- a. Eximbank has set its energy conservation implementation goals for 2023 in accordance with the Ministry of Finance Letter Tai-Cai-Ku No. 11203652910 dated April 20, 2023, and Letter Tai-Cai-Ku No. 11203655680 dated May 5, 2023.
- b. The energy saving targets for electricity and gas consumption for 2023 have both achieved a 2% reduction compared to 2022, with a decrease of 8.72% and 4.47% respectively. Water consumption increased by 12.24% compared to 2022, mainly due to growth in business leading to an increase in employees, rising average temperatures in Taiwan, and increased use of central air condi-



The Indonesian Banking Development Institute (LPPI) visited Eximbank to strengthen business exchanges. Both parties exchanged views on the direction of financial industry development and political and economic situations. (Picture Taken October 2023)

tioning, resulting in increased water consumption for cooling towers to dissipate heat. In addition, the long-term impact of COVID-19 has led employees to develop a habit of frequently washing their hands with soap and water.

- c. To cooperate with the Taiwanese government's goal of achieving "net-zero emissions by 2050," and following the schedule planned by the FSC, Eximbank has implemented ISO14064-1 in 2022, completing the greenhouse gas inventory at domestic and overseas operational points of service. On July 19, 2023, the "2022 Greenhouse Gas Inventory Report" was completed, and on August 28, 2023, the ISO14064-1:2018 verification statement was obtained from SGS Taiwan Ltd. (SGS).
- d. Eximbank actively cooperated with the government's green procurement promotion program,

and also has implemented waste sorting and resource recycling in the office and adopted office supplies with environmental protection labels to create a society where resources can be used sustainably. The designated procurement items for green procurement in 2023 have achieved 100%, with a total score of 97.3, meeting the annual standards.

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

- a. In response to the call from the Ministry of Finance, donations were made to support Turkiye in its reconstruction following the earthquake.



Mr. Vidmantas Janulevicius, Chairman of BOD Group, owning producer of solar panels UAB Soli Tek Cells in Lithuania, and Mr. Julius Sakalauskas, CEO of SoliTek, visited Eximbank on December 5, 2023. They were accompanied by Paulius Lukauskas, Representative of Lithuanian Trade Representative Office, and Li Chao-Chin, Chairman of Forward Power Co., Ltd. They shared the current situation of the European solar energy market and investment plans with Eximbank. (Picture Taken November 2023)



- b. Eximbank purchased atemoya gift boxes as gifts for corporate clients through the Agricultural Technology Research Institute's "Hao Shi Lian Lian" platform, taking action to support locally grown fruits and farmers.
- c. Eximbank participated in the "Recycling from Reverse Logistics, Giving Computers a Second Life, Loving the Earth" event, a second-hand computer donation campaign organized by the ASUS Foundation, supporting information technology education in rural areas while protecting the environment.
- d. Golden diamond pineapple gift boxes were ordered through "Taiwan's excellent and fresh fruit group purchase platform" as gifts for corporate clients. Eximbank hopes to lead by example and support domestic agricultural products together.
- e. Eximbank jointly organized the "Yangde Good Neighbor United Blood Donation for Love" event with the Securities & Futures Institute and Central Deposit Insurance Corporation. The event aimed to spread love and promote the cycle of kindness through bags of blood, helping more people in need.
- f. Supported the "Art Exhibition" organized by the "Eden Social Welfare Foundation Taipei WanFang Center for Disabled People."
- g. Organized the "Wanli Beach Cleanup" event where employees picked up litter on the beach to contribute to protect the ocean.
- h. Set up rooftop solar power systems on the Tainan branch's dormitory to contribute to carbon reduction.
- i. The Tainan branch organized welfare activities such as the "Purification of Mind and Power Walk at Pingshi Park" and "Anping Yanshuei River Cleanup," balancing environmental protection and strengthening body and mind to fulfill the responsibility of being environmentally friendly.

## 4. Future Outlook

As the only state-owned professional trade financial institution in Taiwan, the Export-Import Bank of the Republic of China has shouldered the policy-oriented mission of assisting enterprises in expanding into 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 also 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 2023, the post-pandemic era, the Israel-Hamas war, skyrocketing inflation, and a rapid increase in interest rates, all had devastating impacts on the economies of many countries. In addition to actively cooperating with the government's relief programs, Eximbank provides loans and interest rate for enterprises to ease loan repayment pressures, and assists exporters in managing the risk of uncollectible accounts receivable and debt collection processes. In addition, to cooperate with the government's green loan policies, Eximbank assists enterprises in achieving sustainable development goals such as energy conservation, carbon reduction, renewable energy, and pollution control. The Board of Directors

amended and passed the addition of the "Guidelines for the Export-Import Bank of the Republic of China to Handle Green Sustainable Loans and Guarantees" by the end of 2023, and submitted it to the FSC to launch green loan services. 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, Jakarta office in Indonesia, and the Prague office in Czech Republic have also been established. Among them, the Prague office in Czech Republic is 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 Investment Fund." Through the Central and Eastern Europe Fund Financing program and with the joint efforts of various ministries and Eximbank, Eximbank hopes to further



The Tainan branch co-organized the Seminar on Central and Eastern Europe Credit Fund: Join Hands With Taiwanese Enterprises to Develop in Central and Eastern Europe with the Tainan Office of Taiwan External Trade Development Council (TAITRA) and PwC Taiwan on October 24, 2023. (Picture Taken October 2023)

strengthen Taiwan's bilateral relations with Europe. We will also continue to expand our overseas branches, provide financial services required by Taiwanese companies, and assist companies and local Taiwanese enterprises in expanding into global markets.

In addition, following 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 enterprises in foreign markets and increase global business opportunities.

In the face of the international political and economic turmoil in 2023, the Eximbank maintained steady, strict control risks, and upheld the belief of "strengthening trade finance and assisting foreign 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. Eximbank provides various financing measures to enhance the export competitiveness of its exporters, help Taiwan companies to expand into international markets, and use exports to create job opportunities in Taiwan, increase income, and create consumer demand, thereby achieving the goal of promoting economic growth.





# Financial Overview

## 1. Balance Sheets

NT\$ Thousand

Item	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>Assets</b>					
Cash and Cash Equivalents	Note 6(1)	305,190	0.16	278,450	0.16
Due from the Central Bank and Call Loans to Other Banks	Note 6(2)	62,070	0.03	310,459	0.17
Financial Assets at Fair Value through Profit or Loss	Note 6(3)	75,601	0.04	13,312	0.01
Financial Assets at Fair Value through other Comprehensive Income	Note 6(4)	372,552	0.20	346,035	0.19
Investments in Debt Instrument at Amortized Cost	Note 6(5)	7,600,000	4.03	7,300,000	4.08
Receivables-Net	Note 6(6)	1,048,757	0.55	712,481	0.40
Discounts and loans - Net	Note 6(7)	178,218,064	94.40	168,982,528	94.39
Other Financial Assets-Net	Note 6(8)	183,228	0.10	267,855	0.15
Property and Equipment-Net	Note 6(9)	501,583	0.27	505,516	0.28
Right-of-use Assets-Net	Note 6(10)	4,612	0.00	8,088	0.00
Intangible Assets-Net	Note 6(11)	140,759	0.07	107,292	0.06
Deferred Income Tax Assets		242,232	0.13	142,383	0.08
Other Assets-Net	Note 6(12)	39,135	0.02	54,643	0.03
<b>Total Assets</b>		<b>188,793,783</b>	<b>100.00</b>	<b>179,029,042</b>	<b>100.00</b>



Item	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities					
Due to the Central Bank and other Banks	Note 6(13)	29,737,775	15.75	35,949,863	20.08
Borrowed Funds from the Central Bank and Other Banks	Note 6(14)	41,781,859	22.13	36,378,221	20.32
Financial Liabilities at Fair Value through Profit or Loss	Note 6(15)	35,393,415	18.75	24,094,422	13.46
Payables	Note 6(16)	482,094	0.26	431,364	0.24
Current Tax Liabilities		185,876	0.10	68,748	0.04
Financial Debentures Payable	Note 6(17)	6,698,736	3.55	7,997,098	4.47
Other Financial Liabilities	Note 6(18)	31,612,746	16.74	34,440,576	19.24
Provisions	Note 6(19)	1,738,966	0.92	1,591,339	0.89
Lease Liability		4,809	0.00	8,202	0.00
Deferred Tax Liabilities		56,246	0.03	53,899	0.03
Other Liabilities	Note 6(20)	1,414,986	0.75	1,462,343	0.81
<b>Total Liabilities</b>		<b>149,107,508</b>	<b>78.98</b>	<b>142,476,025</b>	<b>79.58</b>
Equity					
Capital		34,000,000	18.01	32,000,000	17.87
Retained Earnings					
Legal Reserve		2,610,031	1.38	2,163,857	1.21
Special Reserve		2,719,801	1.44	2,050,539	1.15
Other Equity		356,443	0.19	338,571	0.19
<b>Total Equity</b>		<b>39,686,275</b>	<b>21.02</b>	<b>36,552,967</b>	<b>20.42</b>
<b>Total Liabilities and Equity</b>		<b>188,793,783</b>	<b>100.00</b>	<b>179,029,042</b>	<b>100.00</b>

Note: The 2022 account has been recognized by the Ministry of Audit, R.O.C. The final accounts of 2023 are still subject to audit.

## 2. Statements of Comprehensive Income

NT\$ Thousand

Item	Notes	January 1, 2023- December 31, 2023		January 1, 2022- December 31, 2022		Percentage change (%)
		Amount	%	Amount	%	
Interest Revenue		6,517,645	233.42	2,872,810	152.42	126.87
Minus: Interest Expenses		3,565,870	127.71	1,106,108	58.69	222.38
Net Interest Income		2,951,775	105.71	1,766,702	93.74	67.08
Non-Interest Income						
Net Fees and Commissions	Note 6(21)	66,879	2.40	61,686	3.27	8.42
Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss	Note 6(22)	-410,178	-14.69	-157,510	-8.36	-160.41
Gains From Sale of Financial Assets at Fair Value through Other Comprehensive Income		25,907	0.93	24,617	1.31	5.24
Foreign Exchange Gains (Losses)		-1,793	-0.06	1,453	0.08	-223.40
Net Export Credit Insurance Income	Note 6(23)	261,708	9.37	264,302	14.02	-0.98
Other Non-Interest Income	Note 6(24)	-102,072	-3.66	-76,470	-4.06	-33.48
Net Operating Income		2,792,226	100.00	1,884,780	100.00	48.15
Bad Debts Expense, Commitment and Guarantee Liability Provision	Note 6(25)	772,814	27.68	356,634	18.92	116.70
Operating Expenses						
Employee Benefits Expenses		416,980	14.93	398,558	21.15	4.62
Depreciation and Amortization		63,735	2.28	53,154	2.82	19.91
Other General and Administrative Expenses		276,504	9.90	218,966	11.62	26.28
Net Income (Loss) Before Tax		1,262,193	45.20	857,468	45.49	47.20
Income Tax (expense)		-123,383	-4.42	-67,717	-3.59	-82.20
Net Income (Loss)		1,138,810	40.79	789,751	41.90	44.20

Item	Notes	January 1, 2023- December 31, 2023		January 1, 2022- December 31, 2022		Percentage change (%)
		Amount	%	Amount	%	
Other Comprehensive Income						
Items not to be Reclassified into Profit or Loss:						
Re-measurements of the Defined Benefit Plans		-29,765	-1.07	23,118	1.23	-228.75
Gains (losses) Valuation of Equity Instrument at Fair Value through Other Comprehensive Income		26,518	0.95	7,290	0.39	263.76
Income Tax Related to Items not to be Reclassified		6,391	0.23	-2,292	-0.12	378.84
Items that May be Subsequently Reclassified into Profit or Loss:						
Exchange Differences Caused by Translation of Financial Statements of Offshore Branches		-8,646	-0.31	1,122,368	59.55	-100.77
Other Comprehensive Income (After Tax)		-5,502	-0.20	1,150,484	61.04	-100.48
Total Comprehensive Income		1,133,308	40.59	1,940,235	102.94	-41.59
Earnings per Share						
Basic and Diluted		0.34	□	0.25		

Note: 1. On June 1 and August 1, 2023, capital increased by cash of NT\$1.99 billion and NT\$10 million. After the capital increases, the paid-in capital changed to NT\$34 billion.

2.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.

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

### 3. Statements of Cash Flows

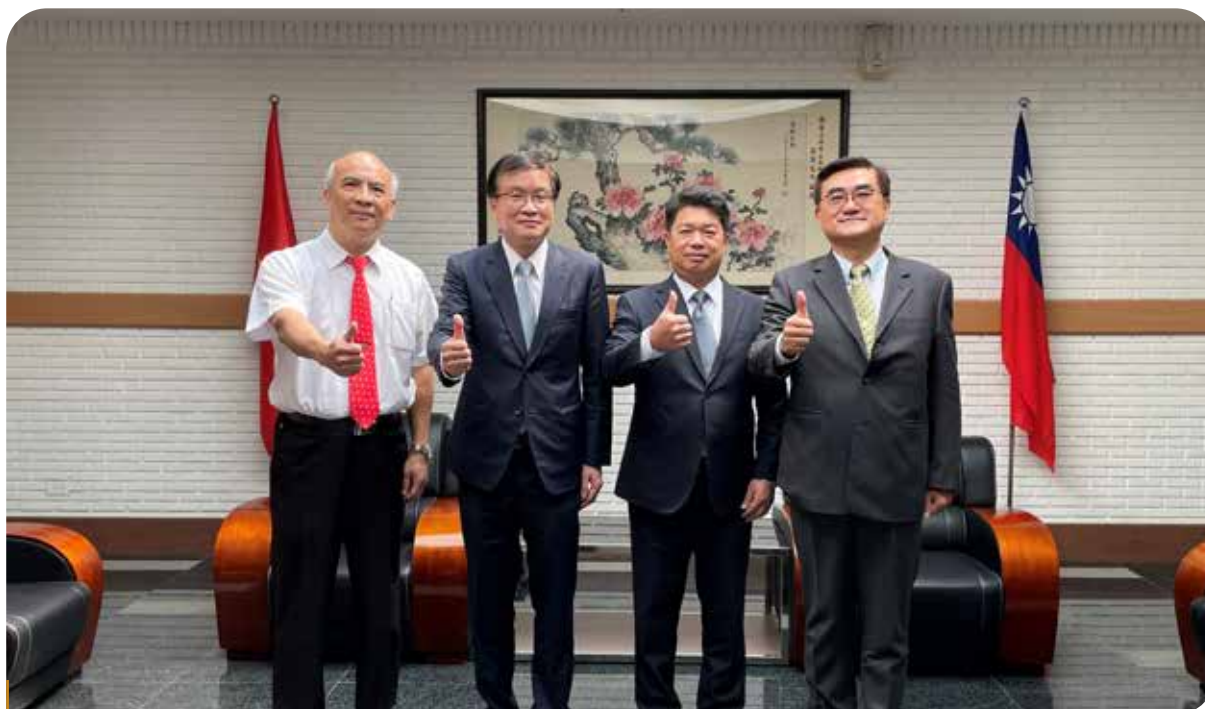
NT\$ Thousand

Item	January 1, 2023- December 31, 2023		January 1, 2022- December 31, 2022	
	Subtotal	Total	Subtotal	Total
<b>Cash Flows from Operating Activities:</b>				
Profit (loss) from continuing operations before tax		1,262,193		857,468
Profit Before Tax		1,262,193		857,468
Adjustments:		-17,878,078		-12,110,740
Adjustments to reconcile profit		-1,775,654		-1,000,436
Bad Debts Expense, Commitment and Guarantee Liability Provision	769,817		448,798	
Depreciation Expense	24,909		22,026	
Amortization Expense	38,834		31,259	
Interest Income	-6,517,645		-2,872,810	
Interest Expense	3,795,612		1,270,197	
Loss (Gain) on Disposal of Assets	472		129	

Item	January 1, 2023- December 31, 2023		January 1, 2022- December 31, 2022	
	Subtotal	Total	Subtotal	Total
Other Adjustments	112,347		99,965	
Changes in Operating Assets and Liability		-16,102,424		-11,110,304
(Increase) Decrease in Loans and Discounts	-9,937,478		-28,273,274	
(Increase) Decrease in Receivables	5,509		18,557	
(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	-62,289		-7,278	
(Increase) Decrease in Other Assets	9,145		-11,174	
Increase (Decrease) in Due to the Central Bank and Other Banks	-6,212,088		17,109,594	
Increase (Decrease) in Payables	-18,959		35,448	
Increase (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	98,993		6,228	
Increase (Decrease) in Other Liabilities	14,743		11,595	
Interest Paid		-3,690,880		-1,204,990
Interest Received		6,168,211		2,347,016
Income Tax Paid		-97,365		-86,683
<b>Net Cash Inflows from (Used in) Operating Activities</b>		<b>-14,235,919</b>		<b>-10,197,929</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Property and Equipment	-18,080		-17,858	
Sale of property and equipment	17			
Decrease (increase) in other assets	-65,938		-56,135	
Dividend Received	25,907		24,617	
<b>Net cash inflows from (used in) investing activities</b>		<b>-58,094</b>		<b>-49,376</b>
<b>Cash flows from financing activities:</b>				
Capital increase (decrease)	2,000,000			
Increase (Decrease) in Borrowed Funds from the Central Bank and Other Banks	5,403,638		4,575,137	
Increase (Decrease) in Financial Debentures Payable	-1,300,000		5,000,000	
Increase (Decrease) in Other Financial Liabilities	8,370,734		-998,540	
Increase (Decrease) in Other Liabilities	-67,110		71,516	
Distribution of Cash Dividends	-31,819		-296,896	
Principal Repayment of Lease Liability	-3,258		-1,353	
<b>Net Cash Flows from (Used in) Financing Activities</b>		<b>14,372,185</b>		<b>8,349,864</b>



Item	January 1, 2023- December 31, 2023		January 1, 2022- December 31, 2022	
	Subtotal	Total	Subtotal	Total
Effect of Exchange Rate changes		179		-5,926
Increase (Decrease) in Cash and Cash Equivalents		78,351		-1,903,367
Cash and Cash Equivalents at Beginning of Period		7,888,909		9,792,276
Cash and Cash Equivalents at End of Period		7,967,260		7,888,909
<b>Composition of Cash and Cash Equivalents</b>				
Cash and Cash Equivalents Reported in the Balance Sheet		305,190		278,450
Due from the Central Bank and Call Loans to Banks Qualifying for Cash and Cash Equivalents Under the Definition of IAS 7		62,070		310,459
Securities Under Resell Agreements to Qualifying for Purchased Cash and Cash Equivalents Under the Definition of IAS 7		7,600,000		7,300,000
Cash and Cash Equivalents at End of Period		7,967,260		7,888,909



Eximbank's President Hsieh Fu-Hua and and Chen Huan-Ming, Manager of the Finance Department, visited the Taipei Economic and Cultural Office in Ho Chi Minh City on February 13. (Picture Taken February 2023)

## 4. Statements of Changes in Equity

January 1 to December 31, 2022 and 2023

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 Statements	Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	
Balance, January 1, 2022	32,000,000	1,839,626	1,891,958		-1,033,823	242,736	34,940,497
Provision for Legal Reserve		324,231		-324,231			
Provision for Special Reserve			158,581	-158,581			
Appropriation for official dividends				-327,765			-327,765
Net Income for FY 2022				789,751			789,751
Other Comprehensive Income for FY2022				20,826	1,122,368	7,290	1,150,484
Balance, December 31, 2022	32,000,000	2,163,857	2,050,539		88,545	250,026	36,552,967
Capital Increase by cash, June 1, 2023	1,990,000						1,990,000
Capital Increase by cash, August 1, 2023	10,000						10,000
Provision for Legal Reserve		446,174		-446,174			
Provision for Special Reserve			669,262	-669,262			
Net Income for FY 2023				1,138,810			1,138,810
Other Comprehensive Income for FY 2023				-23,374	-8,646	26,518	-5,502
Balance, December 31, 2023	34,000,000	2,610,031	2,719,801		79,899	276,544	39,686,275

## 5. Financial Analysis

NT\$ Thousand ; %

Item (Note 2)		year	
		FY2023	FY2022
Operating Ability	Non-performing Loan Ratio	0.080%	0.047%
	Ratio of Interest Income to Annual Average Loans	3.56%	1.77%
	Total Asset Turnover (Times)	1.52	1.14
	Average Operating Income per Employee	10,993	7,725
	Average Profit per Employee	4,484	3,237
Profitability	Return on Tier 1 Capital	3.51%	2.54%
	Return on Assets	0.62%	0.48%
	Return on Equity	2.99%	2.21%
	Net Income to Net Operating Income	40.79%	41.91%
	Earnings per Share (NT\$)	0.34	0.25
Financial Structure	Ratio of Liabilities to Assets	78.81%	79.45%
	Ratio of Property and Equipment to Equity	1.26%	1.38%
Growth Rate	Asset Growth Rate	5.45%	18.36%
	Profit Growth Rate	47.20%	8.09%
Cash Flow	Cash Flow Ratio	-21.70%	-16.07%
	Cash Flow Adequacy Ratio	-8,105.76%	-6,256.32%
	Cash Flow Sufficiency Ratio	24,504.97%	20,653.62%
Liquid Reserve ratio		66.14%	44.72%
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%	0.28%
	Market Share of Net Worth	0.82%	0.86%
	Market Share of Loans	0.47%	0.47%

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

1. The increase in the non-performing loan ratio in 2023 was mainly because of the increase in the Eximbank's overdue receivables this year.
2. The increase in the interest income as a percentage of the average loan balances in 2023 was mainly due to the significant increase in interest rates.
3. Increase in total assets turnover in 2023 was mainly due to the increase in net profit in 2023.
4. Increase in revenue per employee in 2023 was mainly due to the increase in net profit this year.
5. The increase in profit growth rate in 2023 was mainly due to the increase in the profit before tax this year.
6. The decrease in the cash flow ratio in 2023 was mainly because of the increase in loans and discounts this year, resulting in an increase in net cash outflow from operating activities.

Note 1: The 2022 account has been recognized by the Ministry of Audit, R.O.C. The final accounts of 2023 are still subject to audit.

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	FY2023	FY2022
Self-Owned Capital	Common Equity Tier 1 Capital		37,383,609	34,440,843
	Additional Tier 1 Capital		-	-
	Tier 2 Capital		1,875,958	1,798,925
	Regulatory Capital		39,259,567	36,239,768
Total Risk Weighted Assets	Credit Risk	Standardized Approach	138,817,065	132,654,423
		Internal Ratings-Based Approach	-	-
		Assets Securitization	-	-
	Operational Risk	The Basic Indicator Approach	3,235,308	3,067,562
		The Standardized Approach/The Alternative Standardized Approach	-	-
		Advanced Measurement Approach	-	-
	Market Risk	Standardized Approach	41,867	77,490
		Internal Models Approach	-	-
	Total Risk-Weighted Assets		142,094,240	135,799,475
	Total Capital Adequacy Ratio		27.63%	26.69%
Tier 1 Capital Ratio		26.31%	25.36%	
Common Equity Tier 1 Ratio		26.31%	25.36%	
Leverage Ratio		17.54%	17.46%	

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



Eximbank hosted the Seminar on Central and Eastern Europe Credit Fund—Czech Republic, Slovakia, Poland Edition on June 28. (Picture Taken June 2023)



repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

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.



Eximbank hosted the Seizing Business Opportunities in Africa—Seminar on Financial Support and Investment Taxes. This seminar focused on introducing tax regulations in three countries: South Africa, Madagascar, and Lesotho. It was complemented by sharing practical experiences of sales expansion in African markets and an introduction to Eximbank's services, with crucial discussions held at the end. (Picture Taken April 2023)

- (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 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.

(vi). 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.

### iii. 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

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.



Simon Ong, Managing Director of Singapore’s DBS Bank, along with Hung Kuo-Chu, Responsible Person of DBS Bank Taiwan, and Vice President Huang Pei-Hsuan, visited Eximbank on June 14. Both parties also exchanged views on the current financial situation in Asia and discussed opportunities for future business cooperation. (Picture Taken June 2023)



### 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 is 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 2023 is NT\$779,187 thousand. The amount of the allocated plan asset is NT\$ 342,983 thousand. The amount of employee benefit reserve liability is NT\$ 436,665 thousand (including the amount payable to the Chairman and President amounting to NT\$ 461 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



Eximbank's Chairman Tai Teng-Shan and Manager Chen Huan-Ming visited the Taipei Economic and Cultural Office in Ho Chi Minh City on August 23. (Picture Taken August 2023)



### (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.

### (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



Eximbank visited the Taiwanese Representative Office in Lithuania, where Ambassador Huang and Director Liao received our visiting colleagues on September 21. During the meeting, both parties engaged in thorough communication and exchange on topics such as the promotion of the Central and Eastern Europe Credit Fund. (Picture Taken September 2023)



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 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\$32,012,121 thousand, including guarantee receivables of NT\$31,652,202 thousand, custodial collections receivables of NT\$293,659 thousand, joint loans receivables memo account of NT\$65,180 thousand, and collateral of NT\$1,080 thousand.
- (2) No bills receivable (or payable)
- (3) Undisbursed loan commitments of NT\$77,408,463 thousand.

#### Note 4. 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.
  - 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.
- (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 5. 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 2023 and 2022

NT\$ Thousand

	FY2023			FY2022		
	Credit Business	Export Credit Insurance	Total	Credit Business	Export Credit Insurance	Total
Net Interest Income	2,910,835	40,940	2,951,775	1,744,386	22,316	1,766,702
Non-Interest Income	-384,574	225,025	-159,549	-129,541	247,619	118,078
Net Fees and Commissions	88,488	-21,609	66,879	66,678	-4,992	61,686
Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss	-410,178		-410,178	-157,510		-157,510
Gain From Sale of Financial Assets at Fair Value through Other Comprehensive Income	25,907		25,907	24,617		24,617
Foreign Exchange Gains (Losses)	-1,793		-1,793	1,453		1,453
Net Export Credit Insurance Income		261,708	261,708		264,302	264,302
Other Non-Interest Income	-86,998	-15,074	-102,072	-64,779	-11,691	-76,470
Net Operating Income	2,526,261	265,965	2,792,226	1,614,845	269,935	1,884,780
Bad Debts Expense, Commitments and Guarantee Liability Provision	772,814		772,814	356,634		356,634
Operating Expenses	588,526	168,693	757,219	511,246	159,432	670,678
Net Income (Losses) Before Tax	1,164,921	97,272	1,262,193	746,965	110,503	857,468

Note: As Eximbank provides only the amount of loans and the export 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.



The Europe Department of the Chinese International Economic Cooperation Association (CIECA) visited Eximbank on April 11. Both parties shared and exchanged views on the achievements of past collaborations for sales expansion in European and other overseas markets. (Picture Taken April 2023)

## Note 6. Details of Significant Accounts

### (1) Cash and Cash Equivalents

Item	Date	December 31, 2023	December 31, 2022
Cash on Hand		3	3
Petty Cash & Revolving Funds		271	271
Checks for Clearance		1	231
Due from Banks		304,915	277,945
Total		305,190	278,450

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

Item	Date	December 31, 2023	December 31, 2022
Due from the Central Bank		10,134	10,459
Call Loans to Other Banks		51,936	300,000
Total		62,070	310,459

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

Item	Date	December 31, 2023	December 31, 2022
Valuation Adjustments of Financial assets at Fair Value through Profit or Loss		75,601	13,312
Total		75,601	13,312

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

Item	Date	December 31, 2023	December 31, 2022
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		276,544	250,027
Total		372,552	346,035

### (5) Debt Instrument Investments Measured at Amortized Cost

Item	Date	December 31, 2023	December 31, 2022
Financial Assets Measured at Amortized Cost		7,600,000	7,300,000
Total		7,600,000	7,300,000



## (6) Receivables-Net

Item	Date	December 31, 2023	December 31, 2022
Earned Revenue Receivable		476	499
Interest Receivable		1,047,400	698,897
Premium Receivable		21	3
Other Receivable		12,600	18,103
Total		1,060,497	717,502
Allowance for losses		-11,740	-5,021
Net Amount		1,048,757	712,481

## (7) Loans and Discounts-Net

Item	Date	December 31, 2023	December 31, 2022
Short-Term Loans		34,164,664	40,587,687
Short-Term Secured Loans		157,625	168,750
Medium-Term Loans		90,589,675	85,910,763
Medium-Term Secured Loans		271,492	448,692
Long-Term Loans		1,390,629	1,054,888
Long-Term Secured Loans		54,680,055	43,272,746
Overdue Loans		145,500	80,506
Total		181,399,640	171,524,032
Allowance for losses		-3,180,110	-2,539,107
Discount of Premium		-1,466	-2,397
Net Amount		178,218,064	168,982,528

**(8) Other Financial Assets-Net**

Date			
Item		December 31, 2023	December 31, 2022
Reinsurance Reserve Assets		183,228	267,855
Net Amount		183,228	267,855

**(9) Property and Equipment-Net**

Date			
Item		December 31, 2023	December 31, 2022
Land		103,279	103,279
Revaluation Increments-Land		174,791	174,791
Buildings		413,477	411,839
Accumulated Depreciation- Building		-235,511	-227,936
Machinery and Computer Equipment		75,506	84,435
Accumulated Depreciation - Machinery and Computer Equipment		-48,217	-58,113
Transportation Equipment		12,664	11,421
Accumulated Depreciation - Transportation Equipment		-7,844	-8,137
Miscellaneous Equipment		43,996	41,335
Accumulated Depreciation - Miscellaneous Equipment		-31,704	-29,148
Leasehold Improvements		2,820	2,789
Accumulated Depreciation- Leasehold Improvements		-1,674	-1,039
Net Amount		501,583	505,516

**(10) Right-of-use Assets-Net**

Date			
Item		December 31, 2023	December 31, 2022
Right-of-use Asset		10,041	10,194
Accumulated Depreciation-Right-of-use Asset		-5,429	-2,106
Net Amount		4,612	8,088

### (11) Intangible Assets-Net

Item	Date	December 31, 2023	December 31, 2022
Software		140,759	107,292
Total		140,759	107,292

### (12) Other Assets-Net

Item	Date	December 31, 2022	December 31, 2021
Inventory of Supplies		273	289
Prepaid Expenses		35,058	43,797
Other Prepayments		194	584
Temporary Payments and Suspense Accounts		2,220	2,936
Refundable Deposits		1,390	7,037
Total		39,135	54,643

### (13) Due to the Central Bank and Other Bank

Item	Date	December 31, 2023	December 31, 2022
Call Loans From Bank		29,737,775	35,949,863
Total		29,737,775	35,949,863

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

Item	Date	December 31, 2023	December 31, 2022
Borrowed Funds From the Central Bank		41,781,859	36,378,221
Total		41,781,859	36,378,221

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

Item	Date	December 31, 2023	December 31, 2022
Valuation Adjustment of Financial Liabilities Held for Trading		512,469	626,349
Designated as Financial Liabilities at Fair Value through Profit or Loss		35,400,000	24,200,000
Designated as Valuation Adjustment of Financial Liabilities at Fair Value through Profit or Loss		-519,054	-731,927
Total		35,393,415	24,094,422

**(16) Payables**

Item	Date	December 31, 2023	December 31, 2022
Accrued Expenses		118,041	119,175
Accrued Interest		259,338	157,829
Other Tax Payable		19,796	14,674
Custodial Collections Payable		815	1,211
Stock (official) Dividends Payable			31,819
Reinsurance Benefits Payable		4,953	5,558
Other Payable		79,151	101,098
Total		482,094	431,364

**(17) Financial Debentures Payable**

Item	Date	December 31, 2023	December 31, 2022
Financial Debentures Payable		6,700,000	8,000,000
Discount on Financial Debentures Payable		-1,264	-2,902
Total		6,698,736	7,997,098



### (18) Other Financial Liabilities

Item	Date	December 31, 2023	December 31, 2022
Commercial Papers Payable		0	3,000,000
Discount on Commercial Papers Payable		0	-1,436
Funds Appropriated for Loans		31,612,746	31,442,012
Total		31,612,746	34,440,576

### (19) Provisions

Item	Date	December 31, 2023	December 31, 2022
Guarantee Liability Reserve		316,522	245,485
Unearned Premium Reserve		96,539	99,152
Claim Reserve		889,241	874,278
Employee Benefits Liability Reserve		436,664	372,424
Total		1,738,966	1,591,339

### (20) Other Liabilities

Item	Date	December 31, 2023	December 31, 2022
Unearned Revenues		74,142	59,398
Refundable Deposits		4,170	3,876
Custodial Deposits		2,083	2,133
Temporary Receipts and Suspense Accounts		93,838	164,498
Funds Appropriated for Export Credit Insurance		1,240,753	1,232,438
Total		1,414,986	1,462,343

**(21) Net Fees and Commissions**

Item	Date	January 1, 2023-December 31, 2023	January 1, 2022-December 31, 2022
	Revenue from Fees and Commissions		98,809
Expenses from Fees and Commissions		31,930	29,983
Net Amount		66,879	61,686



The Hsinchu Branch hosted the Seminar on Central and Eastern Europe Credit Fund: Collaborate and Expand into Central and Eastern Europe at the Hsinchu Office of the Taiwan External Trade Development Council (TAITRA) on March 30. (Picture Taken March 2023)

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

Item	Date	January 1, 2023-December 31, 2023	January 1, 2022-December 31, 2022
Gain on Disposal of Financial Assets (+)		9,080	29,260
Gain (+)/Loss (-) on Valuation of Financial Assets		64,701	4,940
Interest Expenses of Financial Liabilities (-)		-229,742	-164,089
Loss on Disposal of Financial Liabilities (-)		-164,794	-20,109
Gain (+)/ Loss (-) on Valuation of Financial Liabilities		-89,423	-7,512
Net Amount		-410,178	-157,510

## (23) Net Export Credit Insurance Income

Date	Item	January 1, 2023-December 31, 2023	January 1, 2022-December 31, 2022
	Export Credit Insurance Income	522,388	566,872
	Premium Income	435,712	482,122
	Reinsurance Commissions Income	78,872	80,066
	Claims Recovered from Reinsurers	7,790	4,684
	Unearned Premium Reserve Collected	14	
	Export Credit Insurance Costs	260,680	302,570
	Reinsurance Premium	140,959	176,634
	Commission Expenses	3,108	4,450
	Insurance Claims Payments	19,624	8,218
	Provision for Unearned Premium Reserve		11,144
	Provision for Claim Reserve	96,989	102,124
	Net Amount	261,708	264,302

**(24) Other Non-Interest Income**

Item	Date	January 1, 2023-December 31, 2023	January 1, 2022-December 31, 2022
	Other Non-Interest Income		2,373
Miscellaneous Income		2,373	3,734
other Non-Interest Losses		104,445	80,204
Loss on Disposal of Fixed Assets		489	129
Preferential Deposit Interest in Excess		103,956	80,075
Net Amount		-102,072	-76,470

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

Item	Date	January 1, 2023-December 31, 2023	January 1, 2022-December 31, 2022
	Bad Debt Expenses for Loans		695,095
Guarantee Liability Provisions		71,038	26,666
Bad debt Expenses for Other Account Receivables		6,681	1,468
Total		772,814	356,634



Eximbank participated in Expanding into Central and Eastern Europe—Czech Republic Investment Opportunities Seminar and the Taiwan-Czech Business Matchmaking Event. (Picture Taken March 2023)





# VI

# Risk Management

## 1. Credit Risk Management System and Capital Requirement

### (1) Credit Risk Management System

FY2023

Item	Contents
<p>Credit Risk Strategy, Objective, Policy and Procedure</p>	<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>
<p>Organization Structure of Credit Risk Management</p>	<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
<p>Scope and Characteristics of the Credit Risk Reporting and Evaluation System</p>	<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>
<p>Credit Risk Hedging and Risk Mitigation Policies / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation</p>	<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>
<p>Method Applied for Legal Capital Requirement</p>	<p>Eximbank has applied the capital requirement for credit risk based on the "Standardized Approach" of the Basel III Capital Accord.</p>



Brian Bae, Managing Director of South Korea's Bookook Securities Co., Ltd., visited to exchange views on the outlook for the international economic and financial situation, as well as an overview of the international syndicated loan market in 2023. (Picture Taken January 2023)

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

December 31, 2023

NT\$ Thousand

Type of Exposure	Credit Risk Exposures after Mitigation	Capital Requirement
Sovereign	42,613,052	681,809
Public Sector Entities/ Non-Central Government	-	-
Banks (including Multilateral Development Banks)	19,659,713	972,827
Corporate (including Securities and Insurance Corp.)	124,627,890	8,300,884
Regulatory Retail Portfolios	11,712,601	912,121
Real estate exposure	834,333	100,120
Rights of Securities Investment	372,552	29,804
Other Assets	984,162	107,800
Total	200,804,303	11,105,365



Eximbank participated in the 2023 Taiwan Africa Market Networking Luncheon, engaging in exchanges with Taiwanese companies on experiences with investment and sales expansion in Africa. (Picture Taken September 2023)

## 2. Operational Risk Management System and Capital Requirement

### (1) Operational Risk Management System

FY 2023

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, 2023

NT\$ Thousand

FY	Gross Profit	Capital Requirement
2021	1,540,159	
2022	1,961,251	
2023	2,894,298	
Total	6,395,708	319,785



Mr. Andrew Le Roux, CEO of the Eswatini Montigny Group and Chairman of the Eswatini Chamber of Commerce, came to visit Eximbank. (Picture Taken May 2023)

### 3. Market Risk Management System and Capital Requirement

#### (1) Market Risk Management System

FY 2023

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, 2023

NT\$ Thousand

Risk	Capital Requirement
Interest Risk	-
Equity Position Risk	-
Foreign Exchange Risk	3,349
Commodity Risk	-
Total	3,349

## 4. Liquidity Risk

### (1) Duration Analysis of Prime Assets and Liabilities

Term Structure Analysis of TWD-Denominated Assets and Liabilities

December 31, 2023

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	117,039,275	3,228,661	7,234,881	4,866,536	16,313,734	22,388,688	63,006,775
Major Outflows of Matured Funds	171,366,307	10,765,140	3,638,150	7,202,795	9,754,690	44,933,397	95,072,135
Gap	-54,327,032	-7,536,479	3,596,731	-2,336,259	6,559,044	-22,544,709	-32,065,360

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, 2023

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	2,414,303	19,074	54,132	62,984	161,171	2,116,942
Major Outflows of Matured Funds	3,035,799	660,600	50,011	42,215	392,137	1,890,836
Gap	-621,496	-641,526	4,121	20,769	-230,966	226,106

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.



Chen Yung-Tung, Chairman of Tong Jou Group led his management team to visit Eximbank's Jakarta Office. Considering Indonesia's abundant natural resources and demographic dividend, he plans to invest and set up factories in Indonesia. To explore suitable locations for setting up factories, Eximbank will do its utmost to assist him in establishing production bases in Indonesia. (Picture Taken February 2023)



## VII

# Head Office and Branches

### Head Office

8F., No. 3, Nanhai Rd., Zhongzheng Dist., Taipei City 100231, Taiwan, R.O.C.

Tel : +886-2-2321-0511

Fax : +886-2-2394-0630

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

e-mail : [eximbank@eximbank.com.tw](mailto:eximbank@eximbank.com.tw)

### Kaohsiung Branch

8F., No. 74, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 802417, Taiwan, R.O.C.

Tel : +886-7-224-1921

Fax : +886-7-224-1928

e-mail : [kh@eximbank.com.tw](mailto:kh@eximbank.com.tw)

### Tainan Branch

No. 49-9, Xinji, Anding Dist., Tainan City 745007, Taiwan, R.O.C.

Tel : +886-6-593-8999

Fax : +886-6-593-7777

e-mail : [tn@eximbank.com.tw](mailto:tn@eximbank.com.tw)

### Taichung Branch

5F., No. 659, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City 407568, Taiwan, R.O.C.

Tel : +886-4-2322-5756

Fax : +886-4-2322-5755

e-mail : [tc@eximbank.com.tw](mailto:tc@eximbank.com.tw)

### Hsinchu Branch

8F.-6, No. 251, Fuxing 1st St., Zhubei City, Hsinchu County 302052, Taiwan, R.O.C.

Tel : +886-3-658-8903

Fax : +886-3-658-8743

e-mail : [tb@eximbank.com.tw](mailto:tb@eximbank.com.tw)

### Offshore Banking Unit

7F., No. 3, Nanhai Rd., Zhongzheng Dist., Taipei City 100231, Taiwan, R.O.C.

Tel : +886-2-2321-0511

Fax : +886-2-2341-2517

e-mail : [obu@eximbank.com.tw](mailto:obu@eximbank.com.tw)

### Representative Office in Bangkok, Thailand

Unit 2, 16th Floor, AIA Sathorn Tower, 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand

Tel : +66-2-286-2896 ; +66-2-286-1038

Fax : +66-2-286-2358

e-mail : [eximbkk@eximbank.com.tw](mailto:eximbkk@eximbank.com.tw)

### Representative Office in Jakarta, Indonesia

World Trade Center-WTC2, 20th Floor Jl. Jend. Sudirman Kav. 29, Jakarta 12920, Indonesia

Tel : +62-21-5268879

Fax : +62-21-5268883

e-mail : [jakarta@eximbank.com.tw](mailto:jakarta@eximbank.com.tw)

### Representative Office in Prague, Czech Republic

Evropska 2591/33D, 160 00 Prague 6, Czech Republic

Tel : +420-234-107-222

Fax : +420-234-107-223

e-mail : [prague@eximbank.com.tw](mailto:prague@eximbank.com.tw)