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2021

ANNUAL REPORT



臺灣中小企業銀行
Taiwan Business Bank



Notice to readers

If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Flotation at Overseas Stock Exchange and Information Inquiry: None

Please refer to Chapter X for the Directory of Head Office and Branch Units.

臺灣中小企業銀行

Taiwan Business Bank

深耕臺灣 連結亞太 布局全球

We can be the best!



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Letter to Shareholders

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1. Operation Results in 2021

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5. Results of Latest Credit Rating





At the beginning of 2021, countries in Europe and the U.S. began COVID-19 vaccinations, and in the second quarter, advanced economies accelerated the vaccinations, relaxed pandemic control measures, and continued to implement fiscal and monetary stimulation policies on a large scale. However, as the speed of vaccinations and the strength of policy support varied among economies, the extent of recovery differed accordingly. In addition, geopolitical risks arising from the political changes in Afghanistan added to the uncertainty of the global economic outlook. Global economic and trade activities continued to expand in the third quarter, but due to the increasing global demand, supply chain bottlenecks remained, international commodity prices stayed high, and inflation in major economies increased significantly. Meanwhile, the resurgence of the pandemic in some economies and the market's attention to the reduced purchases of bonds by the central banks of major economies facilitated the volatility of the international financial market. In the fourth quarter, most countries continued to maintain their quantitative easing policies, but to lower the inflationary pressure caused by supply problems, the U.S. Federal Reserve, the European Central Bank (ECB), and the Bank of Japan (BoJ) successively adjusted the schedule of scaling down the bonds purchased, indicating that major central banks will gradually withdraw their quantitative easing policies.

In the future, the Bank will continue to develop the credit loan refinement program by carrying through the internal controls using three lines of defense and strengthening the overall risk control and reinforce FinTech development as well as information security controls. Furthermore, the Bank will continue to diversify profit sources and boost the momentum of profitability in multiple aspects, so as to further consolidate the Bank's foundation, while proactively assisting the small and medium enterprises (SMEs) in transformation and second-generation inheritance in cooperation with government policies. Meanwhile, the Bank will continue to provide financial products and services integrated with environmental protection and social welfare that correspond to social requirements, proactively strengthening and assisting in the sustainable growth of Taiwanese SMEs, thus fulfilling its corporate social responsibility (CSR). The Bank will endeavor to turn the Bank into a leading brand in the field of SME financing and establish a solid foundation for the sustainable development of the Bank upon stepping into the next century.

1. Operation Results in 2021

(1) The Domestic and Overseas Financial Environments

In the first three quarters of 2021, the Federal Open Market Committee (FOMC) maintained the target range of the federal funds rate between 0.00% and 0.25% and continued to purchase bonds in the amount of at least US\$120 billion per month. Both ECB and BoJ maintained their policy interest rates at very low levels and continued to carry out their large-scale asset purchase plans, while ECB announced in September that it would slow down the pace of bond purchases as appropriate. China continued its stable and neutral approach in the first half of the year, but in the third quarter, due to the slowdown in economic growth and the increase in business operating costs, the People's Bank of China has lowered its required reserve ratio by 0.5% comprehensively since July 15, 2021, and released around CNY 1 trillion from its long-term funds, to support the development of the real economy and increase the liquidity of the financial market. The policy interest rates of the central banks in other emerging Asian economies

Chairman
Chien-Hao Lin



mostly remained unchanged. Major interest rates in most countries remained unchanged in the fourth quarter, but to stimulate the economy, the People's Bank of China lowered its required reserve ratio by 0.5% on December 15, 2021, and adjusted the loan prime rate (LPR) downward to 3.80% on December 20, 2021. In addition, the Bank of England raised its benchmark interest rate by 15 basis points from a record low of 0.1% to 0.25% on December 16, 2021, as the first central bank in G7 countries to have raised the interest rates since the outbreak of the pandemic.

As major economies maintained their easing monetary policies, since the Central Bank in Taiwan cut the interest rate by 25 basis points in March 2020, the rediscount rate in 2021 has remained at 1.125%. In terms of exchange rate performance, as the U.S. continued to maintain its quantitative easing policy in the first half of the year and Taiwan's exports have recorded an outstanding performance, the exchange rate of the New Taiwan dollar (NTD) against the U.S. Dollar (USD) showed a trend of slight appreciation. In the third quarter, the performance was mixed. In the fourth quarter, the exchange rate changed from NT\$28.424 at the beginning of 2021 to NT\$27.69 at the end of the year. In total, the exchange rate of NTD against USD appreciated by NT\$0.734 in 2021, an increase of 2.58%.

(2) Changes in the Bank's Organization

- A. In response to the developing trend and business positioning for digital finance, the Bank created comprehensive financial services that are more in line with its spirits and missions in promoting digital finance services, hoping to develop the Bank's digital finance business and its digital transformation. Adapted to the market trend and conformed to customers' perception, the Bank renamed the "Electronic Banking Department" into the "Digital Banking Department" and expanded its responsible scope of businesses on January 20, 2021.
- B. The Credit Investigation Department was renamed Credit Checking & Industrial/Economic Research Department on March 10, 2020, to improve the Bank's economic and industry analysis capabilities to respond to the rapid changes in the overall economic and trade environment, track customers' business operations and changes in their industrial environments, provide our relevant departments and subsidiaries as a reference for investment and financing decisions, and enhance the credit quality of large loans and special industries, thereby effectively controlling the credit risk and improving our asset quality.
- C. To promote loan businesses for the urban renewal, green finance, and innovation industries, the Innovative Finance Project Office was established in December 2018. However, as the responsibilities of the office are also part of corporate banking, we merged the office into the Corporate Banking Department on August 18, 2021 to integrate the Bank's corporate banking resources with the aim of maximizing manpower allocation and minimizing the cost of interdepartmental communication.
- D. In response to the Financial Supervisory Commission's "Corporate Governance 3.0 - Blueprint for Sustainable Development" policy, and the fact that the Strategic Development Committee of the Bank was merged into the CSR Committee, the CSR Committee was renamed Sustainable Development Committee on December 15, 2021.

(3) Implementation of Business Plans and Operating Strategies

- A. Profitability:
The Bank carried out a capital increase of NT\$2.546 billion via transferred earnings and issued stock and cash dividends of NT\$0.34 per share and NT\$0.10 per share, respectively, for the previous year (2020). Net income after tax for 2021 amounted to NT\$5.1 billion (net income before tax was NT\$5.802 billion).
- B. Corporate Governance: Reinforcement of information disclosure channels and improvements in transparency in corporate governance
 - a. The Bank has long strived to enhance its corporate governance and ranked in the "Top 6%-20% of the Listed Companies Group" in the 2020 Corporate Governance Evaluation held by the Taiwan Stock Exchange.
 - b. We actively increased our communication channels for domestic and overseas investors, and an online investor conference was respectively held on March 29, 2021, May 31, 2021, and September 2, 2021. In addition, the Bank was invited to participate in the online investor conference held by Yuanta Securities Co., Ltd. on November 25, 2021. Each investor has immediate access to information on the Market Observation Post System (MOPS), and can also obtain the same information simultaneously on



the Bank's official website. The Bank also issues press releases on an irregular basis, giving investors multiple channels for acquiring information.

- c. To enhance the independence of the Board of Directors, five independent directors were elected at the election of directors for the 16th Board on July 20, 2021, accounting for one-third of the Board members.
- d. To maintain the Bank's information security, the Board of Directors appointed Sung-Shui Chiu, the Executive Vice President, as the Chief Information Security Officer on December 15, 2021.
- e. The Bank is committed to improving corporate governance, attaches great importance to the correctness and timeliness of information disclosed, discloses material information in both Chinese and English, and holds roadshows on a quarterly basis every year, while announcing important resolutions adopted by the shareholders' meeting immediately on the same day of the meeting to safeguard shareholders' rights and interests and ensure fair treatment of investors.

C. Core Businesses:

a. NTD deposit business

The Bank strove to enhance the NTD demand deposit business to reduce the capital costs and increase earnings. At the end of 2021, the balance of NTD demand deposits was NT\$829.772 billion, an increase of NT\$123.203 billion from NT\$706.569 billion at the end of 2020, a growth rate of 17.44%.

b. Corporate Banking

- 1) The Bank was recognized as an "Outstanding Bank" under the "Program to Encourage Loan Projects by Domestic Banks to SMEs (Group A)" organized by the Financial Supervisory Commission (FSC).
- 2) The Bank was recognized as an "Outstanding Bank" under the "Special Award for Balanced Regional Development of SMEs (Hudong & Offshore Islands)" of the "Program to Encourage Loan Projects by Domestic Banks to SMEs" organized by the FSC.
- 3) The Bank was recognized as an "Outstanding Bank" under the "Program to Encourage Loan Projects by Domestic Banks to Key Innovative Industries (Group A)" organized by the FSC.
- 4) The Bank won seven awards from the MOEA for the SMEs Credit Guarantee Financing Business Outstanding Financial Institutions, namely the Credit Guarantee Gold Award, the Policy Facilitation Award, the Economic Relief and Stimulus Award - Highest Financing Amount for SMEs, the Economic Relief and Stimulus Award - Highest Number of SMEs Financed, the Excellent Award for Collections for Guarantee Cases, the Excellent Award for Promotion of the 100 Billion Guarantee Project, and the Certificate of Appreciation for Intermediary for Materials of Guarantee Cases.
- 5) The Bank received the "Best Team Award" from the Excellence Magazine under the category of non-financial holding for the "2021 7th Excellent Bank."
- 6) In the extension of SME loans, the Bank ranked No. 1 in Taiwan in the total guarantee amount of loans transferred for guarantees to the Small and Medium Enterprise Credit Guarantee Fund.



President

Chih-Chien Chang

c. Foreign Exchange Business

In 2021, the Bank focused on the active promotion of expansion measures for different foreign exchange businesses. In 2021, the Bank's accumulated average balance of foreign currency deposits was NT\$260.665 billion, representing an increase of NT\$26.862 billion or a growth of 11.49% as compared with the average balance of NT\$233.803 billion in 2020. In 2021, the Bank's accumulated average balance of foreign currency loans was NT\$133.784 billion, representing a decrease of NT\$0.48 billion or a decline of 0.36% as compared with the average balance of NT\$134.264 billion in 2020.

d. Wealth Management

In 2021, the Bank focused on strengthening its wealth-management business by vigorously expanding fee income from the insurance, fund, and foreign bond businesses, with boosting revenue and generating profit as the priority goal, and actively promoted the wealth-management focused projects. Fee income from the wealth-management business amounted to approximately NT\$1.650 billion in 2021.

e. Financial operations

- 1) Strengthened fund management and operational efficiency to maintain liquidity and improve the capital use return.
- 2) Actively engaged in foreign exchange trading to increase income.
- 3) Closely observed the political and economic situation at home and abroad, kept abreast of the overall market investment trends, and selected excellent individual stocks in various industries to have an optimal and balanced layout, to increase the return on investment.
- 4) Prudently selected investment targets with stable profits and a robust financial structure, increased such investment in the excellent targets, and increased the interest rate spread in a timely manner to increase the investment income from foreign currency bonds.
- 5) Enhanced the planning and management of long-term equity investment business and actively made various investments to increase income.

f. Engagement in COVID-19 Relief Loan Business

- 1) Since the outbreak of COVID-19, all members of the Bank were called to action. The "COVID-19 Relief and Stimulus Steering Group" was immediately established at the head office to provide information about various relief and stimulus packages organized by the government to our branch staff and customers. Meanwhile, the Bank simplified relevant investigation and review procedures for extending relief loans and set up the "COVID-19 Relief Section" on its official website to provide exclusive online services, so as to accelerate the processing time for cases, ease the short-term capital pressure of corporates, and help them survive through the operating difficulties.
- 2) As of the end of 2021, the number of approved loan cases for relief and stimulus packages under the policy and organized by the Bank was 68,243, with an amount approved amounted to NT\$318.138 billion.

D. Innovative Products:

a. Continue to develop innovative products to provide more convenient services

- 1) Adopted Financial Information Service Co., Ltd.'s (FISC's) interbank ATM card account information verification system to launch the service of the third type of digital savings accounts.
- 2) Provided customers with functions to check the interest rates of the Bank's demand deposits and digital deposits via friDay Wealth Management App.
- 3) Adopted the FISC's Internet Banking Online Designation Platform to provide the online designation service for authorized account payment deductions for the National Payment (Tax) Business Platform.
- 4) Extended the foreign exchange transaction service hours for individual customers through online or mobile banking from 15:30 to 19:00.
- 5) Added the online credit loan application service for new individual customers on the e-Loan platform.
- 6) Added security control mechanism (push authentication) in online and mobile banking to execute low-risk transactions (such as transfers to non-designated accounts).
- 7) Added the service for connecting mobile phone number with bank account and transfer function, through which customers can connect one of their savings accounts with the Bank as a receiving account to their mobile phone number kept by the Bank through online or mobile banking. When another person transfers a payment online by entering such mobile phone number, the payment will be posted into the account successfully.
- 8) Enabled customers to upgrade the third type of digital savings account to the first type of digital savings account through online application or over the counter with a citizen digital certificate.



- b. Develop products according to the social trend and provide diversified services to customers
 - 1) The Bank developed the intraday odd lot trading service in alignment with Taiwan Stock Exchange's new system and customers' trading needs, and officially launched the service on March 30, 2021 to provide a more convenient way for investors on a small budget to trade odd lots.
 - 2) To improve the quality of digital securities services, the Bank completed the establishment of a billing middle platform to provide real-time electronic billing service so that customers can check their real-time profit or loss and billing information online.
 - 3) In line with the government's pro-natalist policy, the Bank organized consumption loans of "Gold Pregnancy" and "Luck Pregnancy," hoping to increase the fertility rates of nationals. As of December 31, 2021, the cumulative number of loan disbursements was 1,674, which amounted to NT\$651 million.
- E. Expansion of the Scope of Channel Services:
 - a. The Bank made adjustments on the location distribution of the Bank's business units for the increase in value regarding physical channels, so as to provide better and more comprehensive financial services. The reallocation of the Jim Ho Branch was completed and opened for business on May 10, 2021.
 - b. To align with the "Blueprint for Developing Taiwan into a Bilingual Nation by 2030" promulgated by the government, the Bank aims to provide a bilingual-friendly environment for financial services. As of the end of 2021, the Bank had established a total of 33 bilingual branches and intends to expand 15 more bilingual branches in 2022. It is estimated that all branches shall become bilingual by 2028.
- F. Information Operations and Information Security:
 - a. Improvement to system and service functions
 - 1) Completion of virtual hosting expansion and restructuring for the IBM power server and open systems: In response to the needs for business system hosting and scalability, hosting resource deployment was adjusted, and resource pools were divided as per business nature to avoid the impact of the abnormalities of system hosts at different risk levels on the hosts in the shared resource pool. Also, a quasi-operational environment was established. After the development and testing of a business system is completed, it can be tested in the quasi-operational environment to reduce the risk of abnormality when it goes live officially.
 - 2) Completion of integration of bank-wide basic customer data: Existing data can be imported directly for the existing customers, without the need to fill out forms or enter data, and clerks are able to print out forms directly for customers to confirm and sign in person, thereby accelerating the over-the-counter operations at branches and reducing customer waiting time.
 - 3) Completion of credit investigation report making assistance and simplified early warning system information release process: When personnel are making a credit investigation report, the system will link to the Taiwan Corporate Credit Risk Index's (TCRI's) watchdog database to obtain customers' media and news information, saving the time of manual browsing and searching for evidence. The system will also issue early warnings regarding loan customers when an overdue loan is shown in the Bank's billing system or when checks are rejected by the Clearing House, to avoid operational risks caused when the clerks at branches fail to raise an alert for any abnormality.
 - 4) Adopted a virtual desktop system: When employees work from home, they connect to the Bank's business system through encryption (SSL VPN accounts) and a two-factor authentication mechanism to avoid the risk of accounts or passwords being stolen. In addition, a side recording system (user connection records, screen watermark, and data recording) was established to reduce the risk of cluster infection among employees and maintain business continuity and safeguard information security at the same time.
 - 5) Adoption of a video conference platform: Remote video conferences are held through handheld devices (mobile phones or laptops), and employees could participate in meetings whether they are working outside of the office or working from home.
 - b. Reinforce the security control mechanism for the information system
 - 1) Duly implemented the Bank's cyber security maintenance program, the effectiveness of which has been confirmed by a third-party organization; reported to the Board of Directors on the achievement of information security targets on a quarterly basis.
 - 2) Supervised the compliance in the operations of overseas branches, including the cyber defense program in Hong Kong, PART 500 in New York, and CPS 234 in Australia. The Bank has met all the local authorities' requirements in 2021.

- 3) Carried out a total of seven email social engineering drills in 2021 to strengthen employees' awareness of information security.
- 4) Completed the plan to have the Executive Vice President supervising the Information Security Department serve as the Chief Information Security Officer concurrently, with responsibilities for coordinating the promotion of information security policies and the dispatch of resources; engaged information security consultants to provide advice during discussions on material information security issues, which has met the competent authorities' regulatory requirements.
- 5) Launched the Security Operations Center (SOC), and established a comprehensive and complete information security protection chain of pre-event prevention, in-event monitoring, and post-event response.
- 6) Completed the construction of the Zero Trust Diversity and Defense-in-Depth Architecture to strengthen the information detection between intranets and monitor actions on single device, so as to detect threats in real-time.
- 7) Strengthened the ATM system security measures as per information security operating standards, and upgraded the ATM operating system from Windows 7 to Windows 10. The first-stage upgrade for 233 ATMs was completed on November 26, 2021.

c. Continuous promotion of the digital finance business

- 1) Actively promoted the Taiwan Pay acquiring businesses, endeavored to increase the rate of adopting the QR Code common payment service by established merchants, such as large-scale chained stores, including Q Burger Group Co., Ltd., the Jianguo Holiday Flower and Jade Market, Louisa Professional Coffee Ltd., Dante Coffee Co., Ltd., Scan-D Corporation, shopping areas, and night markets, and organized marketing discount events to facilitate the inclusive finance and the penetration rate of e-payment.
- 2) In response to the service of the Quintuple Stimulus Voucher binding with mobile payment promoted by the government, the Bank organized events related to the Quintuple Stimulus Voucher. The discounts included extra cash returns from the Bank, early-bird bonus, churning presents for new customers, rebates from designated merchants, and extra prize draws.
- 3) The Bank provided digital savings account holders with five major benefits, including preferential deposit interest rate of 1.5%, inter-bank withdrawal/transfer (limited to designated channels), free of processing fees, cashback for monthly payment via Taiwan Pay (excluding transfer transactions), rewards for each parking fee payment, and rewards for payment for the Bank's credit card payments. In addition, the Bank worked with influencers to promote such benefits through YouTube videos, digital advertising, animation videos, commercial videos, and other digital media.
- 4) For digital marketing development and social media operations, the Bank launched its LINE official account; meanwhile, to increase the number of fans and friends and interaction frequency on its Facebook page - My Dream+, the Bank designed a series of marketing activities to boost its share of voice on social media, which effectively attracted internet communities of different ages to participate. The Bank's digital brand mascot, Hokii Penguin, was officially launched on LINE on December 21, 2021 in the form of stickers, and open to the public for download
- 5) The Bank is recognized by the following domestic awards:
 - ① The 18th National Brand Yushan Award of 2021
 - (a) Chaotian Gong Online Light Worship Candle Lighting System and Lucky Money Account: National First Prize/Best Product Category.
 - (b) Smart Customer Service "Money": Best Popular Brand Award.
 - ② The Customer Service Excellence Award (CSEA) of 2021
 - (a) Best Internet Service Enterprise Award.
 - (b) Best Smart Application System Award.
 - ③ Enhanced Financial Collection Service (eFCS): Award for eFCS Business on Behalf of the Taiwan Clearing House.

G. Implementation of Legal Compliance and Anti-Money Laundering Operations:

- a. Implementation of legal compliance and anti-money laundering in line with the regulations of the competent authority
 - 1) Due to the practical operations and changes in relevant laws and regulations, the Bank continues to amend its procedures for anti-money laundering and combatting the financing of terrorism.



- 2) The Bank performed its compliance risk assessment (CRA) for 2020 and reported to the FSC after being approved by the Board.
- 3) With regard to anti-money laundering and combatting the financing of terrorism, the Bank performed the second comprehensive institutional risk assessment (IRA) for 2020 and reported to the FSC for review after being approved by the Board.
- b. Holding of regular compliance and anti-money laundering training
 - 1) The Bank organized the online training program "2021 Seminar for Anti-money Laundering and Combating the Financing of Terrorism" from May to June of 2021 on our digital learning website, and made scenario-based videos to increase employees' awareness. In addition, we held an online video conference in March and December of 2021, respectively, to immediately announce relevant matters that should be noted.
 - 2) A "Compliance Officer Seminar" was held in each of the first and second halves of 2021.
- c. Strengthening of the monitoring mechanism for compliance follow-up cases
 - 1) According to the "Legal Compliance Follow-up Cases Control System," the letters regarding relevant laws and regulations from external parties and changes in laws and regulations that the Bank shall comply are all included in the "Legal Compliance Follow-up Cases" for control. The Bank compiles the subsequent implementation of "Legal Compliance Follow-up Cases" replied by relevant departments on a monthly basis and reports to the Chief Compliance Officer.
 - 2) To reinforce the control system of the second line of defense, the Chief Compliance Officer (also the AML/CFT Dedicated Officer) led managers of business management departments and dedicated units to conduct on-site visits and random tests for legal compliance and anti-money laundering on selected domestic branches with a higher number of deficiencies found during the internal and external audit in 2021.
- d. Engaged CPAs to carry out the project audits for anti-money laundering and combatting the financing of terrorism for 2020 in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries."
- H. Enhance Risk Control and Improve Assets Quality:
 - a. Improved the automated standard capital requirement system, strengthened the system performance, reinforced the information security structure, and established the capital requirement-to-value (LTV) method subsystem" to comply with the FSC's amended capital requirement regulations.
 - b. Completed the online signing for the Task Force on Climate-Related Financial Disclosure (TCFD) and became a TCFD Supporter.
 - c. Added relevant control measures to strengthen the control of market risk limits for various trading purposes of traders in the Treasury Department.
 - d. As the FSC amended the qualitative and quantitative indicators for IRRBB, the Bank amended the module related to "IRRBB quantitative indicator calculation" in its ALM system to improve its risk control capabilities.
 - e. Continued to implement the Domestic Business Unit's Risk-Adjusted Cost of Capital Assessment mechanism to guide business units to adjust their lending structure and reduce risk-weighted assets to increase the capital adequacy ratio.
- I. Sustainable Development:
 - a. Active implementation of corporate social responsibility and realization of the value of the sustainable operation
 - 1) Our "CSR Report" passed two stages of verification by the British Standards Institution (BSI) for six consecutive years, and an Independent Assurance Opinion Statement was issued to the Bank by BSI.
 - 2) The Bank received the Silver Award in the financial and insurance group of corporate sustainability report division under the 14th TCSA Taiwan Corporate Sustainability Awards of 2021 organized by the Taiwan Institute for Sustainable Energy and won the Social Empowerment Award of the Asia Responsible Enterprise Awards (AREA). Such achievements have helped increase the Bank's visibility and our CSR corporate image.
 - 3) The Bank continued to optimize the design of its official website for the general public to obtain and understand the Bank's sustainable development information more conveniently, effectively strengthening the communicating function of the Bank regarding sustainable development.

- 4) To foster the influence and effect of social responsibility and diversify our sources of human resources, the Bank has collaborated with colleges and universities since 2018 to promote the Industry-Academia Collaboration Program to attract outstanding talents.
- 5) The Sustainable Life Card was released to promote green consumption by cardholders and reduce carbon emissions. The Bank provides discounts on consumption through relevant green channels, allowing cardholders to enjoy the diverse benefits of the card.
- b. Continual implementation of senior caring policy, donations to vulnerable groups, and active participation in public benefit affairs
 - 1) The Bank continued the sponsorship of the Senior Learning Centers to improve the quality of life and care for the disadvantaged elderly in the community. As of the end of 2021, we have set up 18 Senior Learning Centers across Taiwan, and the cumulative sponsorship has amounted to more than NT\$17 million. The cumulative number of beneficiaries is more than 260,000 per year.
 - 2) The Bank exclusively allocated 0.3% of the general card consumption of the "Silver Love Credit Card" as the public welfare funds to help seniors to dine and learn together. By doing so, the Bank spreads love to every corner of Taiwan to support vulnerable groups and people with disabilities and realize community care and social relief.
 - 3) The Bank continued to promote the property trust for seniors and people with disabilities, recorded outstanding results for a consecutive five years and received the award for recognition from the FSC.
- c. Fulfilling responsibility for environmental protection and continued energy conservation and carbon emission reduction efforts
 - 1) The Environmental Protection Administration of the Executive Yuan and the Department of Environment Protection of the Taipei City Government cited the Bank ten years in a row for outstanding performance in green procurement.
 - 2) The Taipei City Government publicly cited the Bank for receiving ISO 50001 Energy Management Systems certification and the designation of its headquarters as an energy-saving-label building.
 - 3) The Bank won the recommendation award in the industrial and commercial industry group B at the Energy Conservation Leadership Award launched by the Taipei City Government.
 - 4) The Bank implemented its "Energy Policies" and "Measures for Water and Electricity Conservation" with scheduled follow-up on the status of water and electricity conservation by different units and inclusion of the results in business performance assessments. Various energy conservation improvement programs were vigorously implemented in order to enhance the energy efficiency of equipment and save on electricity costs.

(4) Budget Implementation

- A. The annual average balance of deposits was NT\$1,591.103 billion, for an achievement rate of 104.44%.
- B. The annual average balance of outstanding loans was NT\$1,239.986 billion, for an achievement rate of 100.27%.
- C. The foreign exchange transactions amounted to US\$69.064 billion, for an achievement rate of 122.13%.
- D. The securities brokerage business amounted to NT\$794.729 billion, for an achievement rate of 170.80%.

(5) Revenues, Expenditures, and Profitability

- A. Net income for 2021 amounted to NT\$24.106 billion; bad debt expense, commitment, and provision for guarantee liabilities totaled NT\$5.188 billion; operating expenses were NT\$13.116 billion; before-tax net income from continuing operations was NT\$5.802 billion; net profit after tax was NT\$5.1 billion; return on assets ratio (after-tax) amounted to 0.27%; return on equity ratio (after-tax) amounted to 5.09%; net profit margin (after-tax) was 21.16%, and earnings per share (after-tax) was NT\$0.66.
- B. Net income before taxes (excluding provisions) in 2021 amounted to NT\$10.990 billion, an increase of NT\$1.550 billion over 2020. NT\$5.188 billion was allocated as an allowance for bad debts in order to strengthen risk appetite. Before-tax net profit for 2021 amounted to NT\$5.802 billion, an increase of NT\$417 million over 2020, primarily due to the increase in deposits and the increase in the net interest income.
- C. The non-performing loan (NPL) ratio at the end of 2021 stood at 0.28%, a decrease of 0.22% compared with the end of 2020; the bad-debt coverage ratio was 422.69%, an increase of 189.09% over the end of 2020.

(6) Research and Development

- A. Establishment of an Exclusive Unit for Industry Research
 - a. A total of 120 industry analysis reports were written and published in the Bank's E-Library in 2021 for colleagues to peruse.



- b. Elite professionals from industry, government, and academia are invited to speak on an occasional basis to help the Bank's employees understand the latest trends in industrial development.
- B. Encouragement of Innovation and Professionalism in Line with Business Development Needs
Business lectures are held on a scheduled basis and a wide variety of digital learning courses are offered to encourage employees to engage in further on-the-job studies and absorb new knowledge that will strengthen their competitiveness and enhance their professional know-how.

2. Business Plan for 2022

(1) Operating Directions and Policies

- A. Optimization of credit quality - taking into account the growth and profitability of risk-weighted assets
 - a. Widen the deposit-loan interest rate spread:
Increase the average interest rate of loans, reduce the average expense on deposits, and attract demand and foreign-currency deposits to reduce capital costs and facilitate the effective use of resources.
 - b. Control asset quality:
Avoid dead loans, improve the performance of payment collection to optimize the quality of credit assets.
 - c. Reinforce risk management:
Improve the capital use efficiency by increasing the earnings yield and increasing the services with lower risk weights to avoid the excessive concentration of profits on a few customers, to take into account the growth and profitability of risk-weighted assets at the same time.
- B. Diversification of profits - increasing non-interest income to raise future development potential
 - a. Key customer base management:
Reinforce the ties with old customers and develop new customers, take the niche customer base of SMEs as a stepping-stone to expand the base of related customers and increase customer stickiness; and guide business units to actively carry out key business services and manage the customer base horizontally to maximize synergy.
 - b. Penetration of derivative business activities:
Strengthen customer relationships and expand business scale through cross-marketing to diversify profit channels.
 - c. Increase of the proportion of fee income:
Increase the proportion of fee income by raising the non-spread income and increase the proportion of overseas branches' profits, thereby improving the income structure and enhancing profitability.

(2) Operating Policies

Facing the ever-changing financial environment and in response to the upsurge of FinTech and the development of digital finance, the Bank will adhere to its core value of "SME Specialized Bank" and utilize the four aspects on its strategy map with a bottom-up approach. Furthermore, in line with the aspects of learning & growth, internal procedures, customers, and finance, the Bank will establish a strategy structure with specified directions and centralized resources, to reinforce the adjustments to our three major structures of labor, information, and capital. The Bank will work to realize our business vision, become the bank of choice for SMEs by providing complete financial services to SMEs, business owners, major shareholders, and all employees, and become a high-quality bank with all-around financial services, thereby achieving the goal of sustainable development.

- A. Learning & Growth
 - a. Improve the professional competencies of our employees: Establish a talent pool through human resource inventory; deploy human resources of the entire bank with plans; enhance cultivation of professional talent for SMEs, digital finance, emerging financial fields, and international finance; strengthen the management and talent training for critical positions.
 - b. Accelerate successor training: Cultivate key talents and train potential successors in a planned manner, for the benefit of the Bank's sustainable development.
 - c. Optimize the labor structure: Revitalize retired human resources to pass on their experiences; expand the Bank's talent pool by increasing talents through various channels.

- d. Improve information system efficiency: Transform the information structure, make decisions based on data; strengthen overall system efficiency; diversify the information workforce and enhance their innovation skills; fortify the information foundation.
 - e. Strengthen information security defense and monitoring: Continue to reinforce the Bank's information security management system to complete the basic structure of information security; increase the breadth and depth of information security monitoring; strengthen our information security monitoring and response capabilities.
 - f. Optimize the accountability mechanism: Establish a comprehensive accountability mechanism and cultivate the culture of accountability; form the organization and value that allows our staff to internalize it as their mission, vision, and core values, to strive toward the Bank's goal of sustainable development.
 - g. Realize the corporate culture of learning and sharing: Build a "learning" experience inheritance system based on the concept of "learning by doing and doing by learning" and encourage internal innovation by young employees to invigorate corporate human resources.
- B. Internal Procedures
- a. Improve the management by objectives: Establish the goal and realize the execution; optimize the evaluation management system; reinforce the connection between evaluation and rewards to stimulate boosted performance.
 - b. Optimize the procedures for better efficiency: Adopt technology to improve service quality and optimize customer experience; attach importance to internal control and operating process management; regularly review the reasonableness of SOPs and control points; make good use of systems to assist with manual review; continue to create the best workflow and improve efficiency.
 - c. Enhance risk management: Enhance risk control through understanding, managing, and reducing risks; focus on business development and risk control to safeguard the quality of assets.
 - d. Adopt integrated marketing to increase customer contribution: Integrate digital marketing resources to expand business relationship with customers, increase overall customer contribution, and provide comprehensive financial services according to customers' needs for business development.
 - e. Provide premium services to build customer loyalty: Bearing customers' interests in mind, design comprehensive financial services based on customers' requirements to meet their expectations and demands, in turn, building customer loyalty.
 - f. Strengthen customer relationships with the second generation upon the succession of the family business: Strengthen the customer relationship with the younger generation or the second generation upon the succession of the family business to improve SME customers' support to the Bank after generational changes.
 - g. Adopt a clicks-and-mortar method to reinforce digital financing: Adopt innovative thinking to enhance financial products and services, optimize the trading environment for the clicks-and-mortar channel, and reinforce the digital financial landscape.
 - h. Adopt differentiated products and marketing: Apply big data analysis to understand customer behavior patterns and requirements; provide customized services and precise marketing services.
 - i. Comply with laws: Enhance legal compliance and duly comply with competent authorities' supervisory measures; attach importance to anti-money laundering and combating the financing of terrorism, whistleblower protections, and customers' interests; thereby forming a corporate culture that prioritizes legal compliance.
 - j. Strengthen corporate governance: Improve Board of Directors' functions, corporate governance mechanisms, and operations of functional committees; disclose material information regarding corporate governance to improve transparency for information disclosure and shape the culture of corporate governance.
 - k. Realize sustainable development: Combine investor relations (IR) with CSR, realize sustainable development; attach importance to ESG evaluation, promote social inclusion through enterprises from our core business; internalize social responsibility into the corporate spirit; develop products and services with shared value and positive influence, to achieve sustainable development.



C. Customers

- a. Improve channel service quality and integrate customer views from all channels: Improve the value of physical channels; expand the service scope for virtual channels; enhance the control on business opportunities regarding clusters of SMEs to meet the mission of the Bank to provide services for SMEs; establish a 360-degree customer view to fully present each aspect of customers and various service channels; optimize the customer service quality and experience.
- b. Focus on the niche market of SMEs and reinforce the brand image of a specialized bank: Clearly define the Bank as a professional bank for SMEs; reinforce the core business service for SMEs; consolidate and expand the key customer base in corporate banking; shape a brand image as a professional bank.
- c. Strengthen wealth management services and continuously improve customer experience: Transform the consulting model; continuously improve customer experience through digitalization; provide continuous asset planning management through customization and differentiation approaches; strengthen professional investment analysis and research capabilities; develop a customer base of business owners and high-asset customers.

D. Finance

- a. Optimize credit quality and diversify profits: Control asset quality; strengthen risk management; expand the scale of operations; increase the proportion of overseas branches' profits; widen the deposit-loan interest rate spread and diversify commission income sources to increase profitability.
- b. Enhance capital and focus on shareholders' interests: Comply with the monitoring requirements of the competent authority regarding authorized capital; ensure a healthy capital structure and the goal of optimized resource allocation; strengthen the risk appetite to expand the growth of operating income; maximize shareholders' value.

(3) Business Targets

To give equal weight to the protection of shareholder interests, improve the capital structure, and enhance asset quality, the Bank has set the following targets in consideration of the Directorate General of Budget, Accounting and Statistics for 2022.

A. Annual average deposit balance: NT\$1,726.035 billion.

B. Annual average balance of loans outstanding: NT\$1,326.774 billion.

C. Total foreign exchange transactions: US\$70 billion.

3. Future Development Strategies

- (1) Reform the corporate culture, recognize changes and advance with the times, cultivate a culture of accountability, and enhance the execution ability.
- (2) Strengthen the core SMEs business, provide one-stop services based on customers' needs, attach importance of passing on experiences to gain customers' trust, and become SMEs' bank of choice in Taiwan.
- (3) Diversify profit sources, increase profit momentum from multiple aspects to enhance capital, conduct cash capital increase in a timely manner, strengthen the capital structure, and develop future development potential.
- (4) Develop digital finance in alignment with trends, promote digital transformation, continue to reinforce digital financial services and upgrade information systems, optimize internal processes, and support the development of various business services.
- (5) Shape a corporate culture with compliance as the top priority, strengthen risk control to improve asset quality, and reinforce the three lines of defense for internal control.
- (6) Continue to inspect the manpower structure, cultivate critical talents, optimize the human resource structure, accelerate successor training, and shape a corporate culture of "learning and sharing" through education and training to increase employees' loyalty.
- (7) Stick with the ESG concept, strengthen corporate governance, take care of employees, consider environmental sustainability, protect customers' rights and interests, and realize public welfare, to achieve sustainable development.

4. Influences from the External Competitive Environment, Legal Environment, and the Overall Economy

(1) External Competitive Environment

Impacts of COVID-19:

- A. As domestic and overseas pandemic of COVID-19 has not yet slowed down, the global economy experiences fluctuations and disturbance. Under the highly effective control of the Taiwanese government, complete basic medical equipment and forward-looking plans were utilized to restrain the spread of the epidemic in Taiwan and withstand the economic recessions brought by COVID-19, recording growth against the trend, and facilitating the return of Taiwanese businesses.
- B. With the spread of the COVID-19 pandemic, the current global market business activities have plummeted, with a continuous effect on the overall consumption and economic activities and an impact on the domestic economy and relevant industries. It has added to the uncertainties about global economic growth. Investors will turn to a more conservative and prudent approach in investment in the financial market and financial management. In the future, the Bank will fully leverage the back-end management function of the fund business through the front-line sales strategy, to increase the niche of our fund business in alignment with the investment environment and market trends.

(2) Regulatory Environment

- A. To protect consumers' rights and interests, the competent authority continues to amend relevant insurance regulations to enhance the strength of banking and insurance supervision. The Bank pays close attention to and keeps abreast of the latest laws and regulations and increases our sales personnel's awareness of compliance, to ensure that the solicitation behavior conforms to laws and regulations.
- B. Taiwan's competent authorities and trade associations attach great importance to information security. The Bankers Association Of The Republic Of China promulgated the Financial Institutions Information and Communication Security Protection Standards on August 31, 2021, to establish the basic security protection standards for financial institutions. In addition, the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries was amended by the FSC on September 23 in the same year, requiring the Bank to appoint an Executive Vice President or above or a person with equivalent responsibilities to serve as the Chief Information Security Officer concurrently to comprehensively manage the implementation of the information security policy and the dispatch of resources. The appointment of Sung-Shui Chiu, Executive Vice President in charge of the Information Security Department, as the Bank's Chief Information Security Officer was approved by the 3rd Meeting of the 16th Board of Directors, and the appointment took effect on December 15, 2021.

(3) Overall Operating Environment

The U.S.-China trade war, the international anti-tax avoidance wave, and the enactment of laws on the repatriation of offshore funds have all prompted overseas Taiwanese businesses to return to Taiwan to invest in new businesses. This phenomenon has not only led to the needs for loans for the purchase of plants and machinery and equipment but also facilitated the growth of banks' construction project financing business. Furthermore, such businesses' employment of local employees in Taiwan has further driven the consumer finance business, including mortgages, credit loans, and credit cards, as well as the high-end wealth management business for business owners. Therefore, it is anticipated that this phenomenon has a positive effect on our country's banking industry in 2022 in terms of the deposit, loan, and wealth management business.

5. Results of Latest Credit Rating

Date of Rating	Rating Institution	Ratings		Outlook
		Long-term Credit	Short-term Credit	
2022.1.26	Taiwan Ratings	twAA-	twA-1+	Stable
2022.1.26	Standard & Poor's	BBB+	A-2	Stable

II

Bank Profile

- 18 1. Establishment and History
- 18 2. Bank M&A, reinvestment in related enterprises, and reorganization in 2021 and to the end of February 2022
- 19 3. Membership in a designated financial holding company
- 19 4. Major exchanges or transfers of shares by directors and others required to report shareholding under Paragraph 3, Article 25 of the Banking Act in 2021 and to the end of February 2022
- 19 5. Major changes in operating rights, operating methods or business content, and other major events of sufficient importance to affect shareholders' rights



1. Establishment and History

The forerunners of Taiwan Business Bank (TBB) were two private cooperative savings institutions, one established in Taipei in June 1915 and the other in Tainan the following month. The Taipei institution was merged into another company in 1920 and the Tainan institution was reorganized under a different name in 1926.

Following the restoration of Taiwan to China on October 25, 1945, these two savings institutions, along with two others, were taken over by the Taiwan Provincial Government. On September 1, 1946, the four were combined and reorganized into "Taiwan Mutual Financial Co." On May 31, 1947, this new financial institution absorbed Tokiwa Real Estate Co., bringing its capitalization to \$10 million Old Taiwan Dollars. Its name was changed to "Taiwan Provincial Loans and Savings Co." on June 1, 1947, as the original name was under the Japanese system, and again to "Taiwan Mutual Loans and Savings Co." in January 1948 as the scope of business was similar to the nature of saving institutions.

The government moved to promote Taiwan's economic development and boost the growth of small and medium enterprises (SMEs) in 1975 by revising the Banking Act and writing in an additional provision for a specialized SME bank. In line with the government policy, Taiwan Mutual Loans and Savings Co. was reorganized into "Medium Business Bank of Taiwan" (later to be known as Taiwan Business Bank, or TBB) on July 1, 1976, whereupon it became a specialized bank charged with the provision of financial assistance and guidance to SMEs. It has been cultivating the SME financial services field now for more than 45 years. Later, to cope with the liberalized and internationalized financial environment, and to conform to the government's vision of promoting Taiwan to become Asia-Pacific Regional Operations Center, TBB was transformed into a private bank on January 22, 1998, and officially entered into a whole new era.

At the time of TBB's reorganization in 1976, it had a capitalization of NT\$500 million, 50 branches, and 58 sub-branches. To build up the Bank's operating capital and strengthen its operating structure, repeated capital increases have brought total capitalization to NT\$77,431.95 million today. The Bank's structural framework has also been readjusted constantly in response to changes in the financial environment and in business needs. The Auditing Department and Secretarial Department were set up under the Board of Directors in the headquarters. Apart from the Compliance Department, TBB's management units include 20 departments under three major business groups, one development center, and two management centers. The Bank has 125 domestic branches (including the Banking Department) and the Offshore Banking Branch (OBU), and also operates 8 overseas branches, including Hong Kong Branch, Los Angeles Branch, New York Branch, Sydney Branch, Brisbane Branch, Shanghai Branch, Wuhan Branch, and Tokyo Branch, along with the Yangon Representative Office in Myanmar. Regional Operation Centers were set up to handle business development and supervision, centralized business management, operational services, and other business support functions in order to enhance business promotion capability and reinforce asset quality control. In addition, Domestic Processing Centers were established to upgrade operating performance through the centralized handling of domestic outward remittances, bills for collection and bills withdrawal. Meanwhile, to comprehensively promote the ESG sustainable development, the existing Strategy Development Committee was incorporated into the CSR Committee, which was renamed as the Sustainable Development Committee. Besides, considering that the business scope of the Innovative Finance Project Office was part of the corporate banking businesses, in order to fully integrate our resources on corporate banking business, the Bank has merged the Innovative Finance Project Office into the Corporate Banking Department so as to enhance the utilization of manpower and decrease the cross-department communication cost.

2. Bank M&A, reinvestment in related enterprises, and reorganization in 2021 and to the end of February 2022

There are 5 enterprises reinvested by the Bank in 100% ownership—TBB International Leasing Co., Ltd, TBB (Cambodia) Microfinance Institution PLC, TBB Venture Capital Co., Ltd., TBB Consulting Co., Ltd., and Taiwan Business Bank International Leasing Co., Ltd. reinvested in 100% ownership by TBB International Leasing Co., Ltd.



3. Membership in a designated financial holding company: None.

4. Major exchanges or transfers of shares by directors and others required to report shareholding under Paragraph 3, Article 25 of the Banking Act in 2021 and to the end of February 2022: None.

5. Major changes in operating rights, operating methods or business content, and other major events of sufficient importance to affect shareholders' rights: None.



TBB continues to invite local artists to curate exhibitions at the Image of Dadaocheng - Art and Cultural Space and held five solo exhibitions, including the famous calligrapher and seal engraver, Ying- Chih Chien; the brushwork painter, Chiu-Hsi Chen; the pen and wash painter, Yin Yu; the watercolor painter, Chiu-Tai Chang; the collage artist, Ting-Chen Liang.

III

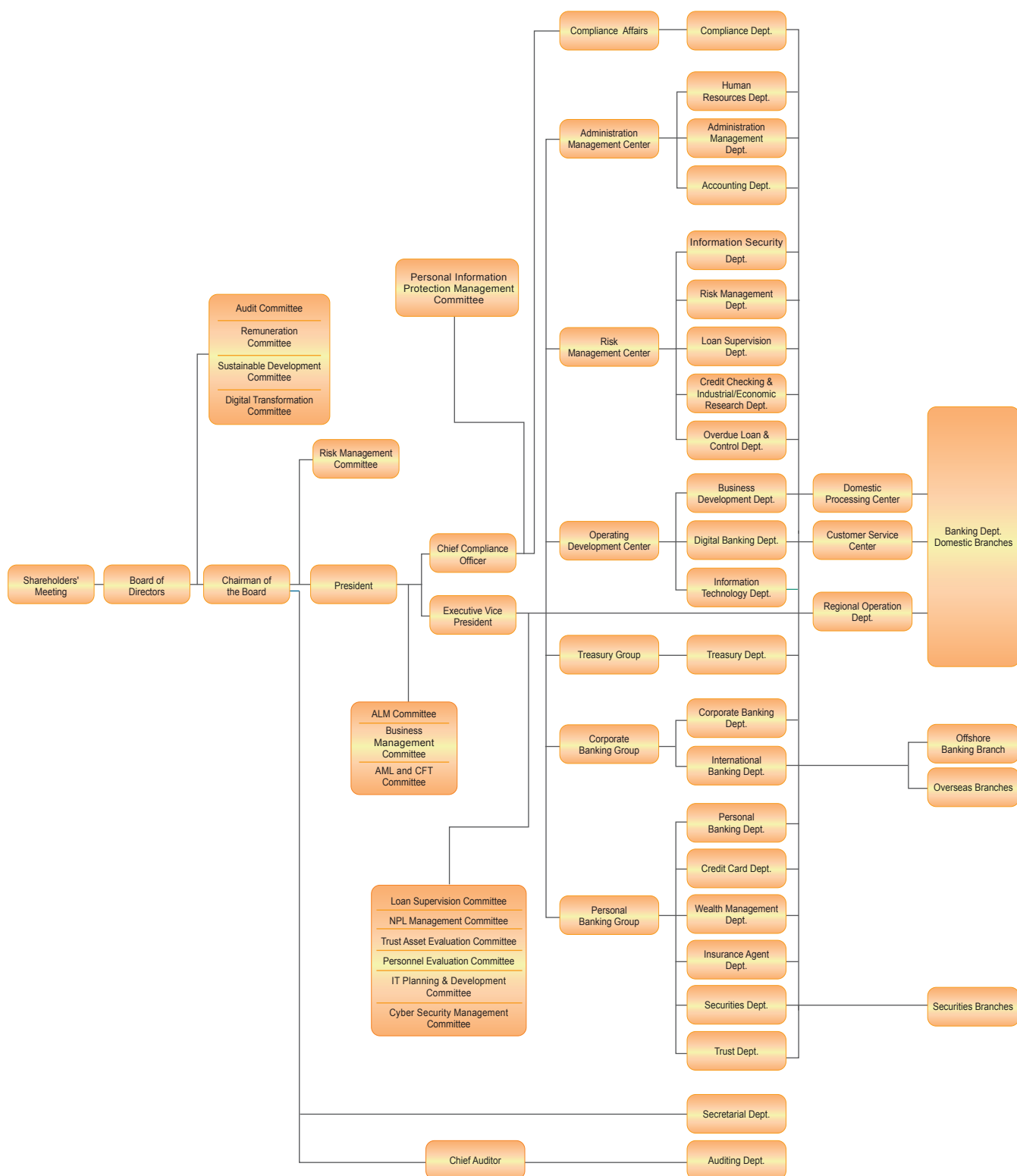
Corporate Governance Report

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1. Organization

(1) Organization Chart



February 28, 2022

(2) Operations of Major TBB Departments

A. Corporate Banking Group

This unit handles financial services for corporate customers, including business planning, promotion, and improvement in respect to loan products, forex products, and corporate financial planning products. It understands customers' needs and proactively carries out marketing, and is responsible for development and service in regard to the Group's products and customers as well as for improvement of the Bank's asset quality, operating income, and profit. The Corporate Banking Dept. and International Banking Dept. operate under the Corporate Banking Group.

B. Personal Banking Group

This unit handles planning, promotion, and improvement of the Bank's personal loan products, financial planning for customers, and marketing services for financial planning products. It carries out proactive marketing based on an understanding of customers' needs, is responsible for development and service in regard to the Group's products and customers, and maintains improvement of the Bank's asset quality, operating income, and profit. The Personal Banking Dept., Credit Card Dept., Wealth Management Dept., Insurance Agent Dept., Securities Dept., and Trust Dept. operate under the Personal Banking Group.

C. Treasury Group

The Treasury Group handles planning, promotion, and improvement of the Bank's financial businesses, and is responsible for development and service in regard to the Group's products and customers as well as for maintaining improvement of the Bank's asset quality, operating income, and profit. The Treasury Dept. operates under the Treasury Group.

D. Risk Management Center

The Risk Management Center handles risk control, maintenance of the quality of the Bank's loan assets, and investigation and review of loan cases and products, economic and financial research and industry investigation, collection of overdue loans and information security matters. The Loan Supervision Dept., Credit Checking & Industrial/Economic research Dept., Overdue Loan & Control Dept., Risk Management Dept. and Information Security Dept. operate under the Risk Management Center.

E. Operating Development Center

The Operating Development Center is charged with bank-wide management and planning for performance analysis, operational management, information operations and digital banking business, provision of full and necessary support for business development, and simplification of the planning process, so as to achieve operational centralization and upgrade operational efficiency. The Center also handles planning and implementation of bank-wide operating strategy formulation and public relations. The Business Development Dept., Digital Banking Dept., and Information Technology Dept. operate under the Center.

F. Administration Management Center

This Center handles the planning and implementation of document administration, confidential matters, legal affairs, human resources, and accounting systems, as well as other matters not assigned to other units. The Human Resources Dept., Administration Management Dept. and Accounting Dept. operate under the Center.

G. Compliance Affairs

Compliance Dept. handles the planning, management, and implementation of legal compliance systems and AML & CFT related matters. Compliance Dept. operate under the Compliance Affairs.



2. Directors, and Management Team

(1) Board of Directors

A. Board of Directors

December 31, 2021



Chairman

Chien-Hao LinManaging Director
(President)**Chih-Chien Chang**Managing Director
(Independent Director)**Xin-Wu Lin**

Managing Director

Chun-Hsien YehDirector
(Independent Director)**Jin-Long Liu**Director
(Independent Director)**Yung-Cheng Chuang**Director
(Independent Director)**Chiou-Mien Lin**

Director

Wen-Chieh Wang

Director

Hung-Sheng Yu

Director

Tzu-Hao Tsai

Director

Ming-Huei Chen

Title	Nationality	Name	Gender/ Age	Date Elected	Tenure (16th)	Initial Inauguration Date	Shareholding On Inauguration		Current Shareholding		Shareholding By Self, Spouse & Minor Children		Shareholding Under Other's Title		Major Experience & Education	Concurrent Positions at the Bank and Other Companies	Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors, or Supervisors		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman (Ministry of Finance Representative) (Note 1)	R.O.C.	Chien-Hao Lin	Male / 61-70 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Apr. 27, 2021	155,514,786	2.08	160,802,288	2.08	0	0	0	0	Education: B.S., Laws, National Taiwan University Experience: Director and President, First Financial Holding; EVP and Head of Strategy Planning Dept., First Financial Holding; Chief Auditor, First Financial Holding; GM of HK Branch and Shih-Mao Branch, First Bank; SVP and Head of Business Planning & Admin. Division, First Bank	Supervisor, Taiwan Asset Management Corporation	None	None	None
Managing Director & President (Ministry of Finance Representative)	R.O.C.	Chih-Chien Chang	Male / 61-70 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Mar. 4, 2020	155,514,786	2.08	160,802,288	2.08	230,714	0	0	0	Education: MBA, National Taiwan University of Science and Technology Experience: Acting Chairman, Taiwan Business Bank; Acting President, Taiwan Business Bank; Executive Vice President, Taiwan Business Bank; SVP & GM, Loan Supervision Dept., Taiwan Business Bank; SVP & GM, Credit Investigation Dept., Taiwan Business Bank; SVP & GM, Wu Ku Branch, Sung Nan Branch, Taiwan Business Bank; Chairman, Taiwan Business Bank Insurance Agency Co., Ltd.; Chairman, Taiwan Business Bank Property Insurance Agency Co., Ltd.	President, Taiwan Business Bank; Director, Sunsho Development Associate Inc.; Director, Small and Medium Enterprise Credit Guarantee Fund of Taiwan; Director, Taiwan Small & Medium Enterprise Counseling Foundation	None	None	None
Managing Director (Bank of Taiwan Representative)	R.O.C.	Shih-Yuan Tai	Male / 61-70 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Mar. 18, 2019	1,214,173,562	16.21	1,255,455,463	16.21	0	0	0	0	Education: Bachelor, Department of Mechanical Engineering, National Taiwan University of Science and Technology Experience: 15th Managing Director, Taiwan Business Bank, Ltd. Deputy Director, Delegate, Department of Human Resources, Bank Of Taiwan; Deputy Director, Department of Staff Training, Bank Of Taiwan	Director, Department of Human Resources, Bank Of Taiwan	None	None	None

Title	Nationality	Name	Gender / Age	Date Elected	Tenure (16th)	Initial Inauguration Date	Shareholding On Inauguration		Current Shareholding		Shareholding By Self, Spouse & Minor Children		Shareholding Under Other's Title		Major Experience & Education	Concurrent Positions at the Bank and Other Companies	Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors, or Supervisors		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Managing Director (Independent Director)	R.O.C.	Xin-Wu Lin	Male / 51-60 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jun. 29, 2018	0	0	0	0	0	0	0	0	Education: Ph.D., Department of Economics, National Taiwan University Experience: 15th Managing Director (Independent), Taiwan Business Bank, Ltd. Director (Independent), Land Bank of Taiwan Commissioner; the 6th term of the Taiwan Fair Trade Commission; Chief Antitrust Compliance Officer, AU Optronics Corporation; Full-time Researcher & Director, Research Division III, Taiwan Institute of Economic Research; Full-time Associate Researcher & Director, Research Division III, Taiwan Institute of Economic Research	Vice President & Director of Research Division III, Taiwan Institute of Economic Research; Independent Director, FiTech Co., Ltd.; Independent Director, Daxin Materials Corp.	None	None	None
Managing Director (National Development Fund, Executive Yuan Representative)	R.O.C.	Chun-Hsien Yeh	Male / 51-60 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jul. 20, 2021	439,330,543	5.87	454,267,781	5.87	0	0	0	0	Education: Ph.D. in Economics, University of Rochester Experience: Adjunct Professor, Department of Economics, NTU Jointly Appointed Professor, Department of Economics, NCU; Jointly Appointed Professor, Graduate Institute of Industrial Economics, NCU; Adjunct Research Fellow, Institute of Economics, Academia Sinica Visiting Assistant Professor, Department of Economics, SMU, Singapore; Associate Professor, School of Economics, NCU; Assistant Research Fellow, Institute of Economics, Academia Sinica	Deputy Dean, National Treasury Administration, Ministry of Finance	None	None	None
Director (Ministry of Finance Representative)	R.O.C.	Shiu-Yen Lin	Female / 51-60 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Feb. 27, 2014	155,514,786	2.08	160,802,288	2.08	0	0	0	0	Education: M.S., Department of Economics, National Taiwan University Experience: 13th to 15th Director, Taiwan Business Bank, Ltd.; Chief Secretary, National Treasury Administration, Ministry of Finance; Team leader, National Treasury Administration, Ministry of Finance; Deputy head, National Treasury Administration, Ministry of Finance	Deputy director, National Treasury Administration, Ministry of Finance	None	None	None
Director (Bank of Taiwan Representative)	R.O.C.	Wen-Chieh Wang	Male / 51-60 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jun. 10, 2014	1,214,173,562	16.21	1,255,455,463	16.21	0	0	0	0	Education: Ph.D., College of Law, National Chengchi University Experience: 13th to 15th Director, Taiwan Business Bank, Ltd.; Visiting Scholar, College of Law, National Harvard University; Director, College of Law, National Chengchi University; Chief Secretary, Secretariat, National Chengchi University; Director, The Institute of Law and Interdisciplinary Studies, National Chengchi University	Executive Vice President, National Chengchi University	None	None	None
Director (Ministry of Finance Representative)	R.O.C.	Hung-Sheng Yu	MALE / 51-60 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jul. 1, 2013 (Note 2)	155,514,786	2.08	160,802,288	2.08	26,921	0	0	0	Education: M.S., Executive Master of Business Administration, Ling Tung University Experience: 13th to 15th Director, Taiwan Business Bank; 1th to 7th Member & Director & Managing Director, TBB Industry Union; Supervisor, Taiwan Federation of Financial Unions; 3th Member, Labor Dispute Arbitration Committee, Ministry of Labor; Member, Basic Salary Review Committee, Ministry of Labor; Managing Director, Taiwan Confederation of Trade Unions; Supervisor, Taiwan Federation of Labor	Chairman, TBB Industry Union	None	None	None
Director (Bank of Taiwan Representative)	R.O.C.	Tzu-Hao Tsai	Male / under 50	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jan. 20, 2020	1,214,173,562	16.21	1,255,455,463	16.21	0	0	0	0	Education: Ph.D., Department of Finance, National Taiwan University Experience: 15th Director, Taiwan Business Bank, Ltd.; Independent Director, Jetbest Corporation; 15th Director, Taiwan Business Bank; Professor, Assistant Professor, Department of Quantitative Finance, National Tsing Hua University	Associate Professor, Department of Quantitative Finance, National Tsing Hua University Independent Director, Jetbest Corporation	None	None	None
Director (TBB Industry Union Representative)	R.O.C.	Ming-Huei Chen	Male / 51-60 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jul. 20, 2021	4,026,193	0.05	4,260,024	0.05	0	0	0	0	Education: Master of Department of Finance, Shu Te University Experience: Managing Director, TBB Industry Union; Bank Clerk, TBB	Bank Clerk, Beifangshan Branch of TBB Managing Director, TBB Industry Union	None	None	None
Director	R.O.C.	Che-Nan Wang	Male / over 70 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jul. 22, 2012	13,200,194	0.14	13,649,000	0.14	13,649,000	0.14	0	0	Education: B.A., Kindai University, JPN Experience: 13th to 15th Director, Taiwan Business Bank; Member, Overseas Community Affairs Council, Republic of China; Director, Taichung Commercial Bank Co., Ltd.	Honorary President of the Republic of China on the Kindai University Advisory Committee Member, Overseas Community Affairs Council, Republic of China	None	None	None
Director (Independent Director)	R.O.C.	Jin-Long Liu	Male / 61-70 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jun. 29, 2018	0	0	0	0	0	0	0	0	Education: Ph.D., Department of Economics, North Carolina State University, USA Experience: Associate Professor, Graduate Institute of Industrial Economics, National Central University; Director, Graduate Institute of Industrial Economics, National Central University; Visiting Associate Professor, Duke University Visiting scholar, Foundation for Scholarly Exchange; Supervisor, Integrated Service Technology Inc.	Professor, Graduate Institute of Industrial Economics, National Central University	None	None	None



Title	Nationality	Name	Gender/ Age	Date Elected	Tenure (16th)	Initial Inauguration Date	Shareholding On Inauguration		Current Shareholding		Shareholding By Self, Spouse & Minor Children		Shareholding Under Other's Title		Major Experience & Education	Concurrent Positions at the Bank and Other Companies	Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors, or Supervisors		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director (Independent Director)	R.O.C.	Yung-Cheng Chueng	Male / 51-60 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jul. 20, 2021	0	0	0	0	0	0	0	0	Education: Doctor of Juridical Science(S.J.D.), Indiana University, Bloomington, USA Experience: Director of the 20th Board of Directors, Taiwan Stock Exchange Corporation; Director of the 4th and 5th Board of Directors, Securities and Futures Investors Protection Center; Director of the 3rd and 4th Board of Directors, Taiwan Insurance Guaranty Fund Chairperson of Ombudsman; Committee & President, Financial Ombudsman Institution Management Committee; Member, Securities and Futures Institute Director of the Board, Taiwan Insurance Law Association; Independent Director, Fubon Hyundai Life Insurance Co., Ltd., Member of the Labor Funds Supervisory Committee, Ministry of Labor, Executive Yuan	Professor, Associate Dean School of Law Soochow University; Director of the 20th Board of Directors, Taiwan Stock Exchange Corporati on; Independent Director, Fubon Hyundai Life Insurance Co., Ltd.	None	None	None
Director (Independent Director)	R.O.C.	Shao-Yuan Chang	Male / over 70 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jul. 20, 2021	0	0	0	0	0	0	0	0	Education: Master's Degree in Land Economics, National Chengchi University Experience: Director, IPASS Corporation; Director, YangMing Marine Transport Corp.; Deputy Mayor, Tainan City Government; Director, Finance and Local Tax Bureau, Tainan City Government; Director, Department of Finance, Tainan City Government; Deputy Director, Department of Finance, Tainan City Government	None	None	None	None
Director (Independent Director)	R.O.C.	Chiou-Mien Lin	Female / 51-60 years old	Jul. 20, 2021	Jul. 20, 2021 to Jul. 19, 2024	Jul. 20, 2021	0	0	0	0	0	0	0	0	Education: Ph.D. of Urban & Regional Planning, National Taipei University Experience: Chairperson, The Chinese Institute of Land Appraisal Lecturer; Instructor, Department of Real Estate & Built Environment, NTPU	Associate Professor, Department of Real Estate & Built Environment, NTPU	None	None	None

Note 1: If the position of Chairman and the President or an equivalent position (chief manager) are taken by the same person, or are spouses or are the first degree of kinship, describe the relevant information of reason, rationale, necessity, and response measures: No such matters.

Note 2: Previous term of Director Hung-Sheng Yu: July 1, 2013 to July 30, 2014 (TBB Industry Union Representative)

B. Major Shareholders of Juristic Person Shareholders

December 31, 2021

Juristic Person Shareholder	Major Shareholders of Juristic Person Shareholders
Ministry of Finance	Government Agency
National Development Fund , Executive Yuan	Government Agency
Bank of Taiwan Co., Ltd.	Taiwan Financial Holding Co., Ltd. (100%)
TBB Industry Union	Juridical Association

C. Major Shareholders of Major Juristic Person Shareholders of the Bank

December 31, 2021

Juristic Person Shareholder	Major Shareholders of Juristic Person Shareholders
Taiwan Financial Holdings Co., Ltd.	Ministry of Finance (100%)

D. Professional Knowledge and Independence of Directors

December 31, 2021

Qualifications Name	Qualification and Experience	Independence	Number of Other Public Companies Serving as an Independent Director
Chien-Hao Lin	Has five years or more of working experience as a bank manager or above and has professional qualifications in banking, business, legal affairs, finance, accounting, etc.	1. Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. 2. Is not an employee at TBB or any of its subsidiaries. 3. Has not worked at TBB's external audit institution or as a partner of the audit institution. 4. Has not served as a member of the senior management of TBB's consulting firm.	0
Chih-Chien Chang	Has five years or more of working experience as a bank manager or above and has professional qualifications in banking, business, finance, accounting, etc.	1. Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. 2. Has not worked at TBB's external audit institution or as a partner of the audit institution. 3. Has not served as a member of the senior management of TBB's consulting firm.	0
Shih-Yuan Tai	Has five years or more of working experience at a bank and has professional qualifications in banking, human resources, etc.	1. Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. 2. Is not an employee at TBB or any of its subsidiaries. 3. Has not worked at TBB's external audit institution or as a partner of the audit institution. 4. Has not served as a member of the senior management of TBB's consulting firm.	0
Xin-Wu Lin	Has served as the head of the Taiwan Institute of Economic Research for more than five years, an independent director of a bank for more than four years, and an independent director of other publicly listed companies; a member of TBB's Audit Committee, Remuneration Committee, Sustainable Development Committee and Digital Transformation Committee with professional qualifications in business, economics, finance, accounting, etc.; and is not in any circumstances under Article 30 of the Company Act.	1. Does not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. 2. Does not have a spouse or relative within the second degree of kinship who is also a director. 3. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. 4. Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 5. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 6. Is not a senior manager at TBB or any of its subsidiaries.	2
Chun-Hsien Yeh	Has many years of working experience as a university professor in economics and at the Chung-Hua Institution for Economic Research; has professional qualifications in business, economics, finance, etc.	1. Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. 2. Is not an employee at TBB or any of its subsidiaries. 3. Has not worked at TBB's external audit institution or as a partner of the audit institution. 4. Has not served as a member of the senior management of TBB's consulting firm.	0
Shiu-Yen Lin	Has served as the Deputy Director-General, National Treasury Administration, Ministry of Finance, with managerial work experience at state-owned enterprises and public banks, and professional qualifications in business, economics, finance, banking, etc.	1. Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. 2. Is not an employee at TBB or any of its subsidiaries. 3. Has not worked at TBB's external audit institution or as a partner of the audit institution. 4. Has not served as a member of the senior management of TBB's consulting firm.	0
Hung-Sheng Yu	Has five years or more of working experience at a bank and has professional qualifications in business, finance, banking, human resources, etc.	1. Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. 2. Has not worked at TBB's external audit institution or as a partner of the audit institution. 3. Has not served as a member of the senior management of TBB's consulting firm.	0
Wen-Chieh Wang	Has served as the Dean of the College of Law, National Chengchi University, and concurrently as a director of a bank for more than seven years, with professional qualifications in banking, human resources and administration, law, etc.	1. Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. 2. Is not an employee at TBB or any of its subsidiaries. 3. Has not worked at TBB's external audit institution or as a partner of the audit institution. 4. Has not served as a member of the senior management of TBB's consulting firm.	0
Tzu-Hao Tsai	Has served as an associate professor at the Department of Quantitative Finance, National Tsing Hua University, and concurrently as a bank director for more than two years, with professional qualifications in business, finance, banking, etc.	1. Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. 2. Is not an employee at TBB or any of its subsidiaries. 3. Has not worked at TBB's external audit institution or as a partner of the audit institution. 4. Has not served as a member of the senior management of TBB's consulting firm.	1



Qualifications Name	Qualification and Experience	Independence	Number of Other Public Companies Serving as an Independent Director
Ming-Huei Chen	Has five years or more of working experience at a bank and has professional qualifications in business, finance, banking, etc.	<ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. 	0
Che-Nan Wang	Has served as a bank director for more than eight years and has professional qualifications in business, finance, banking, and human resources.	<ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Is not an employee at TBB or any of its subsidiaries. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. 	0
Jin-Long Liu	Has served as a professor at the Graduate Institute of Industrial Economics, National Central University; an independent director of a bank for more than four years; a member of TBB's Audit Committee, Remuneration Committee, Sustainable Development Committee and Digital Transformation Committee with professional qualifications in business, economics, finance, banking, etc.; and is not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Does not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Does not have a spouse or relative within the second degree of kinship who is also a director. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with a specific relation with TBB (under Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	0
Yung-Cheng Chuang	Has served as the deputy dean of School of Law, Soochow University; is specialized in financial regulations, such as the Securities and Exchange Act, Financial Law, and the Company Act; is familiar with compliance by publicly listed companies, financial consumer protection, securities and futures trading and operation, insurance laws and business in the financial field; is a member of TBB's Audit Committee, Remuneration Committee and Sustainable Development Committee with professional qualifications in banking, securities, insurance, law, etc. and not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Does not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Does not have a spouse or relative within the second degree of kinship who is also a director. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with a specific relation with TBB (under Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	1
Shao-Yuan Chang	Is currently an independent director of TBB; has served as a director of publicly listed companies, the deputy mayor of Tainan City Government, the head of the Finance and Local Tax Bureau of Tainan City Government, the director of the Finance Department of Tainan City Government, and the deputy head of the Finance Department of Tainan City Government; a member of TBB's Audit Committee and Remuneration Committee with the experience of providing consulting service to grass-roots financial institutions and credit cooperatives during his tenure in Tainan City and the professional qualifications in accounting, finance, human resources and administration, and taxation; not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Does not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Does not have a spouse or relative within the second degree of kinship who is also a director. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	0
Chiou-Mien Lin	Has served as an associate professor at the Department of Real Estate & Built Environment, National Taipei University; concurrently as a supervisor of the Chinese Institute of Land Appraisal and the Land Reform Association for a long time; a member of the Urban Renewal, Land Price and Standard Land Price Committee of the city or county government; has engaged in land appraisal and urban renewal for a long time; a member of TBB's Audit Committee and Remuneration Committee with professional qualifications in real estate appraisal, law, etc.; not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Does not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Does not have a spouse or relative within the second degree of kinship who is also a director. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	0

E. Board diversity and independence:

a. Board diversity:

To strengthen corporate governance and enhance the sound development of the composition and structure of the Board of Directors, the Bank has proposed a board diversity policy, so that board members' diverse capabilities in different fields can be complemented. The Bank's Corporate Governance Best Practice Principles stipulate that directors who serve as managers at the Bank concurrently are not advised to account for more than one-third of the total directors. The Bank's board diversity policy shall cover the two criteria below in terms of operations, business model and development needs:

- 1) Basic qualification and value: Gender, age, nationality, and culture.
- 2) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The board members shall generally possess the knowledge, skills, and qualities necessary to perform their duties, so as to achieve the Bank's ideal goals of corporate governance and enable the Board as a whole to possess the capabilities including operational judgment, accounting, financial analysis, business management, risk management, crisis management, industry knowledge, international market perspective, leadership, and decision-making.

- b. Independence of the Board: The Bank's directors do not have any spouse or relative within the second degree of kinship who is also a director of TBB. In addition, to enhance the independence of the Board, 15 directors were elected for the 16th term on July 20, 2021. Among them, the number of independent directors was increased to five from three, accounting for 33.3% of the total, and none of the incumbent independent directors have served more than three terms.

c. Implementation of Board diversity

The Board of Directors of the Bank consists of 15 directors, of which two work as employees concurrently, accounting for 13.3% and five are independent directors, accounting for 33.3%, while two are females, accounting for 13.3%. The members generally possess expertise and experience in finance, treasury, securities, risk management, and human resources. The relevant implementation status is as follows:

Name of Director	Basic Composition					Industry Experience				Professional Skills				
	Nationality	Gender	Concurrent Role as Bank Employee	Age (Note 1)	Tenure of Independent Director (Note 2)	Bank	Securities	Insurance	Asset Management	Accounting	Finance	Risk Management	Human Resources	Legal
Chien-Hao Lin	R.O.C	Male		■		v	v	v	v	v	v	v	v	v
Chih-Chien Chang	R.O.C	Male	v	■		v	v	v	v	v	v	v	v	
Shih-Yuan Tai	R.O.C	Male		■		v			v			v	v	
Chun-Hsien Yeh	R.O.C	Male		●		v		v	v	v	v	v		
Xin-Wu Lin	R.O.C	Male		●	◆	v	v	v	v	v	v	v	v	
Shiu-Yen Lin	R.O.C	Female		●		v	v	v	v	v	v	v	v	
Hung-Sheng Yu	R.O.C	Male	v	●		v	v	v	v	v	v	v	v	
Wen-Chieh Wang	R.O.C	Male		●		v		v	v			v	v	v
Tzu-Hao Tsai	R.O.C	Male		○		v	v	v	v	v	v	v		
Ming-Huei Chen	R.O.C	Male	v	●		v	v	v		v	v	v		
Che-Nan Wang	R.O.C	Male		★		v	v		v		v	v	v	
Jin-Long Liu	R.O.C	Male		■	◆	v	v	v	v	v	v	v		
Yung-Cheng Chuang	R.O.C	Male		●	◇	v	v	v				v	v	v
Shao-Yuan Chang	R.O.C	Male		★	◇	v	v	v	v	v	v	v	v	
Chiou-Mien Lin	R.O.C	Female		●	◇	v	v		v		v	v		v

Note 1 : ○ Under 50 ● 51 to 60 ■ 61 to 70 ★ Over 70

Note 2 : ◇ Less than 3 years ◆ 3 to 9 years △ More than 9 years



Executive Vice President

Executive Vice President

Executive Vice President

Executive Vice President

Executive Vice President

EVP & Chief Auditor

Yu-Min Chang

Chang-Yu Lin

Chiu-Yen Chen

Shao-Huang Chen

Sung-Shui Chiu

Jia-Ruey Luan

(2) Information of President, Executive Vice President, SVP & GM and Managers of Departments and Branches

December 31, 2021

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholding by Spouse & Minor Children		Shareholding Under Others ¹		Major & Education	Concurrent Positions at Other Companies	Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors and Supervisors		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
President (Note)	R.O.C	Chih-Chien Chang	Male	20200311	230,714	0	0	0	0	0	MBA, National Taiwan University of Science and Technology	Sunsino Development Associate Inc.; Director, Small and Medium Enterprise Credit Guarantee Fund of Taiwan; Director, Taiwan Small & Medium Enterprise Counseling Foundation	None		
Executive Vice President	R.O.C	Yu-Min Chang	Male	20190201	180,342	0	5,040	0	0	0	MBA, Tamkang University	Chairman, TBB (Cambodia) Microfinance Institution Plc	None		
Executive Vice President	R.O.C	Chang-Yu Lin	Male	20190901	349,122	0	0	0	0	0	Accounting, Fu Jen Catholic University	Chairman, TBB Venture Capital Co., Ltd. Chairman, TBB Consulting Co., Ltd.	None		
Executive Vice President and SVP&GM, International Banking Dept.	R.O.C	Sung-Shui Chiu	Male	20200717	161,087	0	9,016	0	0	0	Economics, National Taiwan University	Director, Taipei Forex Inc. Director, TBB (Cambodia) Microfinance Institution Plc	None		
Executive Vice President	R.O.C	Shao-Huang Chen	Male	20201030	425,829	0	0	0	0	0	MBA, University of Southern California, USA	Chairman, TBB International Leasing Co., Ltd. Chairman, Taiwan Business Bank International Leasing Co., Ltd. Supervisor, Taiwan Urban Regeneration & Financial Services Co., Ltd.	None		
Executive Vice President	R.O.C	Chiu-Yen Chen	Female	20201112	238,097	0	1,195	0	0	0	Statistics, National Chengchi University	None	None		
EVP & Chief Auditor and SVP&GM, Auditing Dept.	R.O.C	Jia-Ruey Luan	Male	20201112	220,683	0	0	0	0	0	Master of Banking and Finance, TamKang University	Supervisor, Taiwan Urban Regeneration & Financial Services Co., Ltd.	None		
SVP & Chief Secretary, Secretarial Dept.	R.O.C	Li-Yueh Hsu	Female	20190401	103,400	0	0	0	0	0	Law, National Taiwan University	None	None		
SVP&GM, Business Development Dept.	R.O.C	Chu-Jou Chen	Female	20210820	251,105	0	0	0	0	0	Business Administration, Soochow University	Director, Taiwan Incubator SME Development Corporation	None		
SVP&GM, Loan Supervision Dept.	R.O.C	Kuo-Liang Tseng	Male	20210820	122,475	0	0	0	0	0	Master of Finance, National Yunlin University of Science and Technology	Director, TBB International Leasing Co., Ltd.	None		

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholding by Spouse & Minor Children		Shareholding Under Others' Title		Major & Education	Concurrent Positions at Other Companies	Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors and Supervisors		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
SVP&GM, Credit Checking & Industrial/Economic Research Dept.	R.O.C	Hsiou-Chen Kang	Female	20210820	122,114	0	0	0	0	0	EMBA, National Central University	None	None		
SVP&GM, Administration Management Dept.	R.O.C	Tsung-Chu Hsieh	Male	20210820	133,503	0	0	0	0	0	Public Finance, National Chengchi University	Supervisor, TBB International Leasing Co., Ltd. Supervisor, Taiwan Business Bank International Leasing Co., Ltd.	None		
SVP&GM, Human Resources Dept.	R.O.C	Ching-Yun Kuo	Female	20191001	241,302	0	28,586	0	0	0	Law, National Taiwan University	None	None		
Acting SVP&GM, Information Technology Dept.	R.O.C	Mei-Huei Chen	Female	20210820	11,317	0	0	0	0	0	Electronic Engineering, National Taipei University of Technology	Supervisor, Financial Information Service Co., Ltd.	None		
SVP&GM, Overdue Loan&Control Dept.	R.O.C	Chiang-Shu Lin	Male	20210330	135,026	0	0	0	0	0	Textile Department, Vanung University	Director, Taiwan Financial Asset Service Corporation	None		
SVP&GM, Personal Banking Dept.	R.O.C	Chin-Fu Chiang	Male	20211216	200,680	0	6,774	0	0	0	MBA, National Taiwan University of Science and Technology	None	None		
SVP&GM, Treasury Dept.	R.O.C	Jyun-You Shih	Male	20210820	5,170	0	0	0	0	0	Master of Statistics, National Chung Hsing University	Director, CDIB & Partners Investment Holding Corp. Director, TBB Venture Capital Co., Ltd. Director, TBB Consulting Co., Ltd.	None		
SVP&GM, Digital Banking Dept.	R.O.C	Yu-Cheng Tsai	Male	20200330	22,748	0	0	0	0	0	EMBA, National Chengchi University	None	None		
SVP&GM, Compliance Dept.	R.O.C	Min-Chung Hsieh	Male	20210330	111,019	0	0	0	0	0	Master of Accounting and Information Technology, National Chung Cheng University	None	None		
SVP&GM, Information Security Dept.	R.O.C	Yi-Chin Chai	Male	20180723	106,004	0	0	0	0	0	Master of Information Management, National Taiwan University of Science and Technology	None	None		
SVP&GM, Wealth Management Dept.	R.O.C	Ying-Che Fang	Male	20210820	215,898	0	0	0	0	0	Master of Management Sciences, TamKang University	None	None		
SVP&GM, Credit Card Dept.	R.O.C	Wen-Shu Lin	Female	20180208	123,348	0	0	0	0	0	Business Administration, Soochow University	None	None		
SVP&GM, Corporate Banking Dept. and SVP&GM, Innovative Finance Project Office	R.O.C	Tseng-Hsiang Yi	Male	20190401	127,097	0	0	0	0	0	Master of Finance, National Taiwan University of Science and Technology	Director, TBB International Leasing Co., Ltd. Director, Taiwan Business Bank International Leasing Co., Ltd. Director, TBB Venture Capital Co., Ltd. Director, TBB Consulting Co., Ltd.	None		
SVP&GM, Risk Management Dept.	R.O.C	Mei-Chun Lin	Female	20210330	289,125	0	0	0	0	0	Business Management, National Cheng Kung University	Director, Taiwan Business Bank International Leasing Co., Ltd.	None		
SVP&GM, Accounting Dept.	R.O.C	Yu-Chuan Chou	Female	20180208	138,445	0	908	0	0	0	Accounting, National Chung Hsing University	Supervisor, TBB Venture Capital Co., Ltd. Supervisor, TBB Consulting Co., Ltd.	None		
SVP&GM, Trust Dept.	R.O.C	Le-Yi Jiang	Female	20210820	20,684	0	0	0	0	0	MBA, Drexel University, USA	Director, Chaofu Real Estate Management Co., Ltd.	None		
SVP&GM, Securities Dept.	R.O.C	Ting-Huei Liao	Male	20210820	270,618	0	256,541	0	0	0	Ph.D., Department of Banking and Finance, TamKang University	None	None		
SVP&GM, International Banking Dept.	R.O.C	Shenn-Bao Jean	Male	20211212	126,317	0	0	0	0	0	Economics, Soochow University	None	None		
SVP&GM, Insurance Agent Dept.	R.O.C	Wen-Ling Wang	Female	20200102	22,392	0	0	0	0	0	Cooperative Economics, Feng Chia University	None	None		



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					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
SVP&GM, North 1 Regional Operation Center	R.O.C	Chi-Fen Yen	Female	20200511	134,038	0	0	0	0	0	Business Administration, Fu Jen Catholic University	None	None		
SVP&GM, North 2 Regional Operation Center	R.O.C	Fang-Chuan Chiu	Male	20210820	122,832	0	0	0	0	0	Department of Transportation and Logistics, Feng Chia University	None	None		
SVP&GM, North 3 Regional Operation Center	R.O.C	Li-Huei Chen	Male	20210831	35,567	0	0	0	0	0	Master of Business Administration, Tamkang University	None	None		
SVP&GM, Central Regional Operation Center	R.O.C	Ming-Yi Lin	Male	20201030	382,486	0	274,513	0	0	0	Department of Applied Business, Taichung University of Science and Technology	None	None		
SVP&GM, South 1 Regional Operation Center	R.O.C	Hsiu-Chu Lin	Female	20191031	125,477	0	0	0	0	0	Executive Master of Business Administration, National Chung Cheng University	None	None		
SVP&GM, South 2 Regional Operation Center	R.O.C	Wen-Hsiu Huang	Male	20180208	166,744	0	0	0	0	0	Department of Business Administration, Tunghai University	None	None		
VP&GM, Domestic Processing Center	R.O.C	Shu-Cing Wu	Female	20210122	61,956	0	0	0	0	0	Master of Banking and Finance, TamKang University	None	None		
AVP&GM, Customer Service Center	R.O.C	Ching-Yi Lin	Female	20190213	114,454	0	0	0	0	0	Economics, Fu Jen Catholic University	None	None		
VP&GM, Chung Ho Branch	R.O.C	Hsiu-Hsin Hou	Male	20200316	122,779	0	0	0	0	0	Bank&Insurance Section, Hsing Wu Business College	None	None		
VP&GM, Po Ai Branch	R.O.C	Yu-Cheng Chiao	Male	20200825	77,014	0	39,536	0	0	0	Department of Business Administration, National Chung Hsing University	None	None		
VP&GM, North Taoyuan Branch	R.O.C	Mu-Hsiang Wu	Male	20210831	120,499	0	0	0	0	0	Department of Applied Business, National Taipei College of Business	None	None		
VP&GM, Nan Ken Branch	R.O.C	Yu-Chiao Wei	Female	20180208	113,053	0	9,060	0	0	0	Department of Economics, National Chung Hsing University	None	None		
VP&GM, Si Tuen Branch	R.O.C	Yuan-Hsueh Hsiao	Male	20180208	122,354	0	0	0	0	0	EMBA, Taichung Health and Management Collage	None	None		
VP&GM, Chung Min Branch	R.O.C	Tung-Han Lu	Male	20210820	72,380	0	0	0	0	0	Accounting, Tamkang University	None	None		
VP&GM, Kinmen Branch	R.O.C	Shui-Chiang Fang	Male	20190213	104,417	0	0	0	0	0	Master of Business & Management, National University of Tainan	None	None		
SVP&GM, Banking Department	R.O.C	Hsih-Hui Chen	Female	20200511	128,445	0	0	0	0	0	Law, Fu Jen Catholic University	None	None		
VP&GM, Ta Ya Branch	R.O.C	Li-Ching Lai	Female	20201030	104,082	0	133,815	0	0	0	Accounting, National Chung Hsing University	None	VP&GM	Cheng-An Hsieh	Spouse
VP&GM, Jen Ta Branch	R.O.C	Zuo-Ling Zeng	Female	20210820	100,005	0	298,066	0	0	0	Department of Accounting, Open College with National Chang Kung University	None	None		
VP&GM, Jen Ai Branch	R.O.C	Ching-Yang Lee	Female	20210217	124,423	0	0	0	0	0	MBA, CMSU	None	None		
VP&GM, Sung Shan Branch	R.O.C	Ming-Hui Chen	Female	20210122	23,711	0	0	0	0	0	Master of Business Administration in International Business, National Dong Hwa University	None	None		
VP&GM, Chien Cheng Branch	R.O.C	Tien-Chin Lin	Male	20210122	123,305	0	0	0	0	0	Economics, Tunghai University	None	None		
VP&GM, Shih Lin Branch	R.O.C	Yun-Hui Chang	Male	20210122	55,232	0	0	0	0	0	Master of Science in Engineering, Tatung Institute of Technology	None	None		
VP&GM, Yung Ho Branch	R.O.C	Giann-Yea Shyu	Male	20201030	103,553	0	0	0	0	0	Department of Finance, National Taipei College of Business	None	None		
VP&GM, Hsin Tien Branch	R.O.C	Chien-Fa Wang	Male	20190716	107,561	0	0	0	0	0	Department of Industrial Engineering, St. John's and St. Mary's Institute of Technology	None	None		

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					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
VP&GM, Hsin Chuang Branch	R.O.C	Yueh-Yen Weng	Female	20200203	119,802	0	0	0	0	0	Business Administration, National Chengchi University	None	None		
VP&GM, Hwa Cheng Branch	R.O.C	Yun-Shiang Tsai	Male	20210820	111,284	0	0	0	0	0	Master of Business Administration, National Taichung University of Science and Technology	None	None		
VP&GM, Sung Kiang Branch	R.O.C	Chao-Lieh Chen	Male	20170718	6,091	0	0	0	0	0	EMBA, Tamkang University	None	None		
VP&GM, Taipei Branch	R.O.C	Ching-Hsiu Liu	Female	20190716	46,121	0	0	0	0	0	Master of Business Administration, National Taipei University	None	None		
VP&GM, Wan Hua Branch	R.O.C	Li-Jhu Huang	Female	20210820	90,960	0	0	0	0	0	International Trade, Chinese Culture University	None	None		
VP&GM, South Taipei Branch	R.O.C	Bi-Shuang Lin	Female	20210122	103,691	0	0	0	0	0	International Trade, Tunghai University	None	None		
VP&GM, Fu Hsin Branch	R.O.C	Yen-Huey Wang	Female	20200511	120,791	0	244	0	0	0	Banking and Insurance, Ming Chuan College	None	None		
VP&GM, Chung Shang Branch	R.O.C	Chiu-Chin Chen	Female	20200825	123,335	0	0	0	0	0	Department of Business Administration, Chung Yuan Christian University	None	None		
VP&GM, Chien Kuo Branch	R.O.C	Mei-Chih Hou	Female	20210122	138,584	0	0	0	0	0	Banking, Feng Chia University	None	None		
VP&GM, Nai Hu Branch	R.O.C	Ching-Kuei Hsieh	Female	20200203	128,920	0	0	0	0	0	Insurance, Tamkang University	None	None		
VP&GM, Nan King East Road Branch	R.O.C	Fuh-Yuh Yeh	Male	20190716	122,323	0	1,098	0	0	0	Business, National Open University	None	None		
VP&GM, Chung Hsiao Branch	R.O.C	Yen-Ling Chen	Female	20170718	122,811	0	0	0	0	0	Department of International Trade, Takming Junior College of Commerce	None	None		
VP&GM, World Trade Center Branch	R.O.C	Yu Lin	Male	20190401	33,210	0	0	0	0	0	Law, Soochow University	None	None		
VP&GM, Yung Trin Branch	R.O.C	Yen-Wei Huang	Male	20210820	135,024	0	1,817	0	0	0	International Trade, Feng Chia University	None	None		
VP&GM, Nan Kang Branch	R.O.C	Chin-Tsan Wu	Male	20200717	103,551	0	0	0	0	0	Master of Economics, National Dong Hwa University	None	None		
VP&GM, Sung Nan Branch	R.O.C	Wen-Ching Huang	Female	20210820	225,944	0	0	0	0	0	Law, Fu Jen Catholic University	None	None		
VP&GM, Dong Hu Branch	R.O.C	Mei-Kuei Li	Female	20200316	41,854	0	0	0	0	0	Master of Finance, National Taiwan University of Science and Technology	None	None		
VP&GM, Ta An Branch	R.O.C	Shu-Ping Ciou	Female	20210820	12,767	0	3,349	0	0	0	Master of Banking and Finance, TamKang University	None	None		
VP&GM, Shuang Ho Branch	R.O.C	Liu-Mei Chin	Female	20190401	53,199	0	1	0	0	0	Business Administration, National Chengchi University	None	None		
VP&GM, Jim Ho Branch	R.O.C	Pin-Hsiung Chen	Male	20201030	29,076	0	4,613	0	0	0	Business Administration, Soochow University	None	None		
VP&GM, Wu Ku Branch	R.O.C	Jui-Yuan Huang	Male	20210820	104,169	0	0	0	0	0	Master of Business Administration, National Taiwan Normal University	None	None		
VP&GM, Lin Kuo Branch	R.O.C	Shuan-Hua Liu	Female	20210820	153,146	0	0	0	0	0	Master of Marketing and Logistics management, Hsing Wu University of Science and Technology	None	None		
VP&GM, East Linkou Branch	R.O.C	Pi-Chen Yang	Female	20210122	111,131	0	0	0	0	0	Department of International Trade, Ling Tung College	None	None		
VP&GM, Pan Chiao Branch	R.O.C	Yu-Hsia Feng	Female	20210315	0	0	0	0	0	0	Department of Business Management, Ming Chuan College	None	None		
VP&GM, Shu Lin Branch	R.O.C	Wen-Fang Lin	Male	20210820	105,368	0	0	0	0	0	Department of Medical Administration, Yuanpei Junior College of Medical Technology	None	None		



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VP&GM, Tu Cheng Branch	R.O.C	Nien-Tzu Chen	Female	20180208	129,707	0	0	0	0	0	Accounting, Fu Jen Catholic University	None	None		
VP&GM, Hwei Long Branch	R.O.C	Pao-Sheng Lin	Male	20200825	116,560	0	124,696	0	0	0	Business Administration, Fu Jen Catholic University	None	VP&GM	Shu-Ling Yuan	Spouse
VP&GM, Hsi Chih Branch	R.O.C	Sung-Nan Chiao	Male	20201030	94,485	0	1,014	0	0	0	Accounting, Soochow University	None	None		
VP&GM, Sanxia Branch	R.O.C	Jui-Yu Li	Female	20200825	108,071	0	6,759	0	0	0	Department of International Business, Ming Chuan College	None	None		
VP&GM, Keelung Branch	R.O.C	Chun-Ta Lin	Male	20190213	110,647	0	0	0	0	0	Department of Industrial Management, Lunghwa University of Science and Technology	None	None		
VP&GM, Pu Chya Branch	R.O.C	Shu-Ting Chen	Female	20190213	107,874	0	953	0	0	0	International Trade, Hsing Wu Business College	None	None		
VP&GM, North San Chung Branch	R.O.C	Li-Fang Lee	Female	20200316	122,708	0	0	0	0	0	Economics, Chinese Culture University	None	None		
VP&GM, South San Chung Branch	R.O.C	Chin-Chih Li	Female	20200511	53,192	0	52,573	0	0	0	International Trade and Finance, Fu Jen Catholic University	None	None		
VP&GM, Lu Chow Branch	R.O.C	Wen-Ke Chang	Male	20210820	6,105	0	0	0	0	0	Department of Business Management, Takming Junior College of Commerce	None	None		
VP&GM, I Lan Branch	R.O.C	Pi-Chuan Chien	Female	20170203	124,037	0	1,288	0	0	0	Supplementary Open Junior College For Public Administration, National Chengchi University	None	None		
VP&GM, Lo Tung Branch	R.O.C	Ming-Fa Chien	Male	20190823	104,395	0	0	0	0	0	Business, National Lo-Tung Commercial Vocational High School	None	None		
VP&GM, Su Aw Branch	R.O.C	Cheng-Hsiung Tsai	Male	20210820	21,096	0	3,000	0	0	0	Master of Finance and Business Administration, Fu Jen Catholic University	None	None		
VP&GM, Yang Mei Branch	R.O.C	Yueh-Mei Chang	Female	20190823	131,560	0	0	0	0	0	MBA, National Dong Hwa University	None	None		
VP&GM, Hu Kou Branch	R.O.C	Chiu-Yu Lin	Female	20200316	48,845	0	73,266	0	0	0	Economics, Fu Jen Catholic University	None	None		
VP&GM, Taoyuan Branch	R.O.C	Shu-Fen Li	Female	20190823	103,919	0	0	0	0	0	International Trade, Hsing Wu Business College	None	None		
VP&GM, Ta Yuan Branch	R.O.C	Yueh-Chin Wang	Female	20210122	133,776	0	6,871	0	0	0	Accounting, Hsing Wu College of Commerce	None	None		
VP&GM, Ta Shi Branch	R.O.C	Ju-Hsiang Tien	Male	20201030	5,170	0	0	0	0	0	Master of Technology Management, Chung Hua University	None	None		
VP&GM, Chung Li Branch	R.O.C	Li-Chuan Huang	Female	20210831	122,294	0	71,135	0	0	0	Business Management Institute, Chung Hua University	None	None		
VP&GM, Nei Li Branch	R.O.C	Hsu-Hsiang Huang	Male	20210831	109,892	0	0	0	0	0	Economics, Feng Chia University	None	None		
VP&GM, Hsin Ming Branch	R.O.C	Su-Ching Liao	Female	20210820	32,995	0	0	0	0	0	Economics, Soochow University	None	None		
VP&GM, East Taoyuan Branch	R.O.C	Shu-E Chen	Female	20200316	111,995	0	0	0	0	0	Master of International Business, Chung Yuan Christian University	None	None		
VP&GM, Hsin Wu Branch	R.O.C	Chun-Chu Hsiao	Female	20210831	22,503	0	0	0	0	0	Business Administration, Fu Jen Catholic University	None	None		
VP&GM, Hsin Chu Branch	R.O.C	Nai-Chia Chi	Male	20190823	201,898	0	0	0	0	0	Graduate Institute of Industrial Economics, National Central University	None	None		
VP&GM, Chu Pei Branch	R.O.C	Kuan-Yi Huang	Male	20191031	61,125	0	0	0	0	0	Master of Technology Management, Chung Hua University	None	None		
VP&GM, Hsinchu Science Based Industrial Park Branch	R.O.C	Su-Fen Chen	Female	20190823	122,583	0	0	0	0	0	EMBA, National Yang Ming Chiao Tung University	None	None		

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VP&GM, Pa Te Branch	R.O.C	Yu-Pei Liao	Female	20210820	103,621	0	0	0	0	0	Department of Business Administration, National Chung Hsing University	None	None		
VP&GM, Luong Tan Branch	R.O.C	Shu-Ling Yuan	Female	20191031	124,696	0	116,560	0	0	0	Business Management, National Taipei College of Business	None	VP&GM	Pao-Sheng Lin	Spouse
VP&GM, Chu Tung Branch	R.O.C	Yu-Jung Tseng	Male	20210820	16,708	0	0	0	0	0	Banking Management, Chungyu College	None	None		
VP&GM, Chu Nan Branch	R.O.C	Hsiu-Chiao Lin	Female	20170203	261,843	0	434,049	0	0	0	Business Management, Tamkang University	None	None		
VP&GM, Tou Fen Branch	R.O.C	Sheng-Wang Chang	Male	20191031	120,567	0	6,759	0	0	0	Department of Business Management, Chin Min Institute of Technology	None	None		
VP&GM, Maio Li Branch	R.O.C	Hsin-Lu Chiang	Male	20201030	403	0	244	0	0	0	Department of Chemical Engineering, Chinese Culture University	None	None		
VP&GM, Feng Yuan Branch	R.O.C	Li-Chung Lin	Male	20180723	130,102	0	0	0	0	0	Business Administration, National Taichung College of Business	None	None		
VP&GM, Tai Ping Branch	R.O.C	Yih-Shiou Wang	Male	20200717	156,599	0	0	0	0	0	EMBA, Feng Chia University	None	None		
VP&GM, Ta Chia Branch	R.O.C	Man-Chung Yeh	Male	20181029	21,471	0	0	0	0	0	International Trade, National Taichung College of Business	None	None		
VP&GM, Sha Lu Branch	R.O.C	Jung-Yu Huang	Male	20201030	123,470	0	0	0	0	0	Accounting, Feng Chia University	None	None		
VP&GM, Wu Jih Branch	R.O.C	Cheng-An Hsieh	Male	20210122	133,815	0	104,082	0	0	0	Master of Insurance, Feng Chia University	None	VP&GM	Li-Ching Lai	Spouse
VP&GM, Taichung Branch	R.O.C	Shun-Tseng Liao	Male	20201030	181,476	0	0	0	0	0	Business Management, Soochow University	None	None		
VP&GM, Min Chen Branch	R.O.C	Chih-Cheng Chen	Male	20201030	131,310	0	0	0	0	0	Business, National Open University	None	None		
VP&GM, Hsing Chung Branch	R.O.C	Fu-Long Chen	Male	20200717	135,953	0	0	0	0	0	Engineering Machinery, Pingtung Agricultural	None	None		
VP&GM, Pei Tuen Branch	R.O.C	Pi-Chu Chang	Female	20210831	199,293	0	0	0	0	0	International Trade, National Taichung College of Business	None	None		
VP&GM, Nan Tou Branch	R.O.C	Yen-Ju Chen	Female	20210820	177,978	0	207,834	0	0	0	EMBA, National Chi Nan University	None	None		
VP&GM, Tsao Tuen Branch	R.O.C	Yueh-Man Sung	Female	20210820	148,084	0	0	0	0	0	International Trade, National Taichung College of Business	None	None		
VP&GM, Pu Li Branch	R.O.C	Tsai-Chuan Wu	Male	20210122	196,826	0	0	0	0	0	International Trade, Feng Chia University	None	None		
VP&GM, Tan Tze Branch	R.O.C	His-Her Pai	Male	20210122	196,421	0	88	0	0	0	Master of Applied Economics, National Chung Hsing University	None	None		
VP&GM, Chu Shan Branch	R.O.C	Chih-Shan Hung	Male	20210831	13,902	0	0	0	0	0	Department of Industrial Management, Lunghwa University of Science and Technology	None	None		
VP&GM, Chang Hwa Branch	R.O.C	Chih-Cheng Cho	Male	20201030	109,591	0	0	0	0	0	Applied Business, National Taichung University of Science and Technology	None	None		
VP&GM, Ho Mei Branch	R.O.C	Ming-Tang Chen	Male	20190213	127,301	0	0	0	0	0	Department of Industrial Management, Lunghwa University of Science and Technology	None	None		
VP&GM, Yuan Lin Branch	R.O.C	Liang-Pin Chen	Male	20210820	21,550	0	838	0	0	0	Master of Finance, National Yunlin University of Science and Technology	None	None		
VP&GM, Pei Tou Branch	R.O.C	Chien-Ta Wu	Male	20181224	106,189	0	0	0	0	0	EMBA, National Chi Nan University	None	None		
VP&GM, Erh Lin Branch	R.O.C	Fu-Ching Chou	Male	20210122	118,596	0	0	0	0	0	Department of Applied Business, Taichung University of Science and Technology	None	None		
VP&GM, Tou Liu Branch	R.O.C	Chia-Cheng Liu	Male	20210122	117,525	0	0	0	0	0	EMBA, National Chiayi University	None	None		



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VP&GM, Pei Kang Branch	R.O.C	Wen-Chi Chen	Male	20180729	88,469	0	0	0	0	0	Master of Finance, National Yunlin University of Science and Technology	None	None		
VP&GM, Hu Wei Branch	R.O.C	Ruey-shyang Guo	Male	20210820	125,502	0	0	0	0	0	MBA, Baruch Collge, CUNY	None	None		
VP&GM, Chia Yi Branch	R.O.C	Su-Ying Tsai	Female	20180208	128,842	0	0	0	0	0	Department of International Trade, Open College with National Chang Kung University	None	None		
VP&GM, Ming Hsiung Branch	R.O.C	I-Man Chen	Female	20181029	124,898	0	83	0	0	0	Business, Providence College	None	None		
VP&GM, Chia Hsin Branch	R.O.C	Li-Feng Huang	Female	20200825	106,135	0	0	0	0	0	Department of Banking and Finance, Aletheia University	None	None		
VP&GM, Hsin Ying Branch	R.O.C	Chung-Hsien Huang	Male	20210122	23,492	0	0	0	0	0	Business Administration, Tamkang University	None	None		
VP&GM, Kai Yuan Branch	R.O.C	Chun-Jen Huang	Male	20210122	105,629	0	0	0	0	0	Public Finance, Feng Chia University	None	None		
VP&GM, Yun Kang Branch	R.O.C	Hsin-Chuan Hsiao	Male	20170203	150,788	0	106,913	0	0	0	Department of Accounting and Statistics, Tatung Institute of Commerce and Technology	None	None		
VP&GM, Shiue Chia Branch	R.O.C	Hui-Pai Kuo	Female	20200316	66,019	0	0	0	0	0	Department of Business Management, Nan Jeon University of Science And Technology	None	None		
VP&GM, Shan Hwa Branch	R.O.C	Hsiu-Chen Chiu	Female	20200203	109,810	0	0	0	0	0	Business Management, National Cheng Kung University	None	None		
VP&GM, Yung Ta Branch	R.O.C	Chien-Lai Su	Male	20181224	837	0	0	0	0	0	Master of Business & Management, National University of Tainan	None	None		
VP&GM, Tainan Branch	R.O.C	Chang-Hui Hsu	Female	20200825	104,647	0	12,119	0	0	0	Department of Bank and Insurance, Chinese Culture University	None	None		
VP&GM, Jen Te Branch	R.O.C	Guo-Shiang Huang	Male	20200203	51,954	0	92,342	0	0	0	Cooperative Economics, National Chung Hsing University	None	None		
VP&GM, Cheng Kung Branch	R.O.C	Shun-Ho Chen	Male	20200825	124,372	0	0	0	0	0	Business Administration, Feng Chia University	None	None		
VP&GM, East Tainan Branch	R.O.C	Su-Chih Wang	Female	20200825	255,908	0	0	0	0	0	Department of Applied Business, Taichung University of Science and Technology	None	None		
VP&GM, An Ping Branch	R.O.C	Mei-Chen Chen	Female	20180208	144,271	0	11,445	0	0	0	MBA, National Cheng Kung University	None	None		
VP&GM, Hua Lien Branch	R.O.C	Shu-Hui Chen	Female	20200825	104,642	0	0	0	0	0	Department of French, Chinese Culture University	None	None		
VP&GM, Tai Tung Branch	R.O.C	Kuo-Tai Shih	Male	20210820	1,176	0	0	0	0	0	Department of Applied Business, National Taipei College of Business	None	None		
VP&GM, East Kaohsiung Branch	R.O.C	Leh-Chin Kuo	Female	20180208	103,432	0	0	0	0	0	Master of Finance, Kaohsiung First University of Science And Technology	None	None		
VP&GM, Kang Shan Branch	R.O.C	Kuang-Tsai Wang	Male	20201030	122,461	0	0	0	0	0	MBA, National Sun Yat-sen University	None	None		
VP&GM, North Feng Shan Branch	R.O.C	Fu-Lai Chang	Male	20200511	108,834	0	0	0	0	0	Business, National Open University	None	None		
VP&GM, Ling Ya Branch	R.O.C	Yi-Ching Wang	Female	20210820	109,557	0	0	0	0	0	Master of Business Administration in International Business, National Kaohsiung University of Applied Sciences	None	None		
VP&GM, Kaohsiung Branch	R.O.C	Chin-Chuan Su	Male	20211031	334,487	0	0	0	0	0	Accounting, National Chung Hsing University	None	None		

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholding by Spouse & Minor Children		Shareholding Under Others' Title		Major & Education	Concurrent Positions at Other Companies	Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors and Supervisors		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
VP&GM, North Kaohsiung Branch	R.O.C	Chiu-Yuan Hung	Female	20210820	2,272	0	5,170	0	0	0	Banking, Tamkang University	None	None		
VP&GM, Ta Chang Branch	R.O.C	Li-Jung Lin	Female	20180208	135,236	0	0	0	0	0	Business, National Open University	None	None		
VP&GM, Chien Chen Branch	R.O.C	Meng-Hsun Sung	Male	20190213	108,283	0	0	0	0	0	Department of Business Management, National Pingtung University of Science & Technology	None	None		
VP&GM, Jeou Ru Branch	R.O.C	Yao-Chin Yang	Male	20190823	109,652	0	0	0	0	0	Master of Finance and Information, National Kaohsiung University of Applied Sciences	None	None		
VP&GM, San Ming Branch	R.O.C	Shu-Fang Kuo	Female	20211217	0	0	0	0	0	0	Master of Human Resource Management, National Sun Yat-sen University	None	None		
VP&GM, Feng Shan Branch	R.O.C	Feng-Ying Chen	Female	20201122	125,528	0	0	0	0	0	Banking, National Chengchi University	None	None		
VP&GM, Ta Fa Branch	R.O.C	Chien-Chung Lin	Male	20200316	57,750	0	65,523	0	0	0	International Trade, Chinese Culture University	None	None		
VP&GM, Ping Tung Branch	R.O.C	Hsueh-Hsia Chen	Female	20180827	259,831	0	0	0	0	0	Shipping & Transportation Management, National Taiwan Ocean University	None	None		
VP&GM, Xiao Gang Branch	R.O.C	Hsueh-Mei Yang	Female	20191223	103,500	0	1,263	0	0	0	Business Management, Chinese Culture University	None	None		
VP&GM, Chiao Chou Branch	R.O.C	Cheng-Chuan Lin	Male	20200825	220	0	0	0	0	0	Banking Management, Tamsui Exford College	None	None		
VP&GM, Offshore Banking Unit	R.O.C	Wen-Ling Chang	Female	20210217	51,997	0	0	0	0	0	MBA, Drexel University, USA	None	None		
VP&GM, Los Angeles Branch	R.O.C	An-Yun Lin	Female	20211209	243,365	0	52,927	0	0	0	Master of Finance, Kaohsiung First University of Science And Technology	None	None		
VP&GM, Hong Kong Branch	R.O.C	Hsiao-Ming Chen	Male	20211116	121,773	0	59,765	0	0	0	Master of Economics, National Taiwan University	None	None		
VP&GM, Sydney Branch	R.O.C	Be-Yun Tong	Female	20140327	152,290	0	0	0	0	0	Business & Secretarial Science, Tamsui Exford College	None	None		
VP&GM, Shanghai Branch	R.O.C	Chao-Ming Huang	Male	20190128	118,530	0	0	0	0	0	EMBA, National Chiao Tung University	None	None		
VP&GM, Brisbane Branch	R.O.C	Sue-Jen Chen	Female	20180413	112,365	0	111,354	0	0	0	Master of International Business, Soochow University	None	None		
VP&GM, New York Branch	R.O.C	Feng-Chang Wu	Male	20200928	0	0	0	0	0	0	MBA, Northern Illinois University, USA	None	None		
VP&GM, Wuhan Branch	R.O.C	Chu-Ying Ting	Female	20211215	31,497	0	0	0	0	0	Cooperative Economics, National Chung Hsing University	None	None		
VP&GM, Tokyo Branch	R.O.C	Cheng-Hung Chang	Male	20180815	119,209	0	0	0	0	0	MBA, University of Wisconsin, USA	None	None		
AVP&Chief Representative, Yangon Representative Office	R.O.C	Hsi-Pin Tseng	Male	20211022	1,505	0	0	0	0	0	Department of Labor Relations, Chinese Culture University	None	None		

Note: The position of President or an equivalent position (chief manager) is held by the Chairman at the same time, or held by spouses or relatives within the first degree of kinship: No such matters.

(3) The Chairman or the President who retired from TBB or its affiliates serves as a consultant at TBB: None.

(4) Remuneration to Directors, President, Executive Vice President, and Remuneration Distribution to Employees for 2021

A. Remuneration to directors and independent directors and range of remuneration

Unit: NT\$ 1,000

Title	Name	Director's Remuneration							Total and Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant Remuneration Received by Directors Who are Also Employees							Total and Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income		Compensation from an Investee Other Than the Company's Subsidiaries or Parent Company		
		Compensation (A)		Pension and Separation Pay (B)		Director's Remuneration (C)		Business Execution Expenses (D)			Salary, Bonus and Special Disbursement (E)		Pension and Separation Pay (F)		Employee's Remuneration (G)							
		TBB	All Companies within the Finance Statements	TBB	All Companies within the Finance Statements	TBB	All Companies within the Finance Statements	TBB	All Companies within the Finance Statements	TBB	All Companies within the Finance Statements	TBB	All Companies within the Finance Statements	TBB	All Companies within the Finance Statements	Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock		TBB	All Companies within the Finance Statements
Representative of the Ministry of Finance																						
Chairman of the Board	Chien-Hao Lin																					
Former Chairman	Bor-Yi Huang																					
President	Chih-Chien Chang																					
Managing Director	Lien-Wen Liang																					
Director	Shiu-Yen Lin																					
Director	Hung-Sheng Yu																					
Former Director	Wen-Chieh Wang																					
Bank of Taiwan Representative																						
Managing Director	Shih-Yuan Tai																					
Director	Wen-Chieh Wang																					
Director	Tzu-Hao Tsai																					
Former Director	Li-Ling Lin																					
Land Bank of Taiwan Representative																						
Former Director	Ying-Ming He																					
Former Director	Shu-Huan Yang																					
National Development Fund, Executive Yuan Representative																						
Managing Director	Chun-Hsien Yeh																					
Director	Che-Nan Wang																					
TBB Industry Union Representative																						
Director	Ming-Huei Chen																					
Former Director	Ching-Yu Liu																					
Subtotal		8,135	8,135	755	755	37,107	37,107	2,128	2,128	48,125/0.94%	48,125/0.94%	9,717	9,717	478	478	215		215		58,535/1.15%	58,535/1.15%	131
Independent Managing Director	Xin-Wu Lin																					
Independent Director	Jin-Long Liu																					
Independent Director	Chiou-Mien Lin																					
Independent Director	Yung-Cheng Chuang																					
Independent Director	Shao-Yuan Chang																					
Former Independent Director	Wei-Sheng Huang																					
Subtotal		2,987	2,987	0	0	0	0	1,069	1,069	4,056/0.08%	4,056/0.08%	0	0	0	0	0		0		4,056/0.08%	4,056/0.08%	None

Note:

- Please specify the policy, system, standard, and structure of independent directors' remuneration, and the relevance of the amount of remuneration to the responsibilities, risks, time spent, and other factors: Independent directors only receive monthly compensation and do not receive directors' remuneration additionally. The compensation has not exceeded the upper limit specified in the Ministry of Finance's official letter, referenced Tai-Cai-Ku No. 09903518290 dated September 10, 2010 and has been submitted to the Bank's shareholders' meeting on June 24, 2011 for approval.
- Except as disclosed in the above table, the remuneration received by the Bank's directors in the most recent year for providing services (such as serving as a non-employee consultant at parent company, all companies in the financial report, or investees): None
- Chairman Chien-Hao Lin, Former Chairman Bor-Yi Huang, and President Chih-Chien Chang, each has a driver, and the drivers' total remuneration amounted to NT\$1,986,000.
- The amounts disclosed in columns (B) and (F) are the provisions pension and separation pay expensed.
- Hung-Sheng Yu, Ching-Yu Liu, and Ming-Hui Chen are TBB's employees.



Range of Remuneration Paid to each Director of TBB	Name of Director			
	Total of Remuneration (A+B+C+D)		Total of Remuneration (A+B+C+D+E+F+G)	
	TBB	All companies in the financial report H	TBB	Parent company and all investees I
Below NT\$1,000,000	Shiu-Yen Lin; Wen-Chieh Wang; Lien-Wen Liang; Li-Ling Lin; Tzu-Hao Tsai; Shih-Yuan Tai; Chun-Hsien Yeh; Ying-Ming He; Hsu-Huan Yang; Che-Nan Wang; Hung-Sheng Yu; Ching-Yu Liu; Ming-Huei Chen; Wei-Sheng Huang; Chiou-Mien Lin; Yung-Cheng Chuang; Shao-Yuan Chang	Shiu-Yen Lin; Wen-Chieh Wang; Lien-Wen Liang; Li-Ling Lin; Tzu-Hao Tsai; Shih-Yuan Tai; Chun-Hsien Yeh; Ying-Ming He; Hsu-Huan Yang; Che-Nan Wang; Hung-Sheng Yu; Ching-Yu Liu; Ming-Huei Chen; Wei-Sheng Huang; Chiou-Mien Lin; Yung-Cheng Chuang; Shao-Yuan Chang	Shiu-Yen Lin; Wen-Chieh Wang; Lien-Wen Liang; Li-Ling Lin; Tzu-Hao Tsai; Shih-Yuan Tai; Chun-Hsien Yeh; Ying-Ming He; Hsu-Huan Yang; Che-Nan Wang; Ming-Huei Chen; Wei-Sheng Huang; Chiou-Mien Lin; Yung-Cheng Chuang; Shao-Yuan Chang	Shiu-Yen Lin; Wen-Chieh Wang; Lien-Wen Liang; Li-Ling Lin; Tzu-Hao Tsai; Shih-Yuan Tai; Chun-Hsien Yeh; Ying-Ming He; Hsu-Huan Yang; Che-Nan Wang; Ming-Huei Chen; Wei-Sheng Huang; Chiou-Mien Lin; Yung-Cheng Chuang; Shao-Yuan Chang
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Xin-Wu Lin; Jin-Long Liu	Xin-Wu Lin; Jin-Long Liu	Xin-Wu Lin; Jin-Long Liu; Ching-Yu Liu	Xin-Wu Lin; Jin-Long Liu; Ching-Yu Liu
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Bor-Yi Huang	Bor-Yi Huang	Bor-Yi Huang; Hung-Sheng Yu	Bor-Yi Huang; Hung-Sheng Yu
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Chien-Hao Lin	Chien-Hao Lin	Chien-Hao Lin; Chih-Chien Chang	Chien-Hao Lin; Chih-Chien Chang
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
NT\$100,000,000 and above				
Total	21 people	21 people	22 people	22 people

B. Remuneration for President and Executive Vice President and range of remuneration

2021												Unit: NT\$ 1,000		
Title	Name	Salary (A)		Pension and Separation Pay (B)		Bonus and Special Disbursement (C)		Employee's Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation from an Investee Other Than the Company's Subsidiaries or Parent Company
		TBB	All Companies within the Finance Statements	TBB	All Companies within the Finance Statements	TBB	All Companies within the Finance Statements	TBB		All Companies within the Finance Statements		TBB	All Companies within the Finance Statements	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
President	Chih-Chien Chang													Yes
Executive Vice President	Yu-Min Chang													None
Executive Vice President	Chang-Yu Lin													Yes
Executive Vice President	Sung-Shui Chiu													Yes
Executive Vice President	Shao-Huang Chen													Yes
Executive Vice President	Chiu-Yen Chen													None
EVP & Chief Auditor and SVP&GM, Auditing Dept.	Jia-Ruey Luan													Yes
	Total	16,475	16,475	1,431	1,431	13,130	13,130	943		943		31,979/ 0.63%	31,979/ 0.63%	261

Note: Each of them was assigned a driver during the tenure in 2021, and the drivers' remuneration totaled NT\$6,454,000.



Range of Remuneration Paid to the President and Executive Vice Presidents of TBB	Name of the President or the Executive Vice President	
	TBB	Parent company and all investees
Below NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Chiu-Yen Chen; Yu-Min Chang; Chang-Yu Lin, Sung-Shui Chiu; Shao-Huang Chen; Jia-Ruey Luan	Chiu-Yen Chen; Yu-Min Chang; Chang-Yu Lin, Sung-Shui Chiu; Shao-Huang Chen; Jia-Ruey Luan
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Chih-Chien Chang	Chih-Chien Chang
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
NT\$100,000,000 and above		
Total	7 people	7 people

C. Name of Management Receiving the Distribution of Employee's Compensation and the Distribution

2021

Unit: NT\$ 1,000; %

Title	Name	Amount in Stock	Amount in Cash	Total	Ratio of Total Compensation to Net Income (%)
Executive Vice President	Chiu-Yen Chen				
Executive Vice President	Yu-Min Chang				
Executive Vice President	Chang-Yu Lin				
Executive Vice President	Sung-Shui Chiu				
Executive Vice President	Shao-Huang Chen				
EVP & Chief Auditor and SVP&GM, Auditing Dept.	Jia-Ruey Luan				
SVP&GM, Treasury Dept.	Jyun-You Shih				
SVP&GM, Accounting Dept.	Yu-Chuan Chou				
SVP, VP, GM for Departments and Branches	Li-Yueh Hsu; Chu-Jou Chen; Kuo-Liang Tseng; Hsiou-Chen Kang; Tsung-Chu Hsieh; Ching-Yun Kuo; Mei-Huei Chen; Chiang-Shu Lin; Chin-Fu Chiang; Yu-Cheng Tsai; Min-Chung Hsieh; Yi-Chin Chai; Ying-Che Fang; Wen-Shu Lin; Tseng-Hsiang Yi; Mei-Chun Lin; Le-Yi Jiang; Ting-Huei Liao; Shenn-Bao Jean; Wen-Ling Wang; Chi-Fen Yen; Fang-Chuan Chiu; Li-Huei Chen; Ming-Yi Lin; Hsiu-Chu Lin; Wen-Hsiu Huang; Shu-Cing Wu; Ching-Yi Lin; Hsiu-Hsin Hou; Yu-Cheng Chiao; Mu-Hsiang Wu; Yu-Chaio Wei; Yuan-Hsueh Hsiao; Tung-Han Lu; Shui-Chiang Fang; Hsih-Hui Chen; Li-Ching Lai; Zuo-Ling Zeng; Ching-Yang Lee; Ming-Hui Chen; Tien-Chin Lin; Yun-Hui Chang; Jiann-Yea Shyu; Chien-Fa Wang; Yueh-Yen Weng; Yun-Shiang Tsai; Chao-Lieh Chen; Ching-Hsiu Liu; Li-Jhu Huang; Bi-Shuang Lin; Yen-Huey Wang; Chiu-Chin Chen; Mei-Chih Hou; Ching-Kuei Hsieh; Fuh-Yuh Yeh; Yen-Ling Chen; Yu Lin; Yen-Wei Huang; Chin-Tsan Wu; Wen-Ching Huang; Mei-Kuei Li; Shu-Ping Ciou; Liu-Mei Chin; Pin-Hsiung Chen; Jui-Yuan Huang; Shuan-Hua Liu; Pi-Chen Yang; Yu-Hsia Feng; Wen-Fang Lin; Nien-Tzu Chen; Pao-Sheng Lin; Sung-Nan Chiao; Jui-Yu Li; Chun-Ta Lin; Shu-Ting Chen; Li-Fang Lee; Chin-Chih Li; Wen-Ke Chang; Pi-Chuan Chien; Ming-Fa Chien; Cheng-Hsiung Tsai; Yueh-Mei Chang; Chiu-Yu Liu; Shu-Fen Li; Yueh-Chin Wang; Ju-Hsiang Tien; Li-Chuan Huang; Hsu-Hsiang Huang; Su-Ching Liao; Shu-E Chen; Chun-Chu Hsiao; Nai-Chia Chi; Kuan-Yi Huang; Su-Fen Chen; Yu-Pei Liao; Shu-Ling Yuan; Yu-Jung Tseng; Hsiu-Chiao Lin; Sheng-Wang Chang; Hsin-Lu Chiang; Li-Chung Lin; Yih-Shiou Wang; Man-Chung Yeh; Jung-Yu Huang; Cheng-An Hsieh; Shun-Tseng Liao; Chih-Cheng Chen; Fu-Long Chen; Pi-Chu Chang; Yen-Ju Chen; Yueh-Man Sung; Tsai-Chuan Wu; His-Her Pai; Chih-Shan Hung; Chih-Cheng Cho; Ming-Tang Chen; Liang-Pin Chen; Chien-Ta Wu; Fu-Ching Chou; Chia-Cheng Liu; Wen-Chi Chen; Ruey-shyang Guo; Su-Ying Tsai; I-Man Chen; Li-Feng Huang; Chung-Hsien Huang; Chun-Jen Huang; Hsin-Chuan Hsiao; Hui-Pai Kuo; Hsiu-Chen Chiu; Chien-Lai Su; Chang-Hui Hsu; Guo-Shiang Huang; Shun-Ho Chen; Su-Chih Wang; Mei-Chen Chen; Shu-hui Chen; Kuo-Tai Shih; Leh-Chin Kuo; Kuang-Tsai Wang; Fu-Lai Chang; Yi-Ching Wang; Chin-Chuan Su; Chiu-Yuan Hung; Li-Jung Lin; Meng-Hsun Sung; Yao-Chin Yang; Shu-Fang Kuo; Feng-Ying Chen; Chien-Chung Lin; Hsueh-Hsia Chen; Hsueh-Mei Yang; Cheng-Chuan Lin; Wen-Ling Chang; An-Yun Lin; Hsiao-Ming Chen; Be-Yun Tong; Chao-Ming Huang; Sue-Jen Chen; Feng-Chang Wu; Chu-Ying Ting; Cheng-Hung Chang; Hsi-Pin Tseng; a total of 163 people.				
Total		0	23,702	23,702	0.46%

Note:

- According to the requirements under Article 41 of the Article of Association of the Bank, shall there be profits of the year and except for retaining the compensation amount for losses from previous years, the Bank shall allocate 1% to 6% as employee's compensation.
- The employee bonus of managers shall be determined and paid according to the requirements of "Directions for Payment of Employee's Compensation" after evaluating the performance of managers in accordance with the "Directions for Employee Audit" and "Directions for Performance Audit."

(5) Analysis of total remuneration, as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the Bank and all other companies included in the consolidated financial report during the past 2 fiscal years to Directors, the President, and the Executive Vice Presidents; the remuneration policies, standards, and package of remuneration payment

A. Analysis of total remuneration (including salary, bonus, pension, and employee's compensation), as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the Bank and all other companies included in the consolidated financial report during the past 2 fiscal years to Directors, the President, and the Executive Vice Presidents:

Unit: NT\$ 1,000; %

Item	2021				2020			
	TBB		All Companies within the Finance Statements		TBB		All Companies within the Finance Statements	
	Amount	As Percentage of Net Income	Amount	As Percentage of Net Income	Amount	As Percentage of Net Income	Amount	As Percentage of Net Income
Director	62,591	1.23%	62,591	1.23%	58,046	1.23%	58,046	1.23%
President and Executive Vice Presidents	31,979	0.63%	31,979	0.63%	28,934	0.62%	28,934	0.62%

B. The policy, standards, and package of remuneration payment are analyzed as follows:

a Directors

According to the requirements under Article 41 of the Article of Association of the Bank, shall there be profits of the year and except for retaining the compensation amount for losses from previous years, shall allocate no more than 0.6% as the remuneration of Directors.

Furthermore, according to the requirements under Article 21 of the Article of Association of the Bank, the Board was authorized by the Shareholders' Meeting to determine the remuneration of Directors, and such amount shall be determined according to the general remuneration offered within the industry.

The remuneration paid to the directors is based on the standards in the industry, the respective performance of Directors, the performance of corporate operations, and the results of the performance assessment by the Board. The remuneration for Independent Directors shall be subject to the monthly payment plan for remuneration passed at the Shareholders' Meeting in 2011. Except for the monthly fixed remunerations payment, such Directors shall not receive the Director remuneration specified in the Article of Association.

Directors' remuneration distributed in 2020 was NT\$33,748 thousand, and the Directors' remuneration proposed to be distributed in 2021 shall be NT\$37,107 thousand.

b President, Executive Vice Presidents, and Chief Auditor

Regarding the remuneration paid to the President, Vice Presidents, and Chief Auditor, except for giving considerations to the standard in the industry, personal performance and corporate business performance are also taken into account. Moreover, such remuneration shall be based on relevant requirements of "Directions for Salary Payment to Employees," "Directions for Payment of New Year, Festival, and Performance Bonuses," "Directions for Payment of Employee's Compensation," and "Remuneration Committee Organizational Procedures."

(6) Procedure for determining remuneration to directors, the President, and the Executive Vice Presidents by the Bank and all other companies included in the consolidated financial report during the past 2 fiscal years; and linkage thereof to operating performance and future risks

A. Directors

Regarding the bonus of Directors of the Bank, the Article of Association has provided that, shall there be profits of the year and except for retaining the compensation amount for losses from previous years, the Bank shall allocate no more than 0.6% as the remuneration of Directors. The Shareholders' Meeting authorized the Board to determine the payment for such remuneration according to the standards in the industry, the respective performance of Directors, the performance of corporate operations, and the results of the performance assessment by the Board. Relevant performance assessment was proposed at the



meeting of the Remuneration Committee for discussion and was submitted to and approved by the Board meeting. Regarding the remuneration for Independent Directors, the Board shall determine a reasonable remuneration different from that of the general Directors according to the relevant standards within the industry. Except for the monthly fixed remunerations payment, such directors shall not receive the Director remuneration specified in the Article of Association. For losses incurred to the Bank resulting from dubious acts of the Directors, the Audit Committee shall exert control and supervision on the existing and potential risks, and impose necessary punishment according to the relevant laws and regulations.

B. President, Executive Vice Presidents, Chief Auditor, and members of management

The approval procedures for the remuneration of President, Executive Vice Presidents, Chief Auditor, and members of management shall be based on relevant requirements of "Directions for Salary Payment to Employees," "Directions for Payment of New Year, Festival, and Performance Bonuses" "Directions for Payment of Employee's Compensation," and "Remuneration Committee Organizational Procedures." Such remuneration shall be implemented and paid after an assessment of performance based on the "Directions for Employee Audit," "Directions for Performance Audit," and "Directions for Administrative Incentives for Performance Audit" of the Bank, with consideration to the general standard within the industry. Furthermore, the remuneration and relevant performance assessment of the Bank's managers shall be proposed at the meeting of the Remuneration Committee for discussion annually, and the results thereof shall be submitted to the Board for approvals. Among which, the bonus part shall be linked to and subject to the before tax net profit achieving rate, business performance financial indications, and personal audit results of the Bank. For losses incurred to the Bank resulting from dubious acts of President, Executive Vice Presidents, Chief Auditor, and members of management, the Board shall not only approve the dismissal of them and cease the payment of remuneration, but also impose necessary punishment according to the relevant laws and regulations.

3. Operations of Corporate Governance

(1) Operations of Board of Directors

A total of 13 meetings were held by the Board in the most recent year (2021). The attendance of the members of the Board are as follows:

December 31, 2021

Title	Name	Number of required attendance (A)	Number of actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Name of the legal entity represented	Remarks
Chairman	Chien-Hao Lin	9	9	0	100	Ministry of Finance	Appointed on April 27, 2021
Chairman	Bor-Yi Huang	4	4	0	100	Ministry of Finance	Retired on April 1, 2021
Managing Director	Chih-Chien Chang	13	13	0	100	Ministry of Finance	
Managing Director	Shih-Yuan Tai	13	13	0	100	Bank of Taiwan	
Managing Director (Independent Director)	Xin-Wu Lin	13	12	1	92.3		
Managing Director	Chun-Hsien Yeh	5	5	5	100	National Development Fund, Executive Yuan	Appointed on July 20, 2021
Managing Director	Lien-Wen Liang	8	8	0	100	Ministry of Finance	Resigned on July 20, 2021
Director	Shiu-Yen Lin	13	13	0	100	Ministry of Finance	
Director	Wen-Chieh Wang	13	12	1	92.3	Bank of Taiwan	
Director	Hung-Sheng Yu	13	13	0	100	Ministry of Finance	
Director	Tzu-Hao Tsai	13	13	0	100	Bank of Taiwan	
Director	Ying-Ming He	4	4	0	100	Land Bank of Taiwan	Resigned on April 15, 2021
Director	Hsu-Huan Yang	4	4	0	100	Land Bank of Taiwan	Resigned on July 20, 2021
Director	Che-Nan Wang	13	13	0	100		
Director	Ming-Huei Chen	5	5	0	100	TBB Industry Union	Appointed on July 20, 2021
Director	Ching-Yu Liu	8	8	0	100	TBB Industry Union	Resigned on July 20, 2021
Independent Director	Jin-Long Liu	13	13	0	100		
Independent Director	Wei-Sheng Huang	8	8	0	100		Resigned on July 20, 2021

Title	Name	Number of required attendance (A)	Number of actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Name of the legal entity represented	Remarks
Independent Director	Yung-Cheng Chuang	5	5	0	100		Appointed on July 20, 2021
Independent Director	Shao-Yuan Chang	5	5	0	100		Appointed on July 20, 2021
Independent Director	Chiou-Mien Lin	5	5	0	100		Appointed on July 20, 2021

Other items that shall be recorded:

- When any of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, the content of proposals, opinions of all Independent Directors, and the Bank's actions in response to the opinions of the Independent Directors:
 - Matters included in Article 14-3 of the Securities and Exchange Act: Not applicable. The Bank has already established an Audit Committee.
 - Other resolutions of the Board, which the Independent Director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: None.
- When Directors abstain themselves for being a stakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the results of voting counts should be stated.
 - At the 2nd extraordinary board meeting of the 16th board on July 20, 2021, for the proposal to nominate Mr. Chih-Chien Chang to serve as the President; Mr. Yu-Min Chang, Mr. Chang-Yu Lin, Ms. Chiu-Yen Chen, Mr. Sung-Shui Chiu, and Mr. Shao-Huang Chen to serve as the Executive Vice Presidents; Mr. Jia-Ruey Luan to serve as the Chief Auditor, except for managing director Chih-Chien Chang who recused himself from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
 - At the 2nd extraordinary board meeting of the 16th board on July 20, 2021, for the proposal to appoint five independent directors, namely Xin-Wu Lin (Managing independent director), Yung-Cheng Chuang, Jin-Long Liu, Shao-Yuan Chang, and Chiu-Mien Lin as members of the Bank's 5th Remuneration Committee", except for Lin-Xin W (Managing independent director), Yung-Cheng Chuang, Jin-Long Liu, Shao-Yuan Chang, and Chiu-Mien Lin who recused themselves from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
 - The proposal for the Bank's 2020 director's remuneration distribution at the 1st board meeting of the 16th board on August 18, 2021
 - In the review of the remuneration to directors representing the Ministry of Finance, except for Chairman Chien-Hao Lin, Managing director and the President Chih-Chien Chang, director Shiu-Yen Lin, and director Hung-Sheng Yu who recused themselves from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
 - In the review of the remuneration to directors representing the Bank of Taiwan, except for director Shih-Yuan Tai, director Wen-Chieh Wang, and director Tzu-Hao Tsai who recused themselves from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
 - In the review of the remuneration to directors representing the TBB Industry Union and Land Bank of Taiwan and to individual directors, except for the union representative Ming-Hui Chen, director Hung-Sheng Yu, and natural-person director Che-Nan Wang who recused themselves from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
 - At the 1st board meeting of the 16th board on August 18, 2021, for the proposal to enter into contracts on industry-academia collaboration and academic feedback mechanism with National Central University and National Taipei University within three months from the date when Jin-Long Liu and Chiu-Mien Lin are elected as independent directors, which will take effect retrospectively from the date of them being elected (July 20, 2021), except for independent directors Jin-Long Liu and Chiu-Mien Lin who recused themselves from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
 - At the 1st board meeting of the 16th board on August 18, 2021, for the proposal for a loan case with Mega Bills Finance Co., Ltd., except for director Shiu-Yen Lin and managing director Chun-Hsien Yeh who recused themselves from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
 - Regarding the "report of the audit plan for the internal audit operations for securities business and futures trading assistance business of the Bank in 2022" at the 16th Board meeting of the 3rd Board on December 15, 2021, except for Managing Director and President Chih-Chien Chang, who abstained from the meeting before the discussion, all attending Directors have approved to pass the resolution as proposed.
 - Regarding the resolution of a report on the Bank's 2022 financial institution audit plan at the 3rd meeting of the 16th board on December 15, 2021, except for managing director and President Chih-Chien Chang, director Hung-Sheng Yu, and director Ming-Hui Chen who recused himself from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
- Information on the evaluation cycle and period, evaluation scope, method, and evaluation content for the Board's evaluation:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once every year	January 1, 2021 to December 31, 2021	Board of Directors and its members. Functional Committees and its members	Self-evaluation of the Board of Directors and Functional Committees	<ul style="list-style-type: none"> The evaluation items of the Board performance include the five aspects below: <ol style="list-style-type: none"> Involvement in the Bank's operations. Improvement to the decision-making quality of the Board of Directors. Composition and structure of the Board of Directors. Election and continuing education of directors. Internal control. The evaluation items of the directors' performance include the six aspects below: <ol style="list-style-type: none"> Understanding of the Bank's goals and tasks. Awareness of directors' responsibilities. Involvement in the Bank's operations. Internal relationship management and communication. Directors' professionalism and continuing education. Internal control. The evaluation items of the functional committees' performance include the five aspects below: <ol style="list-style-type: none"> Involvement in the Bank's operations. Awareness of functional committee's responsibilities. Improvement to functional committee's decision-making quality. Composition of functional committee and selection of members. Internal control.

- Measures undertaken during the current year and the latest year in order to strengthen the functions of the Board of Directors (the establishment of an audit committee and improvement of information transparency, etc.) And assessment of the implementation:
 - Directors' continuing education on corporate governance and the hours of training are in compliance with the requirements of the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, and the Bank also offered education and training on anti-money laundering/combating financing of terrorism and fair treatment of consumers for directors.
 - The Bank's rules of procedure for board meetings clearly stipulate that at least one independent director shall attend a board meeting in person; for matters that should be resolved by the Board of Directors, all independent directors shall attend such board meetings. If an independent director is unable to attend in person, they shall appoint another independent director to attend the meeting on their behalf. A total of 13 board meetings were convened in 2021, and at least two independent directors were present at each of said meetings.
 - To enhance the independence of the Board of Directors, five independent directors were elected at the directors election for the 16th Board of Directors on July 20, 2021, accounting for one-third of all directors.

(2) Audit Committee activities

A total of 12 meetings were held by the Audit Committee in the most recent year (2021). The attendance of Independent Directors was as follows:

December 31, 2021

Title	Name	Number of required attendance (A)	Number of actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Remarks
Committee Chair	Jin-Long Liu	12	12	0	100	
Member	Xin-Wu Lin	12	12	0	100	
Member	Wei-Sheng Huang	7	7	0	100	Resigned on July 20, 2021
Member	Yung-Cheng Chuang	5	5	0	100	Appointed on July 20, 2021
Member	Shao-Yuan Chang	5	5	0	100	Appointed on July 20, 2021
Member	Chiou-Mien Lin	5	5	0	100	Appointed on July 20, 2021

Other items that shall be recorded:

1. If any of the following circumstances occurs during the operation of the Audit Committee, the dates, sessions, agenda, all independent directors' objections, reservations or major suggestions, the results of the committee's resolutions, and the Company's handling of such opinions shall be specified:

(1) All conditions stated in Article 14-5 of the Securities and Exchange Act.

Board Date/ Session	Agenda	The resolution results of the Audit Committee and the Bank's response regarding the Audit Committee's opinions
The 19th meeting of the 15th board on January 20, 2021	Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement), which took effect on February 2, 2021 (the 19th meeting of the 3rd Audit Committee on January 14, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 15th Board meeting of the 20th Board on March 10, 2021	Individual financial report and consolidated financial report of the Bank for 2020 (the 20th meeting of the 3rd Audit Committee on March 8, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 15th Board meeting of the 20th Board on March 10, 2021	Proposal to issue the "Declaration of Internal Control System for Anti-Money Laundering and Combatting the Financing of Terrorism" of the Bank for 2020 according to the requirements (the 20th meeting of the 3rd Audit Committee on March 8, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 15th Board meeting of the 10th Board on March 30, 2021	Resolution of capitalization of earnings by issuing new shares in cooperation with distribution of share dividends from earnings in 2020 (the 20th meeting of the 3rd Audit Committee on March 8, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 21st meeting of the 15th Board on May 5, 2021	Report on the 2021 Q1 consolidated financial report of the Bank and its subsidiaries (the 21st meeting of the 3rd Audit Committee on May 3, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 22nd meeting of the 15th Board on July 14, 2021	Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement), which took effect on August 1, 2021 (the 22nd meeting of the 3rd Audit Committee on July 12, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 22nd meeting of the 15th Board on July 14, 2021	Proposal to appoint the Executive Vice President Shao-Huang Chen to concurrently serve as the SVP & GM of the Treasury Department (the 22nd meeting of the 3rd Audit Committee on July 12, 2021) to meet the business needs	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 2nd extraordinary meeting of the 16th Board on July 20, 2021	Renewal of the appointment of Mr. Jia-Ruey Luan as the Chief Auditor (the 1st extraordinary meeting of the 4th Audit Committee on July 20, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's handling of the Audit Committee's opinions: Except for Managing Director Chih-Chien Chang who recused himself from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
The 1st meeting of the 16th Board on August 18, 2021	Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, audit statement, and audit working papers) (the 1st meeting of the 4th Audit Committee on August 12, 2021)	Resolution results of the Audit Committee: Ratified, and submitted to the Board for ratification. The Bank's response to the opinions of the Auditing Department: Resolution passed by all directors in attendance with consent for approving ratification.



Board Date/ Session	Agenda	The resolution results of the Audit Committee and the Bank's response regarding the Audit Committee's opinions
The 1st meeting of the 16th Board on August 18, 2021	Individual financial report and consolidated financial report of the Bank for 2021 Q2 (the 1st meeting of the 4th Audit Committee on August 12, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 1st meeting of the 16th Board on August 18, 2021	The proposal for a loan case with Mega Bills Finance Co., Ltd. submitted (the 1st meeting of the 4th Audit Committee on August 12, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's handling of the Audit Committee's opinions: Except for director Shiu-Yen Lin and director Chun-Hsien Yeh who recused themselves from the discussion and voting, all the attending directors agreed to pass the proposal as proposed.
The 1st meeting of the 16th Board on August 18, 2021	Proposal to appoint Jyun-You Shih, general manager of Chu Tung Branch, to concurrently serve as the SVP & GM of the Treasury Department (the 1st meeting of the 4th Audit Committee on August 12, 2021) to meet the business needs	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 2nd meeting of the 16th Board on October 29, 2021	Amendments to the Bank's Regulations for Internal Control System for Futures Trading Assistance (including the internal control system, internal audit implementation rules, audit statement, and audit working papers) (the 2nd meeting of the 4th Audit Committee on October 25, 2021)	Resolution results of the Audit Committee: Ratified, and submitted to the Board for ratification. The Bank's response to the opinions of the Auditing Department: Resolution passed by all directors in attendance with consent for approving ratification.
The 2nd meeting of the 16th Board on October 29, 2021	Report on the 2021 Q3 consolidated financial report of the Bank and its subsidiaries (the 2nd meeting of the 4th Audit Committee on October 25, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.
The 3rd meeting of the 16th Board on December 15, 2021	Proposal to appoint Feng-Hui Li and Tan-Tan Chung, CPAs at KPMG in Taiwan to perform audit of the next year's annual financial report (2022), tax audit, ad-hoc audit of due diligence, and other business audits (the 3rd meeting of the 4th Audit Committee on December 9, 2021)	Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent.

(2) Except for the items in the preceding issues, other resolutions approved by two-thirds of all the Directors but yet to be approved by the Audit Committee: None.

- When Independent Directors abstain themselves for being a stakeholder in certain proposals, the name of the Independent Directors, the content of the proposal, reasons for abstentions and the results of voting counts should be stated: None.
- Communication between Independent Directors and head of internal audit and CPAs (including material issues, audit methods and results relating to the Bank's finances and business).

Date	Communication target	Communication content	Communication result
2021/03/08	CPA	1. Independence. 2. The responsibility of auditors. 3. Audit scope. 4. Audit description. 5. Matters needing attention from auditing managers. 6. Important regulatory changes on accounting standards	Suggestions from independent directors: CPAs shall discuss how to develop professional audit experience and abilities and how to duly perform audits with the Bank's management and provide relevant suggestions. Response: Requested CPAs to assist with the development of professional audit experience and abilities as per independent directors' advice.
2021/08/12	CPA	1. Review of the interim financial statements. 2. Issuance of a review report with an unqualified opinion on the 2021 Q2 financial report. 3. Review of the individual financial report and the consolidated financial report.	Suggestions from independent directors: The situation of the write-off of bad debts and the allowance for bad debts during the review period can be presented more clearly in the next report. Response: Provide more details of the write-off of bad debts and the allowance for bad debts as per independent directors' advice.
2021/10/20	Managers of Internal Audit and Auditors	1. Follow-up on the improvements in primary deficiencies found during the internal audit and the audit carried out by competent authorities. 2. Progress for the establishment and preparation of a risk-oriented internal audit system. 3. Establishment status for mobile audit operations.	Suggestions from independent directors: The critical part of auditing is the coordination between efficiency improvement through system assistance and risk-oriented three lines of defense. Response: 1. Continued to optimize the audit system as per independent directors' advice. 2. Held horizontal communication meetings between the audit, risk management, and the compliance departments regularly and from time to time.



Date	Communication target	Communication content	Communication result
2021/12/9	CPA	1. Highly concerned audit matters: (1) Fair value of financial products. (2) Assessment on loan impairment. (3) Assessment on financial products impairment. (4) Income recognition. (5) Discounting and loans. 2. Key audit matters identified initially. 3. Important regulatory updates.	Suggestions from independent directors: 1. CPAs shall provide advice on internal control and auditing in terms of financial consultant management and ESG implementation of other banks. 2. Regarding the compliance of non-credit impairment and credit impairment to the regulations under the bulletin of norm, CPAs shall closely discuss with the Bank's accounting department to make audit suggestions. Response: Requested CPAs to provide advice on the regulations of internal control and non-credit and credit impairment as per independent directors' advice.

4. Key annual emphasis in working for the Audit Committee: The Audit Committee aims to assist the Board in using the appropriate expressions of the Bank's financial statements; appointing (dismissing) the CPA and assuring its independence and performance; and overseeing effective implementation of internal controls, compliance with laws, regulations, and rules; as well as implementing controls for existing or potential risks.
- (1) Supervise the appropriate expressions in the Bank's financial statements: Review the annual financial statements, operating reports, and earning distribution each year (considered and passed at the 20th meeting of the 3rd Audit Committee on March 8, 2021), and issue the review report to the shareholders' meeting according to the requirements under Article 219 of the Company Act approved by Paragraph 3, Article 14-4 of the Securities and Exchange Act.
- (2) Appointment (dismissal) of the CPA and assuring its independence and performance: Evaluate the appointment (dismissal) of the CPA and undertaking the annual assessment of the independence and performance of the CPA (considered and passed at the 3rd meeting of the 4th Audit Committee on December 9, 2021); and report to the Shareholders' Meeting for review (considered and passed at the 3rd meeting of the 16th Board on December 15, 2021).
- (3) Effective implementation of internal controls: The Bank has established the organization, structure, and authorization, and has prepared the internal audit workbook and the working paper. These items shall contain evaluations of the requirements and the business process under the internal control system to determine whether the current system and procedures have proper internal controls in place; whether the departments comply with relevant requirements and duly execute the internal controls; and the rationale of the effects of executing such internal controls, and proposals of improvement recommendations at any time. The internal audit shall carry out the audit activity according to the rules, and shall submit reports to the Board and the Audit Committee on a regular basis.
- (4) Comply with relevant laws, regulations, and rules as well as control over existing and potential risks: The Chief Compliance Officer reports to the Audit Committee and the Board at least every half year regarding the execution of the legal compliance system of the Bank. The execution of the legal compliance system for the second half of 2020 and the first half of 2021 has been reported at the 20th meeting of the 3rd Audit Committee on March 8, 2021 and the 20th Board meeting of the 15th Board on March 10, 2021, as well as the 1st meeting of the 4th Audit Committee on August 12, 2021 and the 1st Board meeting of the 16th Board on August 18, 2021, respectively.

(3) Strategy Development Committee activities

A total of 2 meetings were held by the Strategy Development Committee in the most recent year (2021). The attendance of members was as follows:

December 31, 2021

Title	Name	Number of required attendance (A)	Number of actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Remarks
Chairman of the Board	Chien-Hao Lin	2	2	0	100	
Managing Director and President	Chih-Chien Chang	2	2	0	100	
Managing Director (Independent Director)	Xin-Wu Lin	2	2	0	100	
Independent Director	Jin-Long Liu	2	2	0	100	
Independent Director	Yung-Cheng Chuang	1	1	0	100	Appointed on July 20, 2021
Independent Director	Wei-Sheng Huang	1	1	0	100	Resigned on July 20, 2021

Note:

- Independent Director Jin-Long Liu lectures at Graduate Institute of Industrial Economics, National Central University, and possesses expertise related to the strategic development of industries.
- Merged into the "Sustainable Development Committee" as passed by the Board on December 15, 2021.

(4) CSR Committee Activities

A. The CSR Committee is comprised of the Chairman, President, and three Independent Directors, with the Chairman being the convener. A total of 2 meetings were held by the CSR Committee in the most recent year (2021). The attendance of members was as follows:

December 31, 2021

Title	Name	Number of required attendance (A)	Number of actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Note
Chairman of the Board	Chien-Hao Lin	1	1	0	100	Appointed on April 28, 2021
Chairman of the Board	Bor-Yi Huang	1	1	0	100	Resigned on April 1, 2021
Managing Director and President	Chih-Chien Chang	2	2	0	100	
Managing Director (Independent Director)	Xin-Wu Lin	2	2	0	100	
Independent Director	Jin-Long Liu	2	2	0	100	
Independent Director	Yung-Cheng Chuang	1	1	0	100	Appointed on July 20, 2021
Independent Director	Wei-Sheng Huang	1	0	1	0	Resigned on July 20, 2021

Note: Renamed to the "Sustainable Development Committee" as passed by the Board on December 15, 2021.

B. Chairman Chien-Hao Lin has dedicated to the research on SME development, as well as the role and social responsibility of an SME specialized bank for a long time. He and all committee members have relevant expertise in the field of CSR.

C. The responsibilities of the Sustainable Development Committee:

- Approval of mid- and long-term strategies and annual goals for sustainable development.
- Approval of the implementation plans for sustainable development.
- Follow up on the mid- and long-term strategies, annual goals and implementation plans for sustainable development and review the effectiveness of implementation.
- Approval of the standards for making the sustainability report.
- Approval of other matters related to sustainable development.

D. For the establishment of relevant management guidelines, strategies and targets, please refer to Page 350 to 353 (Material Issues Analysis).

(5) Digital Transformation Committee activities

The Digital Transformation Committee is comprised of the Chairman, President, two Independent Directors and two external members, with the Chairman being the convener. A total of 1 meeting was held by the Digital Transformation Committee in the most recent year (2021). The attendance of members was as follows:

December 31, 2021

Title	Name	Number of required attendance (A)	Number of actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Note
Chairman of the Board	Chien-Hao Lin	1	1	0	100	
Managing Director and President	Chih-Chien Chang	1	1	0	100	
Managing Director (Independent Director)	Xin-Wu Lin	1	1	0	100	
Independent Director	Jin-Long Liu	1	1	0	100	
Member	Chia-Chung Chen	1	1	0	100	
Member	Wen-Nan Tsan	1	0	0	0	

(6) Items disclosed in accordance with the Corporate Governance Best Practice Principles for Banking Industry: Please refer to the Bank's website (<https://www.tbb.com.tw/>) under Investor Relations.

(7) Implementation of Corporate Governance, and Gaps with the "Corporate Governance Best Practice Principles for the Banking Industry" and the cause of the said gaps

Assessed items	State of Implementation			Gaps with the "Corporate Governance Best Practice Principles for the Banking Industry," and the cause of the said gaps
	Yes	No	Summary	
1. Structure of the bank's shareholders and equities				
(1) Does the bank stipulate and implement a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?	✓		The Bank has established customer complaints procedures and the customer complaint and stock affairs contact window, which will look into the circumstances upon receiving recommendations, doubts, or disputes, and pass the task to relevant departments for handling. The Bank also has a spokesperson to address the problem to external parties.	No gap
(2) Does the bank keep track of the major shareholders with ultimate control over the bank and the ultimate controllers of the major shareholders?	✓		The Bank refers to the declaration of changes in the Register of Shareholders when closing the stock transfer and the monthly report for internal parties to keep track and understand the shareholding changes of substantial Shareholders and analyze the final controllers of substantial Shareholders.	No gap
(3) Does the bank set up a firewall and risk control mechanism to reduce the risks involved with the bank's related companies?	✓		The Directions and procedures for the management of investee companies of the Bank provide relevant requirements for the supervisors of its related companies, benefitting in effective control over its performance and business overview. In respect of the firewall mechanism, personnel, accounting, assets, and finance departments all have distinct operations. Loans to related companies are all subject to the relevant laws and regulations under Article 32 and Article 33 of the Banking Act.	No gap
2. Board composition and its responsibilities				
(1) Does the Board formulate a diversity policy and specific management goals?	✓		1. To strengthen corporate governance and enhance the sound development of the composition and structure of the Board of Directors, the Bank has proposed a board diversity policy, so that board members' diverse capabilities in different fields can be complemented. The Bank's Corporate Governance Best Practice Principles stipulate that directors who serve as managers at the Bank concurrently are not advised to account for more than one-third of the total directors. The Bank's board diversity policy shall cover the two criteria below in terms of operations, business model and development needs: (1) Basic qualification and value: Gender, age, nationality, and culture. (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. 2. To enhance the independence of the Board, the number of independent directors was increased to five from three at the election of directors for the 16th board on July 20, 2021, accounting for 33.3% of the total, and none of the incumbent independent directors have served more than three terms. Two directors serve as employees concurrently, accounting for 13.3%, and two directors are females, accounting for 13.3%, and one director serve as a managerial officer, accounting for 6.6%. 3. The Bank's directors do not have spouses or relatives within the second degree of kinship on the Board. The members generally possess expertise and experience in finance, securities, risk management, and human resources.	No gap
(2) Apart from the Remuneration Committee and Audit Committee, does the bank assembled other functional committees at its own discretion?	✓		1. The Bank has established the Audit Committee, Remuneration Committee, CSR Committee, Sustainable Development Committee (established by merging the existing CSR Committee and Strategic Development Committee on Dec. 15, 2021), and Digital Transformation Committee under the Board. 2. There is no nomination committee; however, the Article of Association of the Bank provide that the election of Directors shall adopt the nomination system. Any re-election of Directors shall be subject to nomination by a shareholder with over 1% shareholding of the Bank or by the Board and subject to the approval of the Board before being proposed at the Shareholders' Meeting for election.	No gap
(3) Does the bank have a set of performance assessment regulations and assessment methods for the Board in place, carry out regular performance assessment, submit the results of the performance assessment to the Board and utilizes such results as a reference for determining the remuneration and compensation of individual Directors and their nomination for re-election?	✓		According to Articles 2 and 3 of the Bank's Regulations for Board Performance Assessment, the Board of the Bank shall conduct the annual performance assessment at the end of every year. The assessment results shall be reported by the Secretarial Dept. to the Board before the end of the first quarter (reported to the 5th Board meeting of the 16th Board). The scope of assessment shall include the performance of the Board, individual directors, and the functional committees. Regarding the assessment method, the directors (members) and executive departments (departments responsible for such affairs) shall perform self-assessment and evaluation, and an external party shall be engaged for the performance assessment every three years (Taiwan Corporate Governance Association was engaged to conduct the performance evaluation for 2020, and the Association had issued their evaluation report). The remuneration of the Bank's Directors is determined with reference to the standard in the industry, individual performance, operating efficiency of the Bank, and the results of the Board performance assessment. Fixed compensation is paid to Independent Directors monthly; Independent Directors do not receive the Director's remuneration stated in the Article of Association of the Bank.	No gap
(4) Does the bank regularly evaluate the independence of CPAs?	✓		Regular assessment on the independence of the appointed CPA is carried out annually submitted to the Board meeting for approval before granting the appointment. The assessment had been carried out at the 3rd meeting of the 16th Board on December 15, 2021 according to the requirements under Article 38 of "Corporate Governance Practices Best Practice Principles for the Banking Industry" and Article 68 of "Statement on Auditing Standards No.46," with reference to the independence of CPA in the CPA Auditing Plan. The assessing items are as follow: 1. The CPA appointed by the Bank does not provide account-keeping, financial system design introduction, appraisal (assessment) business, management function, actuary services, internal audit outsourcing, human resources services, investment consultancy, and legal services. 2. The CPA appointed by the Bank does not undertake contingency cases on professional charges (i.e., proceedings), active or confidential tax avoidance plan and personal taxation case for the chief of finance (above). 3. The 2 appointed CPAs have not been appointed for over 7 years, which complies with the requirements under Article 38 of "Corporate Governance Practices Best Practice Principles for the Banking Industry" and Article 68 of "Statement on Auditing Standards No.46."	No gap



Assessed items	State of Implementation			Gaps with the "Corporate Governance Best Practice Principles for the Banking Industry," and the cause of the said gaps
	Yes	No	Summary	
3. Does the bank has proper number of eligible corporate governance personnel in place and appoint a manager for corporate governance to be in charge of affairs relating to corporate governance (including but not limited to, the provision of necessary data for directors and supervisors to execute their duties, assisting directors and supervisors in legal compliance, administering matters relating to the Board meetings and Shareholders' Meetings in accordance with the law, and producing minute books for the Board and shareholders' meetings)?	✓		<p>Relevant departments of the headquarters, such as the Secretarial Dept., shall be the department fully (jointly) responsible for corporate governance. Passed at the 13th meeting of the 15th Board, Chief Secretary Li-Yueh Hsu from the Secretarial Dept. was designated as the manager for corporate governance to protect the Shareholders' interests and strengthen the function of the Board. Ms. Hsu has held the post of director in relation to affairs of legal affairs, finance, stock affairs, or corporate governance for over three years. Her primary duties are handling matters concerning the compliance of Board meetings and Shareholders' Meetings according to the law, preparing the meeting minutes for Board meeting and Shareholders' Meeting, providing assistance for Directors and Supervisors when assuming office and continuing education, providing required information for Directors and Supervisors in executing businesses, providing assistance to Directors and Supervisors regarding their compliance with the law. Affairs carried out in relation to the corporate governance in 2021 are as follow:</p> <ol style="list-style-type: none"> 1. There were changes in directors on March 29, April 15, April 27, and July 20, 2021. The Secretarial Dept. has disclosed material information and reported to the Board meeting according to the requirements. Moreover, the Administration Management Dept. has applied for the alteration registration to the Ministry of Economic Affairs, and both tasks were successfully completed. 2. Provide Directors with the continuing education information regarding corporate governance and track the continuing education conditions. The continuing education hour for each Director has complied with the requirements under "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," with new Directors and existing Directors receiving corporate government courses for 12 hours and 6 hours, respectively. 3. Providing logistics of Board meetings for 13 times, succeeded in delivering the notice of meetings and the agenda to Directors 7 days prior to the date of the meeting and dispatched the meeting minutes within 20 days from the ending of the Board meeting. 4. The Bank held the 2021 general meeting of shareholders and uploaded the meeting notice and the meeting agenda handbook to the MOPS 30 days before the meeting, and elected directors for the 16th board at the shareholders' meeting, with the number of independent directors raised from three to five, while announcing the minutes of the shareholders' meeting within 20 days after the meeting, all of which were duly completed. 	No gap
4. Does the bank establish a channel to communicate with stakeholders (including but not limited to Shareholders, employees, and customers)? Does the bank set up a section for stakeholders on its website and duly respond to the material CSR issues concerned by stakeholders?	✓		<ol style="list-style-type: none"> 1. Stakeholders may contact the Bank through methods of presenting themselves at branches, letters, phone calls, fax, and e-mail. A reporting mailbox and a direct line are also in place for reporting matters of breach of trust. 2. The Investor Relations on the Bank's website has sections including About TBB, News and Events, Financial Information, Corporate Governance, Stakeholder, CSR, FAQs, and IR Contacts, to provide better services to investors. 3. At Investor Relations > Stakeholder on the Bank's website, Procedures for the Analysis of Material Issues, Summary Table of Concerned Issues and Communication Channels, Sustainable Development Goals (SDGs), Q&A concerned by stakeholders, and Stakeholder Contact Info are in place to respond to the issues concerned by stakeholders and safeguard their interests. 4. Report the content and frequency of communications with stakeholders, as wells as issues concerned by stakeholders, to the Board at least once per year (reported to the 5th Board meeting of the 16th Board). 	No gap
5. Information disclosure				
(1) Does the bank set up a website for the disclosure of relevant information on financial status and corporate governance?	✓		<ol style="list-style-type: none"> 1. The Investor Relations section on the Bank's website disclosed sections including About TBB, News and Events, Financial Information, Corporate Governance, Stakeholder, Sustainable Development, FAQs, and IR Contacts, to provide better services to investors. 2. The Investor Relations > Corporate Governance section on the Bank's website has sections including Board of Directors, Committees, Organization Chart, Functions and Duties of Departments, Internal Audit, Regulation Documents, Operations, Information Security, and Corporate Integrity. 	No gap
(2) Does the bank take any other methods to disclose its information (e.g. English website, a special group engaged on gathering and compiling the bank's information, the information announced through the bank's spokesman, and regular investor conference process disclosed on the bank's website)?	✓		<ol style="list-style-type: none"> 1. To realize the open information, the Bank has established the "Procedures for the Operations for Disclosing Information Externally." According to the requirements, the disclosure to be reported such as information on finance and business shall be carried out by designated personnel of the relevant department in accordance with the duties. Furthermore, information such as About TBB, News and Events, Financial Information, Corporate Governance, Stakeholder, CSR, FAQs, and IR Contacts, is provided in the Investor Relations on the Bank's Chinese and English websites to offer relevant information to domestic and overseas investors. 2. The mechanism of spokesperson is responsible for providing descriptions and announcing the news to external parties, so as to ensure investors may receive accurate news. 	No gap
(3) Does the bank publish its annual financial reports and make filings at the end of the accounting year within time according to relevant requirements under the Banking Act and the Securities and Exchange Act, and publish financial reports of the first, second, and third quarters and the operating status each month and make filings in advance according to the time prescribed?	✓		The Bank publishes its annual financial reports and make filings at the end of the accounting year within time according to relevant requirements under the Banking Act and the Securities and Exchange Act, and publish financial reports of the first, second, and third quarters and the operating status each month and make filings according to the time prescribed.	No gap



Assessed items	State of Implementation			Gaps with the "Corporate Governance Best Practice Principles for the Banking Industry," and the cause of the said gaps
	Yes	No	Summary	
6. Does the bank have other relevant information for better understanding the bank's corporate governance operation (such as employee rights, caring for employees, investors relationship, stakeholder rights, on-the-job education of Directors and Supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, liability insurance policies purchased by the bank for Directors and Supervisors, and donations to political parties, interested parties, or charity organizations)?	✓		<p>1. To clarify the rights and obligations of employees and the employer, the Bank established the "Working Rules" according to the Labor Standards Act and relevant laws and regulations, with reference to the nature of the banking industry, to regulate employees' rights. The Bank also established the "Directions for Measures of Prevention, Complaint, and Punishment of Sexual Harassment at the Workplace of Taiwan Business Bank" as regulations according to the Act of Gender Equality in Employment.</p> <p>2. Caring for Employees:</p> <p>(1) Employees are assets of enterprises. The Bank has spared no efforts in caring for its employees. Except for establishing working rules and personnel management rules according to relevant labor laws such as the Labor Standards Act, the Bank complied with the laws and regulations and insured for the Labor Insurance, National Health Insurance, and provision of retirement pension for its employees. It also organizes health inspections for employees regularly, provides discounted group medical insurance and casualty insurance to protect the lives of our employees, allowing employees to exert their talents at work worry-free. Also, to strengthen the competitiveness of our employees and improve their professional know-how, the Bank organizes training courses for different businesses according to the annual employee training plan, provide a diversified program on the digital learning website, and holds nonscheduled celebrity seminars and professional lectures via video. The Bank has a comprehensive system of remuneration and rewards as well as the promotion channel, diversified training and welfare measures that attract and retain talents, joining hands for the prosperity of the Bank.</p> <p>(2) The Bank places the utmost emphasis on employee rights and regularly calls labor-management meetings where the two sides can fully communicate and negotiate on employee rights and welfare issues, and sign the Collective Agreement, thereby maintaining harmonious labor-management relations.</p> <p>3. The Bank subscribed for "Directors, Supervisors, and Officers' Liability Insurance" for Directors and officers of the Bank and reported the insured circumstances to the Board.</p> <p>4. The Bank established the "Directions for Processing of Donations of Taiwan Business Bank" to regulate the charitable group donation projects where the stakeholder(s) acts as the representative or the manager.</p> <p>5. The Bank considers that proper handling of customer complaints may improve the service quality and realize the control for operating risks. The Bank established the "Customer Complaint Center" to respond to customer complaints, and established the "Directions for the Processing of Customer Complaints" of the Bank for compliance.</p> <p>6. The Bank established the handling procedures and regulations in response to "scams against financial institutions by scoundrels," "report and contact for major contingencies," and "report and contact for disastrous emergencies" to actively care for and effectively remind our customers to avoid the losses resulting from scams.</p> <p>7. To improve our attention attaches to the handling of customers' disputes, increase the efficiency and quality for handling consumption disputes, and protect the rights of consumers, the Bank established the "Consumer Disputes Handling System," and the Auditing Dept. shall review the execution.</p> <p>8. To protect customer rights and benefits and optimize the business operation, the Bank established the "Consumer Protection Policy of Taiwan Business Bank" and "Procedures for Consumer Protection Procedures of Taiwan Business Bank," and designated a responsible department to inspect the effectiveness of the consumer protection system. The Auditing Dept. shall be responsible for examine the execution and realize the protection for consumers.</p> <p>9. To treat Shareholders in a fair manner, the Bank established the "Procedures for the Operations for Disclosing Information Externally," "Directions for Equity Management," and "Ethical Corporate Management Best Practice Principles," which clearly stated that the internal personnel is prohibited from trading securities of the Bank before the announcement of relevant information.</p>	No gap

7. With respect to the results of the annual corporate governance evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved.
The Bank has elected the 16th term of Board of Directors on the 2021 Shareholders' Meeting. The number of independent directors was increased to five from three, and none of the incumbent independent directors have served more than three terms, thereby enhancing the independence of the Board

8. Continual education of Corporate Governance Manager in 2021
Corporate Governance Manager: Chief Secretary Li-Yueh Hsu from the Secretarial Dept.
Date of appointment: March 11, 2020

Serial Number	Institution for Continual Education	Program Title	Time for Continual Education		Number of Hours for Continual Education
			From	To	
1	Taiwan Corporate Governance Association	Unlock key passwords in financial statements	2021/01/15	2021/01/15	3
2	Taiwan Corporate Governance Association	Competition for management rights and case analysis	2021/01/22	2021/01/22	3
3	Taiwan Academy of Banking and Finance	Standards and Practices of Directors and Supervisors' Transaction Related Persons	2021/03/16	2021/03/16	3
4	Corporate Operation Association	Disputes at the shareholders meeting and analysis of company registration practices	2021/03/18	2021/03/18	3
5	Corporate Operation Association	A Case Study of the Competition for the Management Right of the Company	2021/03/19	2021/03/19	3
6	Corporate Operation Association	Discussion on relevant regulations and practical operations of the shareholders meeting	2021/03/23	2021/03/23	3
7	Corporate Operation Association	The Reform of the Shareholders' Meeting and Case Studies	2021/03/24	2021/03/24	3
8	Taiwan Academy of Banking and Finance	Green Energy Innovative Business Model of Corporate Governance	2021/04/20	2021/04/20	3
9	Securities and Futures Institute	2021 Briefing Session on Legal Compliance of Insider Equity Transactions	2021/10/13	2021/10/13	3

(8) Remuneration Committee activities

A. Members of the Remuneration Committee

December 31, 2021

Title	Qualifications	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies Serving as a member of the Remuneration Committee
	Name			
Managing Independent Director (Convenor)	Xin-Wu Lin	Has served as the head of the Taiwan Institute of Economic Research for more than five years; an independent director of a bank for more than four years, and an independent director of other publicly listed companies; a member of TBB's Audit Committee, Sustainable Development Committee and Digital Transformation Committee with professional qualifications in business, economics, finance, accounting, etc.; and is not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with specific relations with TBB (under Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	2
Independent Director	Jin-Long Liu	Has served as a professor at the Graduate Institute of Industrial Economics, National Central University; an independent director of a bank for more than four years; a member of TBB's Audit Committee, Sustainable Development Committee and Digital Transformation Committee with professional qualifications in business, economics, finance, banking, etc.; and is not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with specific relations with TBB (under Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	0
Independent Director	Chiou-Mien Lin	Has served as an associate professor at the Department of Real Estate & Built Environment, National Taipei University; concurrently as a supervisor of the Chinese Institute of Land Appraisal and the Land Reform Association for a long time; a member of the Urban Renewal, Land Price and Standard Land Price Committee of the city or county government; has engaged in land appraisal and urban renewal for a long time; a member of TBB's Audit Committee with professional qualifications in real estate appraisal, law, etc.; not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with specific relations with TBB (under Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	0
Independent Director	Yung-Cheng Chuang	Has served as the deputy dean of School of Law, Soochow University; is specialized in financial regulations, such as the Securities and Exchange Act, Financial Law, and the Company Act; is familiar with compliance by publicly listed companies, financial consumer protection, securities and futures trading and operation, insurance laws and business in the financial field; is a member of TBB's Audit Committee and Sustainable Development Committee with professional qualifications in banking, securities, insurance, law, etc. and not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with specific relations with TBB (under Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	0
Independent Director	Shao-Yuan Chang	Is currently an independent director of TBB; has served as a director of publicly listed companies, the deputy mayor of Tainan City Government, the head of the Finance and Local Tax Bureau of Tainan City Government, the director of the Finance Department of Tainan City Government, and the deputy head of the Finance Department of Tainan City Government; a member of TBB's Audit Committee; with the experience of providing consulting service to grass-roots financial institutions and credit cooperatives during his tenure in Tainan City and the professional qualifications in accounting, finance, human resources and administration, and taxation; not in any circumstances under Article 30 of the Company Act.	<ol style="list-style-type: none"> Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. Has not or the spouse or relative within the second degree of kinship thereof has not served at a company with specific relations with TBB (under Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 	0



B. Operation of Remuneration Committee:

- a. The Bank has a Remuneration Committee composed of 5 members.
- b. The term of office of the incumbent members: From July 20, 2021 to July 19, 2024. The Remuneration Committee held seven meetings (A) in the most recent year. The members' eligibility and attendance are as follows:

Title	Name	Total number of meetings (A)	Number of actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Committee Chair	Xin-Wu Lin	7	7	0	100	Re-elected on July 20, 2021
Member	Jin-Long Liu	7	7	0	100	Re-elected on July 20, 2021
Member	Chiou-Mien Lin	2	2	0	100	Elected on July 20, 2021
Member	Yung-Cheng Chuang	2	1	1	50	Elected on July 20, 2021
Member	Shao-Yuan Chang	2	2	0	100	Elected on July 20, 2021
Former member	Wei-Sheng Huang	5	4	1	80	Resigned on July 20, 2021

Other items that shall be recorded:

1. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date, and session of the Board of Directors' meeting, resolutions, voting results, and handling of opinions of the Remuneration Committee by the Bank shall be disclosed (if the remuneration approved by the Board of Directors is better than that of the Remuneration Committee, the discrepancies and related reasons should be stated): None.
2. For the decisions made by the Remuneration Committee, if there are members who vetoed or withheld from the decision and there are documented records, the date, session, agenda, all members' opinions, and ways in handling these opinions should be elaborated: none.
3. Discussion of the proposal and handling of opinions for 2021

Date of Remuneration Committee Meeting/ Date and Session of Board Meeting	Agenda	The resolution results of the Remuneration Committee and the Bank's response regarding the Remuneration Committee's opinions
January 14, 2021/the 19th Board meeting of the 15th Board on January 20, 2021	Amendments to the "Directions for Performance Audit of Taiwan Business Bank."	Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed.
March 4, 2021/the 20th Board meeting of the 15th Board on March 10, 2021	Resolution for regular assessment on Directors and members of management of the Bank.	Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed.
March 4, 2021/the 20th Board meeting of the 15th Board on March 10, 2021	Resolution for the allocation and distribution amount and percentage for the compensation of employees and remunerations for Directors.	Resolution results of the Remuneration Committee: With the consent by all members in attendance, please supplement the information on the distribution situation in 2018 and the average number of months of employee compensation and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed.
March 4, 2021	Resolution for the proposed performance bonus with an amount equals to 2.2 months of salary for 2020.	Resolution results of the Remuneration Committee: Please strengthen the explanation of the policy or uncontrollable material adverse factors affecting the pre-tax net profit in the content of the proposal and discuss after supplementing the comparison data of the bonus issued by the peers in 2020. With the consent of all members in attendance, the proposal will be moved back and a separate proposal will be submitted.
March 10, 2021/the 20th Board meeting of the 15th Board on March 10, 2021	Resolution for the proposed performance bonus with an amount equals to 2.4 months of salary for 2020.	Resolution results of the Remuneration Committee: With the consent by all members in attendance, the text of the proposal in content will be revised, and it is recommended to submit to the Board with 2.39 months' salary. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance, the 2010 annual performance bonus is 2.36 months' salary, except for the chairman and CEO with 2 months' salary.
July 12, 2021/the 22nd Board meeting of the 15th Board on July 14, 2021	Resolution for the proposed amendments to partial provisions of the Bank's "Remuneration Committee Organizational Procedures."	Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed.
August 12, 2021/the 1st Board meeting of the 16th Board on August 18, 2021	Resolution for the distribution of Director's remuneration of the Bank for 2020.	Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Each of directors evaded according to his status interests, and resolution passed by the other Directors in attendance as proposed.
December 10, 2021/the 3rd Board meeting of the 16th Board on December 15, 2021	Amendments to the "Directions for Employee Audit of Taiwan Business Bank."	Resolution results of the Remuneration Committee: Passed after amendments and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed.
December 10, 2021/the 3rd Board meeting of the 16th Board on December 15, 2021	The Bank's Employee Shareholding Trust Committee implemented effectiveness review and adjustment of the incentive subsidy scheme.	Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed.

(9) Implementation of Sustainable Development, and Gaps with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and the cause of the said gaps

Assessed items	State of Implementation			Gaps with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps
	Yes	No	Summary	
1. Does the Bank establish a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, and does the Board of Directors delegate the senior management to handle the matter and supervise the implementation?	✓		<p>1. Governance structure: The Bank has established the Sustainable Development Committee under the Board of Directors to put forth the corporate sustainability mission or vision and formulate corporate sustainability systems or management guidelines. The Chairman chairs the committee, under which five task forces have been established in charge of corporate governance, customer rights, sustainable environment, social benefit, and employee care, respectively, and responsible for putting forth and implementing sustainable development policies, systems, or relevant management guidelines and specific implementation plans.</p> <p>2. Implementation:</p> <p>(1) The Bank's Board of Directors approved the establishment of the CSR Committee on October 24, 2018 and renamed it the Sustainable Development Committee at the Board meeting on December 15, 2021.</p> <p>(2) The committee consists of five members. With the Chairman chairing the committee, the President serves as an ex officio member and the remaining members are appointed by the Chairman; more than half (three) of them are the Bank's independent directors. The implementation results in 2021 are as follows:</p> <p>A. Corporate governance task force: A total of six natural-person directors were appointed, accounting for two-fifths of the total. It held a total of seven email social engineering drills in 2021. Through continuous social engineering drills and education and training, the percentages of our personnel opening emails in the seventh drill in 2021 was 0.12%, achieving the target of reducing the opening rate to 0.3%.</p> <p>B. Customer rights task force: In 2021, the customer service center resolved a total of 10 customer complaints by phone within two days. The Bank also worked with external institutions to offer financial courses regarding "Relief and Stimulus Seminar", the "Youth Entrepreneurship Loan Seminar", and "How to Establish Business Relationships with Banks", etc. It offered a total of 68 such courses in 2021.</p> <p>C. Sustainable environment task force: No suppliers were found violating the environmental protection laws and regulations in 2021, and the entire bank reduced power consumption by 7.41% in 2021 on a year-on-year basis.</p> <p>D. Social benefit task force: From June 14, 2018 to December 31, 2021, the cumulative social charity fund amounted to NT\$17.25 million.</p> <p>E. Employee care task force: A total of 887 employees were promoted in 2021.</p> <p>(3) The implementation results are reported to the Board of Directors regularly every year to ensure the timeliness and correctness of sustainable development information disclosed.</p> <p>3. The Bank's directors fulfill their duty of care as good managers, urge the Bank to implement sustainable development initiatives, and review the implementation results and make continuous improvements at any time. The Bank's Board of Directors considers all stakeholders' interests when the sustainable development initiatives are implemented. The Board of Directors has delegated the senior management of the Bank to handle the sustainable development issues arising from operating activities and report on the implementation status to the Board of Directors. The operating process and the responsible personnel are clearly defined.</p>	No gap
2. Does the bank stipulate and implement a set of internal procedures to handle Shareholders' suggestions, queries, disputes, and litigations?	✓		The Bank collects, understands, and identifies concerns related to the Bank's stakeholders through distributing the "Stakeholder Identification" form to evaluate the concerns of different types of stakeholders and the level of influence on the operations of the Bank, and then selects materials aspects receiving significant concerns to establish relevant management directions. The Bank reports on the implementation results and the mid- and long-term goals and policy for the prior year to the Sustainable Development Committee. To fulfill our commitment to environmental sustainability, the Bank has incorporated the information regarding ESG performance and greenhouse gas emissions into the Bank's industry, business group, and national credit risk management and control factors.	No gap
3. Environmental aspects				
(1) Does the bank establish proper environmental management systems based on the characteristics of its industries?	✓		<p>1. Executing environment cleaning and maintenance according to the "Procedure Guidelines for the Cleaning and Maintenance of Business Premises" and implement the waste sorting in response to environmental protection.</p> <p>2. To save energy on a sustained basis, the Bank complied with the ISO50001 Energy Management and published the energy policy on our official website, and built the management system and regulations for energy usage. The head office building was awarded the certificate for ISO50001 Energy Management System, which is valid from December 28, 2018 to August 19, 2021, December 14, 2020 to December 28, 2021, and December 28, 2021 to December 28, 2024. The validity period of the certificate has covered the years from 2020 to 2022.</p> <p>3. The head office building has been certified by the ISO14064-1 greenhouse gas emission inventory system, and it is expected to complete the greenhouse gas inventory of all domestic sites by July 2022.</p> <p>4. The head office building has been certified by the ISO14001 environmental management system, which is valid from November 5, 2021 to November 5, 2024.</p>	No gap
(2) Does the bank endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		<p>1. Toner cartridges are provided to recycling companies for recycling and reusing.</p> <p>2. Promotion of double-sided printing to save the usage of paper.</p> <p>3. Engaging recycling companies to handle or donate old "computer equipment,"</p> <p>4. Continuous using paper rolls free of BPA.</p> <p>5. Fully replacing office lightings at our business promises to LED lightings with "Energy Label."</p> <p>6. Lightings in public areas and emergency lightings in the headquarters' building are replaced with new LED lightings.</p>	No gap
(3) Does the bank evaluate potential current and future risks and opportunities regarding climate change on the corporate and adopt corresponding measures for aspects related to climate?	✓		The Bank has adopted the TCFD framework and identified climate change risks and opportunities in accordance with the FSC's Guidelines on Climate-related Financial Disclosures by Domestic Banks, to accurately keep abreast of potential risks and business development opportunities related to climate change.	No gap



Assessed items	State of Implementation			Gaps with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps
	Yes	No	Summary	
(4) Does the bank prepare statistics for the greenhouse gas emissions, water usage, and total weight of wastes for the past two years and establish policies for energy-saving and carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management?	✓		<ol style="list-style-type: none"> 1. Compliance with "Rules of Energy Saving for Specified Energy Users" promulgated by the Ministry of Economic Affairs and Taipei City Self-Government Ordinance for Energy Saving and Carbon Emission Reduction, the average air-conditioning temperature within business premises and offices remained at 26°C or above. 2. The Bank announced its energy policies and appointed the President as the chairman of the Energy Management Committee 3. The Bank implemented its Measures for Water and Electricity Conservation with follow-up on the status of water and electricity conservation by different units and inclusion of the results in business performance assessments. the Bank examined the execution of various energy conservation improvement programs in order to enhance the energy efficiency of equipment and save on electricity costs. 4. Declaration of "Information on Greenhouse Gases Emission and Reduction" on Market Observation Post System of TWSE for disclosing the results of the Bank's energy saving and carbon emission reduction execution. 5. Introduction of ISO 14064 Greenhouse gases Part 1: Specification with Guidance to disclose the greenhouse gases emission of the headquarter building. 6. The Bank disclosed the water usage and the total weight of wastes for all its venue of operations. 	No gap
4. Social aspects				
(1) Does the bank develop its policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		The regulations on personnel affairs of the Bank are established in accordance with the relevant labor laws, with reference to internationally recognized principles concerning basic human rights of labor. the Bank adopts an equal employment policy irrespective of gender, race, age, marriage status, and family conditions, and delivers equal opportunities principles in respect of compensation, employment conditions, training, and promotion to protect the legal rights of employees.	No gap
(2) Does the bank establish and implement fair employees' welfare measures (including remuneration, vacation, and other benefits) and reflect the operating performance or results on employees' remuneration?	✓		The Bank has established the "Directions for Salary Payment to Employees" and "Directions for Payment of New Year, Festival, and Performance Bonuses," which awards employee bonus according to the operating performance of the Bank and considers the year-end audit results of the employees as the basis for promotion and salary. Furthermore, the "Employee Reward and Punishment Regulations" of the Bank provide clear punishment terms regarding violation of business ethics or conduct of bribery and corruption, with dismissal from office as the heaviest punishment. In addition, the Regulations also set out the reward provisions regarding prevention or reporting of misconducts or fraud, effectively encouraging employees to realize business ethics and fulfill social responsibilities.	No gap
(3) Does the bank provide safe and healthy work environments for its employees, and organize training on safety and health for its employees on a regular basis?	✓		The Bank provides regular health inspections every one-to-two year and one-hour occupational safety training for employees on active duties every three-year, respectively. the Bank also engaged visiting service doctors, recruited regular nursing personnel, and established a health service and stress-free activity center and breastfeeding room to care for the employees' health and address the importance of health. In the current year, there were 4 cases of occupational accidents with a total of 4 employees involved, accounting for 0.075% of the total number of employees. The importance of traffic safety has been re-iterated to avoid the recurrence of accidents.	No gap
(4) Does the bank implement an effective training program that helps employees develop skills over the course of their career?	✓		The Bank establishes the annual employee training plan according to function and experiences of employees, including comprehensive programs such as general knowledge program for new employees, foundation program, advance program and workshops for various business, as well as officer training and seminars. the Bank also assigns relevant personnel to participate in professional training programs organized by external institutions or engage external professional lecturers to provide lessons, cultivating the professional skills and knowledge of our employees, exerting the effect of training-application integration, so as to improve the career development potentials for our employees.	No gap
(5) Regarding customers' health and safety, customer privacy, marketing, and labeling of products and services, does the bank comply with relevant regulations and international standards and establish relevant policies and complaint procedures to protect customers' rights?	✓		Except for complying with relevant requirements of the Bank, the marketing and description for the products and services also abide by the relevant regulations, letters, and orders from the competent authority as well as international standards. the Bank has also established the Consumer Protection Policy and Directions for the handling of Customer Complaints. the Bank also established a customer complaint management system, set up the warning value of risk indicator for the number of customer complaint cases.	No gap
(6) Does the bank establish policies for supplier management, requiring suppliers to comply with relevant regulations regarding aspects of environment protection, occupational safety and hygiene, or labor rights and monitor the implementations?	✓		<ol style="list-style-type: none"> 1. The Bank has disclosed the supplier management regulations on its official website and required in the supplier contract that suppliers shall fulfill their social and environmental responsibilities, while requesting them to sign the Human Rights and Environmental Sustainability Commitment Letter to urge them to take on the necessary responsibilities. 2. The Bank released the implementation plan of the supplier management regulations. During the procurement, investment soliciting, or transaction period, we regularly check whether suppliers violated relevant laws and regulations on the websites of the Environmental Protection Administration, Executive Yuan, and the Ministry of Labor, while strengthening communication, evaluation and guidance, and rewards, to motivate suppliers to duly take actions in the ESG aspect. 3. It is stipulated, in the contracts, that if a supplier violates environmental protection and labor-related laws and regulations, the Bank may refuse its participation in a bid. If its violation has a material impact on the environment and society, the Bank may terminate the contract after it determines that the violation is true. 	No gap
5. Does the bank refer to report preparation standards or guidelines commonly used internationally to prepare reports that disclose non-financial information of the bank, such as CSR reports? Has the abovementioned report received the confirmation or assurance opinion of any third-party certification department?	✓		To be aligned with the specific measures under the Corporate Governance 3.0 - Blueprint for Sustainable Development, the Bank has changed the title of the Corporate Social Responsibility (CSR) Report of Taiwan Business Bank to the Sustainability Report of Taiwan Business Bank, and will compile 2021 Sustainability Report of Taiwan Business Bank. Moreover, the 2020 Corporate Social Responsibility (CSR) Report of Taiwan Business Bank has been verified by the third-party British Standards Institution (BSI) as per the type 1 AA1000 Assurance Standard and the GRI Standards. The content disclosed in the Bank's CSR report is in compliance with the core option of the GRI Standards, and the BSI has issued an independent assurance statement.	No gap
6. Regarding banks that established its "Sustainable Development Best Practice Principles" based on the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," please specify the gaps between its operations and the provisions in the Principles: The Bank established its "Sustainable Development Best Practice Principles" according to "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" to promote the performance of Sustainable Development, and no such gap exists.				
7. Other important information contributes to understanding the operations of Sustainable Development: Please refer to IX. Sustainable Development Report (Page 348).				

(10) Implementation of Ethical Corporate Management, and Gaps with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps

Assessed items	State of Implementation			Gaps with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps
	Yes	No	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(1) Has the bank established the integrity management policies that were approved by the Board and stated in its Memorandum and external correspondence about the policies and practices it has to maintain business integrity? Are the Board and the management committed to fulfilling this commitment?	✓		1. The Board of the Bank reviewed and approved the Ethical Corporate Management Best Practice Principles of Taiwan Business Bank, which clearly stipulates that business activities shall be conducted in the principle of fairness, honesty, integrity, and transparency and that the Bank's personnel shall not directly or indirectly offer, accept, promise, or demand any illegitimate benefits in the performance of duties, while specifying the ethical management policy, including respect for intellectual property rights, prohibition of insider trading, and whistleblowing of unethical conduct. The principles apply to the Bank's subsidiaries and other institutions or juridical persons with substantive control over the Bank. 2. To implement the ethical management policy, the Bank's directors and senior management signed the Statement of Compliance with the Ethical Management Policy in 2021.	No gap
(2) Does the bank has an evaluation system for the risk of dishonest conduct to regularly analyze and evaluate operating activities with a higher probability of dishonest conduct within its scope of operations, so as to establish the program for preventing dishonest conduct, and such program includes prevention measures listed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"?	✓		The Bank complies with Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and examines the risks of unethical conduct within the Bank's business scope in terms of offering or accepting of bribes, provision of illegal political donations, improper charitable donations or sponsorships, offering or accepting of unreasonable gifts, entertainment or other illegitimate benefits, and infringement of trade secrets, trademark, patent rights, or copyrights. We have then sent the results to relevant business units to include them in the internal control measures in the risk-oriented internal audit system, to conduct risk assessments as well as carry out the risk and control self-assessment (RCSA) and the compliance risk assessment (CRA) work in the risk management system, while providing relevant descriptions of risks and control points for potential unethical conduct in each business activity, thereby assessing risks accurately.	No gap
(3) Does the bank have any measures against dishonest conduct? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions, and complaint systems? Does the bank implement such measures and regularly review and amend the abovementioned measures?	✓		The Bank has the "Ethical Code of Conduct for Directors and Management" and "Working Rules" in place and has established containment requirements in its internal operating procedures for work distribution between employees. For any unethical conduct by an employee that is found true after investigation, the case shall be submitted to the Personnel Evaluation Committee according to the punishment provisions. The involving party for the punishment may reply in writing, or attend the meeting for inquiries where the Personnel Evaluation Committee has any doubt. In 2021, there was no case that violates the ethical operations of the Bank submitted to the Personnel Evaluation Committee.	No gap
2. Implementation of business integrity				
(1) Does the bank evaluate the integrity of all counterparties with which it has business relationships? Are there any integrity clauses in the agreements it signs with business partners?	✓		1. Article 20 under the Bank's "Ethical Corporate Management Best Practice Principles" provides that, when signing a contract with others, it is required to fully understand the other party's integrity. The contract shall include terms of complying with the ethical corporate management of the Bank and shall stipulate that when the counterparty in the transaction engages in unethical behaviors, the Bank may terminate or cancel the terms of the contract at any time. 2. Each unit at the Bank duly supervises each employee's execution of tasks in accordance with the Bank's Ethical Corporate Management Best Practice Principles. The compliance officer at each unit needs to remind employees at the weekly meeting to include the ethical management clauses in the contracts. If a transaction counterparty's internal standard contract cannot be revised, it shall be specified in the procurement project, to duly implement the Bank's ethical management policy. 3. When the Bank enters a loan contract with the customer, the contract shall state that, if a customer has records of bad check or bad credit, or the financial reports and data provided, or any statement, description, waiver, consent, or commitment made by a customer are found to be fraudulent or false and violating integrity, the Bank may call back the loan, reduce the credit amount, shorten the term for borrowings, or deem the terms as expired. Furthermore, when processing purchase or tender, where the assigned personnel from the awarded supplier of the purchasing project engages in any illegal conduct, leakage of confidential information, or fault that results in losses of the Bank, the supplier shall be jointly responsible for compensating the losses. In addition, the Bank may reject such suppliers to participate in the tender in reference to the Government e-Procurement system regarding suppliers on the blacklist.	No gap



Assessed items	State of Implementation			Gaps with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps
	Yes	No	Summary	
(2) Does the bank have a unit that specializes in business integrity? Does this unit report to the Board regularly (at least once a year) regarding the business integrity policy, measures to prevent dishonesty, and the supervision and execution?	✓		The Bank's Sustainable Development Committee is the dedicated unit for ethical operations, and there are five subordinated units dedicated to Corporate Governance, Customer Rights, Sustainable Environment, Social Benefit, and Employee Care. The Sustainable Development Committee would report to the Board regarding the execution during the previous year before the first quarter of each year. Furthermore, the Secretarial Dept. is responsible for the amendment, interpretation, and consultation services for the Bank's Ethical Corporate Management Best Practice Principles, as well as the report of content for archiving, and other relevant tasks.	No gap
(3) Does the bank have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests?	✓		<ol style="list-style-type: none"> 1. The Bank's Ethical Corporate Management Best Practice Principles, Corporate Governance Best Practice Principles, Rules of Procedure for Board Meetings, and Audit Committee Charter all stipulate that when directors, managers, or other stakeholders who attend a board meeting in a voting or non-voting capacity or juridical persons they represent have their personal interests involved in any motions on the agenda, they shall explain the important content of their personal interests at the Board meeting. If it may be detrimental to the Bank's interests, they may state their opinions and answer questions, shall recuse themselves from discussion and voting, and shall not exercise the voting rights on behalf of other directors. Directors shall maintain discipline among one another and not inappropriately support one another. 2. In addition, the Bank's Directions for Loans to Stakeholders, Procedures of Loans to Stakeholders, Code of Conduct for Financial Advisors, Anomaly Report System, Procedures for Acquisition or Disposal of Assets, Directions for Construction Work, Purchase, Customization and Selling of Properties, Directions for Acquisition and Disposal of Premises and Real Estate, Directions for Leasing Real Estate, Internal Control System for Securities Firms, etc. also contain relevant rules for prevention of conflicts of interest and appropriate channels for declaration and implementation. 	No gap
(4) Has the bank implemented effective accounting and internal control systems for maintaining business integrity? Does the internal audit department establish relevant audit plans according to the results of risk assessment of dishonest conduct, so as to examine the compliance with measures for preventing dishonest conduct? Or does the Bank engage CPAs for audits?	✓		<ol style="list-style-type: none"> 1. The Bank adopted the accounting system established according to the International Financial Reporting Standards (IFRS) recognized by the FSC for its operations, and regularly checks the appropriateness of the accounting system. Furthermore, the Bank has requested each unit to include the risks of unethical conduct that have been identified in the self-assessment when revising the self-assessment items of RCSA, to strengthen our internal control system management mechanism. 2. The Auditing Department audited each unit's compliance with the Ethical Corporate Management Best Practice Principles in accordance with the 2021 audit plan without discovering any violation of the principles. 	No gap
(5) Does the Bank organize internal or external training on a regular basis to maintain business integrity?	✓		<ol style="list-style-type: none"> 1. The relevant business departments shall promote the internal and external requirements through ethical corporate management training programs of the Bank, including contents in relation to ethical operations such as laws and regulations promotion, legal responsibilities of employees of the Bank, so as to reinforce the cognition and practices of employees regarding requirements under "Treat Client Fairly Policies" and "Treat Client Fairly Strategies", as well as ethical operations. 2. In 2021, the Bank arranged a business fundamental session to new employees and offered a course on Legal Regulations that Financial Practitioners Should Follow, mainly covering various laws and regulations and integrity education and training. A total of 7 sessions have been held with 384 new employees trained. Meanwhile, 5,233 people browsed through and learned the relevant knowledge on the internal digital learning website. 3. Moreover, to shape the compliance culture, the Bank has launched online assessment tests since the second quarter of 2020 and included the Ethical Corporate Management Best Practice Principles in the common test since the second quarter of 2021, for employees to internalize the ethical management thinking. The pass rate reached 99.51%. Furthermore, the Bank dispatches employees to participate in relevant external courses when appropriate to enhance their relevant skills and knowledge. A total of 88 employees participated in such training in 2021. 	No gap

Assessed items	State of Implementation			Gaps with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps
	Yes	No	Summary	
3. Implementation of a misconduct reporting system (1) Does the Bank provide incentives and means for employees to report malpractices? Does the Bank assign dedicated personnel to investigate the reported malpractices?	✓		1. To establish an ethical and transparent corporate culture and promoting healthy operations, the Bank established its "Directions for Handling Reported Cases" based on the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets," and "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies." It also announced the whistle-blowing channels on its website and the integrated portal of its internal employee system, set up the whistle-blowing mailbox and direct line for internal and external parties; the Compliance Dept. would assign officers to handle the reported matters. 2. The Bank has integrated the whistleblowing channels announced on the portal on the official website and the internal staff system, and set up a whistleblowing mailbox and a hotline to handle whistleblowing by people inside and outside the Bank. 3. To motivate our personnel to report inappropriate or illegal acts, the Bank may, according to the severity of an act reported, give appropriate rewards according to its relevant regulations.	No gap
(2) Does the Bank implement any standard procedures for handling reported cases or follow-up and confidentiality measures after the investigation?	✓		The "Directions for Handling Reported Cases" of the Bank has stated the responsible department, SOP for investigation, and execution of related confidentiality system regarding any reported cases.	No gap
(3) Does the Bank take measures to protect whistleblowers from facing repercussions for making reports?	✓		Article 12 under the "Directions for Handling Reported Cases" of the Bank has provided that the Bank shall keep confidential regarding the information about the whistleblower, including the name, age, residence, and identity. Except for otherwise provided by the laws, no third party is allowed to browse or transcribe the information, and the Bank may not carry out dismissal, discharge, demotion, pay-cut regarding the whistleblower, or form damages to the rights that the whistleblower is entitled to according to laws and regulations, contracts, or practices, or other adverse actions. However, where the whistleblower reported untrue facts or set unjustified benefits as targets shall be excluded.	No gap
4. Enhanced information disclosure Does the Bank disclose its integrity principles and progress on its website and MOPS?	✓		The "Ethical Corporate Management Best Practice Principles" of the Bank is disclosed on the Market Observation Post System and its corporate website. the Bank will facilitate the disclosure of its yearly ethical operations on its website (Home > Investor Relations > Corporate Governance > Corporate Integrity).	No gap
5. Regarding banks that established its "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please specify the gaps between its operations and the provisions in the Principles: The Bank's "Ethical Corporate Management Best Practice Principles" was modified with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and no such gap exists.				
6. Other important information contributes to understanding the ethical operations of the Bank (such as the Bank examining and revising its "Ethical Corporate Management Best Practice Principles"): The Bank inspected the risk of unethical behaviors within its scope of business during the year and submitted the inspection results to the Auditing Dept., Risk Management Dept., and Compliance Dept. to introduce the risk of unethical behaviors into the risk-oriented internal audit system, the RCSA system, and CRA, realizing the prevention for unethical behaviors.				

(11) Internal Procedures for Handling Material Information

The Bank reports its information according to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities," "Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with Listed Offshore Exchange Traded Funds," and "Taiwan Business Bank Procedures for External Information Disclosures."

(12) Inquiry for Corporate Governance Principles and relevant rules: Please refer to the Bank's website (<https://www.tbb.com.tw>) at [Investor Relations](#) > [Corporate Governance](#) > [Regulation Documents](#).

(13) Other important information contributes to understanding the operations of corporate governance: Please refer to the Bank's website (<https://www.tbb.com.tw>) at [Investor Relations](#).

(14) Implementation of the Internal Control System

Taiwan Business Bank Internal Control System Statement

To: Financial Supervisory Commission, R.O.C (Taiwan)

- I. On behalf of Taiwan Business Bank (the "Bank"), we hereby state that from January 1, 2021 to December 31, 2021, the Bank has duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing its internal control system, implementing risk management procedures, designating an independent and objective department to conduct audits, and regularly reporting to the Board of Directors and the Audit Committee. The Bank has also duly complied with Article 38, Paragraph 5 and Article 38-1 of the aforementioned regulation and the information security self-discipline regulations formulated by the association in the banking industry.
- II. With respect to the securities business, evaluation of the effectiveness of the design and implementation of the internal control system has been done in accordance with the criteria for evaluating effectiveness of internal control systems described in the "Regulations Governing the Establishment of Internal Control System by Service Enterprises in Securities and Futures Markets" issued by the Securities and Futures Bureau, Financial Supervisory Commission.
- III. With respect to the insurance agent business:
 - (I) The Bank has followed the requirements under the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies" (the "Regulations") to evaluate the effectiveness of the design and implementation of its internal control system. According to the criteria for an internal control system stated under the Regulations, the internal control system shall at least include the following components: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring activities.
 - (II) The Bank has adopted the abovementioned criteria for an internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
 - (III) Based on the results of the above evaluation, the Bank is in the opinion that the design and implementation of the internal control system (including the knowledge on the sound operation, the reliability of reports, and compliance with relevant laws and regulations) adopted during the abovementioned period are effective, and are able to reasonably ensure the achievement of the above objectives.
- IV. After prudent evaluation, except for items listed in the attached schedule, the internal control, legal compliance, and information security were implemented by all departments effectively during the year. This Statement will be included as an integral part of the Bank's annual report and prospectus, and be disclosed to the public. Any false or



fraudulent representations and concealment of information in the content disclosed above shall be subject to legal liabilities prescribed by Article 20, 32, 171, and 174 of the Securities and Exchange Act or the abovementioned Regulations.

V. This Statement was approved by the Board of Directors on March 9, 2022 for declaration hereof.

Chairman : *Chien-hao Lin*

President : *Cheng Chih-Chien*

Executive Vice President & Chief Auditor : *Luan Jia-Ruey*

Executive Vice President & Chief Compliance Officer : *Chen Chiu-Yen*

Executive Vice President & Chief Information Security Officer : *Sam Chiu*

A. Internal control system statement

Taiwan Business Bank

Matters of Internal Control to be Enhanced and Improvement Plan

(Base Date: December 31, 2021)

Matters to be Enhanced	Improvement Measures	Estimated Time for the Completion of the Improvement
The Bank engages in the insurance agency business, and has not actually conducted insurance solicitation. The Bank only agreed that AIA Taiwan Group Insurance (AIA Taiwan) may re-market and explain to the customers it has previously solicited and underwritten, and that the Bank will charge commissions or business service fees in proportion to the actual premiums paid by such customers for purchasing insurance products from AIA Taiwan. The Bank, thus, was ordered by the Financial Supervisory Commission (FSC) to make corrections within one month and was fined NT\$1.5 million.	<p>I. The Bank signed a termination agreement with AIA Taiwan at the end of June 2021 to terminate the relevant collaboration projects.</p> <p>II. After a thorough examination, the Bank already has no such business collaboration model. Additionally, based on the examination of the commissions paid by the insurance companies currently collaborating with the Bank, there was no such deficiencies identified.</p> <p>III. The Bank will strengthen the review of contract terms when signing contracts with insurance companies in the future.</p> <p>IV. The Compliance Department of the Bank issued a letter on January 12, 2022, requesting all business departments to comply with relevant regulations and personal data protection laws when developing business through cross-industry alliances.</p>	Completed according to the improvement measures.
The insurance company, with which the Bank works, in charge of the change of the home fire insurance policy upon the expiration of the policy, failed to explain to customers and obtain their consent in advance, and the Bank failed to set a deadline for the transfer of such applications from the responsible branches to the Insurance Agent Department during the relevant insurance operations. The Bank was, thus, fined NT\$600,000 by the FSC.	<p>I. The Bank issued the Standard Operating Procedures (SOP) for Sales of Fire Insurance, Marine Cargo Insurance, Liability Insurance, and Other Property Insurance on December 25, 2020, and reiterated that any changes to the property insurance company or the insured amount by any branch shall be handled as per the procedures adopted for new insurance policies. In addition, the Bank reiterated the relevant regulations on the insurance renewal operations on April 26, 2021, and that if a renewal application is handled by the Bank, for any changes to the insurance company, type of insurance, policy content, or insured amount, the insurance application documents shall be filled out again and signed by the applicant in person; and the regulations on insurance agency do not apply.</p> <p>II. In March 2021, the Bank revised the sales SOP to require that when a branch accepts insurance-related application documents from customers, it shall send such documents to the Insurance Agent Department within five business days after acceptance.</p>	Completed according to the improvement measures.

- B. Where CPAs are commissioned to audit the Bank's internal control systems, the audit report prepared by the CPAs should be disclosed

Independent Auditors' Report on Applying Agreed-Upon Procedures

To Taiwan Business Bank, Ltd.

Pursuant to the agreed-upon procedures, we have performed Taiwan Business Bank's the correctness of the report submitted to the competent authority for the banking business, the execution status of internal control system, compliance officer system, personal data protection and the appropriateness of policies for loan loss reserves in 2021. Your company made the final decision in these procedures; therefore, we do not express our opinion regarding whether these procedures were sufficient. This work is conducted in accordance with the Statement on Auditing Standard No.34 "Perform Agreed-Upon Procedures Regarding Financial Information," and its purpose is to assist your company in evaluation the compliance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, promulgated by the Financial Supervisory Commission. Complying with the aforementioned regulation is the responsibility of your company's management. We have provided the procedures, sampling methods and the associated findings in the attachments herein, respectively.

The audits we performed are not in accordance with Generally Accepted Auditing Standards; hence, we do not assure your company of the correctness of the report submitted to the competent authority for the banking business, the execution status of internal control system, compliance officer system, personal data protection and the appropriateness of policies for loan loss reserves. If we perform additional procedures or the audits in accordance with Generally Accepted Auditing Standards, we may have additional findings.

This report provides your company for the purpose of the first paragraph mentioned only, and should not distribute to any third parties for whatever purposes.

KPMG

Taipei, Taiwan (Republic of China)
March 09, 2022



(15) Violation cases, major deficiencies, and corrective actions taken in the most recent two years and up to the end of February 2022

A. Any indictment of a responsible person or employee by a prosecutor for an offense related to the occupation: None.

B. Any fine imposed by the Financial Supervisory Commission for violation of law or regulations:

a. Disclose any matters in which penalties were imposed by the FSC pursuant to Article 44 of the Trust Enterprise Act and Article 61-1 of the Banking Act:

For deficiencies in non-discretionary money trusts with the purpose of investment through the trust in foreign securities and the statements for trust transactions, the Bank failed to comply with the requirements under Article 21 of the "Regulations Governing the Scope of Business, Restrictions on Transfer of Beneficiary Rights, Risk Disclosure, Marketing, and Conclusion of Contract by Trust Enterprises" and it is verified that such behavior has the risk of affecting the healthy operation of the Bank; the FSC determined that the Bank shall make rectification pursuant to Article 44 of the Trust Enterprise Act and Paragraph 1, Article 61-1 of the Banking Act on February 26, 2020. the Bank had included such deficiencies into its annual and project audit to strengthen the observation of laws and regulations and the principle of Treat Clients Fairly.

b. The deficiencies in archiving and case approval operations for stakeholders has the risk of affecting a healthy operation; the FSC determined that the Bank shall make rectification pursuant to Paragraph 1, Article 61-1 of the Banking Act on April 13, 2020. the Bank has established its stakeholder's inquiry system to compare and cross-examine the information from the National Credit Card Center and the information from the Bank's databank to improve the completeness of archiving for the scope of business operated by stakeholders of the Bank. Such deficiencies are included in the Bank's project audit to review the operating status of branches.

c. Taiwan Business Bank Insurance Agency Co., Ltd., a subsidiary, has the following deficiencies when performing the insurance agent business:

- 1) It failed to duly confirm the suitability of the insurance product for consumers, which violates the requirements under Subparagraph 24, Article 49 of the Regulations Governing Insurance Agents.
- 2) It failed to handle the complaints according to its internal regulations and a review analysis system was not established, which violates the requirements under Article 6 and Subparagraph 1, Paragraph 1, Article 7 of the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies."
- 3) It merely described products to customers in a word-by-word manner according to the sample of recordings without further explanations on the significant terms and content of products, exclusions, major risks and product instructions, which has the risk of affecting the healthy operations of the insurance agent business.
- 4) As the subsidiary was dissolved after the merger with the Bank, the FSC ordered the Bank to make two corrections within the timeframe of one month, together with the punishment of a fine that amounted to NT\$3 million only, and rectify according to the requirements under Paragraph 1, Article 164-1, Article 167-2, and Article 167-3 of the Insurance Act. To prevent the recurrence of such deficiencies, the Bank has established relevant control measures to reinforce the protection to customers and continued to enhance educational training related to the regulations.

d. According to Letter of Jin-Guan-Zheng-Quan-Fa-Zi No. 1090351676 on Jan. 21, 2021: The FSC conducted a project inspection on the securities business concurrently operated by the Bank from Feb. 13 to Feb. 19, 2020. The deficiencies found were verified to be violating the requirements under Paragraph 2 in Article 2 of the "Regulations Governing Securities Firms." Therefore, a fine of NT\$240,000 was imposed according to Subparagraph 4, Paragraph 1 in Article 178-1 of the Securities Exchange Act. Furthermore, Letter Jin-Guan-Zheng-Quan-Zi No. 10903516761 ordered the Bank to rectify according to the requirements under Article 65 of the Securities Exchange Act. To prevent the recurrence of defects, the Bank have amended relevant internal regulations and established a system inspection and control mechanism, while strengthening education and training and self-audit operations.

e. According to Letter of Jin-Guan-Bao-So-Zi No. 11004952918 on Dec. 30, 2021: The Bank has never engaged in insurance solicitation and only agrees that insurance companies may re-market and explain to the customers who we have previously solicited and been underwritten by any insurance companies and that the Bank will charge commissions or business service fees linked to the actual premiums paid



by such customers for purchasing insurance products from the insurance companies. This has been confirmed to be in violation of Article 49, paragraph 12 of the Regulations Governing Insurance Agents, formulated as authorized by Article 163, paragraph 4 of the Insurance Act. The FSC requested the Bank to make corrections within one month and was fined NT\$1.5 million in accordance with Article 167-2 of the Insurance Act. The Bank has already terminated related collaboration cases and had no such business collaboration model anymore. Based on the examination of the commissions paid by the insurance companies currently collaborating with the Bank, commissions were all generated from insurance solicitation conducted by the Bank's salespersons and there were no such deficiencies identified.

- f. According to Letter of Jin-Guan-Bao-Zong-Zi No. 11104902891 on Jan. 21, 2022: The insurance company, with which the Bank works, in charge of the change of the home fire insurance policy upon the expiration of the policy, failed to explain to customers and obtain their consent in advance, and the Bank failed to set a deadline for the transfer of such applications from the responsible branches to the Insurance Agent Department during the relevant insurance operations. This has been confirmed to be in violation of Article 6, paragraph 1; Article 7, paragraph 1, subparagraph 1; Article 4 and Article 8 of Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies, formulated as authorized by Article 165 paragraph 3 of the Insurance Act. The Bank was fined NT\$600,000 in accordance with Article 167-3 of the Insurance Act. The Bank has reiterated the relevant regulations on the renewal operations of home fire insurance, and strengthened the educations and trainings to avoid operational deficiencies. The Bank has also set a deadline for the transfer of insurance applications from the responsible branches to the Insurance Agent Department to prevent from compromising customer's rights.
 - g. According to Letter of Jin-Guan-Zheng-Quan-Fa-Zi No. 1100373282 on Feb. 16, 2022: the FSC has conducted general business inspection on the Bank from May 20 to June 19, 2020, among which the deficiency in the concurrent securities business was found to be in violation of Article 2, paragraph 2 of the Regulations Governing Securities Firms. The Bank was fined NT\$240,000 in accordance with Article 178-1, paragraph 1, subparagraph 4 of the Securities and Exchange Act, and was corrected in accordance with Article 65 of the Securities and Exchange Act as per the Letter of Jin-Guan-Zheng-Quan-Zi No. 11003732821. In order to improve and prevent deficiencies, the Bank has added internal regulations, established the system control, and reinforced the educational training and self-inspection operations.
- C. Disclose any security incident arising from employee infidelity or material contingencies or failure to faithfully abide by security maintenance work. If actual losses, whether singly or in aggregate, exceed NT\$50 million in any given year: None.
- D. Other matters that must be disclosed pursuant to Financial Supervisory Commission designation: None.

(16) Material resolutions of a Shareholders' Meeting or a Board meeting during 2021 and up to the end of February 2022

1. Resolutions at the Annual Shareholders' Meeting of 2021 (July 20, 2021) and resolution execution process

Reason for the resolution	Execution of resolutions
Resolution to ratify the annual final statement and statements for 2020.	The Shareholders' Meeting has ratified the annual final statement and statements for 2020.
Resolution to ratify the annual earnings distribution from the final accounts of 2020.	The Shareholders' Meeting has ratified the earnings distribution from the final accounts of 2020 and the execution of such distribution (cash dividend of NT\$0.1 per share and stock dividend of NT\$0.34 per share), and the distribution was made to shareholders on October 13, 2021.
Resolution to carry out a capital increase via transferred earnings and issuance of new stocks in accordance with the earnings distribution of dividends for 2020.	Reported to the Financial Supervisory Commission upon receiving the approval from the Shareholders' Meeting, and was publicly announced and became effective on August 24, 2021. Also, the alteration registration was completed according to the approval from the Ministry of Economic Affairs through Letter Jing-shou-shang-zi No. 11001175870 on October 6, 2021. Stock certificates were transferred to shareholders on October 13, 2021, and the listing for trading of our new shares completed smoothly.
Revision of the Article of Association of the Bank	Amendments to the Bank's Article of Association were approved in the Shareholders' Meeting and reported to the Ministry of Economic Affairs for the approval of change through Letter Jing-shou-shang-zi No. 11001138190 on September 13, 2021.
Election of the Bank's 16th term of the Directors of the Board	The list of the 16th term of the Directors of the Board: Director - Ministry of Finance, Delegate: Chien-Hao Lin Director - Ministry of Finance, Delegate: Chih-Chien Chang Director - Ministry of Finance, Delegate: Shiu-Yen Lin Director - Ministry of Finance, Delegate: Hung-Sheng Yu Director - National Development Fund, Executive Yuan, Delegate: Chun-Hsien Yeh Director - Bank of Taiwan, Delegate: Shih-Yuan Tai Director - Bank of Taiwan, Delegate: Wen-Chieh Wang Director - Bank of Taiwan, Delegate: Tzu-Hao Tsai Director - TBB Industry Union, Delegate: Ming-Huei Chen Director - Che-Nan Wang Independent Director - Xin-Wu Lin, Independent Director - Jin-Long Liu Independent Director - Chiou-Mien Lin Independent Director - Chuang, Yung-Cheng Independent Director - Shao-Yuan Chang The above list was reported to the Ministry of Economic Affairs for the approval of change through Letter Jing-shou-shang-zi No. 11001138190 on September 13, 2021.
Lifting the non-competition ban on the Directors of the Board	Approved by the Shareholders' Meeting and disclosed on the MOPS.

2. Material resolutions of Board meetings for 2021 and up to the end of February 2022: Please refer to the Bank's website (<https://www.tbb.com.tw>) at [Investor Relations](#) > [Corporate Governance](#) > [Board of Directors](#).

(17) For 2021 and up to the end of February 2022, disclose any dissenting opinion of any director regarding any material resolution passed by the Board, where there is a record or written statement of such opinion: None.

(18) For 2021 and up to the end of February 2022, the resignations and dismissals of relevant personnel to the financial report

Dec. 31, 2021

Title	Name	Date of arrival	Date of dismissal	Reason for resignation or dismissal
Chairman	Bor-Yi Huang	November 24, 2017	April 1, 2021	Retired
SVP & GM Treasury Dept.	Chih-Wei Chen	July 23, 2018	July 21, 2021	Resigned

Note: Relevant personnel of the Bank refers to Chairman, President, CFO, Chief Auditor, internal audit officer, and manager for corporate governance.

4. CPA Professional Fees

(1) CPA professional charges grading table

Unit: NT\$ 1,000

Name of the accounting firm	Name of the CPA	Audit Period	Accounting charge	Non-accounting charge	Total	Note
KPMG	Tan-Tan Chung	2021.01.01-2021.12.31	10,827	4,688	15,515	Non-audit fees include: Tax compliance audit, bad debt account audit, bond issuance opinion, electronic payment security operation and review report, information security execution assessment, audit of work, overseas branches' deposit insurance assessment, remote access, and business registration.
	Jeff Chen	2021.01.01-2021.12.31				

(2) Having altered the CPA firm and the audit fee in the altering year is less than that in the previous year: None.

(3) Where the audit fee has decreased by more than 10% compared with the prior year: The audit fee has decreased by NT\$3,171,000 or 22.65% compared with the prior year, mainly due to the tax compliance audit reclassified from the audit fees to non-audit fees.

5. Information on Changing CPAs: None.

6. The Bank's chairman, president, or any manager in charge of finance or accounting matters who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated enterprise: None.

7. Changes in Shareholdings of Directors, Executive Officers, and Shareholders Conform to the Requirements under Article 11 of the Regulations Governing the Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank

(1) Changes in Shareholding

Unit: Shares

Title	Name	2021		As of Feb 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Chairman	Chien-Hao Lin	0	0	0	0
Managing Director & President	Chih-Chien Chang	7,586	0	0	0
Managing Director	Shih-Yuan Tai	0	0	0	0
Managing Director (Independent Director)	Xin-Wu Lin	0	0	0	0
Managing Director	Chun-Hsien Yeh	0	0	0	0
Director	Shiu-Yen Lin	0	0	0	0
Director	Wen-Chieh Wang	0	0	0	0
Director	Hung- Sheng Yu	885	0	0	0
Director	Tzu-Hao Tsai	0	0	0	0
Director	Ming-Huei Chen	(999)	0	0	0
Director	Che-Nan Wang	2,789,806	0	0	0
Independent Director	Jin-Long Liu	0	0	0	0
Independent Director	Yung-Cheng Chuang	0	0	0	0
Independent Director	Shao-Yuan Chang	0	0	0	0
Independent Director	Chiou-Mien Lin	0	0	0	0
Manager	Chih-Chien Chang	7,586	0	0	0
Manager	Yu-Min Chang	5,930	0	0	0
Manager	Chang-Yu Lin	11,479	0	0	0
Manager	Sung-Shui Chiu	5,296	0	0	0
Manager	Shao-Huang Chen	20,002	0	0	0
Manager	Chiu-Yen Chen	7,829	0	0	0
Manager	Jia-Ruey Luan	7,256	0	0	0
Manager	Li-Yueh Hsu	3,400	0	0	0
Manager	Chu-Jou Chen	8,256	0	0	0
Manager	Kuo-Liang Tseng	4,027	0	0	0
Manager	Hsiou-Chen Kang	4,015	0	0	0



Title	Name	2021		As of Feb 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Manager	Tsung-Chu Hsieh	4,389	0	0	0
Manager	Ching-Yun Kuo	7,934	0	0	0
Manager	Mei-Huei Chen	372	0	0	0
Manager	Chiang-Shu Lin	4,439	0	0	0
Manager	Chin-Fu Chiang	6,598	0	0	0
Manager	Jyun-You Shih	5,170	0	0	0
Manager	Yu-Cheng Tsai	2,748	0	0	0
Manager	Min-Chung Hsieh	3,650	0	0	0
Manager	Yi-Chin Chai	3,485	0	0	0
Manager	Ying-Che Fang	7,099	0	0	0
Manager	Wen-Shu Lin	4,055	0	0	0
Manager	Tseng-Hsiang Yi	4,179	0	0	0
Manager	Mei-Chun Lin	9,507	0	0	0
Manager	Yu-Chuan Chou	4,552	0	0	0
Manager	Le-Yi Jiang	19,680	0	0	0
Manager	Ting-Huei Liao	8,898	0	0	0
Manager	Shenn-Bao Jean	4,153	0	0	0
Manager	Wen-Ling Wang	736	0	0	0
Manager	Chi-Fen Yen	4,407	0	0	0
Manager	Fang-Chuan Chiu	4,038	0	0	0
Manager	Li-Huei Chen	1,169	0	0	0
Manager	Ming-Yi Lin	12,576	0	0	0
Manager	Hsiu-Chu Lin	4,125	0	0	0
Manager	Wen-Hsiu Huang	5,482	0	0	0
Manager	Shu-Cing Wu	2,037	0	0	0
Manager	Ching-Yi Lin	3,763	0	0	0
Manager	Hsiu-Hsin Hou	4,037	0	0	0
Manager	Yu-Cheng Chiao	2,532	0	0	0
Manager	Mu-Hsiang Wu	3,962	0	0	0
Manager	Yu-Chiao Wei	3,717	0	0	0
Manager	Yuan-Hsueh Hsiao	4,023	0	0	0
Manager	Tung-Han Lu	2,380	0	0	0
Manager	Shui-Chiang Fang	41,433	0	0	0
Manager	Hsih-Hui Chen	4,223	0	0	0
Manager	Li-Ching Lai	0	0	0	0
Manager	Zuo-Ling Zeng	3,288	0	0	0
Manager	Ching-Yang Lee	4,091	0	0	0
Manager	Ming-Hui Chen	779	0	0	0
Manager	Tien-Chin Lin	4,054	0	0	0
Manager	Yun-Hui Chang	1,816	0	0	0
Manager	Jiann-Yea Shyu	52,405	0	0	0
Manager	Chien-Fa Wang	3,536	0	0	0
Manager	Yueh-Yen Weng	3,939	0	0	0
Manager	Yun-Shiang Tsai	3,659	0	0	0
Manager	Chao-Lieh Chen	5,200	0	0	0
Manager	Ching-Hsiu Liu	1,516	0	0	0
Manager	Li-Jhu Huang	2,990	0	0	0



Title	Name	2021		As of Feb 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Manager	Bi-Shuang Lin	103,409	0	0	0
Manager	Yen-Huey Wang	3,971	0	0	0
Manager	Chiu-Chin Chen	4,055	0	0	0
Manager	Mei-Chih Hou	4,556	0	0	0
Manager	Ching-Kuei Hsieh	4,239	0	0	0
Manager	Fuh-Yuh Yeh	4,022	0	0	0
Manager	Yen-Ling Chen	4,038	0	0	0
Manager	Yu Lin	1,092	0	0	0
Manager	Yen-Wei Huang	4,439	0	0	0
Manager	Chin-Tsan Wu	103,404	0	(15,000)	0
Manager	Wen-Ching Huang	7,429	0	0	0
Manager	Mei-Kuei Li	20,718	0	0	0
Manager	Shu-Ping Ciou	419	0	0	0
Manager	Liu-Mei Chin	11,749	0	0	0
Manager	Pin-Hsiung Chen	956	0	0	0
Manager	Jui-Yuan Huang	3,425	0	0	0
Manager	Shuan-Hua Liu	5,035	0	0	0
Manager	Pi-Chen Yang	103,654	0	0	0
Manager	Yu-Hsia Feng	0	0	0	0
Manager	Wen-Fang Lin	3,464	0	0	0
Manager	Nien-Tzu Chen	4,265	0	0	0
Manager	Pao-Sheng Lin	3,832	0	0	0
Manager	Sung-Nan Chiao	9,106	0	0	0
Manager	Jui-Yu Li	26,553	0	0	0
Manager	Chun-Ta Lin	3,638	0	0	0
Manager	Shu-Ting Chen	3,547	0	0	0
Manager	Li-Fang Lee	4,034	0	0	0
Manager	Chin-Chih Li	22,749	0	0	0
Manager	Wen-Ke Chang	200	0	0	0
Manager	Pi-Chuan Chien	4,078	0	0	0
Manager	Ming-Fa Chien	3,432	0	0	0
Manager	Cheng-Hsiung Tsai	693	0	0	0
Manager	Yueh-Mei Chang	4,325	0	0	0
Manager	Chiu-Yu Lin	1,606	0	0	0
Manager	Shu-Fen Li	3,417	0	0	0
Manager	Yueh-Chin Wang	4,398	0	0	0
Manager	Ju-Hsiang Tien	2,170	0	0	0
Manager	Li-Chuan Huang	4,021	0	0	0
Manager	Hsu-Hsiang Huang	3,613	0	0	0
Manager	Su-Ching Liao	1,084	0	0	0
Manager	Shu-E Chen	3,682	0	0	0
Manager	Chun-Chu Hsiao	739	0	0	0
Manager	Nai-Chia Chi	6,638	0	0	0
Manager	Kuan-Yi Huang	2,009	0	0	0
Manager	Su-Fen Chen	4,030	0	0	0
Manager	Yu-Pei Liao	28,407	0	0	0
Manager	Shu-Ling Yuan	124,696	0	(18,000)	0

Title	Name	2021		As of Feb 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Manager	Yu-Jung Tseng	549	0	0	0
Manager	Hsiu-Chiao Lin	8,609	0	0	0
Manager	Sheng-Wang Chang	3,964	0	0	0
Manager	Hsin-Lu Chiang	13	0	0	0
Manager	Li-Chung Lin	4,278	0	0	0
Manager	Yih-Shiou Wang	5,149	0	0	0
Manager	Man-Chung Yeh	10,706	0	0	0
Manager	Jung-Yu Huang	4,059	0	0	0
Manager	Cheng-An Hsieh	4,400	0	0	0
Manager	Shun-Tseng Liao	5,967	0	0	0
Manager	Chih-Cheng Chen	4,317	0	0	0
Manager	Fu-Long Chen	4,470	0	0	0
Manager	Pi-Chu Chang	6,553	0	0	0
Manager	Yen-Ju Chen	5,852	0	0	0
Manager	Yueh-Man Sung	4,869	0	0	0
Manager	Tsai-Chuan Wu	6,472	0	0	0
Manager	His-Her Pai	6,458	0	0	0
Manager	Chih-Shan Hung	457	0	0	0
Manager	Chih-Cheng Cho	3,603	0	0	0
Manager	Ming-Tang Chen	4,185	0	0	0
Manager	Liang-Pin Chen	20,708	0	0	0
Manager	Chien-Ta Wu	3,491	0	0	0
Manager	Fu-Ching Chou	3,899	0	0	0
Manager	Chia-Cheng Liu	3,864	0	0	0
Manager	Wen-Chi Chen	2,909	0	0	0
Manager	Ruey-shyang Guo	4,126	0	0	0
Manager	Su-Ying Tsai	4,236	0	0	0
Manager	I-Man Chen	4,106	0	0	0
Manager	Li-Feng Huang	3,489	0	0	0
Manager	Chung-Hsien Huang	772	0	0	0
Manager	Chun-Jen Huang	83,473	0	0	0
Manager	Hsin-Chuan Hsiao	4,958	0	0	0
Manager	Hui-Pai Kuo	2,170	0	0	0
Manager	Hsiu-Chen Chiu	3,610	0	0	0
Manager	Chien-Lai Su	27	0	0	0
Manager	Chang-Hui Hsu	3,441	0	0	0
Manager	Guo-Shiang Huang	1,708	0	0	0
Manager	Shun-Ho Chen	4,089	0	0	0
Manager	Su-Chih Wang	8,414	0	0	0
Manager	Mei-Chen Chen	4,743	0	0	0
Manager	Shu-Hui Chen	3,440	0	0	0
Manager	Kuo-Tai Shih	38	0	0	0
Manager	Leh-Chin Kuo	3,401	0	0	0
Manager	Kuang-Tsai Wang	4,026	0	(15,000)	0
Manager	Fu-Lai Chang	3,578	0	0	0
Manager	Yi-Ching Wang	3,602	0	0	0
Manager	Chin-Chuan Su	10,998	0	0	0



Title	Name	2021		As of Feb 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Manager	Chiu-Yuan Hung	74	0	0	0
Manager	Li-Jung Lin	4,446	0	0	0
Manager	Meng-Hsun Sung	13,560	0	0	0
Manager	Yao-Chin Yang	3,605	0	0	0
Manager	Shu-Fang Kuo	0	0	0	0
Manager	Feng-Ying Chen	4,127	0	0	0
Manager	Chien-Chung Lin	1,898	0	0	0
Manager	Hsueh-Hsia Chen	8,543	0	0	0
Manager	Hsueh-Mei Yang	83,403	0	0	0
Manager	Cheng-Chuan Lin	7	0	0	0
Manager	Wen-Ling Chang	1,709	0	0	0
Manager	An-Yun Lin	8,002	0	0	0
Manager	Hsiao-Ming Chen	4,004	0	0	0
Manager	Be-Yun Tong	5,007	0	0	0
Manager	Chao-Ming Huang	3,897	0	0	0
Manager	Sue-Jen Chen	3,694	0	0	0
Manager	Feng-Chang Wu	0	0	0	0
Manager	Chu-Ying Ting	1,035	0	0	0
Manager	Cheng-Hung Chang	3,919	0	0	0
Manager	Hsi-Pin Tseng	0	0	0	0
Manager (Note 2)	Po-Hung Wang	-	-	0	0
Manager (Note 2)	Hsin-Tei Li	-	-	0	0
Manager (Note 2)	Ssu-Jung Lai	-	-	0	0
Manager (Note 2)	Ching-Yao Chen	-	-	0	0
Manager (Note 2)	Chun-Ying Shen	-	-	0	0
Manager (Note 2)	Han-MeiNung	-	-	0	0
Manager (Note 2)	Ying-Huei Lai	-	-	0	0
Manager (Note 2)	Zong-Ren Sie	-	-	0	0
Manager (Note 2)	Meng-Fang Wu	-	-	0	0
Manager (Note 2)	Fu-Yuab Yao	-	-	0	0
Manager (Note 2)	Huei-e Wu	-	-	0	0
Manager (Note 2)	Dao-Jheng Shen	-	-	0	0
Juristic Person Shareholder Represented by a Director (Note 1)	Ministry of Finance	5,287,502	0	0	0
Juristic Person Shareholder Represented by a Director (Note 1)	Bank of Taiwan Co., Ltd.	41,281,901	0	0	0
Juristic Person Shareholder Represented by a Director (Note 1)	National Development Fund , Executive Yuan	14,937,238	0	0	0
Juristic Person Shareholder Represented by a Director	TBB Industry Union	233,831	0	0	0

Note 1: A major shareholder holding 1% of the Bank's shares or above.

Note 2: Managers appointed based on the resolution passed at the 4th Board meeting of the 16th session of the Board on January 20, 2022. ("-" means that the information is not required to be disclosed)

(2) Information of shareholding transfer: The counterparties of the above shareholding transfer are not related parties, therefore, this item is not applicable.

(3) Information for shareholding pledge: None.

8. Information Disclosing the Relationship among Top Ten Shareholders in the Relationship of Related Parties or Spouses, Relatives within the Second Degree of Kinship

Feb. 28, 2022

Name	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under others' names		Names and Relationship among Top Ten Shareholders in the Relationship of Related Parties or Spouses, Relatives within the Second Degree of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	relationship	
Bank of Taiwan (Representative: Chu-Cheng Lu)	1,255,455,463	16.21%	0	0	0	0	Ministry of Finance	Taiwan Financial Holding Co., Ltd., a wholly-owned subsidiary of the Ministry of Finance	
National Development Fund, Executive Yuan	454,267,781	5.87%	0	0	0	0	None	None	
Land Bank of Taiwan (Representative: Jyuan-Jyuan Sie)	176,942,190	2.29%	0	0	0	0	Ministry of Finance	Land Bank of Taiwan, a wholly-owned subsidiary of the Ministry of Finance	
Ministry of Finance (Representative: Jian-Rong Su)	160,802,288	2.08%	0	0	0	0	Bank of Taiwan (subsidiary of Taiwan Financial Holding Co., Ltd.)	Taiwan Financial Holding Co., Ltd., a wholly-owned subsidiary of the Ministry of Finance	
							Land Bank of Taiwan	Land Bank of Taiwan, a wholly-owned subsidiary of the Ministry of Finance	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	133,762,861	1.73%	0	0	0	0	None	None	
VANGUARD EMERGING MARKETS STOCK INDEX FUND A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	72,280,759	0.93%	0	0	0	0	None	None	
BES Engineering Corporation (Representative: Huei-Lan Hu)	71,220,414	0.92%	0	0	0	0	None	None	
Taiwan Business Bank Trust Account for Employee Stock Ownership of Taiwan Business Bank	67,104,077	0.87%	0	0	0	0	None	None	
UBS Europe SE	61,949,164	0.80%	0	0	0	0	None	None	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	58,946,491	0.76%	0	0	0	0	None	None	

Note: Shareholding amount represents the number of shares recorded on the last ex-dividend basis date.



9. Shareholding in the Same Investee Company of a Business Directly or Indirectly Controlled and Managed by Directors, President, Executive Vice Presidents, and SVP & GM of Departments and Branches, and the Consolidated Shareholding Ratio

Consolidated Shareholding Ratio

December 31, 2021

Unit: Share; %

Name of the Investee Company (Note)	Investments of TBB		Investments of A Business Directly or Indirectly Controlled and Managed by Directors, President, Executive Vice Presidents, and SVP & GM of Departments and Branches		Consolidated Investments	
	Shares	%	Shares	%	Shares	%
Taipei Forex Inc.	700,000	3.5318%	1,400,000	7.0636%	2,100,000	10.5954%
Financial Information Service Co., Ltd.	6,284,653	1.2040%	15,143,965	2.9011%	21,428,618	4.1051%
Taiwan Stock Exchange Corporation	7,980,788	0.9496%	84,131,491	10.0100%	92,112,279	10.9596%
Taiwan Futures Exchange Corporation	4,198,640	1.0000%	20,363,426	4.8500%	24,562,066	5.8500%
Taiwan Asset Management Corporation	60,000,000	5.6754%	60,000,000	5.6754%	120,000,000	11.3508%
Taiwan Financial Asset Service Corporation	5,000,000	2.9412%	10,000,000	5.8823%	15,000,000	8.8235%
Sunny Asset Management Corporation	46,062	0.7678%	15,531	0.2589%	61,593	1.0267%
Financial eSolution Co., Ltd.	905,475	4.1158%	1,268,688	5.7668%	2,174,163	9.8826%
Taiwan Depository & Cleansing Corporation	361,605	0.0830%			361,605	0.0830%
Taiwan Mobile Payment Co., Ltd.	600,000	1.0000%	1,200,000	2.0000%	1,800,000	3.0000%
Taiwan Power Company	1,451,523	0.0044%	865,191,972	2.6218%	866,643,495	2.6262%
Taiwan Sugar Corporation	16,831,537	0.2986%	20,074,211	0.3561%	36,905,748	0.6547%
Taiwan Incubator SME Development Corporation	3,417,440	4.8438%			3,417,440	4.8438%
Sunsino Development Associate Inc.	1,480,402	3.1166%			1,480,402	3.1166%
CDIB & Partners Investment Holding Corp.	54,000,000	4.9505%			54,000,000	4.9505%
Taipei Financial Center Corporation	11,760,000	0.8000%			11,760,000	0.8000%
Taiwan Urban Regeneration & Financial Services Co., Ltd.	2,500,000	5.0000%	2,500,000	5.0000%	5,000,000	10.0000%
Chaofu Real Estate Management Co., Ltd.	150,000	3.0000%			150,000	3.0000%
Taiwan High Speed Rail Corporation	44,500,000	0.7906%	120,059,365	2.1331%	164,559,365	2.9237%
TBB International Leasing Co., Ltd.	150,000,000	100.000%			150,000,000	100.0000%
TBB (Cambodia) Microfinance Institution Plc (Cambodia)	20,000	100.000%			20,000	100.0000%
TBB Venture Capital Co., Ltd.	100,000,000	100.000%			100,000,000	100.0000%
TBB Consulting Co., Ltd.	5,000,000	100.000%			5,000,000	100.0000%
Taiwania Capital Buffalo II Bioventures, LP		1.6900%		33.89%		35.58%

Note: Long-term investment of the Bank.

IV

Fund-Raising Status

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1. Capital and Shares

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2. Issuance Status of Financial Bonds

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3. Preferred Stocks, Global Depositary Receipts, and Employee Stock Warrants, New Restricted Employee Shares, Any Merger and Acquisition Activities, and Acceptance of Transfer of the Shares of Another Financial Institution

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4. Status of Implementation of Capital Allocation Plans





1. Capital and Shares

(1) Sources of Capital

Unit: Share; NT\$

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks	
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Others
2021.10	10.00	10,000,000,000	100,000,000,000	7,743,195,295	77,431,952,950	Capital Increased by Earnings of 2,546,118,380	Letter of Jing-Shou-Shang-Zi No. 11001175870 issued by MOEA approved the change in registration on October 6, 2021.

Unit: Shares

Category of Shares	Authorized Capital			Remarks
	Outstanding Shares	Un-issued Shares	Total	
Common Share	7,743,195,295	2,256,804,705	10,000,000,000	Listed Shares

Note: No Preferred Shares were issued by the Bank.

(2) Structure of Shareholders

Feb. 28, 2022

Structure of Shareholders	Government institutions	Financial institutions	Other Corporate Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Quantity						
Number of Shareholders	5	7	506	264,699	531	265,748
Number of Shares Held (share)	670,496,102	1,457,906,971	447,996,447	4,117,042,812	1,049,752,963	7,743,195,295
Shareholding Ratio (%)	8.66	18.83	5.79	53.17	13.55	100.00

Note: Structure of Shareholders was based on the number of shares recorded on the last closing date of the Bank.

(3) Distribution of Shareholding

Par value NT\$10

Feb. 28, 2022

Classification of Shareholding	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1 to 999	58,075	14,638,731	0.19
1,000 to 5,000	99,344	243,505,627	3.14
5,001 to 10,000	37,088	280,719,714	3.63
10,001 to 15,000	19,988	247,585,488	3.20
15,001 to 20,000	11,515	208,635,027	2.69
20,001 to 30,000	13,210	332,016,987	4.29
30,001 to 40,000	6,828	242,205,560	3.13
40,001 to 50,000	4,436	207,417,917	2.68
50,001 to 100,000	8,318	605,325,007	7.82
100,001 to 200,000	4,311	598,920,661	7.73
200,001 to 400,000	1,638	460,820,649	5.95
400,001 to 600,000	430	216,019,529	2.79
600,001 to 800,000	151	108,127,356	1.40
800,001 to 1,000,000	110	102,777,369	1.33
1,000,001 to 99,999,999,999	306	3,874,479,673	50.03
Total	265,748	7,743,195,295	100

Note: Distribution of Shareholding was based on the number of shares recorded on the last closing date of the Bank.

(4) Major Shareholders

Feb. 28, 2022

Name of Major Shareholders	Number of Shares Held	Shareholding Ratio (%)
Bank of Taiwan	1,255,455,463	16.21%
National Development Fund, Executive Yuan	454,267,781	5.87%
Land Bank of Taiwan	176,942,190	2.29%
Ministry of Finance	160,802,288	2.08%
Morgan Stanley & Co. International Plc	133,762,861	1.73%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	72,280,759	0.93%
Vanguard Emerging Markets Stock Index Fund A Series of Vanguard International Equity Index Funds	71,220,414	0.92%
BES Engineering Corporation (Representative: Hui-Lan Chu)	67,104,077	0.87%
Taiwan Business Bank Trust Account for Employee Stock Ownership of Taiwan Business Bank	61,949,164	0.80%
UBS Europe SE	58,946,491	0.76%

Note: Number of Shares Held by shareholders was based on the number of shares recorded on the last closing date of the Bank.

(5) Market Price Per Share, Net Value, Surplus, Capital Bonus, and Related Information for the Past Two Years (based on the consolidated financial information)

Item		Year	2020	2021	For the year and as of Feb. 28, 2022
Market Price per Share (NT\$)	Max.		12.80	10.03	11.60
	Min.		8.56	9.10	9.84
	Average		10.49	9.62	10.68
Net Value per Share (NT\$)	Before Distribution		13.17	13.13	-
	After Distribution		-	-	-
Earnings per Share	Weighted Average Number of Shares (before adjustment)		7,488,584 thousand shares	7,743,195 thousand shares	7,743,195 thousand shares
	Weighted Average Number of Shares (after adjustment)		7,743,195 thousand shares	-	-
	Earnings per Share (before adjustment) (NT\$)		0.63	0.66	-
	Earnings per Share (after adjustment) (NT\$)		0.61	-	-
Dividends per Share (NT\$)	Cash Dividends		0.10	To be determined at the Shareholders' Meeting	-
	Stock Dividends	Stock Dividends from Surplus	0.34	To be determined at the Shareholders' Meeting	-
		Capital Surplus Distribution	-	-	-
	Accumulated Undistributed Dividend		-	-	-
Return on Investment Analysis	Price/Earnings (P/E) Ratio (Note 1)		16.65	14.58	-
	Price/Dividend Ratio (Note 2)		104.90	-	-
	Cash Dividend Yield (Note 3)		0.95	-	-

Note:

1. P/E ratio = average closing price per share of the year/earnings per share.
2. Price/dividend ratio = average closing price per share of the year/cash dividends per share.
3. Cash dividend yield = cash dividends per share/average closing price per share of the year.



(6) Dividend Policy and Distributions

- A. Dividend policy prescribed in the Article of Association of the Bank: Please refer to "Earnings Distribution and Dividend Policy" in the "Notes to the Financial Statements" of "VI. Financial Status." (Page 261)
- B. Dividend distribution to be proposed in the upcoming Shareholders' Meeting: A cash dividend of NT\$0.10 per share and a stock dividend of NT\$0.37 per share are proposed to be distributed from the capital surplus of 2021 of the Bank.

(7) Impacts of the Stock Dividends to be Proposed in the Upcoming Shareholders' Meeting to Operating Performance and Earnings Per Share

According to the requirements under the "Regulations Governing the Publication of Financial Forecasts of Public Companies" and "Taiwan Stock Exchange Corporation Standards for Determining Whether a TWSE Listed Company Shall Publish Complete Financial Forecasts," as the Bank has not published a complete financial forecast in 2022, the item of disclosure is not applicable.

(8) Employees and Directors' Remuneration

- A. Percentage or scope of employees and Directors' remuneration set out in the Article of Association of the Bank: Please refer to "Employees and Directors' Remuneration" in the "Notes to the Financial Statements" of "VI. Financial Status." (Page 268)
- B. If the amounts of estimated employees and Directors' remuneration differ from the actual distribution amounts, such differences are deemed as changes in estimates, which shall be recorded in profit or loss for 2022.
- C. Status of remuneration distribution as approved by the Board
 - a. The Bank has proposed a total of NT\$371,068 thousand of employees' remuneration and NT\$37,107 thousand of Directors' remuneration to be distributed for 2021.
 - b. The amount of any employees' remuneration distributed in stocks as a percentage of the sum of the current after-tax net income and total employees' remuneration in the individual financial report: The Bank has not distributed any employees' remuneration in stocks during 2021.
- D. Actual distribution of employees and Directors' remuneration for the previous year: The Bank distributed employees and Directors' remuneration for the previous year amounted to NT\$217,393 thousand and NT\$33,748 thousand, respectively, equivalent to the estimates set out in the financial statements of 2020.

(9) Share Redemption by the Bank in 2021 and as of the End of February 2022: None.



TBB was awarded the 2020 Award for Excellent Performance in Elder Care Trust, meeting the elderly customers' needs for care with practical actions and implementing the government's policies.

2. Issuance Status of Financial Bonds

Category of Financial Bonds	Tranche 104-2 (A) long-term subordinated bonds	Tranche 104-2 (B) long-term subordinated bonds	Tranche 105-2 long-term subordinated bonds
Approval Date and Approval Document Number of the Central Competent Authority	April 8, 2015 Letter of Jin-Guan-Yin-Guo-Zi No. 10400065480	April 8, 2015 Letter of Jin-Guan-Yin-Guo-Zi No. 10400065480	June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070
Date of Issuance	August 31, 2015	August 31, 2015	December 20, 2016
Nominal Value	NT\$10 million	NT\$10 million	NT\$10 million
Place of Issuance and Trading	Taiwan	Taiwan	Taiwan
Currency	NTD	NTD	NTD
Issue Price	Issued in full	Issued in full	Issued in full
Total Amount	NT\$4.7 billion	NT\$0.3 billion	NT\$2.7 billion
Coupon Rates	Annual rate fixed at 2.05%	Annual rate fixed at 2.10%	Annual rate fixed at 1.40%
Term	8-year term Maturity Date: August 31, 2023	10-year term Maturity date: August 31, 2025	7-year term Maturity date: December 20, 2023
Priority of Distribution	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.
Guarantor	None	None	None
Trustee	None	None	None
Underwriting Agency	None	None	None
Lawyer	None	None	None
Certified Public Accountant	KPMG Feng-Hui Lee, CPA	KPMG Feng-Hui Lee, CPA	KPMG Tan-Tan Chung, CPA
Verification Financial Institution	None	None	None
Payment Method	Lump sum payment at maturity (bullet loan)	Lump sum payment at maturity (bullet loan)	Lump sum payment at maturity (bullet loan)
Outstanding Balances	NT\$4.7 billion	NT\$0.3 billion	NT\$2.7 billion
Paid-in Capital of the Preceding Year	NT\$52.979 billion	NT\$52.979 billion	NT\$56.846 billion
Net Worth of Paid-in Capital After Final Report for the Preceding Year	NT\$62.738 billion	NT\$62.738 billion	NT\$67.659 billion
Payment Status	Normal	Normal	Normal
Redemption or Early Settlement Term	None	None	None
Conversion and Exchange Terms	None	None	None
Restrictive terms	Subordinate bonds	Subordinate bonds	Subordinate bonds
Net Value of Paid-in Capital After Final Report for the Preceding Year	72.68	72.68	71.02
Application of Funds	Medium-to-long-term loans	Medium-to-long-term loans	Medium-to-long-term loans
Eligible Equity Capital	Tier II Capital	Tier II Capital	Tier II Capital
Credit Rating Agencies, Evaluation Date and Rating Score			



Category of Financial Bonds	Tranche 106-1 (A) long-term subordinated bonds	Tranche 106-1 (B) long-term subordinated bonds	Tranche 106-1 (C) long-term subordinated bonds
Approval Date and Approval Document Number of the Central Competent Authority	June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070	June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070	June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070
Date of Issuance	March 28, 2017	March 28, 2017	March 28, 2017
Nominal Value	NT\$10 million	NT\$10 million	NT\$10 million
Place of Issuance and Trading	Taiwan	Taiwan	Taiwan
Currency	NTD	NTD	NTD
Issue Price	Issued in full	Issued in full	Issued in full
Total Amount	NT\$0.39 billion	NT\$0.25 billion	NT\$3.36 billion
Coupon Rates	Annual rate fixed at 1.50%	Annual rate fixed at 1.60%	Annual rate fixed at 1.850%
Term	7-year term Maturity Date: March 28, 2024	8-year term Maturity Date: March 28, 2025	10-year term Maturity Date: March 28, 2027
Priority of Distribution	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.
Guarantor	None	None	None
Trustee	None	None	None
Underwriting Agency	None	None	None
Lawyer	None	None	None
Certified Public Accountant	KPMG Tan-Tan Chung, CPA	KPMG Tan-Tan Chung, CPA	KPMG Tan-Tan Chung, CPA
Verification Financial Institution	None	None	None
Payment Method	Lump sum payment at maturity (bullet loan)	Lump sum payment at maturity (bullet loan)	Lump sum payment at maturity (bullet loan)
Outstanding Balances	NT\$0.39 billion	NT\$0.25 billion	NT\$3.36 billion
Paid-in Capital of the Preceding Year	NT\$59.689 billion	NT\$59.689 billion	NT\$59.689 billion
Net Worth of Paid-in Capital After Final Report for the Preceding Year	NT\$70.87 billion	NT\$70.87 billion	NT\$70.87 billion
Payment Status	Normal	Normal	Normal
Redemption or Early Settlement Term	None	None	None
Conversion and Exchange Terms	None	None	None
Restrictive terms	Subordinate bonds	Subordinate bonds	Subordinate bonds
Net Value of Paid-in Capital After Final Report for the Preceding Year	64.48	64.48	64.48
Application of Funds	Medium-to-long-term loans	Medium-to-long-term loans	Medium-to-long-term loans
Eligible Equity Capital	Tier II Capital	Tier II Capital	Tier II Capital
Credit Rating Agencies, Evaluation Date and Rating Score			

Category of Financial Bonds	Tranche 106-2 long-term subordinated bonds	Tranche 106-3 unsecured US dollar bonds	Tranche 107-2 long-term subordinated bonds
Approval Date and Approval Document Number of the Central Competent Authority	June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070	April 28, 2017 Letter of Jin-Guan-Yin-Guo-Zi No. 10600090390	June 6, 2018 Letter of Jin-Guan-Yin-Guo-Zi No. 10702114820
Date of Issuance	May 23, 2017	October 27, 2017	August 20, 2018
Nominal Value	NT\$10 million	US\$1 million	NT\$10 million
Place of Issuance and Trading	Taiwan	Taiwan	Taiwan
Currency	NTD	USD	NTD
Issue Price	Issued in full	Issued in full	Issued in full
Total Amount	NT\$1.3 billion	US\$0.12 billion	NT\$5.45 billion
Coupon Rates	Annual rate fixed at 1.850%	Issued as zero-coupon bond, with an internal rate of return of 4.10%	Annual rate fixed at 1.450%
Term	10-year term Maturity Date: May 23, 2027	30-year term Maturity Date: October 27, 2047	10-year term Maturity Date: August 20, 2028
Priority of Distribution	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.	The distribution priority is equivalent to other unsecured creditors of the Bank.	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.
Guarantor	None	None	None
Trustee	None	None	None
Underwriting Agency	None	None	None
Lawyer	None	None	None
Certified Public Accountant	KPMG Tan-Tan Chung, CPA	KPMG Tan-Tan Chung, CPA	KPMG Tan-Tan Chung, CPA
Verification Financial Institution	None	None	None
Payment Method	Lump sum payment at maturity (bullet loan)	Except for the redemption via the "issuer's right," the bond is subject to lump sum repayment at maturity (bullet loan).	Lump sum payment at maturity (bullet loan)
Outstanding Balances	NT\$1.3 billion	US\$0.12 billion	NT\$5.45 billion
Paid-in Capital of the Preceding Year	NT\$59.689 billion	NT\$59.689 billion	NT\$61.48 billion
Net Worth of Paid-in Capital After Final Report for the Preceding Year	NT\$70.87 billion	NT\$70.87 billion	NT\$75.818 billion
Payment Status	Normal	Normal	Normal
Redemption or Early Settlement Term	None	Issuer's redemption right: 5 years after the bond is issued, the Bank may redeem the bond in full, on each effective day of redemption and at the par value prices per share as set out in the bond redemption table.	None
Conversion and Exchange Terms	None	None	None
Restrictive terms	Subordinate bonds		Subordinate bonds
Net Value of Paid-in Capital After Final Report for the Preceding Year	66.32	62.96	67.37
Application of Funds	Medium-to-long-term loans	Medium-to-long-term loans	Medium-to-long-term loans
Eligible Equity Capital	Tier II Capital	No	Tier II Capital
Credit Rating Agencies, Evaluation Date and Rating Score			



Category of Financial Bonds	Tranche 107-3 unsecured US dollar bonds	Tranche 108-1 (A) long-term subordinated bonds	Tranche 108-1 (B) long-term subordinated bonds
Approval Date and Approval Document Number of the Central Competent Authority	April 28, 2017 Letter of Jin-Guan-Yin-Guo-Zi No. 10600090390	June 6, 2018 Letter of Jin-Guan-Yin-Guo-Zi No. 10702114820	June 6, 2018 Letter of Jin-Guan-Yin-Guo-Zi No. 10702114820
Date of Issuance	September 27, 2018	March 21, 2019	March 21, 2019
Nominal Value	US\$1 million	NT\$10 million	NT\$10 million
Place of Issuance and Trading	Taiwan	Taiwan	Taiwan
Currency	USD	NTD	NTD
Issue Price	Issued in full	Issued in full	Issued in full
Total Amount	US\$0.18 billion	NT\$1 billion	NT\$4.8 billion
Coupon Rates	Issued as zero-coupon bond, with an internal rate of return of 4.70%	Annual rate fixed at 1.20%	Annual rate fixed at 1.30%
Term	30-year term Maturity Date: September 27, 2048	7-year term Maturity Date: March 21, 2026	10-year term Maturity Date: March 21, 2029
Priority of Distribution	The distribution priority is equivalent to other unsecured creditors of the Bank.	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.
Guarantor	None	None	None
Trustee	None	None	None
Underwriting Agency	None	None	None
Lawyer	None	None	None
Certified Public Accountant	KPMG Tan-Tan Chung, CPA	KPMG Tan-Tan Chung, CPA	KPMG Tan-Tan Chung, CPA
Verification Financial Institution	None	None	None
Payment Method	Except for the redemption via the "issuer's right," the bond is subject to lump sum repayment at maturity (bullet loan).	Lump sum payment at maturity (bullet loan)	Lump sum payment at maturity (bullet loan)
Outstanding Balances	US\$0.18 billion	NT\$1 billion	NT\$4.8 billion
Paid-in Capital of the Preceding Year	NT\$61.48 billion	NT\$63.938 billion	NT\$63.938 billion
Net Worth of Paid-in Capital After Final Report for the Preceding Year	NT\$75.818 billion	NT\$84.853 billion	NT\$84.853 billion
Payment Status	Normal	Normal	Normal
Redemption or Early Settlement Term	Issuer's redemption right: 5 years after the bond is issued, the Bank may redeem the bond in full, on each effective day of redemption and at the par value prices per share as set out in the bond redemption table.	None	None
Conversion and Exchange Terms	None	None	None
Restrictive terms		Subordinate bonds	Subordinate bonds
Net Value of Paid-in Capital After Final Report for the Preceding Year	74.66	73.36	73.36
Application of Funds	Medium-to-long-term loans	Medium-to-long-term loans	Medium-to-long-term loans
Eligible Equity Capital	No	Tier II Capital	Tier II Capital
Credit Rating Agencies, Evaluation Date and Rating Score			

Category of Financial Bonds	Tranche 109-1 long-term subordinated bonds	Tranche 109-2 non-cumulative perpetual subordinated bonds	Tranche 110-1 non-cumulative perpetual subordinated bonds
Approval Date and Approval Document Number of the Central Competent Authority	July 11, 2019 Letter of Jin-Guan-Yin-Guo-Zi No. 10802116910	July 2, 2020 Letter of Jin-Guan-Yin-Guo-Zi No. 1090216191	August 13, 2021 Letter of Jin-Guan-Yin-Guo-Zi No. 1100220115
Date of Issuance	March 25, 2020	August 13, 2020	November 17, 2021
Nominal Value	NT\$10 million	NT\$10 million	NT\$10 million
Place of Issuance and Trading	Taiwan	Taiwan	Taiwan
Currency	NTD	NTD	NTD
Issue Price	Issued in full	Issued in full	Issued in full
Total Amount	NT\$10 billion	NT\$10 billion	NT\$8 billion
Coupon Rates	Annual rate fixed at 0.80%	Annual rate fixed at 1.62%	Annual rate fixed at 1.60%
Term	10-year term Maturity Date: March 25, 2030	No maturity date	No maturity date
Priority of Distribution	Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank.	Subordinate to the holders of the Bank's tier II subordinated bonds and other ordinary creditors	Subordinate to the holders of the Bank's tier II subordinated bonds and other ordinary creditors
Guarantor	None	None	None
Trustee	None	None	None
Underwriting Agency	None	None	None
Lawyer	None	None	None
Certified Public Accountant	KPMG Tan-Tan Chung, CPA	KPMG Tan-Tan Chung, CPA	KPMG Tan-Tan Chung, CPA
Verification Financial Institution	None	None	None
Payment Method	Lump sum payment at maturity (bullet loan)	5 years and 1 month (including) after the bond is issued, the Bank may redeem the bond, upon the approval of the competent authority, in full at its face value with the accrued interest paid.	5 years and 1 month (including) after the bond is issued, the Bank may redeem the bond, upon the approval of the competent authority, in full at its face value with the accrued interest paid.
Outstanding Balances	NT\$10 billion	NT\$10 billion	NT\$8 billion
Paid-in Capital of the Preceding Year	NT\$71.319 billion	NT\$71.319 billion	NT\$74.886 billion
Net Worth of Paid-in Capital After Final Report for the Preceding Year	NT\$95.517 billion	NT\$95.517 billion	NT\$97.910 billion
Payment Status	Normal	Normal	Normal
Redemption or Early Settlement Term	None	5 years and 1 month (including) after the bond is issued, the Bank may redeem the bond, upon the approval of the competent authority, in full at its face value with the accrued interest paid.	5 years and 1 month (including) after the bond is issued, the Bank may redeem the bond, upon the approval of the competent authority, in full at its face value with the accrued interest paid.
Conversion and Exchange Terms	None	None	None
Restrictive terms	Subordinate bonds	Subordinate bonds	Subordinate bonds
Net Value of Paid-in Capital After Final Report for the Preceding Year	79.19	80.67	70.08
Application of Funds	Medium-to-long-term loans	Medium-to-long-term loans	Medium-to-long-term loans
Eligible Equity Capital	Tier II Capital	Tier I Capital	Tier I Capital
Credit Rating Agencies, Evaluation Date and Rating Score			



3. Preferred Stocks, Global Depository Receipts, and Employee Stock Warrants, New Restricted Employee Shares, Any Merger and Acquisition Activities, and Acceptance of Transfer of the Shares of Another Financial Institution: None.

4. Status of Implementation of Capital Allocation Plans

(1) Plan Details

To reduce the Bank's capital cost and achieve a smooth bridging of capital, the Bank has issued non-cumulative perpetual subordinated debt of NT\$8 billion on November 17, 2021 and redeemed non-cumulative perpetual subordinated debt of NT\$8 billion on December 20, 2021.

(2) Status of Implementation

Analysis of the changes of major financial ratios, capital adequacy ratios, and after-tax earnings per share of the Bank:

Unit: NT\$1,000; %

Item	Year	2021	2020	Increase/Decrease
Financial Ratios				
After-tax Return on Assets (ROA)		0.27%	0.27%	0.00%
After-tax Return on Shareholders' Equity (ROE)		5.09%	4.84%	0.25%
Capital Adequacy Ratio		13.39%	13.42%	-0.03%
Net Profit After Tax		5,100,112	4,701,775	398,337
Earnings Per Share After Tax (NT\$)		0.66	0.61	0.05

Notes:

- Earnings per share is calculated according to the weighted average number of shares of the current fiscal year. The effects of retrospective adjustments apply to basic earnings per share for 2020.
- Net profit after tax for 2021 totaled NT\$5.1 billion, increased by NT\$0.398 billion from 2020, primarily due to the growth of deposit and loan volume, leading to an increase in net interest income.



TBB was awarded the Urban Renewal Trust Innovation Award, a recognition for our effort in implementing the government's Trust 2.0 policy and enhancing the Bank's brand image.

81	1. Business Scope
99	2. Employees
101	3. Corporate responsibilities and moral conduct
101	4. Number of full-time non-managerial employees and their average and median salaries
101	5. Information Equipment
102	6. Cyber security management
103	7. Labor-Management Relations
104	8. Important contracts
105	9. Relevant information on securitization products





1. Business Scope

(1) Principal Activities for Different Areas of Business

- A. Corporate Banking
 - a. Corporate financing loan

Engage in different corporate loans, project loans, syndication, bills discounting, domestic credit issuing, domestic and overseas guarantee provision, as well as accounts receivable financing and factoring.
 - b. Foreign exchange

Engage in foreign currency in cash, foreign-currency deposits, import and export foreign exchange, general outward and inward remittance, loans in foreign currency, and foreign currency guarantee.
- B. Personal Banking
 - a. Personal loans

Engage in personal mortgage and consumer financing business.
 - b. Credit card

Engage in credit card issuance and acquiring businesses.
 - c. Wealth management

Engage in the promotion of wealth products such as life insurance, property insurance, funds, foreign debts, and gold passbook.
 - d. Insurance agency

Engage in life and property insurance agency.
 - e. Trust service
 - 1) Monetary trust: Fiduciary investments in domestic and overseas marketable securities, advance trust, real estate transaction trust, civil servant estate trust, government projects subsidy trust, caring trust, insurance trust, third-party payment trust, foreign exchange trust, charitable trust, employee stock ownership trust, and other monetary trusts.
 - 2) Custodian business: Entrusted for keeping domestic securities investment trust fund, entrusted for keeping investment-linked fund products, and entrusted for keeping operation bond and foreign investment safe-keeping.
 - 3) Others: Real estate trust, securities trust, marketable securities trust, and marketable securities certification services.
 - f. Securities

Engage in marketable securities transactions, margin trading and short selling, as well as futures introducing broker services.
- C. Finance Logistics

Engage in the capital movement for New Taiwan Dollars and foreign currencies, foreign exchange transactions, marketable securities transactions, long-term equity investments, financial products marketing, and derivatives business.
- D. Deposits

Engage in check deposits, passbook deposits, certificate deposits, tax collection, national treasury agent, collections, and remittance.
- E. Digital Finance

Engage in digital finance services such as general online banking, online corporate banking and online corporate banking APP, global e-banking, mobile banking APP, telephone banking, e-ATM, national payment, parking fee collection, virtual accounts, digital deposit account, the Bank's official website, smart customer services, online loan service, Open API, big data, Alipay, deposit account acquisition with QR Code, ACH (eACH, eDDA) and blockchain confirmation.

(2) Business Overview for the Past Two Years

A. Corporate Banking

a. Corporate financing loan

Unit: NT\$ million

Items \ Year	2021		2020		Increase (Decrease) %
	Amount	Percentage %	Amount	Percentage %	
SMEs loan balances	684,684	67.35	601,120	64.96	13.90
Large enterprises loan balances	121,813	11.98	129,265	13.97	-5.76
Government and public enterprise loan balances	70,921	6.98	64,803	7.00	9.44
Corporate banking NTD loan balances	877,418	86.30	795,188	85.93	10.34
Foreign currency loan balances	139,248	13.70	130,242	14.07	6.91
Total	1,016,666	100.00	925,430	100.00	9.86

b. Foreign exchange

Unit: NT\$ million

Items \ Year	2021		2020		Increase (Decrease) %
	Amount	Percentage %	Amount	Percentage %	
Balances of foreign currency demand deposit	125,241	40.25	106,894	45.21	17.16
Balances of foreign currency time deposit	185,939	59.75	129,556	54.79	43.52
Total	311,180	100.00	236,450	100.00	31.60

Unit: US\$ million

Items \ Year	2021	2020	Increase (Decrease) %
Volume of foreign exchange business	69,063	56,145	23.01

Note: The volume of foreign exchange business is the sum of business volumes of DBU and OBU.

B. Personal Banking

a. Personal loans

Unit: NT\$ million

Items \ Year	2021		2020		Increase (Decrease) %
	Amount	Percentage %	Amount	Percentage %	
Consumer loan balances	6,005	2.03	6,996	2.41	-14.17
Mortgage balances	193,127	65.19	188,109	64.75	2.67
Other personal loan balances	97,133	32.79	95,407	32.84	1.81
Total	296,265	100.00	290,512	100.00	1.98

b. Wealth management and insurance agency

Unit: NT\$ million

Items \ Year	2021		2020		Increase (Decrease) %
	Amount	Percentage %	Amount	Percentage %	
Service fee income for trust funds	1,024.09	55.95	771.34	57.13	32.77
Service fee income for life insurance	760.14	41.53	529.84	39.24	43.47
Service fee income for property insurance	43.2	2.36	44.00	3.26	-1.82
Gold passbook income	2.94	0.16	4.98	0.37	-40.96
Total	1,830.37	100.00	1,350.16	100.00	35.57

c. Trusts

Unit: NT\$ million

Items \ Year	2021	2020	Increase (Decrease) %
Fiduciary investments in domestic and overseas marketable securities balances	73,955	62,100	19.09
Custodian bank balances (Note)	118,299	96,602	22.46
Other trusts balances	24,239	21,130	14.71

Note: Including custodian business.



d. Credit card

Unit: NT\$ million/card

Items	Year	2021	2020	Increase (Decrease) %
Card transaction volume		9,418	9,704	-2.95
Number of issued cards		204,682	199,434	2.63

Note: Visa Debit and Easy Debit cards are not included in the number of issued cards.

e. Securities

Unit: NT\$ million/lot

Items	Year	2021	2020	Increase (Decrease) %
Securities broker transacted amount		794,729	474,360	67.54
Average securities financing balances		2,900	2,109	37.51
Lot amount for futures (lot)		152,676	189,384	-19.38

C. Finance Logistics

a. Foreign currency and foreign capital transaction

Unit: US\$ million

Items	Year	2021		2020		Increase (Decrease) %
		Amount	Percentage %	Amount	Percentage %	
Forwards		464	0.45	572	0.56	-18.88
SWAP		22,798	22.14	39,118	38.07	-41.72
Non-deliverable forwards		-	0.00	-	0.00	0.00
Options		204	0.20	279	0.27	-26.88
Inter-bank borrowings and inter-bank loans		79,485	77.21	62,774	61.10	26.62
Total		102,951	100.00	102,743	100.00	0.20

Note: The volume of foreign exchange transactions is the sum of the transaction volume of the Bank's head office and overseas branches.

b. Stock fund investment

Unit: NT\$ million

Items	Year	2021		2020		Increase (Decrease) %
		Amount	Percentage %	Amount	Percentage %	
Shares		14,573	90.37	7,400	98.07	96.93
Funds		1,553	9.63	146	1.93	963.70
Total		16,126	100.00	7,546	100.00	113.70

Note: Stated at the initial acquisition costs.

c. Bonds and notes

Unit: NT\$ million

Items	Year	At the end of 2021		At the end of 2020		Increase (Decrease) %
		Amount	Percentage %	Amount	Percentage %	
Short-term notes		268,411	59.24	174,123	50.53	54.15
Certificates of deposit acquisition		231,395		161,705		
Commercial paper acquisition		37,016		12,418		
Acceptances acquisition		0		-		
Bonds		184,681	40.76	170,451	49.47	8.35
Government debts		71,149		63,385		
Corporate bonds		65,267		58,518		
Financial bonds		47,691		47,792		
Beneficiary securities and asset-backed securities		574		756		
Total		453,092	100.00	344,574	100.00	31.49

Note: Stated at the initial acquisition costs.

d. Long-term Equity Investments

Investment Target	Investment Amount (NT\$1,000)	Shareholding Ratio (%)
Taipei Forex Inc.	7,000	3.5318%
Financial Information Service Co., Ltd.	54,316	1.2040%
Taiwan Stock Exchange Corporation	198,012	0.9496%
Taiwan Futures Exchange Corporation	20,000	1.0000%
Taiwan Asset Management Corporation	600,000	5.6754%
Taiwan Financial Asset Service Corporation	50,000	2.9412%
Sunny Asset Management Corporation	461	0.7678%
Financial eSolution Co., Ltd.	9,244	4.1158%
Taiwan Depository & Cleansing Corporation	4,639	0.0830%
Taiwan Mobile Payment Co., Ltd.	6,000	1.0000%
Taiwan Power Company	11,427	0.0044%
Taiwan Sugar Corporation	58,294	0.2986%
Taiwan Incubator SME Development Corporation	29,000	4.8438%
Sunsino Development Associate Inc.	17,440	3.1166%
CDIB & Partners Investment Holding Corp.	500,000	4.9505%
Taipei Financial Center Corporation	328,104	0.8000%
Taiwan Urban Regeneration & Financial Services Co., Ltd.	25,000	5.0000%
Chaofu Real Estate Management Co., Ltd.	8,598	3.0000%
Taiwan High Speed Rail Corporation	445,000	0.7906%
Taiwania Capital Buffalo II Bioventures, LP	89,200	1.6900%

D. NTD Deposits

Unit: NT\$ million

Items \ Year	At the end of 2021		At the end of 2020		Increase (Decrease) %
	Amount	Percentage %	Amount	Percentage %	
Demand Deposits	829,772	58.24	706,569	56.52	17.44
Time Deposits	594,921	41.76	543,532	43.48	9.45
Total	1,424,693	100.00	1,250,101	100.00	13.97

E. Digital Finance

Unit: Customer/Transaction

Items \ Year	At the end of 2021	At the end of 2020	Increase/Decrease %
Number of online banking customers	1,650,103 customers	1,555,269 customers	6.10
Number of mobile banking customers	918,915 customers	801,263 customers	14.68
Number of digital finance transactions	15,084,884 transactions	12,746,334 transactions	18.35
Number of digital deposit accounts	30,053 customers	5,511 customers	445.33
Number of Taiwan Pay customers	45,165 customers	24,924 customers	81.21
Number of Taiwan Pay transactions	1,199,681 transactions	488,231 transactions	145.72



(3) Operating Plan for 2022

A. Corporate Banking

a. Corporate financing loan

- 1) Promote the government's financing policies of "Three Major Programs for Investing in Taiwan" and "6 Core Strategic Industries", etc. to assist enterprises in obtaining required funding and increase the investment in Taiwan, creating more domestic employment opportunities.
- 2) Continue to promote the government's initiative for actively assisting in micro-scale enterprises and start-ups (of which the capital is below NT\$ 30 million) to obtain the capital required for operations; participate in project loans inaugurated by county/city governments; support youth entrepreneurs as well as small and medium enterprise (SME) corporate financing; invigorate the local economy and fulfill its corporate social responsibilities.
- 3) Strengthen the Bank's DBU replace OBU and the parent-subsidiary shared credit model, actively increase transactions with such OBU customers, provide customized financing plans, such as foreign currency working capital, foreign letters of credit, and export bill negotiations, with complete foreign exchange financial services.
- 4) Focus on core clients in business clusters and industrial zones and strive to expand our upstream and downstream client base to scale up our loan business and market share in industrial zones.
- 5) Continue to provide loan projects related to urban renewal and green finance, while promoting building reconstruction to integrate electricity generation on-farm, energy storage, and other building designs, in response to the government's policy of urban renewal, reconstruction of old and dangerous buildings, and green energy sustainability, to achieve the goal of sustainable development of the environment
- 6) Focus on long-term SME customers or SMEs supported by the Bank and actively organize and manage the syndicated loans and credits to expand the number of loans and commissions from corporates.
- 7) With consideration of credit risks and revenue, adjust loan structure, enhance the credit guarantee funds transferring to reduce the risk-adjusted assets, and increase the loans for SMEs.
- 8) Focus on the major business of SMEs, enhance educational training and enhance professional competencies to effectively control risks and improve overall service quality.

b. Foreign exchange

- 1) Strengthen the expansion of foreign exchange businesses
 - ① Provide various foreign exchange services to closely meet the needs of our customers.
 - ② Continue to optimize the digitalization services of various foreign exchange products.
 - ③ Enhance training to improve professional competencies for foreign exchange, and increase the service quality of foreign exchange business.
 - ④ Examine standard operation procedures (SOP) to minimize operating risks.
- 2) Facing the uncertainty factors of global markets, our overseas branches will continue to focus on the implementation of credit risk control to respond to the local political and economic circumstances, changes in industries at any time, and steadily promote their business with considerations given to different risks in accordance with factors such as the nature of regions, policies implemented by the headquarters, regulations, and supervisory strength.

B. Personal Banking

a. Personal loans

- 1) Enhance the operating efficiencies of personal banking and focus on the growth of revenue.
- 2) Continue to strengthen the expansion of house mortgage and life insurance business to increase the commission revenue of the Bank.
- 3) Strengthen online service functions for personal banking provide diverse selling channels.
- 4) Actively cooperate with governmental policies to fulfill the Bank's corporate social responsibilities.

b. Wealth management

- 1) Promote high-end asset and wealth management business: Integrate personal finance, wealth management, and trust resources to launch timely and well-rounded marketing campaigns and work with certified public accountants (CPAs) and attorneys when necessary to promote family

wealth management and wealth inheritance, so as to rapidly enhance the Bank's ability to serve VIP customers.

- 2) Establish a digital transaction process: Continuously optimize the digital financial transaction process to meet the digital mobility trend and scale up our wealth management operation.
- 3) Provide comprehensive services to VIP customers: Strengthen the Bank's wealth management service team, enhance the training programs for wealth management personnel, such as asset management, research and analysis, tax planning, and cash management, and employ experienced senior investment planning professionals in the banking industry.

c. Insurance agent

- 1) Digital services – Implement mobile insurance application and online insurance application: Launch innovative Fintech services to respond to the trend of digitalization and paperless environment; as such, customers no longer need to apply for insurance policies over the counter. This simplifies the operating process and improves customer satisfaction, which in turn expanding our digital customer base.
- 2) Continue to select premium insurance products as an agency: Keep abreast with market trends and innovative products and act as an agent for high-quality and competitive products to meet customers' needs for insurance policies.
- 3) Adopt inter-departmental integrated marketing: Integrate marketing across departments in an all-in-one manner for our core group of clients, including SMEs, business owners, and their employees. Provide group accident insurance, plant and machinery commercial fire insurance, as well as company vehicle, construction project, and domestic and export commodity liability insurance, to increase the depth of business relationship with our all-in-one services. In addition, provide comprehensive home fire insurance, mortgage life insurance, financial planning savings insurance, auto insurance, and various health insurance or accident insurance plans to improve customers' satisfaction and increase insurance business income.

d. Trusts

- 1) Continue to work with investment trusts for the custodianship of the market and differentiated IPO and ETF products and private equity to benefit customers' asset allocation, expand the custodian product line, and improve its revenue.
- 2) Continue introducing offshore debenture products with the marketability and satisfy the demand from high-asset customers to increase the market competitiveness of the Bank.
- 3) Develop specific money trust investment products, such as ETFs, overseas stocks, and private equity funds, to provide diverse financial product services and create a well-rounded wealth management platform to satisfy customers' investment needs.
- 4) Integrate new financial products with innovative fintech and launch funds, ETFs, and other products by combining AI wealth management services, providing customers with advice about the most suitable investment portfolio to meet their investment needs and a well-rounded wealth management platform.
- 5) In response to the trend of an aging society and declining birth rates, and the FSC's comprehensive trust policy under Trust 2.0, the Bank participated in the Elder Care Trust Award evaluation under Trust 2.0, and continues to provide the elder care trust and trust for people with disabilities and relevant projects, and customize trust deed services to meet customers' needs, thereby protecting the elderly in their later years and implementing important government policies.
- 6) In Respond to the government's urban renewal and old building reconstruction policy, the Bank continues to provide real estate trust business, and form alliances with the long-term care medical and the elderly care institutions to jointly develop long-term care homes and nursing homes, thereby developing a full range of trust services.
- 7) In response to the implementation of Trust 2.0, the Bank continues to train trust professionals, develop comprehensive trust financial services, engage trust specialists in all branches, improve the trust advisors and trust specialists' professional abilities, strengthen education and training, integrate bank-wide marketing resources, enhance teamwork, and reinforce our clerks' trust expertise and services.
- 8) Engage in the public welfare trusts to care for the community, and improve the living and caring standards for seniors and the underprivileged groups, thereby fulfilling the Bank's corporate social responsibilities.



- 9) Strengthen the trust promotion activities for institutions, groups, and schools to enhance their concept of trust 2.0 and deepen their recognition of trust.
 - 10) In response to the government's initiative for promoting the employee stock ownership trust business, the Bank launched projects to provide employee stock ownership trust and enhance business relationships with corporate clients.
 - 11) Add new business services, develop the concurrent operation of the investment consulting business, expand the scope of services, promote investment portfolios in combination with a trust mechanism, provide customers with more diverse financial services, and meet their investment needs, thereby improving our service quality.
 - 12) Work with government agencies, public welfare groups, long-term care, nursing care, and medical institutions to jointly promote and market the trust business and provide diverse trust services to meet the needs of the elderly and develop diverse channels for facilitating the business.
 - 13) Work with the media, online platforms, and non-financial service providers to expand service levels of the Bank's trust business. Meet the needs of the industry, the Bank, and consumers to create a win-win-win situation, thereby enhancing our brand image, and realize our vision of caring for the society.
 - 14) In view of the inauguration of the new trust product business, introduce new system functions and reinforce digital financing services to provide comprehensive and efficient services for customers and improve the competitive strength of the Bank.
- e. Credit card
- 1) In response to the green finance and low-carbon economy and in order to promote the goal of ESG development, the Bank continues to promote the Sustainable Life Card (iPASS Card and EasyCard) with carbon reduction and environmental protection as the main vision to seize the target market, and the cards feature "green transportation and shared transportation" and "green food, carbon reduction, and healthy life", respectively.
 - 2) Expand the scope of discounts of the Art FUN card to more arts, cultural, leisure and travel activities, with a focus on the artistic and entertainment features of the card, and motivate cardholders to use the card regularly.
 - 3) The Bank cooperates with the government-funded platform to introduce Taiwan Pay scanned transactions, and will continue to hold marketing events, and encourage cardholders' usage by utilizing credit card statements and the website of the Bank to achieve the goal of mobile payment under the government's policy and increase the usage rate of mobile payment.
 - 4) Optimize various operating processes based on customers' experience to improve customers' satisfaction.
- f. Securities
- 1) Plan to establish a securities juridical person team to strive for the government-managed fund orders and the secondary market institutional brokerage business, thereby expanding the Bank's securities market share and increasing fee income.
 - 2) In line with the competent authority's policies and Taiwan Stock Exchange's new system, the Bank plans to launch the regular investment plan in Taiwan's stocks, to provide customers with the service to purchase individual stocks and ETFs on a regular basis in a fixed amount to meet the needs for small-budget investments and attract young customers to invest in the stock market.
 - 3) To enhance the service quality of the Bank's mobile stock trading App, the Bank plans to upgrade the e-Gold App digital service to provide diverse service functions, and establish services of auctions and smart stock selection, so as to meet all customers' needs for investment and wealth management,
 - 4) Plan to establish an Online Securities Account Opening System to provide securities account opening services without the need to visiting branch counters, so as to save customers' valuable time and improve their satisfaction, thereby integrating the Bank's digital services and strengthening our competitiveness.
 - 5) Vigorously cooperate with branches to jointly visit the target customer groups, execute annual key business operations, and develop securities business to fully exerting the integral marketing function of the Bank and improve the overall contribution of customers.
- C. Finance Logistics
- a. Enhance capital management and operating efficiency to maintain liquidity and improve capital utilization income.
 - b. Actively carry out foreign exchange operations to increase exchange gains.

- c. Closely monitor domestic and overseas governmental and economic conditions to get hold of the overall market investment trend. Select premium stocks in different industries in due course to balance the investment allocation and increase our investment income.
 - d. Improve the planning and management for our long-term equity investment business to increase the income of the Bank.
 - e. Cautiously select premium investment targets with stable growth and financial health to expand our investment portfolio, boosting foreign currency securities income.
 - f. Implement KYC system and assessment for product adequacy; closely monitor customers' credit limits and carry out risk control.
- D. Deposits
- a. Make use of various incentive oversight and evaluations to improve the current deposits promotion momentum of branches, actively integrate marketing, improve the deposit structure, and reduce capital costs to increase the interest rate differential for deposits.
 - b. Combine the development trend of digital financing and mobile payment, optimize various collection businesses and services, and improve customer service functions to enhance the strength in competing for the current deposits from customers.
 - c. Continue to expand current deposit businesses such as salary transfers to expand the scale of current deposits.
- E. Digital Finance
- a. Facilitate the comprehensive upgrades for digital channels and value user experiences to satisfy customers' demands.
 - 1) Continuously optimize and develop innovative functions of the Bank's general online banking, corporate online banking, and mobile banking services.
 - 2) Rebuild the Bank's official website by adopting the latest web structure, strengthening UIUX, shifting from services to sales based on customers' perspectives, habits, and demand, and introducing back-end management to improve management efficiency.
 - b. Introduce digitalized procedures, promote mobile payment, and expand sales momentum
 - 1) Develop convenient online application services, adopt automated and AI services, and create an online application platform, including one-stop and integrated online application services for various services, including account opening, card application, and loans.
 - 2) Plan product discounts exclusively for online services to serve a large number of online customers, expand online business volume, and increase the Bank's operational performance.
 - c. Utilize Big Data analysis, develop digital marketing, facilitate financial services
 - 1) Develop a digital e-membership brand, provide membership rights and benefits, actively manage and develop online customers, integrate the Bank's various resources, and offer member discounts.
 - 2) Adopt data analysis to collect, clean, group, and analyze data; work with digital platforms and social media, and form alliances with relevant contracted stores and entities in different industries to create a customer ecosystem, so as to attract young people to join and facilitate the improvement to the Bank's digital brand and image.
 - d. Develop the innovative FinTech, promote digital transformation, and establish smart financing
 - 1) Adopt the Double A strategy (AI and OPEN API) to launch the AI+ business, upgrade smart customer service, introduce chatbots for business conversation, introduce a sales behavior model, and expand the foreign exchange, credit card, loan, account opening businesses.
 - 2) Adopt robotic process automation (RPA), develop robot wealth management, and introduce fintech applications, while developing blockchain applications in a diverse manner and actively developing Open APIs in collaboration with strategic alliances or third-party service providers (TSPs) to create a diverse daily-life financial ecosystem for customers.
- F. Risks Management
- a. Established the Bank's "Credit Card Review" internal credit rating system to strengthen the Bank's credit risk management capabilities.
 - b. Completed the Bank's Climate-Related Financial Disclosures (TCFD) risk and opportunity analysis, and disclosed TCFD information in the Bank's 2021 Sustainability Report.

- c. In response to the implementation of the new Basel III in 2023, the Bank has planned and established the FRTB market risk capital accrual calculation system.
 - d. Continue to enhance the linking function among the top three managing tools for operating risks, allowing management tools to support and link to one another, perform cross-over analysis and verification, to improve the Bank's capacity for active and advance control on operating risks.
- G. Legal compliance and anti-money laundering
- a. Comply with regulations imposed by domestic and foreign competent authorities and continue to optimize the AML system of the Bank.
 - b. Strengthen the supervision for the first line of defense as well as field visits and sampling tests for domestic branches.
 - c. Adopt diversified channels to continue organizing educational training in light of COVID-19's outbreak.
 - d. Convene video conference from time to time to communicate with branches regarding relevant regulations and matters of attention, so as to achieve the effectiveness and immediacy of control.

(4) Market Analysis

A. Geographic Scope of Operations

Apart from being a specialized bank for SMEs, the Bank also provides diversified services in personal financing, wealth management, and the professional financing field. Our branches spread across the nation, including 125 branches in Taiwan and 1 Offshore Banking Unit, 8 overseas branches in Hong Kong, Los Angeles, Sydney, Shanghai, Brisbane, Wuhan, New York, and Tokyo as well as one representative office in Yangon, Myanmar.

B. Market supply, demand and growth in the future

As per the forecast of the International Monetary Fund (IMF), with the growth rate as high as 9.3% in 2021, the world trade volume will continue to grow by 5.0% in 2022. The stable external demand, active factory expansion by domestic semiconductor manufacturers with leading manufacturing processes, and continuous investment by overseas Taiwanese businesses and local businesses will facilitate Taiwan's exports and investment momentum in the private sector, but the economic growth rate will be moderate due to the high base period. According to the figures released by the Directorate-General of Budget, Accounting and Statistics on February 24, 2022, Taiwan's economic growth rate in 2021 was 6.45% and that in 2022 is expected to drop to 4.42%. According to ITRI's IEKCQM, it is estimated that the output value of the manufacturing industry in Taiwan will reach NT\$24.12 trillion in 2022, with an output value growth of 4.61%. Affected by the pandemic, the global economy is still highly uncertain, but the U.S. Federal Reserve announced that it would accelerate the reduction of bond purchases from 2022 and gradually slow down the quantitative easing policy, and hinted that it would restart the interest rate rising cycle from 2022. To maintain stable economic and financial development, the Central Bank of Taiwan stated that the monetary policy will be tightened in 2022, and as Taiwan's interest rate will move toward a stage of rising interest rates, it will further widen the interest rate spread between deposits and loans in the banking industry, which will, in turn, increase the room for profits. In terms of the performance of exchange rates, the U.S. interest rate hike means that the USD index will rise, which will alleviate the pressure on the appreciation of the NTD and reduce the chance of a substantial appreciation.

The U.S.-China trade war, the international anti-tax avoidance wave, and the enactment of laws on the repatriation of offshore funds have all prompted overseas Taiwanese businesses to return to Taiwan to invest in new businesses. This phenomenon has not only led to the needs for loans for the purchase of plants and machinery and equipment but also facilitated the growth of banks' construction project financing business. Furthermore, such businesses' employment of local employees in Taiwan has further driven the consumer finance business, including mortgages, credit loans, and credit cards, and the high-end wealth management business for business owners. Therefore, it is anticipated that this phenomenon has a positive effect on our country's banking industry in 2022 in terms of the deposit, loan, and wealth management business.

With the global requirements for environmental protection and transparency in the banking industry, financial supervisory authorities are beginning to develop strategies for managing climate change business risks. In 2021, the U.S. Federal Reserve established the Financial Stability Climate Committee and planned to require the banking industry to include climate change in stress tests in 2023 to 2025. In the future, in addition to incorporating sustainability into investment portfolio management, Taiwan's banking industry needs to set out climate change risk management strategies.



On the whole, climate change will pose two major risks to the banking industry. First, the natural disasters caused by impacts of climate change will increase the cost and risk of the operations of the financial industry once they damage people's lives and properties. Furthermore, the carbon reduction and carbon pricing policies implemented by governments around the world to mitigate impacts of climate change will affect the operations of energy-intensive industries with high carbon emissions, and those who provide loans to such industries will bear the brunt. Therefore, in the future, considering the loan quality and credit risk, the banking industry will be more inclined to provide loans to companies engaging in sustainable development to recover the loan payments as scheduled and avoid losses incurred from assets or collateral in extreme climate events.

During the pandemic period, the public demand for contactless digital transactions has increased significantly, which has also led to a surge in the number of digital fraud cases. Fraudsters have even begun to adopt automated technology to steal more data in a shorter time, greatly increasing the speed and number of fraudulent activities. Therefore, the current batch transaction monitoring method in the banking industry is no longer adequate. We plan to speed up the adoption of AI and machine learning technologies in the future and combine such technologies with transaction monitoring to detect abnormality and achieve AI risk monitoring in real time.

C. Positive and negative factors affecting competitive niches and long-term development, as well as response strategies

Facing the fast-changing global financing and economic state, the Bank may encounter the following circumstances:

a. Favorable factors

- 1) In the post-pandemic era, the consumer demand is rising, and the supply chain problems are expected to be relieved.
- 2) With a solid local business foundation, the Bank has well-established branches, a large number of loyal customers with long-term relationship, and the advantage of a familiar local environments. Also, the Bank maintains a network of long-term contacts and customer relationships through our senior and retired employees in the branches to expand the local business. We will define the segmentation of target customers, focus on the development of SME customers, and expand our trust and wealth management business, thereby realizing the benefits of integrated marketing.
- 3) Leverage on the competitive advantage of "Financing, Guidance, Investment," the Bank has been focusing on the SMEs loan business in the long run, assuming an essential part in the market share of SME loans with the benefit of scale profit.
- 4) We have long promoted our trust business and our professional team provides fast, easy, and convenient one-stop integrated planning services, from customer counseling, financing to trust.
- 5) With Taiwan growing into a senior society and the rising of the "senior economy" era, demands for elderly institutions and care remained high. Furthermore, urban renewal and renovation of hazardous and old buildings promoted by the government also create business opportunities related to urban renewal and hazardous and old buildings. Together with the "Trust 2.0" project promoted by the government, the Bank has dedicated to develop comprehensive trust operations through cross-industry to build a comprehensive service ecosystem and become the best service partner of customers.

b. Unfavorable Factors

- 1) COVID-19 generated turmoil for the international economy. The stagnant global industries and lockdowns of countries affect the operations of international trade in Taiwan, creating uncertainties for the economic growth in Taiwan.
- 2) Increasing competition among our business for high homogeneity in products and services provided.
- 3) As the digitalization of our systems is pending improvement, and the types of business provided are limited, the transaction process and customer services cannot be optimized.
- 4) New coronavirus variants keep emerging; central banks of major countries have moved toward the stage of rising interest rates and unwinding their balance sheets; the trade war has dragged on.

c. Countermeasures

- 1) Conservative and stable strategies are intended to be taken for our investment operating to obtain stable returns.



- 2) Consider factors of risks and returns to make effective adjustments on asset allocation for the increase of overall income.
- 3) Continue to strengthen our specialized field of SMEs with considerations equally given to financing and counseling and create a leading financial brand as a specialized bank for SMEs.
- 4) Leverage on the channel advantages and integrate marketing resources, increase in-depth dealings with target customers and core product promotions to improve the operating performance.
- 5) Introduce diverse products, strengthen the co-operative relationship with investment trust companies, and expand the variety of investment targets to meet customer needs, enhance market competitiveness, and increase earnings.
- 6) Responding to the government policies implemented, the Bank organize diverse trust products and services, develop a comprehensive trust business that caters to different aspects of lives for the public, and continuously promote the Elderly Care Trust, Disabilities Trust, Urban Renewal and Reconstruction of Dangerous Buildings Trust, and Employee Stock Ownership Trust, so as to increase the momentum for the Bank's trust businesses and improve the revenue.
- 7) Continue to optimize digital finance services and enhance the backend system to improve customer experiences. Expand and strengthen the customer service team for VIPs, focus on target customer groups, carry out business opportunity and customer analysis, and integrate the internal resources from different departments based on customers' demands to provide comprehensive wealth management services for customers.

(5) Financial Product Research and Business Development Summary

A. Primary Financial Products and Size of Newly Added Business Department, and Profit or Loss for the Past Two Years

a. Major financial products of the Bank for the past two years

- 1) Providing the "Micro-credit and Start-up Loan," and the loan balances were NT\$73.655 billion as of the end of February 2022.
- 2) Providing the "Directions of Loans for Startup Funding for Young Entrepreneurs" and the loan balances were NT\$11.598 billion as of the end of February 2022.
- 3) Providing the "Preferential Loans for Key Innovative Industries," and the loan balances were NT\$89.036 billion as of the end of February 2022.
- 4) Providing the "Preferential Loans for Industrial Zones," and the loan balances were NT\$43.584 billion as of the end of February 2022.
- 5) In response to the aging society, the Bank offers diverse products for seniors and provides secured house mortgages of "Reverse Mortgage Loan for Joyful Retirement" and "Joyful Retirement Part II," and a total of 238 customers received the loans with the loan balances amounted to NT\$ 927 million as of the end of February 2022.
- 6) To prevent losing customers for the existing Considerate Loan and improve business relationship with premium customers, the Bank provides the "Heart of Gold" civil and teaching personnel credit loan in the hope of expanding its consumption loan business, and the loan balances were NT\$2.186 billion at the end of February 2022.
- 7) In response to government policies for satisfying capital demands for giving birth, pregnancy, and raising children under 5-year-old, the Bank provides the "Childbirth Consumer Loans (originally Golden Pregnancy), and a total of 1,677 families received the assistance with the approved loan amounted to NT\$653 million at the end of February 2022.
- 8) The Bank carries out the Ministry of Finance's "Preferential Housing Loan Program for Successful Family Foundation of Youth (Case 2)," and a total of 29,353 customers received the loans with the loan amounted to NT\$121.158 billion at the end of February 2022.
- 9) To satisfy the demands of borrowers regarding the flexible deployment of funds, the Bank continues to provide the "Convenient Revolving Overdraft Credit Loan," a product with mid-term guarantee limits, and the utilized balances were NT\$14.280 billion at the end of February 2022.
- 10) To strengthen business relationship with owners of SMEs and high-income groups, the Bank launches the house mortgage project of "Corporate Elite Loan," and the loan balances were NT\$17.306 billion at the end of February 2022.

- 11) To expand its mid-to-long-term guaranteed house mortgage loan business to improve the Bank's revenue, it launches the guaranteed house mortgage project of "Satisfactory Housing," and the loan balances were NT\$12.049 billion at the end of February 2022.
 - 12) To strengthen the competitiveness of mortgages and guide customers to implement an eco-friendly, energy-saving, and carbon-reduction lifestyles, so as to realize the ESG spirit, the Bank launched the Happiness Loan mortgage program. As of the end of February 2022, the cumulative amount of loans disbursed reached NT\$15.598 billion.
 - 13) To strengthen the business relationship with SMEs and payroll transfer customers, and acquire high-quality customers, the Bank launched the True Excellent Loan mortgage program. As of the end of February 2022, the cumulative amount of loans disbursed reached NT\$10.894 million.
 - 14) The Bank engaged in the quintuple stimulus vouchers cashing business in cooperation with the government's economic stimulus policy from October 15, 2021.
- b. Newly added business departments of the Bank for the past two years
- 1) Taiwan Business Bank Insurance Agency Co., Ltd. and Taiwan Business Bank Property Insurance Agency Co., Ltd. were merged with the Bank on January 2, 2020. The Bank, as the surviving company, established the Insurance Agent Department to concurrently engage in the insurance agent business.
 - 2) In accordance with the policies implemented by the competent authority and the key market trend, the Bank adjusts the business structure of its insurance products for different customer groups to expand the diversity of life and property insurances and increase insurance commission income.

B. R&D expenses and results, and the future R&D plan

a. R&D expenses for the past two years

Unit: NT\$ thousand

Year	2021	2020
Amount	27,903	33,353

b. R&D results for the past two years

- 1) Provide industrial information on a regular basis
To improve the professional knowledge and expertise of industries for our employees, industrial analysis reports were written by the Bank on a regular basis; 96 industrial dynamics reports, 12 analyses on domestic and overseas economics and finance, 8 monthly statements for industry trends, and 4 quarterly reports for prospects of domestic industries were completed during 2021.
It is expected that 96 industrial dynamics reports, 12 analyses on domestic and overseas economics and finance, 8 monthly statements for industry trends, and 4 quarterly reports for prospects of domestic industries will be completed during 2022.
- 2) Analysis, reports, and research on particular and major industries
 - ① The Bank is ready to sign the Equator Principles. Initially, we negotiated with clients in high-polluting industries. However, with the ESG strategy adopted, it will have a direct impact on our borrowers. In addition, relevant industries will face the carbon tax issue in the future. The Bank has begun collecting information on the development trend of international carbon tariffs and the industries affected by the carbon tax in Taiwan and has prepared a report entitled "Carbon Emission Trend" to all our departments and uploaded it to the e-library for all employees' reference, so as to facilitate their understanding of the trend and impact of the implementation of the carbon neutrality and carbon tariff policies in major countries in the world on industrial development, with an aim to seek new business opportunities as a reference for the head office to adjust industrial loan decisions.
 - ② As the global minimum tax system will be implemented in 2023, which may affect companies with a global revenue of more than EUR 750 million, we have prepared a report entitled "Global Corporate Tax Reform" to explain the relevant background, taxation trends, tax reform, and the potential impact of the tax reform, with the aim of facilitating the understanding of the impact on Taiwan's tax system and the countermeasures adopted by multinational Taiwan-funded enterprises.
- 3) To create the Bank's digital environment and provide customers with convenient services, the Bank has established the online application and online signing functions for the individual labor relief loans and the group/enterprise employees' credit loans on the official website and mobile banking app. In

addition, to speed up and simplify the process of the individual labor relief loan application, we have added an automatic loan application review function to meet customers' needs for quick services without the need to visit branch counters.

- 4) Launched the smart customer services (robot customer services) to customers in February 2020.
- 5) The issuance of long-term subordinated financial bonds in the amount of NT\$10 billion was completed on March 25, 2020.
- 6) Completed the blockchain confirmation and OPEN API application blockchain confirmation on June 29, 2020 to connect to automatic responses via API and the operation was adjusted to be regulated under the headquarters.
- 7) Fully opened the online loan platform to all customers from July 28, 2020 to provide online loan application, progress check and identity verification services.
- 8) Introduced the Taiwan Pay 1D barcode credit card collection services to respond to the diverse receipts and reimbursements scenarios at large-scale chain merchants; the services were launched in July 2020.
- 9) The issuance of non-accumulated subordinated financial debentures in the amount of NT\$10 billion was completed on August 13, 2020.
- 10) To reinforce the e-ATM functions of the Bank, the first stage system go-live test for the new e-ATM was conducted on September 2, 2020, and the new e-ATM was launched on October 20, 2020.
- 11) The Bank carried out business cooperation with JKOS Network Co., Ltd. to allow the Bank's customers to use their deposit account with the Bank as the designated deposit account for payment. The system went live on November 30, 2020.
- 12) To improve general online banking and provide premium services for customers, the Bank released the new version of general online banking service on December 1, 2020.
- 13) The Bank improved the mobile banking functions to enhance user experiences. Phase 1 of the new mobile banking service was released on December 31, 2020.
- 14) The Bank cooperated with iPass and LINE PAY to allow the Bank's customers to use their deposit account with the Bank as the "LINE PAY MONEY e-Payment Account" to store value or make withdrawals. The system went live on December 31, 2020.
- 15) Launched the Taiwan PAY bonus point service to provide instant bonus point collection and exchange services, so as to increase the usage. The system went live on December 31, 2020.
- 16) Adjusted the supplementary premium on health insurance in real time in alignment with the government policy, preventing branches from wasting manpower on collecting additional premium, which greatly improved the work efficiency. The function went live on January 5, 2021.
- 17) The Bank's new version of e-ATM passed the National Communications Commission's (NCC's) certification of Conformance Level AA of Accessibility on January 15, 2021.
- 18) To improve the backup system for the Bank's bond transaction system and align with the upgrades for the operating system of the Electronic Bond Trading System (EBTS) of TPEX, the Bank carried out the procurement and upgrade for the software and hardware used in the information server of the EBTS in January 2021.
- 19) To ensure that the Bank's information system can still operate normally or recover to a certain level of operation in the event of an accident or disaster, it has passed the business continuity management (ISO 22301) certification for the electronic banking system in January 2021. By adopting the business impact analysis and risk evaluation methods, the Bank effectively manages the current and potential future operational threats.
- 20) Simplified our account opening process for NTD and foreign currency trust accounts on February 20, 2021, so as to reduce operating costs and improve efficiency.
- 21) Simplified the elder care trust operating process on March 31, 2021 to reduce the case processing time and improve efficiency, thereby facilitating business development.
- 22) The ARBOR distributed denial-of-service (DDoS) attack protection solution was established to strengthen DDoS defense capabilities, preventing hacker organizations from depleting system resources, which leading to the system being unable to provide external services and collect information on global malware to block malware attacks. The solution went live at the end of March 2021.



- 23) Signed the agreement for procuring the specific money trusts for investment in foreign stocks, preferred stocks, and ETF system on April 13, 2021, to facilitate business development.
- 24) In line with the digitalization of the loan applications cases of the Council of Indigenous Peoples, which provides the Bank with relevant files regarding indigenous loan verification, changes in interest payments, overdue records and settlement files. The Bank's system interconnects with the Indigenous Financial Services Network to file relevant reports, and the system went live on April 20, 2021.
- 25) Developed a mobile payment and ATM transfer notification function. When a mobile payment exceeds NT\$5,000 and an ATM transfer exceeds NT\$10,000, the customer will be notified by text messages. The function went live on April 28, 2021.
- 26) Amended the Guidelines on Taiwan Business Bank's Subscription Fee Discounts for Specific Money Trust Investments in Domestic and Foreign Securities on May 24, 2021, to comply with laws and promote business.
- 27) In cooperation with the government policy on labor relief loans, the Bank provided customers with the function of online application, progress check, and verification for labor relief applications. Relevant documents, such as the contract, loan repayment form, and loan approval notice, will be sent to the customer by email after a contract is finalized. The function went live on June 11, 2021.
- 28) In alignment with the government's economic relief interest rate and interest subsidy measures, the Bank handled preferential interest rate extension for the Central Bank's SME Loans, interest subsidy for the Ministry of Transportation and Communications's Financing Secured Loans to Revitalize the Tourism Industry, the grace period extension subsidy for the Council of Indigenous Peoples's loans, and the project subsidy for the Pingtung County Government, which were completed on June 18, 2021.
- 29) The online transaction function of funds with back-end load went live on June 29, 2021, to respond to the government's promotion of financial environment digitalization policy and provide investors with more convenient and efficient services.
- 30) Extended the foreign exchange transaction service for individual customers through online or mobile banking from 15:30 to 19:00, which went live on July 28, 2021.
- 31) Adopted the FISC's Internet Banking Online Designation Platform to provide the online designation service for authorized account payment deductions for the National Payment (Tax) Business. The function went live on July 29, 2021.
- 32) Consolidated the information on the expense ratio and rate of return for funds at each level over the past five years and the fund brokers' profit form to simplify the transaction process and improve efficiency on July 30, 2021.
- 33) The Bank's official website passed the NCC's certification under the WCAG on July 30, 2021.
- 34) Extended the functions of the computer privileged account management system to strengthen the personal computer management mechanism and simplify the legal software installation process, thereby improving the security of personal computers. The extension went live on July 31, 2021.
- 35) Added a section for payroll customers to the online banking in July 2021, allowing payroll customers to check the number of monthly free transfers and relevant discount information.
- 36) Amended the Regulations on Redemption Applications by Inter-Branch Clients in Fund Business on August 27, 2021, to facilitate compliance by branches and improve service quality.
- 37) Established a mobile phone push notification mechanism for one-time password (OTP), allowing customers to use their mobile phones to make transfers and other transactions through online banking or mobile banking, without the need for OTP text messages or carrying additional physical devices; thereby enhancing transaction security. The mechanism went live on September 9, 2021.
- 38) Worked with Far EasTone (friDay Wealth Management+) to launch the first stage of Open API product information lookup, allowing customers to check the interest rates of the Bank's demand deposits and digital deposits on the friDay Wealth Management+ App. The function went live on September 15, 2021.
- 39) Launched a new version of mobile banking service to all customers on September 29, 2021, to provide customers with a better user experience.
- 40) The Bank launched the online credit loan application service for new individual customers on the e-Loan platform, to expanded the customer base for applying on the e-Loan platform and increase the loan application rate. The service went live on September 30, 2021.



- 41) Named the digital brand mascot Hokii on October 26, 2021, and finalized the contract with the official LINE account agent to release Hokii's Line stickers on November 5, 2021.
- 42) Formulated the "Real Estate, Pre-sale Property Purchase and Sale Price, Construction Fund Trust Fee Quotes, Preferential Standards and Approval Levels" on October 28, 2021, to facilitate branches' business development.
- 43) Added security control mechanism (push authentication) in online banking to execute low-risk transactions (such as transfers to non-designated accounts). The new mechanism went live on October 28, 2021.
- 44) Simplified the operating process and paperwork of the real estate transaction price trust business to facilitate business promotion on November 2, 2021.
- 45) Approved by the competent authority on November 17, 2021 to launch a concurrent investment consulting business to provide new financial services and strengthen the Bank's competitiveness.
- 46) The issuance of non-accumulated subordinated financial debentures in the amount of NT\$ 8 billion was completed on November 17, 2021.
- 47) Developed the case management system for reports to the FSC, allowing each branch to file supervision reports through the API, and added single form and cross-form checking functions to avoid incorrect reporting data. The system went live on November 24, 2021.
- 48) Optimized the credit card application, and adopted automatic comparison, checking, and case establishment by the system to replace the manual credit investigation and review, which can speed up the card verification and credit limit adjustment for existing customers. The functions went live on November 30, 2021.
- 49) To meet customers's need for higher transfer limits in the third type of digital deposit account, the Bank provided customers with the function to upgrade the third type of digital deposit account to the first type through online or over-the-counter application with a citizen digital certificate. The function went live on December 7, 2021.
- 50) Added the function of mobile phone number linking with account and making transfer on December 10, 2021 in our online banking and the new version of mobile banking, so as to provide diverse and convenient transfer services.
- 51) Participated in the 3rd Dangerous and Old Buildings + Urban Renewal + Trust Expo at Zhongshan Hall in Taipei City on December 11 and December 12, 2021, to provide relevant information and enhance our brand image.
- 52) Invited to participate in the award ceremony of the Elderly and Persons with Disabilities Property Trust Business Evaluation held by the FSC on December 20, 2021, and was awarded the 2020 Award for Excellent Performance in Elder Care Trust. The Bank met the elderly customers' needs for care with practical actions, thereby achieving the goal of the government's policy.
- 53) The online trading function of overseas bonds went live on December 22, 2021 to meet investors' investment needs and provide diverse investment channels.
- 54) Amended the standard Insurance Trust Agreement (Foreign Currency) and the Insurance Trust Agreement (NTD) on December 23, 2021 to expand the trust business.
- 55) Added a new verification mechanism from December 24, 2021, which is applied when changing e-mails in the E-mail Settings function of online banking and mobile banking.
- 56) Adjusted the time limit for a single transfer to a pre-designated account in NTD on online banking and mobile banking from one year to two years, starting from December 24, 2021.
- 57) Developed a corporate public opinion analysis and application system to collect news information and positive and negative reviews of the Bank's customers, so as to keep abreast of customers' latest status, understand corporate clients through third-party data, and provide services, including credit review, post-loan control, and marketing development application. The system went live on December 24, 2021.
- 58) Participated in the award ceremony of the Trust Award hosted by the Commercial Times and was awarded the Urban Renewal Trust Innovation Award on December 29, 2021, a recognition for our effort in implementing the government's Trust 2.0 policy and enhancing the Bank's brand image.
- 59) Continuously utilize RPA to replace highly repetitive manual operations in branches or the head office and integrate processes across different systems. Currently, RPA is used to replace the repetitive manual operations in anti-money laundering and combating financing of terrorism (AML/CFT) alert

investigations. RPA has been adopted from December 30, 2021 to assist each unit in scanning and processing alerts regarding negative news and blacklists in the AML/CFT systems. The Bank will continue to adopt RPA for other processes in the future to help branches reduce the manpower for repetitive tasks.

- 60) The bank has joined the SWIFT Global Payments Innovation (GPI) service to provide customers with more complete cross-border remittance transaction information and real-time payment tracking services.
 - 61) Centralized digital management of insurance documents and established a management database system to centrally manage paper documents in the form of digital files and strengthen the security of data storage. An insurance agency management system was also established to directly access digital files, and integrate data across systems to improve operational efficiency.
 - 62) The Bank established the "Public Welfare Trust – Senior Carefree Social Welfare Fund" as the trustee and continued in 2021 to donate to the community development associations in various towns without sufficient resources to assist in repairing community care sites and facilities, to care for these communities.
 - 63) In response to the needs and scalability of the business system hosts, the Bank re-adjusted the resource deployment on the business hosts and divided the resource pool according to the nature of business, thereby preventing the shared resource pool host from being affected by the system host anomalies at different risk levels. At present, all virtualized hosts went live for relevant systems. The Bank is currently working on adjusting business host resources, deviding the resource pool according to the nature of business, and testing the virtual resource automatic process management.
 - 64) Built a quasi-operating environment. After the development and testing of the business systems is completed, the overall test can be performed in the quasi-operating environment to avoid the risk of anomalies when the business system goes live officially.
 - 65) Centralized management and control of business systems at the head office: Formulated the Taiwan Business Bank Application System Change Management Regulations for all departments to follow. Subsequently, a comprehensive review of the centralized management and control of information equipment in the entire bank will be conducted to strengthen the consistency of equipment management and maintenance.
 - 66) Planned to establish a centralized management system for authorized deductions from wages and legal investigations to improve the efficiency of authorized deductions from wages and legal investigations handled by domestic operations centers and reduce the risk of manual operations, thereby effectively controlling the operating process and deadlines and safeguarding the Bank's rights and interests.
 - 67) Strengthened the ATM system security in accordance with the relevant information security operating guidelines by upgrading them from Windows 7 to Windows 10.
 - 68) Patents: To develop financial technology, as of the end of December 2021, the Bank's 28 patent applications to the Intellectual Property Office, Ministry of Economic Affairs have been approved (including 18 utility model patents and 10 invention patents). 19 trademarks are currently registered (with specific validity periods), including the Bank's corporate identity, HiBank design drawing, BOBE, Daily Combo Card and drawing, as well as Governmental Banks Credit Card Alliance and drawing.
- c. Future research and development (R&D) plans and the R&D expenses expected to be invested
- 1) R&D budget for 2022 is NT\$60,394 thousand.
 - 2) Collaborate with Easycard Corporation for Account Link business: Provide customers with the functions of linking the Bank's savings account with the Easy Pay Account by designation to store values, withdraw, and make payment, to provide the customer's needs with mobile financial experience, which is expected to be completed in the first quarter of 2022.
 - 3) Establish smart voice service for mobile banking: Adopt voice recognition technology and natural semantic analysis technology to guide customers to complete common financial transaction services through both voice and text interaction in mobile banking. It is expected to be completed in the second quarter of 2022.
 - 4) Add new functions of online banking and mobile banking fund business: Provide customers with online trust business (such as subscription for overseas bonds, target maturity bond funds, or fund or stock ETFs), which is expected to be completed in the second quarter of 2022.



- 5) Link with National Development Council's MyData platform: When customers file online applications for financial services (such as credit cards or personal credit loans), after the customers' identity is verified and authorization is approved, direct access to the personal data stored in government agencies for verification of the applications is enabled to improve the convenience and efficiency of the application process. It is expected to be completed in the second quarter of 2022.
 - 6) SASOfficeAnalytics software: Adopt the SASOfficeAnalytics software to enhance the Bank's data analysis application, so as to engage in precision marketing and strengthen the management of customer groups. It is expected to be completed in the second quarter of 2022.
 - 7) Link the Line official account with a back-end advanced management system in a business-to-customer model: Befriend existing customers through the Line official account and personalize the linkage with the customers, so as to identify customers' transactions, and provide them with more precise services. It is expected to be completed in the 3rd quarter of 2022.
 - 8) The eFlow system: Examine current operating procedures of the Bank's departments, and create electronic forms and documents for operations that can be conducted online; establish an online instant response system to save the current paper consumption and duly preserve relevant documents for future inquiries. It is expected to be completed in the 1st quarter of 2023.
 - 9) Establishment an AI wealth management system: Adopt AI technology to provide AI wealth management services, so that young investors with a small budget or novice investors can also obtain professional advice about investment and wealth management, thereby achieving financial inclusion. It is expected to be completed in the 2nd quarter of 2023.
 - 10) Introduce PRA: Simplify the Bank's operating process and introduce RPA to assist with report preparation, data retrieval, and application process to improve efficiency. It is expected to be completed in the fourth quarter of 2022.
 - 11) Real-time decision-making system: Group customers or adopt the amount of data collected at various time points as the basis. With real-time scenario data and analysis, the system can immediately seize the opportunity to provide personalized services when customers need them. It is expected to be completed in the 4th quarter of 2023.
 - 12) Revise the Bank's official website: Plan to adopt the latest web structure, strengthen UIUX, shift from the service-oriented functions to the sales-oriented ones based on customers' perspectives, habits, and demand, and introduce back-end management to improve management efficiency. It is expected to be completed in the first quarter of 2023.
 - 13) Integrate the online application platforms: Rebuild the online account opening, loan, and card application platforms, redesign product packaging, and focus on the design of UI user interface and UX user experience, thereby providing more flexible and efficient services, and providing customers with a new experience. It is expected to be completed in the second quarter of 2023.
 - 14) Message notification integration platform: Integrate message notification mechanisms to inform customers of services available and manage the Bank's message sending channels in a centralized manner, thereby facilitating our subsequent marketing campaigns and customer services. It is expected to be completed in the fourth quarter of 2023.
 - 15) Extend the ACH gateway platform functions: Add eDDA and eACH services and functions (such as the online banking two-factor authentication mechanism and bank account information confirmation) to provide our NTD savings customers with more diverse deduction authorization methods. Corporate users can also engage in debit and credit transactions through our system, thereby enhancing the Bank's market competitiveness and meet customers' needs. It is expected to be completed in the fourth quarter of 2023.
 - 16) Establish the AI outbound call service: Combine the current interactive voice response (IVR) service and adopt AI outbound call service to coordinate banking services through automatic or semi-automatic answering methods. It is expected to be completed in the fourth quarter of 2023.
 - 17) Optimized the wealth management system and added functions related to overseas bonds, which have gone live, to analyze and compare customers' investment targets and habits more effectively and improve our customer service.
- d. Disclosure of our intellectual property management plan
- 1) Intellectual property management plan: The Bank is committed to innovating financial technology. In addition to integrating various departments' resources and encouraging employees to actively

innovate, we have formulated an intellectual property rights plan in alignment with our operational goals to attach great importance to customers' financial service experience and their satisfaction, so as to further improve the values and profitability of our banking products, protecting trade secrets and research and development achievements and enhancing our momentum of accumulates intellectual property rights, thereby strengthening the Bank's competitiveness.

- ① Patent management: The Bank develops a patent layout in alignment with various technology research and development initiatives. In addition to reward patent proposers and include their proposals in employee performance evaluation to motivate more patent proposals, the Bank also hires external patent law firms to assist in reviewing and developing a plan for intellectual property rights application and actively implement the plan accordingly. Relevant patents are mainly used for big data analysis, financial certificates, and automated services. In the process of research and development, we also appoint an external patent firm to conduct patent search for developing a patent layout and reducing our risk of infringement.
 - ② Management of trade secrets: To strengthen the management of trade secrets, the Bank's work rules and clerk employment agreement stipulate as follows:
 - (a) The Bank's trade secrets and customers' data shall be kept confidential and shall not be disclosed to the public.
 - (b) Unpublished information, trade secrets and customers' data informed or obtained due to work shall be kept confidential and shall not be used illegally regardless of the performance of duties, changes, or after resignation. If the violation causes the Bank to suffer losses, the employee shall be willing to be dismissed and liable for damages.
 - (c) During the tenure, due to job or business, individual or joint research and development achievements or creation of works or works derived from work or business, works edited, or other intellectual property rights (including patent rights) all have the Bank as the author or patentee, and the employee shall promise that all creations in which they engaged during their tenure are their own creations and that they never plagiarize or copy others' works and may not use pirated software by themselves or through others, or copy software to the Bank's computers without consent. If another person' copyright or other intellectual property rights are violated as a result, the employee shall be willing to be liable for all damages and any expenses incurred to the Bank as indicted or warned by a third party.
 - ③ Trademark management
 - (a) Regularly check the extension period of trademark registration every year and extend trademark registration by a trademark office appointed or by the Bank.
 - (b) Continue to optimize the Bank's CIS trademark to enhance our corporate image in alignment with our business marketing and advertising needs.
- 2) Implementation: The Bank has been promoting the intellectual property management plan since 2020 and regularly reports the intellectual property management plan to the Board of Directors in the fourth quarter of each year. The main implementation situation is as follows:
- ① 2021: Formulated an intellectual property rights plan in alignment with the Bank's operational goals.
 - ② As of the end of December 2021, all our intellectual property achievements are as follows:
 - (a) Invention patents: 10 applications have been approved.
 - (b) Utility model patents: 18 applications have been approved.
 - (c) Trademarks: The Bank's 19 registered trademarks include the Bank's corporate identity, HiBank design drawing, BOBE, Daily Combo Card and drawing, as well as Governmental Banks Credit Card Alliance and drawing.

(6) Short- and Long-Term Business Development Plans

- A. Short-term business development plan: Please refer to the "(3) Operating Plan for 2022" (Page 85) in this chapter.
- B. Long-term business development plan: Please refer to "3. Future Development Strategies" (Page 15) in "I. Letter to Shareholders."



2. Employees

(1) Employees Information

Year		2020	2021	For the year and as of February 28, 2022
Number of employees		5,256	5,321	5,253
Average age		44.28	43.88	43.76
Average year of service		16.85	16.37	16.17
Percentage Distribution of Academic Qualifications (%)	Ph.D.	0.27	0.19	0.19
	Master's degree	17.66	18.12	18.18
	University/College	75.32	75.94	76.15
	High school	6.41	5.49	5.24
	Below high school	0.34	0.26	0.25
Name and number of employees who hold professional licenses	Licenses for trusts	4,522	4,649	4,589
	Financial planner	1,708	1,715	1,698
	Senior Qualification Examination for Professional and Technical Personnel (Lawyers and Chartered Public Accountant)	8	13	13
	Qualification Examination for Senior Securities Specialist	1,709	1,743	1,731
	Qualification Examination for Securities Investment Analyst	86	87	89
	Qualification Examination for Futures Specialist	2,099	2,118	2,107
	Grade above S2 for FLPT®	1,215	1,395	1,394
	Internal auditor	11	11	11
	Basic Proficiency Test on Bank Internal Controls	3,794	3,936	3,897
	Financial Risk Manager (FRM)	15	16	16
	Certified Financial Planner (CFP)	17	19	20
	Qualification Examination for Property and Insurance Broker	16	15	15
	Qualification Examination for Property Insurance Agent	13	13	13
	Qualification Examination for Personal Insurance Broker	10	9	9
	Qualification Examination for Personal Insurance Agent	10	10	10
	Qualification Examination for Investment-orientated Insurance Product Representative	4,172	4,271	4,214
	Property Insurance Representative	3,809	3,924	3,883
	Personal Insurance Representative	4,637	4,728	4,666
	Test for the Sales of Non-investment-oriented Life Insurance with Payment in Foreign Currency by Personal Insurance Representative	3,125	3,192	3,153

(2) Studies and Training for Employees

A. The Bank executed different training according to the "Enforcement Guidelines for Training for Employees of Taiwan Business Bank, Ltd." and the Bank's employee training program for 2021; however, due to the effects arising from the outbreak and in response to the central pandemic-prevention policies and measures, partial programs adopted the model of digital learning, Webex or video connection. Training sessions held during 2021 recorded a total of 364 sessions (including 22 sessions of business foundation, 301 sessions of business seminars, 5 sessions for managers, 16 sessions of weekend classes, 20 sessions of lectures/orientations) held; the total number of people trained was 64,899, the average employee training rate was approximately 12.67 times per person, and the annual employee training expenses were NT\$23,345 thousand in total.

- B. In response to the Bank 4.0 digital financing environment, the Bank provides a series of courses in relation to digital marketing for its employees to gain a profound insight into FinTech and innovation, corresponding to the future transformation opportunities for banks.
- C. To strengthen the competitiveness of the Bank and improve the professional knowledge, expertise, and function, the Bank organized business directing and management development training courses to boost the quality of our management and reduce the operating risks.
- D. Business departments at the head office will assign relevant personnel to participate in training courses organized by external professional training institutions, encouraging employees to absorb new knowledge and improve their professional competencies, so as to meet the requirements on professional competencies for the business development of the Bank.

(3) Employee Code of Conduct and Ethics

The Bank attaches great importance to the employee code of conduct and ethics. All of our employees are provided with the working rules for them to clearly understand their own rights and code of conduct to be observed, including loyalty and dedication, legal compliance and faithfulness, honesty and integrity, professional commitment, confidentiality, and courtesy. Our employees also adhere to a high standard of morals and ethics.

(4) Protective Measures for the Safety of the Work Environment and Personal Safety of the Employees

Item	Description
Access control	<ul style="list-style-type: none"> A. Rigorous access control monitor system is available during daytime and nighttime. B. The Bank has signed a contract with the security company regarding nighttime and weekends to protect the safety of the branches. C. Connect with the police and public security unit as a precaution.
Equipment inspection and maintenance	<ul style="list-style-type: none"> A. According to the requirements under Regulations for Inspecting and Reporting Buildings Public Security, the Bank shall engage professional companies to carry out the security inspection every two to four years. B. The Bank commissioned professional organizations to inspect the fire safety facilities every year as required by the Fire Services Act. C. According to the Code of Practice for Occupational Health and Safety of the Bank, the maintenance and inspection for motorcycles, air conditioners, vehicles, coin counters, kitchen, hole puncher, and bill counter are carried out per day; the maintenance and inspection for air conditioners, first-aid kit, fire service equipment, and elevators are carried out per month; the maintenance and inspection for vehicles are carried out per season; the maintenance and inspection for high/low voltage electrical equipment are carried out per six months; the maintenance and inspection for motorcycles, fire service equipment, and elevators are carried out per year; and the maintenance and inspection for motorcycles are carried out per three years.
Disaster prevention and response measures	<ul style="list-style-type: none"> A. The Bank has disaster prevention, rescue notes, and occupational accident reporting procedures in place, including "Disaster Emergency Response Countermeasures Manual," "Management Guidelines for Major Contingencies," "Procedure Guidelines for Security and Grouping of Branches," "Code of Practice for Occupational Health and Safety," "Regulations Governing Occupational Health and Safety," "Workplace Self-Inspection Plan," and "Procedure Guidelines for Equipment Maintenance." Such procedures specify the responsibilities and mission for personnel at each level before and after material events of natural disasters and material emergencies of robberies. Anti-robbery drills are performed twice a year at our branches. B. Except for the organization of the Civil Defense Corps, our head office also engages the competent authority regarding fire services to organize the fire service lectures. C. To safeguard the security and health of our employees, the Occupational Safety Section subordinates to the Human Resources Department is in place for the promotion of safety and health affairs.
Physical Health	<ul style="list-style-type: none"> A. Health check and health management: Regular health check is provided for employees, and medical workers present at the branches will offer health guidelines and recommendations to employees who receive abnormal results of the health check. B. Hygiene of the working environment: Smoking is prohibited at all business premises. The Bank also carries out regular office cleaning and sterilization and sets the 17th of each month as the cleaning day. C. In order to help voluntary health management of our employees, the Bank organizes health seminars, CPR training, and provides health-related programs on the digital learning website of the Bank for our fellow colleagues to learn new knowledge from the internet and enrich their concepts of health. D. To provide employees a healthy working environment, the Bank established a health service and stress relief activity center, nursing rooms, and emergency facilities (such as AED and first-aid kit), and improved the workplace facilities in due course to improve the safety of the environment and minimize the occurrence of workplace accident.

Item	Description
Mental Health	<p>A. Provide physical and mental relaxation for employees: To help care for the living quality of our employees and relieve their stress from workplace and family, the Bank provides programs of pressure release, family care, emotion control, and encouragement on its digital learning platform for our fellow colleagues to access, adjusting mental health in due course.</p> <p>B. Prevention of sexual harassment at the workplace: Establish report regulations and punitive terms, as well as provide the "Gender Equality" course on the E-learning website to strengthen employees' correct perception and awareness.</p>
Advice on hazardous factors during operations of contractors	Setting up the "Advice on hazardous analysis during operations environment of contractors" and "Q&A" in the exclusive zone for the employees of the Bank according to the government regulations.
Insurance and Medical Care Consolation	<p>A. The Bank provides labor insurance (including occupational injury and disease) and health insurance to its employees according to the law, and negotiates with insurance companies to provide casualty insurance, accident medical insurance, and cancer insurance to the Bank's employees and their families at a rate of concession.</p> <p>B. The Bank offers work-related casualty insurance for all our employees with coverage of NT\$3 million. For work-related disability or work-related deaths, the insurance claim will be used to support the employee or its successors.</p> <p>C. Provide disease subsidies to our clerks, their spouses, and descendants.</p>

3. Corporate responsibilities and moral conduct: Please refer to IX. Sustainable Development Report (Page 348).

4. Number of full-time non-managerial employees and their average and median salaries

Items	2021	2020	Growth Rate
Number of non-managerial full-time employees (Persons)	5,040	4,929	2.25%
Average salary of non-managerial full-time employees (NT\$1,000)	1,195	1,127	6.03%
Median salary of non-managerial full-time employees (NT\$1,000)	1,069	1,007	6.16%

5. Information Equipment

- (1) **Primary hardware:** Central accounting mainframe, foreign exchange mainframe, fund mainframe, automatic tape library of the mainframe, virtual tape library of the mainframe, hard drive of the mainframe, laser printer of the mainframe, hard drive of the open system, tape library of the open system, virtual tape library of the open system, server of the open system, and network equipment.
- (2) **Primary information system:** Deposits system, loans system, remittance system, foreign exchange system, credit card system, general ledger system, e-banking information system, teller terminal system, seal/signature verification system of the Bank, ATM system, ATM monitoring system, the central operating system for collection bill and outward remittance, statement management and inquiry system, CRM system, digital branches system, AML system, fund system, wealth management system, and overseas branches system.
- (3) **Information operating project**
 - A. Transform the information architecture to provide a double-speed development system architecture.
 - B. Data-driven decision-making to build a customer data pool that can be accessed in real time.
 - C. Streamline processes to improve operational efficiency.
 - D. Develop and integrate business information application systems to fully support the development of various services.
 - E. Strengthen the information security protection mechanism to provide transaction security management and protection.
 - F. Increase information manpower to strengthen the Bank's information system and support the development of digital finance.



(4) Emergency backup and security protection measures for information operations

A. Central mainframe backup

The operating center of the Bank is located at Linkou, and a remote backup center is established in Taipei. Established the SYSPLEX system with local HA in April 2020. The core system structure is the SYSPLEX system with local HA and remote mainframe backup. The data storage adopts local dual-disk backup and remote disk backup to prevent the disruption of operations and data damages due to the malfunction of a single mainframe or disk unit, so as to ensure data security, system availability and uninterrupted operations, and effectively shorten connection response time. In addition, to enhance the familiarity of our employees toward the operating procedures and the completeness of the verification document, remote backup rehearsals are carried out twice a year.

B. Branches backup

Our branches are equipped with backup networks. Also, when accidents occur and the connection system is down, customers may present at the nearby branch with relevant documents for handling.

C. Computer virus and hacker invasion precaution for computer equipment of the Bank

- a. Spam filtering and malicious email blocking system is in place; meanwhile, external email accounts are prohibited, and letters have been dispatched to all departments regarding internal control operations.
 - b. Building anti-virus walls for Internet, internal local server firewalls, dual-firewall system, and Intrusion Prevention System (IPS); monitor the access to DMZ zone (i.e., Internet banking, the entry portal, and online financing system, etc.) and server zone (i.e., application server, and database server, etc.), as well as all external website connection made by our employees, to reinforce the cybersecurity protection.
 - c. Establish the network segment partition and firewalls to control the network connection between network segments, cross-network segment access of IoT equipment, and the connection to the internet, in order to avoid information equipment being implanted with malicious ware and resulting in effects on the Bank's operations due to the spreading and infection of viruses.
 - d. Establish the web application firewall (WAF) to improve the protection against loopholes of web application programs, and interrupt web attacks on the application layer and SQL injection.
 - e. Establish the Symantec anti-virus software to maintain the operating security of PCs, work stations, and servers using the Windows platform at all departments of the Bank, to prevent the interruption of normal business operations or leakage of important information due to the infection of computer viruses (including malicious ware).
- D. Carry out information security vulnerability scanning and penetration scan regularly and set up an internal vulnerability scanning system to scan PCs, newly launched business, and testing systems of the Bank to reinforce the security system.

6. Cyber security management

(1) Cyber Security Policy

- A. The Bank has formulated the Cyber Security Policy to ensure the security of our various information systems and information assets, improve our overall information security structure, and reduce operational risks.
- B. This policy aims to ensure the confidentiality, integrity, and availability of the information systems and information assets, and reduce operational risks. All the Bank's staff, vendors, and visitors shall abide by this policy.

(2) Specific Management Plan and Resources Invested in Information Security Management

- A. In response to the challenges to information security, cyber extortion, phishing email, hacking, data leakage, malware, DDoS attacks, and other cyber security issues, the Bank has adopted the following strategies:
 - a. Establish the information security protection plan, hold business continuity drills, and regularly conduct email social engineering and information security incident response drills to strengthen our employees' ability to respond to them.
 - b. Set up a hotline for information security notification for quick report and emergency response in case of an information security incident.
 - c. Offer a three-hour information security training course every year to increase all employees' awareness of information security and train information security talents according to the plan.



- B. The Bank continues to invest resources in information security-related fields, including improving information security governance, upgrading information security defense facilities, strengthening information security alert monitoring, holding continuous incident response drills, and offering education and training. The Bank has budgeted for the annual information security cost, which accounts for approximately 15% of the Bank's total IT budget, so as to enhance our Bank's information security protection capability comprehensively.

(3) Cyber security risk management structure

- A. The Bank has completed the operations related to cyber security and adopted the principle of three lines of defense and division of labor to ensure the effective operations of the overall cyber security management and control mechanism. Under the three lines of defense structure, the first line are the bank-wide information system management and user units, which are responsible for design and implementation; the second line is the Information Security Department, which is responsible for planning and monitoring information security management; the third line is the Auditing Department, which is responsible for performing independent audits.
- B. In addition, the Information Security Department regularly reports on information security management to the Risk Management Committee, and to the Board of Directors and the Cyber Security Management Committee.

(4) Material cyber security incidents: None.

7. Labor-Management Relations

(1) Welfare measures of the Bank

- A. Employees may use their off-hours to participate in language studies and apply for subsidies according to the Bank's requirements.
- B. The cafeteria at the headquarter provides delicious lunch at a decent price for employees.
- C. Employees may enjoy the favorable rate for both deposits and loans, however, some employees who engage in the securities business may only enjoy the favorable rate for loans.
- D. The Bank's employees who voluntarily retire at the age of 60 (inclusive) or above are given bonuses in three important Chinese holidays each year.
- E. The Bank provides insurance for all employees with coverage of NT\$3 million regarding accident insurance related to work; employees may apply for claims from insurance companies concerning work-related injury or illness or work-related death.
- F. The Bank has established the "Employee Welfare Committee" which deducts 0.5% of the employees' salaries as benefits each month. 0.15% of the operating revenue is allocated to the Employee Welfare Committee to process employee welfare matters, including scholarships for employees' children, medical assistance for employees and their spouses and children, childbirth subsidies, regular one-year term group life insurance, and employee bonuses for the three important Chinese holidays each year.
- G. Except for the fertility subsidies distributed to employees from the Bank's employee benefit association, the Bank also provided additional fertility subsidies distributed to employees starting from 2020.
- H. Inaugurate the Employee Stock Ownership Trust to create a win-win situation for the Bank and its employees.

(2) Retirement system

The Bank shall set aside the pension (contribution rate of 6%) per month to deposit in the employees' individual pension accounts for employees eligible for the new labor pension plan. the Bank shall set aside employees' retirement allowance (contribution rate of 7.24% at the end of 2021) per month to deposit in financial institutions designated by the government for employees eligible for the old labor pension plan. As of the end of 2021, balances in the employees' retirement allowance account were over NT\$4.9 billion. the Bank has established the Labor Retirement Allowance Supervision Committee to supervise the utilization and contribution of retirement reserve funds.

Regarding the procedures and conditions for retirement application, the Bank complies with the "Direction for Employees' Retirement, Consolation Payment, and Discharge with Severance Payment of the Bank" and the "Group Contract" signed between the Bank and the Bank Industry Union for employees' retirement.

(3) Labor-management Agreements and Protective Measures for Employee Rights and Interests

A. The Bank convenes labor-management conferences regularly according to "Regulations for Implementing Labor-Management Meeting" to negotiate employee rights and interests, and implements according to the resolutions at the conferences; the execution process remains well.

B. The Bank conducted its first employee satisfaction survey in 2020. Regarding the results of the questionnaire survey, the Bank will continue to study the improvement measures to improve employees' interests

(4) Losses arising from labor disputes in the most recent year and up to the end of February 2022: None.

(5) Current or future potential losses arising from labor disputes: None.

8. Important contracts:

Nature of contract	Parties	Starting date of the contract	Major contents	Restrictive terms
Outsourcing contract	SYSTEX Corporation	From July 1, 2020 to June 30, 2022 (Automatic renewal for 1 year upon expiry and up to 2 times)	Credit card-related operations - Operations of form printing, filling and sealing, and posting.	Confidentiality clause
Outsourcing contract	Taiwan Security Co., Ltd. and LeeBao Security Co., Ltd.	From July 1, 2021 to June 30, 2022 (Automatic renewal for 1 year upon expiry and the same rules apply subsequently)	Cash transit operation - Temporary and pay-per-use (2 firms)	None
Outsourcing contract	Taiwan Security Co., Ltd. and LeeBao Security Co., Ltd.	From July 1, 2021 to June 30, 2022 (Automatic renewal for 1 year upon expiry and the same rules apply subsequently)	Cash transit operation - Charter by month (2 firms)	None
Outsourcing contract	SYSTEX Corporation	2020.1.1-2023.12.31	Trust reports and relevant book printing, binding, and dispatch. SMS notification.	None
Outsourcing contract	SYSTEX Corporation	From July 1, 2020 to June 30, 2022 (Automatic extension for half year upon expiry and up to 2 times)	Matters of printing, filling and sealing, and posting of balances verification statement regarding transactions with customers.	None
Outsourcing contract	Yuen Foong Paper Co., Ltd.	From October 1, 2021 to September 30, 2022 (the contract has an automatic extension term)	Logistics for data processing - Notice operations for New Taiwan Dollar time deposits automatic renewal upon expiry.	None
Outsourcing contract	Hong Li Assets Management Consultancy Co., Ltd.; Hong Kong Gold Partners (Asia) Asset Management Co., Ltd. Taiwan Branch	From November 7, 2007 onward (No expiration date and the Bank may terminate the contract at any time)	Outsourcing debt collection for credit card and consumer finance	Confidentiality clause
Outsourcing contract	United Credit Services Ltd.	From March 18, 2021 onward (No expiration date and the Bank may terminate the contract at any time)	Outsourcing debt collection for credit card and consumer finance	Confidentiality clause
Outsourcing contract	Financial Information Service Co., Ltd.	From December 1, 2008, to December 31, 2010 (Automatic renewal for 1 year upon expiry and the same rules apply subsequently; currently the expiry is December 31, 2022)	Credit card-related operations - Operations of international card purchase and authorization, operations of card opening/card suspension/reporting of loss, cash advance, emergency services.	Confidentiality clause
Outsourcing contract	Chung Hwa Express Corp.	Established on the date of signing by the signing department for a term of one year, the contract will automatically extend for 1 year, and the same rules apply subsequently.	Marketable securities, notes, and receipts transit operations	None



Nature of contract	Parties	Starting date of the contract	Major contents	Restrictive terms
Outsourcing contract	An Feng Enterprise Co., Ltd. and Lian An Service Co., Ltd.	Established on the date of signing by the signing department for a term of 1 year, and the contract has an automatic extension term.	ATM replenishing operations (2 firms)	None
Outsourcing contract	Shin Kong Security Co., Ltd., Taiwan Secom Co., Ltd., and China Steel Security Co., Ltd.	Established on the date of signing by the signing department for a term of 3 years, and the contract has an automatic extension term.	ATM video monitoring operations (3 firms)	None
Outsourcing contract	CROWN RECORDS MANAGEMENT	From February 1, 2021 to January 31, 2023	Document storage and destruction of contract	None
Outsourcing contract	Taiwan FamilyMart Co., Ltd.	From October 1, 2012 to December 31, 2013 (Automatic renewal for 1 year upon expiry and the same rules apply subsequently; currently the expiry is December 31, 2022)	Credit card operations - Collecting the credit card bill payment from the cardholders.	Confidentiality clause
Outsourcing contract	Yuen Foong Paper Co., Ltd.	From July 24, 2021 to July 23, 2022 (the contract has an automatic extension term to automatically renew for 1 year)	Matters of printing cash dividends check, data processing and folding for postage.	None
Outsourcing contract	Taiwan Mobile Payment Co., Ltd.	From December 25, 2014 to December 24, 2016 (Automatically renew for 2 years where no party disagree; currently, the expiry is December 24, 2022)	Join the Payment Service Provider TSM (PSP TSM) and outsource data processing services to Taiwan Mobile Payment Co., Ltd., including card creation (i.e., credit card, and debit card, etc.) for mobile payment instruments and life cycle management for cards.	Confidentiality clause
Outsourcing contract	SYSTEX Corporation	From March 1, 2021 to February 28, 2022	Printing, filling and sealing, and posting of e-bank transfer transaction statements.	None
Outsourcing contract	SYSTEX Corporation	From November 1, 2019 to October 31, 2022 (Automatic extension for 1 year where no party sends a letter to notify the termination of the contract, and the automatic extension is up to 2 times)	Printing, sealing, and posting of the balance statements for check deposits.	None
Outsourcing contract	Trade-Van. Com	From August 1, 2019 to December 31, 2022 (Automatic renewal for 1 year upon expiry, and the same rules apply subsequently)	Issuing the uniform invoice and receipt for participating merchants and providing online inquires and statement downloading services for participating merchants.	Confidentiality clause
Outsourcing contract	GUARDFORCE LIMITED	From November 1, 2021 to October 30, 2022	Shipping Exchange Bill Business for Hong Kong Branch	None
Outsourcing contract	Yuen Foong Paper Co., Ltd.	From July 1, 2021 to June 30, 2022	Sending notices of undelivered SMS for transfers from physical ATM and mobile APP	None
Outsourcing contract	SYSTEX Corporation	From June 15, 2021 to June 14, 2023	Printing and mailing of insurance-buying notifications for residential fire insurance agents	None

9. Relevant information on securitization products: The Bank has not offered securitization products.

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9. Financial Difficulties Confronted by TBB or Its Associates and the Related Impacts





1. Condensed Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income for the Past Five Years

(1) Condensed Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income

Condensed Consolidated Balance Sheets

Unit: NT\$ 1,000

Item	Year	Financial information for the past five years (Note 1)				
		2021	2020	2019	2018	2017
Cash and cash equivalents, due from the Central Bank and call loans to banks		197,554,450	145,013,105	156,827,077	133,016,947	152,634,715
Financial assets at fair value through profit or loss		40,670,401	15,597,556	26,972,786	7,134,604	1,061,789
Financial assets at fair value through other comprehensive income		157,533,062	117,355,850	102,597,144	73,164,201	0
Investment in debt instruments at amortized costs		279,035,906	228,003,332	263,056,842	261,470,496	0
Securities purchased under resell agreements		7,831,274	6,132,162	13,399,113	2,386,518	3,998,104
Receivables – net		7,616,634	43,448,157	27,736,905	45,652,981	23,951,301
Current income tax assets		349,884	306,417	810	64,880	129,455
Discounts and loans – net		1,302,388,363	1,209,716,083	1,132,462,936	1,074,627,748	1,111,559,969
Available-for-sale financial assets - net		0	0	0	0	66,233,836
Held-to-maturity financial assets - net		0	0	0	0	202,967,083
Other financial assets – net		28,942	13,781	19,928	17,971	2,159,191
Property and equipment – net		14,533,721	14,514,906	14,498,237	14,309,738	14,226,866
Right-of-use assets - net		1,149,295	1,073,757	1,051,559	0	0
Intangible assets – net		554,337	375,008	352,376	286,054	274,349
Deferred income tax assets		1,951,636	1,843,835	1,624,651	1,646,991	1,222,464
Other assets - net		10,055,167	8,241,104	5,552,450	5,261,326	3,674,849
Total assets		2,021,253,072	1,791,635,053	1,746,152,814	1,619,040,455	1,584,093,971
Deposits from the Central Bank and other banks		102,540,315	118,201,039	104,793,612	91,314,543	93,529,770
Due to the Central Bank and other banks		50,261,590	29,040,100	752,145	591,988	31,464
Financial liabilities at fair value through profit or loss		8,436,037	8,639,002	9,393,336	9,339,273	3,732,481
Securities sold under agreements		2,060,693	2,055,991	868,581	1,657,706	1,105,596
Payable		22,761,436	47,787,075	31,057,684	58,674,131	36,630,052
Current income tax liabilities		64,584	3,053	258,956	1,017,575	62,495
Deposits and remittances		1,668,656,822	1,418,572,000	1,435,049,547	1,311,041,103	1,316,023,711
Bank notes payable		52,250,000	53,250,000	53,250,000	47,450,000	41,000,000
Other financial liabilities		4,365,294	5,492,366	6,835,084	7,507,715	10,120,545
Provisions for liabilities		3,420,210	3,393,417	3,158,003	3,565,727	3,515,351
Lease liabilities		1,149,456	1,062,021	1,041,183	0	0
Deferred income tax liabilities		886,290	901,581	888,436	880,738	881,318
Other Liabilities		2,740,373	4,578,659	3,289,481	1,146,937	1,643,515
Total liabilities	Pre-distribution	1,919,593,100	1,692,976,304	1,650,636,048	1,534,187,436	1,508,276,298
(Note 2)	Post-distribution	Note 3	1,692,976,304	1,650,636,048	1,534,187,436	1,508,276,298
Equity attributable to owners of the parent company		101,659,972	98,658,749	95,516,766	84,853,019	75,817,673
Stock capital	Pre-distribution	77,431,952	74,885,834	71,319,842	63,938,802	61,479,617
(Note 2)	Post-distribution	Note 3	77,431,952	74,885,834	67,135,742	63,938,802
Capital surplus		815,900	815,900	815,900	0	0
Retained earnings	Pre-distribution	21,105,900	19,245,962	19,702,723	18,007,553	14,644,284
(Note 2)	Post-distribution	Note 3	15,950,986	14,710,334	12,892,449	10,537,445
Other equity		2,306,220	3,711,053	3,678,301	2,906,664	(306,228)
Total equity	Pre-distribution	101,659,972	98,658,749	95,516,766	84,853,019	75,817,673
(Note 2)	Post-distribution	Note 3	97,909,891	94,090,369	82,934,855	74,170,019

Note 1: The above five-year combined financial information has been certified by the CPA.

Note 2: Regarding the above information on pre-distribution and post-distribution, the pre-distribution amount was based on the amount certified by the CPA, while the post-distribution amount was based on the appropriation and distribution of surplus passed on the resolution of the Shareholders' Meeting in the following year.

Note 3: Distribution of earnings for 2021 is subject to the resolution at the Shareholders' Meeting.

Condensed Individual Balance Sheets

Unit: NT\$ 1,000

Item	Year	Financial information for the past five years (Note 1)				
		2021	2020	(Restated) 2019	2018	2017
Cash and cash equivalents, due from the Central Bank and call loans to banks		197,299,056	144,398,236	156,550,730	132,686,605	152,408,883
Financial assets at fair value through profit or loss		39,658,224	15,003,571	26,626,885	6,934,604	1,061,789
Financial assets at fair value through other comprehensive income		157,498,525	117,352,923	102,597,144	73,164,201	0
Investment in debt instruments at amortized costs		279,035,906	228,003,332	263,056,842	261,470,496	0
Securities purchased under resell agreements		7,831,274	6,047,187	13,399,113	2,386,518	3,998,104
Receivables – net		5,609,809	41,709,998	25,662,450	43,698,543	22,353,991
Current income tax assets		347,649	302,967	0	64,842	129,435
Discounts and loans – net		1,302,388,363	1,209,716,083	1,132,462,936	1,074,627,748	1,111,559,969
Available-for-sale financial assets - net		0	0	0	0	66,233,836
Held-to-maturity financial assets - net		0	0	0	0	202,967,083
Investments measured by equity method - net		3,117,027	2,568,843	2,216,377	2,684,501	2,345,937
Other financial assets – net		28,942	13,781	19,928	17,971	2,159,191
Property and equipment – net		14,529,762	14,512,022	14,493,529	14,298,525	14,216,773
Right-of-use assets - net		1,145,071	1,066,732	1,037,377	0	0
Intangible assets – net		553,784	374,263	351,476	284,944	273,608
Deferred income tax assets		1,923,597	1,815,778	1,591,851	1,623,371	1,203,779
Other assets - net		10,011,973	8,209,863	5,514,283	5,222,172	3,639,872
Total assets		2,020,978,962	1,791,095,579	1,745,580,921	1,619,165,041	1,584,552,250
Deposits from the Central Bank and other banks		102,540,315	118,201,039	104,793,612	91,314,543	93,529,770
Due to the Central Bank and other banks		49,713,800	28,450,000	0	0	0
Financial liabilities at fair value through profit or loss		8,436,037	8,639,002	9,393,336	9,339,273	3,732,481
Securities sold under agreements		2,060,693	2,055,991	868,581	1,657,706	1,105,596
Payable		22,727,994	47,767,380	31,039,875	58,620,227	36,591,457
Current income tax liabilities		59,567	0	257,687	952,293	0
Deposits and remittances		1,669,039,989	1,418,703,482	1,435,332,094	1,311,937,545	1,316,671,351
Bank notes payable		52,250,000	53,250,000	53,250,000	47,450,000	41,000,000
Other financial liabilities		4,365,294	5,492,366	6,835,084	7,507,715	10,120,545
Provisions for liabilities		3,420,210	3,393,417	3,158,003	3,565,727	3,515,351
Lease liabilities		1,145,072	1,054,665	1,026,667	0	0
Deferred income tax liabilities		886,290	901,581	888,436	880,738	881,318
Other Liabilities		2,673,729	4,527,907	3,220,780	1,086,255	1,586,708
Total liabilities (Note 2)	Pre-distribution	1,919,318,990	1,692,436,830	1,650,064,155	1,534,312,022	1,508,734,577
	Post-distribution	Note 3	1,692,436,830	1,650,064,155	1,534,312,022	1,508,734,577
Stock capital (Note 2)	Pre-distribution	77,431,952	74,885,834	71,319,842	63,938,802	61,479,617
	Post-distribution	Note 3	77,431,952	74,885,834	67,135,742	63,938,802
Capital surplus		815,900	815,900	815,900	0	0
Retained earnings (Note 2)	Pre-distribution	21,105,900	19,245,962	19,702,723	18,007,553	14,644,284
	Post-distribution	Note 3	15,950,986	14,710,334	12,892,449	10,537,445
Other equity		2,306,220	3,711,053	3,678,301	2,906,664	(306,228)
Total equity (Note 2)	Pre-distribution	101,659,972	98,658,749	95,516,766	84,853,019	75,817,673
	Post-distribution	Note 3	97,909,891	94,090,369	82,934,855	74,170,019

Note 1: The above individual financial information for the past five years has been certified by the CPA.

Note 2: Regarding the above information on pre-distribution and post-distribution, the pre-distribution amount was based on the amount certified by the CPA, while the post-distribution amount was based on the appropriation and distribution of surplus passed on the resolution of the Shareholders' Meeting in the following year.

Note 3: Distribution of earnings for 2021 is subject to the resolution at the Shareholders' Meeting.

Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ 1,000

Item \ Year	Financial information for the past five years (Note 1)				
	2021	2020	2019	2018	2017
Interest income	24,170,747	25,026,784	29,444,970	28,287,358	24,782,215
Less: Interest expenses	(6,364,971)	(8,834,567)	(12,413,857)	(11,089,482)	(9,356,793)
Net interest income	17,805,776	16,192,217	17,031,113	17,197,876	15,425,422
Non-interest net income	6,300,248	5,677,225	6,178,829	5,829,071	5,437,273
Net Income	24,106,024	21,869,442	23,209,942	23,026,947	20,862,695
Allowances for doubtful accounts, commitments and guarantees	(5,187,503)	(4,054,740)	(2,417,677)	(794,134)	(3,028,711)
Operating expenses	(13,116,475)	(12,429,441)	(12,726,585)	(13,034,396)	(11,962,883)
Net income before tax from continuing operation	5,802,046	5,385,261	8,065,680	9,198,417	5,871,101
Less: Income tax (expenses) gains	(701,934)	(683,486)	(1,331,427)	(1,557,875)	(831,177)
Net income from continuing operation for the period	5,100,112	4,701,775	6,734,253	7,640,542	5,039,924
Net income (net loss) for the period	5,100,112	4,701,775	6,734,253	7,640,542	5,039,924
Other comprehensive income	(1,350,031)	(133,395)	847,658	583,288	516,236
Other comprehensive income for the period (net of tax)	(1,350,031)	(133,395)	847,658	583,288	516,236
Total comprehensive income for the period	3,750,081	4,568,380	7,581,911	8,223,830	5,556,160
Net income attributable to owners of the parent company for the period	5,100,112	4,701,775	6,734,253	7,640,542	5,039,924
Total comprehensive income attributable to owners of the parent company for the period	3,750,081	4,568,380	7,581,911	8,223,830	5,556,160
Earnings per share (Note 2)	0.66	0.61	0.94	1.14	0.79

Note 1: The above five-year combined financial information has been certified by the CPA.

Note 2: Earnings per share is calculated based on the weighted average number of shares of the current year and on the basis of NT\$. The effects of stock dividends have been included in the retrospective adjustments.



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FINANCIAL STATUS

Condensed Individual Statements of Comprehensive Income

Unit: NT\$ 1,000

Item \ Year	Financial information for the past five years (Note 1)				
	2021	2020	(Restated) 2019	2018	2017
Interest income	24,037,857	24,884,487	29,270,949	28,156,855	24,677,007
Less: Interest expenses	(6,357,367)	(8,822,210)	(12,384,142)	(11,082,469)	(9,357,801)
Net interest income	17,680,490	16,062,277	16,886,807	17,074,386	15,319,206
Non-interest net income	6,278,747	5,711,669	6,130,438	5,572,596	5,264,047
Net Income	23,959,237	21,773,946	23,017,245	22,646,982	20,583,253
Allowances for doubtful accounts, commitments and guarantees	(5,171,832)	(4,072,168)	(2,349,480)	(745,770)	(3,009,551)
Operating expenses	(13,011,107)	(12,328,268)	(12,611,218)	(12,814,383)	(11,785,693)
Net income before tax from continuing operation	5,776,298	5,373,510	8,056,547	9,086,829	5,788,009
Less: Income tax (expenses) gains	(676,186)	(671,735)	(1,322,294)	(1,446,287)	(748,085)
Net income from continuing operation for the period	5,100,112	4,701,775	6,734,253	7,640,542	5,039,924
Net income (net loss) for the period	5,100,112	4,701,775	6,734,253	7,640,542	5,039,924
Other comprehensive income	(1,350,031)	(133,395)	847,658	583,288	516,236
Other comprehensive income for the period (net of tax)	(1,350,031)	(133,395)	847,658	583,288	516,236
Total comprehensive income for the period	3,750,081	4,568,380	7,581,911	8,223,830	5,556,160
Earnings per share (Note 2)	0.66	0.61	0.94	1.14	0.79

Note 1: The above five-year individual financial information has been certified by the CPA.

Note 2: Earnings per share is calculated based on the weighted average number of shares of the current year and on the basis of NT\$. The effects of stock dividends have been included in the retrospective adjustments.

(2) Name of CPA and its Audit Opinions

Year	Audit Opinions from CPA	CPA
2017	Unqualified opinion	Tan-Tan Chung, Feng-Hui Lee
2018	Unqualified opinion	Tan-Tan Chung, Feng-Hui Lee
2019	Unqualified opinion	Tan-Tan Chung, Chun-Kuang Chen
2020	Unqualified opinion	Tan-Tan Chung, Chun-Kuang Chen
2021	Unqualified opinion	Tan-Tan Chung, Chun-Kuang Chen



2. Financial Analysis for the Past Five Years

(1) Analysis of financial ratio

Combined financial analysis

Analysis item		Year	Financial information for the past 5 years (Note 1)				
			2021	2020	2019	2018	2017
Operation performance	Loan-to-deposit ratio (%) (Note 2)		75.84	81.97	76.03	79.41	81.67
	NPL ratio (%) (Note 2)		0.28	0.50	0.32	0.30	0.33
	Interest expense to average deposits balances ratio (%)		0.33	0.50	0.71	0.67	0.60
	Interest income to average credit loan balances ratio (%)		1.62	1.74	2.06	2.00	1.89
	Total assets turnover rate (Number of times)		1.26	1.24	1.38	1.44	1.35
	Average revenue of employee (NT\$1,000)		4,397	4,042	4,309	4,385	4,092
	Average profit of employee (NT\$1,000)		930	869	1,250	1,455	989
Profitability	Return on Tier 1 capital (%)		5.17	5.09	8.35	10.22	6.86
	Return on asset (%)		0.27	0.27	0.40	0.48	0.33
	Return on equity (%)		5.09	4.84	7.47	9.51	6.87
	Net profit margin (%)		21.16	21.50	29.01	33.18	24.16
	Earnings per share (NT\$)		0.66	0.61	0.94	1.14	0.79
Financial structure	Debts to total assets ratio (%)		94.97	94.49	94.53	94.76	95.21
	Real estate and equipment to equity ratio (%)		14.30	14.71	15.18	16.86	18.76
Growth rate	Asset growth ratio (%)		12.82	2.60	7.85	2.21	5.70
	Profit growth ratio (%)		7.74	(33.23)	(12.31)	56.67	(7.68)
Cash flow	Cash flow ratio (%)		43.99	Note 3	3.86	31.91	4.48
	Cash flow adequacy ratio (%)		1,080.68	707.51	1,507.14	3,177.03	4,404.56
	Cash flow adequacy ratio (%)		Note 3	Note 3	Note 3	Note 3	Note 3
Liquidity reserve ratio (%)			22.00	18.21	23.81	20.94	17.21
Total credit loan balances for stakeholders (NT\$1,000)			11,177,905	10,214,528	9,542,062	9,598,016	9,042,678
Ratio of total credit loan balances for stakeholders to total credit loan balances (%)			0.85	0.83	0.83	0.88	0.80
Operating scale (Note 4)	Market share of assets (%)		3.11	2.91	3.06	2.96	3.02
	Market share of net value (%)		2.27	2.28	2.28	2.20	2.07
	Market share of deposits (%)		3.44	3.17	3.51	3.38	3.50
	Market share of loans (%)		3.69	3.66	3.61	3.57	3.89

Profit growth rate has increased in 2021, primarily due to the growth in deposit and loan amount, and the increase in net interest income in 2021.

Note 1. The above financial information for the most recent 5 years has been calculated according to the balances in the combined financial report certified by the CPA.

2. Represent the key performance indicators with the industry particularity of the Bank.

3. No analysis is presented as negative net cash flow from investment activities was recorded.

4. Due to the restriction of information access, the operating scale is disclosed on the basis of individual financial information.

● Calculations for the financial items are as follow:

1. Operation performance

- (1) Loan-to-deposit ratio = total loans/total deposits
- (2) NPL ratio = total not-performing loans/total loans
- (3) Interest expense to annual average deposits balances ratio = total interest expenditures related to deposits/annual average deposits balances
- (4) Interest income to annual average credit loan balances ratio = total interest income related to credit loan balances/annual average credit loan balances
- (5) Total assets turnover rate = net gain/total average assets
- (6) Average gain for employee = net gain/total number of employees
- (7) Average profit for employee = after-tax net profit/total number of employees

2. Profitability

- (1) Tier 1 return on assets = before-tax profit or loss/average total tier 1 assets
- (2) Return on asset = before-tax profit or loss/average total assets
- (3) Return on equity = after-tax profit or loss/average total equity
- (4) Net profit ratio = after-tax profit or loss/net revenue
- (5) Earnings per Share = (income attributable to owners of the parent company – dividends on preferred stock)/weighted average number of shares issued.

3. Financial structure

- (1) Debt-asset ratio = total liabilities/total assets
- (2) Real estate and equipment to equity ratio = net real estate and equipment/net equity

4. Growth rate

- (1) Asset growth ratio = (total assets of the current year - total assets of the previous year)/total assets of the previous year
- (2) Profit growth ratio = (before-tax profit or loss of the current year - before-tax profit or loss of the previous year)/before-tax profit or loss of the previous year

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/(interbank loans and overdrafts + commercial paper payables + financial at fair value through profit or loss + notes issued under repurchase agreement and bond indebtedness + amount payable with maturity within one year)
- (2) Net cash flow adequacy ratio = net cash flow from operating activities for the past five years/(capital expenditures + cash dividend) for the past five years.
- (3) Cash flow adequacy ratio = net cash flow from operating activities/net cash flow from investment activities

6. Liquidity reserve ratio = current assets prescribed by the central bank/liabilities required liquid reserves

7. Operating scale

- (1) Market share of assets = total assets/total net value of all financial institutions available for deposits and loans business
- (2) Market share of net value = net value/total net value of all financial institutions available for deposits and loans business
- (3) Market share of deposits = total deposits/total net value of all financial institutions available for deposits and loans business
- (4) Market share of loans = total loans/total net value of all financial institutions available for deposits and loans business

Individual financial analysis

Analysis item		Financial analysis for the past five years (Note 1)				
		2021	2020	(Restated) 2019	2018	2017
Operation performance	Loan-to-deposit ratio (%) (Note 2)	75.82	81.96	76.01	79.36	88.99
	NPL ratio (%) (Note 2)	0.28	0.50	0.32	0.30	0.33
	Interest expense to annual average deposits balances ratio (%)	0.33	0.50	0.71	0.67	0.60
	Interest income to average credit loan balances ratio (%)	1.62	1.74	2.06	2.00	1.89
	Total assets turnover rate (Number of times)	1.26	1.23	1.37	1.41	1.34
	Average revenue of employee (NT\$1,000)	4,408	4,055	4,305	4,365	4,078
	Average profit of employee (NT\$1,000)	938	876	1,259	1,473	998
Profitability	Return on Tier 1 capital (%)	5.15	5.08	8.34	10.10	6.76
	Return on asset (%)	0.27	0.27	0.40	0.48	0.33
	Return on equity (%)	5.09	4.84	7.47	9.51	6.87
	Net profit margin (%)	21.29	21.59	29.26	33.74	24.49
	Earnings per share (NT\$)	0.66	0.61	0.94	1.14	0.79
Financial structure	Debts to total assets ratio (%)	94.97	94.49	94.53	94.76	95.22
	Real estate and equipment to equity ratio (%)	14.29	14.71	15.17	16.85	18.75
Growth rate	Asset growth ratio (%)	12.83	2.61	7.81	2.18	5.70
	Profit growth ratio (%)	7.50	(33.30)	(11.34)	56.99	(8.47)
Cash flow	Cash flow ratio (%)	45.14	Note 3	4.08	32.50	4.82
	Cash flow adequacy ratio (%)	1,117.86	740.83	1,525.21	3,275.58	4,582.30
	Cash flow adequacy ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3
Liquidity reserve ratio (%)		22.00	18.21	23.81	20.94	17.21
Total credit loan balances for stakeholders (NT\$1,000)		11,177,905	10,214,528	9,542,062	9,598,016	9,042,678
Ratio of total credit loan balances for stakeholders to total credit loan balances (%)		0.85	0.83	0.83	0.88	0.80
Operating scale	Market share of assets (%)	3.11	2.91	3.06	2.96	3.02
	Market share of net value (%)	2.27	2.28	2.28	2.20	2.07
	Market share of deposits (%)	3.44	3.17	3.51	3.38	3.50
	Market share of loans (%)	3.69	3.66	3.61	3.57	3.89

Profit growth rate has increased in 2021, primarily due to the growth in deposit and loan amount, and the increase in net interest income in 2021.

Note 1. The above financial information for the most recent 5 years has been calculated according to the balances in the combined financial report certified by the CPA.

2. Represent the key performance indicators with the industry particularity of the Bank.

3. No analysis is presented as negative net cash flow from investment activities was recorded.



● Calculations for the financial items are as follow:

1. Operation performance

- (1) Loan-to-deposit ratio = total loans/total deposits
- (2) NPL ratio = total not performing loans/total loans
- (3) Interest expense to annual average deposits balances ratio = total interest expenditures related to deposits/annual average deposits balances
- (4) Interest income to annual average credit loan balances ratio = total interest income related to credit loan balances/annual average credit loan balances
- (5) Total assets turnover rate = net gain/total average assets
- (6) Average gain for employee = net gain/total number of employees
- (7) Average profit for employee = after-tax net profit/total number of employees

2. Profitability

- (1) Tier 1 return on assets = before-tax profit or loss/average total tier 1 assets
- (2) Return on asset = before-tax profit or loss/average total assets
- (3) Return on equity = after-tax profit or loss/average total equity
- (4) Net profit ratio = after-tax profit or loss/net revenue
- (5) Earnings per Share = (income attributable to owners of the parent company – dividends on preferred stock)/weighted average number of shares issued.

3. Financial structure

- (1) Debt-asset ratio = Total liabilities / assets.
- (2) Real estate and equipment to equity ratio = net real estate and equipment/net equity

4. Growth rate

- (1) Asset growth ratio = (total assets of the current year - total assets of the previous year)/total assets of the previous year
- (2) Profit growth ratio = (before-tax profit or loss of the current year - before-tax profit or loss of the previous year)/before-tax profit or loss of the previous year

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / (interbank loans and overdrafts + commercial paper payables + financial at fair value through profit or loss + notes issued under repurchase agreement and bond indebtedness + amount payable with maturity within one year)
- (2) Net cash flow adequacy ratio = net cash flow from operating activities for the past five years/(capital expenditures + cash dividend) for the past five years.
- (3) Cash flow adequacy ratio = net cash flow from operating activities/net cash flow from investment activities

6. Liquidity reserve ratio = current assets prescribed by the central bank/liabilities required liquid reserves

7. Operating scale

- (1) Market share of assets = total assets/total net value of all financial institutions available for deposits and loans business
- (2) Market share of net value = net value/total net value of all financial institutions available for deposits and loans business
- (3) Market share of deposits = total deposits/total net value of all financial institutions available for deposits and loans business
- (4) Market share of loans = total loans/total net value of all financial institutions available for deposits and loans business

(2) Capital Adequacy

Unit: NT\$1,000

Analysis item			Year (Note 1)	Capital adequacy ratio for the past 5 years (Note 3)					Capital adequacy ratio as of DDMMYY of current year (Note 5)
			2021	2020	2019	2018	2017		
Eligible capital	Common stock equity		96,157,516	93,119,841	88,212,592	78,947,036	73,448,764		
	Other Tier 1 capital that is not common stock equity		17,487,758	17,504,060	12,708,443	13,386,998	14,140,802		
	Tier 2 capital		41,159,410	40,329,291	32,082,995	29,797,442	25,396,643		
	Eligible capital		154,804,684	150,953,192	133,004,030	122,131,476	112,986,209		
Risk-weighted assets	Credit risk	Standardized approach	1,066,163,181	1,058,435,685	992,799,980	912,764,211	871,996,666		
		Internal ratings-based approach							
		Asset securitization							
	Operational risk	Basic indicator approach							
		Standardized approach/ alternative standardized approach	38,884,436	38,142,417	38,286,712	36,971,711	35,136,391		
		Advanced measurement approach							
	Market risk	Standardized approach	50,859,425	28,041,588	19,565,088	11,844,063	13,786,563		
		Internal models approach							
	Total risk-weighted assets		1,155,907,042	1,124,619,690	1,050,651,780	961,579,985	920,919,620		
Capital adequacy ratio (Note 2)			13.39%	13.42%	12.66%	12.70%	12.27%		
Tier 1 capital / Risk-weighted assets ratio			9.83%	9.84%	9.61%	9.60%	9.51%		
Common stock equity / Risk-weighted assets ratio			8.32%	8.28%	8.40%	8.21%	7.98%		
Leverage ratio			5.41%	5.90%	5.53%	5.40%	5.26%		
Please explain the reasons for the change in the capital adequacy ratio in the last two years. (Note 4)									

Note:1. The above five-year capital adequacy ratio has been certified by the CPA.

2. Represent the key performance indicators with the industry particularity of the Bank.

3. The regulatory capital, weighted risk-adjusted assets and total amount of exposure listed in the table was calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks", and the "Explanation and table of calculation method for banks' regulatory capital and risk assets."

4. Changes for the latest two periods (2021 and 2020) have not reached 20%; analysis of the reason is exempted.

5. The Bank does not have the most recent financial information verified and certified by the CPA as of the publication date of the annual report.

● Calculation formula of capital adequacy ratio is as follow:

1. Eligible capital = common stock equity + other tier 1 capital + tier 2 capital that is non-common stock equity.
2. Total risk-weighted assets = credit-risk-weighted assets + capital charge of (operating risk + market risk) × 12.5
3. Capital adequacy ratio = Eligible capital / total risk-weighted assets.
4. Tier 1 capital / Risk-weighted assets ratio = (common stock equity + other tier 1 capital under non-common stock equity) / total risk-weighted assets.
5. Common stock equity / Risk-weighted assets ratio = common stock equity / total risk-weighted assets.
6. Leverage ratio = net tier 1 capital / total risk exposure.

(3) Improvement measures when the eligible capital to risk-weighted assets ratio calculated according to Article 44 of the Banking Act is lower than the required ratio: None.



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FINANCIAL STATUS

3. Audit Committee's Audit Report on the 2021 Financial Statements

Taiwan Business Bank, Ltd.

Audit committee's Review Report

The Board of Directors has compiled and prepared Taiwan Business Bank's Financial Statements, business report and profit distribution table for the fiscal year of 2021. The financial statements have been audited by Ms. Tan-Tan Chung and Mr. Chun-Kuang Chen, the certified public accountants of KPMG.

The Audit Committee has also examined the said statements and reports delivered by the Board of Directors and found that its contents were in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. We hereby present the subject report for your review.

Submitted to:

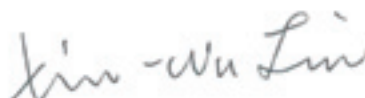
2022 General Shareholders' Meeting of Taiwan Business Bank, Ltd.

Audit Committee of Taiwan Business Bank, Ltd.

Independent Director



Independent Director



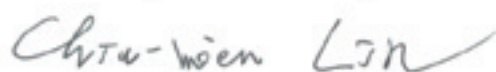
Independent Director



Independent Director



Independent Director



Republic of China, March 9, 2022

4. Representation Letter for 2021 Consolidated Financial Statements

Representation Letter

The entities that are required to be included in the combined financial statements of TAIWAN BUSINESS BANK, LTD. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TAIWAN BUSINESS BANK, LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TAIWAN BUSINESS BANK, LTD.

Chairman: Chien-Hao Lin

Date: March 9, 2022



5. Independent Auditors' Report for 2021 Consolidated Financial Statements

Independent Auditors' Report

To the Board of Directors of Taiwan Business Bank, Ltd.:

Opinion

We have audited the consolidated financial statements of Taiwan Business Bank, Ltd. and its subsidiaries ("the Bank and subsidiaries") which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks, and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits of the current period in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Kuan-Yin-Zi No.10802731571 and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. The assessment of loans impairment

Please refer to Note (4) (F) "Financial Instruments" for related accounting policy, Note 5 (A) for accounting assumptions and estimates, and Note 6 (F) "Discount and loans, net" and Note 6 (AN) "Financial Risk Information" for details of loans impairment, respectively.

The management of the Bank and subsidiaries assess the impairment of loans by determining if there is any observable evidence indicating impairment, and dividing them into collective assessment and individual assessment based on the materiality levels to measure by different impairment method. For the individual assessment with objective evidence of impairment, the measurement is based on expected future cash flow. For the collective assessment with objective evidence of impairment, the Bank and its subsidiaries need to calculate the recovery rate of each group to measure the impairment amount. For the collectively assessed loans without objective evidence of impairment, the impairment is calculated by establishing an impairment model using the pass loss experience on assets with similar credit risk characteristic to form basic estimation. Besides the methods mentioned above, the management of the Bank and its subsidiaries should inspect whether the amount of impairment is in compliance with the minimum level made by the authority. Both the evaluation of impairment evidences and its methods, as well as the uses of assumptions, such as the expected recovery rates and default rates, which are applied to determine the future cash flow, involved significant judgements and estimations. Therefore, the assessment on the impairment of loans has been identified as a key audit matter in our audit.



How the matter was addressed in our audit

Our principal audit procedures included: understanding the methodology and related control procedure about how the management assesses and measures the impairment amount of loans. For individual assessment, we used sampling test to evaluate the use of the original effective interest rate, the appropriateness of the estimation of future recoverable amounts and value of collateral. For collective assessment, we assessed the impairment model adopted by the management and reviewed the appropriateness of the calculation of the impairment parameters and verified the completeness of the loans portfolio via sampling. The impaired amounts recognized by the management were in compliance with the related regulations issued by authority. Meanwhile, we assessed whether allowance for the loans meets the requirements.

Other Matters

Taiwan Business Bank Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee), are responsible for overseeing the Bank and subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are CHUNG, TAN TAN and CHEN, CHUN KUANG.

KPMG

Taipei, Taiwan (Republic of China)

March 9, 2022

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Consolidated Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
11000	Cash and cash equivalents (Notes 6(A) and 7)	\$ 39,444,032	2	30,817,437	2
11500	Due from the Central Bank and call loans to banks (Notes 6(B) and 7)	158,110,418	8	114,195,668	6
12000	Financial assets at fair value through profit or loss (Note 6(C))	40,670,401	2	15,597,556	1
12100	Financial assets at fair value through other comprehensive income (Notes 6(G) and (P))	157,533,062	8	117,355,850	7
12200	Investment in debt instruments at amortized cost (Note 6(H))	279,035,906	14	228,003,332	13
12500	Securities purchased under resell agreements (Note 6(D))	7,831,274	-	6,132,162	-
13000	Receivables (Note 6(E))	7,616,634	-	43,448,157	2
13200	Current tax assets	349,884	-	306,417	-
13500	Discounts and loans, net (Notes 6(F) and 7)	1,302,388,363	64	1,209,716,083	68
15500	Other financial assets (Note 6(I))	28,942	-	13,781	-
18500	Property and equipment, net (Note 6(J))	14,533,721	1	14,514,906	1
18600	Right-of-use assets, net (Note 6(K))	1,149,295	-	1,073,757	-
19000	Intangible assets, net	554,337	-	375,008	-
19300	Deferred tax assets (Note 6(Y))	1,951,636	-	1,843,835	-
19500	Other assets, net (Note 6(L))	10,055,167	1	8,241,104	-
	Total assets	\$ 2,021,253,072	100	1,791,635,053	100

	Liabilities and equity	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Liabilities				
21000	Deposits from the Central Bank and banks (Notes 6(M) and 7)	\$ 102,540,315	5	118,201,039	7
21500	Due to the Central Bank and banks (Note 6(N))	50,261,590	3	29,040,100	2
22000	Financial liabilities at fair value through profit or loss (Notes 6(O) and (S))	8,436,037	-	8,639,002	-
22500	Notes and bonds issued under repurchase agreement (Note 6(P))	2,060,693	-	2,055,991	-
23000	Payables (Note 6(Q))	22,761,436	1	47,787,075	3
23200	Current tax liabilities	64,584	-	3,053	-
23500	Deposits and remittances (Notes 6(R) and 7)	1,668,656,822	83	1,418,572,000	79
24000	Bank notes payable (Note 6(S))	52,250,000	3	53,250,000	3
25500	Other financial liabilities (Note 6(T))	4,365,294	-	5,492,366	-
25600	Provisions (Note 6(U))	3,420,210	-	3,393,417	-
26000	Lease liabilities (Note 6(V))	1,149,456	-	1,062,021	-
29300	Deferred tax liabilities (Note 6(Y))	886,290	-	901,581	-
29500	Other liabilities (Note 6(W))	2,740,373	-	4,578,659	-
	Total liabilities	1,919,593,100	95	1,692,976,304	94
	Equity attributable to owners of parent				
31101	Common stock (Note 6(X))	77,431,952	4	74,885,834	4
31500	Capital Surplus(Note 6(X))	815,900	-	815,900	-
	Retained earnings:				
32001	Legal reserve (Note 6(X))	15,693,140	1	14,332,452	1
32003	Special reserve (Note 6(X))	185,128	-	185,128	-
32005	Unappropriated retained earnings (Note 6(X))	5,227,632	-	4,728,382	1
32500	Other equity interest (Note 6(X))	2,306,220	-	3,711,053	-
	Total equity	101,659,972	5	98,658,749	6
	Total liabilities and equity	\$ 2,021,253,072	100	1,791,635,053	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the year ended December 31,				Percent Change%
		2021		2020		
		Amount	%	Amount	%	
41000	Interest income (Notes 6(AC) and 7)	\$ 24,170,747	100	25,026,784	114	(3)
51000	Less : Interest expenses (Notes 6(AC) and 7)	(6,364,971)	(26)	(8,834,567)	(40)	(28)
	Net interest revenue	17,805,776	74	16,192,217	74	10
	Net revenue other than interest					
49100	Net service fee revenue (Notes 6(AD) and 13)	3,334,199	14	2,821,451	13	18
49200	Gain on financial assets or liabilities measured at fair value through profit or loss (Note 6(AE))	667,649	3	870,291	4	(23)
49310	Realized gain on financial assets at fair value through other comprehensive income (Note 6(AF))	1,187,914	5	1,098,686	5	8
49450	Gain arising from derecognition of financial assets measured at amortized cost (Note 6(H))	103,741	-	210,105	1	(51)
49600	Foreign exchange gain	309,479	1	103,211	-	200
49700	(Impairment loss on assets) reversal of impairment loss on assets (Note 6(AG))	(33,260)	-	(1,148)	-	2,797
49800	Net other revenue other than interest income (Note 6(AH))	168,887	1	216,109	1	(22)
49831	Net securities brokering revenue	561,639	2	358,520	2	57
	Net revenue	24,106,024	100	21,869,442	100	10
58200	Bad debts expense, commitment and guarantee liability provision (Note 6(AI))	(5,187,503)	(22)	(4,054,740)	(19)	28
	Operating expense					
58500	Employee benefits expenses (Notes 6(AJ))	(8,421,635)	(35)	(7,937,666)	(36)	6
59000	Depreciation and amortization expense (Notes 6(AK))	(1,041,031)	(4)	(992,513)	(5)	5
59500	Other general and administrative expense (Note 6(AL))	(3,653,809)	(15)	(3,499,262)	(16)	4
	Total operating expense	(13,116,475)	(54)	(12,429,441)	(57)	6
61001	Income from continuing operation before tax	5,802,046	24	5,385,261	24	8
61003	Less: Income tax expenses (Note 6(Y))	701,934	3	683,486	3	3
	Net income	5,100,112	21	4,701,775	21	8
65000	Other comprehensive income :					
65200	Components of other comprehensive income that will not be reclassified to profit or loss					
65201	Remeasurements of defined benefit plans (Note 6(Z))	24,512	-	(205,996)	(1)	112
65204	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	992,095	4	(312,557)	(1)	417
65220	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(Y))	4,902	-	(41,199)	-	112
	Components of other comprehensive income that will not be reclassified to profit or loss	1,011,705	4	(477,354)	(2)	312
65300	Components of other comprehensive income that will be reclassified to profit or loss					
65301	Exchange difference on translation	(413,117)	(2)	(767,381)	(3)	46
65308	(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income	(2,046,533)	(8)	971,009	4	(311)
65320	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(Y))	(97,914)	-	(140,331)	(1)	(30)
	Components of other comprehensive income that will be reclassified to profit or loss	(2,361,736)	(10)	343,959	2	787
65000	Other comprehensive income	(1,350,031)	(6)	(133,395)	-	(912)
	Total comprehensive income	\$ 3,750,081	15	4,568,380	21	(18)
	Earnings per share (in NT dollar) (Note 6 (AA))					
	Basic earnings per share (in NT dollar)	\$ 0.66		0.61		
	Diluted earnings per share (in NT dollar)	\$ 0.66		0.61		



VI

FINANCIAL STATUS

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent								Total
							Other equity interest		
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	Share Capital	Retained earnings							
	Common stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total			
Balance at January 1, 2020	\$ 71,319,842	815,900	12,312,175	223,331	7,167,217	19,702,723	(862,866)	4,541,167	95,516,766
Net income for the year ended December 31, 2020	-	-	-	-	4,701,775	4,701,775	-	-	4,701,775
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(164,797)	(164,797)	(613,905)	645,307	(133,395)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	4,536,978	4,536,978	(613,905)	645,307	4,568,380
Appropriation and distribution of retained earnings :									
Legal reserve appropriated	-	-	2,020,277	-	(2,020,277)	-	-	-	-
Reversal of special reserve	-	-	-	(38,203)	38,203	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,426,397)	(1,426,397)	-	-	(1,426,397)
Stock dividends of ordinary share	3,565,992	-	-	-	(3,565,992)	(3,565,992)	-	-	-
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,350)	(1,350)	-	1,350	-
Balance at December 31, 2020	74,885,834	815,900	14,332,452	185,128	4,728,382	19,245,962	(1,476,771)	5,187,824	98,658,749
Net income for the year ended December 31, 2021	-	-	-	-	5,100,112	5,100,112	-	-	5,100,112
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	19,610	19,610	(330,494)	(1,039,147)	(1,350,031)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	5,119,722	5,119,722	(330,494)	(1,039,147)	3,750,081
Appropriation and distribution of retained earnings :									
Legal reserve appropriated	-	-	1,360,688	-	(1,360,688)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(748,858)	(748,858)	-	-	(748,858)
Stock dividends of ordinary share	2,546,118	-	-	-	(2,546,118)	(2,546,118)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	35,192	35,192	-	(35,192)	-
Balance at December 31, 2021	\$ 77,431,952	815,900	15,693,140	185,128	5,227,632	21,105,900	(1,807,265)	4,113,485	101,659,972

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income before tax	\$ 5,802,046	5,385,261
Adjustments :		
Income and expenses items:		
Depreciation expenses	869,996	850,732
Amortization expenses	171,035	141,781
Provision for bad debt expenses	5,127,339	4,015,658
Net losses on financial assets or liabilities at fair value through profit or loss	306,370	469,113
Interest expenses	6,364,971	8,834,567
Net gain arising from derecognition of financial assets measured at amortized cost	(103,741)	(210,105)
Interest income	(24,170,747)	(25,026,784)
Net change in provisions for guarantee liabilities	39,802	17,634
Net change in other provisions	92,077	21,379
Loss on disposal of property and equipment	1,193	1,799
Property and equipment transferred to expenses	-	5,719
Impairment loss on financial assets	33,260	1,148
Other items	(1,369)	-
Total adjustments to reconcile profit	(11,269,814)	(10,877,359)
Changes in Operating Assets and Liabilities :		
Changes in Operating Assets :		
(Increase) decrease in due from the Central Bank and call loans to banks	(43,911,562)	11,248,260
(Increase) decrease in financial assets at fair value through profit or loss	(25,674,071)	11,418,343
(Increase) decrease in securities purchased under resell agreements	(1,699,112)	7,266,951
Decrease (increase) in receivables	36,085,939	(16,628,426)
Increase in discounts and loans	(99,035,256)	(81,221,944)
(Increase) decrease in other financial assets	(5,770)	14,881
Increase in other assets	(3,586,664)	(2,900,656)
Total changes in operating assets	(137,826,496)	(70,802,591)
Changes in Operating Liabilities :		
(Decrease) increase in deposits from the Central Bank and banks	(15,660,724)	13,407,427
Increase (decrease) in financial liabilities at fair value through profit or loss	91,891	(1,266,559)
Increase in notes and bonds issued under repurchase agreement	4,702	1,187,410



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FINANCIAL STATUS

	For the years ended December 31,	
	2021	2020
(Decrease) increase in payable	\$ (25,389,001)	16,478,855
Increase (decrease) in deposits and remittances	250,084,822	(16,477,547)
Decrease in other financial liabilities	(1,127,072)	(1,342,718)
Decrease in provisions for employee benefits	(80,182)	(9,318)
Total Changes in Operating Liabilities	207,924,436	11,977,550
Total Changes in Operating Assets and Liabilities	70,097,940	(58,825,041)
Total adjustments	58,828,126	(69,702,400)
Cash inflow(outflow) generated from operations	64,630,172	(64,317,139)
Interest received	23,921,904	25,908,496
Interest paid	(6,248,636)	(9,085,084)
Income tax paid	(449,051)	(768,475)
Net cash flow generated from (used in) operating activities	81,854,389	(48,262,202)
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(41,252,988)	(14,114,410)
Acquisition of financial assets at amortized cost	(130,873,423)	(123,843,438)
Proceeds from repayments of financial assets at amortized cost	79,933,076	159,121,500
Acquisition of property and equipment	(534,917)	(500,297)
Proceeds from disposal of property and equipment	132	137
Increase in refundable deposits	1,359,450	-
Decrease in refundable deposits	-	(551,476)
Acquisition of intangible assets	(309,411)	(139,804)
Net cash flow (used in) generated from investing activities	(91,678,081)	19,972,212
Cash flows from financing activities :		
Increase in due to the Central Bank and banks	21,221,490	28,287,955
Proceeds from issuing bank notes payable	8,000,000	20,000,000
Repayments of bank notes payable	(9,000,000)	(20,000,000)
Increase in guarantee deposits received	-	298,408
Decrease in guarantee deposits received	(332,463)	-
Payments of lease liabilities	(418,641)	(411,713)
(Decrease) increase in other liabilities	(1,505,823)	990,605
Cash dividends paid	(748,858)	(1,426,397)
Net cash flows generated from financing activities	17,215,705	27,738,858
Effect of exchange rate changes on cash and cash equivalents	1,234,582	(26,992)
Net increase (decrease) in cash and cash equivalents	8,626,595	(578,124)
Cash and cash equivalent at beginning of period	30,817,437	31,395,561
Cash and cash equivalent at end of period	\$ 39,444,032	30,817,437

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)



VI

FINANCIAL STATUS

1. Company history

TAIWAN BUSINESS BANK, LTD. (the "Bank") was formerly a general savings union known as "Taiwan Mutual Financing Bank" or "Tai-Shio Mutual Financing Bank" when it was established in 1915. After several mergers and acquisitions, it was renamed as Taiwan Business Bank, Ltd. in order to finance and provide banking assistance to small and medium-size businesses on July 1, 1976. The Bank's major lines of business are the following:

- (A) As prescribed by the Banking Law, provides professional services tailored to the needs of small and medium-size businesses;
- (B) Trust and securities brokerage businesses as approved by the relevant authority;
- (C) International banking business; and
- (D) Other relevant businesses as authorized by the relevant authority in-charge.

As of December 31, 2021, the Bank not only sets up the business dept., international dept., securities dept. and trust dept. under head office but also has 124 domestic branches, 1 offshore banking unit, 8 overseas branches, 1 oversea representative office and 16 securities brokerage locations.

The Bank became listed on the Taiwan Stock Exchange on January 3, 1998.

Under the "Statute for Privatization of State Enterprises" and upon the approval of Taiwan Province Government, the shares of the Bank owned by the provincial government were sold to the public. In line with privatization of the three other major Taiwan province government owned run commercial banks, the Bank had completed its own privatization on January 22, 1998.

As of December 31, 2021 and 2020, the Bank and subsidiaries has 5,483 and 5,411 employees, respectively.

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the board of directors on March 9, 2022.

3. New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The details of impact on the Bank and subsidiaries' adoption of the new amendments beginning January 1, 2021 are as follows :

- (i) Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" (the Phase 2 amendments)

The Bank and subsidiaries applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Bank and subsidiaries has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Bank and subsidiaries had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as of December 31, 2020, there is no impact on its opening equity balances as a result of retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships

triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Bank and subsidiaries will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank and subsidiaries first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Bank and subsidiaries will apply policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permits the hedging relationship to be continued without interruption.

The details of the accounting policies are disclosed in Note 4(F) and Note 6(AN).

(ii) Other amendments

The following new amendments, effective January 1, 2021, do not have a significant impact on the Bank and subsidiaries's consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Bank and subsidiaries assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Bank and subsidiaries, has been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	<p>The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. 	January 1, 2023



Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 8 "Definition of Accounting Estimates"	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

The Bank and subsidiaries is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Bank and subsidiaries completes its evaluation.

The Bank and subsidiaries does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

4. Summary of significant accounting policies

(A) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to IFRS endorsed by the FSC).

(B) Basis of preparation

(a) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- (1) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative instruments);
- (2) Financial instrument measured at fair value through other comprehensive income; and
- (3) The net defined benefit liability (asset) is recognized as fair value of plan assets, less present value of defined benefit obligation and the effect of the asset ceiling in Note 4(M).

(b) Consolidation of financial statement

The consolidation financial statements include the headquarter and all the domestic branches, foreign branches and subsidiaries. The internal transactions within the headquarter, the domestic branches and the foreign branches are offset when preparing the consolidated financial statement.

(c) Functional and presentation currency

The functional currency of each entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Bank's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(C) Basis of consolidation

(a) Subsidiary

A subsidiary is an enterprise controlled by the Bank. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Gains or losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(b) Elimination of intra-group transaction

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The unrealized profits arising from the transactions with the investments under the equity method are eliminated to the extent of the percentage of shares possessed by the Bank over the investee. The unrealized losses are eliminated in the same way as the unrealized profit, but only under the circumstances that there are no evidences of impairment.

List of subsidiaries in the consolidated financial statements:

	Established location	Main business scope	Shareholding (Holding %)	
			December 31, 2021	December 31, 2020
TBB International Leasing Co., Ltd.	Taiwan	Leasing business	100	100
Taiwan Business Bank International Leasing Co., Ltd.	China	Leasing business	100	100
TBB (Cambodia) Microfinance Institution Plc	Cambodia	Financial company	100	100
TBB Venture Capital Co., Ltd.	Taiwan	Investing business	100	100
TBB Consulting Co., Ltd.	Taiwan	Consulting business	100	-

(D) Foreign currency

(a) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies on the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate of Bank of Taiwan at 10 AM. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising on retranslation are recognized in profit or loss, except for the equity instruments measured at fair value through other comprehensive income which are recognized in other comprehensive income arising on the retranslation.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Bank and subsidiaries disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Bank and subsidiaries disposes of only part of its investment in an associate or joint venture that includes a foreign operation



while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(E) Cash and cash equivalents

Cash and cash equivalent comprise cash on hand, petty cash, foreign currency on hand and cash in banks, but excludes those items which are designated for specific purposes or restricted by contracts and law.

(F) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Bank and subsidiaries becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(a) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Bank and subsidiaries changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the next reporting period following the change in the business model.

(1) Investment in debt instruments measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank and subsidiaries may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Bank and subsidiaries' right to receive payment is established.

(3) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Bank and subsidiaries may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(4) Discount and loans, net

Discount and loans are recorded as initial fair value including direct transaction cost, and the subsequent measurement recognizes interest income via effective interest rate method if there is not much difference then it can adopt straight line method and is booked as per amortized cost deducted by impairment loss. Interest accrual on discount and loans are suspended if either of the following occurs:

- Payment of principal or interest is very likely not to be redeemed as per contracts.
- Non-performing loans are categorized as overdue loans in six months after the settlement period ends.

(5) Impairment of financial assets

The Bank and subsidiaries recognize loss allowances for expected credit losses on financial assets measured at amortized cost, debt investments measured at FVOCI and loan commitments and financial guarantee contracts. Equity instrument investment does not need to recognize expected credit losses.

The Bank and subsidiaries measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, receivables, loan commitments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instruments is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank and subsidiaries is exposed to credit risk.



When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECL, the Bank and subsidiaries considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Bank and subsidiaries' historical experience, informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Bank and subsidiaries expect to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Bank and subsidiaries assesses whether financial assets carried at amortized cost, debt securities at FVOCI, loan commitments and contracts of financial guarantee are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the borrowers on terms that the borrowers would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- to purchase or initiate financial assets at a substantial discount that reflects the credit losses that have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

In addition to estimate the allowance for bad debts and guarantee liability provisions as above, according to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans ", and considering the situation of their finance and the default of principal and interest payment, the credit assets are classified as below:

- 1% of the first class credit assets deducted by the amount of credit assets from the government.
- 2% of the second class credit assets.
- 10% of the third class credit assets.
- 50% of the fourth class credit assets.
- 100% of the fifth class credit assets.

The allowance for bad debts and guarantee liability provisions were assessed by the previously stated method shall not be less than the amount regulated by " Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans.

Unrecoverable overdue loans and bad debts of the Bank and subsidiaries, which are not able to be recovered after the overdue collection process, are written-off after deducting the recoverable portion. Upon approval by the board of directors and notification to supervisors, the excess amount of written off loans over such allowance or reserve is reflected as a current loss.

(b) Financial liabilities

Financial liability measured at fair value through profit or loss, if one of the following conditions is met

(1) Financial liabilities held for trading

A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial

instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as instrument held for trading as well.

(2) Financial liabilities designated at fair value through profit or loss

Financial liabilities falling under this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes are measured at fair value and recognized in profit or loss. While for financial liabilities designated at fair value through profit or loss, the changes in fair value generated from credit risk should be recognized under other comprehensive income, except for avoiding accounting mismatch that should be recognized in profit or loss.

(c) Reclassification of financial instruments

The Bank and subsidiaries only reclassified all affected financial assets in accordance with the regulations when changing the business model of managing financial assets. These changes are expected to be extremely infrequent. In addition, the Bank and subsidiaries must not reclassify any financial assets and liabilities of equity instruments.

If the Bank and subsidiaries reclassify financial assets in accordance with the aforesaid circumstances, the reclassification shall be postponed from the reclassification date, and any previously recognized gains, losses (including impairment losses or reversal of impairment loss) or interest shall not be restated.

(d) Derecognition of financial assets and liabilities

The Bank and subsidiaries derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and subsidiaries neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank and subsidiaries enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Bank and subsidiaries derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank and subsidiaries also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Bank and subsidiaries currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(f) Interest rate benchmark reform (policy applicable from January 1, 2021)

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, the Bank and subsidiaries update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and



- the new basis for determining the contractual cash flows is economically equivalent to the previous basis -i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to change to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank and subsidiaries first update the effective interest rate of the financial asset or financial liability to reflect the changes that is required by interest rate benchmark reform. Thereafter, the Bank and subsidiaries will applied the policies on accounting for modifications to the additional changes.

(G) Impairment loss on non-financial assets

The Bank and subsidiaries reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment on the balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(H) Property and Equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(b) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Bank and subsidiaries.

(c) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Land is not depreciated.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

- | | |
|---------------|-------------|
| (1) Buildings | 35-50 years |
| (2) Equipment | 3-8 years |

The Bank and subsidiaries reviews and adjusts the residual value and the useful lives of assets at the end of each fiscal year. Whenever there is evidence indicating that the carrying amount is unable to be recovered due to environmental activities or changes, the Bank and subsidiaries evaluate the impairment loss of assets.

(I) Lease

(a) Identifying a lease

At inception of a contract, the Bank and subsidiaries assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank and subsidiaries assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- the Bank and subsidiaries has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank and subsidiaries has the right to direct the use of the asset throughout the period of use only if either:
 - (1) the Bank and subsidiaries has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - (2) the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the Bank and subsidiaries has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the Bank and subsidiaries designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(b) As a lessee

The Bank and subsidiaries recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Bank and subsidiaries incremental borrowing rate. Generally, the Bank and subsidiaries uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Bank and subsidiaries estimate of the amount expected to be payable under a residual value guarantee; or



- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Bank and subsidiaries accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Bank and subsidiaries has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank and subsidiaries recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(c) As a lessor

When the Bank and subsidiaries acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Bank and subsidiaries makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Bank and subsidiaries considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(J) Deferred assets

The costs of installation for utilities, including electricity and water, as well as security facilities, are capitalized and amortized equally over 5 years.

(K) Collaterals

The difference between the amount of claims and the Bank and subsidiaries received when creditors cannot meet obligations and the collaterals are auctioned off is recognized as bad debts expense. The amount that net realized value lower than book value is recognized as impairment loss. The selling price deducts the original book value of collateral assumed is recognized as gain or loss on sale of collateral assumed.

(L) Provisions

A provision is recognized if, as a result of a past event, the Bank and subsidiaries has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Amortization of the discount is recognized as interest expense.

(M) Employee benefit

(a) Short term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(b) Retirement benefit

The pension provision of the Bank and subsidiaries includes defined contribution plan and defined benefit plan. For the personnel of foreign offices, the Bank provides pension fund per the regulations of the local authorities.

Defined contribution plan refers to the plan that the Bank and subsidiaries annually provide certain amount of money to funds to fulfill the obligation. The Bank and subsidiaries provide pension based on compulsory obligation, contracts or voluntary will to public or private managed pension funds. If certain pension fund fails to pay the employees the benefit which they deserve for the service they provided, the Bank and subsidiaries does not hold legal or constructive obligation to pay additional provision. The Bank and subsidiaries recognizes the pension fund provided as current pension cost on accrual basis.

The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Bank, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Bank and subsidiaries. An economic benefit is available to the Bank and subsidiaries if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increase benefit relating to past service by employees, is recognized immediately in profit or loss.

The remeasurements of defined benefit liability (asset) include:

- (1) Actuarial gains and losses;
- (2) Return on plan assets, excluding net interest on the net defined benefit liability (asset); and
- (3) The effect of the asset ceiling, excluding net interest on the net defined benefit liability (asset).

The remeasurements of defined benefit liability (asset) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any changes in the fair value of plan assets, any changes in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, for the reporting period, the rate will be adjusted by material market volatility, material curtailment, reimbursement and settlement or other material one-time events.

(c) Deposits with favorable rate

The Bank and subsidiaries provides deposits with favorable rate to employees, which include current employee fix amount deposits with favorable rate and retired employee fix amount deposits with favorable rate. The rate difference between the favorable rate and the market rate belongs to the category of employee benefit.

According to article 28 of "Regulations Governing the Preparation of Financial Report by Public Banks", the additional interests result from the difference between deposit with favorable rate and the deposits with market interest rate shall be calculated by actuary per the regulations related to defined benefit plan in IAS 19. The parameters of actuarial assumptions shall follow the regulations of the competent authority.

In accordance with the regulation of "Discussion of the employee benefit actuarial assumption related matter for adopting IAS 19 with respect to the additional interest of employee deposits with favorable rate"



issued by the Banking Bureau, the difference between the actual payment and the estimated retirement benefit obligation is deemed as changes in accounting estimate and is recognized in profit or loss.

(d) Termination benefits

Termination benefits are recognized as an obligation when the Bank and subsidiaries is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Bank and subsidiaries recognize liabilities when a formal irrevocable termination project is undertaken or when benefit is provided for encouraging voluntary resignation. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(N) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset against each other only if the following criteria are met by the Bank and subsidiaries:

- (a) a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (1) the same taxable entity; or
 - (2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(O) Revenue recognition

Interest is recognized according to interest method. Interest accrual is suspended from the date when the loan is reclassified to non-performing loan and only when the Bank and subsidiaries receive cash, the revenue is recognized.

The revenue of handling fee is recognized when cash collected or when the process of the profit are mostly completed. In addition, for the individual loan which does not belong to labor service and the handling fee is over 1% of the principal, the interest rate shall be adjusted from the original agreed interest rate to the effective interest rate. For the individual loan which does not belong to the service and the handling fee is less than 1% of the principal, the recognition of the revenue should be deferred and be recognized as revenue during the loan period.

(P) Earnings per share (EPS)

The Bank and subsidiaries discloses the basic and diluted earnings per share attributable to ordinary shareholders of the bank. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the bank divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Bank divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as stock that issued for employee bonuses.

(Q) Operating segments

Operating segment is the component of the Bank and subsidiaries that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank and subsidiaries). The segment's operating results are reviewed regularly by the Bank's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess the performance for which discrete financial information is available.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(A) Impairment losses on loans

The impairment of loans of the Bank and subsidiaries was evaluated by identifying the credit risk of those financial assets have significantly increased or not at the reporting date if the credit risk has not significant incurred, the 12-month expected credit loss should be adopted to evaluate, or the lifetime credit loss evaluation should be adopted.

To evaluate the expected credit losses for 12-month and lifetime, the Bank and subsidiaries considers the unfavorable changes of payment status or the economic conditions of the countries or areas related to the default loans. When analyzing expected cash flows, the estimates by the management are based on the pass losses experience from assets with similar credit risk characteristics. In order to reduce losses from the difference between estimated and actual amount, the Bank and subsidiaries has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the select inputs.

(B) Retirement benefit

The present value of the retirement benefit obligation is the actuarial result based on several assumptions. Any change of the assumptions may influence the carrying amount of the retirement benefit obligation.

The assumptions applied to determine net pension cost (revenue) include the discount rate. The Bank and subsidiaries determine the appropriate discount rate at the end of each year and apply it to calculate the present value of the future cash outflows which are to be paid to the retirement benefit obligation. To determine the appropriate discount rate, the Bank and subsidiaries should consider the interest rate of

high-quality corporate bonds and government bonds. The currency of the retirement benefit shall be the same as that of the high-quality corporate bond or government bonds and the duration till maturity date shall comply with the duration of the related pension obligation. Other significant assumptions of retirement benefit obligation are based on the current market situation.

6. Explanation of significant accounts

(A) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Petty cash and revolving funds	\$ 10,892,311	9,974,072
Foreign currencies on hand	813,650	953,700
Checks for clearing	12,197,958	3,212,602
Due from other banks	15,540,113	16,677,063
Total	<u>\$ 39,444,032</u>	<u>30,817,437</u>

(B) Due from the Central Bank and call loans to banks

	December 31, 2021	December 31, 2020
Due from the Central Bank	\$ 72,157,970	46,325,385
Deposits transferred to Central Bank	52,275	55,339
Call loans to banks	85,900,173	67,814,944
Trust fund indemnity reserve deposited	90,000	90,000
Securities serving as trust fund indemnity reserve deposited	(90,000)	(90,000)
Total	<u>\$ 158,110,418</u>	<u>114,195,668</u>

As of December 31, 2021 and 2020, in accordance with the Banking Law and the Central Bank Law, the required reserve deposited by the Bank with the Central Bank amounted to \$71,836,985 and \$45,813,518 of which \$44,525,965 and \$37,579,517 respectively, were restricted and such restriction may only be lifted when the required reserve is adjusted to a lower amount. The Bank and subsidiaries cooperated with the Central Bank to undertake financing loans for small and medium enterprises that are affected by the severe and the special infectious pneumonia epidemic. As of December 31, 2021 and 2020 are guaranteed by the deposit reserve of the Central Bank as required, \$39,000,000 and \$30,000,000 respectively, please refer to 6(N) for the information of due to the Central Bank and banks.

As of December 31, 2021 and 2020, the Bank's subsidiaries and overseas branches, in compliance with the Central Bank's reserve requirement set by local authorities, deposited \$154,177 and 202,049 and in reserve, of which \$64,758 and 56,642 were restricted.

Effective December 2000, in accordance with the amended "Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions", the Bank provides the required additional reserve on foreign currency deposits. As of December 31, 2021 and 2020, the required reserve with the Central Bank amounted to \$166,808 and \$309,818 respectively, and its use was unrestricted.

As of December 31, 2021 and 2020, deposits transferred to the Central Bank collected from the armed forces, prisons, and other treasury deposits were restricted.

Effective January 20, 2001, in accordance with the requirement of the Central Bank of China, the Bank complies with Clause 34 of the Trust Law to treat the discretionary trust of investments in overseas marketable securities as a default loss reserve. As of December 31, 2021 and 2020, the Bank deposited marketable securities of \$90,000 as trust fund reserves.



(C) Financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets designated at fair value through profit or loss :		
Corporate bonds	\$ -	84,377
Financial assets at fair value through profit or loss, mandatorily measured at fair value :		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	18,120	55,129
Currency swap contracts	495,831	527,767
Foreign currency options-call	3,714	6,592
Stock index futures	28,745	72,747
Interest Rate Swap	6,226	28,623
Non-derivative financial assets		
Commercial paper	37,015,444	12,414,244
Listed stocks	474,025	271,669
Unlisted stocks	376,313	310,620
Beneficiary certificates	1,695,843	267,054
Convertible corporate bonds	79,230	51,700
Financial debentures	476,910	1,507,034
Total	<u>\$ 40,670,401</u>	<u>15,597,556</u>

Derivative financial instruments are used for hedging foreign exchange risk and interest rate risk arising from operating, financing and investing activities. The Bank and subsidiaries held derivative financial instruments which did not apply to hedge accounting are as follows (reported as financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading)

	December 31, 2021	December 31, 2020
Currency swaps contract	\$ 153,249,108	156,328,006
Interest rate swaps contract	11,916,735	13,920,619
Option contract - buy	682,393	886,607
Option contract - sell	682,393	886,607
Forward foreign exchange contract	3,835,462	2,817,826

(D) Securities purchased under resell agreements

	December 31, 2021	December 31, 2020
Securities under resell agreements	<u>\$ 7,831,274</u>	<u>6,132,162</u>
Face amount	<u>7,834,600</u>	<u>6,135,000</u>
Resell period	<u>2022.01.03~2022.01.19</u>	<u>2021.01.04~2021.01.25</u>
Range of resell interest rate	<u>0.33%~0.34%</u>	<u>0.23%~0.26%</u>
Resell price	<u>\$ 7,832,994</u>	<u>6,132,615</u>



(E) Receivables, net

	December 31, 2021	December 31, 2020
Interest receivable	\$ 2,772,213	2,517,204
Acceptances receivable	1,033,229	1,283,753
Accrued incomes	138,537	69,435
Accounts receivable	893,518	1,023,164
Spot exchange receivable-foreign currencies	9,546	35,719,388
Refinancing guaranty deposits	33	6,272
Guaranteed proceeds receivable from refinancing	36	6,360
Credit cards accounts receivable	1,033,355	1,090,030
Receivable price of securities purchased for customers	177,964	246,189
Settlement price	141,261	452,602
Installment receivables and leases	1,147,550	753,061
Other receivables	387,503	419,263
Sub-total	7,734,745	43,586,721
Less: Allowance for bad debts	(118,111)	(138,564)
Total	<u>\$ 7,616,634</u>	<u>43,448,157</u>

The outstanding contract amount of financial assets that have been written off and still have recourse as of December 31, 2021 and 2020 were \$85,356,830 and \$81,727,618 respectively. The change in allowance for bad debts was as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 138,564	151,590
Provision	1,252	5,071
Write-off	(21,046)	(15,044)
Foreign exchange	(659)	(3,053)
Ending balance	<u>\$ 118,111</u>	<u>138,564</u>

(F) Discounts and loans, net

	December 31, 2021	December 31, 2020
Import/export bills negotiated	\$ 185,267	149,837
Bills and notes discounted	753,253	835,280
Overdrafts	35,359	22,354
Secured overdrafts	3,082,281	1,456,408
Short-term loans	158,526,680	142,677,907
Short-term secured loans	224,893,139	197,006,073
Margin loans receivable	3,245,824	2,504,189
Medium-term loans	158,957,105	154,862,508
Medium-term secured loans	283,220,193	260,308,203
Long-term loans	30,248,716	25,097,549
Long-term secured loans	453,214,205	433,675,772
Overdue loans	1,862,326	5,699,161
Sub-total	1,318,224,348	1,224,295,241
Less: Adjustment of discount and premium	(259,168)	(253,001)
Less: Allowance for bad debts	(15,576,817)	(14,326,157)
Total	<u>\$ 1,302,388,363</u>	<u>1,209,716,083</u>

The change in allowance for bad debts was as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 14,326,157	13,341,368
Provision	5,153,489	4,046,672
Transfer out	(15,073)	(16,268)
Write-off	(5,081,394)	(4,008,562)
Write-off recovered	1,218,393	991,109
Foreign exchange	(24,755)	(28,162)
Ending balance	<u>\$ 15,576,817</u>	<u>14,326,157</u>

(G) Financial asset at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Investment in debt instruments measured at fair value through other comprehensive income :		
Government bonds	\$ 46,011,743	34,724,023
Corporate bonds	57,107,224	46,029,075
Financial debentures	<u>32,875,263</u>	<u>23,339,038</u>
Subtotal	<u>135,994,230</u>	<u>104,092,136</u>
Investment in equity instruments measured at fair value through other comprehensive income :		
Listed stocks	16,414,356	8,736,348
Unlisted stocks	4,974,579	4,478,071
Real Estate Investment Trust	<u>149,897</u>	<u>49,295</u>
Subtotal	<u>21,538,832</u>	<u>13,263,714</u>
Total	<u>\$ 157,533,062</u>	<u>117,355,850</u>

1. Investment in debt instruments measured at fair value through other comprehensive income

The Bank and subsidiaries assessed that the above bond investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. The bond investments have been classified as the financial asset measured at fair value through other comprehensive income. Some of the investment in debt instruments measured at fair value through other comprehensive income are used as resell condition. Please refer to Note 6 (P) for more details.

2. Investment in equity instruments measured at fair value through other comprehensive income

The Bank and subsidiaries designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments intending to hold for long-term for strategic purpose.

The Bank and subsidiaries designated the investments shown above as equity instrument as at fair value through other comprehensive income, therefore, the Bank and subsidiaries recognized \$885,010 and \$511,208, respectively as dividend revenue for the years ended December 31, 2021 and 2020. In which, the disposal equity instruments were recognized \$44,127 and \$117,041 as dividend revenue for the years ended December 31, 2021 and 2020.

The Bank and subsidiaries sold the investments which were measured as at fair value through other comprehensive income due to assets allocation. The fair value of disposed investments are \$801,669 and \$2,610,237. And gains (losses) on disposal are \$35,192 and \$(1,350) for the years ended December 31, 2021 and 2020. Therefore, accumulated gains on disposal were transferred from other equity to retained earnings.

3. Please refer to Note 6(AN) for the credit risk (including the impairment in debt instruments) and market risk information.



4. The Bank and subsidiaries assessed the impairment of financial assets measured at fair value through other comprehensive income as of December 31, 2021 and 2020. The changes in allowance for credit losses attribute to the financial assets were as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 66,454	52,299
Provision	21,599	14,630
Foreign exchange	(261)	(475)
Ending balance	<u>\$ 87,792</u>	<u>66,454</u>

(H) Investment in debt instruments at amortized cost

	December 31, 2021	December 31, 2020
Certificates of deposit with the Central Bank	\$ 231,395,000	161,705,000
Government bonds	24,673,670	29,584,857
Corporate bonds	8,689,856	13,464,156
Financial debentures	14,306,782	23,044,358
Negotiable certificates of deposit	58,076	280,925
Subtotal	279,123,384	228,079,296
Less: Accumulated impairment	(87,478)	(75,964)
Total	<u>\$ 279,035,906</u>	<u>228,003,332</u>

The Bank and subsidiaries assessed that these financial assets were held to collect the contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

- Please refer to Note 6(AN) for credit risk.
- The pledged assets provided by the above investment in debt instruments at amortized cost were shown follows:

	December 31, 2021	December 31, 2020
Reserve for provisional seizure by the court, international card payment reserve, trust claim reserve and operating guaranty funds	\$ 901,900	812,600
Central Bank Financing Guarantee	11,300,000	-
Overseas branches required reserve of overdraft guarantee	58,076	-
Daylight overdraft guarantee (Certificates of deposit with the Central Bank)	2,000,000	2,000,000
Guarantee for borrowing US dollars	23,000,000	23,000,000
Guarantee for borrowing JPY dollars	200,000	200,000
Sponsorship of Treasury Affairs	16,200,000	-
Total	<u>\$ 53,659,976</u>	<u>26,012,600</u>

- The Bank and subsidiaries assessed the impairment of investment in debt instruments at amortized cost as of December 31, 2021 and 2020. The changes in allowance for credit losses attribute to these financial assets were as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 75,964	90,411
Provision (Reversal)	11,661	(13,482)
Foreign exchange	(147)	(965)
Ending balance	<u>\$ 87,478</u>	<u>75,964</u>

4. Disposal gain (loss) on disposal investment in assets at amortized cost :

	For the years ended December 31, 2021	
	The carrying amount at the date of derecognition	Gain (Loss) on disposal
Government bonds	\$ 791,559	78,951
Corporate bonds	248,776	2,048
Financial debentures	549,111	22,742
Total	<u>\$ 1,589,446</u>	<u>103,741</u>

	For the years ended December 31, 2020	
	The carrying amount at the date of derecognition	Gain (Loss) on disposal
Government bonds	\$ 300,522	2,921
Corporate bonds	992,550	100,087
Financial debentures	1,356,497	107,097
Total	<u>\$ 2,649,569</u>	<u>210,105</u>

In 2021 and 2020, the following reasons that caused the Bank and subsidiaries dispose part of its financial assets measured at amortized cost for the mandatorily redemption of the bond issuers, and the purpose of fund management

(I) Other financial assets

	December 31, 2021	December 31, 2020
Overdue receivable	\$ 80,334	68,832
Less: Allowance for bad debts, overdue receivable	(51,392)	(55,051)
Total	<u>\$ 28,942</u>	<u>13,781</u>

The change in allowance for bad debts was as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 55,051	85,901
Reversal	(24,464)	(25,002)
Transfer in	15,073	16,268
Write-off	(15,308)	(44,717)
Written-off recovered	21,040	22,601
Ending balance	<u>\$ 51,392</u>	<u>55,051</u>

(J) Property and equipment, net

December 31, 2021	Cost	Revaluation increment	Accumulated depreciation	Accumulated impairment	Total
Land	\$ 6,743,535	2,986,161	-	14,031	9,715,665
Buildings	8,017,954	31,184	4,592,658	14,754	3,441,726
Machinery and equipment	2,393,432	-	1,865,901	-	527,531
Transportation equipment	272,502	-	225,193	-	47,309
Miscellaneous equipment	647,036	-	539,601	-	107,435
Leasehold improvements	162,953	-	83,416	-	79,537
Construction in progress	40,547	-	-	-	40,547
Prepayment for equipment	573,971	-	-	-	573,971
Total	<u>\$ 18,851,930</u>	<u>3,017,345</u>	<u>7,306,769</u>	<u>28,785</u>	<u>14,533,721</u>



December 31, 2020	Cost	Revaluation increment	Accumulated depreciation	Accumulated impairment	Total
Land	\$ 6,743,535	2,986,161	-	14,031	9,715,665
Buildings	7,930,240	31,184	4,404,411	14,754	3,542,259
Machinery and equipment	2,273,606	-	1,771,978	-	501,628
Transportation equipment	275,438	-	232,974	-	42,464
Miscellaneous equipment	608,684	-	521,029	-	87,655
Leasehold improvements	168,234	-	69,460	-	98,774
Construction in progress	12,246	-	-	-	12,246
Prepayment for equipment	514,215	-	-	-	514,215
Total	<u>\$ 18,526,198</u>	<u>3,017,345</u>	<u>6,999,852</u>	<u>28,785</u>	<u>14,514,906</u>

Change of cost

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Land	\$ 9,729,696	-	-	-	9,729,696
Buildings	7,961,424	87,714	-	-	8,049,138
Machinery and equipment	2,273,606	229,566	106,275	(3,465)	2,393,432
Transportation equipment	275,438	18,695	21,548	(83)	272,502
Miscellaneous equipment	608,684	63,600	24,177	(1,071)	647,036
Leasehold improvements	168,234	19,223	20,641	(3,863)	162,953
Construction in progress	12,246	62,045	33,744	-	40,547
Prepayment for equipment	514,215	158,678	98,853	(69)	573,971
Total	<u>\$ 21,543,543</u>	<u>639,521</u>	<u>305,238</u>	<u>(8,551)</u>	<u>21,869,275</u>

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Land	\$ 9,724,121	5,575	-	-	9,729,696
Buildings	7,893,705	67,719	-	-	7,961,424
Machinery and equipment	2,336,544	193,108	251,684	(4,362)	2,273,606
Transportation equipment	279,967	16,522	20,998	(53)	275,438
Miscellaneous equipment	582,107	55,918	27,425	(1,916)	608,684
Leasehold improvements	151,713	53,122	34,028	(2,573)	168,234
Construction in progress	16,346	26,074	30,174	-	12,246
Prepayment for real estate	120	5,455	5,575	-	-
Prepayment for equipment	405,727	161,827	52,952	(387)	514,215
Total	<u>\$ 21,390,350</u>	<u>585,320</u>	<u>422,836</u>	<u>(9,291)</u>	<u>21,543,543</u>

Change of depreciation

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Buildings	\$ 4,404,411	188,247	-	-	4,592,658
Machinery and equipment	1,771,978	201,131	105,626	(1,582)	1,865,901
Transportation equipment	232,974	13,865	21,394	(252)	225,193
Miscellaneous equipment	521,029	44,089	23,996	(1,521)	539,601
Leasehold improvements	69,460	32,181	20,300	2,075	83,416
Total	<u>\$ 6,999,852</u>	<u>479,513</u>	<u>171,316</u>	<u>(1,280)</u>	<u>7,306,769</u>

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Buildings	\$ 4,213,708	190,703	-	-	4,404,411
Machinery and equipment	1,840,547	184,922	250,178	(3,313)	1,771,978
Transportation equipment	240,449	13,533	20,822	(186)	232,974
Miscellaneous equipment	493,441	55,851	27,172	(1,091)	521,029
Leasehold improvements	75,183	28,381	32,656	(1,448)	69,460
Total	<u>\$ 6,863,328</u>	<u>473,390</u>	<u>330,828</u>	<u>(6,038)</u>	<u>6,999,852</u>

Accumulated impairment

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Land	\$ 14,031	-	-	-	14,031
Buildings	14,754	-	-	-	14,754
Total	<u>\$ 28,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,785</u>

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Land	\$ 14,031	-	-	-	14,031
Buildings	14,754	-	-	-	14,754
Total	<u>\$ 28,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,785</u>

When the Bank and subsidiaries first adopted IFRSs, it elected to apply the revaluation amount calculated per the regulation of GAAP of R.O.C as the original cost on the transition date.

As of December 31, 2021 and 2020, the appreciation from revaluation of properties all amounted to \$3,017,345. Reserve for land incremental tax all amounted to \$879,056 (Recognized under deferred tax liabilities).

As of December 31, 2021 and 2020, land which was occupied all amounted to \$5,496. Except for a portion of the land that had been negotiated with the occupant to collect the rent; the Bank intends to participate in land auction, urban renewal or by other appropriate means in due course.

(K) Right-of-use assets, net

The Bank and subsidiaries leases many assets including buildings, machinery and transportation equipment. Information about leases on costs, depreciation and impairment for which the Bank and subsidiaries as a lessee is presented below:

December 31, 2021	Cost	Accumulated depreciation	Accumulated impairment	Total
Buildings	\$ 1,795,803	683,580	-	1,112,223
Machinery and equipment	27,842	27,272	-	570
Transportation equipment	74,819	45,301	-	29,518
Miscellaneous equipment	10,337	3,353	-	6,984
Total	<u>\$ 1,908,801</u>	<u>759,506</u>	<u>-</u>	<u>1,149,295</u>

December 31, 2020	Cost	Accumulated depreciation	Accumulated impairment	Total
Buildings	\$ 1,538,073	503,033	-	1,035,040
Machinery and equipment	43,406	40,895	-	2,511
Transportation equipment	67,794	36,156	-	31,638
Miscellaneous equipment	7,603	3,035	-	4,568
Total	<u>\$ 1,656,876</u>	<u>583,119</u>	<u>-</u>	<u>1,073,757</u>

Change of cost

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Buildings	\$ 1,538,073	538,564	274,552	(6,282)	1,795,803
Machinery and equipment	43,406	3	15,567	-	27,842
Transportation equipment	67,794	19,818	12,776	(17)	74,819
Miscellaneous equipment	7,603	4,960	2,226	-	10,337
Total	<u>\$ 1,656,876</u>	<u>563,345</u>	<u>305,121</u>	<u>(6,299)</u>	<u>1,908,801</u>

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Buildings	\$ 1,299,279	420,428	180,267	(1,367)	1,538,073
Machinery and equipment	74,915	2	31,493	(18)	43,406
Transportation equipment	60,417	14,520	7,089	(54)	67,794
Miscellaneous equipment	5,729	2,347	473	-	7,603
Total	<u>\$ 1,440,340</u>	<u>437,297</u>	<u>219,322</u>	<u>(1,439)</u>	<u>1,656,876</u>



Change of depreciation

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Buildings	\$ 503,033	380,246	198,924	(775)	683,580
Machinery and equipment	40,895	1,944	15,567	-	27,272
Transportation equipment	36,156	21,183	12,032	(6)	45,301
Miscellaneous equipment	3,035	2,416	2,098	-	3,353
Total	\$ 583,119	405,789	228,621	(781)	759,506

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Buildings	\$ 301,019	379,398	176,359	(1,025)	503,033
Machinery and equipment	64,743	7,645	31,493	-	40,895
Transportation equipment	21,514	21,765	7,089	(34)	36,156
Miscellaneous equipment	1,505	2,003	473	-	3,035
Total	\$ 388,781	410,811	215,414	(1,059)	583,119

(L) Other assets, net

	December 31, 2021	December 31, 2020
Office supplies	\$ 28,953	29,165
Prepayments	8,167,284	6,229,552
Operating guarantee deposits and settlement fund	31,450	28,319
Guarantee deposits paid	414,405	1,773,855
Deferred assets	175	166
Proceeds of settlement and margin trading	1,307,041	180,047
Other assets	105,859	-
Total	\$ 10,055,167	8,241,104

(M) Deposits from the Central Bank and banks

	December 31, 2021	December 31, 2020
Deposits from the Central Bank	\$ 249,565	281,121
Due from the Central Bank	9,955,800	11,802,000
Deposits from banks	244,033	619,499
Call loans from banks	24,292,901	36,445,088
Overdrafts on banks	536,471	777,971
Deposits transferred from Chunghwa Post Co., Ltd.	67,261,545	68,275,360
Total	\$ 102,540,315	118,201,039

(N) Due to the Central Bank and banks

	December 31, 2021				
	Currency	Interest Rate	Maturity Date	Original Amount	NTD Amount
Central Bank	TWD	0.1%	2022.6.30	49,713,800	\$ 49,713,800
Agricultural Bank of Taiwan	TWD	0.827%	2021.10.19	50,000	50,000
Sunny Commercial Bank (OBU)	USD	1.68%	2022.8.27	6,000	165,930
Bank of Kaohsiung Co.,Ltd. (OBU)	USD	1.62%	2023.6.10	12,000	331,860
Total					\$ 50,261,590
Unused credit lines					\$ 1,598,755

	December 31, 2020				
	Currency	Interest Rate	Maturity Date	Original Amount	NTD Amount
Central Bank	TWD	0.1%	2021.12.31	28,450,000	\$ 28,450,000
Taichung Commercial Bank Co., Ltd. (OBU)	USD	2.26%	2021.5.28	3,000	84,300
Sunny Commercial Bank (OBU)	USD	1.76%	2021.8.27	6,000	168,600
Bank of Kaohsiung Co.,Ltd. (OBU)	USD	1.77%	2023.6.10	12,000	337,200
Total					\$ 29,040,100
Unused credit lines					\$ 2,262,400

(O) Financial liabilities at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial liabilities designated at fair value through profit or loss :		
Financial debentures	\$ 8,293,730	8,411,020
Financial liabilities held for trading :		
Derivative instruments not used for hedging		
Foreign exchange forward contracts	4,404	3,768
Currency swap contracts	126,198	181,994
Foreign currency option-put	3,714	6,599
Interest rate contract	7,991	35,621
Total	<u>\$ 8,436,037</u>	<u>8,639,002</u>

Please refer to 6(S) for the information of financial liabilities designated at fair value through profit and loss. Please refer to 6(C) for the nominal amount of unsettled financial derivatives instrument contracts of December 31, 2021 and 2020.

(P) Notes and bonds issued under repurchase agreement

Assets	December 31, 2021			
	Par value	Selling Price (Recognized in securities sold under repurchase agreements)	Designated repurchase amount	Designated repurchase date
Financial assets at fair value through other comprehensive income	\$ 2,157,553	2,060,693	2,068,283	Prior to July 1, 2024

Assets	December 31, 2020			
	Par value	Selling Price (Recognized in securities sold under repurchase agreements)	Designated repurchase amount	Designated repurchase date
Financial assets at fair value through other comprehensive income	\$ 2,131,570	2,055,991	2,062,593	Prior to August 24, 2023

(Q) Payables

	December 31, 2021	December 31, 2020
Accrued interest	\$ 2,471,433	2,372,962
Accounts payable	12,819,963	3,229,502
Acceptances	1,039,557	1,303,348
Accrued expenses	2,835,553	2,559,675
Collection payable	783,316	690,663
Deposits received from securities borrowers	115,541	112,416
Guaranteed price deposits received from securities borrowers	149,272	150,740
Spot exchange payable, foreign currencies	9,204	35,716,094
Other payables	2,209,483	944,149
Prices payable of securities sold for customers	309,498	683,596
Other	18,616	23,930
Total	<u>\$ 22,761,436</u>	<u>47,787,075</u>

(R) Deposits and remittances

	December 31, 2021	December 31, 2020
Savings deposits	\$ 707,880,781	679,271,179
Time deposits	451,747,040	337,823,523
Demand deposits	475,333,055	375,308,422
Checking account deposits	33,266,719	25,741,910
Remittances	429,227	426,966
Total	<u>\$ 1,668,656,822</u>	<u>1,418,572,000</u>

(S) Bank notes payable

Bonds	Terms of Transactions			Bond Issued		
	Issue date	Maturity date	Interest Rate & repayment	Type	Amount	
					December 31, 2021	December 31, 2020
2015-2A	08/31/2015	08/31/2023	The debentures bear an annual interest rate of 2.05%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	\$ 4,700,000	4,700,000
2015-2B	08/31/2015	08/31/2025	The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	300,000	300,000
2016-1P	09/20/2016	None	The debentures bear an annual interest rate of 3.2%. Simple interest is accrued and paid annually. The debentures are redeemable per face value plus accrued interest at interest payment date after five years and three months from the issued date under the consent of the competent authority	Perpetual non-accumulated subordinated financial debentures	-	8,000,000
2016-2	12/20/2016	12/20/2023	The debentures bear an annual interest rate of 1.40%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	2,700,000	2,700,000
2017-1A	03/28/2017	03/28/2024	The debentures bear an annual interest rate of 1.50%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	390,000	390,000
2017-1B	03/28/2017	03/28/2025	The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	250,000	250,000
2017-1C	03/28/2017	03/28/2027	The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	3,360,000	3,360,000
2017-2	05/23/2017	05/23/2027	The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	1,300,000	1,300,000
2018-1	01/05/2018	01/05/2021	The debentures bear an annual interest rate of 0.7%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured senior long-term financial debentures	-	1,000,000
2018-2	08/20/2018	08/20/2028	The debentures bear an annual interest rate of 1.45%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	5,450,000	5,450,000
2019-1A	03/21/2019	03/21/2026	The debentures bear an annual interest rate of 1.20%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	1,000,000	1,000,000
2019-1B	03/21/2019	03/21/2029	The debentures bear an annual interest rate of 1.30%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	4,800,000	4,800,000
2020-1	03/25/2020	03/25/2030	The debentures bear an annual interest rate of 0.8%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	10,000,000	10,000,000



Bonds	Terms of Transactions			Bond Issued		
	Issue date	Maturity date	Interest Rate & repayment	Type	Amount	
					December 31, 2021	December 31, 2020
2020-2	08/13/2020	None	The debentures bear an annual interest rate of 1.62%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date .	Perpetual non-accumulated subordinated financial debentures	10,000,000	10,000,000
2021-1	11/17/2021	None	The debentures bear an annual interest rate of 1.6%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date .	"	8,000,000	-
					<u>\$ 52,250,000</u>	<u>53,250,000</u>

The Bank issued \$120,000 thousand and \$180,000 thousand dollar-denominated debentures with call option that can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. In order to avoid interest risk, the Bank buys interest rate swap contracts that are classified as financial assets at fair value through profit or loss. To eliminate the measurement or recognition inconsistency between IRSs and debentures, the Bank classified the debentures into financial liabilities at fair value through profit or loss. In addition, the Bank considers that the designated economic relationship is evaluated by the SLMM model method, if the amount of changes in the fair value of the corporate bonds attributable to changes in credit risk is listed in other comprehensive gains and losses, it will trigger or aggravate the accounting ratio of gains and losses. Therefore, the amount is reported in the profit and loss. The debentures are as follows:

Bonds	Terms of Transactions			Bond Issued		
	Issue date	Maturity date	Interest Rate & repayment	Type	Amount	
					December 31, 2021	December 31, 2020
2017-3	10/27/2017	10/27/2047	The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity.	Unsecured dollar-denominated senior financial debentures	\$ 3,318,600	3,372,000
2018-3	09/27/2018	09/27/2048	The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity.	"	4,977,900	5,058,000
				Valuation adjustment	(2,770)	(18,980)
					<u>\$ 8,293,730</u>	<u>8,411,020</u>



The increase (decrease) in fair value of the financial liabilities that are attributable to changes in credit risk are as follows:

	December 31, 2021	December 31, 2020
Fair value of corporate bonds	\$ 8,293,730	8,411,020
Fair value increase (decrease) not attributable to changes in market conditions that give rise to market risk	90,645	55,154
Difference between the carrying value and the amount payable at the end of the contract term	(2,770)	(18,980)

(T) Other financial liabilities

	December 31, 2021	December 31, 2020
Cumulative earnings on appropriated loans fund	\$ 4,365,294	5,492,366

Cumulative earnings on appropriated loan fund is the project contract signed by National Development Fund, Executive Yuan, Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the Bank. The Bank appropriates the fund to the companies which meet the conditions for loans. The fund is classified as principal account, interest yielding account, loaned account and un-loaned account. These accounts are used for transferring accounts and paying the deposit interests for each project contract.

(U) Provisions

	December 31, 2021	December 31, 2020
Provision for guarantee liabilities	\$ 258,065	218,351
Provision for loan commitments	71,423	52,831
Indeterminate indemnity provisions	73,181	-
Provision for employee benefits	3,017,541	3,122,235
Total	\$ 3,420,210	3,393,417

Change of provision

	January 1, 2021	Increase	Decrease	Use	Foreign exchange	December 31, 2021
Provision for guarantee liabilities	\$ 218,351	39,802	-	-	(88)	258,065
Provision for loan commitments	52,831	18,896	-	-	(304)	71,423
Indeterminate indemnity provisions	-	73,181	-	-	-	73,181
Provision for employee benefits	3,122,235	277,974	327,408	55,260	-	3,017,541
Total	\$ 3,393,417	409,853	327,408	55,260	(392)	3,420,210

	January 1, 2020	Increase	Decrease	Use	Foreign exchange	December 31, 2020
Provision for guarantee liabilities	\$ 200,948	17,634	-	-	(231)	218,351
Provision for loan commitments	31,498	21,379	-	-	(46)	52,831
Provision for employee benefits	2,925,557	430,399	181,318	52,403	-	3,122,235
Total	\$ 3,158,003	469,412	181,318	52,403	(277)	3,393,417

Please refer to Note 6(Z) for the information with regard to provision for employee benefits shown above.

(V) Lease liabilities

Lease liabilities as follows:

	December 31, 2021	December 31, 2020
Less than one year	\$ 334,838	336,968
More than one year	\$ 814,618	725,053

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	\$ 17,864	16,868
Expenses relating to short-term leases	\$ 14,471	4,485
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 16,631	13,325

The amounts recognized in the statement of cash flows were as follows :

	For the years ended December 31,	
	2021	2020
Total cash outflow for leases	\$ 449,743	446,391

(a) Real estate leases

The Bank and subsidiaries leased buildings for its office space. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Bank and subsidiaries to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined monthly.

(b) Other leases

The Bank and subsidiaries leased machinery and transportation equipment with lease terms of one to four years. In some cases, the Bank and subsidiaries has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Bank and subsidiaries has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short term.

(W) Other liabilities

	December 31, 2021	December 31, 2020
Advance interest receipts	\$ 2,019	2,707
Unearned revenue	267,493	254,962
Other advance receipts	59,965	86,658
Guarantee deposits received	1,268,228	1,600,690
Temporary receipts and suspense accounts	1,136,408	2,625,821
Others	6,260	7,821
Total	\$ 2,740,373	4,578,659

(X) Equity

(a) Common stock

As of December 31, 2021 and 2020, the Bank's authorized capital were \$80,000,000 and the paid-in capital for common shares of the Bank were \$77,431,952 and \$74,885,834, the face value of each share is \$10. The outstanding shares were 7,743,195 and 7,488,584 thousand shares, respectively.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on July 20, 2021, the Bank increased its capital from the retained earnings by \$2,546,118 and issued 254,611 thousand shares. The capital increase has been approved by Financial Supervisory Commission and came into effect on August 24, 2021. The record date of the capital increase is set on September 14, 2021. The Bank has completed the alteration of the registered capital amount on October 6, 2021.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on May 29, 2020, the Bank increased its capital from the retained earnings by \$3,565,992 and issued 356,599 thousand shares. The capital increase has been approved by Financial Supervisory Commission and came into



effect on July 6, 2020. The record date of the capital increase is set on July 28, 2020. The Bank has completed the alteration of the registered capital amount on August 26, 2020.

The remaining quota of this private placement (581,590 thousand shares) was no longer processed by a resolution of the interim board of directors on April 22, 2020. The situation regarding the handling of privately placed ordinary shares was reported to the regular shareholders' meeting on May 29, 2020.

(b) Capital surplus

Sources and statement of the Bank's capital surplus were as follows:

	December 31, 2021	December 31, 2020
Additional paid-in capital	\$ 815,900	815,900

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends based on the shareholder's initial number of shares. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(c) Earnings distribution and dividend policy

Under the Bank's Articles of Incorporation, earnings are used initially to pay for income taxes and restore cumulative losses, and 30% of the remaining earnings is set aside as legal reserve. Special reserve is appropriated from or reversed to earnings per other regulations. The accumulated retained earnings from prior periods are added back as part of the distributable dividends, 30 to 100 percent of the aggregated retained earnings are available to be distributed and will be resolved by the annual stockholders' meeting according to the proposal submitted by the Board of Directors.

In order to continuously expand scale and increase profitability, the Bank based on the future capital budget plan, adopts residual dividend policy and primarily distributes stock dividend to ensure the capital is sufficient. When there is surplus of capital, the remaining capital can be distributed by cash dividend. Cash dividend shall not be lower than 10% of the total dividend distributed. If the cash dividend distributed per share is lower than NTD\$ 0.1, except for otherwise resolved by the shareholder's meeting, it is not distributed. If there is any situation conforms to that is regulated in article 44 item 1 of the Banking Act of The Republic of China, the Bank is not allowed to distribute earnings by cash or purchase shares outstanding. The maximum cash earning distribution is not allowed to be over 15% of the total paid in capital unless the legal reserve reaches the total paid-in capital.

In compliance with the Company Act, if the Company incurs no loss, under the consent of the shareholder's meeting, the Company is allowed to distribute new shares or cash dividends from legal reserve to the extent that the legal reserve issued is the surplus exceeding 25% of the paid in capital.

Under the Ruling No. 1010012865 issued on April 6, 2012 by the FSC, special reserve is appropriated from retained earnings based on the equivalent amounts of the contra accounts in equity. This special reserve may not be distributed as dividends to stockholders until the balances of these contra accounts in equity are reversed.

The Bank resolved the earning distribution for the earnings of 2020 and 2019 in the shareholder's meeting on July 20, 2021 and May 29, 2020, respectively. The dividends distributed were as follows:

	For the years ended December 31,			
	2020		2019	
	Distribution rate (NT dollar)	Amount	Distribution rate (NT dollar)	Amount
Dividends to common shareholders				
Stock dividends	\$ 0.34	2,546,118	0.50	3,565,992
Cash dividends	0.10	748,858	0.20	1,426,397
Total		\$ 3,294,976		4,992,389

(d) Other equity interest

	Unrealized gains from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
January 1, 2021	\$ 5,187,824	(1,476,771)	3,711,053
Share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method	4,546	2,674	7,220
Investment in debt instruments measured at fair value through other comprehensive income			
-Unrealized amount	(740,789)	-	(740,789)
-Realized amount	(302,904)	-	(302,904)
Foreign currency translation difference – Exchange difference	-	(333,168)	(333,168)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(35,192)	-	(35,192)
December 31, 2021	<u>\$ 4,113,485</u>	<u>(1,807,265)</u>	<u>2,306,220</u>
January 1, 2020	\$ 4,541,167	(862,866)	3,678,301
Share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method	-	5,093	5,093
Investment in debt instruments measured at fair value through other comprehensive income			
-Unrealized amount	1,232,785	-	1,232,785
-Realized amount	(587,478)	-	(587,478)
Foreign currency translation difference – Exchange difference	-	(618,998)	(618,998)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	1,350	-	1,350
December 31, 2020	<u>\$ 5,187,824</u>	<u>(1,476,771)</u>	<u>3,711,053</u>

(Y) Income taxes

(a) The income tax expenses were as follows:

	For the years ended December 31,	
	2021	2020
Current tax expense		
Current period	\$ 726,360	761,365
Adjustment for prior period	5,646	(53,347)
	<u>732,006</u>	<u>708,018</u>
Deferred tax expense (income)		
Origination and reversal of temporary differences	(30,072)	(24,532)
Income tax expenses	<u>\$ 701,934</u>	<u>683,486</u>

(b) The income tax expenses (income) recognized under other comprehensive income were as follows:

	For the years ended December 31,	
	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	<u>\$ 4,902</u>	<u>(41,199)</u>



	For the years ended December 31,	
	2021	2020
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ (82,623)	(153,476)
Unrealized gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	(15,291)	13,145
	<u>\$ (97,914)</u>	<u>(140,331)</u>

The reconciliation between the income tax expense (income) and net income before tax of the Bank and subsidiaries for 2021 and 2020 is as follows:

	For the years ended December 31,	
	2021	2020
Income tax computed on net income before tax	\$ 1,175,280	1,072,385
Tax-free income	(562,252)	(572,077)
Overseas branch income tax expenses	48,932	150,365
Current-year losses for which no deferred tax asset was recognized	(6,378)	(4,294)
Change in unrecognized temporary differences	(223)	(4,282)
Underestimate (Overestimate) prior income tax expense	5,646	(53,347)
Surtax on unappropriated retained earnings	865	-
Income basic tax	1,416	90,282
Other	38,648	4,454
Income tax expense	<u>\$ 701,934</u>	<u>683,486</u>

(c) Changes in deferred tax assets and liabilities of the Bank and subsidiaries are as follows:

	For the year ended December 31, 2021				
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Others	Ending balance
Temporary difference					
Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law	\$ 704,768	69,411	-	8	774,187
Loss on assets impairment	57,058	(35,348)	-	-	21,710
Reserve for employee benefit liabilities	393,422	(18,427)	-	-	374,995
Land value increment tax	(879,056)	-	-	-	(879,056)
Exchange differences from the translation of financial statements of foreign operations	369,191	-	82,623	-	451,814
Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income	(22,525)	-	15,291	-	(7,234)
Actuarial gains and losses	316,376	-	(4,902)	-	311,474
Indeterminate indemnity provisions	-	14,636	-	-	14,636
Other	225	42	-	-	267
Subtotal	939,459	30,314	93,012	8	1,062,793
Losses carried forward	2,795	(242)	-	-	2,553
Net deferred tax assets (liabilities)	<u>\$ 942,254</u>	<u>30,072</u>	<u>93,012</u>	<u>8</u>	<u>1,065,346</u>
The information stated on the balance sheet is as follows:					
Deferred tax assets	<u>\$ 1,843,835</u>				<u>1,951,636</u>
Deferred tax liabilities	<u>\$ 901,581</u>				<u>886,290</u>

	For the year ended December 31, 2020				
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Others	Ending balance
Temporary difference					
Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law	\$ 685,791	19,002	-	(25)	704,768
Loss on assets impairment	56,828	230	-	-	57,058
Reserve for employee benefit liabilities	386,009	7,413	-	-	393,422
Land value increment tax	(879,056)	-	-	-	(879,056)
Exchange differences from the translation of financial statements of foreign operations	215,715	-	153,476	-	369,191
Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income	(9,380)	-	(13,145)	-	(22,525)
Actuarial gains and losses	275,177	-	41,199	-	316,376
Other	3,661	(3,438)	-	2	225
Subtotal	\$ 734,745	23,207	181,530	(23)	939,459
Losses carried forward	1,470	1,325	-	-	2,795
Net deferred tax assets (liabilities)	\$ 736,215	24,532	181,530	(23)	942,254
The information stated on the balance sheet is as follows:					
Deferred tax assets	\$ 1,624,651				1,843,835
Deferred tax liabilities	\$ 888,436				901,581

(d) Uncertainty over income tax treatments

For tax returns that have not yet been assessed, the Bank and subsidiaries have assessed relevant factors, including relevant IFRIC interpretations and historical experience, and believe that sufficient income tax liabilities have been estimated.

(e) The Bank's income tax returns through 2017 and 2019 have been assessed by the Tax Authority.

(f) The income tax returns of the subsidiaries TBB Venture Capital Co., Ltd., and TBB International Leasing Co., Ltd. have been assessed until 2019 by the Tax Authority.

(Z) Provision for employee benefit

As of December 31, 2021 and 2020, the balance of provision for employee benefit of the Bank and subsidiaries were as follows:

	December 31, 2021	December 31, 2020
Defined benefit plan	\$ 1,966,215	2,190,568
Employee deposits with favorable rate	1,051,326	931,667
	<u>\$ 3,017,541</u>	<u>3,122,235</u>

(a) Defined benefit plan

Reconciliation of defined benefit obligation and plan assets at fair value of the Bank and subsidiaries as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	\$ 6,870,061	7,217,819
Fair value of plan assets	(4,903,846)	(5,027,251)
Net defined benefit liabilities	<u>\$ 1,966,215</u>	<u>2,190,568</u>



The Bank and subsidiaries makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labour Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(1) Composition of plan assets

According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Bank of Taiwan labour pension reserve account balance for the Bank and subsidiaries amounted to \$4,903,846 and \$5,027,251 on December 31, 2021 and 2020. For information on the utilisation of the labour pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labour Fund, Ministry of Labor.

(2) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank and subsidiaries were as follows:

	For the years ended December 31,	
	2021	2020
Defined benefit obligation on January 1	\$ 7,217,819	7,177,326
Current service and interest cost	197,748	231,891
Remeasurements of the net defined benefit liability		
– Actuarial loss on experience adjustment	(21,266)	154,633
– Actuarial loss on demographic assumptions changed	126,343	-
– Actuarial loss on financial assumptions changed	(53,470)	226,001
Benefits paid	(597,113)	(572,032)
Defined benefit obligation at December 31	<u>\$ 6,870,061</u>	<u>7,217,819</u>

(3) Movements of defined benefit plan assets

The movements in the present value of defined the benefit plan assets of the Bank and subsidiaries were as follows:

	For the years ended December 31,	
	2021	2020
Fair value of plan assets on January 1	\$ 5,027,251	5,155,259
Interest income	14,921	35,665
Remeasurements of the net defined benefit liability		
– plan assets revenue (excluded of current interest)	76,119	174,638
Contributions made	382,668	233,721
Benefits paid	(597,113)	(572,032)
Fair value of plan assets on December 31	<u>\$ 4,903,846</u>	<u>5,027,251</u>

(4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank and subsidiaries were as follows :

	For the years ended December 31,	
	2021	2020
Current service costs	\$ 176,661	183,017
Net interest of the net liability of define benefit obligations	6,166	13,209
	<u>\$ 182,827</u>	<u>196,226</u>

- (5) Remeasurements of the net defined benefit liability recognized in other comprehensive income
Remeasurements of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows :

	For the years ended December 31,	
	2021	2020
Amount on January 1	\$ 1,581,885	1,375,889
Recognized during the period	(24,512)	205,996
Amount on December 31	<u>\$ 1,557,373</u>	<u>1,581,885</u>

- (6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follow :

	December 31, 2021	December 31, 2020
Discount rate	0.40%	0.30%
Future salary increase rate	1.50%	1.50%

The expected allocation payment made by the Bank and subsidiaries to the defined benefit plans for the one-year after the reporting date is \$260,000.

The weighted average lifetime of the defined benefit plans is 8 years.

- (7) Sensitivity analysis

The effects of changes in major actuarial assumptions adopted in defined benefit obligation on December 31, 2021 and 2020 were as follows :

	Influence of defined benefit plan obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2021		
Discount rate(Change 0.25%)	(1.90)%	1.96%
Future salary increase rate(Change 0.25%)	1.87%	(1.82)%
December 31, 2020		
Discount rate(Change 0.25%)	(1.98)%	2.04%
Future salary increase rate(Change 0.25%)	1.94%	(1.89)%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

- (b) Defined contribution plan

The Bank and subsidiaries allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Bank and subsidiaries allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation. Employees based abroad are contributed in accordance with the local government's regulations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance, oversea branches, and local authorities responsible for the Bank's subsidiaries amounted to \$157,330 and \$142,798 for the years ended December 31, 2021 and 2020, respectively.

- (c) Employee deposit with favorable rate

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	\$ 1,051,326	931,667
Fair value of plan assets	-	-
Net defined benefit liability	<u>\$ 1,051,326</u>	<u>931,667</u>



The Bank and subsidiaries conducted the obligation of time deposit with favorable rate for retired and current employees based on the internal regulation "Saving Deposits for Employees".

(1) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank and subsidiaries for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31,	
	2021	2020
Defined benefit obligation on January 1	\$ 931,667	903,490
Interest cost	35,363	34,226
Remeasurements of the net defined benefit liability		
-current actuarial gains and losses	290,695	193,072
Benefits paid by the plan	(206,399)	(199,121)
Defined benefit obligation on December 31	<u>\$ 1,051,326</u>	<u>931,667</u>

(2) Movements in fair value of the defined benefit plan assets

The movements in the present value of the defined plan assets of the Bank and subsidiaries were as follows:

	For the years ended December 31,	
	2021	2020
Fair value of plan assets on January 1	\$ -	-
Contributions made	206,399	199,121
Benefits paid by the plan	(206,399)	(199,121)
Fair value of plan assets on December 31	<u>\$ -</u>	<u>-</u>

(3) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank were as follows :

	For the years ended December 31,	
	2021	2020
Net interest on the net defined benefit liability	<u>\$ 326,058</u>	<u>227,298</u>

(4) Actuarial assumption

The material actuarial assumptions used to determine present value of a defined benefit obligation on the reporting date were as follow :

	December 31, 2021	December 31, 2020
Discount rate of employee deposit with favorable rate	4.00%	4.00%
Rate of return for capital deposited	2.00%	2.00%
Annual diminishing rate of account balance	1.00%	1.00%
Possibility that employee deposit with favorable rate be modified	50.00%	50.00%

(AA) Earnings per share

	For the years ended December 31,	
	2021	2020
Net income	<u>\$ 5,100,112</u>	<u>4,701,775</u>
Weighted average number of common stock shares outstanding (in thousands) (Note 1)	<u>7,743,195</u>	<u>7,743,195</u>
Basic earnings per shares (in dollars)	<u>\$ 0.66</u>	<u>0.61</u>
Dilutive potential common shares (in thousands) (Note 1,2)	<u>37,482</u>	<u>23,103</u>
Weighted average number of shares outstanding for diluted EPS (in thousands)	<u>7,780,677</u>	<u>7,766,298</u>
Diluted earnings per shares (in dollars)	<u>\$ 0.66</u>	<u>0.61</u>

Note 1: The earnings per share for the year ended December 31, 2020 has applied retrospective adjustments.

Note 2: The shares were calculated based on the stock price on the balance sheet date.

(AB) Employees and directors' remuneration

In accordance with the articles of incorporation the Bank should contribute 1% to 6% of the profit as employee compensation and less than 0.6% as directors' remuneration when there is profit for the year. However, if the Bank has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2021 and 2020, the estimated employee remuneration were \$371,068 and \$217,393, and the estimated directors' remuneration were \$37,107 and \$33,748, the estimates are based on pre-tax net profit for the period, before deducting employees and directors' remuneration, multiplied by the elaboration of the Bank's Articles of Association of employees and the directors remuneration ratio, and recognized as operating cost. If the board's meeting decides to release stock dividends as employees' bonuses, the total number of employees bonus stocks to be issued shall be determined by the common stock closing price of the day before the meeting date.

There is no difference with actual distribution of 2020 remuneration. The information is available at the Market Observation Post System website.

(AC) Net interest revenue

	For the years ended December 31,	
	2021	2020
Interest income:		
Loans	\$ 4,963,356	5,693,883
Secured loans	15,150,729	14,592,394
Bills negotiated	2,025	2,204
Bank overdrafts	12,544	12,545
Discounts	9,007	14,492
Time deposit from Central Bank	612,953	699,147
Due from the Central Bank	90,494	100,458
Call loans to banks	565,684	596,548
Bonds	2,084,103	2,503,696
International credit card	38,908	44,897
Overdue loans	189,008	225,840
Bills	26,134	39,668
Due from Banks	179,706	230,960
Others	246,096	270,052
Subtotal	24,170,747	25,026,784
Interest expense:		
Deposits	5,277,005	7,241,616
Deposits from banks	13,220	7,543
Call loans from banks	102,288	378,000
Financial debentures	895,377	1,153,012
Notes and bond issued under repurchase agreement	4,327	5,138
Others	72,754	49,258
Subtotal	6,364,971	8,834,567
Total	\$ 17,805,776	16,192,217

(AD) Net service fee revenue

	For the years ended December 31,	
	2021	2020
Service fee income:		
Remittance service fee	\$ 64,862	69,845
Import bills negotiated service fee	46,243	36,908
Export bills negotiated service fee	13,648	11,589
Letter of credit service fee	8,005	8,020
Certification service fee	1,431	2,482
Acceptance service fee	1,680	1,182
Trust service fee	1,084,528	805,291
Guarantee service fee	236,828	210,864
Agency service fee	35,662	89,355
Interbank service fee	93,684	88,721
Card service fee	118,074	116,043
Commission revenue of insurance premium	803,334	573,846
Custodian service fee	207,389	169,816
Foreign currency service fee	93,053	91,386
Commission of futures	3,867	5,375
Loan service fee	729,484	755,839
Miscellaneous fees	142,322	135,359
Subtotal	3,684,094	3,171,921
Service fee expense:		
Foreign currency service fee	25,008	29,226
Interbank service fee	154,805	157,912
Trust service fee	813	1,040
Agency service fee	1,508	1,588
IC card service fee	62,665	64,121
Check clearing service fee	9,275	9,526
Remittance service fee	5,180	4,920
Custodian service fee	60,407	53,948
Call loans service fee	10,164	7,921
Futures option fee	10	1,149
Miscellaneous fees	20,060	19,119
Subtotal	349,895	350,470
Total	\$ 3,334,199	2,821,451



VI

FINANCIAL STATUS

(AE) Gain (loss) on financial assets or liabilities measured at fair value through profit or loss

	For the years ended December 31,	
	2021	2020
Valuation gains (losses):		
Government bonds	\$ -	(5,051)
Corporate bonds	4,685	683
Financial debentures	(381,752)	(419,086)
Listed stocks	117,147	(26,611)
Unlisted stocks	(29,807)	14,623
Beneficiary certificates	(11,477)	15,007
Private fund	4,120	9,948
Commercial paper	3,173	(1,435)
Derivative financial instruments	(12,459)	(57,191)
Subtotal	(306,370)	(469,113)
Disposal gains (losses):		
Government bonds	-	29,832
Corporate bonds	29,074	23,553
Financial debentures	(1,349)	(5,425)
Listed stocks	(11,282)	(23,015)
Unlisted stocks	4,678	-
Beneficiary certificates	22,711	16,896
Commercial paper	(7,398)	(4,111)
Derivative financial instruments	843,655	1,178,721
Subtotal	880,089	1,216,451
Dividend revenue	7,226	6,158
Interest income	86,704	116,795
Total	\$ 667,649	870,291

(AF) Realized gain on financial assets at fair value through other comprehensive income

	For the years ended December 31,	
	2021	2020
Gain on disposal of government bonds	\$ 247,087	530,996
Gain on disposal of corporate bonds	25,167	4,239
Gain on disposal of financial debentures	30,650	52,243
Dividend revenue	885,010	511,208
Total	\$ 1,187,914	1,098,686

(AG) (Impairment losses on assets) reversal of impairment loss on assets

	For the years ended December 31,	
	2021	2020
Investment in debt instrument measured at fair value through other comprehensive income	\$ (21,599)	(14,630)
Investment in debt instrument measured at amortized cost	(11,661)	13,482
Total	\$ (33,260)	(1,148)

**(AH) Net other revenue other than interest income**

	For the years ended December 31,	
	2021	2020
Rental revenue of operating assets	\$ 7,557	9,500
Rental expense of operating assets	(1,605)	(1,614)
Loss on disposal and retirement of property and equipment	(1,193)	(1,799)
Loss of account error	(350)	(641)
Gold deposit book	2,630	4,638
Other operating expense	(122,396)	(56,917)
Other miscellaneous income	284,244	262,942
Total	\$ 168,887	216,109

(AI) Bad debts expenses, commitment and guarantee liability provision

	For the years ended December 31,	
	2021	2020
Discounted and loans	\$ 5,153,489	4,046,672
Call loans to banks	(2,938)	(11,083)
Due from banks, debit	1,466	69
Receivables and other financial assets	(23,212)	(19,931)
Subtotal	5,128,805	4,015,727
Provisions for guarantee liabilities	39,802	17,634
Provisions for loan commitments	18,896	21,379
Total	\$ 5,187,503	4,054,740

(AJ) Employee benefits expenses

	For the years ended December 31,	
	2021	2020
Salary expense	\$ 6,775,909	6,446,629
Labor and health insurance	515,332	478,116
Pension expense	339,402	338,270
Director's remuneration	51,411	48,732
Other employee benefits	739,581	625,919
Total	\$ 8,421,635	7,937,666

(AK) Depreciation and amortization expense

	For the years ended December 31,	
	2021	2020
Depreciation		
Property and equipment	\$ 464,207	439,921
Right-of-use assets	405,789	410,811
Amortization		
Computer software	171,002	141,776
Other deferred charges	33	5
Total	\$ 1,041,031	992,513

(AL) Other general and administrative expense

	For the years ended December 31,	
	2021	2020
Compensation loss	\$ 59	164
Utilities fee	90,737	90,933
Postage and telecommunication fee	244,180	239,651
Transportation fee	22,700	30,597
Printing and advertisement fee	201,971	162,883
Repair and maintenance fee	249,470	254,974
Insurance fee	331,254	333,024
Professional service fee	249,997	243,961
Materials and supplies	170,033	105,716
Rental expenses	31,102	17,810
Duties and levies	1,239,589	1,192,482
Membership, donation and partaking	642,598	615,169
Storage, packing and processing fee	49,429	54,788
Cash transit fee	63,742	83,484
Others	66,948	73,626
Total	<u>\$ 3,653,809</u>	<u>3,499,262</u>

(AM) Financial Instruments**(a) Fair value information****(1) General description**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial instruments are record as fair value when original recognizing, usually refer to the transaction price in many circumstances. Except some amortized cost financial instruments, the financial instruments are measured in fair value. A quoted market price in an active market provides the most reliable evidence of fair value. If financial instruments are without active market, the Bank and subsidiaries adopted the value technique, refer to Bloomberg, Reuters or the price at which the asset could be bought or sold in a current transaction between willing parties.

(2) The definition of fair value hierarchy**A. Level 1**

The input of this level is quoted prices in active markets for identical financial instruments. The active market is a market in which transactions for the homogenous assets or liabilities take place with sufficient frequency and volume to provide pricing information. The stock of listed company and the beneficiary certificates, government bonds and the derivative financial instruments with public quote inactive market processed by the Bank and subsidiaries belong to Level 1.

B. Level 2

The input of this level is other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The investments with lower trade volume such as government bonds, corporate bonds, financial debentures, convertible corporate bonds and derivative instruments, including financial debentures the Bank and subsidiaries issued are belong to Level 2.

C. Level 3

The input is unobservable for the asset or liability in market or counterparty prices. Unobservable inputs like: Option pricing model using the historical volatility. Because the historical volatility cannot represent the future volatility expected value of whole market participants. The input parameter used to measure the fair value of this level is not based on data that can be obtained in the market but using a combination of complex market prices to estimate their values. The

assets have been categorized as a Level 3, due to their fair market value cannot be directly calculated. The equity instruments with no active market which the Bank and subsidiaries invested are Level 3.

(3) Based on fair value measurement

A. The fair value hierarchy of information

The financial instruments which are record as fair value measure on an ongoing basis, the fair value hierarchy of information were as follows:

Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Instruments measured at fair value on a recurring basis				
Non-derivative financial assets and liabilities:				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	\$ 850,338	474,025	-	376,313
Bond Investments	556,140	276,910	279,230	-
Others	38,711,287	1,563,675	37,015,444	132,168
Financial assets at fair value through other comprehensive income				
Security Investments	21,388,935	16,414,356	-	4,974,579
Bond Investments	135,994,230	86,780,365	49,213,865	-
Others	149,897	149,897	-	-
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	8,293,730	-	8,293,730	-
Derivative financial assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	552,636	28,745	523,891	-
Liabilities:				
Financial liabilities at fair value through profit or loss	142,307	-	142,307	-

Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Instruments measured at fair value on a recurring basis				
Non-derivative financial assets and liabilities:				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	\$ 582,289	271,669	-	310,620
Bond Investments	1,558,734	1,307,034	251,700	-
Others	12,681,298	162,556	12,414,244	104,498
Financial assets designated at fair value through profit or loss	84,377	-	84,377	-
Financial assets at fair value through other comprehensive income				
Security Investments	13,214,419	8,736,348	-	4,478,071
Bond Investments	104,092,136	67,247,661	36,844,475	-
Other	49,295	49,295	-	-
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	8,411,020	-	8,411,020	-
Derivative financial assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	690,858	72,747	618,111	-
Liabilities:				
Financial liabilities at fair value through profit or loss	227,982	-	227,982	-



B. Valuation techniques used in estimating the fair values of financial instruments

If the financial instruments have quoted price in an active market, the quoted price is regarded as its fair value.

If the financial instruments of quoted price, which are from the Stock Exchange, Brokers, Pricing service agencies or Government institutions, are timely and frequently, and reflects the actual price, then the financial instruments have a quoted price in an active market. If the above conditions are not fulfilled, the market is inactive.

Except for the above financial instruments of quoted price in an active market, there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices considered the identical financial instrument with same characteristics and essential terms of transaction, Discounted-Cash-Flow model and other valuation techniques including the model using market information to be made of the calculation at the balance sheet date (e.g. Taipei Exchange reference yield curve, Reuters quoted the average commercial paper rate, the Taipei Financial industry call loan rate fixing TAIBOR).

The financial asset's fair value is estimated on the basis of the result of a valuation technique, the Bank and subsidiaries adopted that refers to quoted prices provided by financial institutions. Ask (bid) is used to evaluate the selling (buying) position by the Bank and subsidiaries if the quoted price include ask and bid price. If there is not a quoted price for the financial asset, transaction price close to the balance sheet date is the fair value.

Fair value of financial derivatives is the amount of cash to be paid or to be received by the Bank and subsidiaries, assuming that the contract will be terminated on the balance sheet date. The Bank and subsidiaries adopts mark-to-model prices which are usually adopted among the banking industry, such as Discounted-Cash-Flow model and Black-Scholes model. The Bank and subsidiaries adopts the price data from Reuters and Bloomberg to calculate the fair value of the holding position. The aforesaid price data is based upon the middle price and used consistently by the Bank. Furthermore, the fair value of the embedded financial derivatives is calculated based upon the quote from the counterparty, and separately calculated in accordance with the contracts.

C. Adjustment for fair value

a. The restraint of evaluation model and uncertain inputs

The estimates of output-based value using the evaluation model, which may not reflect the Bank's all related factors. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to the extra parameters such as model risk or liquidity risk. Information and price parameters used in the evaluation process after careful assessment, and appropriately adjusted according to the current market situation.

b. Credit risk value adjustment

The Bank and subsidiaries' credit risk value adjustment of OTC transaction derivative instruments can be divided to Credit value adjustments (CVA) and debit value adjustments (DVA). To reflect the fair value of the counterparty or the default, and the Bank and subsidiaries may not be received or paid full market value of trading possibilities.

The Bank and subsidiaries would calculate credit valuation adjustment (CVA) by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying exposure at default (EAD) of the counterparty. On the contrary, debit valuation adjustment (DVA).

The Bank and subsidiaries assess the probability of default on the assumption of 60%, but at the risk of the nature and circumstances of available data, we may use other loss given default assumptions.

D. Transfers between Level 1 and Level 2

There were no transfers between Level 1 and 2 for the year ended December 31, 2021 and 2020.



E. Changes in financial assets which were classified to Level 3 based on fair value measurement

Changes of financial assets categorized in Level 3 :

Name	For the year ended December 31, 2021							
	Beginning balance	Valuation profit and loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer into Level 3	Sale Disposition or Settlement	Transfer out from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 415,118	(23,356)	-	198,478	-	25,330	56,429	508,481
Investments in equity instruments measured at fair value through other comprehensive income	4,478,071	-	469,444	27,064	-	-	-	4,974,579

Name	For the year ended December 31, 2020							
	Beginning balance	Valuation profit and loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer into Level 3	Sale Disposition or Settlement	Transfer out from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 194,051	23,296	-	201,371	-	3,600	-	415,118
Investments in equity instruments measured at fair value through other comprehensive income	4,154,137	-	321,007	2,927	-	-	-	4,478,071

Note: In January 2021, Lungteh Shipbuilding Co Ltd. has obtained emerging stock market registration, turing to have quoted price in an active market. Therefore, the measurement of fair value was transferred from Level 3 to Level 1.

F. Profit and loss information of Level 3

Current gain (loss) and other comprehensive income of holding assets are as follow:

	For the years ended December 31,	
	2021	2020
Recognized on profit and loss (reported as unrealized gain (loss) from investments instruments measured at fair value through profit and loss)	\$ (23,356)	23,296
Recognized on other comprehensive income (reported as unrealized gain (loss) from investments instruments measured at fair value through other comprehensive income)	469,444	321,007

G. Quantified information of the fair value measurement of significant unobservable inputs (Level 3)

The Bank and subsidiaries' financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. On December 31, 2020, except the amount of financial asset at fair value through other comprehensive income that is \$2,927 hasn't been evaluated, since it was purchased in December 2020. Others, without active market quotation, the Bank and subsidiaries take professional financial information vendors and widely used by market participants for evaluation or counterparty quotation as reference. The unobservable inputs are as follows :

	December 31, 2021				
	fair value	valuation methods	significant unobservable inputs	range	inter-relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through profit or loss					
Private fund	\$ 132,168	assets approach	liquidity discount	0%~10%	The higher market liquidity discount, the lower fair value.
Unlisted stocks	376,313	market approach	liquidity discount	0%~34.69%	The higher market liquidity discount, the lower fair value.
Financial assets at fair value through other comprehensive income					
Unlisted stocks	4,974,579	market approach	liquidity discount	8.71%~34.6%	The higher market liquidity discount, the lower fair value.
		assets approach	sustainable growth rate	0%~1.48%	The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	10.6%~12.5%	The higher rate of cost of equity, the lower fair value.

	December 31, 2020				
	fair value	valuation methods	significant unobservable inputs	range	inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss					
Private fund	\$ 104,498	assets approach	liquidity discount	10%	The higher market liquidity discount, the lower fair value.
Unlisted stocks	310,620	market approach	liquidity discount	0%~34.47%	The higher market liquidity discount, the lower fair value.
Financial assets at fair value through other comprehensive income					
Unlisted stocks	4,475,144	market approach	liquidity discount	8.94%~34.79%	The higher market liquidity discount, the lower fair value.
		assets approach			
		income approach	sustainable growth rate	0%~1.45%	The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	8.30%~11.51%	The higher rate of cost of equity, the lower fair value.

H. Sensitivity analysis of reasonably possible alternative assumptions for fair value measurement in Level 3.

Valuation techniques used by the Bank and subsidiaries for fair value measurements of financial instruments are appropriate. However, the use of different valuation models or inputs could lead to different outcomes of fair value measurements. The following are the impact on the other comprehensive profit and loss if using different assumptions:

a. Assets approach/ Market approach

The evaluation methods of Level 3 financial instruments of the Bank and subsidiaries are mainly based on the market approach or the assets approach. If the liquidity discount changes by 5% upwards or downwards, the impact on the other comprehensive profit and loss is as follows:

	the effects to the net income and other comprehensive income	
	Favorable changes (-5%)	Unfavorable changes (5%)
December 31, 2021		
Financial assets at fair value through profit or loss		
Unlisted stocks and private fund	\$ 30,624	(30,624)
Financial assets at fair value through other comprehensive income		
Unlisted stocks	292,784	(292,784)
	the effects to the net income and other comprehensive income	
	Favorable changes (-5%)	Unfavorable changes (5%)
December 31, 2020		
Financial assets at fair value through profit or loss		
Unlisted stocks and private fund	\$ 17,067	(17,067)
Financial assets at fair value through other comprehensive income		
Unlisted stocks	247,738	(247,774)

b. Income approach

Adopting the income approach to evaluate Level 3 financial instruments of the Bank and subsidiaries. The evaluation parameters are divided into sustainable growth rate and cost of equity capital. The effects of the two evaluation parameters on the other comprehensive profit and loss are as follows:

1) sustainable growth rate

	the effects to other comprehensive income	
	Favorable changes (0.3%)	Unfavorable changes (-0.3%)
December 31, 2021		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 3,084	(2,895)



	the effects to other comprehensive income	
	Favorable changes (0.3%)	Unfavorable changes (-0.3%)
December 31, 2020		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 6,616	(6,074)

2) cost of equity

	the effects to other comprehensive income	
	Favorable changes (-3%)	Unfavorable changes (3%)
December 31, 2021		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 64,070	(30,848)

	the effects to other comprehensive income	
	Favorable changes (-3%)	Unfavorable changes (3%)
December 31, 2020		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 141,859	(53,302)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(4) Not based on fair value measurement

A. Fair value information

The following chart presents the financial instruments not based on fair value measurement of the Bank and subsidiaries. Except those items, others' fair value is reasonably approximate value, the Bank and subsidiaries does not disclosure their fair value.

	December 31, 2021	
	Book value	Fair value
Debt instruments measured at amortized cost	\$ 279,035,906	279,993,077

	December 31, 2020	
	Book value	Fair value
Debt instruments measured at amortized cost	\$ 228,003,332	229,803,196

B. The fair value hierarchy of information

Assets and Liabilities	December 31, 2021			
	Total	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Debt instruments measured at amortized cost	\$ 279,993,077	33,068,000	246,925,077	-

Assets and Liabilities	December 31, 2020			
	Total	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Debt instruments measured at amortized cost	\$ 229,803,196	43,000,581	186,802,615	-

C. Valuation techniques

Methods and assumptions used by the Bank and subsidiaries for fair value evaluation of financial instruments were as follows:

- a. Cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, overdue receivables, exchange bills negotiated guarantee deposits paid, temporary payments and suspense accounts, proceeds of settlement and credit transaction, deposits from Central Bank and other banks, securities sold under repurchase agreements, payables, other financial liabilities, guarantee deposits received and temporary receipts and suspense accounts: since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value.
- b. Discounts and loans (including non-performing loans): the interest rate of bank loans, dependent on the benchmark interest rate which plus or minus the input value (i.e. motorized interest rate), said market rates, therefore, the book value of financial assets is equivalent to their fair value. Among the case of fixed interest rate, the estimated fair value of long-term loans using the discounted value of its expected cash flows, but this is minority, so the book value of financial assets is equivalent to their fair value.
- c. Investment in debt instruments at amortized cost: the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique.
 - 1) Central Government Securities (NTD): using the comment of "Bonds a fair price for each of times" from Taipei Exchange.
 - 2) Corporate bonds and bank debentures (NTD): the present value or fair price of Taipei Exchange determined using the future cash flow of yield curve discounting evaluation.
- d. Deposits and remittance: to determine the fair value, considered Banking industry characteristics, the market interest rates (i.e. market price) is the fair value. And deposits are mostly due within one year, the carrying amounts is the fair value of reasonable basis. The fixed interest rate of long-term deposits should be estimated by the discounted value of its expected cash flows at fair value, and its maturity date no longer than three years, so its estimated fair value of the carrying amount is considered reasonable.
- e. Bank debentures payable: The bank debentures payable, issued by the Bank and subsidiaries, whose stated rate was equal the effective rate, using discounted cash flow projections to estimate the fair value, equivalent to its book value.

(AN) Financial Risk Information

(a) General description

The goal of the financial risk management of the Bank is to effectively diversify, transfer and avoid risks by taking customer service, financial business operating target, overall risk tolerance and external limitation of laws into consideration and provide benefit to customers, shareholders and employees.

The Bank's Financial Risk Management policy is to establish a risk management mechanism in terms of risk identification, risk measurement, risk monitoring, and risk control and to construct the overall risk management system. It is to facilitate the business model with appropriate risk management and to control the rationality between risks and rewards under the premise of legal capital ratio in order to achieve operating targets and increase the value of the Bank for the shareholders. The scope covers the management of credit risk, market risk, operation risk, banking book interest rate risk, capital liquidity risk, and capital adequacy.

(b) Risk management organization structure

(1) Risk Management Committee

The chairperson of the Risk Management Committee is appointed by the president. The chairpersons include general manager, deputy general manager of the non regulatory compliance in head office



and department directors of head office (excluding the director of audit department in the Board). This Committee is set up for the purpose of establishing a sound risk management system, strengthening risk management and the implementation of the Bank's risk management and monitoring. The meeting will be held once a month in principle. The meeting can be held by the chairman of the Committee when it necessary. The duties are as follows:

- A. Conduct Analysis and response project when significant domestic and foreign economic, financial and industrial risk management occur.
- B. Risk management report of various risk exposure and agenda processing.
- C. The processing of examination of the risk management relevant policy of the Bank and limitations, management indices and the response project when the risk exceeds the limitations.
- D. Supervise the Bank and subsidiaries' capital adequacy management.
- E. Conduct or supervise the issues that have to report to Risk Management Committee according to the regulations drawn by the competent authority at home and abroad.
- F. Conduct or supervise other risk management related issues.

Risk Management Department is the assistant unit of the Risk Management Committee. The responsibility of the Risk Management Department is to execute preparing sittings agenda, convening sittings, agenda processing, taking meeting minutes and tracking resolution and regularly report the important resolution and various risk exposure to the board of (executive) directors.

(2) Assets and Liabilities Management Committee

The chairperson of the Assets and Liabilities Management Committee is the general manager, and the members are formed by the vice assistant general manager and the department heads of deposit, loan, financial transaction, capital deployment and risk management units. The responsibility of the Assets and Liabilities Management Committee is to monitor and manage the banking book interest rate risk and capital liquidity risk and convenes meetings regularly, to approve the analyzing and measurement methods of the capital liquidity risk and banking book interest rate risk exposure, to examine the capital liquidity risk and banking book interest rate risk management policy as well as the relevant limitations and management indices, to receive interest rate risk and capital liquidity risk exposure reports and adjust the assets and liabilities interest rate duration structure and capital maturity structure.

(3) Credit Examination Committee

The convener of the Credit Examination Committee is the assistant general manager supervising Risk Management Center. The Committee in principle convenes weekly to examine the modification and establishment of the regulations (including main points, measures and procedures) for significant loans, foreign exchange and guarantee cases.

(4) Overdue Loans Clearing Committee

The convener of the Overdue Loans Clearing Committee is the supervising vice president. The convener holds meetings as needed to discuss measures on reducing non-performing loans and approaches to handle overdue loans.

(5) Cyber Security Management Committee

The Cyber Security Management Committee is convened by the supervising vice president who oversees the implementation and coordination of the Bank's cyber security policies. The committee holds meetings as needed to examine matters related to cyber security.

(c) Credit risk

(1) Source and definition of credit risk

Credit risk refers to the default risk resulted from the inability to fulfill the contract obligations due to deteriorating financial status of trade counterparties, pessimistic external economic situation or other factors. The primary source of the credit risk of the Bank is the loan business, such as loans of various

terms, guarantees and letters of credit, loan commitments, etc., in addition, other sources of credit risk include call loans from banks, securities investments, derivative financial instrument transactions, etc.

(2) Credit risk management policy

In order to control the credit risk to a tolerable scope, the Bank continuously conduct below operations:

- A. Fully understand the credit status and ratings of loan customers and trade counterparties as well as the purposes and payments of loans.
- B. Prudently evaluates the credit risk status of loan customers and trade counterparties and consider the adequacy of collaterals and guarantees to assess risk and profit.
- C. Establish credit rating mechanism for loan customers or apply the ratings from outside credit rating institutions as the reference for undertaking credit cases or interest rate determination.
- D. Modify relevant regulations to control the credit risk to a tolerable extent for the Bank.

The credit risk management procedure and measurement methods of the Bank's major business are as follows:

A. Credit Business (Including loan commitments and guarantees)

The categorization and credit quality rating of credit assets are as follows:

a. Categorization of credit assets

The credit assets are classified into 5 categories. Except for normal credit assets which are classified as the first category, others are classified, based on the assurance status and the time overdue, as second category (need attention), third category (possible to recover), fourth category (difficult to retrieve) and the fifth category (unable to retrieve). In order to manage creditor's rights, the Bank established "Regulations Governing the Procedures to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", "Regulations Governing the Reconciliation of Non-performing/Non-accrual Loans" and its operating procedure "Operating procedure Governing the Collection of Non-performing/Non-accrual Loans" and "Code of Conduct to Deal With Non-Performing Loans" to serve as the guidelines for dealing with non-performing credit and overdue loans collection.

b. Categorization of credit quality

Based on historical default data, the Bank established internal credit rating model and completed internal rating system to serve as a reference to credit risk control.

In order to develop an appropriate credit rating model for the Bank to evaluate the credit risk for corporate banking customers and private banking customers, it applied statistical methods, professional expert judgments and relevant customer information to fulfill the requirements. The Bank examined whether the internal credit rating model is in conformity with the actual scenario based on practical default data quarterly and adjusted all parameters to optimize the estimated results.

B. Due from other banks and call loans to banks

The Bank evaluates the credit status of counterparties before transaction and takes the rating information from domestic and foreign credit rating institutions into consideration to determine various credit risk facilities for the counterparties.

C. Debt instrument investments and derivative financial instruments

The Bank manages credit risk of debt instruments through credit rating data of external institutions, credit quality of bonds, geographic situations and counterparties' risk so as to identify credit risk.

The financial institutions which the Bank conducts derivative instruments are mostly investment quality and are controlled based on the trade amount (including loans at call). Counterparties which do not have credit rating or which are of low quality shall be examined individually. For counterparties which are general customers, the Bank controls the credit risk exposure based on the derivative instrument risk facilities and conditions approved by general credit procedures.



(3) Determining the credit risk has increased significantly since initial recognition

At each reporting date, the Bank and subsidiaries shall assess the change in the risk of a default occurring over the expected life of the various credit assets and financial assets to determine whether the credit risk has increased significantly since initial recognition. To make that assessment, the Bank and subsidiaries consider reasonable and supportable information (including forward-looking information) that is indicative of significant increases in credit risk since initial recognition. The main considerations include:

A. credit assets

- a. The borrowers failed to pay the principal and interest overdue for more than 30 days, less than 90 days;
- b. When the Bank and subsidiaries conduct review or follow-up review of the relevant management procedures after loan, it knows that the financial report of the borrowers have been issued by the accountant and it has issued opinions of the significant doubt on the ability to continue as a going concern;
- c. The deposits and assets of borrowers are compulsorily executed, besides, the deposits are compulsorily executed because of tax arrears. However, the borrowers that have enough deposit to bear the cost that assessed by the Bank and subsidiaries are except;
- d. The bank knows (if it has received the notice from court) that the collaterals are compulsory executed by other banks;
- e. Borrowers were notified the refund by the Bank and did not conduct refund notice;
- f. The letter of credit insurance fund notice due to the related company's overdue debt in other bank, the creditor to stop the delivery;
- g. Because the borrowers have been involved in litigation and unfavorable judgments, their ability of credit performance is affected;
- h. The customer is classified as an early warning account by the Bank or has bad credit that aware by others.

B. Debt instrument investments

- a. The latest credit rating on the report date was non-investment grade and fell more than two levels than the original rating, or;
- b. Investment target evaluation loss is up to 30% of investment cost.

(4) The credit risk has not increased significantly or judged as low credit risk on the report date

On each report date, the Bank and subsidiaries assessed that there was no significant increase in the risk of default for any credit asset during the expected duration of existence or a low credit risk. The amount of expected credit losses was not taken as the change of credit risk, if the credit risk of the credit asset was low on the report date, it also assumes that the credit risk of the credit asset has not increased significantly since the initial recognition. The credit assets with low credit risk refer to the low default risk and the borrower's ability to perform its contractual cash flow obligations in the near term. No significant increase in risk relates to the borrower. The absence of economic, operational, and adverse changes in financial conditions and other bad debt conditions did not affect their ability to fulfill their contractual cash flow obligations. Financial assets on investment-grade or not on investment-grade but the ratings are not significantly reduced are also considered to be low-risk areas.

(5) Definitions of default and credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired not only the borrower defaults the loan more than 90 days, it also includes observable data as follows:

A. Credit assets

- a. Significant financial difficulty of the issuer or the borrower;
- b. A breach of contract, such as a default or past due event ;
- c. The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- e. The disappearance of an active market for that financial asset because of financial difficulties;
- f. The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses;

B. Debt instrument investments

- a. Significant financial difficulty of the issuer;
- b. The disappearance of an active market for that financial asset because of financial difficulties;
- c. The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses.
- d. Counterparty defaulting on agreement of other financial instruments (e.g. transactions settlement failure, a bank decide to execute early termination of transactions, or loans originated from derivatives settlement failure).

(6) Write-off policy

The integral part or the portion of the credit assets that needs to be written-off should first be approved during the board of directors' meeting; particularly, the portion that is deemed uncollectible.

The following are indicators that the financial assets are uncollectible:

- A. The borrowers fail to recover all or part of the debt due to dissolution, escape, settlement, bankruptcy or other reasons.
- B. After the collateral and the assets of the principal and subordinate debtors have been priced low or deducted from the first-order mortgage, they cannot be repaid, the execution costs are close or may exceed the Bank's reimbursable amount, and the implementation is not beneficial.
- C. The collateral and the property of the principal and subordinate debtors were auctioned off at no cost and were not bought by anyone, and there was no one have substantial benefits.
- D. Overdue loan and non-accrual loan have exceeded the liquidation period for two years.

The Bank and subsidiaries, whose written-off claims may still have ongoing recourse, continues to follow laws and regulations to pursue the proceedings.

(7) Modification of contractual cash flow of financial assets

The Bank and subsidiaries may revise the contractual cash flow of the credit asset due to the borrower's financial difficulties in negotiating, increasing the recovery rate of the borrowers that have problems, or maintaining the customer relationship. The modification of the contractual terms of the credit asset may include extending the contract period, modifying the payment time of interest, and modifying agreement rate and so on. If the contractual cash flow modification of the credit asset is due to the financial difficulty of the borrower, it is deemed as an impairment of the financial asset. If the contractual cash flow modification is not due to the financial difficulties of the borrower, the existing or projected unfavorable changes in the operating, financial or economic conditions under the borrower's performance or the borrower's ability to make the borrower's ability to perform its debt obligations vary significantly. The cause of anomalies or other bad debts is supplemented by an assessment of whether the credit risk of financial assets has increased significantly.



(8) Measuring the expected credit losses

A. Adoption of methods and assumptions

After considering the attributes of financial assets and credit assets and the adequacy of default experience, internal historical data or the information from external credit rating agency is used to estimate the Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) and other credit risk components.

In order to assess the expected credit losses of credit assets, the Bank and subsidiaries are divided into the following combinations depending on the credit risk characteristics such as the identity of borrowers, products, and type of collateral:

Corporate banking	Government and public institution	
	Financial institution (including banks, ticket companies, securities finance companies)	
	Large Enterprise	The guarantee of the credit guarantee mechanism
		Secured
		Non-secured
	Medium and small enterprises	The guarantee of the credit guarantee mechanism
		Secured
		Non-secured
Private banking	Mortgage	
	Microcredit	
	Other-Secured	
	Other-Non-secured	
Entrepreneurship	The guarantee of the credit guarantee mechanism	
	Secured	
	Non-secured	

If the credit risk on a credit asset has not increased significantly since initial recognition or the credit asset has low credit risk at the reporting date, the Bank and subsidiaries shall measure the allowance for impairment using the 12-month expected credit losses; if the credit risk on a financial instrument has increased significantly or credit-impaired since initial recognition, the Bank and subsidiaries shall measure the allowance for impairment using the lifetime expected credit losses.

In order to measure expected credit losses, the Bank and subsidiaries considers the default probability (Probability of default, "PD") of borrowers, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well evaluate 12-month and lifetime loss.

Default probability is the default probability of the borrower (default and credit impairment of financial assets), and the loss given default rate is the rate of loss caused by default by the borrower. The default probability and default loss rate used in the impairment assessment of the credit business are based on internal historical information of each group, and adjusted based on current observable information and forward-looking general economic information.

The Bank and subsidiaries measures the EAD based on the book value of loans at reporting date. When estimating the 12-month and lifetime expected credit losses of the loan commitments and financial guarantee contracts, the definition of the credit risk increasing significantly and the credit-impaired assets are based on the rules mentioned above. Additionally, in order to determine the EAD used to calculate expected credit loss of off-balance sheet items, the Bank and subsidiaries adopts the credit conversion factor (CCF) of standardized approach in credit risk which is legislated in the regulation of Proprietary Capital and Risk Capital of Banks.

B. Consideration of forward-looking information

The Bank and subsidiaries obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The Bank and subsidiaries identified the relevant macroeconomic factors for credit risk of each portfolio by analyzing the historically data. These macroeconomic factors include Taiwan GDP (not seasonally adjusted), Taiwan's actual industrial production index, Taiwan's annual growth rate of retail sales, Taiwan's real sales price index, unemployment rate (seasonally adjusted), Cathay National Real Estate Index (national), Taiwan's real consumer price index (Not seasonally adjusted) and Taiwan's annual growth in retail sales or other factors. The various economic factors and their impacts on Probability of Default ("PD") are different depending on the type of financial instruments.

In order to determine the credit risk of investment in debt instruments at amortized cost and at fair value through other comprehensive income has increased significantly, the Bank and subsidiaries uses the changes of external ratings published by international credit rating agencies as the quantitative indicators, while the assessment of expected credit losses are calculated by using the external ratings, as well as PD and Loss Given Default ("LGD"), published by Moody's. Since the international credit rating agencies have already considered the forward-looking information while evaluating the credit ratings, which the Bank and subsidiaries considered to be appropriate after its assessment, the credit ratings will be included in the Bank and subsidiaries' assessment of related expected credit losses.

(9) Credit risk hedging or diminishing.

A. Collaterals

The Bank adopts a series of policies and procedures to mitigate credit risk and enhance credit risk tolerance. The method applied most is to request customers to provide collaterals. The Bank established collateral accreditation code of conduct in term of collateral management and total loan amount to regulate the scope of collaterals and the accreditation method and regularly inspects the collaterals. When the collaterals devalue or the concern of devaluation occurs, the Bank shall increase collaterals or retrieve part of the loans to ensure the creditor's right is intact.

B. Limit of credit risk and the control of credit risk concentration

- a. In order to avoid the situation that the credit risk of single customer being too high, the credit limit of an individual, a related party or a related enterprise shall be in conformity with "Authorization method for subsection 3 of Article 33 of the Banking Act of the Republic of China" and the credit limit authorization steps are regulated in the Key Points of Credit Engagement Authorization and the Key Points of Credit Engagement Authorization for Overseas Branches of the Bank.
- b. To enhance the risk concentration management, the Bank established regulations in terms of countries, financial institutions, industries and group enterprises. The relevant limits are reviewed and approved annually and the usage of the credit is monitored on a daily basis. In addition, the results are reported regularly.

C. General agreement of net amount settlement

The transactions of the Bank are mostly settled with gross amount. Part of the transactions agreed on net amount settlement. When a default occurs, the Bank terminates all the transactions with the counterparty and settles by net amount to further lower credit risk.

D. Enhancement of other credit

The assessment of credit business applies to credit 5P principles, credit risk is offset by dividing self-liquidating loan commitments as the main, and set the accounts to master the repayment of cash flow. Also, in terms of the credit agreement stipulates the offset. (i.e. all kinds of deposits, except prohibition of low or the party's agreement, the Bank can set off all the debts), thus to reduce the loan amount, shorter loan repayment period or are considered part or all of expiration of acceleration clauses. To strengthen the protection of creditor and reduce credit risk, using qualified and effective enhancement, such as

the requirement of real property, personal property, demand deposits, time deposits, securities and the guarantee of financial institution or the credit guarantee mechanism approved by government. (e.g. R.O.C SMEG, Agricultural Credit Guarantee Fund, Overseas Credit Guarantee Fund)

- (10) Information on the financial assets of the Bank and subsidiaries that have been credit derogated and the collateral for mitigating potential losses are as follows:

December 31, 2021	Carrying amount	Allowance impairment	Exposure (measured at amortized cost)	Value of collateral
Impairment financial assets :				
Receivables				
Accounts receivables	\$ 58,910	23,735	35,175	56,910
Interest receivable	43,020	4,960	38,060	-
Discounts and loans	20,356,149	3,635,336	16,720,813	21,352,293
Overdue receivable	80,334	25,545	54,789	-
Total impairment financial assets	<u>\$ 20,538,413</u>	<u>3,689,576</u>	<u>16,848,837</u>	<u>21,409,203</u>
December 31, 2020	Carrying amount	Allowance impairment	Exposure (measured at amortized cost)	Value of collateral
Impairment financial assets :				
Receivables				
Acceptances receivables	\$ 27,269	27,269	-	26,575
Interest receivable	26,687	5,304	21,383	-
Discounts and loans	25,375,566	5,219,221	20,156,345	26,211,067
Overdue receivable	68,832	23,121	45,711	-
Total impairment financial assets	<u>\$ 25,498,354</u>	<u>5,274,915</u>	<u>20,223,439</u>	<u>26,237,642</u>

Note: The value of collateral is the real estate appraisal information and credit guarantee agency guarantee amount levied by the Bank and subsidiaries' credit assets.

- (11) Credit risk concentration

The Bank and subsidiaries does not conduct significant transaction with single customer or single trade counterparty. The total amount of discounts and loans, overdue loans in terms of individual customer or individual trade counterparty is not significant. The information of credit risk concentration of the Bank's discounts and loans and overdue loans are divided by industries, geographic areas and collaterals and listed as follows:

A. By industry

Distribution of discounts and loans, overdue loans based on industries.

Industry	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Private business	\$ 852,346,402	64.66%	777,673,749	63.52%
Public business	4,330,080	0.33%	10,940,025	0.89%
Government institution	66,591,431	5.05%	53,863,302	4.40%
Nonprofit organization	2,934,798	0.22%	2,868,681	0.23%
Individual	314,527,333	23.86%	305,732,834	24.98%
Foreign financial institution	3,634,002	0.28%	3,721,990	0.30%
Foreign non-financial institution	70,945,795	5.38%	67,672,995	5.53%
Foreign individual	2,914,507	0.22%	1,821,665	0.15%
Total	<u>\$ 1,318,224,348</u>	<u>100.00%</u>	<u>1,224,295,241</u>	<u>100.00%</u>



B. By geographic area

Distribution of discounts and loans, overdue loans based on geographic area.

Area	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Domestic	\$ 1,240,730,044	94.12%	1,151,078,591	94.02%
Foreign	77,494,304	5.88%	73,216,650	5.98%
Total	<u>\$ 1,318,224,348</u>	<u>100.00%</u>	<u>1,224,295,241</u>	<u>100.00%</u>

C. By collateral

Distribution of discounts and loans, overdue loans based on collateral.

Collateral	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Unsecured	\$ 234,949,230	17.82%	225,320,364	18.40%
Stocks	9,101,690	0.69%	9,175,475	0.75%
Bonds	26,102,842	1.98%	19,544,832	1.60%
Real estate	802,113,094	60.85%	754,931,145	61.66%
Chattel	16,117,256	1.22%	18,785,101	1.53%
Notes receivable	2,949,127	0.22%	3,724,442	0.30%
Guarantees	216,270,546	16.41%	183,962,821	15.04%
Others	10,620,563	0.81%	8,851,061	0.72%
Total	<u>\$ 1,318,224,348</u>	<u>100.00%</u>	<u>1,224,295,241</u>	<u>100.00%</u>

Note: Secured credit are categorized in its respective item per the type of the collaterals. Non-secured credit (no collateral provided) is classified in unsecured. If the credit amount is higher than the accreditation value, the credit amount within the accreditation is classified in the respective item, the credit amount exceeds the accreditation value is classified in unsecured. The accreditation value is the value calculated per the accreditation regulations of the Bank and subsidiaries, not the discounted value of the signed contract.

(12) Maximum credit risk exposure

- A. The maximum credit exposure of the assets in the consolidated financial statement is approximately the book value when not considering collaterals or other credit enhancement instruments. The maximum credit exposure off the consolidated balance sheet (when not considering collaterals or other credit enhancement instruments and not revocable) was as follows:

Off balance sheet items	Maximum credit risk exposure	
	December 31, 2021	December 31, 2020
Issued and irrevocable loan commitments	\$ 36,415,736	61,833,395
Irrevocable credit card loan commitments	19,380,151	20,067,204
Letters of credit issued yet unused	11,058,128	8,892,012
Various guarantee proceeds	24,336,413	20,636,932
Total	<u>\$ 91,190,428</u>	<u>111,429,543</u>

The Management of the Bank and subsidiaries evaluated the credit risk exposure and believed that it is able to continuously control and minimize the off-balance sheet credit risk exposure due to its strict appraisal process and regular subsequent examination.



B. The credit quality analyses of the financial assets

a. Credit quality analysis of discounts and loans, receivables, guarantee and commitments

December 31, 2021	12-month ECL							Lifetime ECL – not impaired							Lifetime ECL – impaired	Allowance impairment	Total
	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk		
Receivable																	
Credit card	\$ 368,690	246,002	192,888	325	4,924	216,176	1,029,015	129	1,550	1,993	13	655	-	4,340	-	1,693	1,031,662
Acceptances receivable	276,046	549,061	113,769	832	29,835	63,686	1,033,229	-	-	-	-	-	-	-	-	10,332	1,022,897
Other receivables	215,499	1,502,291	324,870	33,189	23,858	2,562,986	4,662,693	82	431	1,292	1,847	1,065	197,420	202,137	101,930	106,086	4,860,674
Discounts and loans																	
Private banking	113,609,203	116,551,170	66,928,175	4,268,868	1,700,024	9,170,592	312,228,032	21,412	53,655	207,948	21,550	81,566	10,059	396,190	4,817,619	3,662,551	313,779,290
Corporate banking	186,110,603	315,339,281	306,477,476	32,953,038	18,573,454	122,106,000	981,559,852	80,570	388,410	413,816	1,601,886	782,756	416,687	3,684,125	15,538,530	11,914,266	988,888,241
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,334	51,392	28,942
Total	\$ 300,580,041	434,187,805	374,037,188	37,256,252	20,332,095	134,119,440	1,300,512,821	102,193	444,046	625,049	1,625,296	866,042	624,166	4,286,792	20,538,413	15,746,320	1,308,591,706
Guarantee and commitments	\$ 23,693,996	20,955,504	8,177,179	830,226	55,958	37,392,210	91,105,073	13,401	17,786	7,248	-	788	-	39,223	46,132	329,488	90,860,940

December 31, 2020	12-month ECL							Lifetime ECL – not impaired							Lifetime ECL – impaired	Allowance impairment	Total
	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk		
Receivable																	
Credit card	\$ 465,192	151,235	203,982	21,460	1,927	240,049	1,083,845	1,568	717	3,049	215	138	498	6,185	-	2,045	1,087,985
Acceptances receivable	271,727	689,404	111,845	5,812	12,400	192,565	1,283,753	-	-	-	-	-	-	-	-	12,837	1,270,916
Other receivables	200,365	1,071,736	443,197	38,386	9,723	2,606,887	4,370,294	2,344	19,338	11,165	7,828	1,395	81,438	123,508	53,956	123,682	4,424,076
Discounts and loans																	
Private banking	114,964,176	108,069,036	66,948,050	4,917,753	990,763	5,026,892	300,916,670	5,485	172,716	157,123	31,627	148,272	693	515,916	6,121,914	3,467,633	304,086,867
Corporate banking	159,077,810	276,441,887	289,775,572	33,545,450	9,752,131	107,943,286	856,536,136	2,615,868	14,235,894	13,636,440	6,744,478	1,197,555	2,520,718	40,950,953	19,253,662	10,858,524	905,882,217
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	68,832	55,051	13,781
Total	\$ 274,979,270	386,423,298	337,482,646	38,528,861	10,766,944	116,009,679	1,164,190,698	2,625,265	14,428,665	13,807,777	6,784,148	1,347,360	2,603,347	41,596,562	25,498,354	14,519,772	1,216,785,842
Guarantee and commitments	\$ 26,160,471	14,889,757	5,567,518	945,234	330,756	62,931,925	110,825,661	44,927	37,019	40,993	14	-	433,734	556,687	47,195	271,182	111,158,361

b. Debt instruments

December 31, 2021	12-month ECL					Lifetime ECL – not impaired					Lifetime ECL – impaired	Total	Accumulated impairment (Note)
	Investment	Sub investment	High risk	No rating	Subtotal	Investment	Sub investment	High risk	No rating	Subtotal	High risk		
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	\$ 49,213,865	-	-	-	49,213,865	-	-	-	-	-	-	49,213,865	15,600
NT bonds	86,780,365	-	-	-	86,780,365	-	-	-	-	-	-	86,780,365	72,192
Investment in debt instruments at amortized cost													
Overseas bonds	15,296,961	-	-	-	15,296,961	-	-	-	-	-	-	15,296,961	5,916
NT bonds	32,373,347	-	-	-	32,373,347	-	-	-	-	-	-	32,373,347	13,214
Certificates of deposit with the Central Bank	231,395,000	-	-	-	231,395,000	-	-	-	-	-	-	231,395,000	68,334
Negotiable certificates of deposit	58,076	-	-	-	58,076	-	-	-	-	-	-	58,076	14
Total	\$ 415,117,614	-	-	-	415,117,614	-	-	-	-	-	-	415,117,614	175,270

December 31, 2020	12-month ECL					Lifetime ECL – not impaired					Lifetime ECL – impaired	Total	Accumulated impairment (Note)
	Investment	Sub investment	High risk	No rating	Subtotal	Investment	Sub investment	High risk	No rating	Subtotal	High risk		
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	\$ 36,844,475	-	-	-	36,844,475	-	-	-	-	-	-	36,844,475	11,599
NT bonds	67,247,661	-	-	-	67,247,661	-	-	-	-	-	-	67,247,661	54,855
Investment in debt instruments at amortized cost													
Overseas bonds	24,555,550	-	-	-	24,555,550	-	-	-	-	-	-	24,555,550	10,790
NT bonds	41,537,821	-	-	-	41,537,821	-	-	-	-	-	-	41,537,821	17,333
Certificates of deposit with the Central Bank	161,705,000	-	-	-	161,705,000	-	-	-	-	-	-	161,705,000	47,754
Negotiable certificates of deposit	280,925	-	-	-	280,925	-	-	-	-	-	-	280,925	87
Total	\$ 332,171,432	-	-	-	332,171,432	-	-	-	-	-	-	332,171,432	142,418

Note : The cumulative impairment of the bond which measured at fair value through other comprehensive profit or loss is recognized as other equity.

C. The Maximum credit risk exposure for financial instruments are not subject to impairment regulations are as follows:

December 31, 2021	Maximum credit risk exposure	Collateral	Enhancement of other credit
Financial assets at fair value through profit or loss			
– Debt investments	\$ 556,140	-	-
– Commercial paper	37,015,444	-	-
– Listed stocks	474,025	-	-
– Unlisted stocks	376,313	-	-
– Beneficiary certificates	1,695,843	-	-
– Derivative instrument	552,636	489,795	699,723

December 31, 2020	Maximum credit risk exposure	Collateral	Enhancement of other credit
Financial assets at fair value through profit or loss			
– Debt investments	\$ 1,643,111	-	-
– Commercial paper	12,414,244	-	-
– Listed stocks	271,669	-	-
– Unlisted stocks	310,620	-	-
– Beneficiary certificates	267,054	-	-
– Derivative instrument	690,858	882,623	700,109



(13) Changes in the expected credit losses of the Bank and subsidiaries

A. Receivables

	For the year ended December 31, 2021						Write off
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total	
Beginning balance	\$ 38,014	3,567	32,573	74,154	64,410	138,564	
Changes in financial instruments that have been identified at the beginning of the period :							
– Transferred to 12-months ECL	1,123	(954)	(169)	-	-	-	
– Transferred to lifetime ECL	(6)	13	(7)	-	-	-	
– Transferred to the credit-impaired financial assets	(86)	(61)	147	-	-	-	
– The financial assets that have been derecognized	(19,220)	(129)	(3,350)	(22,699)	-	(22,699)	
New financial assets originated or purchased	23,057	25	3,113	26,195	-	26,195	
Write-off			(2,296)	(2,296)		(2,296)	
Other changes	(11,108)	3,607	(1,316)	(8,817)	-	(8,817)	
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(12,836)	(12,836)	
Ending balance	<u>\$ 31,774</u>	<u>6,068</u>	<u>28,695</u>	<u>66,537</u>	<u>51,574</u>	<u>118,111</u>	

	For the year ended December 31, 2020						Write off
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total	
Beginning balance	\$ 42,858	1,456	67,513	111,827	39,763	151,590	
Changes in financial instruments that have been identified at the beginning of the period:							
– Transferred to 12-months ECL	182	(76)	(106)	-	-	-	
– Transferred to lifetime ECL	(97)	119	(22)	-	-	-	
– Transferred to the credit-impaired financial assets	(18)	(115)	133	-	-	-	
– The financial assets that have been derecognized	(21,074)	(1,016)	(8,619)	(30,709)	-	(30,709)	
New financial assets originated or purchased	20,823	124	2,978	23,925	-	23,925	
Write-off	-	-	(15,044)	(15,044)	-	(15,044)	
Other changes	(4,660)	3,075	(14,260)	(15,845)	-	(15,845)	
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	24,647	24,647	
Ending balance	<u>\$ 38,014</u>	<u>3,567</u>	<u>32,573</u>	<u>74,154</u>	<u>64,410</u>	<u>138,564</u>	

B. Discounts and loans

	For the year ended December 31, 2021					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 3,133,215	951,010	5,219,221	9,303,446	5,022,711	14,326,157
Changes in financial instruments that have been identified at the beginning of the period:						
– Transferred to 12-months ECL	1,089,009	(770,235)	(318,774)	-	-	-
– Transferred to lifetime ECL	(5,445)	9,047	(3,602)	-	-	-
– Transferred to the credit-impaired financial assets	(16,929)	(9,790)	26,719	-	-	-
– The financial assets that have been derecognized	(1,587,449)	(71,342)	(1,105,361)	(2,764,152)	-	(2,764,152)
New financial assets originated or purchased	1,861,459	4,752	292,035	2,158,246	-	2,158,246
Write-off	-	-	(4,606,000)	(4,606,000)	-	(4,606,000)
Other changes	(307,393)	16,535	4,131,098	3,840,240	-	3,840,240
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	2,622,326	2,622,326
Ending balance	<u>\$ 4,166,467</u>	<u>129,977</u>	<u>3,635,336</u>	<u>7,931,780</u>	<u>7,645,037</u>	<u>15,576,817</u>

	For the year ended December 31, 2020					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 2,197,066	197,473	5,722,768	8,117,307	5,224,061	13,341,368
Changes in financial instruments that have been identified at the beginning of the period:						
– Transferred to 12-months ECL	126,863	(41,278)	(85,585)	-	-	-
– Transferred to lifetime ECL	(66,262)	68,751	(2,489)	-	-	-
– Transferred to the credit-impaired financial assets	(15,145)	(57,177)	72,322	-	-	-
– The financial assets that have been derecognized	(1,126,499)	(22,230)	(1,132,117)	(2,280,846)	-	(2,280,846)
New financial assets originated or purchased	1,888,013	216,028	450,914	2,554,955	-	2,554,955
Write-off	-	-	(3,841,168)	(3,841,168)	-	(3,841,168)
Other changes	129,179	589,443	4,034,576	4,753,198	-	4,753,198
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(201,350)	(201,350)
Ending balance	<u>\$ 3,133,215</u>	<u>951,010</u>	<u>5,219,221</u>	<u>9,303,446</u>	<u>5,022,711</u>	<u>14,326,157</u>



C. Other financial assets

	For the year ended December 31, 2021					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ -	-	23,121	23,121	31,930	55,051
Changes in financial instruments that have been identified at the beginning of the period:						
– The financial assets that have been derecognized	-	-	(83)	(83)	-	(83)
New financial assets originated or purchased	-	-	17,074	17,074	-	17,074
Write-off	-	-	(15,308)	(15,308)	-	(15,308)
Other changes	-	-	741	741	-	741
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(6,083)	(6,083)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>25,545</u>	<u>25,545</u>	<u>25,847</u>	<u>51,392</u>

	For the year ended December 31, 2020					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ -	-	53,947	53,947	31,954	85,901
New financial assets originated or purchased	-	-	13,908	13,908	-	13,908
Write-off	-	-	(44,249)	(44,249)	-	(44,249)
Other changes	-	-	(485)	(485)	-	(485)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(24)	(24)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>23,121</u>	<u>23,121</u>	<u>31,930</u>	<u>55,051</u>

D. Guarantee and commitments

	For the year ended December 31, 2021					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 106,670	880	6,699	114,249	156,933	271,182
Changes in financial instruments that have been identified at the beginning of the period:						
– The financial assets that have been derecognized	(51,707)	(179)	(5,520)	(57,406)	-	(57,406)
New financial assets originated or purchased	73,511	10	4,439	77,960	-	77,960
Other changes	20,880	(642)	1,168	21,406	-	21,406
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	16,346	16,346
Ending balance	<u>\$ 149,354</u>	<u>69</u>	<u>6,786</u>	<u>156,209</u>	<u>173,279</u>	<u>329,488</u>

	For the year ended December 31, 2020					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 59,045	338	17,220	76,603	155,843	232,446
Changes in financial instruments that have been identified at the beginning of the period:						
– Transferred to 12-months ECL	25	(25)	-	-	-	-
– Transferred to lifetime ECL	(367)	367	-	-	-	-
– Transfer to the credit-impaired financial assets	(57)	-	57	-	-	-
– The financial assets that have been derecognized	(21,828)	(278)	(14,118)	(36,224)	-	(36,224)
New financial assets originated or purchased	52,185	378	652	53,215	-	53,215
Other changes	17,667	100	2,888	20,655	-	20,655
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	1,090	1,090
Ending balance	<u>\$ 106,670</u>	<u>880</u>	<u>6,699</u>	<u>114,249</u>	<u>156,933</u>	<u>271,182</u>



E. Debts investments

	For the year ended December 31, 2021			
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Total
Beginning balance	\$ 142,418	-	-	142,418
Additions	97,018	-	-	97,018
Derecognition	(61,254)	-	-	(61,254)
Other changes	(2,912)	-	-	(2,912)
Ending balance	<u>\$ 175,270</u>	<u>-</u>	<u>-</u>	<u>175,270</u>

	For the year ended December 31, 2020			
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Total
Beginning balance	\$ 142,710	-	-	142,710
Additions	69,437	-	-	69,437
Derecognition	(69,680)	-	-	(69,680)
Other changes	(49)	-	-	(49)
Ending balance	<u>\$ 142,418</u>	<u>-</u>	<u>-</u>	<u>142,418</u>

(14) Collateral management policy

A. Collaterals are recognized under the account of other assets per the rules of "Regulations Governing the Preparation of Financial Reports by Public Banks".

B. Details were as follows:

Collaterals refer to the collaterals provided by clients as guarantee which are undertaken through public auction when the debtor is not able to fulfill its obligation. The collaterals assumed are recognized using the prices undertaken per the rules of "Regulations Governing the Preparation of Financial Reports by Public Banks" and measured by the book value or the fair value deducted by cost of sale, whichever is lower, at the end of the period. Collaterals will be sold when they are available to be sold and the proceeds received will be used to reduce the book amount of collaterals.

(d) Liquidity risk

(1) The origin and definition of liquidity risk

Liquidity risk refers to the potential financial loss results from the inability to liquidate assets or obtain finance to fulfill the financial obligation which is going to mature with sufficient fund, such as early rescind of time deposits, the channels and terms to call loan from other bank are deteriorated due to the influence of specific markets and the default of loan customers worsen and it is harder for the Bank to receive payments and liquidate financial instruments. The abovementioned situations may diminish the source of cash for the Bank to undertake loan business, trades and investment activities. Under some extreme circumstances, the lack of liquidity may increase the potential possibility of reduction of the overall position of consolidated financial statement, sale of assets and inability to fulfill loan obligation. Liquidity risk is an inherent risk of bank operations and is influenced by specific or overall events in various markets. Those events include but not limited to: Credit event, merger or buyout, systematic strike and natural disaster.

(2) The management policy, process and measurement of liquidity risk

A. Policy

- a. In accordance with the target and limit for liquidity risk management approved by the board of directors and monitor all liquidity risk positions.
- b. Established "Directions Governing the Capital Liquidity Risk Management of Taiwan Business Bank" and "Remarks Governing the Capital Liquidity Risk Management of Taiwan Business Bank" to serve as guidance to effectively control capital liquidity risk.
- c. Overseas branches shall regulate the code of conduct for liquidity risk management based on business characteristics and the regulations of local authorities. After being approved by the general manager, the Risk Management Department will be in charge of monitoring liquidity risk.

B. Process

- a. Finance Department is in charge of daily capital deployment to ensure that the capital is sufficient to cope with various demands for capital.
- b. Risk Management Department is in charge of the identification, measurement, supervision and control of capital liquidity risk to establish a firm operation process and structure.
- c. Risk Management Department reports the result of capital liquidity risk measurement to the Assets and Liabilities Management Committee on a monthly basis and reports the results of capital liquidity risk and pressure test to the board of directors quarterly.

C. Measurement

- a. Maturity gap: To place the inflows and outflows of capital into various time zones accordingly based on the remaining days to maturity and calculate the gap of capital of each time zone in order to measure the capital deficiency of each time zone.
- b. Loan-deposit ratio: To calculate the deposits the Bank received which are used to conduct loan business. In other words, the percentage of the total loan amount accounts for the total deposit amount.
- c. Capital concentration and stability: In order to prevent the Bank from over-relying on single trade counterparty, product or market, the Bank observes several aspects such as the changes in large time deposit customers, the percentage of demand deposits and the continuity of deposits.
- d. Pressure test: Except for monitoring the capital demand under normal circumstances, the Bank conducts pressure test regularly in order to evaluate the capital liquidity under abnormal circumstances and ensure that the Bank is equipped with sufficient capital.

(3) Financial assets possessed for managing liquidity risk and maturity analysis for non-derivative financial liability

A. Financial assets possessed for managing liquidity risk

The Bank and subsidiaries possesses cash and other high liquidity interest yielding assets to cope with payment obligations and potential emergent capital demands in the market. The assets possessed for managing liquidity risk include cash and cash equivalent, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, financial assets measured at fair value through other comprehensive income and investment in debt instruments at amortized cost.

B. Maturity analysis for non-derivative financial liabilities

The table below shows the cash outflows from the non-derivative financial liabilities which are possessed by the Bank and subsidiaries based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flows of the contracts.



VI

FINANCIAL STATUS

	December 31, 2021					
	0-30 days	31-90 days	91days-1 year	1-5 years	Over 5 years	Total
Major matured cash outflow	\$ 1,095,137,710	184,665,112	500,748,031	75,656,773	35,841,707	1,892,049,333
Deposits from the Central Bank and banks	493,598	-	-	-	-	493,598
Overdrafts on banks	536,471	-	-	-	-	536,471
Call loans from the Central Bank and banks	25,155,291	9,093,410	-	-	-	34,248,701
Due to the Central Bank and banks	-	-	49,929,730	331,860	-	50,261,590
Financial liabilities designated at fair value through profit or loss	-	-	-	-	8,293,730	8,293,730
Notes and bonds issued under repurchase agreement	44,197	144,716	604,836	1,266,944	-	2,060,693
Interest payable	459,999	812,851	1,127,339	71,242	2	2,471,433
Deposits transferred from Chunghwa Post Co., Ltd.	10,500,000	21,359,335	35,402,210	-	-	67,261,545
Demand deposits	954,804,776	-	-	-	-	954,804,776
Time deposits	102,670,190	153,191,825	413,340,264	44,219,865	675	713,422,819
Remittance	429,227	-	-	-	-	429,227
Bank notes payable	-	-	-	27,340,000	24,910,000	52,250,000
Cumulative earnings on appropriated loan fund	1,750	2,250	111,750	1,779,330	2,470,214	4,365,294
Lease liabilities	42,211	60,725	231,902	647,532	167,086	1,149,456

	December 31, 2020					
	0-30 days	31-90 days	91days-1 year	1-5 years	Over 5 years	Total
Major matured cash outflow	\$ 949,614,285	166,776,471	425,441,692	59,010,406	37,614,645	1,638,457,499
Deposits from the Central Bank and banks	900,620	-	-	-	-	900,620
Overdrafts on banks	777,971	-	-	-	-	777,971
Call loans from the Central Bank and banks	33,177,364	12,082,474	2,987,250	-	-	48,247,088
Due to the Central Bank and banks	-	-	28,702,900	337,200	-	29,040,100
Financial liabilities designated at fair value through profit or loss	-	-	-	-	8,411,020	8,411,020
Notes and bonds issued under repurchase agreement	488,948	185,344	594,313	787,386	-	2,055,991
Interest payable	550,776	891,394	872,656	58,128	8	2,372,962
Deposits transferred from Chunghwa Post Co., Ltd.	10,800,000	20,120,150	37,355,210	-	-	68,275,360
Demand deposits	813,419,351	-	-	-	-	813,419,351
Time deposits	88,025,858	133,435,966	346,582,629	36,679,797	1,433	604,725,683
Remittance	426,966	-	-	-	-	426,966
Bank notes payable	1,000,000	-	8,000,000	18,340,000	25,910,000	53,250,000
Cumulative earnings on appropriated loan fund	250	6,670	110,420	2,220,250	3,154,776	5,492,366
Lease liabilities	46,181	54,473	236,314	587,645	137,408	1,062,021

(4) Derivative financial liabilities maturity analysis

A. Derivative financial instruments settled by net amount

The derivative instruments of the Bank and subsidiaries whose possession are settled by net amount include foreign derivative instruments, such as non-delivery forward contracts and net-delivery foreign exchange option. After evaluation the Bank concluded that the maturity date is the basic element to comprehend all the derivative financial instruments listed in the consolidated financial statement. The amount disclosed is based on the cash flows of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement. As of December 31, 2021 and 2020, the Bank and subsidiaries had no derivative financial instruments settled by net amount.

B. Derivative financial instruments settled by gross amount

The derivative instruments of the Bank's possession settled by gross amount include the following:

- a. Foreign exchange derivative financial instrument: Foreign exchange options settled by gross amount, foreign exchange forward contracts and currency swap contracts.
- b. Interest rate derivative financial instruments: interest rate swap contracts.

The table below shows the derivative financial instruments of the Bank and subsidiaries whose possession are settled by gross amount based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flow of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement. The maturity analysis for derivative financial liabilities settled by gross amount is as follows:

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivative instruments						
Cash outflow	\$ 4,498,580	6,093,790	6,071,884	2,768,967	-	19,433,221
Cash inflow	4,447,438	6,113,200	6,105,833	2,777,705	-	19,444,176
Interest rate derivative instrument						
Cash outflow	-	1,028	1,093	2,556	8,791	13,468
Cash inflow	-	7,834	1,167	2,412	7,171	18,584
Total cash outflow	4,498,580	6,094,818	6,072,977	2,771,523	8,791	19,446,689
Total cash inflow	4,447,438	6,121,034	6,107,000	2,780,117	7,171	19,462,760
Net cash flow	\$ 51,142	(26,216)	(34,023)	(8,594)	1,620	(16,071)
December 31, 2020	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivative instruments						
Cash outflow	\$ 18,587,554	20,742,526	14,038,845	8,411,846	-	61,780,771
Cash inflow	18,999,896	21,036,931	14,267,128	8,406,666	-	62,710,621
Interest rate derivative instrument						
Cash outflow	-	7,903	14,547	9,222	18,690	50,362
Cash inflow	671	1,071	6,907	6,513	15,276	30,438
Total cash outflow	18,587,554	20,750,429	14,053,392	8,421,068	18,690	61,831,133
Total cash inflow	19,000,567	21,038,002	14,274,035	8,413,179	15,276	62,741,059
Net cash flow	\$ (413,013)	(287,573)	(220,643)	7,889	3,414	(909,926)



(5) Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of the off-balance sheet items of the Bank based on the remaining days from the consolidated financial statement date to the contract maturity date. For the financial guarantee contracts issued, the maximum amount of the guarantee is listed in the earliest time zone that the guarantee may be executed. The amount disclosed is based on the cash flows of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement.

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Issued and irrevocable loan commitments	\$ 84,608	730,576	1,012,632	4,268,229	30,319,691	36,415,736
Irrevocable credit card loan commitments	2,747	31,254	70,784	215,130	19,060,236	19,380,151
Letters of credit issued yet unused	3,905,350	6,074,175	650,292	420,639	7,672	11,058,128
Other guarantees	3,419,240	3,485,929	2,138,876	2,597,286	12,695,082	24,336,413
Total	\$ 7,411,945	10,321,934	3,872,584	7,501,284	62,082,681	91,190,428

December 31, 2020	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Issued and irrevocable loan commitments	\$ 31,953	338,189	4,349,374	27,261,664	29,852,215	61,833,395
Irrevocable credit card loan commitments	180	336	300,316	1,150,378	18,615,994	20,067,204
Letters of credit issued yet unused	2,473,524	5,464,898	604,705	258,636	90,249	8,892,012
Other guarantees	2,148,633	2,859,595	1,189,714	3,635,884	10,803,106	20,636,932
Total	\$ 4,654,290	8,663,018	6,444,109	32,306,562	59,361,564	111,429,543

(6) Maturity analysis of lease contract commitments

The Bank and subsidiaries only has operating lease contract, operating lease commitment refers to, when the Bank and subsidiaries is the lessor or lessee and under the irrevocable operating lease conditions, the minimum total future rent payment. Below tables show the maturity analysis of the Bank and subsidiaries operating lease contract commitments:

December 31, 2021	Below 1 year	1-5 years	Over 5 years	Total
Operating lease income (lessor)	\$ 3,325	2,414	-	5,739

December 31, 2020	Below 1 year	1-5 years	Over 5 years	Total
Operating lease income (lessor)	\$660	-	-	660

The capital expenditure commitment of the Bank refers to the contract signed to obtain buildings and equipment. The maturity analysis of the capital expenditure commitment of the Bank is as follows:

December 31, 2021	Below 1 year	1-5 years	Over 5 years	Total
Machinery and equipment	\$ 1,208,486	-	-	1,208,486
Transportation equipment	1,313	-	-	1,313
Right-of-use assets	405	238	-	643
Miscellaneous equipment	1,914	-	-	1,914
Total	\$ 1,212,118	238	-	1,212,356

December 31, 2020	Below 1 year	1-5 years	Over 5 years	Total
Machinery and equipment	\$ 1,478,133	-	-	1,478,133
Transportation equipment	2,986	-	-	2,986
Right-of-use assets	1,260	805	-	2,065
Miscellaneous equipment	26,900	-	-	26,900
Total	\$ 1,509,279	805	-	1,510,084

(e) Market risk

(1) Definition of market risk

Market risk refers to the possible loss of the Bank's business in or off the balance sheet results from the disadvantageous fluctuation in market price in terms of interest rates, stock prices, foreign exchange rates and commodity prices.

(2) Policies and procedures of market risk management

A. Strategy

- a. To carry out market risk management, achieve operation target and maintain healthy capital adequacy by following "Directions Governing the Market Risk Management of Taiwan Business Bank" and other relevant regulations.
- b. Under the risk tolerance approved by the board of directors or board of executive directors, the Bank applies various risk control mechanism to effectively deploy and manage capital in order to maintain the market risk exposure within the tolerable extent and achieve earning target.

B. Policies and procedures

In order to establish the market risk management mechanism and ensure that the market risk is within the tolerable extent, the Bank set up directions governing the market risk management, remarks governing the limit of market risk and financial product valuation procedures as the primary management guidance. Other than what is stated above, the Bank also establish limit control mechanism in terms of trade positions, stop-limit, suspensions and lines of alert based on the operation notices and procedures of different financial instruments, including fix income instruments, equity securities, foreign exchange transaction and derivative financial instruments.

(3) Process for market risk management

A. Risk identification

In accordance with the rules of "Directions Governing the Market Risk Management of Taiwan Business Bank", the Bank shall conduct appropriate market risk evaluation and document the process for later review before financial instruments are promoted. The content of evaluation includes risk factors identification, evaluation methods, cost-benefit analysis, market liquidity, risk strategy, adequacy of risk management mechanism and the influence on the Bank for undertaking market risk.

B. Risk measurement

- a. Annually based on the business development of transaction units and submit to the board of directors or board of executive directors for approval. For the units which the positions and limits remain unchanged after evaluation, they can put the positions and limits into practice after receiving the approval from the general manager.
- b. The risk measurements (or evaluations) of the financial instruments of the Bank are conducted through different information systems. For the market data and parameters of the models applied for evaluation, they shall be random inspected regularly to determine the rationality.

C. Risk monitoring

- a. Valuation reports of various financial instruments are prepared regularly for executives to review and serve as the guidance for daily risk management operation.
- b. All financial transactions are equipped with different regulations in terms of limit of loss and stop-limit. Provided that the valuation loss amount is over the limit, a stop-limit, suspension and subsequent risk control will be executed.

D. Risk report

Risk management department report current market risk management status of the Bank to directors, executive directors and executives to facilitate them to control the risk exposure status and adjust management procedures properly.



(4) Scope and method of market risk management

A. Foreign exchange risk management

a. Definition of foreign exchange risk management

Foreign exchange risk refers to the potential profit or loss of the foreign currency financial instruments which results from the transition among fluctuating currencies.

b. Applicable scope

All the financial instruments which apply to trading book position and banking book position and involve in foreign currencies.

c. Purpose for foreign exchange risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of foreign exchange and to increase capital deployment efficiency and business operation integrity.

d. Procedures of foreign exchange risk management

1) In order to control foreign exchange transaction risk, the Bank established trade position authorization standard for financial transaction operations, trade units and traders in current regulations. In addition, for non-commercial business foreign exchange operation, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors' (executive directors) for approval. The demand will be executed after the board of directors approved. For the units which the positions remain unchanged after evaluation, they can put the positions into practice after receiving the approval from the general manager.

2) The trade units conduct various foreign financial product business, they shall fully understand the content of commodities, the risk tolerance and trade purpose. Trade units shall establish financial products trading strategies based on market status in the meeting every morning and submit the risk-benefit evaluation in the meeting minutes for the department heads to review. The trading shall follow the relevant authorization rules of the Bank and the stop-limit of all trade positions shall be executed reliably.

e. Process of foreign exchange risk management

1) Identification and measurement

A) Risk Management department established risk factor chart based on different financial transactions to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank and subsidiaries conduct deal with simple type financial products. For complex financial products, the Bank and subsidiaries conduct back-to-back hedge covering to effectively avoid market risk.

B) Risk Management department uses Greeks to measure the influence level of exchange rate for held-for-trading spot exchange and exchange rate derivative and setup Greek's sensitivity allowance, according to the yearly demand of trade units, the state of utilization, and monitor the load of fluctuation of exchange rate in each acceptable range.

C) Positions of the trading book shall be evaluated daily where the positions of the banking book shall be evaluated monthly. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2) Monitoring and report

A) When the evaluation loss of non-commercial foreign exchange transactions is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.

B) Reports of operation results shall be prepared and submitted to the department heads for approval on a daily basis.

B. Equity security risk management

a. Definition of equity security risk

The market risks of the equity securities possessed by the Bank include the individual risk results from the market price fluctuation of individual equity security and the general market risk results from overall market price fluctuation.

b. Applicable scope

Financial instruments similar to equity security in all trading books.

c. Purpose of equity security risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of equity securities and to increase capital deployment efficiency and business operation integrity.

d. Procedures of equity security risk management

1) All trade units submit the required amounts of position annually base on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors. The demand will be executed after approved by the board of directors.

2) The trade units shall predict the possible trend of domestic stock market based on the information of foreign and domestic security markets so as to set up the operation strategies and directions. The traders shall pay close attention to the market trend when the market opens so as to conduct security transactions and the operations as well as the meeting minutes shall be submitted to the department heads to review.

e. Process of equity security risk management

1) Identification and measurement

A) The risk management department apply Value at Risk models to measure the market risk of equity security investment. Furthermore, based on the trade units' operation demand and the risk limit established by the Bank's risk tolerance, the risk management units effectively control the variation of risk factors under an acceptable extent.

B) Trading book position shall be evaluated daily. When there is a public quote in the market, the quote shall be adopted as the prior evaluation price. If the transaction is in secondary market and the liquidity is high, the closing price can be adopted as the evaluation price. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.



2) Monitoring and report

- A) When the evaluation loss of equity security investment is over the limit, the trade units shall execute a stop-limit per regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.
- B) Transaction reports shall be prepared and submitted to the department heads for approval on a daily basis. And the investment gains or losses shall report to the board of directors or executive directors regularly for future reference.

C. Interest rate risk management

a. Definition of interest rate risk

Interest rate risk refers to the price decline of the Bank's financial products which contain interest risk factors due to the disadvantageous changes in interest rate.

b. Applicable scope

Financial instruments which contain interest rate factors in all trading books.

c. Purpose of interest rate risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of interest rate and to increase capital deployment efficiency and business operation integrity.

d. Procedures of interest rate risk management

- 1) In order to control interest rate risk, the Bank established trade position authorization standard for financial transaction operations, trade units and trade counterparties in current regulations. In addition, for the positions held for trading, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors for approval. The demand will be executed after the board of directors approved.
- 2) The trade units shall consider safety, liquidity and profitability and gather market information to assess the potential risk and benefit. In additional, the trade units shall choose investment target prudently through analyzing the issuers' credit, financial status, country risks and interest rate trends.

e. Process of interest rate risk management

1) Identification and measurement

- A) The risk management department establish risk factor charts base on different financial transaction to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank conducts deal with simple type financial products. For complex financial products, the Bank conducts back-to-back hedge covering to effectively avoid market risk.
- B) Position of the trading book shall be evaluated daily. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2) Monitoring and report

- A) The risk management department apply DV01 to measure to what extent the trading book bond positions are influenced by the interest rate risk and set up interest rate sensitivity limit base on the requirements of the trade units and the risk tolerance of the Bank annually.
- B) The trade units shall prepare the income assessment tables of trade positions and traders for the department heads to review. In addition, when the evaluation loss of the position is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management department shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management units shall report to the board of directors or executive directors.

D. Concentration management

- a. The trade counterparties of the Bank are mostly financial institutions. To avoid the risk being over concentrated and enhance credit risk management, the Bank established financial institution credit risk limit based on the world ranking of Level 1 capital and credit ratings from The Banker. The trade units shall also pay attention to the changes of the credit status of individual financial institution as well as the changes of the national credit rating to conduct the transaction prudently.
- b. For equity security investments, the Bank set up limits for single institution and single related party.

(5) Interest rate risk management of the banking book

A. The definition and management purpose for the interest rate risk of the banking book

- a. The interest rate risk of the banking book refers to the negative effect towards the future net interest income or economic value of equity results from the fluctuation of interest rate. Net Interest Income (hereafter NII) is the total amount of interest revenue deducted by the total amount of interest expense; Economic Value of Equity (hereafter EVE) is the total discounted future cash inflow from assets deducted by the total discounted future cash outflow from liabilities.
- b. The management purpose of the interest rate risk management of the banking book is to control the negative effect from the interest rate risk fluctuation towards NII or EVE within the approved limit extent.

B. The process for the interest rate risk management of the banking book

a. Identification and measurement

When the Bank conducts interest rate related products, it identifies the reprising risk, yield curve risk, basis risk and option characteristic risk and measures the possible influence on the earnings and economic value results from interest rate fluctuation.

b. Monitoring and report

The Bank established limits of the ratio between interest-rate-sensitivity assets and interest-rate-sensitivity liabilities, the effect to NII in 1 year when the market interest rate parallel changes 1 BP and the effect to EVE when the market interest rate parallel changes 200 BP to control the banking book interest rate risk. The results of interest rate risk measurement are reported to the Assets and Liabilities Management Committee monthly and to the board of directors or executive directors quarterly. When the measurement result is over the limit, relevant units shall be convened to establish responding plan and the plan shall be submitted to the Assets and Liabilities Management Committee for discussion. After the plan is approved by the general manager, it shall be executed by the relevant business units and report to the board of directors or executive directors.



(6) Value at Risk

A. Description of Value at Risk

Value at Risk (VaR) is a statistical amount used to evaluate the maximum possible loss of portfolio results from the changes of market risk factors within a certain period of time and a fixed confidence interval.

B. Value at Risk models and assumptions

In order to enhance the market risk control operation, the Bank established quantified indices of market risk for the equity security position of the trading book. Based on the historical information of the last 1 year and applies Historical Simulation Method (with the confidence interval being 99% and the duration of possession being 1 day), the Bank calculates and monitors the trend of Value at Risk.

C. The limit of Value at Risk model

Value at Risk is a tool to measure market risk under normal circumstance. The limits of the model are listed below:

- Value at Risk cannot reflect the losses result from other type of risks, such as credit risk and liquidity risk.
- Value at Risk measures the possible loss of the position on hand at the end of the transaction day, but it cannot reflect the distribution of the part which actual loss exceeds Value at Risk.
- Value at Risk model is based on historical data to evaluate the amount, and therefore it may not be able to predict the future changes of risk factors, especially for those exceptions result from significant market fluctuation.

(7) Foreign exchange risk disclosure and sensitivity analysis

A. Foreign exchange risk exposure

a. Significant net positions of foreign currencies (Market risk)

Significant net positions of foreign currencies (Market risk)		
December 31, 2021		
Currency	Foreign currency amount (in thousands)	NT\$ amount
USD	\$ 448,924	12,414,993
JPY	2,103,814	505,967
AUD	13,590	273,023
EUR	2,113	66,306
CNY	11,566	50,208

Significant net positions of foreign currencies (Market risk)		
December 31, 2020		
Currency	Foreign currency amount (in thousands)	NT\$ amount
USD	\$ 440,115	12,367,232
JPY	2,022,710	551,188
CNY	66,291	286,709
EUR	5,401	186,821
AUD	5,013	108,531

Note 1: Main foreign currencies are the top five foreign currencies ranked in NTD value.

Note 2: Net foreign currency is the absolute value of the net positions of each foreign currency.

b. Assets and liabilities of foreign currency

December 31, 2021						
Currency	Monetary financial assets			Monetary financial liabilities		
	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	\$ 13,483,921	27.6550	372,897,835	12,888,760	27.6550	356,438,658
AUD	4,679,690	20.0900	94,014,972	4,588,043	20.0900	92,173,784
CNY	5,436,508	4.3410	23,599,881	5,215,483	4.3410	22,640,412
JPY	83,411,891	0.2405	20,060,560	82,096,035	0.2405	19,744,096
HKD	5,362,994	3.5460	19,017,177	4,989,090	3.5460	17,691,313
EUR	436,915	31.3800	13,710,393	436,993	31.3800	13,712,840
ZAR	3,151,732	1.7340	5,465,103	3,150,118	1.7340	5,462,305
GBP	104,307	37.3600	3,896,910	104,411	37.3600	3,900,795
NZD	53,010	18.9400	1,004,009	52,980	18.9400	1,003,441
CAD	18,796	21.6600	407,121	18,927	21.6600	409,959
SGD	10,842	20.4800	222,044	10,869	20.4800	222,597
CHF	3,833	30.2150	115,814	3,913	30.2150	118,231
Others (Note)	-	-	84,086	-	-	83,329
Non-monetary financial assets			Non-monetary financial liabilities			
USD	1,083	27.6550	29,950	-	-	-

Note : Consolidated disclosure is applied for other currencies not over \$100,000.

December 31, 2020						
Currency	Monetary financial assets			Monetary financial liabilities		
	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	\$ 12,821,180	28.1000	360,420,744	12,222,317	28.1000	343,447,108
AUD	4,711,447	21.6500	102,002,828	4,634,864	21.6500	100,344,806
CNY	10,341,263	4.3250	44,725,962	10,135,870	4.3250	43,837,638
JPY	85,399,458	0.2725	23,271,352	84,061,617	0.2725	22,906,791
HKD	5,621,662	3.6240	20,372,903	5,236,467	3.6240	18,976,956
EUR	362,909	34.5900	12,553,022	363,008	34.5900	12,556,447
ZAR	4,526,436	1.9210	8,695,284	4,524,811	1.9210	8,692,162
NZD	62,764	20.3200	1,275,364	62,734	20.3200	1,274,755
GBP	26,234	38.3500	1,006,074	26,199	38.3500	1,004,732
CAD	17,894	22.0600	394,742	17,894	22.0600	394,742
SGD	7,292	21.2700	155,101	7,483	21.2700	159,163
SEK	34,592	3.4300	118,651	33,662	3.4300	115,461
Others (Note)	-	-	83,141	-	-	93,168
Non-monetary financial assets			Non-monetary financial liabilities			
USD	5,181	28.1000	145,586	-	-	-

Note : Consolidated disclosure is applied for other currencies not over \$100,000.



B. Foreign exchange risk sensitivity analysis (Change by 1%)

Foreign exchange risk sensitivity analysis is the analysis that given other conditions remain the same, the influence on profit or loss and equity when each respective currency depreciate or appreciate by 1%.

Currency	December 31, 2021			
	Depreciate by 1%		Appreciate by 1%	
	Income	Equity	Income	Equity
USD	\$ (54,235)	(55,511)	54,235	55,511
AUD	4,053	(22,395)	(4,053)	22,395
HKD	2,797	(15,842)	(2,797)	15,842
JPY	(5)	(3,173)	5	3,173
GBP	19	-	(19)	-
SGD	6	-	(6)	-
ZAR	(30)	-	30	-
SEK	(4)	-	4	-
CHF	24	-	(24)	-
CAD	35	-	(35)	-
THB	(4)	-	4	-
EUR	16	-	(16)	-
NZD	(13)	-	13	-
CNY	(51,012)	-	51,012	-
Total	<u>\$ (98,353)</u>	<u>(96,921)</u>	<u>98,353</u>	<u>96,921</u>

Currency	December 31, 2020			
	Depreciate by 1%		Appreciate by 1%	
	Income	Equity	Income	Equity
USD	\$ (94,813)	(54,119)	94,813	54,119
AUD	4,317	(20,838)	(4,317)	20,838
HKD	2,844	(16,090)	(2,844)	16,090
JPY	2	(3,839)	(2)	3,839
GBP	(32)	-	32	-
SGD	41	-	(41)	-
ZAR	(33)	-	33	-
SEK	(32)	-	32	-
CHF	41	-	(41)	-
THB	59	-	(59)	-
EUR	24	-	(24)	-
NZD	(14)	-	14	-
CNY	(50,706)	-	50,706	-
Total	<u>\$ (138,302)</u>	<u>(94,886)</u>	<u>138,302</u>	<u>94,886</u>

(8) Interest rate risk disclosure and sensitivity analysis

A. Interest rate sensitivity analysis

The assumption of interest rate sensitivity analysis is, under the circumstance that other conditions remain the same, the yield of the market increase or decrease by 1 basis point (1 bp).

Currency	December 31, 2021			
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp	
	Income	Equity	Income	Equity
Trading book				
TWD	\$ (230)	(3,462)	230	3,462
Banking book				
TWD	-	(54,536)	-	54,536
USD	-	(13,638)	-	13,638
AUD	-	(606)	-	606
HKD	-	(77)	-	77
CNY	-	(1,956)	-	1,956
ZAR	-	(204)	-	204
Total	<u>\$ (230)</u>	<u>(74,479)</u>	<u>230</u>	<u>74,479</u>

Currency	December 31, 2020			
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp	
	Income	Equity	Income	Equity
Trading book				
TWD	\$ (131)	(4,161)	131	4,161
Banking book				
TWD	-	(43,732)	-	43,732
USD	(2)	(10,477)	2	10,477
AUD	-	(639)	-	639
HKD	-	(35)	-	35
CNY	-	(2,587)	-	2,587
ZAR	-	(284)	-	284
Total	<u>\$ (133)</u>	<u>(61,915)</u>	<u>133</u>	<u>61,915</u>

B. Sensitivity analysis of expected net revenue/Sensitivity of equity in terms of interest rate fluctuation

Scenario	December 31, 2021			
	Effect on NII		Effect on EVE	
	TWD	USD	TWD	USD
Interest rate increases by 100 bp	4,272,836	(34,660)	(4,696,572)	(45,509)
Interest rate decreases by 100 bp	(5,293,553)	3,502	8,616,664	63,806

Scenario	December 31, 2020			
	Effect on NII in 1 year		Effect on EVE	
	TWD	USD	TWD	USD
Interest rate increases by 100 bp	3,709,697	(28,815)	(823,603)	(50,085)
Interest rate decreases by 100 bp	(4,860,513)	4,141	3,263,342	40,109



(9) Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Bank and subsidiaries have exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. On December 31, 2021, the main risks to which the Bank and subsidiaries is exposed to US dollar LIBOR. ICE Benchmark Administration reports that US dollar LIBOR is in next day, a month, three months, six months, and 12 months period will be stopping report on June, 2023, and the one week, and two months period will be stopping report in the end of 2021. The Bank and subsidiaries have finished the LIBOR conversion plan to face the impact of the exit of the aforesaid IBORs.

The working group monitors and manages the transition to alternative rates. It evaluates the extent to which contracts reference IBOR, whether such contracts will need to be amended as a result of IBOR reform, and how to manage communication about IBOR reform with counterparties. The working group also provides periodic reports to the management of interest rate risk and risks arising from IBOR reform.

The Bank and subsidiaries hold interest rate swaps for risk management purposes, the interest rate swaps have floating legs that are indexed to SOFA. The Bank and subsidiaries' derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

The Bank and subsidiaries monitor the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Bank and subsidiaries consider that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following tables show the total amounts of unreformed contracts and those with appropriate fallback language on January 1 and December 31, 2021. The amounts of financial assets and liabilities are shown at their carrying amounts, and derivatives are shown at their notional amounts.

	USD LIBOR		EUR LIBOR		GBP LIBOR		JPY LIBOR		CHF LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause
December 31, 2021										
Financial assets										
Discounts and loans	\$ 70,757,000	22,182,000	402,000	293,000	-	-	1,830,000	1,242,000	-	-
Bond Investments	22,804,048	691,000	-	-	-	-	-	-	-	-
Receivables	14,000	14,000	-	-	-	-	-	-	-	-
Financial liabilities										
Due to the Central Bank and banks	1,161,000	-	-	-	-	-	-	-	-	-
Derivatives										
Interest rate swaps	9,402,700	9,402,700	-	-	-	-	-	-	-	-
January 1, 2021										
Financial assets										
Discounts and loans	76,178,000	5,849,000	906,000	102,000	7,000	-	1,809,000	193,000	10,000	-
Bond Investments	28,370,000	-	-	-	-	-	-	-	-	-
Receivables	42,000	-	-	-	-	-	-	-	-	-
Financial liabilities										
Due to the Central Bank and banks	1,461,000	-	-	-	-	-	-	-	-	-
Derivatives										
Interest rate swaps	11,802,000	-	-	-	-	-	-	-	-	-

(10) Equity security risk disclosure and sensitivity analysis

A. Equity security sensitivity analysis (Changes by 1%)

The assumption of equity security sensitivity analysis is, under the circumstance that other conditions remain the same, the price of equity security increased or decreased by 1%.

Change	Currency	December 31, 2021	
		Income	Equity
Equity security price increases by 1 %	TWD	16,018	-
	USD	11	-
Equity security price decreases by 1 %	TWD	(16,018)	-
	USD	(11)	-

Change	Currency	December 31, 2020	
		Income	Equity
Equity security price increases by 1 %	TWD	2,053	-
	USD	52	-
Equity security price decreases by 1 %	TWD	(2,053)	-
	USD	(52)	-

B. Value at Risk of equity security

Value at Risk	From January 1, 2021 to December 31, 2021		
	Average	Maximum	Minimum
Equity security risk	6,959	14,786	3,827

Value at Risk	From January 1, 2020 to December 31, 2020		
	Average	Maximum	Minimum
Equity security risk	6,749	15,917	1,668

(f) Transferred financial assets that are not fully derecognized

The transactions, relating to transferred financial assets not qualifying for full derecognition, the Bank and subsidiaries conduct during daily operation mostly involve securities lending in accordance to repurchase agreements. Since the right to receive contractual cash flow has been transferred to others and the Bank and subsidiaries' obligation to repurchase the transferred assets for a fixed price at a future date is recognized under liability, for these transactions, the Bank and subsidiaries cannot use, sell or pledge those transferred financial assets in availability period, the Bank and subsidiaries have interest rate risk and credit risk, the said transferred assets are not fully derecognized.

As of December 31, 2021 and 2020, there were not any financial assets of the Bank and subsidiaries that are not fully derecognized.

(g) Offsetting financial assets and financial liabilities

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

The following tables present the aforementioned offsetting financial assets and financial liabilities:

December 31, 2021						
Financial assets under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 230,137	-	230,137	699,723	489,795	(959,381)

December 31, 2021						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 63,547	-	63,547	-	215,832	(152,285)

December 31, 2020						
Financial assets under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 391,191	-	391,191	700,109	882,623	(1,191,541)

December 31, 2020						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 101,929	-	101,929	-	1,531,091	(1,429,162)

Note : Master netting arrangements and non-cash financial collaterals are included.

(AO) Capital Management

- The Bank takes business development and risk control into consideration and calculates capital adequacy per "Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks" and "Calculation Methods and Forms of Proprietary Capital and Risk Capital of Banks". The ratio between proprietary capital and risk capital shall remain above the regulated minimum ratio.
- In order to maintain adequate capital and reach a balance between risk control and business development, the Bank established "Directions Governing Capital Adequacy" as the guidance for controlling capital adequacy. The scope of the directions includes, except for the least capital requirements for credit risk, market risk and operation risk, significant risk such as banking book interest rate risk, liquidity risk and concentration risk. In addition, in order to link business strategies, capital and risk management, the Bank sets up capital management plan annually for the president's approval and reports to Risk Management Committee and the board of directors quarterly about relevant risks and capital control status.
- The Bank identifies, measures, monitors and reports various risks based on the directions, notices and relevant rules of competent authority regarding credit risk, market risk, operation risk, interest rate risk of the banking book, and liquidity risk so as to be familiar with current business environment and monitors and adjusts capital adequacy effectively.



- (d) To cope with the implementation of new Basel Accord, the Bank set up complete risk management system, risk management operation tracking procedures to provide the management with appropriate risk management information for making decisions. Therefore, the Bank is able to maintain adequate capital within the tolerable extent and to ensure the provision of proprietary capital of the Bank corresponds with the overall operating risk characteristics of the Bank.

(1) Tier 1 capital

- A. Common stock equity: The item includes common stock deducted by treasury stock, goodwill and other intangible assets, deferred tax assets based on future profit status of the Bank, unrealized gain on financial assets measured at fair value through other comprehensive income, operating reserve and deficiency of allowance for bad debts, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, and 25% of the major investment on financial related business.
- B. Other Tier 1 capital: 25% of the perpetual non-accumulated subordinated financial debentures deducted by the major investment on financial related business.

(2) Tier 2 capital

The item includes perpetual accumulated subordinated financial debentures, long term subordinated debenture, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, 45% of unrealized gain on financial assets measured at fair value through other comprehensive income, and 50% of the major investment on financial related business.

Item			December 31, 2021	December 31, 2020
Eligible capital	Common stock equity		96,157,516	93,119,841
	Other tier 1 capital		17,487,758	17,504,060
	Tier 2 capital		41,159,410	40,329,291
	Eligible Capital		154,804,684	150,953,192
Risk-weighted assets	Credit risk	Standardized approach	1,066,163,181	1,058,435,685
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/selective standardized approach	38,884,436	38,142,417
		Advanced measurement approach	-	-
	Market risk	Standardized approach	50,859,425	28,041,588
		Internal model approach	-	-
	Total risk-weighted assets		1,155,907,042	1,124,619,690
Capital adequacy ratio			13.39%	13.42%
Common stock equity/ Risk-weighted assets ratio			8.32%	8.28%
Tier 1 capital / Risk-weighted assets ratio			9.83%	9.84%
Leverage ratio			5.41%	5.90%

The formulas of the table are listed as follows:

- A. The eligible capital, risk-weighted assets and exposure are calculated per "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Calculation and Forms of Eligible Capital and Risk Assets of Banks".
- B. The Bank shall fill out the capital adequacy of this period and last period. For the semi-annual report, the Bank shall disclose the capital adequacy of this period and last period and additionally disclose the capital adequacy of the previous period ended December 31.
- C. Note 1. Eligible Capital = Common stock equity + Other Tier 1 Capital + Tier 2 Capital
 Note 2. Total risk-weighted assets = Credit risk weighted asset + (operational risk charge + market risk charge) × 12.5
 Note 3. Capital adequacy ratio = Eligible Capital ÷ Risk weighted asset.
 Note 4. Common stock equity / Risk-weighted assets ratio = Common stock equity / Total risk weighted assets
 Note 5. Tier 1 capital / Risk-weighted assets ratio = (Common stock equity + other tier 1 capital) / Risk-weighted assets
 Note 6. Leverage ratio = Net Tier 1 capital / Total risk exposure.
- D. Above table is not required to be disclosed when preparing the financial reports of the first quarter and third quarter.



(AP) Investing and financing activities not affecting current cash flow

The Bank and subsidiaries' investing and financing activities which did not affect the current cash flow for the years ended December 31, 2021 and 2020 were carried out to acquire right-of-use assets under leases. Please refer to Note 6(K).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	cash flows	Non-cash changes			December 31, 2021
			Foreign exchange rate movement	Fair value changes	Other changes	
Financial liabilities at fair value through profit or loss	\$ 8,411,020	-	(133,500)	16,210	-	8,293,730
Bank notes payable	53,250,000	(1,000,000)	-	-	-	52,250,000
Lease liabilities	1,062,021	(418,641)	256	-	505,820	1,149,456
Total liabilities from financing activities	<u>\$ 62,723,041</u>	<u>(1,418,641)</u>	<u>(133,244)</u>	<u>16,210</u>	<u>505,820</u>	<u>61,693,186</u>

	January 1, 2020	cash flows	Non-cash changes			December 31, 2020
			Foreign exchange rate movement	Fair value changes	Other changes	
Financial liabilities at fair value through profit or loss	\$ 8,949,182	-	(567,000)	28,838	-	8,411,020
Bank notes payable	53,250,000	-	-	-	-	53,250,000
Lease liabilities	1,041,183	(428,581)	(4,729)	-	454,148	1,062,021
Total liabilities from financing activities	<u>\$ 63,240,365</u>	<u>(428,581)</u>	<u>(571,729)</u>	<u>28,838</u>	<u>454,148</u>	<u>62,723,041</u>

(AQ) Structured entities that not included in consolidated financial reports

(a) The table below presents the types of structured entities that the Bank and subsidiaries do not include in consolidated financial reports but in which they hold an interest:

Types of structured entities	Nature and purpose	Interests held by the Bank and subsidiaries
Private fund	Investing in funds that cannot be freely traded on the open market	Investing in units or limited partnership interests issued by these funds.
Asset securitization product	Investing in commercial real estate assets securitization products	Investment in asset-backed securities issued by unconsolidated structured entities

(b) The scales of structures entities not included in consolidated financial reports were as follow:

	December 31, 2021	December 31, 2020
Private fund	\$ 132,168	104,498
Asset securitization product	728,147	819,768
Total	<u>\$ 860,315</u>	<u>924,266</u>

(c) The carrying amounts of interests held by the Bank and subsidiaries in these structured entities were as follows:

Assets held by the Bank and subsidiaries	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss	\$ 132,168	104,498
Financial assets at fair value through other comprehensive income	578,850	415,351
Investments in debt instruments at amortized cost	149,297	404,417
Total	<u>\$ 860,315</u>	<u>924,266</u>

The maximum amount of risk exposure to the Bank and subsidiaries endure to a loss incurred from special purpose entities that are not included in consolidated financial reports is the carrying amount of interests held by the Bank and subsidiaries.

(d) As of December 31, 2021 and 2020, the Bank and subsidiaries has not provided any financial support to its special purpose entities that are not included in consolidated financial reports.

7. RELATED-PARTY TRANSACTIONS

(A) Names of related parties and relationship

Name of related party	Relationship with the Bank and subsidiaries
Bank of Taiwan	Corporate director of the Bank
Ministry of Finance, R.O.C	Corporate director of the Bank
National Development Fund, Executive Yuan (Note 1)	Corporate director of the Bank
Land Bank of Taiwan (Note 2)	Corporate director of the Bank
Taiwan Business Bank Guild	Corporate director of the Bank
Small and Medium Enterprise Credit Guarantee Fund of Taiwan	Substantive related parties
Others	Management and other related parties of the Bank

Note 1: Become a related party commencing from the third quarter of 2021.

Note 2: No longer a related party commencing from the third quarter of 2021.

(B) Significant related party transactions

(a) Due from banks

	December 31, 2021	
	Amount	%
Bank of Taiwan	\$ 157,131	1.01

	December 31, 2020	
	Amount	%
Bank of Taiwan	\$ 140,960	0.85
Land Bank of Taiwan	12,734	0.08
Total	\$ 153,694	0.93

Interest rates are the same as those with regular clients.

(b) Deposits from banks

	December 31, 2020	
	Amount	%
Land Bank of Taiwan	\$ 1,999	0.32

Interest rates are the same as those with regular clients.

(c) Call loans to banks

Interest rates are the same as those with regular clients.

For the year ended December 31, 2021	Maximum balance	December 31, 2021	Interest income	Annual interest rate
Bank of Taiwan	\$ 3,038,983	-	1,064	0.14%~3.80%
Land Bank of Taiwan	1,507,961	-	1,069	0.09%~3.30%
Total	\$ 4,546,944	-	2,133	

For the year ended December 31, 2020	Maximum balance	December 31, 2020	Interest income	Annual interest rate
Bank of Taiwan	\$ 2,847,979	-	3,854	0.14%~3.12%
Land Bank of Taiwan	8,391,529	-	3,839	0.05%~2.81%
Total	\$ 11,239,508	-	7,693	

Interest rates are the same as those with regular clients.



(d) Call loans from banks

For the year ended December 31, 2021	Maximum balance	December 31, 2021	Interest Expense	Annual interest rate
Bank of Taiwan	\$ 8,768,558	3,374,798	18,925	0.01%~2.80%
Land Bank of Taiwan	1,384,796	-	135	0.09%~2.35%
Total	<u>\$ 10,153,354</u>	<u>3,374,798</u>	<u>19,060</u>	

For the year ended December 31, 2020	Maximum balance	December 31, 2020	Interest Expense	Annual interest rate
Bank of Taiwan	\$ 7,977,147	4,309,375	14,256	0.09%~3.35%
Land Bank of Taiwan	4,512,609	-	2,100	0.10%~6.00%
Total	<u>\$ 12,489,756</u>	<u>4,309,375</u>	<u>16,356</u>	

Interest rates are the same as those with regular clients.

(e) Deposits

	December 31, 2021	
	Amount	%
Others	<u>\$ 2,435,868</u>	<u>0.15</u>

	December 31, 2020	
	Amount	%
Others	<u>\$ 1,241,158</u>	<u>0.09</u>

Interest rates are the same as those with regular clients.

(f) Credit

December 31, 2021							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations		Collaterals	Transaction terms are different to regular clients
				Performing loan	Non-performing Loans		
Employee consumer loans	40	17,353	13,480	13,480	-	none	none
Self-use home mortgages loans	130	517,303	490,456	490,456	-	real estate	none
Others	Natural person	499,016	463,274	463,274	-	real estate	none

December 31, 2020							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations		Collaterals	Transaction terms are different to regular clients
				Performing loan	Non-performing Loans		
Employee consumer loans	32	15,037	12,405	12,405	-	none	none
Self-use home mortgages loans	101	443,328	409,569	409,569	-	real estate	none
Others	Natural person	461,382	450,128	450,128	-	real estate	none

(g) Donation:

	For the years ended December 31,	
	2021	2020
Small and Medium Enterprise Credit Guarantee Fund of Taiwan	\$ 377,867	329,928
Taiwan Business Bank Guild	2,500	2,500
Total	<u>\$ 380,367</u>	<u>332,428</u>

(h) Guarantees: None.

(i) Service fees: None.

(j) Rental revenue: None.

(k) Derivatives financial instrument transactions: None.

(l) Sales of Non-Performing Loans Transactions: None.

(C) Major management salary information

	For the years ended December 31,	
	2021	2020
Salary and other short-term employee benefits	\$ 100,081	94,965
Post-employment benefits	2,669	2,642
Total	<u>\$ 102,750</u>	<u>97,607</u>

8. Pledged assets : Please refer to notes 6(H) for more details.

9. Commitments and contingencies

(A) Significant commitments and contingencies were as follows:

	December 31, 2021	December 31, 2020
Marketable securities held for custody	\$ 9,417,776	10,522,496
Bills collected for others	48,911,218	43,458,651
Bills lent for others	40,504,652	32,385,246
Guarantees and letters of credit	35,394,541	29,528,944
Collaterals received	-	426
Trust liabilities	212,285,576	174,773,364
Items held for custody	1,163,471	1,138,192
Registered government bonds for sale	65,741,100	57,191,300
Registered short-term bills for sale	3,080,457	2,050,801
Guarantee notes payable	53,651,900	26,061,610

(B) Unrecognized contractual commitments:

As of December 31, 2021 and 2020, major constructions in progress and purchases amounted to \$583,601 and \$1,067,016 respectively, of which \$408,698 and \$528,273 respectively, remained unpaid.

(C) The Bank's trust department plans, manages, and operates trust services in accordance with the Banking Law and Trust Law. Special purpose funds are used to invest in marketable securities and the Bank also manages trust funds. The trust information as of December 31, 2021 and 2020 is as follows:

**Trust Balance Sheet**

December 31, 2021 and 2020

Trust Assets	December 31, 2021	December 31, 2020
Cash in Bank	\$ 6,885,022	5,306,469
Stocks	845,570	607,416
Funds	71,899,727	60,203,034
Bonds	1,356,856	1,484,021
Real estate	16,703,682	15,077,574
Securities custody	114,091,688	91,543,361
Other assets	503,031	551,489
Total trust assets	<u>\$ 212,285,576</u>	<u>174,773,364</u>

Trust Liabilities	December 31, 2021	December 31, 2020
Payables	\$9	81
Securities held for custody	114,091,688	91,543,361
Trust capital	98,115,347	83,159,467
Accumulated loss	(2,478,944)	(2,069,258)
Net income	<u>2,557,476</u>	<u>2,139,713</u>
Total trust liabilities	<u>\$212,285,576</u>	<u>174,773,364</u>

Trust Property Accounts

December 31, 2021 and 2020

Investment in	December 31, 2021	December 31, 2020
Cash in bank	\$ 6,885,022	5,306,469
Stocks	845,570	607,416
Funds	71,899,727	60,203,034
Bonds	1,356,856	1,484,021
Real estate		
Land	13,642,172	12,813,550
Buildings	34,674	26,976
Construction in progress	3,026,836	2,237,048
Securities in custody	114,091,688	91,543,361
Other assets	503,031	551,489
Total	<u>\$ 212,285,576</u>	<u>174,773,364</u>

Note: As of December 31, 2021 and 2020, the amounts above included OBU transaction on "foreign currency designated trust funds investment in foreign negotiable securities business" amounting to \$1,254,366 and \$1,055,223, respectively.

Trust Income Statement

For the years ended December 31, 2021 and 2020

Investment items	For the years ended December 31,	
	2021	2020
Trust Revenue		
Interest income	\$ 69,014	69,057
Realized capital gain-fund	1,700,677	1,539,602
Realized gain-stocks	1,112	3,525
Realized gain-bonds	24,585	38,519
Dividend revenue	1,981,168	1,981,361
Other revenues	5,007	15,493
Sub-total	3,781,563	3,647,557
Trust Expense		
Administrative expenses	63,735	63,520
Postage and telecommunication expense	1,546	1,048
Duties	19	61
Realized loss-stocks	1,151,680	-
Realized loss-bonds	5,033	4,021
Loss on disposal of property	-	1,433,447
Capital fee	441	422
Other expenses	1,592	5,305
Sub-total	1,224,046	1,507,824
Income before income tax	2,557,517	2,139,733
Income tax expense	(41)	(20)
Net income	\$ 2,557,476	2,139,713

- (D) In 1996, the Bank's World Trade Center Branch was sued for handling a letter of credit export collection from Chin Seen Industrial Co., which allegedly used a forged export document and failed to ship the goods to the importer, the International Comagnie de Commercialization et d'Investissement (I.C.C.I.) of the Republic of Zaire, suffered a loss thereon. In November 1998, I.C.C.I. initiated a case with the Court of Commerce of Brussels in Belgium, requested the L/C opening bank (Banque Bruxelles Lambert, or BBL) and the Bank to jointly pay compensation of USD\$7,830 thousand plus interest, losses, and expenses for the L/C. On August 31, 2005, the Court of Commerce of Brussels rendered its judgment which the Bank has to make compensation of USD\$7,674 thousand plus interest to I.C.C.I.. The Bank has engaged a local attorney in Belgium to formally file an appeal. In February 2011, Court of Appeal in Brussels had made an intermediate adjudication which I.C.C.I. and the Bank are both responsible for the offense. Furthermore, on November 16, 2011, the judgment of the court indicated that the Bank should be responsible for 90% of the negligence proportion. In terms of the judgment of the court of the second instance, the Bank has filed an appeal on November 3, 2011. On February 6, 2013, the court overruled the Bank's appeal and the Bank lost the case. However, the Bank and I.C.C.I. couldn't reach an agreement on the exchange rate and the calculation of the compensation. In October 2016, I.C.C.I. initiated a case with the Court of Frankfurt in Germany, applied for seizing the Bank account in Germany, and the Bank lodged guaranty money of EUR \$13,200 thousand to the court to rescind the order for attachment.

In July 2017, I.C.C.I. applied for compulsory execution to the guaranty money, the court has transferred the guaranty money to I.C.C.I. The Bank then filed a lawsuit objecting to the debt through the attorney. The case was dismissed by the Court of Frankfurt in November 2018, and remanded back to trial court in November 2019 after the Bank's appeal was granted by the High Court of Frankfurt. I.C.C.I. has filed a statement of grounds for objection to the German Federal Court on March 16, 2019. And request to revoke the "Return of the Judgment of the Frankfurt High Court". The Bank has appointed a lawyer to act as an attorney in the



German Federal Court and filed a defense against I.C.C.I. of objections. The case is currently being tried by the Frankfurt District Court. The German Federal Court has denied the I.C.C.I. interlocutory appeal on May 20, 2021. In October and November 2019, the Bank received subpoenas from the court of the Democratic Republic of Congo by a third person Star Marine, who demanded I.C.C.I. to pay USD\$1,130 thousand in compensation and held the Bank as jointly liable, and by I.C.C.I., which demanded the Bank to pay USD\$20,060 thousand less its reimbursed amount to make a security deposit of EUR\$14,000 thousand. The Bank has engaged local attorneys to represent itself in court. The Court of Congo will merge the two cases for court. In April 2021, the translation of judgement from the Court of Congo, judging that the Bank should pay around EUR\$20,060 thousand for I.C.C.I. Also, I.C.C.I. must compensate Star Marine for USD\$1,130 thousand as well as make a security deposit of EUR\$14,000 thousand in the domestic bank in Congo. I.C.C.I. has been paid around EUR\$14,860 thousand. According to the statement of plaintiff and considering that I.C.C.I. has already received about EUR \$14,860 thousand, an addition of \$73,181 thousand has been provision for lawsuit in 2021. Please refer to Note 6(U) for more details. As of December 31, 2021, the Bank has accrued the compensation of \$258,197 and EUR\$9,660 thousand.

10. Losses from disasters: None.

11. Subsequent events

On December 22, 2021, the subsidiary TBB Consulting Co., Ltd. invested 2 million dollars and expected to hold 20% of the equity in Manitok Management Consultants Co., Ltd. The establishment registration was completed on January 19, 2022.

On November 5, 2021, the subsidiary TBB Consulting Co., Ltd. was approved by the board resolution as the general partner of TBB No. 1 Venture Capital Limited Partnership, and invested 1 million dollars on November 19, 2021. The establishment registration was completed on January 3, 2022.

12. Others

(A) Information on loan quality, concentration of credit extensions, interest rate-sensitivity, profitability and maturity analysis

(a) Loan quality:

Month/Year			December 31, 2021				
			Non-performing loans	Total loans	Non-performing loan ratio	Allowance for credit losses	Coverage ratio
Corporate finance	Secured		1,324,552	686,386,566	0.19%	7,855,442	593.06%
	Unsecured		1,800,964	330,974,304	0.54%	4,246,313	235.78%
Consumer finance	Residence mortgages(Note 4)		228,806	141,504,543	0.16%	1,625,312	710.35%
	Cash cards		-	2	-%	-	-%
	Microcredit(Note 5)		6,085	417,829	1.46%	8,809	144.77%
	Others (Note 6)	Secured	307,198	147,964,837	0.21%	1,702,136	554.08%
		Unsecured	17,548	10,976,267	0.16%	138,805	791.00%
Total loan business			3,685,153	1,318,224,348	0.28%	15,576,817	422.69%
			Overdue receivables	Total receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio
Credit cards business			720	1,062,097	0.07%	18,375	2,552.08%
Account receivable factoring-without recourse (Note 7)			-	-	-%	-	-%

Month/Year			December 31, 2020				
			Non-performing loans	Total loans	Non-performing loan ratio	Allowance for credit losses	Coverage ratio
Corporate finance	Secured		4,333,608	619,478,813	0.70%	7,001,414	161.56%
	Unsecured		646,422	309,604,313	0.21%	3,946,125	610.46%
Consumer finance	Residence mortgages(Note 4)		409,214	139,113,318	0.29%	1,557,182	380.53%
	Cash cards		-	7	-%	-	-%
	Microcredit(Note 5)		14,757	495,713	2.98%	16,518	111.93%
	Others (Note 6)	Secured	667,825	145,483,951	0.46%	1,645,541	246.40%
		Unsecured	61,010	10,119,126	0.60%	159,377	261.23%
Total loan business			6,132,836	1,224,295,241	0.50%	14,326,157	233.60%
			Overdue receivables	Total receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio
Credit cards business			1,143	1,123,919	0.10%	22,154	1,938.23%
Account receivable factoring-without recourse (Note 7)			-	-	-%	-	-%

Note 1 Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans". The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2 Non-performing loan ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ receivables

Note 3 Coverage ratio for loans = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card business = allowance for credit losses ÷ overdue receivables.

Note 4 For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5 Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.

Note 6 Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash card loans, and microcredit loans, and do not include credit cards.

Note 7 In accordance with Jin-Kuan-Yin-(5)-Zi No. 0945000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

Overdue loans and receivables exempted from reporting

	December 31, 2021		December 31, 2020	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note1)	\$ 372	1,486	536	2,135
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2)	51,418	26,536	63,956	30,612
Total	\$ 51,790	28,022	64,492	32,747

Note 1: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure of credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note 2: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008 and Jin-Kuan-Yin-Fa-Z No. 10500134790, dated September 20, 2016, a bank is required to make supplemental disclosure of credit information once debtors apply for pre-negotiation, pre-conciliation, relief and liquidation under the "Consumer Debt Clearance Act."



(b) Concentration of credit extensions

December 31, 2021			
Ranking	Group enterprise	Credit amount	Credit amount to equity ratio (%)
1	A company. (Railway transportation)	23,637,474	23.26%
2	B group. (Real estate for sale and rental with own or leased property)	11,438,878	11.25%
3	C group. (Steel rolling and extruding)	9,135,146	8.99%
4	D group. (Real estate development)	9,024,525	8.88%
5	E group. (Other holding)	8,571,432	8.43%
6	F group. (Real estate development)	6,383,825	6.28%
7	G group. (Computer manufacturing)	5,977,657	5.88%
8	H group. (Real estate development)	5,893,403	5.80%
9	I group. (Air transportation)	4,393,761	4.32%
10	J group. (Financial leasing)	4,201,781	4.13%

December 31, 2020			
Ranking	Group enterprise	Credit amount	Credit amount to equity ratio (%)
1	A company. (Railway transportation)	25,103,282	25.44%
2	C group. (Steel rolling and extruding)	9,422,041	9.55%
3	B group. (Real estate for sale and rental with own or leased property)	9,011,609	9.13%
4	D group. (Real estate development)	8,203,992	8.32%
5	G group. (Computer manufacturing)	7,704,593	7.81%
6	E group. (Other holding)	7,339,697	7.44%
7	F group. (Real estate development)	6,311,017	6.40%
8	I group. (Air transportation)	5,723,286	5.80%
9	H group. (Real estate development)	5,118,016	5.19%
10	K group. (Liquid crystal panel and components manufacturing)	4,954,000	5.02%

Note 1 The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding credit amount. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the "class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Note 2 Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3 Consists of loans (import/export bills negotiated, bills and notes discounted, overdrafts, short-term loans, short-term secured loans, margin loans receivable, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, overdue loans), exchange bills negotiated, accounts receivable factoring without recourse, bankers' acceptance receivable, guarantees proceeds.

Note 4 In the calculation of Credit amount to equity ratio, the domestic bank should be calculated in the net value of head office. The Foreign bank should be calculated in the net value of Taiwan branch.

(c) Interest rate sensitivity information

(1) Analysis of interest rate sensitive assets and liabilities (New Taiwan dollars)

Unit : %

December 31, 2021					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 1,390,843,739	26,502,324	66,351,438	138,336,920	1,622,034,421
Interest rate-sensitive liabilities	1,260,163,540	78,136,810	107,263,390	57,890,778	1,503,454,518
Interest rate sensitivity gap	130,680,199	(51,634,486)	(40,911,952)	80,446,142	118,579,903
Net worth					101,659,972
Ratio of interest rate-sensitive assets to liabilities (%)					107.89
Ratio of interest rate-sensitive gap to net worth (%)					116.64

December 31, 2020					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 1,261,749,950	15,575,973	23,133,404	119,785,773	1,420,245,100
Interest rate-sensitive liabilities	1,093,425,439	56,606,354	112,485,169	51,050,064	1,313,567,026
Interest rate sensitivity gap	168,324,511	(41,030,381)	(89,351,765)	68,735,709	106,678,074
Net worth					98,658,749
Ratio of interest rate-sensitive assets to liabilities (%)					108.12
Ratio of interest rate-sensitive gap to net worth (%)					108.13

Note 1 Listed amount refers to the Bank's amount of N.T. dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and liabilities refer to revenues or costs of interest-yielding assets and interest-bearing liabilities, which are affected by interest rate fluctuations.

Note 3 Interest rate-sensitivity gap = Interest rate-sensitive assets - Interest-rate-sensitive liabilities.

Note 4 Ratio of interest rate-sensitive assets to liabilities=Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (New Taiwan dollars interest-rate-sensitive assets and New Taiwan dollars interest-rate-sensitive liabilities).

(2) Analysis of the interest-sensitive assets and liabilities (US dollars)

Unit : In Thousands of US Dollars, %

December 31, 2021					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 5,768,616	985,190	124,536	812,271	7,690,613
Interest rate-sensitive liabilities	6,805,950	1,222,606	1,984,997	-	10,013,553
Interest rate sensitivity gap	(1,037,334)	(237,416)	(1,860,461)	812,271	(2,322,940)
Net worth					3,676,007
Ratio of interest rate-sensitive assets to liabilities (%)					76.80
Ratio of interest rate-sensitive gap to net worth (%)					(63.19)

December 31, 2020					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 5,310,244	469,273	77,166	536,289	6,392,972
Interest rate-sensitive liabilities	6,181,947	966,658	747,211	-	7,895,816
Interest rate sensitivity gap	(871,703)	(497,385)	(670,045)	536,289	(1,502,844)
Net worth					3,510,988
Ratio of interest rate-sensitive assets to liabilities (%)					80.97
Ratio of interest rate-sensitive gap to net worth (%)					(42.80)

Note 1 Listed amount refers to the Bank's amount of US dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and interest rate-sensitive liabilities refer to the interest yielding assets and interest-bearing liabilities which the revenue and cost are affected by interest rate fluctuation.

Note 3 Interest rate sensitivity gap = interest rate-sensitive assets-interest rate-sensitive liabilities.

Note 4 Ratio of interest rate-sensitive assets to liabilities=Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (US dollars interest-rate-sensitive assets and US dollars interest-rate-sensitive liabilities).

(d) Profitability

Unit: %

Item		December 31, 2021	December 31, 2020
The ratio of return on assets	Before income tax	0.30	0.30
	After income tax	0.27	0.27
The ratio of return on equity	Before income tax	5.79	5.55
	After income tax	5.09	4.84
Net income ratio		21.16	21.50

Note 1 The ratio of return on assets = Income before (after) income tax expense ÷ average assets.

Note 2 The ratio of return on equity = Income before (after) income tax expense ÷ average equity.

Note 3 Net income ratio = Net income after income tax expense ÷ Net revenue.

Note 4 Income before (after) income tax expense refers to income accumulated from January of the current year to the current period end.

(e) Maturity analysis for assets and liabilities

(1) Maturity analysis in New Taiwan dollars

December 31, 2021							
	Total	Amount during the maturity period from the balance sheet date to due date					
		0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 1,750,694,486	161,102,012	173,091,966	160,017,985	191,111,216	183,481,924	881,889,383
Major maturity capital outflow	2,080,919,419	58,109,342	96,378,346	197,106,878	230,402,505	383,878,329	1,115,044,019
Gap	(330,224,933)	102,992,670	76,713,620	(37,088,893)	(39,291,289)	(200,396,405)	(233,154,636)

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow \$321,721,283.

December 31, 2020							
	Total	Amount during the maturity period from the balance sheet date to due date					
		0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 1,528,946,546	132,138,936	166,645,095	136,163,423	178,254,748	125,643,908	790,100,436
Major maturity capital outflow	1,894,385,819	52,672,688	103,498,741	201,839,259	212,757,375	336,728,244	986,889,512
Gap	(365,439,273)	79,466,248	63,146,354	(65,675,836)	(34,502,627)	(211,084,336)	(196,789,076)

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow \$357,529,991.

(2) Maturity analysis in US dollars

Unit : In Thousands of US Dollars

December 31, 2021						
	Total	Amount during the maturity period from the balance sheet date to due date				
		0-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 13,916,218	2,980,694	3,107,058	1,979,387	2,382,222	3,466,857
Major maturity capital outflow	14,541,102	2,963,483	2,492,268	1,795,298	2,996,995	4,293,058
Gap	(624,884)	17,211	614,790	184,089	(614,773)	(826,201)

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD \$824,028.



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December 31, 2020						
	Total	Amount during the maturity period from the balance sheet date to due date				
		0-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 13,175,860	4,313,385	2,837,011	1,570,635	1,179,663	3,275,166
Major maturity capital outflow	13,753,689	4,085,099	2,691,982	1,883,298	1,626,015	3,467,295
Gap	(577,829)	228,286	145,029	(312,663)	(446,352)	(192,129)

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD \$779,907.

13. Other disclosures

(A) Information on significant transactions:

(a) Cumulative purchase or sale of the same investee's capital stock up to \$300,000 or 10% of paid-in capital :

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases(Note 1)		Sales				Ending balances(Note 2)	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Amount	Cost	Disposal gain or loss	Shares/ Units	Amount
Taiwan Business Bank, Ltd.	TBB Venture Capital Co., Ltd.	Investment under equity method	TBB Venture Capital Co., Ltd.	Subsidiary company	60,000	585,083	40,000	482,976	-	-	-	-	100,000	1,068,059

Note 1: The acquisition cost amounted to \$400,000, share of profit (loss) accounted for using equity method and other comprehensive income are included.

Note 2: Already written-off when preparing the consolidated financial statements.

- (b) Acquisition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (c) Disposal of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (d) Discount of commissions fees with related parties amounting to over \$5,000: None.
- (e) Receivables from related parties amounting to over \$300,000 or 10% of paid-in capital: None.
- (f) Sale of non-performing loans information: None.
- (g) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.
- (h) Business relationship and significant transactions with the subsidiaries:

No (Note1)	Trader	Counterparty	Relationship (Note 2)	Transaction status for the years ended December 31, 2021			
				Account	Amount	Terms	Percentage accounted for consolidated net revenue or total assets
0	Taiwan Business Bank, Ltd.	TBB International Leasing Co., Ltd.	1	Deposits and remittances	43,794	No difference with non-related parties	-%
1	TBB International Leasing Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-to-use assets	905	No difference with non-related parties	-%
1	TBB International Leasing Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	916	No difference with non-related parties	-%
0	Taiwan Business Bank, Ltd.	TBB International Leasing Co., Ltd.	1	Net revenue other than interest	691	No difference with non-related parties	-%



No (Note1)	Trader	Counterparty	Relationship (Note 2)	Transaction status for the years ended December 31, 2021			
				Account	Amount	Terms	Percentage accounted for consolidated net revenue or total assets
0	Taiwan Business Bank, Ltd.	TBB Venture Capital Co., Ltd.	1	Deposits and remittances	120,727	No difference with non-related parties	0.01%
2	TBB Venture Capital Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-to-use assets	806	No difference with non-related parties	-%
2	TBB Venture Capital Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	807	No difference with non-related parties	-%
0	Taiwan Business Bank, Ltd.	TBB Venture Capital Co., Ltd.	1	Net revenue other than interest	324	No difference with non-related parties	-%
0	Taiwan Business Bank, Ltd.	TBB International Leasing Co., Ltd.	1	Deposits and remittances	175,563	No difference with non-related parties	0.01%
0	Taiwan Business Bank, Ltd.	TBB Consulting Co., Ltd.	1	Deposits and remittances	43,083	No difference with non-related parties	-%
0	Taiwan Business Bank, Ltd.	TBB Consulting Co., Ltd.	1	Net revenue other than interest	87	No difference with non-related parties	-%
3	TBB Consulting Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-to-use assets	2,526	No difference with non-related parties	-%
3	TBB Consulting Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	2,444	No difference with non-related parties	-%

Note: 1. The meaning of the number is as follows.

(1) Zero stands for the parent company

(2) Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

2. There are three kinds of relationships with counterparty

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Between subsidiaries

(i) Other significant transactions that might have influence over the decision-making process of the financial statements users: None.

(B) Information of investees:

(a) The following is the information on investees (excluding investment in mainland China):

(Unit : thousand shares)

Name of investee	Location	Main business scope	Shareholding ratio	Book value	Investment gain (loss)	The cross holding of the Bank and its related parties				Note
						Number of shares	Number of proforma shares	Total Number of shares	Shareholding ratio	
TBB International Leasing Co., Ltd.	Taiwan	Leasing business	100.00%	1,463,080	28,811	150,000	-	150,000	100.00%	Already written-off when preparing the consolidated financial statements
TBB (Cambodia) Microfinance Institution Plc	Cambodia	SMEs and personal finance business	100.00%	537,297	(6,173)	20	-	20	100.00%	"
TBB Venture Capital Co., Ltd.	Taiwan	Investing business	100.00%	1,068,059	78,430	100,000	-	100,000	100.00%	"
TBB Consulting Co., Ltd	Taiwan	Consulting business	100.00%	48,591	(1,409)	5,000	-	5,000	100.00%	"

(b) Loans to others:

NO.	Creditor	Debtor	Interaction Account	Related party	Highest Amount	Ending balance	Actual drawdown amount	Range of interest rate	Nature of the loan	Dealing amount	The necessary reason for short-term loans	Allowance for bad debts	Guarantee		Limited amount for individual object	Total limited amount for loan
													Name	Value		
1	TBB International Leasing Co., Ltd.	Chao-Yang International Co., Ltd.	Financial receivables	No	32,690	10,115	20,000	2%~10%	2	-	To the lender for buying goods	202	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Hsin Chuan Construction Co., Ltd.	Financial receivables	No	146,155	54,488	100,000	2%~10%	2	-	To the lender for buying goods	1,042	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Sian Shang Frozen Food Co., Ltd.	Financial receivables	No	33,944	10,115	20,000	2%~10%	2	-	To the lender for buying goods	202	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Hsin Dan Co., Ltd.	Financial receivables	No	65,351	33,000	33,000	2%~10%	2	-	To the lender for buying goods	657	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Xi Quan Restaurant Co., Ltd.	Financial receivables	No	105,487	53,000	53,000	2%~10%	2	-	To the lender for buying goods	1,054	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Advanced-Connectek Inc.	Financial receivables	No	30,000	10,083	30,000	2%~10%	2	-	To the lender for buying goods	189	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Pei Xian Seafood Co., Ltd.	Financial receivables	No	20,000	10,115	20,000	2%~10%	2	-	To the lender for buying goods	202	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Yu Construction Co., Ltd.	Financial receivables	No	20,000	18,990	20,000	2%~10%	2	-	To the lender for buying goods	379	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Maw Shing Top Co., Ltd.	Financial receivables	No	16,000	12,993	16,000	2%~10%	2	-	To the lender for buying goods	256	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Yu Ding Investment Co., Ltd.	Financial receivables	No	30,000	30,000	30,000	2%~10%	2	-	To the lender for buying goods	600	None	-	365,767	1,463,068

Note1 : The meaning of the number is as follows.

(1) Zero stands for issuer.

(2) Investee companies are numbered in a sequence of Arabic numerals from 1 based on company category.

Note2 : The amount of loans is still valid up to now.

Note3 : The nature of the loan nature is as follows.

(1) 1 stands for business relation.

(2) 2 stands for the necessity for short-term loans.

Note4 : Limited amount for individual object : 25% net worth of the latest TBB International Leasing Co., Ltd.'s audited financial statements.

Note5 : Total limited amount for loan : 100% net worth of the latest TBB International Leasing Co., Ltd.'s audited financial statements.

(c) Endorsements and guarantee for others: None



(d) Acquisition of securities:

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion (Note 2)	Market price (Note 1)	
Taiwan Business Bank International Leasing Co., Ltd.	Taiwan Business International Leasing Co., Ltd.	Parent company	Investment under equity method	-	904,971	100.00%	904,971	Already written-off when preparing the consolidated financial statements.
Taiwan Business Bank International Leasing Co., Ltd.	G12245、G12246	-	Financial assets at fair value through profit or loss	-	100,000	-%	100,000	Financial debentures
Taiwan Business Bank Venture Capital Co., Ltd.	G12245	-	Financial assets at fair value through profit or loss	-	100,000	-%	100,000	Financial debentures
Taiwan Business Bank Venture Capital Co., Ltd.	Powerchip Semiconductor Manufacturing Corporation	-	Financial assets at fair value through profit or loss	250	17,900	0.01%	17,900	Listed Stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Eir Genix, Inc.	-	Financial assets at fair value through profit or loss	638	70,213	0.26%	70,213	OTC Stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	1,600	19,680	2.04%	19,680	Emerging Stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Superalloy Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	94	6,495	0.05%	6,495	"
Taiwan Business Bank Venture Capital Co., Ltd.	Taiwan Advance Bio-Pharmaceutical Inc.	-	Financial assets at fair value through profit or loss	1,260	23,436	1.40%	23,436	"
Taiwan Business Bank Venture Capital Co., Ltd.	Lungteh Shipbuilding Co., Ltd.	-	Financial assets at fair value through profit or loss	2,097	65,955	2.62%	65,955	"
Taiwan Business Bank Venture Capital Co., Ltd.	Ping Ho Environmental Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	125	8,563	0.41%	8,563	"
Taiwan Business Bank Venture Capital Co., Ltd.	Chenfull Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	380	38,950	0.71%	38,950	"
Taiwan Business Bank Venture Capital Co., Ltd.	Handa Pharmaceuticals, Inc.	-	Financial assets at fair value through profit or loss	1,030	71,997	0.84%	71,997	"
Taiwan Business Bank Venture Capital Co., Ltd.	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	37,980	0.30%	37,980	"
Taiwan Business Bank Venture Capital Co., Ltd.	Energenesis Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	44,750	1.52%	44,750	"
Taiwan Business Bank Venture Capital Co., Ltd.	Song Chuan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	267	10,698	0.74%	10,698	Unlisted Stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Techplasma Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	821	46,966	2.87%	46,966	"
Taiwan Business Bank Venture Capital Co., Ltd.	Hephas Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	455	9,757	2.97%	9,757	"

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion (Note 2)	Market price (Note 1)	
Taiwan Business Bank Venture Capital Co., Ltd.	Ren Chin Electric Conductor Co., Ltd.	-	Financial assets at fair value through profit or loss	250	4,898	0.26%	4,898	Unlisted Stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Manford Machinery Co., Ltd.	-	Financial assets at fair value through profit or loss	1,195	19,192	2.99%	19,192	"
Taiwan Business Bank Venture Capital Co., Ltd.	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	500	13,670	1.96%	13,670	"
Taiwan Business Bank Venture Capital Co., Ltd.	Huang Chieh Metal Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	286	5,305	0.48%	5,305	"
Taiwan Business Bank Venture Capital Co., Ltd.	Iovtec Co., Ltd.	-	Financial assets at fair value through profit or loss	370	14,892	2.93%	14,892	"
Taiwan Business Bank Venture Capital Co., Ltd.	e-Formula Technologies, Inc.	-	Financial assets at fair value through profit or loss	600	15,378	2.76%	15,378	"
Taiwan Business Bank Venture Capital Co., Ltd.	Han-win Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	352	3,064	2.25%	3,064	"
Taiwan Business Bank Venture Capital Co., Ltd.	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	2,000	28,400	1.00%	28,400	"
Taiwan Business Bank Venture Capital Co., Ltd.	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	3,600	35,640	1.80%	35,640	"
Taiwan Business Bank Venture Capital Co., Ltd.	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	1,580	99,540	0.45%	99,540	"
Taiwan Business Bank Venture Capital Co., Ltd.	Longshun Green Energy Technology Ltd.	-	Financial assets at fair value through profit or loss	720	18,000	2.55%	18,000	"
Taiwan Business Bank Venture Capital Co., Ltd.	Amazing Cool Technology Corporation	-	Financial assets at fair value through profit or loss	390	7,800	2.86%	7,800	"
Taiwan Business Bank Venture Capital Co., Ltd.	Taiwania Buffalo III Biotechnology Venture Capital LLP.	-	Financial assets at fair value through profit or loss	-	17,944	-%	17,944	"
Taiwan Business Bank Venture Capital Co., Ltd.	Ju He Venture Capital LLP.	-	Financial assets at fair value through profit or loss	-	12,000	-%	12,000	"
Taiwan Business Bank Venture Capital Co., Ltd.	Jia Da International Development Co., Ltd.	-	Financial assets at fair value through other comprehensive profit or loss	2,919	34,536	8.52%	34,536	"
Taiwan Business Bank Venture Capital Co., Ltd.	Pinkoi Inc.	-	Financial assets at fair value through profit or loss	93	43,114	0.50%	43,114	"

Note 1: Listed companies apply the market price to calculate the net worth of the shares possessed. Unlisted companies apply the proportion of shares calculate the net worth of the shares possessed. The net worth of preferred stock is calculated based on the liquidation price plus dividends in arrears.

Note 2: The proportion of shares the preferred stock is calculated based on the shares the Bank possessed divided by the shares issued.



- (e) Accumulative purchases or sales of the same investee companies amounting to over \$300,000 or 10% of paid-in capital: None.
- (f) Acquisition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (g) Disposition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (h) Discount of commissions and handling fees with related parties amounting to over \$5,000: None.
- (i) Receivables from related parties amounting to over \$300,000 or 10% of paid-in capital: None.
- (j) Transactions of financial derivatives: None.
- (k) Sale of non-performing loans information: None.
- (l) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.
- (m) Other significant transactions that might have substantial influence over the decision making of the financial statement users: None.

(C) Information on investments in Mainland China :

(a) Name and major business item of the investee in China :

Name of investee company in Mainland China	Major business	Paid-in capital	Investment method (Note 1)	Accumulated amount transferred from Taiwan, beginning of the period	Investment transferred out or recovered		Accumulated amount transferred from Taiwan, end of the period	The current profit or loss of the investee (Note 2)	Shares directly or indirectly possessed by the Bank	Investment income for the period (Notes 2 and 4)	Ending carrying value of investment	Accumulated inward remittance of earnings as of the end of period
					Transferred out	Recovered						
Taiwan Business Bank, Ltd. Shanghai branch	Banking business	3,910,537 (CNY800 million) (Operating capital)	(c)	3,910,537 (CNY800 million)	-	-	3,910,537 (CNY800 million)	-	Shanghai branch of the Bank, not an investee company	Note 4	3,936,365	None
Taiwan Business Bank, Ltd. Wuhan branch	Banking business	3,942,815 (CNY800 million) (Operating capital)	(c)	3,942,815 (CNY800 million)	-	-	3,942,815 (CNY800 million)	-	Wuhan branch of the Bank, not an investee company	Note 4	3,804,068	"
Taiwan Business Bank International Leasing Co., Ltd.	Leasing business	838,305 (CNY170 million) (Operating capital)	(a)	838,305 (CNY170 million)	-	-	838,305 (CNY170 million)	22,891 2(a)	100%	22,891 2(a)	904,971	"

Note 1: Investment method is divided into three categories and are listed as follows:

- Directly invest in Mainland China.
- Investment in Mainland China companies through a third region.
- Others: establishment of overseas branches

Note 2: The column of "Investment gains (losses)":

- If the company is still in the preparation process, and does not have any investment gain or loss, please specify.
- The bases for recognition of investment income or loss have three methods, please specify.
 - The audited financial reports that are issued by an international accounting firm which is connected to an accounting firm in Taiwan.
 - The audited financial reports that are issued by the Taiwan parent company's designated accounting firm.
 - Others
- Please specify if information regarding current gains or losses of an investee is not retrievable.

Note 3: The number is expressed in New Taiwan Dollars.

Note 4: The operating result of Shanghai and Wuhan branch have been included in the Bank.

(b) Limit of investment in China :

Name of Company	Accumulated outflow of investment from Taiwan to Mainland China, as of the end of period	Investment amount authorized by Investment Commission, MOEA	Upper limit on investment authorized by Investment Commission, MOEA
Taiwan Business Bank, Ltd.(Note)	8,691,657 (CNY 1,770 million)	8,691,657 (CNY 1,770 million)	60,995,983

Note: The investment amount in China of the subsidiary TBB International Leasing Co, Ltd is included.

(D) Information of major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Bank of Taiwan		1,255,455,463	16.21%
National Development Fund, Executive Yuan		454,267,781	5.87%

14. SEGMENT INFORMATION

(A) General information

The chief operating decision maker is the general manager of the Bank and subsidiaries who is in charge of all major projects' approval, budget review and performance measurement. In order to express operating activities legitimately, the reportable segments of the Bank are Bank segment, Securities segment, Trust segment, Insurance agency segment and Others. Securities segment, Trust segment, Insurance agency segment and Other segments don't meet the quantitative thresholds, therefore regarded as the same reporting segment. The main operations of the banking segment are engaged in the deposits, remittance and loans in New Taiwanese Dollars or foreign currencies, as well as securities investments. The major operating activities of securities segment are securities brokerage, financing, ancillary business of futures trading and providing clients a platform for securities investment. The trust segment mainly provides customers relevant financial services, including securities under writing, custodian bank service, new type trust business and specific trust funds investing in domestic or foreign securities. Insurance agency segment primarily provides life and property insurance products to clients. Other segments include all the business of subsidiaries, which main operations are leasing, financing, consulting, and venture capital. The profit or loss of the operating segments of the Bank and subsidiaries is measured by income from continuing operation before tax. The reported amount is consistent with the financial statements which were provided to the chief operating decision maker in order to use it as the base of resource allocation and performance measurement.

(B) Segment information

For the year ended December 31, 2021	Banking Segment	Securities, Trust, Insurance agent and Others	Adjustment and Elimination	Total
Net interest revenue	\$ 17,499,571	306,177	28	17,805,776
Net revenue other than interest	4,960,238	1,440,785	(100,775)	6,300,248
Net revenue	22,459,809	1,746,962	(100,747)	24,106,024
Bad debt expense, commitment and guarantee liability provision	(5,160,985)	(26,518)	-	(5,187,503)
Operating expenses	(12,479,903)	(637,647)	1,075	(13,116,475)
Income from continuing operation before tax	\$ 4,818,921	1,082,797	(99,672)	5,802,046
Total assets	\$ 2,005,406,016	19,351,477	(3,504,421)	2,021,253,072
Total liabilities	\$ 1,906,967,800	13,012,694	(387,394)	1,919,593,100



For the year ended December 31, 2020	Banking Segment	Securities, Trust, Insurance agent and Others	Adjustment and Elimination	Total
Net interest revenue	\$ 15,902,031	290,152	34	16,192,217
Net revenue other than interest	4,962,154	799,965	(84,894)	5,677,225
Net revenue	20,864,185	1,090,117	(84,860)	21,869,442
Bad debt expense, commitment and guarantee liability provision	(4,072,866)	18,126	-	(4,054,740)
Operating expenses	(11,883,295)	(547,167)	1,021	(12,429,441)
Income from continuing operation before tax	\$ 4,908,024	561,076	(83,839)	5,385,261
Total assets	\$ 1,777,226,304	17,111,628	(2,702,879)	1,791,635,053
Total liabilities	\$ 1,681,334,677	11,775,663	(134,036)	1,692,976,304

(C) Geographic information :

The Bank and subsidiaries, based on the geographic location of foreign operating segments, to disclose the information as below:

Net income before tax:

Area	For the years ended December 31	
	2021	2020
Taiwan	\$ 4,918,965	4,372,730
USA	255,588	262,091
Hong Kong	(38,884)	105,357
Australia	437,156	222,374
China	231,546	391,211
Cambodia	8,935	34,640
Japan	(11,260)	(3,142)
Total	\$ 5,802,046	5,385,261

Non-current assets:

Area	December 31, 2021	December 31, 2020
Taiwan	\$ 25,970,907	23,905,214
USA	41,374	49,834
Hong Kong	69,524	109,863
Australia	66,936	20,196
China	85,587	42,986
Cambodia	32,011	37,952
Japan	26,181	38,730
Total	\$ 26,292,520	24,204,775

(D) Significant client information:

No single customer represents 10% or more of the Bank and subsidiaries' operating revenue. Therefore, no disclosure of major customer information is required.

7. Independent Auditors' Report for 2021 Individual Financial Statements

Independent Auditors' Report

To the Board of Directors of Taiwan Business Bank, Ltd. :

Opinion

We have audited the financial statements of Taiwan Business Bank, Ltd. "the Bank" which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks, and with the Regulation Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits of the current period in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Jin-Kuan-Yin-Zi No.10802731571 and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. The assessment of loans impairment

Please refer to Note (4) (E) "Financial Instruments" for related accounting policy, Note 5 (A) for accounting assumptions and estimates, and Note 6 (F) "Discount and loans, net" and Note 6 (AP) "Financial Risk Information" for details of loans impairment, respectively.

The management of the Bank assess the impairment of loans by determining if there is any observable evidence indicating impairment, and dividing them into collective assessment and individual assessment based on the materiality levels to measure by different impairment method. For the individual assessment with objective evidence of impairment, the measurement is based on expected future cash flow. For the collective assessment with objective evidence of impairment, the Bank needs to calculate the recovery rate of each group to measure the impairment amount. For the collectively assessed loans without objective evidence of impairment, the impairment is calculated by establishing an impairment model using the pass loss experience on assets with similar credit risk characteristic to form basic estimation. Besides the methods mentioned above, the management of the Bank should inspect whether the amount of impairment is in compliance with the minimum level made by the authority. Both the evaluation of impairment evidences and its methods, as well as the uses of assumptions, such as the expected recovery rates and default rates, which are applied to determine the future cash flow, involved significant judgements and estimations. Therefore, the assessment on the impairment of loans has been identified as a key audit matter in our audit.



How the matter was addressed in our audit

Our principal audit procedures included: understanding the methodology and related control procedure about how the management assesses and measures the impairment amount of loans. For individual assessment, we used sampling test to evaluate the use of the original effective interest rate, the appropriateness of the estimation of future recoverable amounts and value of collateral. For collective assessment, we assessed the impairment model adopted by the management and reviewed the appropriateness of the calculation of the impairment parameters and verified the completeness of the loans portfolio via sampling. Meanwhile, we assessed the impaired amounts recognized by the management were in compliance with the related regulations issued by authority.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks, and the Regulations Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are CHUNG, TAN TAN and CHEN, CHUN KUANG.

KPMG

Taipei, Taiwan (Republic of China)

March 9, 2022

Notes to Readers

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

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese.)

Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
11000	Cash and cash equivalents (Notes 6(A) and 7)	\$ 39,189,153	2	30,319,952	2
11500	Due from the Central Bank and call loans to banks (Notes 6(B) and 7)	158,109,903	8	114,078,284	6
12000	Financial assets at fair value through profit or loss (Note 6(C))	39,658,224	2	15,003,571	1
12100	Financial assets at fair value through other comprehensive income (Notes 6(G) and (Q))	157,498,525	8	117,352,923	7
12200	Investment in debt instruments at amortized cost (Note 6(H))	279,035,906	14	228,003,332	13
12500	Securities purchased under resell agreements (Note 6(D))	7,831,274	-	6,047,187	-
13000	Receivables (Note 6(E))	5,609,809	-	41,709,998	2
13200	Current tax assets	347,649	-	302,967	-
13500	Discounts and loans, net (Notes 6(F) and 7)	1,302,388,363	65	1,209,716,083	68
15000	Investment measured by equity method, net (Note 6(I))	3,117,027	-	2,568,843	-
15500	Other financial assets (Note 6(J))	28,942	-	13,781	-
18500	Property and equipment, net (Note 6(K))	14,529,762	1	14,512,022	1
18600	Right-of-use assets, net (Note 6(L))	1,145,071	-	1,066,732	-
19000	Intangible assets, net	553,784	-	374,263	-
19300	Deferred tax assets (Note 6(Z))	1,923,597	-	1,815,778	-
19500	Other assets, net (Note 6(M))	10,011,973	-	8,209,863	-
	Total assets	\$ 2,020,978,962	100	1,791,095,579	100

	Liabilities and equity	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Liabilities				
21000	Deposits from the Central Bank and banks (Notes 6(N) and 7)	\$ 102,540,315	5	118,201,039	7
21500	Due to the Central Bank and banks (Note 6(O))	49,713,800	3	28,450,000	2
22000	Financial liabilities at fair value through profit or loss (Notes 6(P) and (T))	8,436,037	-	8,639,002	1
22500	Notes and bonds issued under repurchase agreement (Note 6(Q))	2,060,693	-	2,055,991	-
23000	Payables (Note 6(R))	22,727,994	1	47,767,380	3
23200	Current tax liabilities	59,567	-	-	-
23500	Deposits and remittances (Notes 6(S) and 7)	1,669,039,989	83	1,418,703,482	79
24000	Bank notes payable (Note 6(T))	52,250,000	3	53,250,000	3
25500	Other financial liabilities (Note 6(U))	4,365,294	-	5,492,366	-
25600	Provisions (Note 6(V))	3,420,210	-	3,393,417	-
26000	Lease liabilities (Note 6(W))	1,145,072	-	1,054,665	-
29300	Deferred tax liabilities (Note 6(Z))	886,290	-	901,581	-
29500	Other liabilities (Note 6(X))	2,673,729	-	4,527,907	-
	Total liabilities	1,919,318,990	95	1,692,436,830	95
	Equity				
31101	Common stock (Note 6(Y))	77,431,952	4	74,885,834	4
31500	Capital Surplus (Note 6(Y))	815,900	-	815,900	-
	Retained earnings:				
32001	Legal reserve (Note 6(Y))	15,693,140	1	14,332,452	1
32003	Special reserve (Note 6(Y))	185,128	-	185,128	-
32005	Unappropriated retained earnings (Note 6(Y))	5,227,632	-	4,728,382	-
32500	Other equity interest (Note 6(Y))	2,306,220	-	3,711,053	-
	Total equity	101,659,972	5	98,658,749	5
	Total liabilities and equity	\$ 2,020,978,962	100	1,791,095,579	100

(English Translation of Financial Statements Originally Issued in Chinese.)

TAIWAN BUSINESS BANK, LTD.
Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the year ended December 31,				Percent Change %
		2021		2020		
		Amount	%	Amount	%	
41000	Interest income (Notes 6(AD) and 7)	\$ 24,037,857	100	24,884,487	114	(3)
51000	Less : Interest expenses (Notes 6(AD) and 7)	(6,357,367)	(26)	(8,822,210)	(40)	(28)
	Net interest revenue	17,680,490	74	16,062,277	74	10
	Net revenue other than interest					
49100	Net service fee revenue (Notes 6(AE) and 13)	3,317,550	14	2,814,547	13	18
49200	Gain on financial assets or liabilities measured at fair value through profit or loss (Note 6(AF))	562,196	2	860,028	4	(35)
49310	Realized gain on financial assets at fair value through other comprehensive income (Note 6(AG))	1,187,700	5	1,098,686	5	8
49450	Gain arising from derecognition of financial assets measured at amortized cost (Note 6(H))	103,741	1	210,105	1	(51)
49600	Foreign exchange gain	310,634	1	103,667	-	200
49700	Impairment loss on assets(Note 6(AH))	(33,260)	-	(1,148)	-	2,797
49750	Share of profit of associates and joint rentures accounted for using equity method(Notes 6(I) and (AI))	99,659	-	83,839	-	19
49800	Net other revenue other than interest income(Note 6(AJ))	168,888	1	183,425	1	(8)
49831	Net securities brokeing revenue	561,639	2	358,520	2	57
	Net revenue	23,959,237	100	21,773,946	100	10
58200	Bad debts expense, commitment and guarantee liability provision (Note 6(AK))	(5,171,832)	(22)	(4,072,168)	(19)	27
	Operating expense					
58500	Employee benefits expenses (Note 6(AL))	(8,350,140)	(35)	(7,861,658)	(36)	6
59000	Depreciation and amortization expenses (Note 6(AM))	(1,032,950)	(4)	(983,655)	(4)	5
59500	Other general and administrative expenses (Note 6(AN))	(3,628,017)	(15)	(3,482,955)	(16)	4
	Total operating expense	(13,011,107)	(54)	(12,328,268)	(56)	6
61001	Income from continuing operation before tax	5,776,298	24	5,373,510	25	7
61003	Less: Income tax expenses (Note 6(Z))	676,186	3	671,735	3	1



VI

FINANCIAL STATUS

		For the year ended December 31,				Percent Change %
		2021		2020		
		Amount	%	Amount	%	
	Net income	\$ 5,100,112	21	4,701,775	22	8
65000	Other comprehensive income :					
65200	Components of other comprehensive income that will not be reclassified to profit or loss					
65201	Remeasurements of defined benefit plans(Note 6(AA))	24,512	-	(205,996)	(1)	112
65204	Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	987,549	4	(312,557)	(1)	416
65207	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,546	-	-	-	-
65220	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(Z))	4,902	-	(41,199)	-	112
	Components of other comprehensive income that will not be reclassified to profit or loss	1,011,705	4	(477,354)	(2)	312
65300	Components of other comprehensive income that will be reclassified to profit or loss					
65301	Exchange difference on translation	(416,460)	(2)	(773,747)	(4)	46
65308	(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income	(2,046,533)	(9)	971,009	4	(311)
65307	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,674	-	5,093	-	(47)
65320	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(Z))	(98,583)	-	(141,604)	(1)	(30)
	Components of other comprehensive income that will be reclassified to profit or loss	(2,361,736)	(11)	343,959	1	787
65000	Other comprehensive income	(1,350,031)	(7)	(133,395)	(1)	(912)
	Total comprehensive income	\$ 3,750,081	14	4,568,380	21	(18)
	Earnings per share (in NT dollar) (Note 6 (Z))					
	Basic earnings per share (in NT dollar)	\$ 0.66		0.61		
	Diluted earnings per share (in NT dollar)	\$ 0.66		0.61		

(English Translation of Financial Statements Originally Issued in Chinese.)

TAIWAN BUSINESS BANK, LTD.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

							Other equity interest		Total
	Share Capital		Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains on financial assets measured at fair value through other comprehensive income	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total			
Balance at January 1, 2020	\$ 71,319,842	815,900	12,312,175	223,331	7,167,217	19,702,723	(862,866)	4,541,167	95,516,766
Net income for the year ended December 31, 2020	-	-	-	-	4,701,775	4,701,775	-	-	4,701,775
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(164,797)	(164,797)	(613,905)	645,307	(133,395)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	4,536,978	4,536,978	(613,905)	645,307	4,568,380
Appropriation and distribution of retained earnings :									
Legal reserve appropriated	-	-	2,020,277	-	(2,020,277)	-	-	-	-
Reversal of special reserve	-	-	-	(38,203)	38,203	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,426,397)	(1,426,397)	-	-	(1,426,397)
Stock dividends of ordinary share	3,565,992	-	-	-	(3,565,992)	(3,565,992)	-	-	-
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,350)	(1,350)	-	1,350	-
Balance at December 31, 2020	74,885,834	815,900	14,332,452	185,128	4,728,382	19,245,962	(1,476,771)	5,187,824	98,658,749
Net income for the year ended December 31, 2021	-	-	-	-	5,100,112	5,100,112	-	-	5,100,112
Other comprehensive income (losses) for the year ended December 31, 2021	-	-	-	-	19,610	19,610	(330,494)	(1,039,147)	(1,350,031)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	5,119,722	5,119,722	(330,494)	(1,039,147)	3,750,081
Appropriation and distribution of retained earnings :									
Legal reserve appropriated	-	-	1,360,688	-	(1,360,688)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(748,858)	(748,858)	-	-	(748,858)
Stock dividends of ordinary share	2,546,118	-	-	-	(2,546,118)	(2,546,118)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	35,192	35,192	-	(35,192)	-
Balance at December 31, 2021	\$ 77,431,952	815,900	15,693,140	185,128	5,227,632	21,105,900	(1,807,265)	4,113,485	101,659,972



VI

FINANCIAL STATUS

(English Translation of Financial Statements Originally Issued in Chinese.)

TAIWAN BUSINESS BANK, LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income before tax	\$ 5,776,298	5,373,510
Adjustments :		
Income and expenses items:		
Depreciation expenses	862,209	842,138
Amortization expenses	170,741	141,517
Provision for bad debt expenses	5,113,134	4,033,155
Net losses on financial assets or liabilities at fair value through profit or loss	388,853	467,059
Interest expenses	6,357,367	8,822,210
Net gain arising from derecognition of financial assets measured at amortized cost	(103,741)	(210,105)
Interest income	(24,037,857)	(24,884,487)
Net change in provisions for guarantee liabilities	39,802	17,634
Net change in other provisions	92,077	21,379
Share of profit of associates and joint ventures accounted for using equity method	(99,659)	(83,839)
Loss on disposal of property and equipment	852	1,796
Property and equipment transferred to expenses	-	5,719
Impairment loss on financial assets	33,260	1,148
Others	(1,369)	-
Total adjustments to reconcile profit	(11,184,331)	(10,824,676)
Changes in Operating Assets and Liabilities :		
Changes in Operating Assets :		
(Increase) decrease in due from the Central Bank and call loans to banks	(44,028,431)	11,291,521
(Increase) decrease in financial assets at fair value through profit or loss	(25,338,360)	11,668,480
(Increase) decrease in securities purchased under resell agreements	(1,784,087)	7,351,926
Decrease (increase) in receivables	36,367,071	(16,991,419)
Increase in discounts and loans	(97,792,108)	(81,221,944)
(Increase) decrease in other financial assets	(5,770)	14,881
Increase in other assets	(3,568,328)	(2,870,507)
Total changes in operating assets	(136,150,013)	(70,757,062)
Changes in Operating Liabilities :		
(Decrease) increase in deposits from the Central Bank and banks	(15,660,724)	13,407,427



	For the years ended December 31,	
	2021	2020
Increase (decrease) in financial liabilities at fair value through profit or loss	\$ 91,891	(1,266,559)
Increase in notes and bonds issued under repurchase agreement	4,702	1,187,410
(Decrease) increase in payable	(25,322,034)	16,784,639
Increase (decrease) in deposits and remittances	250,336,507	(16,628,612)
Decrease in other financial liabilities	(1,127,072)	(1,342,718)
Decrease in provisions for employee benefits	(80,182)	(9,318)
Total Changes in Operating Liabilities	208,243,088	12,132,269
Total Changes in Operating Assets and Liabilities	72,093,075	(58,624,793)
Total adjustments	60,908,744	(69,449,469)
Cash inflow (outflow) generated from operations	66,685,042	(64,075,959)
Interest received	23,790,232	25,772,520
Interest paid	(6,241,095)	(9,073,731)
Income tax paid	(506,777)	(1,065,981)
Net cash flow generated from (used in) operating activities	83,727,402	(48,443,151)
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(41,225,923)	(14,111,482)
Acquisition of financial assets at amortized cost	(130,873,423)	-
Proceeds from disposal of financial assets at amortized cost	-	35,278,062
Proceeds from repayments of financial assets at amortized cost	79,933,076	-
Acquisition of property and equipment	(532,051)	(500,273)
Proceeds from disposal of property and equipment	132	137
Increase in refundable deposits	-	(558,449)
Decrease in refundable deposits	1,358,420	-
Acquisition of intangible assets	(309,304)	(139,678)
Net cash flows (used in) generated from investing activities	(91,649,073)	19,968,317
Cash flows from financing activities :		
Increase in due to the Central Bank and banks	21,263,800	28,450,000
Proceeds from issuing bank notes payable	8,000,000	20,000,000
Repayments of bank notes payable	(9,000,000)	(20,000,000)
Increase in guarantee deposits received	-	325,119
Decrease in guarantee deposits received	(347,219)	-
Payments of lease liabilities	(411,827)	(405,013)
(Decrease) increase in other liabilities	(1,506,959)	981,843
Cash dividends paid	(748,858)	(1,426,397)
Acquisition of ownership interest in subsidiaries	(450,000)	(300,000)
Net cash flows generated from financing activities	16,798,937	27,625,552
Effect of exchange rate changes on cash and cash equivalents	(8,065)	(24,103)
Net increase (decrease) in cash and cash equivalents	8,869,201	(873,385)
Cash and cash equivalent at beginning of period	30,319,952	31,193,337
Cash and cash equivalent at end of period	\$ 39,189,153	30,319,952

(English Translation of Financial Statements Originally Issued in Chinese.)

TAIWAN BUSINESS BANK, LTD.

Notes to the Financial Statements

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. Company history

TAIWAN BUSINESS BANK, LTD. (the "Bank") was formerly a general savings union known as "Taiwan Mutual Financing Bank" or "Tai-Shio Mutual Financing Bank" when it was established in 1915. After several mergers and acquisitions, it was renamed as Taiwan Business Bank, Ltd. in order to finance and provide banking assistance to small and medium-size businesses on July 1, 1976. The Bank's major lines of business are the following:

- (A) As prescribed by the Banking Law, provides professional services tailored to the needs of small and medium-size businesses;
- (B) Trust and securities brokerage businesses as approved by the relevant authority;
- (C) International banking business; and
- (D) Other relevant businesses as authorized by the relevant authority in-charge.

As of December 31, 2021, the Bank not only sets up the business dept., international dept., securities dept. and trust dept. under head office but also has 124 domestic branches, 1 offshore banking unit, 8 overseas branches, 1 oversea representative office and 16 securities brokerage locations.

The Bank became listed on the Taiwan Stock Exchange on January 3, 1998.

Under the "Statute for Privatization of State Enterprises" and upon the approval of Taiwan Province Government, the shares of the Bank owned by the provincial government were sold to the public. In line with privatization of the three other major Taiwan province government owned run commercial banks, the Bank had completed its own privatization on January 22, 1998.

As of December 31, 2021 and 2020, the Bank has 5,436 and 5,369 employees, respectively.

2. Approval date and procedures of the consolidated financial statements

These financial statements were authorized for issuance by the board of directors on March 9, 2022.

3. New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The details of impact on the Taiwan Business Bank, Ltd.'s adoption of the new amendments beginning January 1, 2021 are as follows:

- (i) Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" (the Phase 2 amendments)

The Bank applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Bank has elected not to restate comparatives for the prior periods to reflect the application of these amendments.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.



If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Bank will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Bank will apply policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permits the hedging relationship to be continued without interruption.

The details of the accounting policies are disclosed in Note 4(E) and Note 6(AP).

(ii) Other amendments

The following new amendments, effective January 1, 2021, do not have a significant impact on the Bank's financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Bank assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Bank, has been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	The key amendments to IAS 1 include: <ul style="list-style-type: none">• requiring companies to disclose their material accounting policies rather than their significant accounting policies;• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

The Bank is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Bank completes its evaluation.

The Bank does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

4. Summary of significant accounting policies

(A) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks and the Regulations Governing the Preparation of Financial Report by Securities Firms (hereinafter referred to as the Regulation).

(B) Basis of preparation

(a) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- (1) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative instruments);
- (2) Financial instrument measured at fair value through other comprehensive income; and
- (3) The net defined benefit liability (asset) is recognized as fair value of plan assets, less present value of defined benefit obligation and the effect of the asset ceiling in Note 4(M).

(b) Consolidation of financial statement

The financial statements include the headquarter and all the domestic branches and foreign branches. The internal transactions within the headquarter, the domestic branches and the foreign branches are offset when preparing the financial statement.

(c) Functional and presentation currency

The functional currency of the Bank is determined based on the primary economic environment in operating. The financial statements are presented in New Taiwan Dollar, which is the Bank's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(C) Foreign currency

(a) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies on the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate of Bank of Taiwan at 10 AM. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising on retranslation



are recognized in profit or loss, except for the equity instruments measured at fair value through other comprehensive income which are recognized in other comprehensive income arising on the retranslation.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Bank disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Bank disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(D) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, petty cash, foreign currency on hand and cash in banks, but excludes those items which are designated for specific purposes or restricted by contracts and law.

(E) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Bank becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(a) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the next reporting period following the change in the business model.

(1) Investment in debt instruments measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Bank's right to receive payment is established.

(3) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Bank may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(4) Discount and loans, net

Discount and loans are recorded as initial fair value including direct transaction cost, and the subsequent measurement recognizes interest income via effective interest rate method if there is not much difference then it can adopt straight line method and is booked as per amortized cost deducted by impairment loss. Interest accrual on discount and loans are suspended if either of the following occurs:

- Payment of principal or interest is very likely not to be redeemed as per contracts.
- Non-performing loans are categorized as overdue loans in six months after the settlement period ends.

(5) Impairment of financial assets

The Bank recognize loss allowances for expected credit losses on financial assets measured at amortized cost, debt investments measured at FVOCI and loan commitments and financial guarantee contracts. Equity instrument investment does not need to recognize expected credit losses.

The Bank measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and



- other debt securities, receivables, loan commitments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instruments is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECL, the Bank and subsidiaries considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience, informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Bank expect to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Bank assesses whether financial assets carried at amortized cost, debt securities at FVOCI, loan commitments and contracts of financial guarantee are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the borrowers on terms that the borrowers would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- to purchase or initiate financial assets at a substantial discount that reflects the credit losses that have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

In addition to estimate the allowance for bad debts and guarantee liability provisions as above, according to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans ", and considering the situation of their finance and the default of principal and interest payment, the credit assets are classified as below:

- 1% of the first class credit assets deducted by the amount of credit assets from the government.
- 2% of the second class credit assets.
- 10% of the third class credit assets.
- 50% of the fourth class credit assets.
- 100% of the fifth class credit assets.

The allowance for bad debts and guarantee liability provisions were assessed by the previously stated method shall not be less than the amount regulated by " Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans.

Unrecoverable overdue loans and bad debts of the Bank, which are not able to be recovered after the overdue collection process, are written-off after deducting the recoverable portion. Upon approval by the board of directors and notification to supervisors, the excess amount of written off loans over such allowance or reserve is reflected as a current loss.

(b) Financial liabilities

Financial liability measured at fair value through profit or loss, if one of the following conditions is met

(1) Financial liabilities held for trading

A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as instrument held for trading as well.

(2) Financial liabilities designated at fair value through profit or loss

Financial liabilities falling under this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes are measured at fair value and recognized in profit or loss. While for financial liabilities designated at fair value through profit or loss, the changes in fair value generated from credit risk should be recognized under other comprehensive income, except for avoiding accounting mismatch that should be recognized in profit or loss.

(c) Reclassification of financial instruments

The Bank only reclassified all affected financial assets in accordance with the regulations when changing the business model of managing financial assets. These changes are expected to be extremely infrequent. In addition, the Bank must not reclassify any financial assets and liabilities of equity instruments.

If the Bank reclassify financial assets in accordance with the aforesaid circumstances, the reclassification shall be postponed from the reclassification date, and any previously recognized gains, losses (including impairment losses or reversal of impairment loss) or interest shall not be restated.

(d) Derecognition of financial assets and liabilities

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Offsetting of financial assets and liabilities

Financial asset and financial liability are offset and the net amount presented in the statement of balance sheet when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.



(f) Interest rate benchmark reform (policy applicable from January 1, 2021)

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the changes that is required by interest rate benchmark reform. Thereafter, the Bank will applied the policies on accounting for modifications to the additional changes.

(F) Impairment loss on non-financial assets

The Bank reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment on the balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(G) Property and Equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(b) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Bank.

(c) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Land is not depreciated.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

- | | |
|---------------|-------------|
| (1) Buildings | 35-50 years |
| (2) Equipment | 3-8 years |

The Bank reviews and adjusts the residual value and the useful lives of assets at the end of each fiscal year. Whenever there is evidence indicating that the carrying amount is unable to be recovered due to environmental activities or changes, the Bank evaluates the impairment loss of assets.

(H) Investment in associates

The Bank uses the equity method to evaluate an investee that it controls in preparing the financial statements. Under the equity method, the profit or loss and other comprehensive income are the same as the allocated amount of those attributable to owners of parent in the financial statements, and owners' equity are the same as the equity attributable to owners of parent in the consolidated financial statements. Changes in the Bank's ownership interest in a subsidiary that do not result in a loss of control of a subsidiary are equity transactions with owners.

(I) Lease

(a) Identifying a lease

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank has the right to direct the use of the asset throughout the period of use only if either:
 - (1) the Bank has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - (2) the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the Bank has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the Bank designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(b) As a lessee

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Bank incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.



Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Bank estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Bank accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(c) As a lessor

When the Bank acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(J) Deferred assets

The costs of installation for utilities, including electricity and water, as well as security facilities, are capitalized and amortized equally over 5 years.

(K) Collaterals

The difference between the amount of claims and the Bank received when creditors cannot meet obligations and the collaterals are auctioned off is recognized as bad debts expense. The amount that net realized value lower than book value is recognized as impairment loss. The selling price deducts the original book value of collateral assumed is recognized as gain or loss on sale of collateral assumed.

(L) Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Amortization of the discount is recognized as interest expense.

(M) Employee benefit

(a) Short term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(b) Retirement benefit

The pension provision of the Bank includes defined contribution plan and defined benefit plan. For the personnel of foreign offices, the Bank provides pension fund per the regulations of the local authorities.

Defined contribution plan refers to the plan that the Bank annually provide certain amount of money to funds to fulfill the obligation. the Bank provides pension based on compulsory obligation, contracts or voluntary will to public or private managed pension funds. If certain pension fund fails to pay the employees the benefit which they deserve for the service they provided, the Bank does not hold legal or constructive obligation to pay additional provision. the Bank recognizes the pension fund provided as current pension cost on accrual basis.

The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Bank, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Bank. An economic benefit is available to the Bank if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increase benefit relating to past service by employees, is recognized immediately in profit or loss.

The remeasurements of defined benefit liability (asset) include:

- (1) Actuarial gains and losses;
- (2) Return on plan assets, excluding net interest on the net defined benefit liability (asset); and
- (3) The effect of the asset ceiling, excluding net interest on the net defined benefit liability (asset).

The remeasurements of defined benefit liability (asset) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any changes in the fair value of plan assets, any changes in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

The pension cost in the interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, for the reporting period, the rate will be adjusted by material market volatility, material curtailment, reimbursement and settlement or other material one-time events.

(c) Deposits with favorable rate

The Bank provides deposits with favorable rate to employees, which include current employee fix amount deposits with favorable rate and retired employee fix amount deposits with favorable rate. The rate difference between the favorable rate and the market rate belongs to the category of employee benefit.



According to article 28 of "Regulations Governing the Preparation of Financial Report by Public Banks", the additional interests result from the difference between deposit with favorable rate and the deposits with market interest rate shall be calculated by actuary per the regulations related to defined benefit plan in IAS 19. The parameters of actuarial assumptions shall follow the regulations of the competent authority.

In accordance with the regulation of "Discussion of the employee benefit actuarial assumption related matter for adopting IAS 19 with respect to the additional interest of employee deposits with favorable rate" issued by the Banking Bureau, the difference between the actual payment and the estimated retirement benefit obligation is deemed as changes in accounting estimate and is recognized in profit or loss.

(d) Termination benefits

Termination benefits are recognized as an obligation when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Bank recognizes liabilities when a formal irrevocable termination project is undertaken or when benefit is provided for encouraging voluntary resignation. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(N) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset against each other only if the following criteria are met by the Bank:

- (a) the Taiwan Business Bank, Ltd. has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (1) the same taxable entity; or
 - (2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(O) Revenue recognition

Interest is recognized according to interest method. Interest accrual is suspended from the date when the loan is reclassified to non-performing loan and only when the Bank receive cash, the revenue is recognized.

The revenue of handling fee is recognized when cash collected or when the process of the profit are mostly completed. In addition, for the individual loan which does not belong to labor service and the handling fee

is over 1% of the principal, the interest rate shall be adjusted from the original agreed interest rate to the effective interest rate. For the individual loan which does not belong to the service and the handling fee is less than 1% of the principal, the recognition of the revenue should be deferred and be recognized as revenue during the loan period.

(P) Earnings per share (EPS)

The Bank discloses the basic and diluted earnings per share attributable to ordinary shareholders of the bank. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the bank divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Bank divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as stock that issued for employee bonuses.

(Q) Operating segments

Segment information is disclosed in the consolidated financial statements by the Bank and therefore not included in this parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(A) Impairment losses on loans

The impairment of loans of the Bank was evaluated by identifying the credit risk of those financial assets have significantly increased or not at the reporting date if the credit risk has not significant incurred, the 12-month expected credit loss should be adopted to evaluate, or the lifetime credit loss evaluation should be adopted.

To evaluate the expected credit losses for 12-month and lifetime, the Bank considers the unfavorable changes of payment status or the economic conditions of the countries or areas related to the default loans. When analyzing expected cash flows, the estimates by the management are based on the pass losses experience from assets with similar credit risk characteristics. In order to reduce losses from the difference between estimated and actual amount, the Bank has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the select inputs.

(B) Retirement benefit

The present value of the retirement benefit obligation is the actuarial result based on several assumptions. Any change of the assumptions may influence the carrying amount of the retirement benefit obligation.

The assumptions applied to determine net pension cost (revenue) include the discount rate. The Bank determine the appropriate discount rate at the end of each year and apply it to calculate the present value of the future cash outflows which are to be paid to the retirement benefit obligation. To determine the appropriate discount rate, the Bank should consider the interest rate of high-quality corporate bonds and government bonds. The currency of the retirement benefit shall be the same as that of the high-quality corporate bond

or government bonds and the duration till maturity date shall comply with the duration of the related pension obligation. Other significant assumptions of retirement benefit obligation are based on the current market situation.

6. Explanation of significant accounts

(A) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Petty cash and revolving funds	\$ 10,892,224	9,974,006
Foreign currencies on hand	813,650	953,700
Checks for clearing	12,197,958	3,212,602
Due from other banks	15,285,321	16,179,644
Total	<u>\$ 39,189,153</u>	<u>30,319,952</u>

(B) Due from the Central Bank and call loans to banks

	December 31, 2021	December 31, 2020
Due from the Central Bank	\$ 72,157,455	46,208,001
Deposits transferred to Central Bank	52,275	55,339
Call loans to banks	85,900,173	67,814,944
Trust fund indemnity reserve deposited	90,000	90,000
Securities serving as trust fund indemnity reserve deposited	(90,000)	(90,000)
Total	<u>\$ 158,109,903</u>	<u>114,078,284</u>

As of December 31, 2021 and 2020, in accordance with the Banking Law and the Central Bank Law, the required reserve deposited by the Bank with the Central Bank amounted to \$71,836,985 and \$45,813,518 of which \$44,525,965 and \$37,579,517 respectively, were restricted and such restriction may only be lifted when the required reserve is adjusted to a lower amount. The Bank cooperated with the Central Bank to undertake financing loans for small and medium enterprises that are affected by the severe and the special infectious pneumonia epidemic. As of December 31, 2021 and 2020 are guaranteed by the deposit reserve of the Central Bank as required, \$39,000,000 and \$30,000,000 respectively, please refer to 6(O) for the information of due to the Central Bank and banks.

As of December 31, 2021 and 2020, the Bank's overseas branches, in compliance with the Central Bank's reserve requirement set by local authorities, deposited \$153,662 and \$84,665 and in reserve, of which \$64,758 and \$56,642 were restricted.

Effective December 2000, in accordance with the amended "Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions", the Bank provides the required additional reserve on foreign currency deposits. As of December 31, 2021 and 2020, the required reserve with the Central Bank amounted to \$166,808 and \$309,818 respectively, and its use was unrestricted.

As of December 31, 2021 and 2020, deposits transferred to the Central Bank collected from the armed forces, prisons, and other treasury deposits were restricted.

Effective January 20, 2001, in accordance with the requirement of the Central Bank of China, the Bank complies with Clause 34 of the Trust Law to treat the discretionary trust of investments in overseas marketable securities as a default loss reserve. As of December 31, 2021 and 2020, the Bank deposited marketable securities of \$90,000 as trust fund reserves.



(C) Financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets designated at fair value through profit or loss :		
Corporate bonds	\$ -	84,377
Financial assets at fair value through profit or loss, mandatorily measured at fair value :		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	18,120	55,129
Currency swap contracts	495,831	527,767
Foreign currency options call	3,714	6,592
Stock index futures	28,745	72,747
Interest Rate Swap	6,226	28,623
Non derivative financial assets		
Commercial paper	37,015,444	12,414,244
Listed stocks	68,106	188,304
Beneficiary certificates	1,665,898	267,054
Convertible corporate bonds	79,230	51,700
Financial debentures	276,910	1,307,034
Total	\$ 39,658,224	15,003,571

Derivative financial instruments are used for hedging foreign exchange risk and interest rate risk arising from operating, financing and investing activities. The Bank held derivative financial instruments which did not apply to hedge accounting are as follows (reported as financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading)

	December 31, 2021	December 31, 2020
Currency swaps contract	\$ 153,249,108	156,328,006
Interest rate swaps contract	11,916,735	13,920,619
Option contract - buy	682,393	886,607
Option contract - sell	682,393	886,607
Forward foreign exchange contract	3,835,462	2,817,826

(D) Securities purchased under resell agreements

	December 31, 2021	December 31, 2020
Securities under resell agreements	\$ 7,831,274	6,047,187
Face amount	7,834,600	6,050,000
Resell period	2022.01.03~2022.01.09	2021.01.04~2021.01.25
Range of resell interest rate	0.33%~0.34%	0.23%~0.26%
Resell price	7,832,994	6,047,636

(E) Receivables, net

	December 31, 2021	December 31, 2020
Interest receivable	\$ 2,753,874	2,500,082
Acceptances receivable	1,033,229	1,283,753
Accrued incomes	138,537	69,435
Accounts receivable	9,094	3,600
Spot exchange receivable-foreign currencies	9,546	35,719,388
Refinancing guaranty deposits	33	6,272
Guaranteed proceeds receivable from refinancing	36	6,360
Credit cards accounts receivable	1,033,355	1,090,030
Receivable price of securities purchased for customers	177,964	246,189
Settlement price	141,261	452,602
Other receivables	383,953	416,449
Sub-total	5,680,882	41,794,160
Less: Allowance for bad debts	(71,073)	(84,162)
Total	\$ 5,609,809	41,709,998



The outstanding contract amount of financial assets that have been written off and still have recourse as of December 31, 2021 and 2020 were \$85,326,562 and \$81,683,160 respectively.

The change in allowance for bad debts was as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 84,162	61,768
(Reversal) provision	(12,953)	22,568
Foreign exchange	(136)	(174)
Ending balance	<u>\$ 71,073</u>	<u>84,162</u>

(F) Discounts and loans, net

	December 31, 2021	December 31, 2020
Import/export bills negotiated	\$ 185,267	149,837
Bills and notes discounted	753,253	835,280
Overdrafts	35,359	22,354
Secured overdrafts	3,082,281	1,456,408
Short-term loans	158,526,680	142,677,907
Short-term secured loans	224,893,139	197,006,073
Margin loans receivable	3,245,824	2,504,189
Medium-term loans	158,957,105	154,862,508
Medium-term secured loans	283,220,193	260,308,203
Long-term loans	30,248,716	25,097,549
Long-term secured loans	453,214,205	433,675,772
Overdue loans	1,862,326	5,699,161
Sub-total	1,318,224,348	1,224,295,241
Less: Adjustment of discount and premium	(259,168)	(253,001)
Less: Allowance for bad debts	(15,576,817)	(14,326,157)
Total	<u>\$ 1,302,388,363</u>	<u>1,209,716,083</u>

The change in allowance for bad debts was as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 14,326,157	13,341,368
Provision	5,153,489	4,046,672
Transfer out	(15,073)	(16,268)
Write-off	(5,081,394)	(4,008,562)
Write-off recovered	1,218,393	991,109
Foreign exchange	(24,755)	(28,162)
Ending balance	<u>\$ 15,576,817</u>	<u>14,326,157</u>

(G) Financial asset at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Investment in debt instruments measured at fair value through other comprehensive income :		
Government bonds	\$ 46,011,743	34,724,023
Corporate bonds	57,107,224	46,029,075
Financial debentures	32,875,263	23,339,038
Subtotal	<u>135,994,230</u>	<u>104,092,136</u>
Investment in equity instruments measured at fair value through other comprehensive income :		
Listed stocks	16,414,356	8,736,348
Unlisted stocks	4,940,042	4,475,144
Real Estate Investment Trust	149,897	49,295
Subtotal	<u>21,504,295</u>	<u>13,260,787</u>
Total	<u>\$ 157,498,525</u>	<u>117,352,923</u>

1. Investment in debt instruments measured at fair value through other comprehensive income

The Bank assessed that the above bond investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. The bond investments have been classified as the financial asset measured at fair value through other comprehensive income. Some of the investment in debt instruments measured at fair value through other comprehensive income are used as resell condition. Please refer to Note 6 (Q) for more details.

2. Investment in equity instruments measured at fair value through other comprehensive income

The Bank designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments intending to hold for long-term for strategic purpose.

The Bank designated the investments shown above as equity instrument as at fair value through other comprehensive income, therefore, the Bank recognized \$884,796 and \$511,208, respectively as dividend revenue for the years ended December 31, 2021 and 2020. In which, the disposal equity instruments were recognized \$44,127 and \$117,041 as dividend revenue for the years ended December 31, 2021 and 2020.

The Bank sold the investments which were measured as at fair value through other comprehensive income due to assets allocation. The fair value of disposed investments are \$801,669 and \$2,601,237. And gains (losses) on disposal are \$35,192 and \$(1,350) for the years ended December 31, 2021 and 2020. Therefore, accumulated gains on disposal were transferred from other equity to retained earnings.

3. Please refer to Note 6(AP) for the credit risk (including the impairment in debt instruments) and market risk information.

4. The Bank assessed the impairment of financial assets measured at fair value through other comprehensive income as of December 31, 2021 and 2020. The changes in allowance for credit losses attribute to the financial assets were as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 66,454	52,299
Provision	21,599	14,630
Foreign exchange	(261)	(475)
Ending balance	<u>\$ 87,792</u>	<u>66,454</u>

(H) Investment in debt instruments at amortized cost

	December 31, 2021	December 31, 2020
Certificates of deposit with the Central Bank	\$ 231,395,000	161,705,000
Government bonds	24,673,670	29,584,857
Corporate bonds	8,689,856	13,464,156
Financial debentures	14,306,782	23,044,358
Negotiable certificates of deposit	58,076	280,925
Subtotal	279,123,384	228,079,296
Less: Accumulated impairment	(87,478)	(75,964)
Total	<u>\$ 279,035,906</u>	<u>228,003,332</u>

The Bank assessed that these financial assets were held to collect the contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.



1. Please refer to Note 6(AP) for credit risk.
2. The pledged assets provided by the above investment in debt instruments at amortized cost were shown follows:

	December 31, 2021	December 31, 2020
Reserve for provisional seizure by the court, international card payment reserve, trust claim reserve and operating guaranty funds	\$ 901,900	812,600
Central Bank financial guarantee	11,300,000	-
Overseas branches required reserve of overdraft guarantee	58,076	-
Daylight overdraft guarantee (Certificates of deposit with the Central Bank)	2,000,000	2,000,000
Guarantee for borrowing US dollars	23,000,000	23,000,000
Guarantee for borrowing JPY dollars	200,000	200,000
Sponsorship of Treasury Affairs	16,200,000	-
Total	<u>\$ 53,659,976</u>	<u>26,012,600</u>

3. The Bank assessed the impairment of investment in debt instruments at amortized cost as of December 31, 2021 and 2020. The changes in allowance for credit losses attribute to these financial assets were as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 75,964	90,411
Provision (Reversal)	11,661	(13,482)
Foreign exchanges	(147)	(965)
Ending balance	<u>\$ 87,478</u>	<u>75,964</u>

4. Disposal gain (loss) on disposal investment in assets at amortized cost :

	For the year ended December 31, 2021	
	The carrying amount at the date of derecognition	Gain (Loss) on disposal
Government bonds	\$ 791,559	78,951
Corporate bonds	248,776	2,048
Financial debentures	549,111	22,742
Total	<u>\$ 1,589,446</u>	<u>103,741</u>

	For the year ended December 31, 2020	
	The carrying amount at the date of derecognition	Gain (Loss) on disposal
Government bonds	\$ 300,522	2,921
Corporate bonds	992,550	100,087
Financial debentures	1,356,497	107,097
Total	<u>\$ 2,649,569</u>	<u>210,105</u>

In 2021 and 2020, the following reasons that caused the Bank dispose part of its financial assets measured at amortized cost for the mandatorily redemption of the bond issuers, and the purpose of fund management.

(I) Investment measured by equity method, net

Subsidiary	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Investment measured by equity method				
TBB International Leasing Co., Ltd. — initial investment \$400,000 thousand	\$ 1,463,080	100.00	1,431,596	100.00
TBB (Cambodia) Microfinance Institution Plc. — initial investment USD \$10,000 thousand	537,297	100.00	552,164	100.00
TBB Venture Capital Co., Ltd. — initial investment \$300,000 thousand	1,068,059	100.00	585,083	100.00
TBB Consulting Co., Ltd. — initial investment \$50,000 thousand	48,591	-	-	-
Total	<u>\$ 3,117,027</u>		<u>2,568,843</u>	

The Bank's share of profit of associates and joint ventures accounted for using equity method for the years ended December 31, 2021 and 2020 are \$99,659 and \$83,839 respectively.

On August 23, 2021, the Bank invested \$50,000 and held 100% of the equity in TBB Consulting Co., Ltd. The establishment registration was completed on August 30, 2021.

On December 22, 2021, the subsidiary TBB Consulting Co., Ltd. invested \$2,000 and expected to hold 20% of the equity in Manitok Management Consultants Co., Ltd. The establishment registration was completed on January 19, 2022.

The board of directors of the Bank agreed on participating in the capital increase by cash of NTD\$400,000, on December 24, 2020 in subsidiary TBB Venture Capital Co., Ltd. The capital increase is fully acquired by the Bank, and the base date of the capital increase is set on January 7, 2021.

The board of directors of the Bank agreed on participating in the capital increase by cash of NTD\$300,000, on December 26, 2019 in subsidiary TBB Venture Capital Co., Ltd. The capital increase is fully acquired by the Bank, and the base date of the capital increase is set on January 7, 2020.

Pursuant to the resolution approved by the board of directors of the Bank on December 19, 2018, the Bank will merge subsidiaries Taiwan Business Bank Insurance Agency Co., Ltd. and Taiwan Business Bank Property Insurance Agency Co., Ltd. at January 2, 2020. The merger will be approved by The Ministry of Economic Affairs, R.O.C. by February 25, 2020.

The Bank has prepared consolidated financial statements for the years ended December 31, 2021 and 2020.

(J) Other financial assets

	December 31, 2021	December 31, 2020
Overdue receivable	\$ 80,334	\$ 68,832
Less: Allowance for bad debts, overdue receivable	(51,392)	(55,051)
Total	<u>\$ 28,942</u>	<u>13,781</u>

The change in allowance for bad debts was as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 55,051	\$ 85,901
Reversal	(24,464)	(25,002)
Transfer in	15,073	16,268
Write-off	(15,308)	(44,717)
Written-off recovered	21,040	22,601
Ending balance	<u>\$ 51,392</u>	<u>\$ 55,051</u>



(K) Property and equipment, net

December 31, 2021	Cost	Revaluation in-crement	Accumulated depreciation	Accumulated impairment	Total
Land	\$ 6,743,535	2,986,161	-	14,031	9,715,665
Buildings	8,017,954	31,184	4,592,658	14,754	3,441,726
Machinery and equipment	2,389,844	-	1,862,830	-	527,014
Transportation equipment	272,245	-	224,946	-	47,299
Miscellaneous equipment	643,410	-	536,589	-	106,821
Leasehold improvements	152,399	-	75,680	-	76,719
Construction in progress	40,547	-	-	-	40,547
Prepayment for equipment	573,971	-	-	-	573,971
Total	<u>\$ 18,833,905</u>	<u>3,017,345</u>	<u>7,292,703</u>	<u>28,785</u>	<u>14,529,762</u>

December 31, 2020	Cost	Revaluation in-crement	Accumulated depreciation	Accumulated impairment	Total
Land	\$ 6,743,535	2,986,161	-	14,031	9,715,665
Buildings	7,930,240	31,184	4,404,411	14,754	3,542,259
Machinery and equipment	2,270,278	-	1,769,070	-	501,208
Transportation equipment	275,177	-	232,756	-	42,421
Miscellaneous equipment	605,359	-	518,100	-	87,259
Leasehold improvements	158,863	-	62,114	-	96,749
Construction in progress	12,246	-	-	-	12,246
Prepayment for equipment	514,215	-	-	-	514,215
Total	<u>\$ 18,509,913</u>	<u>3,017,345</u>	<u>6,986,451</u>	<u>28,785</u>	<u>14,512,022</u>

Change of cost

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Land	\$ 9,729,696	-	-	-	9,729,696
Buildings	7,961,424	87,714	-	-	8,049,138
Machinery and equipment	2,270,278	229,260	106,258	(3,436)	2,389,844
Transportation equipment	275,177	18,695	21,548	(79)	272,245
Miscellaneous equipment	605,359	63,178	24,177	(950)	643,410
Leasehold improvements	158,863	17,086	19,788	(3,762)	152,399
Construction in progress	12,246	62,045	33,744	-	40,547
Prepayment for equipment	514,215	158,678	98,853	(69)	573,971
Total	<u>\$ 21,527,258</u>	<u>636,656</u>	<u>304,368</u>	<u>(8,296)</u>	<u>21,851,250</u>

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Land	\$ 9,724,121	5,575	-	-	9,729,696
Buildings	7,893,705	67,719	-	-	7,961,424
Machinery and equipment	2,332,789	193,084	251,674	(3,921)	2,270,278
Transportation equipment	279,687	16,522	20,997	(35)	275,177
Miscellaneous equipment	578,667	55,918	27,425	(1,801)	605,359
Leasehold improvements	141,903	53,123	34,030	(2,133)	158,863
Construction in progress	16,346	26,074	30,174	-	12,246
Prepayment for real estate	120	5,455	5,575	-	-
Prepayment for equipment	405,727	161,827	52,952	(387)	514,215
Total	<u>\$ 21,373,065</u>	<u>585,297</u>	<u>422,827</u>	<u>(8,277)</u>	<u>21,527,258</u>

Change of depreciation

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Buildings	\$ 4,404,411	188,247	-	-	4,592,658
Machinery and equipment	1,769,070	200,922	105,609	(1,553)	1,862,830
Transportation equipment	232,756	13,833	21,394	(249)	224,946
Miscellaneous equipment	518,100	43,890	23,996	(1,405)	536,589
Leasehold improvements	62,114	31,195	19,788	2,159	75,680
Total	\$ 6,986,451	478,087	170,787	(1,048)	7,292,703

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Buildings	\$ 4,213,708	190,703	-	-	4,404,411
Machinery and equipment	1,837,298	184,631	250,170	(2,689)	1,769,070
Transportation equipment	240,266	13,484	20,822	(172)	232,756
Miscellaneous equipment	490,638	55,629	27,172	(995)	518,100
Leasehold improvements	68,841	27,062	32,655	(1,134)	62,114
Total	\$ 6,850,751	471,509	330,819	(4,990)	6,986,451

Accumulated impairment

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Land	\$ 14,031	-	-	-	14,031
Buildings	14,754	-	-	-	14,754
Total	\$ 28,785	-	-	-	28,785

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Land	\$ 14,031	-	-	-	14,031
Buildings	14,754	-	-	-	14,754
Total	\$ 28,785	-	-	-	28,785

When the Bank first adopted IFRSs, it elected to apply the revaluation amount calculated per the regulation of GAAP of R.O.C as the original cost on the transition date.

As of December 31, 2021 and 2020, the appreciation from revaluation of properties all amounted to \$3,017,345. Reserve for land incremental tax all amounted to \$879,056 (Recognized under deferred tax liabilities).

As of December 31, 2021 and 2020, land which was occupied all amounted to \$5,496. Except for a portion of the land that had been negotiated with the occupant to collect the rent; the Bank intends to participate in land auction, urban renewal or by other appropriate means in due course.

(L) Right-of-use assets, net

The Bank leases many assets including buildings, machinery and transportation equipment. Information about leases on costs, depreciation and impairment for which the Bank as a lessee is presented below:

December 31, 2021	Cost	Accumulated depreciation	Accumulated impairment	Total
Buildings	\$ 1,780,314	671,607	-	1,108,707
Machinery and equipment	27,842	27,272	-	570
Transportation equipment	71,244	42,434	-	28,810
Miscellaneous equipment	10,337	3,353	-	6,984
Total	\$ 1,889,737	744,666	-	1,145,071



December 31, 2020	Cost	Accumulated depreciation	Accumulated impairment	Total
Buildings	\$ 1,522,533	493,055	-	1,029,478
Machinery and equipment	43,406	40,895	-	2,511
Transportation equipment	64,316	34,141	-	30,175
Miscellaneous equipment	7,603	3,035	-	4,568
Total	<u>\$ 1,637,858</u>	<u>571,126</u>	<u>-</u>	<u>1,066,732</u>

Change of cost

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Buildings	\$ 1,522,533	535,271	271,377	(6,113)	1,780,314
Machinery and equip-ment	43,406	3	15,567	-	27,842
Transportation equip-ment	64,316	19,503	12,566	(9)	71,244
Miscellaneous equip-ment	7,603	4,960	2,226	-	10,337
Total	<u>\$ 1,637,858</u>	<u>559,737</u>	<u>301,736</u>	<u>(6,122)</u>	<u>1,889,737</u>

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Buildings	\$ 1,282,927	420,428	180,267	(555)	1,522,533
Machinery and equipment	74,915	2	31,493	(18)	43,406
Transportation equipment	56,885	14,520	7,089	-	64,316
Miscellaneous equipment	5,729	2,347	473	-	7,603
Total	<u>\$ 1,420,456</u>	<u>437,297</u>	<u>219,322</u>	<u>(573)</u>	<u>1,637,858</u>

Change of depreciation

	January 1, 2021	Increase	Decrease	Foreign Exchange	December 31, 2021
Buildings	\$ 493,055	374,946	195,749	(645)	671,607
Machinery and equip-ment	40,895	1,944	15,567	-	27,272
Transportation equip-ment	34,141	20,122	11,829	-	42,434
Miscellaneous equip-ment	3,035	2,416	2,098	-	3,353
Total	<u>\$ 571,126</u>	<u>399,428</u>	<u>225,243</u>	<u>(645)</u>	<u>744,666</u>

	January 1, 2020	Increase	Decrease	Foreign Exchange	December 31, 2020
Buildings	\$ 296,132	373,919	176,359	(637)	493,055
Machinery and equip-ment	64,743	7,645	31,493	-	40,895
Transportation equip-ment	20,699	20,531	7,089	-	34,141
Miscellaneous equip-ment	1,505	2,003	473	-	3,035
Total	<u>\$ 383,079</u>	<u>404,098</u>	<u>215,414</u>	<u>(637)</u>	<u>571,126</u>

(M) Other assets, net

	December 31, 2021	December 31, 2020
Office supplies	\$ 28,953	29,165
Prepayments	8,154,098	6,229,349
Operating guarantee deposits and settlement fund	31,450	28,319
Guarantee deposits paid	384,397	1,742,817
Defund assets	175	166
Process satlement and margin trading	1,307,041	180,047
Other assets	105,859	-
Total	<u>\$ 10,011,973</u>	<u>8,209,863</u>

(N) Deposits from the Central Bank and banks

	December 31, 2021	December 31, 2020
Deposits from the Central Bank	\$ 249,565	281,121
Due from the Central Bank	9,955,800	11,802,000
Deposits from banks	244,033	619,499
Call loans from banks	24,292,901	36,445,088
Overdrafts on banks	536,471	777,971
Deposits transferred from Chunghwa Post Co., Ltd.	67,261,545	68,275,360
Total	<u>\$ 102,540,315</u>	<u>118,201,039</u>

(O) Due to the Central Bank and banks

	December 31, 2021				
	Currency	Interest Rate	Maturity Date	Original Amount	NTD Amount
Central Bank	TWD	0.1%	2022.06.30	49,713,800	<u>\$ 49,713,800</u>
Unused credit lines					<u>\$ 586,200</u>

	December 31, 2020				
	Currency	Interest Rate	Maturity Date	Original Amount	NTD Amount
Central Bank	TWD	0.1%	2021.12.31	28,450,000	<u>\$ 28,450,000</u>
Unused credit lines					<u>\$ 1,550,000</u>

(P) Financial liabilities at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial liabilities designated at fair value through profit or loss :		
Financial debentures	\$ 8,293,730	8,411,020
Financial liabilities held for trading :		
Derivative instruments not used for hedging		
Foreign exchange forward contracts	4,404	3,768
Currency swap contracts	126,198	181,994
Foreign currency option put	3,714	6,599
Interest rate contract	7,991	35,621
Total	<u>\$ 8,436,037</u>	<u>8,639,002</u>

Please refer to 6(T) for the information of financial liabilities designated at fair value through profit and loss.

Please refer to 6(C) for the nominal amount of unsettled financial derivatives instrument contracts of December 31, 2021 and 2020.

(Q) Notes and bonds issued under repurchase agreement

Assets	December 31, 2021			
	Par value	Selling Price (Recognized in securities sold under repurchase agreements)	Designated re- purchase amount	Designated repurchase date
Financial assets at fair value through other comprehensive income	\$ 2,157,553	2,060,693	2,068,283	Prior to July 1, 2024

Assets	December 31, 2020			
	Par value	Selling Price (Recognized in securities sold under repurchase agreements)	Designated repurchase amount	Designated repurchase date
Financial assets at fair value through other comprehensive income	\$ 2,131,570	2,055,991	2,062,593	Prior to August 24, 2023



(R) Payables

	December 31, 2021	December 31, 2020
Accrued interest	\$ 2,469,585	2,370,890
Accounts payable	12,819,538	3,229,071
Acceptances	1,039,557	1,303,348
Accrued expenses	2,814,117	2,543,515
Collection payable	775,553	690,136
Deposits received from securities borrowers	115,541	112,416
Guaranteed price deposits received from securities borrowers	149,272	150,740
Spot exchange payable, foreign currencies	9,204	35,716,094
Other payables	2,209,159	944,149
Prices payable of securities sold for customers	309,498	683,596
Others	16,970	23,425
Total	<u>\$ 22,727,994</u>	<u>47,767,380</u>

(S) Deposits and remittances

	December 31, 2021	December 31, 2020
Savings deposits	\$ 707,880,781	679,271,179
Time deposits	451,921,417	337,910,931
Demand deposits	475,541,845	375,352,496
Checking account deposits	33,266,719	25,741,910
Remittances	429,227	426,966
Total	<u>\$ 1,669,039,989</u>	<u>1,418,703,482</u>

(T) Bank notes payable

Bonds	Terms of Transactions			Bond Issued	Amount	
	Issue date	Maturity date	Interest Rate & repayment		December 31, 2021	December 31, 2020
2015-2A	08/31/2015	08/31/2023	The debentures bear an annual interest rate of 2.05%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	\$ 4,700,000	4,700,000
2015-2B	08/31/2015	08/31/2025	The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	300,000	300,000
2016-1P	09/20/2016	None	The debentures bear an annual interest rate of 3.2%. Simple interest is accrued and paid annually. The debentures are redeemable per face value plus accrued interest at interest payment date after five years and three months from the issued date under the consent of the competent authority	Perpetual non-accumulated subordinated financial debentures	-	8,000,000
2016-2	12/20/2016	12/20/2023	The debentures bear an annual interest rate of 1.40%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	2,700,000	2,700,000
2017-1A	03/28/2017	03/28/2024	The debentures bear an annual interest rate of 1.50%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	390,000	390,000
2017-1B	03/28/2017	03/28/2025	The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	250,000	250,000
2017-1C	03/28/2017	03/28/2027	The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	3,360,000	3,360,000
2017-2	05/23/2017	05/23/2027	The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	1,300,000	1,300,000

Bonds	Terms of Transactions			Bond Issued		
	Issue date	Maturity date	Interest Rate & repayment	Type	Amount	
					December 31, 2021	December 31, 2020
2018-1	01/05/2018	01/05/2021	The debentures bear an annual interest rate of 0.7%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured senior long-term financial debentures	-	1,000,000
2018-2	08/20/2018	08/20/2028	The debentures bear an annual interest rate of 1.45%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	5,450,000	5,450,000
2019-1A	03/21/2019	03/21/2026	The debentures bear an annual interest rate of 1.20%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	1,000,000	1,000,000
2019-1B	03/21/2019	03/21/2029	The debentures bear an annual interest rate of 1.30%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	4,800,000	4,800,000
2020-1	03/25/2020	03/25/2030	The debentures bear an annual interest rate of 0.8%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	10,000,000	10,000,000
2020-2	08/13/2020	None	The debentures bear an annual interest rate of 1.62%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date.	Perpetual non-accumulated subordinated financial debentures	10,000,000	10,000,000
2021-1	11/17/2021	None	The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date.	"	8,000,000	-
					<u>\$ 52,250,000</u>	<u>53,250,000</u>

The Bank issued \$120,000 thousand and \$180,000 thousand dollar-denominated debentures with call option that can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. In order to avoid interest risk, the Bank buys interest rate swap contracts that are classified as financial assets at fair value through profit or loss. To eliminate the measurement or recognition inconsistency between IRSs and debentures, the Bank classified the debentures into financial liabilities at fair value through profit or loss. In addition, the Bank considers that the designated economic relationship is evaluated by the SLMM model method, if the amount of changes in the fair value of the corporate bonds attributable to changes in credit risk is listed in other comprehensive gains and losses, it will trigger or aggravate the accounting ratio of gains and losses. Therefore, the amount is reported in the profit and loss. The debentures are as follows:

Bonds	Terms of Transactions			Bond Issued		
	Issue date	Maturity date	Interest Rate & repayment	Type	Amount	
					December 31, 2021	December 31, 2020
2017-3	10/27/2017	10/27/2047	The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity.	Unsecured dollar-denominated senior financial debentures	\$ 3,318,600	3,372,000
2018-3	09/27/2018	09/27/2048	The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity.	"	4,977,900	5,058,000
				Valuation adjustment	(2,770)	(18,980)
					<u>\$ 8,293,730</u>	<u>8,411,020</u>



The increase (decrease) in fair value of the financial liabilities that are attributable to changes in credit risk are as follows:

	December 31, 2021	December 31, 2020
Fair value of corporate bonds	\$ 8,293,730	8,411,020
Fair value increase (decrease) not attributable to changes in market conditions that give rise to market risk	90,645	55,154
Difference between the carrying value and the amount payable at the end of the contract term	(2,770)	(18,980)

(U) Other financial liabilities

	December 31, 2021	December 31, 2020
Cumulative earnings on appropriated loans funds	\$ 4,365,294	5,492,366

Cumulative earnings on appropriated loan fund is the project contract signed by National Development Fund, Executive Yuan, Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the Bank. The Bank appropriates the fund to the companies which meet the conditions for loans. The fund is classified as principal account, interest yielding account, loaned account and un-loaned account. These accounts are used for transferring accounts and paying the deposit interests for each project contract.

(V) Provisions

	For the years ended December 31,	
	2021	2020
Provision for guarantee liabilities	\$ 258,065	218,351
Provision for loan commitments	71,423	52,831
Indeterminate indemnity provisions	73,181	-
Provision for employee benefits	3,017,541	3,122,235
Total	\$ 3,420,210	3,393,417

Change of provision

	January 1, 2021	Increase	Decrease	Use	Foreign exchange	December 31, 2021
Provision for guarantee liabilities	\$ 218,351	39,802	-	-	(88)	258,065
Provision for loan commitments	52,831	18,896	-	-	(304)	71,423
Indeterminate indemnity provisions	-	73,181	-	-	-	73,181
Provision for employee benefits	3,122,235	277,974	327,408	55,260	-	3,017,541
Total	\$ 3,393,417	409,853	327,408	55,260	(392)	3,420,210

	January 1, 2020	Increase	Decrease	Use	Foreign exchange	December 31, 2020
Provision for guarantee liabilities	\$ 200,948	17,634	-	-	(231)	218,351
Provision for loan commitments	31,498	21,379	-	-	(46)	52,831
Provision for employee benefits	2,925,557	430,399	181,318	52,403	-	3,122,235
Total	\$ 3,158,003	469,412	181,318	52,403	(277)	3,393,417

Please refer to Note 6(AA) for the information with regard to provision for employee benefits shown above.

(W) Lease liabilities

Lease liabilities as follows:

	December 31, 2021	December 31, 2020
Less than one year	\$ 331,216	331,504
More than one year	\$ 813,856	723,161

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	\$ 17,577	16,379
Expenses relating to short term leases	\$ 8,253	3,125
Expenses relating to leases of low value assets, excluding short term leases of low value assets	\$ 16,468	13,240

The amounts recognized in the statement of cash flows were as follows :

	For the years ended December 31,	
	2021	2020
Total cash outflow for leases	\$ 436,548	437,757

(a) Real estate leases

The Bank leased buildings for its office space. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Bank to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined monthly.

(b) Other leases

The Bank leased machinery and transportation equipment with lease terms of one to four years. In some cases, the Bank has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short term.

(X) Other liabilities

	December 31, 2021	December 31, 2020
Advance interest receipts	\$ 2,019	2,707
Unearned revenue	259,251	246,588
Other advance receipts	59,435	84,298
Guarantee deposits received	1,223,817	1,571,036
Temporary receipts and suspense accounts	1,126,269	2,618,436
Others	2,938	4,842
Total	\$ 2,673,729	4,527,907

(Y) Equity

(a) Common stock

As of December 31, 2021 and 2020, the Bank's authorized capital were \$80,000,000 and the paid-in capital for common shares of the Bank were \$77,431,952 and \$74,885,834, the face value of each share is NTD \$10. The outstanding shares were 7,743,195 and 7,488,584 thousand shares, respectively. Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on July 20, 2021, the Bank increased its capital from the retained earnings by \$2,546,118 and issued 254,611 thousand shares. The capital increase has been approved by Financial Supervisory Commission and came into effect on August 24, 2021. The record date of the capital increase is set on September 14, 2021. The Bank has completed the alteration of the registered capital amount on October 6, 2021.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on May 29, 2020, the Bank increased its capital from the retained earnings by \$3,565,992 and issued 356,599 thousand shares. The capital increase has been approved by Financial Supervisory Commission and came into



effect on July 6, 2020. The record date of the capital increase is set on July 28, 2020. The Bank has completed the alteration of the registered capital amount on August 26, 2020.

The remaining quota of this private placement (581,590 thousand shares) was no longer processed by a resolution of the interim board of directors on April 22, 2020. The situation regarding the handling of privately placed ordinary shares was reported to the regular shareholders' meeting on May 29, 2020.

(b) Capital surplus

Sources and statement of the Bank's capital surplus were as follows:

	December 31, 2021	December 31, 2020
Additional paid in capital	\$ 815,900	815,900

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends based on the shareholder's initial number of shares. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(c) Earnings distribution and dividend policy

Under the Bank's Articles of Incorporation, earnings are used initially to pay for income taxes and restore cumulative losses, and 30% of the remaining earnings is set aside as legal reserve. Special reserve is appropriated from or reversed to earnings per other regulations. The accumulated retained earnings from prior periods are added back as part of the distributable dividends, 30 to 100 percent of the aggregated retained earnings are available to be distributed and will be resolved by the annual stockholders' meeting according to the proposal submitted by the Board of Directors.

In order to continuously expand scale and increase profitability, the Bank based on the future capital budget plan, adopts residual dividend policy and primarily distributes stock dividend to ensure the capital is sufficient. When there is surplus of capital, the remaining capital can be distributed by cash dividend. Cash dividend shall not be lower than 10% of the total dividend distributed. If the cash dividend distributed per share is lower than NTD\$ 0.1, except for otherwise resolved by the shareholder's meeting, it is not distributed. If there is any situation conforms to that is regulated in article 44 item 1 of the Banking Act of The Republic of China, the Bank is not allowed to distribute earnings by cash or purchase shares outstanding. The maximum cash earning distribution is not allowed to be over 15% of the total paid in capital unless the legal reserve reaches the total paid-in capital.

In compliance with the Company Act, if the Company incurs no loss, under the consent of the shareholder's meeting, the Company is allowed to distribute new shares or cash dividends from legal reserve to the extent that the legal reserve issued is the surplus exceeding 25% of the paid in capital.

Under the Ruling No. 1010012865 issued on April 6, 2012 by the FSC, special reserve is appropriated from retained earnings based on the equivalent amounts of the contra accounts in equity. This special reserve may not be distributed as dividends to stockholders until the balances of these contra accounts in equity are reversed.

The Bank resolved the earning distribution for the earnings of 2020 and 2019 in the shareholder's meeting on July 20, 2021 and May 29, 2020 respectively. The dividends distributed were as follows:

	2020		2019	
	Distribution rate (NT dollar)	Amount	Distribution rate (NT dollar)	Amount
Dividends to common shareholders				
Stock dividends	\$ 0.34	2,546,118	0.50	3,565,992
Cash dividends	0.10	748,858	0.20	1,426,397
Total		\$ 3,294,976		4,992,389

(d) Other equity interest

	Unrealized gains from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
January 1, 2021	\$ 5,187,824	(1,476,771)	3,711,053
Share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method	4,546	2,674	7,220
Investment in debt instruments measured at fair value through other comprehensive income			
-Unrealized amount	(740,789)	-	(740,789)
-Realized amount	(302,904)	-	(302,904)
Foreign currency translation difference – Exchange difference	-	(333,168)	(333,168)
Disposal of investment in equity instruments measured at fair value through other comprehensive income	(35,192)	-	(35,192)
December 31, 2021	<u>\$ 4,113,485</u>	<u>(1,807,265)</u>	<u>2,306,220</u>
January 1, 2020	\$ 4,541,167	(862,866)	3,678,301
Share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method	-	5,093	5,093
Investment in debt instruments measured at fair value through other comprehensive income			
-Unrealized amount	1,232,785	-	1,232,785
-Realized amount	(587,478)	-	(587,478)
Foreign currency translation difference – Exchange difference	-	(618,998)	(618,998)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	1,350	-	1,350
December 31, 2020	<u>\$ 5,187,824</u>	<u>(1,476,771)</u>	<u>3,711,053</u>

(Z) Income taxes

(a) The income tax expenses were as follows:

	For the years ended December 31,	
	2021	2020
Current tax expense		
Current period	\$ 707,610	754,317
Adjustment for prior period	(1,995)	(54,603)
	<u>705,615</u>	<u>699,714</u>
Deferred tax expense (income)		
Origination and reversal of temporary differences	(29,429)	(27,979)
Income tax expenses	<u>\$ 676,186</u>	<u>671,735</u>

(b) The income tax expenses (income) recognized under other comprehensive income were as follows:

	For the years ended December 31,	
	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	<u>\$ 4,902</u>	<u>(41,199)</u>



	For the years ended December 31,	
	2021	2020
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ (83,292)	(154,749)
Unrealized gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	(15,291)	13,145
	<u>\$ (98,583)</u>	<u>(141,604)</u>

The reconciliation between the income tax expense (income) and net income before tax of the Bank for 2021 and 2020 is as follows:

	For the years ended December 31,	
	2021	2020
Income tax computed on net income before tax	\$ 1,155,260	1,074,702
Tax-free income	(564,059)	(588,424)
Overseas branch income tax expenses	48,932	150,365
Change in unrecognized temporary differences	-	(4,600)
Overestimate prior income tax expense	(1,995)	(54,603)
Income basic tax	-	90,282
Other	38,048	4,013
Income tax expense	<u>\$ 676,186</u>	<u>671,735</u>

(c) Changes in deferred tax assets and liabilities of the Bank are as follows:

	For the year ended December 31, 2021				
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Others	Ending balance
Temporary difference					
Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law	\$ 702,104	68,603	-	-	770,707
Loss on assets impairment	57,058	(35,348)	-	-	21,710
Reserve for employee benefit liabilities	392,957	(18,462)	-	-	374,495
Land value increment tax	(879,056)	-	-	-	(879,056)
Exchange differences from the translation of financial statements of foreign operations	347,283	-	83,292	-	430,575
Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income	(22,525)	-	15,291	-	(7,234)
Actuarial gains and losses	316,376	-	(4,902)	-	311,474
Indeterminate indemnity provisions	-	14,636	-	-	14,636
Net deferred tax assets (liabilities)	<u>\$ 914,197</u>	<u>29,429</u>	<u>93,681</u>	<u>-</u>	<u>1,037,307</u>
The information stated on the balance sheet is as follows:					
Deferred tax assets	<u>\$ 1,815,778</u>				<u>1,923,597</u>
Deferred tax liabilities	<u>\$ 901,581</u>				<u>886,290</u>

	For the year ended December 31, 2020				
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Others	Ending balance
Temporary difference					
Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law	\$ 678,266	23,838	-		702,104
Loss on assets impairment	56,828	230	-		57,058
Reserve for employee benefit liabilities	385,633	7,324			392,957
Land value increment tax	(879,056)	-	-		(879,056)
Exchange differences from the translation of financial statements of foreign operations	192,534	-	154,749		347,283
Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income	(9,380)	-	(13,145)		(22,525)
Actuarial gains and losses	275,177	-	41,199		316,376
Others	3,413	(3,413)	-	-	-
Net deferred tax assets (liabilities)	<u>\$ 703,415</u>	<u>27,979</u>	<u>182,803</u>	<u>-</u>	<u>914,197</u>
The information stated on the balance sheet is as follows:					
Deferred tax assets	<u>\$ 1,591,851</u>				<u>1,815,778</u>
Deferred tax liabilities	<u>\$ 888,436</u>				<u>901,581</u>

(d) Uncertainty over income tax treatments

For tax returns that have not yet been assessed, the Bank has assessed relevant factors, including relevant IFRIC interpretations and historical experience, and believe that sufficient income tax liabilities have been estimated.

(e) The Bank's income tax returns through 2017 and 2019 have been assessed by the Tax Authority.

(AA) Provision for employee benefit

As of December 31, 2021 and 2020, the balance of provision for employee benefit of the Bank were as follows:

	December 31, 2021	December 31, 2020
Defined benefit plan	\$ 1,966,215	2,190,568
Employee deposits with favorable rate	1,051,326	931,667
	<u>\$ 3,017,541</u>	<u>3,122,235</u>

(a) Defined benefit plan

As of December 31, 2021 and 2020, the balance of provision for employee benefit of the Bank and subsidiaries were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	\$ 6,870,061	7,217,819
Fair value of plan assets	(4,903,846)	(5,027,251)
Net defined benefit liabilities	<u>\$ 1,966,215</u>	<u>2,190,568</u>

The Bank makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labour Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.



(1) Composition of plan assets

According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Bank of Taiwan labour pension reserve account balance for the Bank amounted to \$4,903,846 and \$5,027,251 on December 31, 2021 and 2020. For information on the utilisation of the labour pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labour Fund, Ministry of Labor.

(2) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank were as follows:

	For the years ended December 31,	
	2021	2020
Defined benefit obligation on January 1	\$ 7,217,819	7,177,326
Current service and interest cost	197,748	231,891
Remeasurements of the net defined benefit liability		
– Actuarial loss on experience adjustment	(21,266)	154,633
– Actuarial loss on demographic assumptions changed	126,343	-
– Actuarial loss on financial assumptions changed	(53,470)	226,001
Benefits paid	(597,113)	(572,032)
Defined benefit obligation on December 31	<u>\$ 6,870,061</u>	<u>7,217,819</u>

(3) Movements of defined benefit plan assets

The movements in the present value of defined the benefit plan assets of the Bank were as follows:

	For the years ended December 31,	
	2021	2020
Fair value of plan assets on January 1	\$ 5,027,251	5,155,259
Interest income	14,921	35,665
Remeasurements of the net defined benefit liability		
– plan assets revenue (excluded of current interest)	76,119	174,638
Contributions made	382,668	233,721
Benefits paid by the plan	(597,113)	(572,032)
Fair value of plan assets on December 31	<u>\$ 4,903,846</u>	<u>5,027,251</u>

(4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank were as follows :

	For the years ended December 31,	
	2021	2020
Current service costs	\$ 176,661	183,017
Net interest of the net liability of define benefit obligations	6,166	13,209
	<u>\$ 182,827</u>	<u>196,226</u>

(5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

Remeasurements of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows :

	For the years ended December 31,	
	2021	2020
Amount on January 1	\$ 1,581,885	1,375,889
Recognized during the period	(24,512)	205,996
Amount on December 31	<u>\$ 1,557,373</u>	<u>1,581,885</u>

(6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follow :

	December 31, 2021	December 31, 2020
Discount rate	0.40%	0.30%
Future salary increase rate	1.50%	1.50%

The expected allocation payment made by the Bank to the defined benefit plans for the one-year after the reporting date is \$260,000.

The weighted average lifetime of the defined benefit plans is 8 years.

(7) Sensitivity analysis

The effects of changes in major actuarial assumptions adopted in defined benefit obligation on December 31, 2021 and 2020 were as follows :

	Influence of defined benefit plan obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2021		
Discount rate(Change 0.25%)	(1.90)%	1.96%
Future salary increase rate(Change 0.25%)	1.87%	(1.82)%
December 31, 2020		
Discount rate(Change 0.25%)	(1.98)%	2.04%
Future salary increase rate(Change 0.25%)	1.94%	(1.89)%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(b) Defined contribution plan

The Bank allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Bank allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation. Employees based abroad are contributed in accordance with the local government's regulations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance, oversea branches, and local authorities responsible for the Bank's subsidiaries amounted to \$155,388 and \$141,257 for the years ended December 31, 2021 and 2020, respectively.

(c) Employee deposit with favorable rate

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	\$ 1,051,326	931,667
Less: Fair value of defined benefit plan assets	-	-
Net defined benefit liability	\$ 1,051,326	931,667

The Bank conducted the obligation of time deposit with favorable rate for retired and current employees based on the internal regulation "Saving Deposits for Employees".

(1) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank for the years ended December 31, 2021 and 2020, were as follows:



	For the years ended December 31,	
	2021	2020
Defined benefit obligation on January 1	\$ 931,667	903,490
Interest cost	35,363	34,226
Remeasurements of the net defined benefit liability		
-current actuarial gains and losses	290,695	193,072
Benefits paid by the plan	(206,399)	(199,121)
Defined benefit obligation on December 31	<u>\$ 1,051,326</u>	<u>931,667</u>

(2) Movements in fair value of the defined benefit plan assets

The movements in the present value of the defined plan assets of the Bank were as follows:

	For the years ended December 31,	
	2021	2020
Fair value of plan assets on January 1	\$ -	-
Contributions made	206,399	199,121
Benefits paid by the plan	(206,399)	(199,121)
Fair value of plan assets on December 31	<u>\$ -</u>	<u>-</u>

(3) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank were as follows :

	For the years ended December 31,	
	2021	2020
Net interest on the net defined benefit liability	<u>\$ 326,058</u>	<u>227,298</u>

(4) Actuarial assumption

The material actuarial assumptions used to determine present value of a defined benefit obligation on the reporting date were as follow :

	December 31, 2021	December 31, 2020
Discount rate of employee deposit with favorable rate	4.00%	4.00%
Rate of return for capital deposited	2.00%	2.00%
Annual diminishing rate of account balance	1.00%	1.00%
Possibility that employee deposit with favorable rate be modified	50.00%	50.00%

(AB) Earnings per share

	For the years ended December 31,	
	2021	2020
Net income	<u>\$ 5,100,112</u>	<u>4,701,775</u>
Weighted average number of common stock shares outstanding (in thousands) (Note 1)	<u>7,743,195</u>	<u>7,743,195</u>
Basic earnings per shares (in dollars)	<u>\$ 0.66</u>	<u>0.61</u>
Dilutive potential common shares (in thousands) (Note 1,2)	<u>37,482</u>	<u>23,103</u>
Weighted average number of shares outstanding for diluted EPS (in thousands)	<u>7,780,677</u>	<u>7,766,298</u>
Diluted earnings per shares (in dollars)	<u>\$ 0.66</u>	<u>0.61</u>

Note 1: The earnings per share for the year ended December 31, 2020 has applied retrospective adjustments.

Note 2: The shares were calculated based on the stock price on the balance sheet date.

(AC) Employees and directors' remuneration

In accordance with the articles of incorporation the Bank should contribute 1% to 6% of the profit as employee compensation and less than 0.6% as directors' remuneration when there is profit for the year. However, if the Bank has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2021 and 2020, the estimated employee remuneration were \$371,068 and \$217,393, and the estimated directors' remuneration were \$37,107 and \$33,748, the estimates are based on pre-tax net profit for the period, before deducting employees and directors' remuneration, multiplied by the elaboration of the Bank's Articles of Association of employees and the directors remuneration ratio, and recognized as operating cost. If the board's meeting decides to release stock dividends as employees' bonuses, the total number of employees bonus stocks to be issued shall be determined by the common stock closing price of the day before the meeting date.

There is no difference with actual distributions of 2020 remuneration. The information is available at the Market Observation Post System website.

(AD) Net interest revenue

	For the years ended December 31,	
	2021	2020
Interest income:		
Loans	\$ 4,963,356	5,693,883
Secured loans	15,150,729	14,592,394
Bills negotiated	2,025	2,204
Bank overdrafts	12,544	12,545
Discounts	9,007	14,492
Time deposit from Central Bank	612,953	699,147
Due from the Central Bank	90,494	100,458
Call loans to banks	565,684	596,548
Bonds	2,084,103	2,503,696
International credit card	38,908	44,897
Overdue loans	189,009	225,840
Bills	26,131	39,550
Due from Banks	172,981	227,827
Others	119,933	131,006
Subtotal	24,037,857	24,884,487
Interest expense:		
Deposits	5,278,716	7,246,864
Deposits from banks	13,220	7,543
Call loans from banks	102,288	378,000
Financial debentures	895,377	1,153,012
Notes and bond issued under repurchase agreement	4,327	5,138
Others	63,439	31,653
Subtotal	6,357,367	8,822,210
Total	\$ 17,680,490	16,062,277

(AE) Net service fee revenue

	For the years ended December 31,	
	2021	2020
Service fee income:		
Remittance service fee	\$ 64,862	69,845
Import bills negotiated service fee	46,243	36,908
Export bills negotiated service fee	13,648	11,589
Letter of credit service fee	8,005	8,020
Certification service fee	1,431	2,482
Acceptance service fee	1,680	1,182



	For the years ended December 31,	
	2021	2020
Trust service fee	\$ 1,084,528	805,291
Guarantee service fee	236,828	210,864
Agency service fee	35,662	89,355
Interbank service fee	93,684	88,721
Card service fee	118,074	116,043
Commission revenue of insurance premium	803,334	573,846
Custodian service fee	207,389	169,816
Foreign currency service fee	93,053	91,386
Commission of futures	3,867	5,375
Loan service fee	729,484	755,839
Miscellaneous fees	125,642	128,431
Subtotal	3,667,414	3,164,993
Service fee expense:		
Foreign currency service fee	25,008	29,226
Interbank service fee	154,805	157,912
Trust service fee	813	1,040
Agency service fee	1,508	1,588
IC card service fee	62,665	64,121
Check clearing service fee	9,275	9,526
Remittance service fee	5,180	4,920
Custodian service fee	60,407	53,948
Call loans service fee	10,164	7,921
Futures option fee	10	1,149
Miscellaneous fees	20,029	19,095
Subtotal	349,864	350,446
Total	\$ 3,317,550	2,814,547

(AF) Gain (loss) on financial assets or liabilities measured at fair value through profit or loss

	For the years ended December 31,	
	2021	2020
Valuation gains (losses):		
Government bonds	\$ -	(5,051)
Corporate bonds	4,685	683
Financial debentures	(381,752)	(419,086)
Listed stocks	4,052	(9,934)
Beneficiary certificates	(11,477)	15,007
Private fund	4,925	9,948
Commercial paper	3,173	(1,435)
Derivative financial instruments	(12,459)	(57,191)
Subtotal	(388,853)	(467,059)
Disposal gains (losses):		
Government bonds	-	29,832
Corporate bonds	29,074	23,553
Financial debentures	(1,349)	(5,425)
Listed stocks	(18,905)	(23,015)
Beneficiary certificates	22,711	16,896
Commercial paper	(7,398)	(4,111)
Derivative financial instruments	843,655	1,178,721
Subtotal	867,788	1,216,451
Dividend revenue	4,397	1,996
Interest income	78,864	108,640
Total	\$ 562,196	860,028

(AG) Realized gain on financial assets at fair value through other comprehensive income

	For the years ended December 31,	
	2021	2020
Gain on disposal of government bonds	\$ 247,087	530,996
Gain on disposal of corporate bonds	25,167	4,239
Gain on disposal of financial debentures	30,650	52,243
Dividend revenue	884,796	511,208
Total	<u>\$ 1,187,700</u>	<u>1,098,686</u>

(AH) (Impairment losses on assets) reversal of impairment loss on assets

	For the years ended December 31,	
	2021	2020
Investment in debt instrument measured at fair value through other comprehensive income	\$ (21,599)	(14,630)
Investment in debt instrument measured at amortized cost	(11,661)	13,482
Total	<u>\$ (33,260)</u>	<u>(1,148)</u>

(AI) Share of profit (loss) of associates and joint ventures accounted for using equity method

	For the years ended December 31,	
	2021	2020
Investment income- TBB International Leasing Co., Ltd.	\$ 28,811	61,463
Investment income- TBB (Cambodia) Microfinance Institution Plc	(6,173)	33,725
Investment income- TBB Venture Capital Co., Ltd.	78,430	(11,349)
Investment income- TBB Consulting Co., Ltd.	(1,409)	-
Total	<u>\$ 99,659</u>	<u>83,839</u>

(AJ) Net other revenue other than interest income

	For the years ended December 31,	
	2021	2020
Rental revenue of operating assets	\$ 8,659	10,546
Rental expense of operating assets	(1,605)	(1,614)
Loss on disposal and retirement of property and equipment	(852)	(1,796)
Loss of account error	(350)	(641)
Gold deposit book	2,630	4,638
Other operating expense	(122,396)	(56,915)
Other miscellaneous income	282,802	229,207
Total	<u>\$ 168,888</u>	<u>183,425</u>

(AK) Bad debts expenses, commitment and guarantee liability provision

	For the years ended December 31,	
	2021	2020
Discounted and loans	\$ 5,153,489	4,046,672
Call loans to banks	(2,938)	(11,083)
Receivables and other financial assets	(37,417)	(2,434)
Subtotal	5,113,134	4,033,155
Provisions for guarantee liabilities	39,802	17,634
Provisions for loan commitments	18,896	21,379
Total	<u>\$ 5,171,832</u>	<u>4,072,168</u>

**(AL) Employee benefits expenses**

	For the years ended December 31,	
	2021	2020
Salary expense	\$ 6,710,384	6,376,597
Labor and health insurance	512,569	475,473
Pension expense	337,460	336,729
Director's remuneration	50,302	47,160
Other employee benefits	739,425	625,699
Total	<u>\$ 8,350,140</u>	<u>7,861,658</u>

(AM) Depreciation and amortization expense

	For the years ended December 31,	
	2021	2020
Depreciation		
Property and equipment	\$ 462,781	438,040
Right-of-use assets	399,428	404,098
Amortization		
Computer software	170,708	141,512
Other deferred charges	33	5
Total	<u>\$ 1,032,950</u>	<u>983,655</u>

(AN) Other general and administrative expense

	For the years ended December 31,	
	2021	2020
Compensation loss	\$ 59	164
Utilities fee	90,119	90,248
Postage and telecommunication fee	243,412	238,948
Transportation fee	22,242	29,924
Printing and advertisement fee	200,224	162,403
Repair and maintenance fee	249,335	254,852
Insurance fee	331,254	333,024
Professional service fee	243,637	241,145
Materials and supplies	168,332	104,073
Rental expenses	24,721	16,365
Duties and levies	1,234,932	1,187,559
Membership, donation and partaking	641,967	614,525
Storage, packing and processing fee	49,429	54,788
Cash transit fee	63,742	83,484
Others	64,612	71,453
Total	<u>\$ 3,628,017</u>	<u>3,482,955</u>

(AO) Financial Instruments**(a) Fair value information****(1) General description**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial instruments are record as fair value when original recognizing, usually refer to the transaction price in many circumstances. Except some amortized cost financial instruments, the financial instruments are measured in fair value. A quoted market price in an active market provides

the most reliable evidence of fair value. If financial instruments are without active market, the Bank adopted the value technique, refer to Bloomberg, Reuters or the price at which the asset could be bought or sold in a current transaction between willing parties.

(2) The definition of fair value hierarchy

A. Level 1

The input of this level is quoted prices in active markets for identical financial instruments. The active market is a market in which transactions for the homogenous assets or liabilities take place with sufficient frequency and volume to provide pricing information. The stock of listed company and the beneficiary certificates, government bonds and the derivative financial instruments with public quote inactive market processed by the Bank belong to Level 1.

B. Level 2

The input of this level is other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The investments with lower trade volume such as government bonds, corporate bonds, financial debentures, convertible corporate bonds and derivative instruments, including financial debentures the Bank issued are belong to Level 2.

C. Level 3

The input is unobservable for the asset or liability in market or counterparty prices. Unobservable inputs like: Option pricing model using the historical volatility. Because the historical volatility cannot represent the future volatility expected value of whole market participants. The input parameter used to measure the fair value of this level is not based on data that can be obtained in the market but using a combination of complex market prices to estimate their values. The assets have been categorized as a Level 3, due to their fair market value cannot be directly calculated. The equity instruments with no active market which the Bank invested are Level 3.

(3) Based on fair value measurement

A. The fair value hierarchy of information

The financial instruments which are record as fair value measure on an ongoing basis, the fair value hierarchy of information were as follows:

Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Instruments measured at fair value on a recurring basis				
Non-derivative financial assets and liabilities:				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	\$ 68,106	68,106	-	-
Bond Investments	356,140	276,910	79,230	-
Others	38,681,342	1,563,675	37,015,444	102,223
Financial assets at fair value through other comprehensive income				
Security Investments	21,354,398	16,414,356	-	4,940,042
Bond Investments	135,994,230	86,780,365	49,213,865	-
Others	149,897	149,897		
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	8,293,730	-	8,293,730	-
Derivative financial assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	552,636	28,745	523,891	-
Liabilities:				
Financial liabilities at fair value through profit or loss	142,307	-	142,307	-



Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Instruments measured at fair value on a recurring basis				
Non-derivative financial assets and liabilities:				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	\$ 188,304	188,304	-	-
Bond Investments	1,358,734	1,307,034	51,700	-
Others	12,681,298	162,556	12,414,244	104,498
Financial assets designated at fair value through profit or loss	84,377	-	84,377	-
Financial assets at fair value through other comprehensive income				
Security Investments	13,211,492	8,736,348	-	4,475,144
Bond Investments	104,092,136	67,247,661	36,844,475	-
Other	49,295	49,295	-	-
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	8,411,020	-	8,411,020	-
Derivative financial assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	690,858	72,747	618,111	-
Liabilities:				
Financial liabilities at fair value through profit or loss	227,982	-	227,982	-

B. Valuation techniques used in estimating the fair values of financial instruments

If the financial instruments have quoted price in an active market, the quoted price is regarded as its fair value.

If the financial instruments of quoted price, which are from the Stock Exchange, Brokers, Pricing service agencies or Government institutions, are timely and frequently, and reflects the actual price, then the financial instruments have a quoted price in an active market. If the above conditions are not fulfilled, the market is inactive.

Except for the above financial instruments of quoted price in an active market, there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices considered the identical financial instrument with same characteristics and essential terms of transaction, Discounted-Cash-Flow model and other valuation techniques including the model using market information to be made of the calculation at the balance sheet date (e.g. Taipei Exchange reference yield curve, Reuters quoted the average commercial paper rate, the Taipei Financial industry call loan rate fixing TAIBOR).

The financial asset's fair value is estimated on the basis of the result of a valuation technique, the Bank adopted that refers to quoted prices provided by financial institutions. Ask (bid) is used to evaluate the selling (buying) position by the Bank if the quoted price include ask and bid price. If there is not a quoted price for the financial asset, transaction price close to the balance sheet date is the fair value.

Fair value of financial derivatives is the amount of cash to be paid or to be received by the Bank, assuming that the contract will be terminated on the balance sheet date. The Bank adopts mark-to-model prices which are usually adopted among the banking industry, such as Discounted-Cash-Flow model and Black-Scholes model. The Bank adopts the price data from Reuters and Bloomberg to calculate the fair value of the holding position. The aforesaid price data is based upon the middle price and used consistently by the Bank. Furthermore, the fair value of the embedded financial derivatives is calculated based upon the quote from the counterparty, and separately calculated in accordance with the contracts.

C. Adjustment for fair value

a. The restraint of evaluation model and uncertain inputs

The estimates of output-based value using the evaluation model, which may not reflect the Bank's all related factors. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to the extra parameters such as model risk or liquidity risk. Information and price parameters used in the evaluation process after careful assessment, and appropriately adjusted according to the current market situation.

b. Credit risk value adjustment

The Bank's credit risk value adjustment of OTC transaction derivative instruments can be divided to Credit value adjustments (CVA) and debit value adjustments (DVA). To reflect the fair value of the counterparty or the default, and the Bank may not be received or paid full market value of trading possibilities.

The Bank would calculate credit valuation adjustment (CVA) by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying exposure at default (EAD) of the counterparty. On the contrary, debit valuation adjustment (DVA).

The Bank assess the probability of default on the assumption of 60%, but at the risk of the nature and circumstances of available data, we may use other loss given default assumptions.

D. Transfers between Level 1 and Level 2

There were no transfers between Level 1 and 2 for the year ended December 31, 2021 and 2020.

E. Changes in financial assets which were classified to Level 3 based on fair value measurement

Changes of financial assets categorized in Level 3 :

Name	For the year ended December 31, 2021							
	Beginning balance	Valuation profit and loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer into Level 3	Sale Disposition or Settlement	Transfer out from Level 3	
Financial assets at fair value through profit or loss	\$ 104,498	4,925	-	-	-	7,200	-	102,223
Investments in equity instruments measured at fair value through other comprehensive income	4,475,144	-	464,898	-	-	-	-	4,940,042

Name	For the year ended December 31, 2020							
	Beginning balance	Valuation profit and loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer into Level 3	Sale Disposition or Settlement	Transfer out from Level 3	
Financial assets at fair value through profit or loss	\$ 48,150	9,948	-	50,000	-	3,600	-	104,498
Investments in equity instruments measured at fair value through other comprehensive income	4,154,137	-	321,007	-	-	-	-	4,475,144

F. Profit and loss information of Level 3

Current gain (loss) and other comprehensive income of holding assets are as follow:

	For the years ended December 31,	
	2021	2020
Recognized on profit and loss (reported as unrealized gain (loss) from investments instruments measured at fair value through profit and loss)	\$ 4,925	9,948
Recognized on other comprehensive income (reported as unrealized gain (loss) from investments instruments measured at fair value through other comprehensive income)	464,898	321,007



G. Quantified information of the fair value measurement of significant unobservable inputs (Level 3)

	December 31, 2021				
	fair value	valuation methods	significant unobservable inputs	range	inter-relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through profit or loss					
Private fund	\$ 102,223	assets approach	liquidity discount	10%	The higher market liquidity discount, the lower fair value.
Financial assets at fair value through other comprehensive income					
Unlisted stocks	4,940,042	market approach assets approach income approach	liquidity discount sustainable growth rate	8.71%~34.6% 0%~1.48%	The higher market liquidity discount, the lower fair value. The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	10.6%~12.5%	The higher rate of cost of equity, the lower fair value.

	December 31, 2020				
	fair value	valuation methods	significant unobservable inputs	range	inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss					
Private fund	\$ 104,498	assets approach	liquidity discount	10%	The higher market liquidity discount, the lower fair value.
Financial assets at fair value through other comprehensive income					
Unlisted stocks	4,475,144	market approach assets approach income approach	liquidity discount sustainable growth rate	8.94%~34.79% 0%~1.45%	The higher market liquidity discount, the lower fair value. The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	8.3%~11.51%	The higher rate of cost of equity, the lower fair value.

H. Sensitivity analysis of reasonably possible alternative assumptions for fair value measurement in Level 3.

Valuation techniques used by the Bank for fair value measurements of financial instruments are appropriate. However, the use of different valuation models or inputs could lead to different outcomes of fair value measurements. The following are the impact on the other comprehensive profit and loss if using different assumptions:

a. Assets approach/ Market approach

The evaluation methods of Level 3 financial instruments of the Bank are mainly based on the market approach or the assets approach. If the liquidity discount changes by 5% upwards or downwards, the impact on the other comprehensive profit and loss is as follows:

	the effects to the net income and other comprehensive income	
	Favorable changes (-5%)	Unfavorable changes (5%)
December 31, 2021		
Financial assets at fair value through profit or loss		
Private fund	\$ 5,679	(5,679)
Financial assets at fair value through other comprehensive income		
Unlisted stocks	290,299	(290,299)

	the effects to the net income and other comprehensive income	
	Favorable changes (-5%)	Unfavorable changes (5%)
December 31, 2020		
Financial assets at fair value through profit or loss		
Private fund	\$ 5,805	(5,805)
Financial assets at fair value through other comprehensive income		
Unlisted stocks	247,738	(247,774)

b. Income approach

Adopting the income approach to evaluate Level 3 financial instruments of the Bank. The evaluation parameters are divided into sustainable growth rate and cost of equity capital. The effects of the two evaluation parameters on the other comprehensive profit and loss are as follows:

1) sustainable growth rate

	the effects to other comprehensive income	
	Favorable changes (0.3%)	Unfavorable changes (-0.3%)
December 31, 2021		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 3,084	(2,895)

	the effects to other comprehensive income	
	Favorable changes (0.3%)	Unfavorable changes (-0.3%)
December 31, 2020		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 6,616	(6,074)

2) cost of equity

	the effects to other comprehensive income	
	Favorable changes (-3%)	Unfavorable changes (3%)
December 31, 2021		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 64,070	(30,848)

	the effects to other comprehensive income	
	Favorable changes (-3%)	Unfavorable changes (3%)
December 31, 2020		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 141,859	(53,302)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.



(4) Not based on fair value measurement

A. Fair value information

The following chart presents the financial instruments not based on fair value measurement of the Bank. Except those items, others' fair value is reasonably approximate value, the Bank does not disclosure their fair value.

	December 31, 2021	
	Book value	Fair value
Debt instruments measured at amortized cost, net	\$ 279,035,906	279,993,077

	December 31, 2020	
	Book value	Fair value
Debt instruments measured at amortized cost, net	\$ 228,003,332	229,803,196

B. The fair value hierarchy of information

Assets and Liabilities	December 31, 2021			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Debt instruments measured at amortized cost	\$ 279,993,077	33,068,000	246,925,077	-

Assets and Liabilities	December 31, 2020			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Debt instruments measured at amortized cost	\$ 229,803,196	43,000,581	186,802,615	-

C. Valuation techniques

Methods and assumptions used by the Bank for fair value evaluation of financial instruments were as follows:

- a. Cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, overdue receivables, exchange bills negotiated guarantee deposits paid, temporary payments and suspense accounts, proceeds of settlement and credit transaction, deposits from Central Bank and other banks, securities sold under repurchase agreements, payables, other financial liabilities, guarantee deposits received and temporary receipts and suspense accounts: since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value.
- b. Discounts and loans (including non-performing loans): the interest rate of bank loans, dependent on the benchmark interest rate which plus or minus the input value (i.e. motorized interest rate), said market rates, therefore, the book value of financial assets is equivalent to their fair value. Among the case of fixed interest rate, the estimated fair value of long-term loans using the discounted value of its expected cash flows, but this is minority, so the book value of financial assets is equivalent to their fair value.
- c. Investment in debt instruments at amortized cost: the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique.
 - 1) Central Government Securities (NTD): using the comment of "Bonds a fair price for each of times" from Taipei Exchange.
 - 2) Corporate bonds and bank debentures (NTD): the present value or fair price of Taipei Exchange determined using the future cash flow of yield curve discounting evaluation.

- d. Deposits and remittance: to determine the fair value, considered Banking industry characteristics, the market interest rates (i.e. market price) is the fair value. And deposits are mostly due within one year, the carrying amounts is the fair value of reasonable basis. The fixed interest rate of long-term deposits should be estimated by the discounted value of its expected cash flows at fair value, and its maturity date no longer than three years, so its estimated fair value of the carrying amount is considered reasonable.
- e. Bank debentures payable: The bank debentures payable, issued by the Bank, whose stated rate was equal the effective rate, using discounted cash flow projections to estimate the fair value, equivalent to its book value.

(AP) Financial Risk Information

(a) General description

The goal of the financial risk management of the Bank is to effectively diversify, transfer and avoid risks by taking customer service, financial business operating target, overall risk tolerance and external limitation of laws into consideration and provide benefit to customers, shareholders and employees.

The Bank's Financial Risk Management policy is to establish a risk management mechanism in terms of risk identification, risk measurement, risk monitoring, and risk control and to construct the overall risk management system. It is to facilitate the business model with appropriate risk management and to control the rationality between risks and rewards under the premise of legal capital ratio in order to achieve operating targets and increase the value of the Bank for the shareholders. The scope covers the management of credit risk, market risk, operation risk, banking book interest rate risk, capital liquidity risk, and capital adequacy.

(b) Risk management organization structure

(1) Risk Management Committee

The chairperson of the Risk Management Committee is appointed by the president. The chairpersons include general manager, deputy general manager of the non-regulatory compliance in head office and department directors of head office (excluding the director of audit department in the Board). This Committee is set up for the purpose of establishing a sound risk management system, strengthening risk management and the implementation of the Bank's risk management and monitoring. The meeting will be held once a month in principle. The meeting can be held by the chairman of the Committee when it necessary. The duties are as follows:

- A. Conduct Analysis and response project when significant domestic and foreign economic, financial and industrial risk management occur.
- B. Risk management report of various risk exposure and agenda processing.
- C. The processing of examination of the risk management relevant policy of the Bank and limitations, management indices and the response project when the risk exceeds the limitations.
- D. Supervise the Bank's capital adequacy management.
- E. Conduct or supervise the issues that have to report to Risk Management Committee according to the regulations drawn by the competent authority at home and abroad.
- F. Conduct or supervise other risk management related issues.

Risk Management Department is the assistant unit of the Risk Management Committee. The responsibility of the Risk Management Department is to execute preparing sittings agenda, convening sittings, agenda processing, taking meeting minutes and tracking resolution and regularly report the important resolution and various risk exposure to the board of (executive) directors.

(2) Assets and Liabilities Management Committee

The chairperson of the Assets and Liabilities Management Committee is the general manager, and the members are formed by the vice assistant general manager and the department heads of deposit, loan, financial transaction, capital deployment and risk management units. The responsibility of the



Assets and Liabilities Management Committee is to monitor and manage the banking book interest rate risk and capital liquidity risk and convenes meetings regularly, to approve the analyzing and measurement methods of the capital liquidity risk and banking book interest rate risk exposure, to examine the capital liquidity risk and banking book interest rate risk management policy as well as the relevant limitations and management indices, to receive interest rate risk and capital liquidity risk exposure reports and adjust the assets and liabilities interest rate duration structure and capital maturity structure.

(3) Credit Examination Committee

The convener of the Credit Examination Committee is the assistant general manager supervising Risk Management Center. The Committee in principle convenes weekly to examine the modification and establishment of the regulations (including main points, measures and procedures) for significant loans, foreign exchange and guarantee cases.

(4) Overdue Loans Clearing Committee

The convener of the Overdue Loans Clearing Committee is the supervising vice president. The convener holds meetings as needed to discuss measures on reducing non-performing loans and approaches to handle overdue loans.

(5) Cyber Security Management Committee

The Cyber Security Management Committee is convened by the supervising vice president who oversees the implementation and coordination of the Bank's cyber security policies. The committee holds meetings as needed to examine matters related to cyber security.

(c) Credit risk

(1) Source and definition of credit risk

Credit risk refers to the default risk resulted from the inability to fulfill the contract obligations due to deteriorating financial status of trade counterparties, pessimistic external economic situation or other factors. The primary source of the credit risk of the Bank is the loan business, such as loans of various terms, guarantees and letters of credit, loan commitments, etc., in addition, other sources of credit risk include call loans from banks, securities investments, derivative financial instrument transactions, etc.

(2) Credit risk management policy

In order to control the credit risk to a tolerable scope, the Bank continuously conduct below operations:

- A. Fully understand the credit status and ratings of loan customers and trade counterparties as well as the purposes and payments of loans.
- B. Prudently evaluates the credit risk status of loan customers and trade counterparties and consider the adequacy of collaterals and guarantees to assess risk and profit.
- C. Establish credit rating mechanism for loan customers or apply the ratings from outside credit rating institutions as the reference for undertaking credit cases or interest rate determination.
- D. Modify relevant regulations to control the credit risk to a tolerable extent for the Bank.

The credit risk management procedure and measurement methods of the Bank's major business are as follows:

A. Credit Business (Including loan commitments and guarantees)

The categorization and credit quality rating of credit assets are as follows:

a. Categorization of credit assets

The credit assets are classified into 5 categories. Except for normal credit assets which are classified as the first category, others are classified, based on the assurance status and the time overdue, as second category (need attention), third category (possible to recover), fourth category (difficult to retrieve) and the fifth category (unable to retrieve). In order to manage

creditor's rights, the Bank established "Regulations Governing the Procedures to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", "Regulations Governing the Reconciliation of Non-performing/Non-accrual Loans" and its operating procedure "Operating procedure Governing the Collection of Non-performing/Non-accrual Loans" and "Code of Conduct to Deal With Non-Performing Loans" to serve as the guidelines for dealing with non-performing credit and overdue loans collection.

b. Categorization of credit quality

Based on historical default data, the Bank established internal credit rating model and completed internal rating system to serve as a reference to credit risk control.

In order to develop an appropriate credit rating model for the Bank to evaluate the credit risk for corporate banking customers and private banking customers, it applied statistical methods, professional expert judgments and relevant customer information to fulfill the requirements. The Bank examined whether the internal credit rating model is in conformity with the actual scenario based on practical default data quarterly and adjusted all parameters to optimize the estimated results.

B. Due from other banks and call loans to banks

The Bank evaluates the credit status of counterparties before transaction and takes the rating information from domestic and foreign credit rating institutions into consideration to determine various credit risk facilities for the counterparties.

C. Debt instrument investments and derivative financial instruments

The Bank manages credit risk of debt instruments through credit rating data of external institutions, credit quality of bonds, geographic situations and counterparties' risk so as to identify credit risk.

The financial institutions which the Bank conducts derivative instruments are mostly investment quality and are controlled based on the trade amount (including loans at call). Counterparties which do not have credit rating or which are of low quality shall be examined individually. For counterparties which are general customers, the Bank controls the credit risk exposure based on the derivative instrument risk facilities and conditions approved by general credit procedures.

(3) Determining the credit risk has increased significantly since initial recognition

At each reporting date, the Bank shall assess the change in the risk of a default occurring over the expected life of the various credit assets and financial assets to determine whether the credit risk has increased significantly since initial recognition. To make that assessment, the Bank consider reasonable and supportable information (including forward-looking information) that is indicative of significant increases in credit risk since initial recognition. The main considerations include:

A. credit assets

- a. The borrowers failed to pay the principal and interest overdue for more than 30 days, less than 90 days;
- b. When the Bank conduct review or follow-up review of the relevant management procedures after loan, it knows that the financial report of the borrowers have been issued by the accountant and it has issued opinions of the significant doubt on the ability to continue as a going concern;
- c. The deposits and assets of borrowers are compulsorily executed, besides, the deposits are compulsorily executed because of tax arrears. However, the borrowers that have enough deposit to bear the cost that assessed by the Bank are except;
- d. The bank knows (if it has received the notice from court) that the collaterals are compulsory executed by other banks;
- e. Borrowers were notified the refund by the Bank and did not conduct refund notice;



- f. The letter of credit insurance fund notice due to the related company's overdue debt in other bank, the creditor to stop the delivery;
- g. Because the borrowers have been involved in litigation and unfavorable judgments, their ability of credit performance is affected;
- h. The customer is classified as an early warning account by the Bank or has bad credit that aware by others.

B. Debt instrument investments

- a. The latest credit rating on the report date was non-investment grade and fell more than two levels than the original rating, or;
- b. Investment target evaluation loss is up to 30% of investment cost.

(4) The credit risk has not increased significantly or judged as low credit risk on the report date

On each report date, the Bank assessed that there was no significant increase in the risk of default for any credit asset during the expected duration of existence or a low credit risk. The amount of expected credit losses was not taken as the change of credit risk, if the credit risk of the credit asset was low on the report date, it also assumes that the credit risk of the credit asset has not increased significantly since the initial recognition. The credit assets with low credit risk refer to the low default risk and the borrower's ability to perform its contractual cash flow obligations in the near term. No significant increase in risk relates to the borrower. The absence of economic, operational, and adverse changes in financial conditions and other bad debt conditions did not affect their ability to fulfill their contractual cash flow obligations. Financial assets on investment-grade or not on investment-grade but the ratings are not significantly reduced are also considered to be low-risk areas.

(5) Definitions of default and credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired not only the borrower defaults the loan more than 90 days, it also includes observable data as follows:

A. Credit assets

- a. Significant financial difficulty of the issuer or the borrower;
- b. A breach of contract, such as a default or past due event ;
- c. The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- e. The disappearance of an active market for that financial asset because of financial difficulties;
- f. The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses;

B. Debt instrument investments

- a. Significant financial difficulty of the issuer;
- b. The disappearance of an active market for that financial asset because of financial difficulties;
- c. The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses.
- d. Counterparty defaulting on agreement of other financial instruments (e.g. transactions settlement failure, a bank decide to execute early termination of transactions, or loans originated from derivatives settlement failure).

(6) Write-off policy

The integral part or the portion of the credit assets that needs to be written-off should first be approved during the board of directors' meeting; particularly, the portion that is deemed uncollectible.

The following are indicators that the financial assets are uncollectible:

- A. The borrowers fail to recover all or part of the debt due to dissolution, escape, settlement, bankruptcy or other reasons.
- B. After the collateral and the assets of the principal and subordinate debtors have been priced low or deducted from the first-order mortgage, they cannot be repaid, the execution costs are close or may exceed the Bank's reimbursable amount, and the implementation is not beneficial.
- C. The collateral and the property of the principal and subordinate debtors were auctioned off at no cost and were not bought by anyone, and there was no one have substantial benefits.
- D. Overdue loan and non-accrual loan have exceeded the liquidation period for two years.

The Bank, whose written-off claims may still have ongoing recourse, continues to follow laws and regulations to pursue the proceedings.

(7) Modification of contractual cash flow of financial assets

The Bank may revise the contractual cash flow of the credit asset due to the borrower's financial difficulties in negotiating, increasing the recovery rate of the borrowers that have problems, or maintaining the customer relationship. The modification of the contractual terms of the credit asset may include extending the contract period, modifying the payment time of interest, and modifying agreement rate and so on. If the contractual cash flow modification of the credit asset is due to the financial difficulty of the borrower, it is deemed as an impairment of the financial asset. If the contractual cash flow modification is not due to the financial difficulties of the borrower, the existing or projected unfavorable changes in the operating, financial or economic conditions under the borrower's performance or the borrower's ability to make the borrower's ability to perform its debt obligations vary significantly. The cause of anomalies or other bad debts is supplemented by an assessment of whether the credit risk of financial assets has increased significantly.

(8) Measuring the expected credit losses

A. Adoption of methods and assumptions

After considering the attributes of financial assets and credit assets and the adequacy of default experience, internal historical data or the information from external credit rating agency is used to estimate the Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) and other credit risk components.

In order to assess the expected credit losses of credit assets, the Bank is divided into the following combinations depending on the credit risk characteristics such as the identity of borrowers, products, and type of collateral:

Corporate banking	Government and public institution	
	Financial institution (including banks, ticket companies, securities finance companies)	
	Large Enterprise	The guarantee of the credit guarantee mechanism
		Secured
		Non-secured
	Medium and small enterprises	The guarantee of the credit guarantee mechanism
		Secured
Non-secured		
Private banking	Mortgage	
	Microcredit	
	Other-Secured	
	Other-Non-secured	
Entrepreneurship	The guarantee of the credit guarantee mechanism	
	Secured	
	Non-secured	



If the credit risk on a credit asset has not increased significantly since initial recognition or the credit asset has low credit risk at the reporting date, the Bank shall measure the allowance for impairment using the 12-month expected credit losses; if the credit risk on a financial instrument has increased significantly or credit-impaired since initial recognition, the Bank shall measure the allowance for impairment using the lifetime expected credit losses.

In order to measure expected credit losses, the Bank considers the default probability (Probability of default, "PD") of borrowers, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well evaluate 12-month and lifetime loss.

Default probability is the default probability of the borrower (default and credit impairment of financial assets), and the loss given default rate is the rate of loss caused by default by the borrower. The default probability and default loss rate used in the impairment assessment of the credit business are based on internal historical information of each group, and adjusted based on current observable information and forward-looking general economic information.

The Bank measures the EAD based on the book value of loans at reporting date. When estimating the 12-month and lifetime expected credit losses of the loan commitments and financial guarantee contracts, the definition of the credit risk increasing significantly and the credit-impaired assets are based on the rules mentioned above. Additionally, in order to determine the EAD used to calculate expected credit loss of off-balance sheet items, the Bank adopts the credit conversion factor (CCF) of standardized approach in credit risk which is legislated in the regulation of Proprietary Capital and Risk Capital of Banks.

B. Consideration of forward-looking information

The Bank obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The Bank identifies the relevant macroeconomic factors for credit risk of each portfolio by analyzing the historically data. These macroeconomic factors include Taiwan GDP (not seasonally adjusted), Taiwan's actual industrial production index, Taiwan's annual growth rate of retail sales, Taiwan's real sales price index, unemployment rate (seasonally adjusted), Cathay National Real Estate Index (national), Taiwan's real consumer price index (Not seasonally adjusted) and Taiwan's annual growth in retail sales or other factors. The various economic factors and their impacts on Probability of Default ("PD") are different depending on the type of financial instruments.

In order to determine the credit risk of investment in debt instruments at amortized cost and at fair value through other comprehensive income has increased significantly, the Bank uses the changes of external ratings published by international credit rating agencies as the quantitative indicators, while the assessment of expected credit losses are calculated by using the external ratings, as well as PD and Loss Given Default ("LGD"), published by Moody's. Since the international credit rating agencies have already considered the forward-looking information while evaluating the credit ratings, which the Bank considered to be appropriate after its assessment, the credit ratings will be included in the Bank's assessment of related expected credit losses.

(9) Credit risk hedging or diminishing.

A. Collaterals

The Bank adopts a series of policies and procedures to mitigate credit risk and enhance credit risk tolerance. The method applied most is to request customers to provide collaterals. The Bank established collateral accreditation code of conduct in term of collateral management and total loan amount to regulate the scope of collaterals and the accreditation method and regularly inspects the collaterals. When the collaterals devalue or the concern of devaluation occurs, the Bank shall increase collaterals or retrieve part of the loans to ensure the creditor's right is intact.

B. Limit of credit risk and the control of credit risk concentration

- a. In order to avoid the situation that the credit risk of single customer being too high, the credit limit of an individual, a related party or a related enterprise shall be in conformity

with "Authorization method for subsection 3 of Article 33 of the Banking Act of the Republic of China" and the credit limit authorization steps are regulated in the Key Points of Credit Engagement Authorization and the Key Points of Credit Engagement Authorization for Overseas Branches of the Bank.

- b. To enhance the risk concentration management, the Bank established regulations in terms of countries, financial institutions, industries and group enterprises. The relevant limits are reviewed and approved annually and the usage of the credit is monitored on a daily basis. In addition, the results are reported regularly.

C. General agreement of net amount settlement

The transactions of the Bank are mostly settled with gross amount. Part of the transactions agreed on net amount settlement. When a default occurs, the Bank terminates all the transactions with the counterparty and settles by net amount to further lower credit risk.

D. Enhancement of other credit

The assessment of credit business applies to credit 5P principles, credit risk is offset by dividing self-liquidating loan commitments as the main, and set the accounts to master the repayment of cash flow. Also, in terms of the credit agreement stipulates the offset. (i.e. all kinds of deposits, except prohibition of low or the party's agreement, the Bank can set off all the debts), thus to reduce the loan amount, shorter loan repayment period or are considered part or all of expiration of acceleration clauses. To strengthen the protection of creditor and reduce credit risk, using qualified and effective enhancement, such as the requirement of real property, personal property, demand deposits, time deposits, securities and the guarantee of financial institution or the credit guarantee mechanism approved by government. (e.g. R.O.C SMEG, Agricultural Credit Guarantee Fund, Overseas Credit Guarantee Fund)

- (10) Information on the financial assets of the Bank that have been credit derogated and the collateral for mitigating potential losses are as follows:

December 31, 2021	Carrying amount	Allowance impairment	Exposure (measured at amortized cost)	Value of collateral
Impairment financial assets :				
Receivables				
Accounts receivables	\$ 2,000	681	1,319	-
Interest receivable	43,020	4,960	38,060	-
Discounts and loans	20,356,149	3,635,336	16,720,813	21,352,293
Overdue receivable	80,334	25,545	54,789	-
Total impairment financial assets	<u>\$ 20,481,503</u>	<u>3,666,522</u>	<u>16,814,981</u>	<u>21,352,293</u>
December 31, 2020	Carrying amount	Allowance impairment	Exposure (measured at amortized cost)	Value of collateral
Impairment financial assets :				
Receivables				
Interest receivable	26,687	5,304	21,383	-
Discounts and loans	25,375,566	5,219,221	20,156,345	26,211,067
Overdue receivable	68,832	23,121	45,711	-
Total impairment financial assets	<u>\$ 25,471,085</u>	<u>5,247,646</u>	<u>20,223,439</u>	<u>26,211,067</u>

Note: The value of collateral is the real estate appraisal information and credit guarantee agency guarantee amount levied by the Bank's credit assets.



(11) Credit risk concentration

The Bank does not conduct significant transaction with single customer or single trade counterparty. The total amount of discounts and loans, overdue loans in terms of individual customer or individual trade counterparty is not significant. The information of credit risk concentration of the Bank's discounts and loans and overdue loans are divided by industries, geographic areas and collaterals and listed as follows:

A. By industry

Distribution of discounts and loans, overdue loans based on industries.

Industry	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Private business	\$ 852,346,402	64.66%	777,673,749	63.52%
Public business	4,330,080	0.33%	10,940,025	0.89%
Government institution	66,591,431	5.05%	53,863,302	4.40%
Nonprofit organization	2,934,798	0.22%	2,868,681	0.23%
Individual	314,527,333	23.86%	305,732,834	24.98%
Foreign financial institution	3,634,002	0.28%	3,721,990	0.30%
Foreign non-financial institution	70,945,795	5.38%	67,672,995	5.53%
Foreign individual	2,914,507	0.22%	1,821,665	0.15%
Total	<u>\$ 1,318,224,348</u>	<u>100.00%</u>	<u>1,224,295,241</u>	<u>100.00%</u>

B. By geographic area

Distribution of discounts and loans, overdue loans based on geographic area.

Area	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Domestic	\$ 1,240,730,044	94.12%	1,151,078,591	94.02%
Foreign	77,494,304	5.88%	73,216,650	5.98%
Total	<u>\$ 1,318,224,348</u>	<u>100.00%</u>	<u>1,224,295,241</u>	<u>100.00%</u>

C. By collateral

Distribution of discounts and loans, overdue loans based on collateral.

Collateral	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Unsecured	\$ 234,949,230	17.82%	225,320,364	18.40%
Stocks	9,101,690	0.69%	9,175,475	0.75%
Bonds	26,102,842	1.98%	19,544,832	1.60%
Real estate	802,113,094	60.85%	754,931,145	61.66%
Chattel	16,117,256	1.22%	18,785,101	1.53%
Notes receivable	2,949,127	0.22%	3,724,442	0.30%
Guarantees	216,270,546	16.41%	183,962,821	15.04%
Others	10,620,563	0.81%	8,851,061	0.72%
Total	<u>\$ 1,318,224,348</u>	<u>100.00%</u>	<u>1,224,295,241</u>	<u>100.00%</u>

Note: Secured credit are categorized in its respective item per the type of the collaterals. Non-secured credit (no collateral provided) is classified in unsecured. If the credit amount is higher than the accreditation value, the credit amount within the accreditation is classified in the respective item, the credit amount exceeds the accreditation value is classified in unsecured. The accreditation value is the value calculated per the accreditation regulations of the Bank, not the discounted value of the signed contract.

(12) Maximum credit risk exposure

- A. The maximum credit exposure of the assets in the financial statement is approximately the book value when not considering collaterals or other credit enhancement instruments. The maximum credit exposure off the balance sheet (when not considering collaterals or other credit enhancement instruments and not revocable) was as follows:

Off balance sheet items	Maximum credit risk exposure	
	December 31, 2021	December 31, 2020
Issued and irrevocable loan commitments	\$ 36,415,736	61,833,395
Irrevocable credit card loan commitments	19,380,151	20,067,204
Letters of credit issued yet unused	11,058,128	8,892,012
Various guarantee proceeds	24,336,413	20,636,932
Total	\$ 91,190,428	111,429,543

The Management of the Bank evaluated the credit risk exposure and believed that it is able to continuously control and minimize the off-balance sheet credit risk exposure due to its strict appraisal process and regular subsequent examination.

- B. The credit quality analyses of the financial assets

a. Credit quality analysis of discounts and loans, receivables, guarantee and commitments

December 31, 2021	12-month ECL							Lifetime ECL – not impaired							Lifetime ECL – impaired	Allowance impairment	Total
	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk		
Receivable																	
Credit card	\$ 368,690	246,002	192,898	325	4,924	216,176	1,029,015	129	1,550	1,993	13	655	-	4,340	-	1,693	1,031,662
Acceptances receivable	276,046	549,061	113,769	832	29,835	63,686	1,033,229	-	-	-	-	-	-	-	-	10,332	1,022,897
Other receivables	215,499	354,743	324,870	33,189	23,858	1,915,055	2,867,214	82	431	1,292	1,847	1,065	628	5,345	45,020	59,048	2,858,531
Discounts and loans																	
Private banking	113,609,203	116,551,170	66,928,175	4,268,868	1,700,024	9,170,592	312,228,032	21,412	53,655	207,948	21,550	81,566	10,059	396,190	4,817,619	3,662,551	313,779,290
Corporate banking	186,110,603	315,339,281	306,477,476	32,953,038	18,573,454	122,106,000	981,559,852	80,570	388,410	413,816	1,601,886	782,756	416,687	3,684,125	15,538,530	11,914,266	988,868,241
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,334	51,392	28,942
Total	\$ 300,580,041	433,040,257	374,037,188	37,256,252	20,332,095	133,471,509	1,298,717,342	102,193	444,046	625,049	1,625,296	866,042	427,374	4,090,000	20,481,503	15,699,282	1,307,589,563
Guarantee and commitments	\$ 23,693,996	20,955,504	8,177,179	830,226	55,958	37,382,210	91,105,073	13,401	17,786	7,248	-	788	-	39,223	46,132	329,488	90,860,940

December 31, 2020	12-month ECL							Lifetime ECL – not impaired							Lifetime ECL – impaired	Allowance impairment	Total
	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk		
Receivable																	
Credit card	\$ 465,192	151,235	203,982	21,460	1,927	240,049	1,083,845	1,568	717	3,049	215	138	498	6,185	-	2,045	1,087,985
Acceptances receivable	271,727	689,404	111,845	5,812	12,400	192,565	1,283,753	-	-	-	-	-	-	-	-	12,837	1,270,916
Other receivables	200,365	319,067	443,197	38,386	9,723	1,673,377	2,684,115	2,344	19,338	11,165	7,828	1,395	2,325	44,395	26,687	69,280	2,685,917
Discounts and loans																	
Private banking	114,964,176	108,069,036	66,948,050	4,917,753	990,763	5,026,892	300,916,670	5,485	172,716	157,123	31,627	148,272	693	515,916	6,121,914	3,467,633	304,086,867
Corporate banking	159,077,810	276,441,887	269,775,572	33,545,450	9,752,131	107,943,286	856,536,136	2,615,868	14,235,894	13,636,440	6,744,478	1,197,555	2,520,718	40,950,953	19,253,652	10,858,524	905,882,217
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	68,832	55,051	13,781
Total	\$ 274,979,270	385,670,629	337,482,646	38,528,861	10,766,944	115,076,169	1,162,504,519	2,625,265	14,428,665	13,807,777	6,784,148	1,347,360	2,524,234	41,517,449	25,471,085	14,465,370	1,215,027,683
Guarantee and commitments	\$ 26,160,471	14,889,757	5,567,518	945,234	330,756	62,931,925	110,825,661	44,927	37,019	40,993	14	-	433,734	566,687	47,195	271,182	111,158,361



b. Debt instruments

December 31, 2021	12-month ECL					Lifetime ECL – not impaired					Lifetime ECL – impaired	Total	Accumulated impairment (Note)
	Investment	Sub investment	High risk	No rating	Subtotal	Investment	Sub investment	High risk	No rating	Subtotal	High risk		
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	\$ 49,213,865	-	-	-	49,213,865	-	-	-	-	-	-	49,213,865	15,600
NT bonds	86,780,365	-	-	-	86,780,365	-	-	-	-	-	-	86,780,365	72,192
Investment in debt instruments at amortized cost													
Overseas bonds	15,296,961	-	-	-	15,296,961	-	-	-	-	-	-	15,296,961	5,916
NT bonds	32,373,347	-	-	-	32,373,347	-	-	-	-	-	-	32,373,347	13,214
Certificates of deposit with the Central Bank	231,395,000	-	-	-	231,395,000	-	-	-	-	-	-	231,395,000	68,334
Negotiable certificates of deposit	58,076	-	-	-	58,076	-	-	-	-	-	-	58,076	14
Total	\$ 415,117,614	-	-	-	415,117,614	-	-	-	-	-	-	415,117,614	175,270

December 31, 2020	12-month ECL					Lifetime ECL – not impaired					Lifetime ECL – impaired	Total	Accumulated impairment (Note)
	Investment	Sub investment	High risk	No rating	Subtotal	Investment	Sub investment	High risk	No rating	Subtotal	High risk		
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	\$ 36,844,475	-	-	-	36,844,475	-	-	-	-	-	-	36,844,475	11,569
NT bonds	67,247,661	-	-	-	67,247,661	-	-	-	-	-	-	67,247,661	54,855
Investment in debt instruments at amortized cost													
Overseas bonds	24,555,550	-	-	-	24,555,550	-	-	-	-	-	-	24,555,550	10,790
NT bonds	41,537,821	-	-	-	41,537,821	-	-	-	-	-	-	41,537,821	17,333
Certificates of deposit with the Central Bank	161,705,000	-	-	-	161,705,000	-	-	-	-	-	-	161,705,000	47,754
Negotiable certificates of deposit	280,925	-	-	-	280,925	-	-	-	-	-	-	280,925	87
Total	\$ 332,171,432	-	-	-	332,171,432	-	-	-	-	-	-	332,171,432	142,418

Note: The cumulative impairment of the bond which measured at fair value through other comprehensive profit or loss is recognized as other equity.

c. The Maximum credit risk exposure for financial instruments are not subject to impairment regulations are as follows:

December 31, 2021	Maximum credit risk exposure	Collateral	Enhancement of other credit
Financial assets at fair value through profit or loss			
– Debt investments	\$ 356,140	-	-
– Commercial paper	37,015,444	-	-
– Listed stocks	68,106	-	-
– Beneficiary certificates	1,665,898	-	-
– Derivative instrument	552,636	489,795	699,723
December 31, 2020	Maximum credit risk exposure	Collateral	Enhancement of other credit
Financial assets at fair value through profit or loss			
– Debt investments	\$ 1,443,111	-	-
– Commercial paper	12,414,244	-	-
– Listed stocks	188,304	-	-
– Beneficiary certificates	267,054	-	-
– Derivative instruments	690,858	882,623	700,109

(13) Changes in the expected credit losses of the Bank

A. Receivables

	For the year ended December 31, 2021					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 13,208	1,240	5,304	19,752	64,410	84,162
Changes in financial instruments that have been identified at the beginning of the period :						
– Transferred to 12-months ECL	1,123	(954)	(169)	-	-	-
– Transferred to lifetime ECL	(6)	13	(7)	-	-	-
– Transferred to the credit-impaired financial assets	(15)	(61)	76	-	-	-
– The financial assets that have been derecognized	(8,016)	(129)	(2,658)	(10,803)	-	(10,803)
New financial assets originated or purchased	8,192	25	3,113	11,330	-	11,330
Other changes	(792)	30	(18)	(780)	-	(780)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(12,836)	(12,836)
Ending balance	<u>\$ 13,694</u>	<u>164</u>	<u>5,641</u>	<u>19,499</u>	<u>51,574</u>	<u>71,073</u>

	For the year ended December 31, 2020					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 10,249	1,369	10,387	22,005	39,763	61,768
Changes in financial instruments that have been identified at the beginning of the period :						
– Transferred to 12-months ECL	182	(76)	(106)	-	-	-
– Transferred to lifetime ECL	(97)	119	(22)	-	-	-
– Transferred to the credit-impaired financial assets	(18)	(115)	133	-	-	-
– The financial assets that have been derecognized	(5,662)	(1,016)	(8,291)	(14,969)	-	(14,969)
New financial assets originated or purchased	8,259	124	2,294	10,677	-	10,677
Other changes	295	835	909	2,039	-	2,039
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	24,647	24,647
Ending balance	<u>\$ 13,208</u>	<u>1,240</u>	<u>5,304</u>	<u>19,752</u>	<u>64,410</u>	<u>84,162</u>



B. Discounts and loans

	For the year ended December 31, 2021					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 3,133,215	951,010	5,219,221	9,303,446	5,022,711	14,326,157
Changes in financial instruments that have been identified at the beginning of the period :						
– Transferred to 12-months ECL	1,089,009	(770,235)	(318,774)	-	-	-
– Transferred to lifetime ECL	(5,445)	9,047	(3,602)	-	-	-
– Transferred to the credit-impaired financial assets	(16,929)	(9,790)	26,719	-	-	-
– The financial assets that have been derecognized	(1,587,449)	(71,342)	(1,105,361)	(2,764,152)	-	(2,764,152)
New financial assets originated or purchased	1,861,459	4,752	292,035	2,158,246	-	2,158,246
Write-off	-	-	(4,606,000)	(4,606,000)	-	(4,606,000)
Other changes	(307,393)	16,535	4,131,098	3,840,240	-	3,840,240
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	2,622,326	2,622,326
Ending balance	\$ 4,166,467	129,977	3,635,336	7,931,780	7,645,037	15,576,817

	For the year ended December 31, 2020					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 2,197,066	197,473	5,722,768	8,117,307	5,224,061	13,341,368
Changes in financial instruments that have been identified at the beginning of the period :						
– Transferred to 12-months ECL	126,863	(41,278)	(85,585)	-	-	-
– Transferred to lifetime ECL	(66,262)	68,751	(2,489)	-	-	-
– Transferred to the credit-impaired financial assets	(15,145)	(57,177)	72,322	-	-	-
– The financial assets that have been derecognized	(1,126,499)	(22,230)	(1,132,117)	(2,280,846)	-	(2,280,846)
New financial assets originated or purchased	1,888,013	216,028	450,914	2,554,955	-	2,554,955
Write-off	-	-	(3,841,168)	(3,841,168)	-	(3,841,168)
Other changes	129,179	589,443	4,034,576	4,753,198	-	4,753,198
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(201,350)	(201,350)
Ending balance	\$ 3,133,215	951,010	5,219,221	9,303,446	5,022,711	14,326,157

C. Other financial assets

	For the year ended December 31, 2021					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ -	-	23,121	23,121	31,930	55,051
Changes in financial instruments that have been identified at the beginning of the period :						
– The financial assets that have been derecognized	-	-	(83)	(83)	-	(83)
New financial assets originated or purchased	-	-	17,074	17,074	-	17,074
Write-off	-	-	(15,308)	(15,308)	-	(15,308)
Other changes	-	-	741	741	-	741
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(6,083)	(6,083)
Ending balance	\$ -	-	25,545	25,545	25,847	51,392

	For the year ended December 31, 2020					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ -	-	53,947	53,947	31,954	85,901
New financial assets originated or purchased	-	-	13,908	13,908	-	13,908
Write-off	-	-	(44,249)	(44,249)	-	(44,249)
Other changes	-	-	(485)	(485)	-	(485)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(24)	(24)
Ending balance	\$ -	-	23,121	23,121	31,930	55,051



D. Guarantee and commitments

	For the year ended December 31, 2021					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 106,670	880	6,699	114,249	156,933	271,182
Changes in financial instruments that have been identified at the beginning of the period :						
– The financial assets that have been derecognized	(51,707)	(179)	(5,520)	(57,406)	-	(57,406)
New financial assets originated or purchased	73,511	10	4,439	77,960	-	77,960
Other changes	20,880	(642)	1,168	21,406	-	21,406
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	16,346	16,346
Ending balance	\$ 149,354	69	6,786	156,209	173,279	329,488

	For the year ended December 31, 2020					
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	\$ 59,045	338	17,220	76,603	155,843	232,446
Changes in financial instruments that have been identified at the beginning of the period :						
– Transfer to 12-months ECL	25	(25)	-	-	-	-
– Transfer to lifetime ECL	(367)	367	-	-	-	-
– Transferred to the credit-impaired financial assets	(57)	-	57	-	-	-
– The financial assets that have been derecognized	(21,828)	(278)	(14,118)	(36,224)	-	(36,224)
New financial assets originated or purchased	52,185	378	652	53,215	-	53,215
Other changes	17,667	100	2,888	20,655	-	20,655
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	-	1,090
Ending balance	\$ 106,670	880	6,699	114,249	156,933	271,182

E. Debts investments

	For the year ended December 31, 2021			
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Total
Beginning balance	\$ 142,418	-	-	142,418
Additions	97,018	-	-	97,018
Derecognition	(61,254)	-	-	(61,254)
Other changes	(2,912)	-	-	(2,912)
Ending balance	<u>\$ 175,270</u>	<u>-</u>	<u>-</u>	<u>175,270</u>

	For the year ended December 31, 2020			
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Total
Beginning balance	\$ 142,710	-	-	142,710
Additions	69,437	-	-	69,437
Derecognition	(69,680)	-	-	(69,680)
Other changes	(49)	-	-	(49)
Ending balance	<u>\$ 142,418</u>	<u>-</u>	<u>-</u>	<u>142,418</u>

(14) Collateral management policy

A. Collaterals are recognized under the account of other assets per the rules of "Regulations Governing the Preparation of Financial Reports by Public Banks".

B. Details were as follows:

Collaterals refer to the collaterals provided by clients as guarantee which are undertaken through public auction when the debtor is not able to fulfill its obligation. The collaterals assumed are recognized using the prices undertaken per the rules of "Regulations Governing the Preparation of Financial Reports by Public Banks" and measured by the book value or the fair value deducted by cost of sale, whichever is lower, at the end of the period. Collaterals will be sold when they are available to be sold and the proceeds received will be used to reduce the book amount of collaterals.

(d) Liquidity risk

(1) The origin and definition of liquidity risk

Liquidity risk refers to the potential financial loss results from the inability to liquidate assets or obtain finance to fulfill the financial obligation which is going to mature with sufficient fund, such as early rescind of time deposits, the channels and terms to call loan from other bank are deteriorated due to the influence of specific markets and the default of loan customers worsen and it is harder for the Bank to receive payments and liquidate financial instruments. The abovementioned situations may diminish the source of cash for the Bank to undertake loan business, trades and investment activities. Under some extreme circumstances, the lack of liquidity may increase the potential possibility of reduction of the overall position of financial statement, sale of assets and inability to fulfill loan obligation. Liquidity risk is an inherent risk of bank operations and is influenced by specific or overall

events in various markets. Those events include but not limited to: Credit event, merger or buyout, systematic strike and natural disaster.

(2) The management policy, process and measurement of liquidity risk

A. Policy

- a. In accordance with the target and limit for liquidity risk management approved by the board of directors and monitor all liquidity risk positions.
- b. Established "Directions Governing the Capital Liquidity Risk Management of Taiwan Business Bank" and "Remarks Governing the Capital Liquidity Risk Management of Taiwan Business Bank" to serve as guidance to effectively control capital liquidity risk.
- c. Overseas branches shall regulate the code of conduct for liquidity risk management based on business characteristics and the regulations of local authorities. After being approved by the general manager, the Risk Management Department will be in charge of monitoring liquidity risk.

B. Process

- a. Finance Department is in charge of daily capital deployment to ensure that the capital is sufficient to cope with various demands for capital.
- b. Risk Management Department is in charge of the identification, measurement, supervision and control of capital liquidity risk to establish a firm operation process and structure.
- c. Risk Management Department reports the result of capital liquidity risk measurement to the Assets and Liabilities Management Committee on a monthly basis and reports the results of capital liquidity risk and pressure test to the board of directors quarterly.

C. Measurement

- a. Maturity gap: To place the inflows and outflows of capital into various time zones accordingly based on the remaining days to maturity and calculate the gap of capital of each time zone in order to measure the capital deficiency of each time zone.
- b. Loan-deposit ratio: To calculate the deposits the Bank received which are used to conduct loan business. In other words, the percentage of the total loan amount accounts for the total deposit amount.
- c. Capital concentration and stability: In order to prevent the Bank from over-relying on single trade counterparty, product or market, the Bank observes several aspects such as the changes in large time deposit customers, the percentage of demand deposits and the continuity of deposits.
- d. Pressure test: Except for monitoring the capital demand under normal circumstances, the Bank conducts pressure test regularly in order to evaluate the capital liquidity under abnormal circumstances and ensure that the Bank is equipped with sufficient capital.

(3) Financial assets possessed for managing liquidity risk and maturity analysis for non-derivative financial liability

A. Financial assets possessed for managing liquidity risk

The Bank possesses cash and other high liquidity interest yielding assets to cope with payment obligations and potential emergent capital demands in the market. The assets possessed for managing liquidity risk include cash and cash equivalent, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, financial assets measured at fair value through other comprehensive income and investment in debt instruments at amortized cost.



B. Maturity analysis for non-derivative financial liabilities

The table below shows the cash outflows from the non-derivative financial liabilities which are possessed by the Bank based on the remaining days from the financial statement date to the contract maturity date. The amount disclosed is based on the cash flows of the contracts.

	December 31, 2021					
	0-30 days	31-90 days	91days-1 year	1-5 years	Over 5 years	Total
Major matured cash outflow	\$ 1,095,518,499	184,664,045	500,530,076	75,324,151	35,841,707	1,891,878,478
Deposits from the Central Bank and banks	493,598	-	-	-	-	493,598
Overdrafts on banks	536,471	-	-	-	-	536,471
Call loans from the Central Bank and banks	25,155,291	9,093,410	-	-	-	34,248,701
Due to the Central Bank and banks	-	-	49,713,800	-	-	49,713,800
Financial liabilities designated at fair value through profit or loss	-	-	-	-	8,293,730	8,293,730
Notes and bonds issued under repurchase agreement	44,197	144,716	604,836	1,266,944	-	2,060,693
Interest payable	458,151	812,851	1,127,339	71,242	2	2,469,585
Deposits transferred from Chunghwa Post Co., Ltd.	10,500,000	21,359,335	35,402,210	-	-	67,261,545
Demand deposits	955,013,566	-	-	-	-	955,013,566
Time deposits	102,844,567	153,191,825	413,340,264	44,219,865	675	713,597,196
Remittance	429,227	-	-	-	-	429,227
Bank notes payable	-	-	-	27,340,000	24,910,000	52,250,000
Cumulative earnings on appropriated loan fund	1,750	2,250	111,750	1,779,330	2,470,214	4,365,294
Lease liabilities	41,681	59,658	229,877	646,770	167,086	1,145,072

	December 31, 2020					
	0-30 days	31-90 days	91days-1 year	1-5 years	Over 5 years	Total
Major matured cash outflow	\$ 949,743,136	166,775,347	425,185,011	58,671,314	37,614,645	1,637,989,453
Deposits from the Central Bank and banks	900,620	-	-	-	-	900,620
Overdrafts on banks	777,971	-	-	-	-	777,971
Call loans from the Central Bank and banks	33,177,364	12,082,474	2,987,250	-	-	48,247,088
Due to the Central Bank and banks	-	-	28,450,000	-	-	28,450,000
Financial liabilities designated at fair value through profit or loss	-	-	-	-	8,411,020	8,411,020
Notes and bonds issued under repurchase agreement	488,948	185,344	594,313	787,386	-	2,055,991
Interest payable	548,704	891,394	872,656	58,128	8	2,370,890
Deposits transferred from Chunghwa Post Co., Ltd.	10,800,000	20,120,150	37,355,210	-	-	68,275,360
Demand deposits	813,463,426	-	-	-	-	813,463,426
Time deposits	88,113,265	133,435,966	346,582,629	36,679,797	1,433	604,813,090
Remittance	426,966	-	-	-	-	426,966
Bank notes payable	1,000,000	-	8,000,000	18,340,000	25,910,000	53,250,000
Cumulative earnings on appropriated loan fund	250	6,670	110,420	2,220,250	3,154,776	5,492,366
Lease liabilities	45,622	53,349	232,533	585,753	137,408	1,054,665



(4) Derivative financial liabilities maturity analysis

A. Derivative financial instruments settled by net amount

The derivative instruments of the Bank whose possession are settled by net amount include foreign derivative instruments, such as non-delivery forward contracts and net-delivery foreign exchange option. After evaluation the Bank concluded that the maturity date is the basic element to comprehend all the derivative financial instruments listed in the financial statement. The amount disclosed is based on the cash flows of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the financial statement. As of December 31, 2021 and 2020, the Bank had no derivative financial instruments settled by net amount.

B. Derivative financial instruments settled by gross amount

The derivative instruments of the Bank's possession settled by gross amount include the following:

- Foreign exchange derivative financial instrument: Foreign exchange options settled by gross amount, foreign exchange forward contracts and currency swap contracts.
- Interest rate derivative financial instruments: interest rate swap contracts.

The table below shows the derivative financial instruments of the Bank whose possession are settled by gross amount based on the remaining days from the financial statement date to the contract maturity date. The amount disclosed is based on the cash flow of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the financial statement. The maturity analysis for derivative financial liabilities settled by gross amount is as follows:

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivative instruments						
Cash outflow	\$ 4,498,580	6,093,790	6,071,884	2,768,967	-	19,433,221
Cash inflow	4,447,438	6,113,200	6,105,833	2,777,705	-	19,444,176
Interest rate derivative instrument						
Cash outflow	-	1,028	1,093	2,556	8,791	13,468
Cash inflow	-	7,834	1,167	2,412	7,171	18,584
Total cash outflow	4,498,580	6,094,818	6,072,977	2,771,523	8,791	19,446,689
Total cash inflow	4,447,438	6,121,034	6,107,000	2,780,117	7,171	19,462,760
Net cash flow	\$ 51,142	(26,216)	(34,023)	(8,594)	1,620	(16,071)
December 31, 2020	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivative instruments						
Cash outflow	\$ 18,587,554	20,742,526	14,038,845	8,411,846	-	61,780,771
Cash inflow	18,999,896	21,036,931	14,267,128	8,406,666	-	62,710,621
Interest rate derivative instrument						
Cash outflow	-	7,903	14,547	9,222	18,690	50,362
Cash inflow	671	1,071	6,907	6,513	15,276	30,438
Total cash outflow	18,587,554	20,750,429	14,053,392	8,421,068	18,690	61,831,133
Total cash inflow	19,000,567	21,038,002	14,274,035	8,413,179	15,276	62,741,059
Net cash flow	\$ (413,013)	(287,573)	(220,643)	7,889	3,414	(909,926)

(5) Maturity analysis of off-balance sheet items

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Issued and irrevocable loan commitments	\$ 84,608	730,576	1,012,632	4,268,229	30,319,691	36,415,736
Irrevocable credit card loan commitments	2,747	31,254	70,784	215,130	19,060,236	19,380,151
Letters of credit issued yet unused	3,905,350	6,074,175	650,292	420,639	7,672	11,058,128
Other guarantees	3,419,240	3,485,929	2,138,876	2,597,286	12,695,082	24,336,413
Total	\$ 7,411,945	10,321,934	3,872,584	7,501,284	62,082,681	91,190,428

December 31, 2020	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Issued and irrevocable loan commitments	\$ 31,953	338,189	4,349,374	27,261,664	29,852,215	61,833,395
Irrevocable credit card loan commitments	180	336	300,316	1,150,378	18,615,994	20,067,204
Letters of credit issued yet unused	2,473,524	5,464,898	604,705	258,636	90,249	8,892,012
Other guarantees	2,148,633	2,859,595	1,189,714	3,635,884	10,803,106	20,636,932
Total	\$ 4,654,290	8,663,018	6,444,109	32,306,562	59,361,564	111,429,543

(6) Maturity analysis of lease contract commitments

The Bank only has operating lease contract, operating lease commitment refers to, when the Bank is the lessor or lessee and under the irrevocable operating lease conditions, the minimum total future rent payment. Below tables show the maturity analysis of the Bank operating lease contract commitments:

December 31, 2021	Below 1 year	1-5 years	Over 5 years	Total
Operating lease income (lessor)	\$ 3,325	2,414	-	5,739

December 31, 2020	Below 1 year	1-5 years	Over 5 years	Total
Operating lease income (lessor)	\$ 660	-	-	660

The capital expenditure commitment of the Bank refers to the contract signed to obtain buildings and equipment. The maturity analysis of the capital expenditure commitment of the Bank is as follows:

December 31, 2021	Below 1 year	1-5 years	Over 5 years	Total
Machinery and equipment	\$ 1,208,486	-	-	1,208,486
Transportation equipment	1,313	-	-	1,313
Right-of-use assets	405	238	-	643
Miscellaneous equipment	1,914	-	-	1,914
Total	\$ 1,212,118	238	-	1,212,356

December 31, 2020	Below 1 year	1-5 years	Over 5 years	Total
Machinery and equipment	\$ 1,478,133	-	-	1,478,133
Transportation equipment	2,986	-	-	2,986
Right-of-use assets	1,260	805	-	2,065
Miscellaneous equipment	26,900	-	-	26,900
Total	\$ 1,509,279	805	-	1,510,084



(e) Market risk

(1) Definition of market risk

Market risk refers to the possible loss of the Bank's business in or off the balance sheet results from the disadvantageous fluctuation in market price in terms of interest rates, stock prices, foreign exchange rates and commodity prices.

(2) Policies and procedures of market risk management

A. Strategy

- a. To carry out market risk management, achieve operation target and maintain healthy capital adequacy by following "Directions Governing the Market Risk Management of Taiwan Business Bank" and other relevant regulations.
- b. Under the risk tolerance approved by the board of directors or board of executive directors, the Bank applies various risk control mechanism to effectively deploy and manage capital in order to maintain the market risk exposure within the tolerable extent and achieve earning target.

B. Policies and procedures

In order to establish the market risk management mechanism and ensure that the market risk is within the tolerable extent, the Bank set up directions governing the market risk management, remarks governing the limit of market risk and financial product valuation procedures as the primary management guidance. Other than what is stated above, the Bank also establish limit control mechanism in terms of trade positions, stop-limit, suspensions and lines of alert based on the operation notices and procedures of different financial instruments, including fix income instruments, equity securities, foreign exchange transaction and derivative financial instruments.

(3) Process for market risk management

A. Risk identification

In accordance with the rules of "Directions Governing the Market Risk Management of Taiwan Business Bank", the Bank shall conduct appropriate market risk evaluation and document the process for later review before financial instruments are promoted. The content of evaluation includes risk factors identification, evaluation methods, cost-benefit analysis, market liquidity, risk strategy, adequacy of risk management mechanism and the influence on the Bank for undertaking market risk.

B. Risk measurement

- a. Annually based on the business development of transaction units and submit to the board of directors or board of executive directors for approval. For the units which the positions and limits remain unchanged after evaluation, they can put the positions and limits into practice after receiving the approval from the general manager.
- b. The risk measurements (or evaluations) of the financial instruments of the Bank are conducted through different information systems. For the market data and parameters of the models applied for evaluation, they shall be random inspected regularly to determine the rationality.

C. Risk monitoring

- a. Valuation reports of various financial instruments are prepared regularly for executives to review and serve as the guidance for daily risk management operation.
- b. All financial transactions are equipped with different regulations in terms of limit of loss and stop-limit. Provided that the valuation loss amount is over the limit, a stop-limit, suspension and subsequent risk control will be executed.

D. Risk report

Risk management department report current market risk management status of the Bank to directors, executive directors and executives to facilitate them to control the risk exposure status and adjust management procedures properly.

(4) Scope and method of market risk management

A. Foreign exchange risk management

a. Definition of foreign exchange risk management

Foreign exchange risk refers to the potential profit or loss of the foreign currency financial instruments which results from the transition among fluctuating currencies.

b. Applicable scope

All the financial instruments which apply to trading book position and banking book position and involve in foreign currencies.

c. Purpose for foreign exchange risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of foreign exchange and to increase capital deployment efficiency and business operation integrity.

d. Procedures of foreign exchange risk management

- 1) In order to control foreign exchange transaction risk, the Bank established trade position authorization standard for financial transaction operations, trade units and traders in current regulations. In addition, for non-commercial business foreign exchange operation, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors' (executive directors) for approval. The demand will be executed after the board of directors approved. For the units which the positions remain unchanged after evaluation, they can put the positions into practice after receiving the approval from the general manager.
- 2) The trade units conduct various foreign financial product business, they shall fully understand the content of commodities, the risk tolerance and trade purpose. Trade units shall establish financial products trading strategies based on market status in the meeting every morning and submit the risk-benefit evaluation in the meeting minutes for the department heads to review. The trading shall follow the relevant authorization rules of the Bank and the stop-limit of all trade positions shall be executed reliably.

e. Process of foreign exchange risk management

1) Identification and measurement

- A) Risk Management department established risk factor chart based on different financial transactions to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank conducts deal with simple type financial products. For complex financial products, the Bank conducts back-to-back hedge covering to effectively avoid market risk.
- B) Risk Management department uses Greeks to measure the influence level of exchange rate for held-for-trading spot exchange and exchange rate derivative and setup Greek's sensitivity allowance, according to the yearly demand of trade units, the state of utilization, and monitor the load of fluctuation of exchange rate in each acceptable range.
- C) Positions of the trading book shall be evaluated daily where the positions of the banking book shall be evaluated monthly. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.



2) Monitoring and report

A) When the evaluation loss of non-commercial foreign exchange transactions is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.

B) Reports of operation results shall be prepared and submitted to the department heads for approval on a daily basis.

B. Equity security risk management

a. Definition of equity security risk

The market risks of the equity securities possessed by the Bank include the individual risk results from the market price fluctuation of individual equity security and the general market risk results from overall market price fluctuation.

b. Applicable scope

Financial instruments similar to equity security in all trading books.

c. Purpose of equity security risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of equity securities and to increase capital deployment efficiency and business operation integrity.

d. Procedures of equity security risk management

1) All trade units submit the required amounts of position annually base on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors. The demand will be executed after approved by the board of directors.

2) The trade units shall predict the possible trend of domestic stock market based on the information of foreign and domestic security markets so as to set up the operation strategies and directions. The traders shall pay close attention to the market trend when the market opens so as to conduct security transactions and the operations as well as the meeting minutes shall be submitted to the department heads to review.

e. Process of equity security risk management

1) Identification and measurement

A) The risk management department apply Value at Risk models to measure the market risk of equity security investment. Furthermore, based on the trade units' operation demand and the risk limit established by the Bank's risk tolerance, the risk management units effectively control the variation of risk factors under an acceptable extent.

B) Trading book position shall be evaluated daily. When there is a public quote in the market, the quote shall be adopted as the prior evaluation price. If the transaction is in secondary market and the liquidity is high, the closing price can be adopted as the evaluation price. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2) Monitoring and report

A) When the evaluation loss of equity security investment is over the limit, the trade units shall execute a stop-limit per regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.

B) Transaction reports shall be prepared and submitted to the department heads for approval on a daily basis. And the investment gains or losses shall report to the board of directors or executive directors regularly for future reference.

C. Interest rate risk management

a. Definition of interest rate risk

Interest rate risk refers to the price decline of the Bank's financial products which contain interest risk factors due to the disadvantageous changes in interest rate.

b. Applicable scope

Financial instruments which contain interest rate factors in all trading books.

c. Purpose of interest rate risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of interest rate and to increase capital deployment efficiency and business operation integrity.

d. Purpose of interest rate risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of interest rate and to increase capital deployment efficiency and business operation integrity.

Procedures of interest rate risk management

1) In order to control interest rate risk, the Bank established trade position authorization standard for financial transaction operations, trade units and trade counterparties in current regulations. In addition, for the positions held for trading, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors for approval. The demand will be executed after the board of directors approved.

2) The trade units shall consider safety, liquidity and profitability and gather market information to assess the potential risk and benefit. In additional, the trade units shall choose investment target prudently through analyzing the issuers' credit, financial status, country risks and interest rate trends.

e. Process of interest rate risk management

1) Identification and measurement

A) The risk management department establish risk factor charts base on different financial transaction to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank conducts deal with simple type financial products. For complex financial products, the Bank conducts back-to-back hedge covering to effectively avoid market risk.

B) Position of the trading book shall be evaluated daily. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.



2) Monitoring and report

- A) The risk management department apply DV01 to measure to what extent the trading book bond positions are influenced by the interest rate risk and set up interest rate sensitivity limit base on the requirements of the trade units and the risk tolerance of the Bank annually.
- B) The trade units shall prepare the income assessment tables of trade positions and traders for the department heads to review. In addition, when the evaluation loss of the position is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management department shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management units shall report to the board of directors or executive directors.

D. Concentration management

- a. The trade counterparties of the Bank are mostly financial institutions. To avoid the risk being over concentrated and enhance credit risk management, the Bank established financial institution credit risk limit based on the world ranking of Level 1 capital and credit ratings from The Banker. The trade units shall also pay attention to the changes of the credit status of individual financial institution as well as the changes of the national credit rating to conduct the transaction prudently.
- b. For equity security investments, the Bank set up limits for single institution and single related party.

(5) Interest rate risk management of the banking book

A. The definition and management purpose for the interest rate risk of the banking book

- a. The interest rate risk of the banking book refers to the negative effect towards the future net interest income or economic value of equity results from the fluctuation of interest rate. Net Interest Income (hereafter NII) is the total amount of interest revenue deducted by the total amount of interest expense; Economic Value of Equity (hereafter EVE) is the total discounted future cash inflow from assets deducted by the total discounted future cash outflow from liabilities.
- b. The management purpose of the interest rate risk management of the banking book is to control the negative effect from the interest rate risk fluctuation towards NII or EVE within the approved limit extent.

B. The process for the interest rate risk management of the banking book

a. Identification and measurement

When the Bank conducts interest rate related products, it identifies the reprising risk, yield curve risk, basis risk and option characteristic risk and measures the possible influence on the earnings and economic value results from interest rate fluctuation.

b. Monitoring and report

The Bank established limits of the ratio between interest-rate-sensitivity assets and interest-rate-sensitivity liabilities, the effect to NII in 1 year when the market interest rate parallel changes 1 BP and the effect to EVE when the market interest rate parallel changes 200 BP to control the banking book interest rate risk. The results of interest rate risk measurement are reported to the Assets and Liabilities Management Committee monthly and to the board of directors or executive directors quarterly. When the measurement result is over the limit, relevant units shall be convened to establish responding plan and the plan shall be submitted to the Assets and Liabilities Management Committee for discussion. After the plan

is approved by the general manager, it shall be executed by the relevant business units and report to the board of directors or executive directors.

(6) Value at Risk

A. Description of Value at Risk

Value at Risk (VaR) is a statistical amount used to evaluate the maximum possible loss of portfolio results from the changes of market risk factors within a certain period of time and a fixed confidence interval.

B. Value at Risk models and assumptions

In order to enhance the market risk control operation, the Bank established quantified indices of market risk for the equity security position of the trading book. Based on the historical information of the last 1 year and applies Historical Simulation Method (with the confidence interval being 99% and the duration of possession being 1 day), the Bank calculates and monitors the trend of Value at Risk.

C. The limit of Value at Risk model

Value at Risk is a tool to measure market risk under normal circumstance. The limits of the model are listed below:

- a. Value at Risk cannot reflect the losses result from other type of risks, such as credit risk and liquidity risk.
- b. Value at Risk measures the possible loss of the position on hand at the end of the transaction day, but it cannot reflect the distribution of the part which actual loss exceeds Value at Risk.
- c. Value at Risk model is based on historical data to evaluate the amount, and therefore it may not be able to predict the future changes of risk factors, especially for those exceptions result from significant market fluctuation.

(7) Foreign exchange risk disclosure and sensitivity analysis

A. Foreign exchange risk exposure

a. Significant net positions of foreign currencies (Market risk)

Significant net positions of foreign currencies (Market risk)		
December 31, 2021		
Currency	Foreign currency amount (in thousands)	NT\$ amount
USD	\$ 448,924	12,414,993
JPY	2,103,814	505,967
AUD	13,590	273,023
EUR	2,113	66,306
CNY	11,566	50,208

Significant net positions of foreign currencies (Market risk)		
December 31, 2020		
Currency	Foreign currency amount (in thousands)	NT\$ amount
USD	\$ 440,115	12,367,232
JPY	2,022,710	551,188
CNY	66,291	286,709
EUR	5,401	186,821
AUD	5,013	108,531

Note 1: Main foreign currencies are the top five foreign currencies ranked in NTD value.

Note 2: Net foreign currency is the absolute value of the net positions of each foreign currency.



b. Assets and liabilities of foreign currency

December 31, 2021						
Currency	Monetary financial assets			Monetary financial liabilities		
	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	\$ 13,445,369	27.6550	371,831,680	12,870,218	27.6550	355,925,879
AUD	4,679,690	20.0900	94,014,972	4,588,043	20.0900	92,173,784
CNY	5,206,159	4.3410	22,599,936	5,206,836	4.3410	22,602,875
JPY	83,411,891	0.2405	20,060,560	82,096,035	0.2405	19,744,096
HKD	5,362,994	3.5460	19,017,177	4,989,090	3.5460	17,691,313
EUR	436,915	31.3800	13,710,393	436,993	31.3800	13,712,840
ZAR	3,151,732	1.7340	5,465,103	3,150,118	1.7340	5,462,305
GBP	104,307	37.3600	3,896,910	104,411	37.3600	3,900,795
NZD	53,010	18.9400	1,004,009	52,980	18.9400	1,003,441
CAD	18,796	21.6600	407,121	18,927	21.6600	409,959
SGD	10,842	20.4800	222,044	10,869	20.4800	222,597
CHF	3,833	30.2150	115,814	3,913	30.2150	118,231
Others (Note)	-	-	84,086	-	-	83,329
Non-monetary financial assets			Non-monetary financial liabilities			
USD	1,083	27.6550	29,950	-	-	-

Note : Consolidated disclosure is applied for other currencies not over \$100,000.

December 31, 2020						
Currency	Monetary financial assets			Monetary financial liabilities		
	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	\$ 12,779,803	28.1000	359,112,464	12,201,044	28.1000	342,849,336
AUD	4,711,447	21.6500	102,002,828	4,634,864	21.6500	100,344,806
CNY	10,131,671	4.3250	43,819,477	10,129,659	4.3250	43,810,775
JPY	85,399,458	0.2725	23,271,352	84,061,617	0.2725	22,906,791
HKD	5,621,662	3.6240	20,372,903	5,236,467	3.6240	18,976,956
EUR	362,909	34.5900	12,553,022	363,008	34.5900	12,556,447
ZAR	4,526,436	1.9210	8,695,284	4,524,811	1.9210	8,692,162
NZD	62,764	20.3200	1,275,364	62,734	20.3200	1,274,755
GBP	26,234	38.3500	1,006,074	26,199	38.3500	1,004,732
CAD	17,894	22.0600	394,742	17,894	22.0600	394,742
SGD	7,292	21.2700	155,101	7,483	21.2700	159,163
SEK	34,592	3.4300	118,651	33,662	3.4300	115,461
Others (Note)	-	-	83,141	-	-	93,168
Non-monetary financial assets			Non-monetary financial liabilities			
USD	5,181	28.1000	145,586	-	-	-

Note : Consolidated disclosure is applied for other currencies not over \$100,000.

B. Foreign exchange risk sensitivity analysis (Change by 1%)

Foreign exchange risk sensitivity analysis is the analysis that given other conditions remain the same, the influence on profit or loss and equity when each respective currency depreciate or appreciate by 1%.

Currency	December 31, 2021			
	Depreciate by 1%		Appreciate by 1%	
	Income	Equity	Income	Equity
USD	\$ (54,235)	(55,511)	54,235	55,511
AUD	4,053	(22,395)	(4,053)	22,395
HKD	2,797	(15,842)	(2,797)	15,842
JPY	(5)	(3,173)	5	3,173
GBP	19	-	(19)	-
SGD	6	-	(6)	-
ZAR	(30)	-	30	-
SEK	(4)	-	4	-
CHF	24	-	(24)	-
CAD	35	-	(35)	-
THB	(4)	-	4	-
EUR	16	-	(16)	-
NZD	(13)	-	13	-
CNY	(51,012)	-	51,012	-
Total	<u>\$ (98,353)</u>	<u>(96,921)</u>	<u>98,353</u>	<u>96,921</u>

Currency	December 31, 2020			
	Depreciate by 1%		Appreciate by 1%	
	Income	Equity	Income	Equity
USD	\$ (94,813)	(54,119)	94,813	54,119
AUD	4,317	(20,838)	(4,317)	20,838
HKD	2,844	(16,090)	(2,844)	16,090
JPY	2	(3,839)	(2)	3,839
GBP	(32)	-	32	-
SGD	41	-	(41)	-
ZAR	(33)	-	33	-
SEK	(32)	-	32	-
CHF	41	-	(41)	-
THB	59	-	(59)	-
EUR	24	-	(24)	-
NZD	(14)	-	14	-
CNY	(50,706)	-	50,706	-
Total	<u>\$ (138,302)</u>	<u>(94,886)</u>	<u>138,302</u>	<u>94,886</u>



(8) Interest rate risk disclosure and sensitivity analysis

A. Interest rate sensitivity analysis

The assumption of interest rate sensitivity analysis is, under the circumstance that other conditions remain the same, the yield of the market increase or decrease by 1 basis point (1 bp).

Currency	December 31, 2021			
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp	
	Income	Equity	Income	Equity
Trading book				
TWD	\$ (230)	(3,462)	230	3,462
Banking book				
TWD	-	(54,536)	-	54,536
USD	-	(13,638)	-	13,638
AUD	-	(606)	-	606
HKD	-	(77)	-	77
CNY	-	(1,956)	-	1,956
ZAR	-	(204)	-	204
Total	<u>\$ (230)</u>	<u>(74,479)</u>	<u>230</u>	<u>74,479</u>

Currency	December 31, 2020			
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp	
	Income	Equity	Income	Equity
Trading book				
TWD	\$ (131)	(4,161)	131	4,161
Banking book				
TWD	-	(43,732)	-	43,732
USD	(2)	(10,477)	2	10,477
AUD	-	(639)	-	639
HKD	-	(35)	-	35
CNY	-	(2,587)	-	2,587
ZAR	-	(284)	-	284
Total	<u>\$ (133)</u>	<u>(61,915)</u>	<u>133</u>	<u>61,915</u>

B. Sensitivity analysis of expected net revenue/Sensitivity of equity in terms of interest rate fluctuation

Scenario	December 31, 2021			
	Effect on NII in 1 year		Effect on EVE	
	TWD	USD	TWD	USD
Interest rate increases by 100 bp	4,272,836	(34,660)	(4,696,572)	(45,509)
Interest rate decreases by 100 bp	(5,293,553)	3,502	8,616,664	63,806

Scenario	December 31, 2020			
	Effect on NII in 1 year		Effect on EVE	
	TWD	USD	TWD	USD
Interest rate increases by 100 bp	3,709,697	(28,815)	(823,603)	(50,085)
Interest rate decreases by 100 bp	(4,860,513)	4,141	3,263,342	40,109

(9) Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates. The Bank has exposure to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. On December 31, 2021, the main risks to which the Bank is exposed to US dollar LIBOR. ICE Benchmark Administration reports that US dollar LIBOR is in next day, a month, three months, six months, and 12 months period will be stopping report on June, 2023, and the one week, and two months period will be stopping report in the end of 2021. The Bank has finished the LIBOR conversion plan to face the impact of the exit of the aforesaid IBORs.

The working group monitors and manages the transition to alternative rates. It evaluates the extent to which contracts reference IBOR, whether such contracts will need to be amended as a result of IBOR reform, and how to manage communication about IBOR reform with counterparties. The working group also provides periodic reports to the management of interest rate risk and risks arising from IBOR reform.

The Bank hold interest rate swaps for risk management purposes, the interest rate swaps have floating legs that are indexed to SOFA. The Bank and subsidiaries' derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

The Bank monitor the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Bank consider that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following tables show the total amounts of unreformed contracts and those with appropriate fallback language on January 1 and December 31, 2021. The amounts of financial assets and liabilities are shown at their carrying amounts, and derivatives are shown at their notional amounts.

	USD LIBOR		EUR LIBOR		GBP LIBOR		JPY LIBOR		CHF LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause
December 31, 2021										
Financial assets										
Discounts and loans	\$ 70,757,000	22,182,000	402,000	293,000	-	-	1,830,000	1,242,000	-	-
Bond Investments	22,804,048	691,000	-	-	-	-	-	-	-	-
Derivatives										
Interest rate swaps	9,402,700	9,402,700	-	-	-	-	-	-	-	-
January 1, 2021										
Financial assets										
Discounts and loans	76,178,000	5,849,000	906,000	102,000	7,000	-	1,809,000	193,000	10,000	-
Bond Investments	28,370,000	-	-	-	-	-	-	-	-	-
Derivatives										
Interest rate swaps	11,802,000	-	-	-	-	-	-	-	-	-



(10) Equity security risk disclosure and sensitivity analysis

A. Equity security sensitivity analysis (Changes by 1%)

The assumption of equity security sensitivity analysis is, under the circumstance that other conditions remain the same, the price of equity security increased or decreased by 1%.

Change	Currency	December 31, 2021	
		Income	Equity
Equity security price increases by 1 %	TWD	16,018	-
	USD	11	-
Equity security price decreases by 1 %	TWD	(16,018)	-
	USD	(11)	-

Change	Currency	December 31, 2020	
		Income	Equity
Equity security price increases by 1 %	TWD	2,053	-
	USD	52	-
Equity security price decreases by 1 %	TWD	(2,053)	-
	USD	(52)	-

B. Value at Risk of equity security

Value at Risk	From January 1, 2021 to December 31, 2021		
	Average	Maximum	Minimum
Equity security risk	6,959	14,786	3,827

Value at Risk	From January 1, 2020 to December 31, 2020		
	Average	Maximum	Minimum
Equity security risk	6,749	15,917	1,668

(f) Transferred financial assets that are not fully derecognized

The transactions, relating to transferred financial assets not qualifying for full derecognition, the Bank conduct during daily operation mostly involve securities lending in accordance to repurchase agreements. Since the right to receive contractual cash flow has been transferred to others and the Bank's obligation to repurchase the transferred assets for a fixed price at a future date is recognized under liability, for these transactions, the Bank cannot use, sell or pledge those transferred financial assets in availability period, the Bank have interest rate risk and credit risk, the said transferred assets are not fully derecognized.

As of December 31, 2021 and 2020, there were not any financial assets of the Bank that are not fully derecognized.

(g) Offsetting financial assets and financial liabilities

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

The following tables present the aforementioned offsetting financial assets and financial liabilities:

December 31, 2021						
Financial assets under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 230,137	-	230,137	699,723	489,795	(959,381)

December 31, 2021						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 63,547	-	63,547	-	215,832	(152,285)

December 31, 2020						
Financial assets under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 391,191	-	391,191	700,109	882,623	(1,191,541)

December 31, 2020						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 101,929	-	101,929	-	1,531,091	(1,429,162)

Note : Master netting arrangements and non-cash financial collaterals are included.

(AQ) Capital Management

- The Bank takes business development and risk control into consideration and calculates capital adequacy per "Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks" and "Calculation Methods and Forms of Proprietary Capital and Risk Capital of Banks". The ratio between proprietary capital and risk capital shall remain above the regulated minimum ratio.
- In order to maintain adequate capital and reach a balance between risk control and business development, the Bank established "Directions Governing Capital Adequacy" as the guidance for controlling capital adequacy. The scope of the directions includes, except for the least capital requirements for credit risk, market risk and operation risk, significant risk such as banking book interest rate risk, liquidity risk and concentration risk. In addition, in order to link business strategies, capital and risk management, the Bank sets up capital management plan annually for the president's approval and reports to Risk Management Committee and the board of directors quarterly about relevant risks and capital control status.
- The Bank identifies, measures, monitors and reports various risks based on the directions, notices and relevant rules of competent authority regarding credit risk, market risk, operation risk, interest rate risk of the banking book, and liquidity risk so as to be familiar with current business environment and monitors and adjusts capital adequacy effectively.
- To cope with the implementation of new Basel Accord, the Bank set up complete risk management system, risk management operation tracking procedures to provide the management with appropriate risk

management information for making decisions. Therefore, the Bank is able to maintain adequate capital within the tolerable extent and to ensure the provision of proprietary capital of the Bank corresponds with the overall operating risk characteristics of the Bank.

(1) Tier 1 capital

- A. Common stock equity: The item includes common stock deducted by treasury stock, goodwill and other intangible assets, deferred tax assets based on future profit status of the Bank, unrealized gain on financial assets measured at fair value through other comprehensive income, operating reserve and deficiency of allowance for bad debts, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, and 25% of the major investment on financial related business.
- B. Other Tier 1 capital: 25% of the perpetual non-accumulated subordinated financial debentures deducted by the major investment on financial related business.

(2) Tier 2 capital

The item includes perpetual accumulated subordinated financial debentures, long term subordinated debenture, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, 45% of unrealized gain on financial assets measured at fair value through other comprehensive income, and 50% of the major investment on financial related business.

Item			December 31, 2021	December 31, 2020
Eligible capital	Common stock equity		96,157,516	93,119,841
	Other tier 1 capital		17,487,758	17,504,060
	Tier 2 capital		41,159,410	40,329,291
	Eligible Capital		154,804,684	150,953,192
Risk-weighted assets	Credit risk	Standardized approach	1,066,163,181	1,058,435,685
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/selective standardized approach	38,884,436	38,142,417
		Advanced measurement approach	-	-
	Market risk	Standardized approach	50,859,425	28,041,588
		Internal model approach	-	-
	Total risk-weighted assets		1,155,907,042	1,124,619,690
Capital adequacy ratio			13.39%	13.42%
Common stock equity/ Risk-weighted assets ratio			8.32%	8.28%
Tier 1 capital / Risk-weighted assets ratio			9.83%	9.84%
Leverage ratio			5.41%	5.90%

The formulas of the table are listed as follows:

- A. The eligible capital, risk-weighted assets and exposure are calculated per "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Calculation and Forms of Eligible Capital and Risk Assets of Banks".
- B. The Bank shall fill out the capital adequacy of this period and last period. For the semi-annual report, the Bank shall disclose the capital adequacy of this period and last period and additionally disclose the capital adequacy of the previous period ended December 31.
- C. Note 1. Eligible Capital = Common stock equity + Other Tier 1 Capital + Tier 2 Capital
 Note 2. Total risk-weighted assets = Credit risk weighted asset + (operational risk charge + market risk charge) × 12.5
 Note 3. Capital adequacy ratio = Eligible Capital ÷ Risk weighted asset.
 Note 4. Common stock equity / Risk-weighted assets ratio = Common stock equity / Total risk weighted assets
 Note 5. Tier 1 capital / Risk-weighted assets ratio = (Common stock equity + other tier 1 capital) / Risk-weighted assets
 Note 6. Leverage ratio = Net Tier 1 capital / Total risk exposure.
- D. Above table is not required to be disclosed when preparing the financial reports of the first quarter and third quarter.



(AR) Investing and financing activities not affecting current cash flow

The Bank's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2021 and 2020 were carried out to acquire right-of-use assets under leases. Please refer to Note 6(L).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Foreign exchange rate movement	Fair value changes	Other changes	
Financial liabilities at fair value through profit or loss	\$ 8,411,020	-	(133,500)	16,210	-	8,293,730
Bank notes payable	53,250,000	(1,000,000)	-	-	-	52,250,000
Lease liabilities	1,054,665	(411,827)	302	-	501,932	1,145,072
Total liabilities from financing activities	<u>\$ 62,715,685</u>	<u>(1,411,827)</u>	<u>(133,198)</u>	<u>16,210</u>	<u>501,932</u>	<u>61,688,802</u>

	January 1, 2020	Cash flows	Non-cash changes			December 31, 2020
			Foreign exchange rate movement	Fair value changes	Other changes	
Financial liabilities at fair value through profit or loss	\$ 8,949,182	-	(567,000)	28,838	-	8,411,020
Bank notes payable	53,250,000	-	-	-	-	53,250,000
Lease liabilities	1,026,667	(421,392)	(4,269)	-	453,659	1,054,665
Total liabilities from financing activities	<u>\$ 63,225,849</u>	<u>(421,392)</u>	<u>(571,269)</u>	<u>28,838</u>	<u>453,659</u>	<u>62,715,685</u>

(AS) Structured entities that not included in consolidated financial reports

- (a) The table below presents the types of structured entities that the Bank does not include in financial reports but in which they hold an interest:

Types of structured entities	Nature and purpose	Interests held by the Bank
Private fund	Investing in funds that cannot be freely traded on the open market	Investing in units or limited partnership interests issued by these funds.
Asset securitization product	Investing in commercial real estate assets securitization products	Investment in asset-backed securities issued by unconsolidated structured entities

- (b) The scales of structures entities not included in financial reports were as follow:

	December 31, 2021	December 31, 2020
Private fund	\$ 102,223	104,498
Asset securitization product	728,147	819,768
Total	<u>\$ 830,370</u>	<u>924,266</u>

- (c) The carrying amounts of interests held by the Bank in these structured entities were as follows:

Assets held by the Bank	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss	\$ 102,223	104,498
Financial assets at fair value through other comprehensive income	578,850	415,351
Investments in debt instruments at amortized cost	149,297	404,417
Total	<u>\$ 830,370</u>	<u>924,266</u>

The maximum amount of risk exposure to the Bank endures to a loss incurred from special purpose entities that are not included in financial reports is the carrying amount of interests held by the Bank.

- (d) As of December 31, 2021 and 2020, the Bank has not provided any financial support to its special purpose entities that are not included in financial reports.

7. RELATED-PARTY TRANSACTIONS

(A) Names of related parties and relationship

Name of related party	Relationship with the Bank and subsidiaries
Bank of Taiwan	Corporate director of the Bank
Ministry of Finance, R.O.C	Corporate director of the Bank
National Development Fund, Executive Yuan (Note1)	Corporate director of the Bank
Land Bank of Taiwan (Note2)	Corporate director of the Bank
Taiwan Business Bank Guild.	Corporate director of the Bank
TBB International Leasing Co., Ltd.	Investee company of the Bank
TBB (CAMBODIA) Microfinance Institution Plc.	Investee company of the Bank
TBB Venture Capital Co., Ltd.	Investee company of the Bank
TBB Consulting Co., Ltd.	Investee company of the Bank
Taiwan Business Bank International Leasing Co., Ltd.	Investee companies measured by using the equity method
Small and Medium Enterprise Credit Guarantee Fund of Taiwan	Substantive related parties
Others	Management and other related parties of the Bank

Note1: Become a related party commencing from the third quarter of 2021.

Note2: No longer a related party commencing from the third quarter of 2021

(B) Significant related party transactions

(a) Due from banks

	December 31, 2021	
	Amount	%
Bank of Taiwan	\$ 157,131	1.03
	December 31, 2020	
	Amount	%
Bank of Taiwan	\$ 140,960	0.87
Land Bank of Taiwan	12,734	0.08
Total	\$ 153,694	0.95

Interest rates are the same as those with regular clients.

(b) Deposits from banks

	December 31, 2020	
	Amount	%
Land Bank of Taiwan	\$ 1,999	0.32

Interest rates are the same as those with regular clients.



(c) Call loans to banks

Interest rates are the same as those with regular clients.

For the year ended December 31, 2021	Maximum balance	December 31, 2021	Interest income	Annual interest rate
Bank of Taiwan	\$ 3,038,983	-	1,064	0.14%~3.80%
Land Bank of Taiwan	1,507,961	-	1,069	0.09%~3.30%
Total	<u>\$ 4,546,944</u>	<u>-</u>	<u>2,133</u>	

For the year ended December 31, 2020	Maximum balance	December 31, 2020	Interest income	Annual interest rate
Bank of Taiwan	\$ 2,847,979	-	3,854	0.14%~3.12%
Land Bank of Taiwan	8,391,529	-	3,839	0.05%~2.81%
Total	<u>\$ 11,239,508</u>	<u>-</u>	<u>7,693</u>	

Interest rates are the same as those with regular clients.

(d) Call loans from banks

For the year ended December 31, 2021	Maximum balance	December 31, 2021	Interest Expense	Annual interest rate
Bank of Taiwan	\$ 8,768,558	3,374,798	18,925	0.01%~2.80%
Land Bank of Taiwan	1,384,796	-	135	0.09%~2.35%
Total	<u>\$ 10,153,354</u>	<u>3,374,798</u>	<u>19,060</u>	

For the year ended December 31, 2020	Maximum balance	December 31, 2020	Interest Expense	Annual interest rate
Bank of Taiwan	\$ 7,977,147	4,309,375	14,256	0.09%~3.35%
Land Bank of Taiwan	4,512,609	-	2,100	0.10%~6.00%
Total	<u>\$ 12,489,756</u>	<u>4,309,375</u>	<u>16,356</u>	

Interest rates are the same as those with regular clients.

(e) Deposits

	December 31, 2021	
	Amount	%
TBB International Leasing Co., Ltd.	\$ 43,794	-
Taiwan Business Bank International Leasing Co., Ltd.	175,563	0.01
TBB Venture Capital Co., Ltd.	120,727	0.01
TBB Consulting Co., Ltd.	43,083	-
Others	2,435,868	0.15
Total	<u>\$ 2,819,035</u>	<u>0.17</u>

	December 31, 2020	
	Amount	%
TBB International Leasing Co., Ltd.	\$ 29,733	-
Taiwan Business Bank International Leasing Co., Ltd.	96,219	0.01
TBB Venture Capital Co., Ltd.	5,530	-
Others	1,241,158	0.09
Total	<u>\$ 1,372,640</u>	<u>0.10</u>

Interest rates are the same as those with regular clients.



(f) Credit

December 31, 2021							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations		Collaterals	Transaction terms are different to regular clients
				Performing loan	Non-performing Loans		
Employee consumer loans	40	17,353	13,480	13,480	-	none	none
Self-use home mortgages loans	130	517,303	490,456	490,456	-	real estate	none
Others	Natural person	499,016	463,274	463,274	-	real estate	none

December 31, 2020							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations		Collaterals	Transaction terms are different to regular clients
				Performing loan	Non-performing Loans		
Employee consumer loans	32	15,037	12,405	12,405	-	none	none
Self-use home mortgages loans	101	443,328	409,569	409,569	-	real estate	none
Others	Natural person	461,382	450,128	450,128	-	real estate	none

(g) Donation:

	For the years ended December 31,	
	2021	2020
Small and Medium Enterprise Credit Guarantee Fund of Taiwan	\$ 377,867	329,928
Taiwan Business Bank Guild	2,500	2,500
Total	\$ 380,367	332,428

(h) Guarantees: None.

(i) Service fees: None.

(j) Rental revenue:

	For the years ended December 31,	
	2021	2020
TBB International Leasing Co., Ltd.	\$ 691	691
TBB Venture Capital Co., Ltd.	324	354
TBB Consulting Co., Ltd.	87	-
Total	\$ 1,102	1,045

(k) Derivatives financial instrument transactions: None.

(l) Sales of Non-Performing Loans Transactions: None.

(C) Major management salary information

	For the years ended December 31,	
	2021	2020
Salary and other short-term employee benefits	\$ 85,181	78,758
Post-employment benefits	2,362	2,265
Total	\$ 87,543	81,023

8. Pledged assets : Please refer to notes 6(H) for more details.

9. Commitments and contingencies

(A) Significant commitments and contingencies were as follows:

	December 31, 2021	December 31, 2020
Marketable securities held for custody	\$ 9,417,776	10,522,496
Bills collected for others	48,911,218	43,458,651
Bills lent for others	40,504,652	32,385,246
Guarantees and letters of credit	35,394,541	29,528,944
Collaterals received	-	426
Trust liabilities	212,285,576	174,773,364
Items held for custody	1,163,471	1,138,192
Registered government bonds for sale	65,741,100	57,191,300
Registered short-term bills for sale	3,080,457	2,050,801
Guarantee notes payable	53,651,900	26,061,610

(B) Unrecognized contractual commitments:

As of December 31, 2021 and 2020, major constructions in progress and purchases amounted to \$583,601 and \$1,067,016 respectively, of which \$408,698 and \$528,273 respectively, remained unpaid.

(C) The Bank's trust department plans, manages, and operates trust services in accordance with the Banking Law and Trust Law. Special purpose funds are used to invest in marketable securities and the Bank also manages trust funds. The trust information as of December 31, 2021 and 2020 is as follows:

Trust Balance Sheet

December 31, 2021 and 2020

Trust Assets	December 31, 2021	December 31, 2020
Cash in Bank	\$ 6,885,022	5,306,469
Stocks	845,570	607,416
Funds	71,899,727	60,203,034
Bonds	1,356,856	1,484,021
Real estate	16,703,682	15,077,574
Securities custody	114,091,688	91,543,361
Other assets	503,031	551,489
Total trust assets	\$ 212,285,576	174,773,364
Trust Liabilities	December 31, 2021	December 31, 2020
Payables	\$ 9	81
Securities held for custody	114,091,688	91,543,361
Trust capital	98,115,347	83,159,467
Accumulated loss	(2,478,944)	(2,069,258)
Net income	2,557,476	2,139,713
Total trust liabilities	\$ 212,285,576	174,773,364

Trust Property Accounts

December 31, 2021 and 2020

Investment in	December 31, 2021	December 31, 2020
Cash in bank	\$ 6,885,022	5,306,469
Stocks	845,570	607,416
Funds	71,899,727	60,203,034
Bonds	1,356,856	1,484,021
Real estate		
Land	13,642,172	12,813,550
Buildings	34,674	26,976
Construction in progress	3,026,836	2,237,048
Securities in custody	114,091,688	91,543,361
Other assets	503,031	551,489
Total	<u>\$ 212,285,576</u>	<u>174,773,364</u>

Note: As of December 31, 2021 and 2020, the amounts above included OBU transaction on "foreign currency designated trust funds investment in foreign negotiable securities business" amounting to \$1,254,366 and \$1,055,223, respectively.

Trust Income Statement

For the years ended December 31, 2021 and 2020

Investment items	For the years ended December 31,	
	2021	2020
Trust Revenue		
Interest income	\$ 69,014	69,057
Realized capital gain-fund	1,700,677	1,539,602
Realized gain-stocks	1,112	3,525
Realized gain-bonds	24,585	38,519
Dividend revenue	1,981,168	1,981,361
Other revenues	5,007	15,493
Sub-total	<u>3,781,563</u>	<u>3,647,557</u>
Trust Expense		
Administrative expenses	63,735	63,520
Postage and telecommunication expense	1,546	1,048
Duties	19	61
Realized loss-fund	1,151,680	-
Realized loss-bonds	5,033	4,021
Loss on disposal of property	-	1,433,447
Capital fee	441	422
Other expenses	1,592	5,305
Sub-total	<u>1,224,046</u>	<u>1,507,824</u>
Income before income tax	2,557,517	2,139,733
Income tax expense	(41)	(20)
Net income	<u>\$ 2,557,476</u>	<u>2,139,713</u>



VI

FINANCIAL STATUS

(D) In 1996, the Bank's World Trade Center Branch was sued for handling a letter of credit export collection from Chin Seen Industrial Co., which allegedly used a forged export document and failed to ship the goods to the importer, the International Comagnie de Commercialization et d'Investissement (I.C.C.I.) of the Republic of Zaire, suffered a loss thereon. In November 1998, I.C.C.I. initiated a case with the Court of Commerce of Brussels in Belgium, requested the L/C opening bank (Banque Bruxelles Lambert, or BBL) and the Bank to jointly pay compensation of USD\$7,830 thousand plus interest, losses, and expenses for the L/C. On August 31, 2005, the Court of Commerce of Brussels rendered its judgment which the Bank has to make compensation of USD\$7,674 thousand plus interest to I.C.C.I.. The Bank has engaged a local attorney in Belgium to formally file an appeal. In February 2011, Court of Appeal in Brussels had made an intermediate adjudication which I.C.C.I. and the Bank are both responsible for the offense. Furthermore, on November 16, 2011, the judgment of the court indicated that the Bank should be responsible for 90% of the negligence proportion. In terms of the judgment of the court of the second instance, the Bank has filed an appeal on November 3, 2011. On February 6, 2013, the court overruled the Bank's appeal and the Bank lost the case. However, the Bank and I.C.C.I. couldn't reach an agreement on the exchange rate and the calculation of the compensation. In October 2016, I.C.C.I. initiated a case with the Court of Frankfurt in Germany, applied for seizing the Bank account in Germany, and the Bank lodged guaranty money of EUR \$13,200 thousand to the court to rescind the order for attachment.

In July 2017, I.C.C.I. applied for compulsory execution to the guaranty money, the court has transferred the guaranty money to I.C.C.I. The Bank then filed a lawsuit objecting to the debt through the attorney. The case was dismissed by the Court of Frankfurt in November 2018, and remanded back to trial court in November 2019 after the Bank's appeal was granted by the High Court of Frankfurt. I.C.C.I. has filed a statement of grounds for objection to the German Federal Court on March 16, 2019. And request to revoke the "Return of the Judgment of the Frankfurt High Court". The Bank has appointed a lawyer to act as an attorney in the German Federal Court and filed a defense against I.C.C.I. of objections. The case is currently being tried by the Frankfurt District Court. The German Federal Court has- denied the I.C.C.I. interlocutory appeal on May 20, 2021. In October and November 2019, the Bank received subpoenas from the court of the Democratic Republic of Congo by a third person Star Marine, who demanded I.C.C.I. to pay USD\$1,130 thousand in compensation and held the Bank as jointly liable, and by I.C.C.I., which demanded the Bank to pay USD\$20,060 thousand less its reimbursed amount to make a security deposit of EUR\$14,000 thousand. The Bank has engaged local attorneys to represent itself in court. The Court of Congo will merge the two cases for court. In April 2021, the translation of judgement from the Court of Congo, judgeing that the Bank should pay around EUR\$20,600 thousand for I.C.C.I. Also, I.C.C.I. must compensate Star Marine for USD\$1,130 thousand as well as make a security deposit of EUR\$14,000 thousand in the domestic bank in Congo. I.C.C.I. has been paid around EUR\$14,860 thousand. According to the statement of plaintiff and considering that I.C.C.I. has already received about EUR \$14,860 thousand, an addition of \$73,181 thousand has been provision for lawsuit in 2021. Please refer to Note 6(V) for more details. As of December 31, 2021, the Bank has accrued the compensation of \$258,197 and EUR\$9,960 thousand.

10. Losses from disasters: None.

11. Subsequent events:

On December 22, 2021, the subsidiary TBB Consulting Co., Ltd. invested 2 million dollars and expected to hold 20% of the equity in Manitok Management Consultants Co., Ltd. The establishment registration was completed on January 19, 2022.

On November 5, 2021, the subsidiary TBB Consulting Co., Ltd. was approved by the board resolution as the general partner of TBB No. 1 Venture Capital Limited Partnership, and invested 1 million dollars on November 19, 2021. The establishment registration was completed on January 3, 2022.



12. Others

(A) Information on loan quality, concentration of credit extensions, interest rate-sensitivity, profitability and maturity analysis

(a) Loan quality:

Month/Year			December 31, 2021				
			Non-performing loans	Total loans	Non-performing loan ratio	Allowance for credit losses	Coverage ratio
Items							
Corporate finance	Secured		1,324,552	686,386,566	0.19%	7,855,442	593.06%
	Unsecured		1,800,964	330,974,304	0.54%	4,246,313	235.78%
Consumer finance	Residence mortgages(Note 4)		228,806	141,504,543	0.16%	1,625,312	710.35%
	Cash cards		-	2	-%	-	-%
	Microcredit(Note 5)		6,085	417,829	1.46%	8,809	144.77%
	Others (Note 6)	Secured	307,198	147,964,837	0.21%	1,702,136	554.08%
		Unsecured	17,548	10,976,267	0.16%	138,805	791.00%
Total loan business			3,685,153	1,318,224,348	0.28%	15,576,817	422.69%
			Overdue receivables	Total receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio
Credit cards business			720	1,062,097	0.07%	18,375	2,552.08%
Account receivable factoring-without recourse (Note 7)			-	-	-%	-	-%

Month/Year			December 31, 2020				
			Non-performing loans	Total loans	Non-performing loan ratio	Allowance for credit losses	Coverage ratio
Items							
Corporate finance	Secured		4,333,608	619,478,813	0.70%	7,001,414	161.56%
	Unsecured		646,422	309,604,313	0.21%	3,946,125	610.46%
Consumer finance	Residence mortgages(Note 4)		409,214	139,113,318	0.29%	1,557,182	380.53%
	Cash cards		-	7	-%	-	-%
	Microcredit(Note 5)		14,757	495,713	2.98%	16,518	111.93%
	Others (Note 6)	Secured	667,825	145,483,951	0.46%	1,645,541	246.40%
		Unsecured	61,010	10,119,126	0.60%	159,377	261.23%
Total loan business			6,132,836	1,224,295,241	0.50%	14,326,157	233.60%
			Overdue receivables	Total receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio
Credit cards business			1,143	1,123,919	0.10%	22,154	1,938.23%
Account receivable factoring-without recourse (Note 7)			-	-	-%	-	-%

Note 1 Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans". The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2 Non-performing loan ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ receivables

Note 3 Coverage ratio for loans = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card business = allowance for credit losses ÷ overdue receivables.

Note 4 For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5 Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.

Note 6 Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash card loans, and microcredit loans, and do not include credit cards.

Note 7 In accordance with Jin-Kuan-Yin-(5)-Zi No. 0945000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

Overdue loans and receivables exempted from reporting

	December 31, 2021		December 31, 2020	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note 1)	\$ 372	1,486	536	2,135
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2)	51,418	26,536	63,956	30,612
Total	\$ 51,790	28,022	64,492	32,747

Note 1: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure of credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note 2: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008 and Jin-Kuan-Yin-Fa-Zi No. 10500134790, dated September 20, 2016, a bank is required to make supplemental disclosure of credit information once debtors apply for pre-negotiation, pre-conciliation, relief and liquidation under the "Consumer Debt Clearance Act."

(b) Concentration of credit extensions

December 31, 2021			
Ranking	Group enterprise	Credit amount	Credit amount to equity ratio (%)
1	A company. (Railway transportation)	23,637,474	23.26%
2	B group. (Real estate for sale and rental with own or leased property)	11,438,878	11.25%
3	C group. (Steel rolling and extruding)	9,135,146	8.99%
4	D group. (Real estate development)	9,024,525	8.88%
5	E group. (Other holding)	8,571,432	8.43%
6	F group. (Real estate development)	6,383,825	6.28%
7	G group. (Computers manufacturing)	5,977,657	5.88%
8	H group. (Real estate development)	5,893,403	5.80%
9	I group. (Air transportation)	4,393,761	4.32%
10	J group. (Financial leasing)	4,201,781	4.13%

December 31, 2020			
Ranking	Group enterprise	Credit amount	Credit amount to equity ratio (%)
1	A company. (Railway transportation)	25,103,282	25.44%
2	C group. (Steel rolling and extruding)	9,422,041	9.55%
3	B group. (Real estate for sale and rental with own or leased property)	9,011,609	9.13%
4	D group. (Real estate development)	8,203,992	8.32%
5	G group. (Computer manufacturing)	7,704,593	7.81%
6	E group. (Other holding)	7,339,697	7.44%
7	F group. (Real estate development)	6,311,017	6.40%
8	I group. (Air transportation)	5,723,286	5.80%
9	H group. (Real estate development)	5,118,016	5.19%
10	K group. (Liquid crystal panel and components manufacturing)	4,954,000	5.02%

Note 1 The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding credit amount. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the "class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Note 2 Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3 Consists of loans (import/export bills negotiated, bills and notes discounted, overdrafts, short-term loans, short-term secured loans, margin loans receivable, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, overdue loans), exchange bills negotiated, accounts receivable factoring without recourse, bankers' acceptance receivable, guarantees proceeds.

Note 4 In the calculation of Credit amount to equity ratio, the domestic bank should be calculated in the net value of head office. The Foreign bank should be calculated in the net value of Taiwan branch.



(c) Interest rate-sensitivity information

(1) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

Unit : %

December 31, 2021					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 1,390,843,739	26,502,324	66,351,438	138,336,920	1,622,034,421
Interest rate-sensitive liabilities	1,260,163,540	78,136,810	107,263,390	57,890,778	1,503,454,518
Interest rate sensitivity gap	130,680,199	(51,634,486)	(40,911,952)	80,446,142	118,579,903
Net worth					101,659,972
Ratio of interest rate-sensitive assets to liabilities (%)					107.89
Ratio of interest rate-sensitive gap to net worth (%)					116.64

December 31, 2020					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 1,261,749,950	15,575,973	23,133,404	119,785,773	1,420,245,100
Interest rate-sensitive liabilities	1,093,425,439	56,606,354	112,485,169	51,050,064	1,313,567,026
Interest rate sensitivity gap	168,324,511	(41,030,381)	(89,351,765)	68,735,709	106,678,074
Net worth					98,658,749
Ratio of interest rate-sensitive assets to liabilities (%)					108.12
Ratio of interest rate-sensitive gap to net worth (%)					108.13

Note 1 Listed amount refers to the Bank's amount of N.T. dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and liabilities refer to revenues or costs of interest-yielding assets and interest-bearing liabilities, which are affected by interest rate fluctuations.

Note 3 Interest rate-sensitivity gap = Interest rate-sensitive assets - Interest-rate-sensitive liabilities.

Note 4 Ratio of interest rate-sensitive assets to liabilities=Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (New Taiwan dollars interest-rate-sensitive assets and New Taiwan dollars interest-rate-sensitive liabilities).

(2) Analysis of the interest-sensitive assets and liabilities (US dollars)

Unit : In Thousands of US Dollars, %

December 31, 2021					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 5,768,616	985,190	124,536	812,271	7,690,613
Interest rate-sensitive liabilities	6,805,950	1,222,606	1,984,997	-	10,013,553
Interest rate sensitivity gap	(1,037,334)	(237,416)	(1,860,461)	812,271	(2,322,940)
Net worth					3,676,007
Ratio of interest rate-sensitive assets to liabilities (%)					76.80
Ratio of interest rate-sensitive gap to net worth (%)					(63.19)

December 31, 2020					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 5,310,244	469,273	77,166	536,289	6,392,972
Interest rate-sensitive liabilities	6,181,947	966,658	747,211	-	7,895,816
Interest rate sensitivity gap	(871,703)	(497,385)	(670,045)	536,289	(1,502,844)
Net worth					3,510,988
Ratio of interest rate-sensitive assets to liabilities (%)					80.97
Ratio of interest rate-sensitive gap to net worth (%)					(42.80)

Note 1 Listed amount refers to the Bank's amount of US dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and interest rate-sensitive liabilities refer to the interest yielding assets and interest-bearing liabilities which the revenue and cost are affected by interest rate fluctuation.

Note 3 Interest rate sensitivity gap = interest rate-sensitive assets-interest rate-sensitive liabilities.

Note 4 Ratio of interest rate-sensitive assets to liabilities=Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (US dollars interest-rate-sensitive assets and US dollars interest-rate-sensitive liabilities).

(d) Profitability

Unit: %

Item		December 31, 2021	December 31, 2020
The ratio of return on assets	Before income tax	0.30	0.30
	After income tax	0.27	0.27
The ratio of return on equity	Before income tax	5.77	5.53
	After income tax	5.09	4.84
Net income ratio		21.29	21.59

Note 1 The ratio of return on assets = Income before (after) income tax expense ÷ average assets.

Note 2 The ratio of return on equity = Income before (after) income tax expense ÷ average equity.

Note 3 Net income ratio = Net income after income tax expense ÷ Net revenue.

Note 4 Income before (after) income tax expense refers to income accumulated from January of the current year to the current period end.

(e) Maturity analysis for assets and liabilities

(1) Maturity analysis in New Taiwan dollars

December 31, 2021							
	Total	Amount during the maturity period from the balance sheet date to due date					
		0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 1,750,694,486	161,102,012	173,091,966	160,017,985	191,111,216	183,481,924	881,889,383
Major maturity capital outflow	2,080,919,419	58,109,342	96,378,346	197,106,878	230,402,505	383,878,329	1,115,044,019
Gap	(330,224,933)	102,992,670	76,713,620	(37,088,893)	(39,291,289)	(200,396,405)	(233,154,636)

Note: Listed amounts are denominated in New Taiwan dollars of the Bank, including loan commitments of credit agreement and estimates to outflow \$321,721,283.

December 31, 2020							
	Total	Amount during the maturity period from the balance sheet date to due date					
		0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 1,528,946,546	132,138,936	166,645,095	136,163,423	178,254,748	125,643,908	790,100,436
Major maturity capital outflow	1,894,385,819	52,672,688	103,498,741	201,839,259	212,757,375	336,728,244	986,889,512
Gap	(365,439,273)	79,466,248	63,146,354	(65,675,836)	(34,502,627)	(211,084,336)	(196,789,076)

Note: Listed amounts are denominated in New Taiwan dollars of the Bank, including loan commitments of credit agreement and estimates to outflow \$357,529,991.

(2) Maturity analysis in US dollars

Unit : In Thousands of US Dollars

December 31, 2021						
	Total	Amount during the maturity period from the balance sheet date to due date				
		0-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 13,916,218	2,980,694	3,107,058	1,979,387	2,382,222	3,466,857
Major maturity capital outflow	14,541,102	2,963,483	2,492,268	1,795,298	2,996,995	4,293,058
Gap	(624,884)	17,211	614,790	184,089	(614,773)	(826,201)

Note: Listed amounts are denominated in US dollars of the Bank, including loan commitments of credit agreement and estimates to outflow US \$824,028.

December 31, 2020						
	Total	Amount during the maturity period from the balance sheet date to due date				
		0-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 13,175,860	4,313,385	2,837,011	1,570,635	1,179,663	3,275,166
Major maturity capital outflow	13,753,689	4,085,099	2,691,982	1,883,298	1,626,015	3,467,295
Gap	(577,829)	228,286	145,029	(312,663)	(446,352)	(192,129)

Note: Listed amounts are denominated in US dollars of the Bank, including loan commitments of credit agreement and estimates to outflow US \$779,907.

13. Other disclosures

(A) Information on significant transactions:

- (a) Cumulative purchase or sale of the same investee's capital stock up to \$300,000 or 10% of paid-in capital :

Unit : In thousands of US Dollars : shares.

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases (Note)		Sales				Ending balances	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Amount	Cost	Disposal gain or loss	Shares/ Units	Amount
Taiwan Business Bank Co., Ltd.	TBB Centure Capital Co., Ltd.	Investment under equity method	TBB Venture Capital Co., Ltd.	Subsidiary company	60,000	585,083	40,000	482,976	-	-	-	-	100,000	1,068,059

Note: The aquisition cost amounted to \$400,000, share of profit (loss) accounted for using equity method and other comprehensive income are included.

- (b) Acquisition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (c) Disposal of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (d) Discount of commissions fees with related parties amounting to over \$5,000: None.
- (e) Receivables from related parties amounting to over \$300,000 or 10% of paid-in capital: None.
- (f) Sale of non-performing loans information: None.
- (g) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.
- (h) Other significant transactions that might have influence over the decision-making process of the financial statements users: None.



(B) Information of investees:

(a) The following is the information on investees (excluding investment in mainland China):

(Unit : thousand shares)

Name of investee	Location	Main business scope	Shareholding ratio	Book value	Investment gain (loss)	The cross holding of the Bank and its related parties				Note
						Number of shares	Number of proforma shares	Total		
								Number of shares	Shareholding ratio	
TBB International Leasing Co., Ltd.	Taiwan	Leasing business	100.00%	1,463,080	28,811	150,000	-	150,000	100.00%	
TBB (Cambodia) Microfinance Institution Plc	Cambodia	SMEs and personal finance business	100.00%	537,297	(6,173)	20	-	20	100.00%	
TBB Venture Capital Co., Ltd.	Taiwan	Investing business	100.00%	1,068,059	78,430	100,000	-	100,000	100.00%	
TBB Consulting Co., Ltd.	Taiwan	Consulting business	100.00%	48,591	(1,409)	5,000	-	5,000	100.00%	

(b) Loans to others:

NO.	Creditor	Debtor	Interaction Account	Related party	Highest Amount	Ending balance	Actual drawdown amount	Range of interest rate	Nature of the loan	Dealing amount	The necessary reason for short-term loans	Allowance for bad debts	Guarantee		Limited amount for individual object	Total limited amount for loan
													Name	Value		
1	TBB International Leasing Co., Ltd.	Chao Yang International Co., Ltd.	Financial receivables	No	32,690	10,115	20,000	2%-10%	2	-	To the lender for buying goods	202	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Hsin Chuan Construction Co., Ltd.	Financial receivables	No	146,155	54,488	100,000	2%-10%	2	-	To the lender for buying goods	1,042	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Sian Shang Frozen Food Co., Ltd.	Financial receivables	No	33,944	10,115	20,000	2%-10%	2	-	To the lender for buying goods	202	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Hsin Dan Co., Ltd.	Financial receivables	No	65,351	33,000	33,000	2%-10%	2	-	To the lender for buying goods	657	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Xi Quan Catering Co., Ltd.	Financial receivables	No	105,487	53,000	53,000	2%-10%	2	-	To the lender for buying goods	1,054	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Advanced-Connectek Inc.	Financial receivables	No	30,000	10,083	30,000	2%-10%	2	-	To the lender for buying goods	189	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Pei Xian Seafood Co., Ltd.	Financial receivables	No	20,000	10,115	20,000	2%-10%	2	-	To the lender for buying goods	202	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Yu Construction Co., Ltd.	Financial receivables	No	20,000	18,990	20,000	2%-10%	2	-	To the lender for buying goods	379	None	-	365,767	1,463,068



NO.	Creditor	Debtor	Interaction Account	Related party	Highest Amount	Ending balance	Actual drawdown amount	Range of interest rate	Nature of the loan	Dealing amount	The necessary reason for short-term loans	Allowance for bad debts	Guarantee		Limited amount for individual object	Total limited amount for loan
													Name	Value		
1	TBB International Leasing Co., Ltd.	Maw Shing Top Co., Ltd.	Financial receivables	No	16,000	12,993	16,000	2%-10%	2	-	To the lender for buying goods	256	None	-	365,767	1,463,068
1	TBB International Leasing Co., Ltd.	Yu Ding Investment Co., Ltd.	Financial receivables	No	30,000	30,000	30,000	2%-10%	2	-	To the lender for buying goods	600	None	-	365,767	1,463,068

Note1: The meaning of the number is as follows.

(1) Zero stands for issuer.

(2) Investee companies are numbered in a sequence of Arabic numerals from 1 based on company category.

Note2: The amount of loans is still valid up to now.

Note3: The nature of the loan nature is as follows.

(1) 1 stands for business relation.

(2) 2 stands for the necessity for short-term loans.

Note4: Limited amount for individual object : 25% net worth of the latest TBB International Leasing Co., Ltd.'s audited financial statements.

Note5: Total limited amount for loan : 100% net worth of the latest TBB International Leasing Co., Ltd.'s audited financial statements.

(c) Endorsements and guarantee for others: None

(d) Acquisition of securities:

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion (Note 2)	Market price (Note 1)	
Taiwan Business Bank International Leasing Co., Ltd.	Taiwan Business International Leasing Co., Ltd.	Parent company	Investment under equity method	-	904,971	100.00%	904,971	
Taiwan Business Bank International Leasing Co., Ltd.	G12245、G12246	-	Financial assets at fair value through profit or loss	-	100,000	-%	100,000	Financial bonds
Taiwan Business Bank Venture Capital Co., Ltd.	G12245	-	Financial assets at fair value through profit or loss	-	100,000	-%	100,000	"
Taiwan Business Bank Venture Capital Co., Ltd.	Powerchip Semiconductor Manufacturing Corporation	-	Financial assets at fair value through profit or loss	250	17,900	0.01%	17,900	Listed stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Eir Genix, Inc.	-	Financial assets at fair value through profit or loss	638	70,213	0.26%	70,213	Over-the-counter stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	1,600	19,680	2.04%	19,680	Emerging stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Superalloy Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	94	6,495	0.05%	6,495	"
Taiwan Business Bank Venture Capital Co., Ltd.	Taiwan Advance Bio-Pharmaceutical Inc.	-	Financial assets at fair value through profit or loss	1,260	23,436	1.40%	23,436	"

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion (Note 2)	Market price (Note 1)	
Taiwan Business Bank Venture Capital Co., Ltd.	Lungteh Shipbuilding Co., Ltd.	-	Financial assets at fair value through profit or loss	2,097	65,955	2.62%	65,955	"
Taiwan Business Bank Venture Capital Co., Ltd.	Ping Ho Environmental Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	125	8,563	0.41%	8,563	"
Taiwan Business Bank Venture Capital Co., Ltd.	Chenfull Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	380	38,950	0.71%	38,950	"
Taiwan Business Bank Venture Capital Co., Ltd.	Handa Pharmaceuticals, Inc.	-	Financial assets at fair value through profit or loss	1,030	71,997	0.84%	71,997	"
Taiwan Business Bank Venture Capital Co., Ltd.	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	37,980	0.30%	37,980	"
Taiwan Business Bank Venture Capital Co., Ltd.	Energenesis Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	44,750	1.52%	44,750	"
Taiwan Business Bank Venture Capital Co., Ltd.	Song Chuan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	267	10,698	0.74%	10,698	Unlisted stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Techplasma Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	821	46,966	2.87%	46,966	"
Taiwan Business Bank Venture Capital Co., Ltd.	Hephas Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	455	9,757	2.97%	9,757	"
Taiwan Business Bank Venture Capital Co., Ltd.	Ren Chin Electric Conductor Co., Ltd.	-	Financial assets at fair value through profit or loss	250	4,898	0.26%	4,898	"
Taiwan Business Bank Venture Capital Co., Ltd.	Manford Machinery Co., Ltd.	-	Financial assets at fair value through profit or loss	1,195	19,192	2.99%	19,192	"
Taiwan Business Bank Venture Capital Co., Ltd.	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	500	13,670	1.96%	13,670	"
Taiwan Business Bank Venture Capital Co., Ltd.	Huang Chieh Metal Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	286	5,305	0.48%	5,305	"
Taiwan Business Bank Venture Capital Co., Ltd.	Iovtec Co., Ltd.	-	Financial assets at fair value through profit or loss	370	14,892	2.93%	14,892	"
Taiwan Business Bank Venture Capital Co., Ltd.	e-Formula Technologies, Inc.	-	Financial assets at fair value through profit or loss	600	15,378	2.76%	15,378	"
Taiwan Business Bank Venture Capital Co., Ltd.	Han-win Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	352	3,064	2.25%	3,064	"
Taiwan Business Bank Venture Capital Co., Ltd.	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	2,000	28,400	1.00%	28,400	"



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FINANCIAL STATUS

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion (Note 2)	Market price (Note 1)	
Taiwan Business Bank Venture Capital Co., Ltd.	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	3,600	35,640	1.80%	35,640	Unlisted stocks
Taiwan Business Bank Venture Capital Co., Ltd.	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	1,580	99,540	0.45%	99,540	"
Taiwan Business Bank Venture Capital Co., Ltd.	Longshun Green Energy Technology Ltd.	-	Financial assets at fair value through profit or loss	720	18,000	2.55%	18,000	"
Taiwan Business Bank Venture Capital Co., Ltd.	Amazing Cool Technology Corporation	-	Financial assets at fair value through profit or loss	390	7,800	2.86%	7,800	"
Taiwan Business Bank Venture Capital Co., Ltd.	Taiwania Buffalo III Biotechnology Venture Capital LLP.	-	Financial assets at fair value through profit or loss	-	17,944	-%	17,944	"
Taiwan Business Bank Venture Capital Co., Ltd.	Ju He Venture Capital LLP.	-	Financial assets at fair value through profit or loss	-	12,000	-%	12,000	"
Taiwan Business Bank Venture Capital Co., Ltd.	Jia Da International Development Co., Ltd	-	Financial assets at fair value through other comprehensive income	2,919	34,536	8.52%	34,536	"
Taiwan Business Bank Venture Capital Co., Ltd.	Pinkoi Inc.	-	Financial assets at fair value through profit or loss	93	43,114	0.50%	43,114	"

Note 1: Listed companies apply the market price to calculate the net worth of the shares possessed. Unlisted companies apply the proportion of shares calculate the net worth of the shares possessed. The net worth of preferred stock is calculated based on the liquidation price plus dividends in arrears.

Note 2: The proportion of shares the preferred stock is calculated based on the shares the Bank possessed divided by the shares issued.

- (e) Accumulative purchases or sales of the same investee companies amounting to over \$300,000 or 10% of paid-in capital: None.
- (f) Acquisition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (g) Disposition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (h) Discount of commissions and handling fees with related parties amounting to over \$5,000: None.
- (i) Receivables from related parties amounting to over \$300,000 or 10% of paid-in capital: None.
- (j) Transactions of financial derivatives: None.
- (k) Sale of non-performing loans information: None.
- (l) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.
- (m) Other significant transactions that might have substantial influence over the decision making of the financial statement users: None.

(C) Information on investments in Mainland China:

(a) Name and major business item of the investee in China:

Name of investee company in Mainland China	Major business	Paid-in capital	Investment method (Note 1)	Accumulated amount transferred from Taiwan, beginning of the period	Investment transferred out or recovered		Accumulated amount transferred from Taiwan, end of the period	The current profit or loss of the investee (Note 2)	Shares directly or indirectly possessed by the Bank	Investment income for the period (Notes 2 and 4)	Ending carrying value of investment	Accumulated inward remittance of earnings as of the end of period
					Transferred out	Recovered						
Taiwan Business Bank, Ltd. Shanghai branch	Banking business	3,910,537 (CNY800 million) (Operating capital)	(c)	3,910,537 (CNY800 million)	-	-	3,910,537 (CNY800 million)	-	Shanghai branch of the Bank, not an investee company	Note 4	3,936,365	None
Taiwan Business Bank, Ltd. Wuhan branch	Banking business	3,942,815 (CNY800 million) (Operating capital)	(c)	3,942,815 (CNY800 million)	-	-	3,942,815 (CNY800 million)	-	Wuhan branch of the Bank, not an investee company	Note 4	3,804,068	"
Taiwan Business Bank International Leasing Co., Ltd.	Leasing business	838,305 (CNY170 million) (Operating capital)	(a)	838,305 (CNY170 million)	-	-	838,305 (CNY170 million)	22,891 2(c)	100%	22,891 2(c)	904,971	"

Note 1: Investment method is divided into three categories and are listed as follows:

- (a) Directly invest in Mainland China.
- (b) Investment in Mainland China companies through a third region.
- (c) Others: establishment of overseas branches

Note 2: The column of "Investment gains (losses)":

1. If the company is still in the preparation process, and does not have any investment gain or loss, please specify.
2. The bases for recognition of investment income or loss have three methods, please specify.
 - a. The audited financial reports that are issued by an international accounting firm which is connected to an accounting firm in Taiwan.
 - b. The audited financial reports that are issued by the Taiwan parent company's designated accounting firm.
 - c. Others
3. Please specify if information regarding current gains or losses of an investee is not retrievable.

Note 3: The number is expressed in New Taiwan Dollars.

Note 4: The operating result of Shanghai and Wuhan branch have been included in the Bank.

(b) Limit of investment in China:

Name of Company	Accumulated outflow of investment from Taiwan to Mainland China, as of the end of period	Investment amount authorized by Investment Commission, MOEA	Upper limit on investment authorized by Investment Commission, MOEA
Taiwan Business Bank, Ltd. (Note)	8,691,657 (CNY 1,770 million)	8,691,657 (CNY 1,770 million)	60,995,983

Note: The investment amount in China of the subsidiary TBB International Leasing Co, Ltd is included.

(D) Information of major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Bank of Taiwan		1,255,455,463	16.21%
National Development Fund, Executive Yuan		454,267,781	5.87%

14. SEGMENT INFORMATION: None.

Taiwan Business Bank, Ltd.



Chairman: Chien-Hao Lin



President: Chih-Chien Chang



SVP&GM,
Accounting Dept.: Yu-Chuan Chou



9. Financial Difficulties Confronted by TBB or Its Associates and the Related Impacts: None.

VII

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BUSINESS REPORT



1. Financial Position Analysis

Consolidated Comparative Analysis of Financial Position

Unit: NT\$1,000; %

Item \ Year	2021	2020	Difference	
			Amount	%
Cash and cash equivalents, due from the Central Bank and call loans to banks	197,554,450	145,013,105	52,541,345	36.23
Financial assets at fair value through profit or loss	40,670,401	15,597,556	25,072,845	160.75
Financial assets at fair value through other comprehensive income	157,533,062	117,355,850	40,177,212	34.24
Investments in debt instruments at amortized costs	279,035,906	228,003,332	51,032,574	22.38
Securities purchased under agreements to resell	7,831,274	6,132,162	1,699,112	27.71
Receivables - net	7,616,634	43,448,157	(35,831,523)	(82.47)
Current income tax assets	349,884	306,417	43,467	14.19
Discounts and loans - net	1,302,388,363	1,209,716,083	92,672,280	7.66
Other financial assets - net	28,942	13,781	15,161	110.01
Premises and equipment - net	14,533,721	14,514,906	18,815	0.13
Right-of-use asset - net	1,149,295	1,073,757	75,538	7.03
Intangible assets - net	554,337	375,008	179,329	47.82
Deferred income tax assets	1,951,636	1,843,835	107,801	5.85
Other assets - net	10,055,167	8,241,104	1,814,063	22.01
Total assets	2,021,253,072	1,791,635,053	229,618,019	12.82
Deposits from the Central Bank and other banks	102,540,315	118,201,039	(15,660,724)	(13.25)
Due to the Central Bank and other banks	50,261,590	29,040,100	21,221,490	73.08
Financial liabilities at fair value through profit or loss	8,436,037	8,639,002	(202,965)	(2.35)
Securities sold under agreements	2,060,693	2,055,991	4,702	0.23
Payable	22,761,436	47,787,075	(25,025,639)	(52.37)
Current income tax liabilities	64,584	3,053	61,531	2,015.43
Deposits and remittances	1,668,656,822	1,418,572,000	250,084,822	17.63
Financial debentures	52,250,000	53,250,000	(1,000,000)	(1.88)
Other financial liabilities	4,365,294	5,492,366	(1,127,072)	(20.52)
Provisions for liabilities	3,420,210	3,393,417	26,793	0.79
Lease liabilities	1,149,456	1,062,021	87,435	8.23
Deferred income tax liabilities	886,290	901,581	(15,291)	(1.70)
Other Liabilities	2,740,373	4,578,659	(1,838,286)	(40.15)
Total liabilities	1,919,593,100	1,692,976,304	226,616,796	13.39
Equity attributable to owners of parent company	101,659,972	98,658,749	3,001,223	3.04
Common stock	77,431,952	74,885,834	2,546,118	3.40
Capital Surplus	815,900	815,900	0	0.00
Retained earnings	21,105,900	19,245,962	1,859,938	9.66
Other items in equity	2,306,220	3,711,053	(1,404,833)	(37.86)
Total equity	101,659,972	98,658,749	3,001,223	3.04

2. Financial Performance Analysis

Consolidated Operational Performance Analysis

Unit: NT\$1,000; %

Item	Year	2021	2020	Amount increased (decreased)	Ratio of changes (%)
Net interest income		17,805,776	16,192,217	1,613,559	9.97
Non-interest net income		6,300,248	5,677,225	623,023	10.97
Bad debts expense, commitment and guarantee liability provision		(5,187,503)	(4,054,740)	1,132,763	27.94
Operating expenses		(13,116,475)	(12,429,441)	687,034	5.53
Net income before tax from continuing operation		5,802,046	5,385,261	416,785	7.74
Income tax (expense) gain		(701,934)	(683,486)	18,448	2.70
Net income after tax from continuing operation		5,100,112	4,701,775	398,337	8.47
Net profit for the period		5,100,112	4,701,775	398,337	8.47

Analysis on increase/decrease in ratio:

In 2021, net profit for the period increased by NT\$398 million, primarily due to the growth in deposit and loan amount, and the increase in net interest income.

3. Analysis of Cash Flow

(1) Liquidity analysis for the past two years

Item	Year	2021	2020	Increase (Decrease)
Cash flow ratio		43.99%	—	—
Cash flow adequacy ratio		1,080.68%	707.51%	373.17%
Cash flow satisfaction ratio		-	-	-

Cash flow ratio and Cash flow satisfaction ratio are negative, so no analysis is presented.

(2) Analysis of cash liquidity for the coming year

Unit: NT\$1,000

Opening cash balance ①	Expected net cash flow from operating activities throughout the year ②	Expected net cash flow throughout the year ③	Expected sum of cash surplus (inadequacy) ①+②+③	Remedial measures for cash inadequacy	
				Investment planning	Financial planning
39,189,153	10,315,186	(10,274,404)	39,229,935	-	-

4. Impact of Major Capital Expenditure on Financial Operations in 2021

(1) The use of major capital expenditures and source of funds

Unit: NT\$1,000

Planning items	Actual or expected source of capital	Actual or expected date of completion	Total capital required	Use of actual or expected capital				
				2018	2019	2020	2021	2022
Purchase of machinery and equipment - computer equipment	Own funds	2022/12/31	1,785,920	640,157	201,818	200,751	142,694	600,500
Purchase of premise of the Bank's headquarter	Own funds	2022/12/31	106,775	0	120	5,455	0	101,200
Maintenance and renovation work for the premise of the headquarter	Own funds	2022/12/31	326,628	22,276	37,573	81,397	61,732	123,650



(2) Expected potential benefits

To improve the corporate image of the Bank, enhance service quality, stabilize the operating locations, and expand our service network.

5. Long-term Equity Investment Policy for 2021, the Main Reasons for the Profit or Loss Generated thereby, the Plan for Improving Profitability, and Investment Plans for the Coming Year

During 2021, the primary profiting sources for the long-term equity investment business are the cash dividends income and the operating performance returns from the invested companies. In the future, shall there be appropriate investment targets or investments made according to factors of government policies, the Bank will carry out relevant procedures after due assessment.

6. Risk Management

(1) Structure of the Bank's risk management organization and the policy

A. Structure of the risk management organization

a. Risk Management Committee

The Chairman shall assign the chairman of the Risk Management Committee, and the committee member includes the President, Executive Vice President who is not the legal compliance officer of the Bank's headquarters, and the General Managers of departments under the Bank's headquarter (excluding the S.V.P. & GM of Auditing Department). The Committee is established to provide a sound risk management system, strengthen the efficacy of risk management, and execute the risk management and monitoring for the Bank. In principle, a meeting shall be convened per month, and the chairman of the committee may convene an extraordinary meeting when necessary. Its duties are as follow:

- 1) Analyze significant local and foreign economic, financial, and industrial risks, and review responding plans.
- 2) Risk exposures in the risk management report and review on resolutions.
- 3) The review shall be based on the rules and regulations, limitation, management indicator, and responding solutions for exceeding the limitation in relation to risk management approved by the Board (Managing Directors).
- 4) Supervise the capital adequacy management of the Bank.
- 5) Review or supervise relevant matters that shall be reported to the Risk Management Committee according to the requirements from the local and foreign competent authority.
- 6) Review or supervise other matters related to risk management.

Risk Management Department is a staff unit of the Committee, responsible for meeting agenda preparation, convening notice, meeting process, meeting minutes, and resolutions tracking and management, and it shall report the material resolutions from the Risk Management Committee and risk exposures to the Board (Managing Directors) regularly.

b. ALM Committee

The ALM Committee of the Bank is chaired by the President, and the committee member includes Executive Vice President, General Managers from departments in charge of deposits, loans, financial trading, funding allocation, and risk management. The Committee is responsible for the monitoring and management of interest rate risk in the banking book (IRRBB) and funding liquidity risks. It convenes regular meetings to evaluate the analysis and measurement method for funding liquidity risks and IRRBB, review the management policy for funding liquidity risks and IRRBB, relevant limitation, and management indicators, listen to exposure reports for interest risks and funding liquidity risks and adjust the debt-asset ratio period structure and the funding maturity structure of the Bank.

c. Loan Supervision Committee

The Loan Supervision Committee of the Bank is convened by the Executive Vice President. In principle, the Committee is convened once a week to review credit loan projects of large denomination loans, foreign currency, and guarantee.

d. NPL Management Committee

The NPL Management Committee of the Bank is convened by the Executive Vice President. The convenor may call upon members of the Committee for meeting according to business requirements at any time to discuss measures to prevent unfavorable credit loans and methods to handle overdue cases.

e. Cyber Security Management Committee

Cyber Security Management Committee is convened by the Chief Information Security Officer, and the Committee manages the overall execution and coordination regarding matters related to cybersecurity management of the Bank. The convenor may call upon members of the Committee for meeting according to business requirements at any time to review matters related to cybersecurity management.

B. Risk management policy

To effectively control the Bank's risks, the Bank established its "Risk Management Policy," "Standards for Credit Risk Management," "Standards for Market Risk Management," "Standards for Operational Risk," "Guidelines for Bank Interest Rate Management," "Guidelines for Capital Liquidity Risk Management." The regulations and their relevant risk tolerance were approved by the Board (Managing Directors). Content of the Risk Management Policy is as follows: Establish a risk management system for risk identification, measurement, supervision, control, information report, and countermeasures, construct an integrated risk management system, adopt an operating model with appropriate focus on risk management, and control the reasonableness of risk and compensation with the precondition of statutory adequacy ratio, so as to achieve the operating objectives and improve shareholders' interests. It covers credit risk, market risk, operating risk, IRRBB, and capital liquidity risk management, and funding adequacy management.

(2) Information on the Nature and Amount of All Types of Risk

A. Credit Risk Management Strategies, Goals, Policies and Procedures

Credit Risk Management System

2021

Item	Description
1. Credit Risk Management Strategies, Goals, Policies and Procedures	<p>I. Credit risk strategies</p> <p>(I) Establish a proper credit risk control environment, including credit verification procedures, credit management, measurement, and supervision procedures, as well as credit risk control.</p> <p>(II) Credit risks regarding counterparties (including counterparties, borrower, and debtor), such as default risk and delivery risk, are included in the scope of control.</p> <p>(III) Develop advanced credit risk measuring methods to measure credit risk, and gradually introduce such methods into our business procedures.</p> <p>II. Credit risk management goals</p> <p>Within the scope of acceptable credit risk to the Bank, maintain adequate capital to achieve a reasonable state between risk and returns.</p> <p>III. Credit risk management policies</p> <p>(I) Fully understand the credit status of borrowers or counterparties and the usage of borrowings and repayment sources of the borrowers.</p> <p>(II) Prudently assess the credit risk condition of borrowers or counterparties and attach attention to the adequacy of the collateral and the guarantee to measure risks and interests.</p> <p>(III) Establish a credit rating system regarding the credit status of the borrowers or consider the ratings of the customers from external credit rating institutions as the reference for accepting credit loan cases and setting interest rate.</p> <p>IV. Credit risk management procedures</p> <p>(I) Establish comprehensive credit approval procedures, including mechanisms such as credit investigation, credit loans, post-loan management, and claims management, to manage credit risks in an appropriate manner.</p> <p>(II) Regularly carry out control for the concentration of corporate risk regarding nations, financial industries, industries, or conglomerates.</p> <p>(III) Regularly report to the senior management and the Risk Management Committee regarding the credit risk limitation utilization. Shall there be abnormal losses, establish the responding countermeasures immediately and report to the senior management to minimize the potential losses.</p>



Item	Description
2. Credit risk management organization and framework	<p>I. Board: The Board is the highest decision-making level for credit risk management, which supervises the effective operation for credit risk management. Credit risk management policies and standards are regularly reviewed by the Board meeting to ensure the efficacy of risk management and the optimized allocation of resources.</p> <p>II. Risk Management Committee: Responsible for the review of relevant information and issues about credit risk.</p> <p>III. Loan Supervision Department: Responsible for credit loan management and credit loan review.</p> <p>IV. Credit Checking & Industrial/Economic Research Department: Responsible for the credit investigation business and its management and planning, industrial analysis.</p> <p>V. Overdue Loan & Control Department: Responsible for matters in relation to post-loan management, non-performing loans, non-accrual loans, and bad debt claims.</p> <p>VI. Risk Management Department: Responsible for the measurement, evaluation, monitoring, management, disclosure, and reporting of credit risks.</p>
3. Scope and features of the credit risk reporting and measurement system	<p>I. Credit risk reporting Convene meetings of the Risk Management Committee every month, report to the senior management regarding the alert for counterparties, and the concentration control for the industry, group, country, and financial industry, and discuss the relevant information concerning the credit risk exposures of the Bank.</p> <p>II. Credit risk measurement system (I) The Bank currently adopts the credit risk standard method to calculate the accrued capital; the risk management system generates the statement for reporting to the competent authorities automatically by month, and report to the senior management and the Risk Management Committee. (II) The Bank has established multiple limitation control mechanisms (including, country, financial industry, industry, group, counterparties of derivative) and monitored the above risk limitation on a daily basis. In the case of exceeding the alert value or above 90% of the limitation, the Bank will establish the relevant countermeasures. (III) The Bank has established an internal credit rating system and verified the rating results regularly. Currently, the rating results are included as part of the review regulations, and the Bank is planning to expand the applicable scope for such business gradually.</p>
4. Credit Risk Avoidance or Mitigation Policies, and Monitoring the Continued Effectiveness of Risk Avoidance and Mitigation Tools	<p>I. Credit Risk Hedging or Mitigation Policies: (I) Reduce the credit risk for the Bank through credit deduction methods of transferring credit trust fund guarantee, collecting collateral and request for guarantors. (II) Establish the management limitation for credit risk concentration, such as limitation for the country, financial industry, industry, group, individual corporate, to prevent over-centralized risks.</p> <p>II. Monitoring the Continued Effectiveness of Risk Hedging and Mitigation Tools: (I) Through post-loan management and review mechanism, understand the usage of collateral and carry out the interim management inspection for the credit trust fund guarantee, so as to continue monitoring the credit risk undertaken by the Bank. (II) Regularly monitor the credit risk concentration limitation, exposure distribution, and asset quality changes of the Bank to correspond to the changes of the financial states, review the credit risk control measures in due time, and regularly report to the senior management and the Risk Management Committee.</p>
5. Approach adopted for statutory capital charges	The standardized measurement method

Exposure After Risk Mitigation and Accrued Capital via Credit Risk Standardized Approach

December 31, 2021

(Unit: NT\$1,000)

Types of Exposure	Exposure After Risk Mitigation	Accrued Capital
Sovereign States	366,930,521	32,564
Non-central Government Public Sectors	74,557,281	1,234,459
Banks (including multilateral development banks)	167,155,417	6,281,867
Corporations (including securities and insurance companies)	355,175,224	21,202,075
Retail Claims	177,245,684	4,580,096
Real Estate	805,907,065	47,076,532
Equity Investments	21,354,398	1,708,352
Equity Investments for Fund and Venture Capital Business	1,300,851	117,975
Other Assets	55,735,023	2,668,236
Total	2,025,361,464	84,902,156

Note 1: Please fill in according to the information as of the quarter before the date printing the annual report.

Note 2: Accrued Capital= Exposure After Risk Mitigation x Statutory Minimum Capital Adequacy Ratio.

B. Securitization Risk Management System, Exposure and Accrued Capital

Securitization Risk Management System

2021

Item	Explanation
1. Securitization Management Strategies and Procedures	<p>I. Securitization Management Strategies Currently, the Bank does not engage in business related to founding banks, and it may only invest in securitized products with certain ratings approved by Taiwan Rating, S&P, Moody's, and FITCH according to the requirements under the "Directions for New Taiwan Dollar Capital Utilization Management of TBB" and "Directions for Investments in Foreign Currency Marketable Securities Management of TBB" approved by the Board of the Bank.</p> <p>II. Securitization Management Procedures (I) Before investing in marketable securitized securities, such investment shall be passed by the review team and shall be approved by the report within the authorized limits of each level. (II) Subsequent evaluation, limitation monitoring, and stop-loss mechanism shall be controlled according to the relevant regulations.</p>
2. Securitization Management Organization and Framework	<p>I. Board: Approve the authorized limitation for all levels. II. Trading department: Engage in investment for securitized products within the prescribed limitation according to the relevant regulations of the Bank. III. Risk Management Department: Perform the control according to evaluation, limitation monitoring, and stop-loss mechanism of the investment position according to the abovementioned regulations. IV. Operating department: Carry out subsequent operations of settlement.</p>
3. Scope and Features of Securitization Risk Reporting and Measurement Systems	The Risk Management Department shall be responsible for the calculation of the limitation of investment position and accrued capital and shall report to the President by month.
4. Securitization Risk Hedging or Mitigation Policies, and Monitoring the Continued Effectiveness of Risk Avoidance and Mitigation Tools	Invest in securitized products with certain ratings approved by Taiwan Rating, S&P, Moody's, and FITCH.
5. Approaches adopted for statutory capital provision	Perform according to the Standard Law of Securitized Seal according to the third part of "Calculation Method Description and Forms regarding the Equity Capital and Risk Assets of the Bank."
6. Overall requirements for qualitative disclosure, including: (1) Purpose of securitization activities and types of risk that the Bank undertakes and retains in re-securitization activities (2) Other Risks Inherent in Securitized Assets (e.g., Liquidity Risk) (3) Roles Played by the Bank in Processes of Securitization and Degrees of the Bank's Participation in Each Process (4) Monitoring Procedures for Changes in Credit and Market Risks Involved in Securitization Risk Exposure (5) Credit Risk Mitigation Management Policies Used by the Bank to Mitigate Risks Retained by Securitization and Re-securitization	Currently, the Bank does not engage in the founding bank business.
7. Policies for Securitization	Currently, the Bank does not engage in the founding bank business.
8. The Names of External Credit Assessment Institutions (ECAI) Used in Securitization in Banking Books and the Usage of Each Type of Securitization Risk Exposure	Currently, the Bank does not engage in the founding bank business.
9. Significant Changes in Quantitative Information since the Last Reporting (e.g., Asset Movements between Banking Books and Trading Books)	None



Securitization Risk Exposure and Accrued Capital

December 31, 2021

(Unit: NT\$1,000)

Role of TBB	Exposure Level Book Category	Asset Type	Traditional Style					Portfolio Style		Total		
			Exposure				Accrued Capital (2)	Exposure	Accrued Capital (4)	Exposure (5)=(1)+(3)	Accrued Capital (6)=(2)+(4)	Pre-securitization Accrued Capital
			Existing or Purchased Securitized Product	Providing Liquidity Facility	Providing Credit Enhancement	Subtotal (1)		Existing or Purchased Securitized Product (3)				
Non-founding Bank	Banking Book	Real Estate Mortgage Securities	578,250			578,250	9,252			578,250	9,252	
	Trading Book											
	Subtotal		578,250			578,250	9,252			578,250	9,252	
Founding Banking	Banking Book											
	Trading Book											
	Subtotal											
Total			578,250			578,250	9,252			578,250	9,252	

Information on Securitized Product

1. Table of Securitized Products Held by the Bank

December 31, 2021

Unit: NT\$1,000

Item (Notes 1)	Accounting Category	Original Cost	Total Fair Value Profit/Loss	Accumulated Impairment	Carrying Amount
Collateralized mortgage obligations (CMO)	Investments in debt instruments measured at amortized costs - corporate bond	406,652.10	506.66	0.00	28,734.19
Collateralized mortgage obligations (CMO)	Investments in debt instruments measured at amortized costs - corporate bond	397,189.51	5,415.36	0.00	120,562.84
Collateralized mortgage obligations (CMO)	Investments in debt instruments measured at fair value through other comprehensive income - corporate bond	386,517.63	1,822.84	0.00	37,383.68
Collateralized mortgage obligations (CMO)	Investments in debt instruments measured at fair value through other comprehensive income - corporate bond	408,975.32	5,507.78	0.00	116,226.45

Note 1: The table includes domestic and overseas securitized products, and the items are accounted for according to the following accounting categories:

- (1) Mortgage-backed securities (MBS): Including residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), collateralized mortgage obligations (CMO), and other mortgage-backed securities.
- (2) Beneficiary asset-backed securitization (ABS): Including collateralized loan obligations (CLO), collateralized bond obligations (CBO), credit card receivables securitization, auto loan securitization, consumption loan/cash card securitization, lease securitization, other securitizations.
- (3) Asset-backed commercial papers (ABCP).
- (4) Collateralized debt obligations (CDO).
- (5) Mortgage securitization: Real estate asset trust (REAT).
- (6) Bonds issued under structured investment vehicles (SIV).
- (7) Other securitized products.

Note 2: The table includes beneficiary securities or asset-backed securities with banks as founding institutions.

2. (1) Disclosure of investments in securitized products with an original value over NT\$300 million (excluding those held by the Bank in the capacity as the founding institution with a view to strengthened credit):

Unit: NT\$1,000

Name of securities (Note 2)	Accounting Category	Currency	Issuer and Location	Date of Purchase	Maturity Date	Coupon Rate (%)	Credit Ratings	Method of Interest Payment and Principal Repayment	Original Cost	Total Fair Value Profit/Loss	Accumulated Impairment	Carrying Amount	Attachment Point	Content of Asset Pool
US3137FGJD84	Investments in debt instruments measured at amortized costs - corporate bond	USD	US	2018/10/17	2045/10/15	3.50	AAA	Announce the interests for the next period and the amount of principal repayment by month	406,652.10	506.66	0	28,734.19		California: 13.71%; Florida: 11.81%; Texas: 10.54%; Others: 63.94%
US3137F4VQ28	Investments in debt instruments measured at amortized costs - corporate bond	USD	US	2018/10/23	2046/9/15	3.50	AAA	Announce the interests for the next period and the amount of principal repayment by month	397,189.51	5,415.36	0	120,562.84		Texas: 13.1%; California: 13.48%; Florida: 8.97%; Washington: 4.19%; Others: 60.26%
US3136B3KS88	Investments in debt instruments measured at fair value through other comprehensive income - corporate bond	USD	US	2018/11/15	2048/11/25	4.00	AAA	Announce the interests for the next period and the amount of principal repayment by month	386,517.63	1,822.84	0	37,383.68		California: 53.32%; New York: 21.82%; Washington: 6.32%; Virginia: 5.71%; Others: 12.83%
US3136B4CG16	Investments in debt instruments measured at fair value through other comprehensive income - corporate bond	USD	US	2019/3/29	2049/4/25	3.00	AAA	Announce the interests for the next period and the amount of principal repayment by month	408,975.32	5,507.78	0	116,226.45		New York: 97.41%; Washington: 1.51%; Washington, D.C.: 1.08%

Note 1: The table includes domestic and overseas securitized products.

Note 2: Specify the full name separately for the same securitized products in different tranches.

Note 3: Please fill in the results of the latest credit rating.

Note 4: Attachment point refers to the ratio of the amount of the total issued tranches with an order of priority of payment later the tranches held by the Bank accounting for the total issued amount of such securitized products. For instance, where the Bank purchased the A tranche collateralized debt obligation (CDO), the tranches with an order of priority of payment later A tranche are BBB tranche and equity tranche, and the issue amount of BBB tranche and equity tranche account for 12% of the total issue amount of the CDO; therefore, the attachment point for A tranche shall be 12%.

Note 5: Asset pool refers to the asset portfolio entrusted to the trustee or transferred to the special purpose company by the founding institution. Please fill in the asset category (senior or subordinated), breakdown, carrying amount denominated in the original currency, and the number of entries of the asset portfolio.

(2) Disclosure of Information on the Positions Held by the Bank in the Capacity as the Founding Bank with a View to Strengthened Credit:

Unit: NT\$1,000

Name of Security	Accounting Category	Currency	Date of Purchase	Expiry Date	Coupon Rate	Credit Rating	Method of Interest Payment and Principal Repayment	Original Cost	Total Fair Value Profit/Loss	Accumulated Impairment	Carrying Amount	Attachment Point	Content of Asset Pool
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Note: Please refer to Table2 (1) above for the definition and description of the columns.

(3) Disclosure of Information of the Discredited or Liquidated Securitized Commodities Held by the Bank in the Capacity as the Buyer Institution:

Unit: NT\$1,000

Name of Security	Currency	Founding Institution	Maturity Date	Content of the Contract	Contract Performance (Note)
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Note: Where the Bank has purchased assets according to contracts, please set out the reference market price of the acquired assets.



3. Disclosure of the Bank Serving as Guaranteeing Institution or Liquidity Provider for Securitized Products, and Amount:

Unit: NT\$1,000

Name of Security	Currency	Founding Institution	Maturity Date	Coupon Rate	Credit Rating	Role (Note 1)	Amount (Note 2)	Attachment Point	Content of Asset Pool
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Note 1: When serving as guaranteeing institution for securitized products, please fill in the column "Guaranteeing institution." When serving as a provider of liquidity financing, please fill in the column "Provider of the liquidity financing."

Note 2: When the Bank is serving as guaranteeing institution, please specify the guarantee amount; when the Bank is serving as a provider of liquidity financing, please specify the limitation.

Note 3: Please refer to Table2. (1) above for the definition and description of the columns.

C. Operational risk management system and accrued capital

Operational Risk Management System

2021

Item	Description
1. Operational Risk Management Strategies and Procedures	<p>I. The operational risk management strategies of the Bank aim to establish an appropriate operational management environment. Through the implementation of operating risk management structure approved by the Board and the rigorous execution of such structure by the senior managers, the Bank ensures that all relevant operational risks have been monitored by using appropriate evaluation procedures.</p> <p>II. To optimize the function of operational risk management, the Bank grasps the scope of operational risk through managing procedures of risk identification, risk evaluation, risk measurement, risk monitoring, and communication. The Bank also adopts appropriate measures to ensure a duly management for the relevant operational risk, efficiently allocate limited resources to the operational risk management tasks.</p>
2. Operational Risk Management Organization and Framework	<p>I. Board of Directors: Approve the risk management policies for the Risk Management Committee to execute the relevant management and monitoring matters.</p> <p>II. Risk Management Committee Responsible for the review of information and issues related to the operational risk of the Bank.</p> <p>III. Risk Management Department (I) Execute the risk management policies approved by the Board. (II) Establish the operational risk management system and risk management tools. (III) Monitor, analyze, and report to the Bank regarding the information on operational risks.</p> <p>IV. Authority Department of Business (I) Identify and analyze the potential operational risks of each business activity. (II) Establish the standard operation procedures (SOP) as the basis for business execution (III) Set up business regulations and operational procedures that cover operational risk points and relevant control measures. (IV) Manage and report the operational risks of each business activity.</p> <p>V. Auditing Department Conduct regular audit regarding the risk management operations for the departments of the Bank.</p> <p>VI. All departments of the Bank (I) Daily operations shall comply with the operational management requirements. (II) Report the operational risk management information in accordance with regulations.</p>
3. Scope and Features of Operational Risk Reporting and Measurement Systems	<p>I. The Bank conducts its operational risk measurement primarily through three operational risk management tools: (I) Loss data collection (LDC) for operational risk - A. The LDC for operational risk of the Bank covers operational risk incidents arising from all business activities. Departments file such incidents through the "Operational Risk Management (ORM) System" and provide details regarding the registering items of the operational risk incidents. B. Improve the cognition to risk for all employees of the Bank through the implementation of ORM System and relevant training and assist the incident occurring department in performing proper improvement plan and tracking the management execution.</p> <p>(II) Key risk indicators (KRI) for operational risk - A. Adopt the view of the Bank's risk management, consider the data availability, indicator management efficacy, and risk significance among the operational risk items concerned by the businesses to establish the Bank's key risk indicators with effective management benefits. B. Each risk indicator has an alert value that is based on the historical statistics or experiences of the Bank, which is used as the basis for determining whether active management is required for the indicator. The authorities of the Bank carry out risk control through monitoring the exposures of the indicators, so as to prevent the occurrence of potential operating risk incidents for each department.</p>

Item	Description
	<p>(III) Risk and control self-assessment (RCSA) for operational risk -</p> <p>A. Regarding the RCSA system of the Bank, the authority department of business at the Bank's headquarter prepares a self-assessment questionnaire in respect of risk and control of its business procedures and the business execution departments and supervision departments shall conduct the self-assessment concerning execution and management according to the risk and control assessment scale, and self-assess the risk results to provide a responding plan, allowing the Bank to analyze the exposures of potential operational risk.</p> <p>B. When carrying out the self-assessment, departments of the Bank may assess the residual risk hierarchy of operational risk items concerning the effect of the residual risk and the probability of the residual risk. Departments shall also assess the effectiveness of the control with respect to the execution of control and relevance.</p> <p>C. The Bank compiles and analyzes the risk control self-assessment results of the departments and prepares the risk control self-assessment chart. Regarding items with higher risks, the authority department shall propose the action plan to respond accordingly.</p> <p>II. The content of the Bank's operational risk management report includes the disclosure regarding the Bank's operational risk information and exposure monitoring status. The report is prepared and reported by the Risk Management Department on a regular basis with a scope covering operational risk incidents, operational risk indicators, trend analysis, and department improvement and tracking opinion, as well as the measurement and analysis regarding the operational risk incident occurring frequency and severity based on the risk matrix formed with the top eight business types and the top seven incident types, as the reference of improvement for relevant operating procedures.</p>
4. Operational Risk Hedging or Risk Mitigation Policies, and Monitoring the Continued Effectiveness of Risk Hedging and Mitigation Tools	<p>I. The Bank has stipulation such as guidelines, procedures, and regulations to control and mitigate the operational risk of the Bank. In addition, business departments adopt reasonable responding measures according to the loss probability and the amount arising from the operational risk, respectively, i.e., directly avoid processing, transfer partial or entire risk by way of transfer or charges, or process after an evaluation on profit and risk.</p> <p>II. Operational risk hedging or risk mitigation of the Bank is primarily processed through insurance or outsourcing, so as to transfer and mitigate the losses of operational risks arising from human, system, or operation negligence, or external incidents.</p> <p>III. To minimize human factors, natural disasters, and other significant emergencies affecting the reputation or endangering the normal operation of the Bank and the financial order, the Bank has established operational processing procedures and relevant regulations for departments to comply with, so as to instantly minimize the damages and resume the normal operation in a short time.</p> <p>IV. Unscheduled reports regarding crisis management of the Bank are submitted to the Risk Management Committee and senior managers to monitor the operational risks exposures and response capabilities of the Bank.</p>
5. Approaches Adopted for Statutory Accrued Capital	The standardized measurement method

Operational Risk Accrued Capital

December 31, 2021

(Unit: NT\$1,000)

Year	Gross profit	Accrued Capital
2019	21,760,230	
2020	20,602,141	
2021	23,643,598	
Total	66,005,969	3,110,755

D. The Market Risk Management System and Accrued Capital

The Market Risk Management System

2021

Item	Content
1. Market Risk Management Strategies and Procedures	<p>I. Management Strategies</p> <p>(I) Implement market risk management according to "TBB Market Risk Management Standards" and other relevant regulations to achieve the operating goals and maintain the healthy capital adequacy ratio.</p> <p>(II) Subject to the risk tolerance approved by the Board (Managing Directors), the Bank adopts various risk control mechanisms to effectively utilize and manage its capital, ensuring that the market risk exposures are within the bearable scope and the Bank may still achieve its goal for earning.</p> <p>II. Management Procedures</p> <p>(I) Risk Identification</p> <p>According to the requirements under the "TBB Market Risk Management Standards," a proper market risk evaluation shall be performed before promoting a financial product; documentation of such evaluation shall be preserved for further reference. Content for the evaluation includes identification of risk factors, cost-benefit analysis, market liquidity, risk countermeasure, the adequacy of the risk management system and the effect of exposure to market risk by the Bank.</p>



Item	Content
	<p>(II) Risk measurement</p> <p>A. The risk management department shall draw up the market risk positions, sensitivity, value-at-risk and suspension limit, and report to the Directors (Managing Directors) for approvals of execution.</p> <p>B. The risk measurement (or valuation) for the financial products of the Bank are carried out on the different information system, and the market data and model parameters used in the valuation were sampled regularly to check their reasonability.</p> <p>(III) Risk monitoring</p> <p>A. Regularly prepare the valuation report of financial products and submit it to the supervisors of the departments for approval, and used as the basis for the execution of daily risk management.</p> <p>B. There are requirements concerning limitation and stop-loss in place for all financial transactions; risk control mechanisms of stop-loss, suspension, and post-management will be carried out according to the requirements when the losses amount from the valuation exceeds the limitation.</p> <p>(IV) Risk Reporting</p> <p>The risk management department regularly reports the current conditions of market risk management to the Directors (Managing Directors) and senior management, allowing them to grasp the risk exposures and adjust the management measures in due time.</p>
2. Market Risk Management Organization and Framework	<p>I. Board of Directors:</p> <p>The highest market risk management and supervision unit, responsible for approving the market risk management policies and all risk limitations.</p> <p>II. Risk Management Committee</p> <p>Responsible for the review of issues and responding plans related to the market risk of the Bank.</p> <p>III. Risk Management Department</p> <p>(I) Establish market risk management operating procedures and relevant regulations.</p> <p>(II) Plan and execute a market risk management business.</p> <p>(III) Establish market risk management-related systems.</p> <p>(IV) Report the market risk management execution of the Bank to senior management and Directors (Managing Directors) on a regular basis.</p>
3. Scope and Features of Market Risk Reporting and Measurement Systems	<p>I. Scope and features of the measurement system</p> <p>(I) Evaluate and monitor market risk exposure on a daily basis, including the losses of the Bank caused by adverse changes in market price resulting from interest rates, equity, exchange rate and commodities on and off the balance sheet.</p> <p>(II) Adopt the historical simulation method to calculate the value at risk (VaR) on the financial trading management system on a daily basis and observe its changing trends to report at the Risk Management Committee meeting per month.</p> <p>(III) The VaR measurement scope includes all positions of foreign exchange risk and commodity risks, as well as the trading book positions of interest rate and equity securities risk. There are VaR limitation control mechanisms in place for interest rate, equity, foreign exchange, and overall position.</p> <p>II. Connotations of Market Risk Report</p> <p>(I) Regularly report to the Directors (Managing Directors) and Risk Management Committee regarding the amount of asset portfolio exposures, providing references to senior management for decision-making.</p> <p>(II) The market risk report of the Bank includes the valuation on the exchange rate, interest rate, equity securities positions, and profit or loss, so as to monitor the profit or loss for the market risk positions.</p> <p>(III) The risk management department reports the equity securities, government bonds, foreign exchange trading positions, and profit or loss valuation on a daily basis, so as to grasp the daily routine market risk control at any time.</p>
4. Market Risk Hedging or Mitigation Policies, and Monitoring the Continued Effectiveness of Risk Hedging and Mitigation Tools	<p>The financial transactions of the Bank mostly involve simple financial products. Regarding complex financial products from the customer end, the Bank, in principle, will carry out back-to-back hedging and covering to avoid market risks effectively. In addition, when engaging in hedging transactions with different contractual terms, the financial trading department shall specify matters of hedged items, hedging relationship, nature of the hedged risks, and the mitigation effects of the valuation risks. Risk management departments shall regularly carry out measurements regarding the effects of executing risk mitigation.</p>
5. Approach Adopted for Statutory Capital Provision	<p>The standardized measurement method</p>

Market Risk Accrued Capital

December 31, 2021

(Unit: NT\$1,000)

Category of Risk	Accrued Capital
Interest Rate Risk	2,244,684
Equity Risk	261,086
Foreign Exchange Risk	1,562,984
Commodity Risk	0
Total	4,068,754

E. Liquidity risks include the maturity analysis regarding assets and liabilities as well as management methods for assets liquidity and the cash flow gap liquidity

Liquidity Risk Management System

2021

Item	Description
1. Liquidity Risk Management Strategies and Procedures	<p>I. Liquidity risk management strategies</p> <p>(I) Monitor the liquidity risk positions according to the liquidity risk management policies and limitations approved by the Board of Directors.</p> <p>(II) Established the "TBB Directions for funding Liquidity Risk Management" and "TBB Management Guidelines for funding Liquidity Risk Management" for the compliance of the Bank, so as to effectively control the funding liquidity risks.</p> <p>(III) Overseas branches shall establish regulations related to liquidity risk management according to the business nature and the requirements of the competent local authority; such regulations shall be executed after being approved by the President, and the Risk Management Department shall be responsible for the monitoring.</p> <p>II. Liquidity risk management procedures</p> <p>(I) Discuss and formulate directions, management guidelines for liquidity risk management, and contingency plan for funding liquidity risk and conduct a review on a yearly basis.</p> <p>(II) Identify, measure, supervise, and control the funding liquidity risk and establish stable operating procedures and structures.</p> <p>(III) Report to the ALM committee regarding the measurement results for funding liquidity risk on a monthly basis and report to the Board of Directors regarding funding liquidity risk and stress test results.</p>
2. Liquidity Risk Management Organization and Framework	<p>I. Board of Directors: The highest liquidity risk management and supervision unit, responsible for approving the directions for liquidity risk management and all risk limitation, and shall review on a yearly basis, so as to ensure the effectiveness of the liquidity risk management.</p> <p>II. ALM Committee: The Bank established an ALM Committee subordinated to the President, responsible for the supervision for liquidity risk exposures and the approval of responding plan upon conditions exceeding management indicators.</p> <p>III. Treasury Department: Execute daily funding allocation operations to ensure sufficient funding is in place to satisfy all funding requirements.</p> <p>IV. Risk Management Department: Responsible for the identification, measurement, monitoring, disclosure, and reporting of liquidity risk.</p>
3. Scope and Features of Liquidity Risk Reporting and Measurement Systems	<p>The Bank uses the ALM system to calculate the liquidity gap on a monthly basis, allocates items of funding inflow and outflow to each time slot according to the remaining maturity date, calculates the funding gap, to measure the funding gap within each time slot. Also, it prepares the statement of term structures of the maturity date, to contain the liquidity gap within the limitation, making sure that the Bank will have sufficient capacity to fulfill its obligation in due course.</p>
4. Funding strategies of the Bank: Policy of mismatching funding sources and funding tenor, and centralized or decentralized funding strategies	<p>I. The ratio of wholesale NT\$ time deposits accounts shall be accounted for less than 1% of total time deposits of the Bank in principle.</p> <p>II. The ratio of deposit balances per account for wholesale deposit accounts (sum of demand and time deposits) shall be accounted for less than 2% of total NT\$ deposits (excluding time deposits transferred from post offices) of the Bank in principle.</p> <p>III. Regarding depositors exceeding the above ratio, the Risk Management Department shall report to the ALM Committee on a monthly basis.</p> <p>IV. The ratio of total deposits balances (demand and time) of the top 10 customers of the Bank shall be accounted for less than 30% of total NT\$ deposits (excluding time deposits transferred from post offices) of the Bank in principle; however, where the ratio is over 24%, the authority department shall propose countermeasure and report to the ALM Committee.</p> <p>V. Prepare the "Wholesale Time Deposits Transaction List" and "Wholesale Deposits Transaction List"</p>
5. Liquidity risk hedging or mitigation policies, and monitoring the continued effectiveness of risk hedging and mitigation tools	<p>I. The Bank has "Contingency Plan for Funding Liquidity Risk" in place to respond to liquidity crisis such as abnormal withdrawal of deposits, huge loss of funding, or material shortage of liquidity, to minimize liquidity risk and maintain the normal operation of the Bank.</p> <p>II. Review the "TBB Directions for Funding Liquidity Risk Management", "TBB Management Guidelines for Funding Liquidity Risk Management", and "Contingency Plan for Funding Liquidity Risk" to effectively control the funding liquidity risk.</p> <p>III. Where the funding liquidity risk limitation is exceeded or other significant events have occurred that may lead to a funding liquidity crisis, the Risk Management Department shall immediately call for a meeting with other related departments to formulate countermeasures, submit to the ALM Committee for discussion and execute by the relevant business authority after receiving the approvals from the President, and shall report to the Board of Directors (Managing Directors).</p>
6. Description of how to conduct a stress test	<p>I. Conduct stress tests on the crisis that occurred to the individual banks, and the crisis occurred to the overall market on a quarterly basis.</p> <p>II. Convene a meeting with related business departments to formulate the stress scenarios and the target value for risk management; submit to the President for approval and conduct the stress test on a yearly basis.</p>
7. Summary for liquidity contingency plans	<p>When significant events occurred to the Bank that may incur funding liquidity crisis, and convene the ALM Committee meeting and establish a contingency workforce that is in charge of the following:</p> <p>I. Allocate sufficient cash for support.</p> <p>II. Deal with abnormal wholesale deposits and funding withdrawals.</p> <p>III. Issue statement to clarify the truth.</p> <p>IV. Maintain the operating orders.</p> <p>V. Provide information related to crisis management, funding changes, and available balances of the Bank from time to time according to the requirements of external processing institutions to allow such institutions to grasp the actual circumstances of the Bank in a short time and provide assistance to the Bank in due course.</p> <p>VI. Avoid conditions of over-utilization regarding deposits in the interbank accounts and proactively contact the correspondent bank to maintain the current limitations.</p> <p>VII. By the end of such events, in order to repay the borrowings and strengthened the confidence of the depositors, the Bank's headquarter and branches shall assign material officers to visit designated key accounts at the site, so as to strive for the early return of deposits. Meanwhile, to completely eliminate the suspicions casts by different sectors, the Bank shall publish declarations to explain the event and show its appreciation to the assistance of relevant departments.</p>

**Structural Analysis of the Maturity of New Taiwan Dollars**

December 31, 2021

(Unit: NT\$1,000)

	Total	Amount for the Remaining Period Prior to the Maturity Date					
		0-10 days	11-30 days	31-90 days	91-180 days	181 days-1 year	Over one year
Primary inflow upon maturity	1,750,694,486	161,102,012	173,091,966	160,017,985	191,111,216	183,481,924	881,889,383
Primary outflow upon maturity	2,080,919,419	58,109,342	96,378,346	197,106,878	230,402,505	383,878,329	1,115,044,019
Gap	-330,224,933	102,992,670	76,713,620	-37,088,893	-39,291,289	-200,396,405	-233,154,636

Note: The table includes the NT\$ amount of the Bank, including an estimated outflow of loan commitments NT\$321,721,283 thousand.

Structural Analysis of the Maturity of US Dollars

December 31, 2021

(Unit: US\$1,000)

	Total	Amount for the Remaining Period Prior to the Maturity Date				
		0-30 days	31-90 days	91-180 days	181 days-1 year	Over one year
Primary inflow upon maturity	13,916,218	2,980,694	3,107,058	1,979,387	2,382,222	3,466,857
Primary outflow upon maturity	14,541,102	2,963,483	2,492,268	1,795,298	2,996,995	4,293,058
Gap	-624,884	17,211	614,790	184,089	-614,773	-826,201

Note: The table includes the US\$ amount of the Bank, including an estimated outflow of loan commitments NT\$824,028 thousand.

(3) Impact of changes of important domestic and international policies and laws on the Bank's finance and business, and response measures:

In cooperation with the Trust 2.0 "Comprehensive Trust" program launched by the government, the Bank provides trust products and services that meet the needs of the society; improve the care for the elderly, the disadvantaged, and people with disabilities; assist business owners with business succession, wealth planning, and sustainable business operations; participate in the government's urban renewal and reconstruction policy; strengthen the promotion of Elderly Care Trust, Trust for People with Disabilities, Family Trust, and Urban Renewal and Reconstruction Trust, to fulfill our corporate social responsibilities and provide a full range of trust services.

(4) Impact of changes in technology and industry on the Bank's finance and business, and response measures

1. Due to the ever-changing development of digitalization and FinTech, banks within the same industry invested resources one after another to carry out their own digital development and digital transformation. Big Data and FinTech are also widely used to improve customer experiences, and precise marketing and social media are adopted for business promotion. Furthermore, to become a part of customers' lives and provide omnipresent financial services, banks have adopted various approaches to construct their own digital ecosystems.
2. In response to the changes in the financial environment, the Bank actively promoted its digital transformation and developed digital marketing. It introduced FinTech services to establish the Bank's digitalized services with customers as cores, data as the basis, and customers' experiences as primary considerations. To rapidly develop its digital banking, the Bank intends to adopt a strategy with channels, customer-acquiring, marketing, and innovation, which is described as follows:

A. Channel strategy

Provide revisions and optimization for four major mediums used by customers, including online personal banking, online corporate banking, mobile banking APP, and its website. Attach attention to UI/UX, emphasize simple and refreshing visual display as well as easy and convenient operations, and continue to update functions and services. Meanwhile, actively introduce a transaction security control system with convenience and security to provide a convenient and secured digital finance environment for customers.

B. Customer-acquiring strategy

Develop simple online application services and introduce automated and smart services to create the online application platform, including account opening, card application, loans and payment, and provision of exclusive products, allowing customers to enjoy fast, convenient, and preferential application services all day long. Promote the mobile payment business, continue developing Taiwan Pay, and proactively manages chains or online merchants to introduce Taiwan Pay. Develop customer group operations according to the grouping based on their categorizations.

C. Marketing strategy

Develop social media operations, including active expansion of fans, the number of friends on LINE's official account, and functional services, to formulate a digital-friendly image of the Bank and attract different customer groups to make exchanges with the Bank. Introduce Big Data analysis to analyze, group, and label customers, and concurrently understand the behaviors of customers in different aspects, so as to design and provide customized and personalized services.

D. Innovation strategy

Create the AI smart banking that combines AI with customer services, procedures, and biological characteristics to continue developing smart customer services, RPA, biometric recognition, and digital identity recognition and expand the diverse development of the Blockchain. Develop and deepen open API according to the open API development procedures in three stages promoted by the government to allow the Bank's services to enter customers' lives, in the hope of providing premium and wide-ranged digital finance services and experiences.

(5) Impact of changes in the Bank's image on corporate risk management and response measures

Where the external parties recognize the Bank for its excellent business performances, the Bank will immediately grasp the timely opportunities of news and carry out relevant promotional activities, so as to improve the image of the Bank. Shall there be untrue rumors or negative media press that adversely affects the image of the Bank, the Bank will proactively verify the truth, provide instant verification or engage media to make a balance, protecting the reputation and image of the Bank.

(6) The expected benefits and possible risks to engage in mergers and acquisitions (M&A) and the countermeasures: None.

(7) The expected benefits and possible risks to expand the branches and the countermeasures:

In 2021, the Bank had not expanded its branches but only carried out adjustments for its domestic branches.

(8) Risks derived from the concentration of operations, and countermeasures: None

(9) The impact on the Company, and risk due to changes in managerial authority, and the countermeasures: None

(10) The effects of Directors or major shareholders holding more than 1% of shareholdings transferring or converting a large amount of equity in the Bank, as well as the risks, and countermeasures:

The equity changes in Directors and corporate shareholders represented by Directors are reported according to the Securities and Exchange Act; furthermore, within 10 days from the closing day, communicate with shareholders holding more than 1% of shareholdings in the Bank according to Article 25 of the Banking Act to remind shareholders regarding notifying the Bank of the changes in their shareholding according to the requirements of the Banking Act, in order to stabilize the Bank's ownership.

(11) Litigious or non-litigious matters

The World Trade Center Branch of the Bank carried out the outward collection project under the letter of credits for its customer Chi Seng Industrial Co., Ltd. in 1996, and it is suspected that the importer L' International Compagnie de Commercialisation et D'Investissement in the Republic of Zaire (hereinafter, 'I.C.C.I. Company') incurred losses due to Chi Seng Industrial Co., Ltd. holding counterfeit notes and has not performed the exports. The I.C.C.I. Company filed a prosecution to the Brussels Commercial Court in November 1998 and requested the issuing bank of the certificate and the Bank to make a joint compensation amounting to US\$7.83 million, plus interests, losses, and fees. On August 31, 2005, the Court pronounced the judgment that the Bank shall make compensation of US\$7.674 million plus interests to the I.C.C.I. Company. The Bank engaged a local attorney to file an appeal, and the Court of Appeal of Brussels had made its interlocutory judgment in February 2011, considering that both the Bank and I.C.C.I. Company had faults and made its judgment regarding the proportion of fault on November 16, 2011, sentencing that the Bank shall be responsible for 90% of the proportion of fault. The Bank lodged an appeal regarding the interlocutory judgment of the second instance on November 3, 2011; however, the Court of Final Appeal rejected the appeal from the Bank on February 6, 2013. Therefore, losing the lawsuit was confirmed. However, the Bank failed to achieve a consensus regarding the currency rate and calculation of compensation with I.C.C.I. Company. In addition, in October 2016, I.C.C.I.



Company filed an application to the Frankfurt Court to impound the deposits of the Bank at the correspondent bank. The Bank immediately provided security deposits of €13.2 million to the Court to release the order. In July 2017, I.C.C.I. Company applied for the enforcement regarding the abovementioned security deposits, and the Court transferred such security deposits to I.C.C.I. Company without any consultations. Therefore, the Bank filed an appeal of debtor disagreement. However, the Frankfurt Court rejected the lawsuit of the Bank in November 2018. After another appeal by the Bank, the Frankfurt Supreme Court return the lawsuit to the first trial for remand in November 2019. On March 16, 2020, I.C.C.I. Company submitted a declaration for the reasons of objection to German Federal Supreme Court of Justice for requesting the cancellation of "Verdict of Return for Remand by the Frankfurt Supreme Court." The Bank filed a defense, and the German Federal Supreme Court of Justice ruled to reject I.C.C.I.'s counter appeal on May 20, 2021, and this case is now in trial by the Frankfurt District Court. Furthermore, the Bank received notices of appearance from the court in Congo in October and November 2019, respectively, for the reason that (1) A third-party Star Marine Company required I.C.C.I. Company to make a compensation of US\$0.63 million and a payment of US\$0.5 million based on the equitable principles apart from the laws, US\$1.13 million in aggregate, and required the Bank to bear the joint and several liabilities for compensation; and (2) I.C.C.I. Company required the Bank to make a compensation of US\$20.06 million for the loss of investment opportunity and business reputation (less the amount it had been repaid) and required the Bank to provide a guarantee of €14 million. The Bank has appointed a local attorney to reply in court. The court in the Democratic Republic of Congo trialed the two cases together. The Bank received the translated version of the court's judgment in April 2021 that TBB shall pay I.C.C.I. Company about €20.06 million, compensate Star Marine Company US\$1.13 million jointly and severally with I.C.C.I. Company, and deposit €14 million in a bank in Congo. As the notice of court session was not legally served and there were many errors in the judgment, the Bank has appointed an attorney in Congo to file an appeal and objection. In August 2021, the Court of Appeal of Congo made a ruling prohibiting I.C.C.I. Company and Star Marine Company from enforcing the judgment of first instance. In addition, the Bank received the notice from two Congolese lawyers in mid-June 2021. Star Marine Company claimed that the Bank had issued a forged certification of appointment to Congolese lawyers to object to the appeal procedure, for the purpose of preventing I.C.C.I. Company and Star Marine Company from enforcing the judgment of first instance. Therefore, criminal proceedings were initiated against the Chairman and President of the Bank for the charges of suspecting (exercising) private- document forgery and fraud. The Criminal Court of Congo held a court session in November 2021 and rendered a judgment of inadmissibility (that is, a judgment in favor of the Bank and the senior management). Star Marine Company subsequently filed an appeal, which was overruled by the court of second instance on January 24, 2022.

As of December 31, 2021, the Bank recognized compensation for losses of NT\$258,197 thousand and €9.66 million.

(12) Other significant risks and response measures:

- A. To strengthen the risk management for the loan business and avoid excessive centralized loans to industries, group corporations, and individual corporations, the Bank established the 'Management Guidelines for Credit Risk Limitations Control' and 'Procedures for Credit Risk Limitations and Control of Credit Loans' to regulate its risk limits for loans, and thus diversify the risk.
- B. To control different types of risks from credit cards, the Bank has implemented various measures, including centralized credit review, regular semi-annual review, 24-hour risky transaction monitoring for any abnormal transactions, control over abnormal transactions at contracted stores, SMS notification of transactions by credit cards, reminders of overdue payments by SMS, and centralized reminders of overdue payments by phone, to reduce the risk of loss.

7. Crisis Management and Response Mechanism

- (1)** The Bank has established the "Guideline for Material Contingencies Handling Mechanisms." Shall there be bank runs for deposits, robberies, fraud, fire, flood, natural disaster, violence, or other significant matters, the department shall immediately notify the Business Development Department of the Bank with a call and describe the relevant circumstances according to the requirements under the Guideline to carry out the related reporting and contingency process. The Business Development Department shall notify the President immediately to adopt appropriate countermeasures, convene the contingency workforce meeting when necessary, and take the initiatives to assign staff for assistance in branches to take required measures. Report the relevant data to

FSC, the Central Bank, Central Deposit Insurance Corporation, and the Ministry of Finance, and closely work with the responding measures of the competent authority. Where necessary, the spokesman of the Bank will take the initiative to release the press, directing the news report regarding the event toward the facts, instead of exaggerating, and affecting the reputation of the Bank.

- (2) Respond to natural disaster factors according to the "TBB Management Guidelines for Branches Concerning Foreign Currency Transaction and Capital Operations during Natural Disasters." When the Bank's headquarter has called off work due to natural disasters while partial branches are still operating as usual, such guidelines provide a basis for branches that carry out foreign currency transactions and capital operations.
- (3) Emergency backup and security protection measures for information equipment: Please refer to "Emergency backup and security protection measures for information operations" in "V. Business Operation" (Page 102).
- (4) Responding to the probability of significant funding outflow, the Bank has established the "Directions for Contingencies Response" and "Funding Liquidity Risk Management," describing the contingency measures to be adopted when any liquidity crisis occurred.
- (5) The Bank has established the "Occupational Safety and Health Code," which sets out the relevant occupational safety and health standards, maintenance and inspection method for all equipment, and designates specialists to carry out safety and health inspection regularly to ensure related equipment to function normally, minimize accidents, and protect the personal safety of the employees. Upon disasters, a comprehensive security inspection shall be carried out according to the "Disaster Contingency Manual." Regarding damaged branch premises or significant operating equipment, the Bank will adopt the necessary reinforcement or repair to ensure operational safety. For equipment that cannot be reinforced or repaired in a short time, a temporary substitute plan is also provided to help the restoration of all businesses.

8. Other Significant Events: None.



TBB continues to invite local artists to curate exhibitions at the Image of Dadaocheng - Art and Cultural Space and held five solo exhibitions, including the famous calligrapher and seal engraver, Ying-Chih Chien; the brushwork painter, Chiu-Hsi Chen; the pen and wash painter, Yin Yu; the watercolor painter, Chiu-Tai Chang; the collage artist, Ting-Chen Liang.

VIII

Special Notes

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1. Information Regarding the Bank's Subsidiaries

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2. Progress of Private Placement of Securities and Financial Bonds

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3. The Bank's Subsidiaries' Shareholding or Disposal of the Bank's Shares

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4. Additional Disclosure

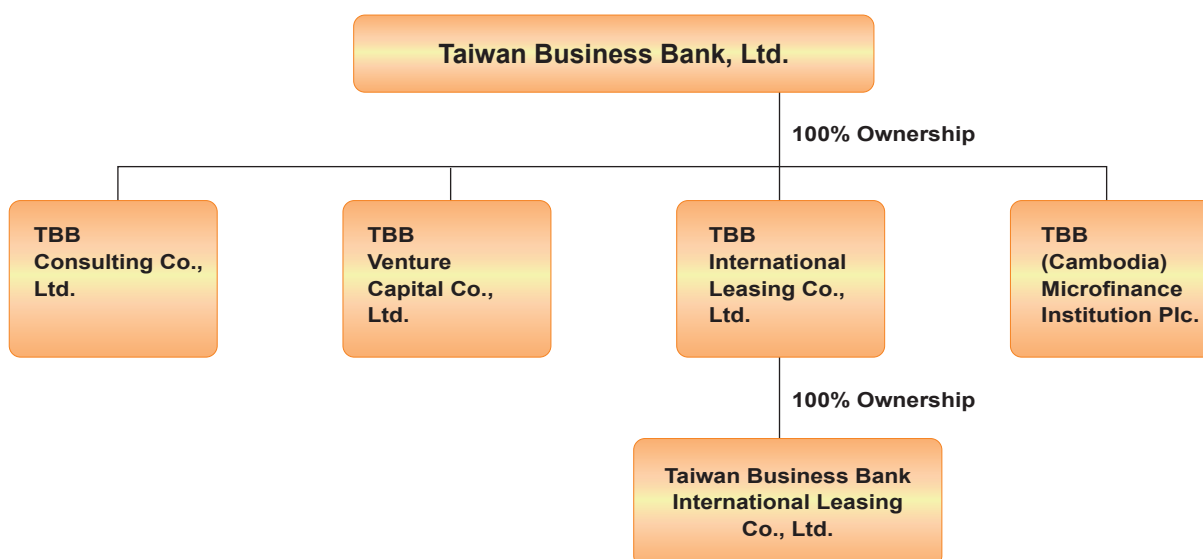
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5. Pursuant to Item 2, Paragraph 3, Article 36 of Security and Exchange Act, the Incidence Exerting Material Influence on Shareholders' Rights or Security Prices



1. Information Regarding the Bank's Subsidiaries

(1) Organization Chart of Affiliated Enterprises



(2) Information of Affiliated Enterprises

Enterprise Name	Established Date	Address	Paid-In Capital	Major Business
TBB International Leasing Co., Ltd.	2013.04.03	5F, No. 151, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan, R.O.C.	NT\$ 1.5 billion	Financial lease
Taiwan Business Bank International Leasing Co., Ltd.	2014.06.16	Room 368, 302 Part, No.211, North Fute Road, Free Trade Zone, Pudong District, Shanghai	CNY\$ 170 million	Financial lease
TBB (Cambodia) Microfinance Institution Plc	2015.08.10	2E/2F Street 315, Sangkat Boeung Kok 1, Khan Toul Kork, Phnom Penh, Cambodia.	US\$ 20 million	SME and personal finance business
TBB Venture Capital Co., Ltd.	2018.09.07	11F, No. 30, Ta Cheng St., Taipei City, Taiwan, R.O.C.	NT\$ 1 billion	Venture capital business
TBB Consulting Co., Ltd.	2021.08.30	11F, No. 30, Ta Cheng St., Taipei City, Taiwan, R.O.C.	NT\$ 50 million	Venture capital business; management consulting business

(3) Directors, Supervisors and Presidents of Affiliated Enterprises

Enterprise Name	Title	Name	Shareholding	
			Shares	%
TBB International Leasing Co., Ltd.	Chairman Director Director Supervisor President	Shao-Huang Chen Tseng-Hsiang Yi Kuo-Liang Tseng Tsung-Chu Hsieh Jaw-Jiun Lai	150,000,000	100%
Taiwan Business Bank International Leasing Co., Ltd.	Chairman Director Director Supervisor President	Shao-Huang Chen Tseng-Hsiang Yi Mei-Chun Lin Tsung-Chu Hsieh Chi-An Lui	—	100%
TBB (Cambodia) Microfinance Institution Plc.	Chairman Director Director Independent Director President	Yu-Min Chang Sung-Shui Chiu Hung-Tien Chiang Tien-Liang Hsu Hung-Tien Chiang	20,000	100%



Enterprise Name	Title	Name	Shareholding	
			Shares	%
TBB Venture Capital Co., Ltd.	Chairman Director Director Director Supervisor Supervisor President	Chang-Yu Lin Jui-Yuan Wu Tseng-Hsiang Yi Jyun-You Shih Ching-Pu Chen Tun-Kung Cheng Yu-Chuan Chou Jui-Yuan Wu	100,000,000	100%
TBB Consulting Co., Ltd.	Chairman Director Director Director Supervisor Supervisor President	Chang-Yu Lin Jui-Yuan Wu Tseng-Hsiang Yi Jyun-You Shih Ching-Pu Chen Tun-Kung Cheng Yu-Chuan Chou Jui-Yuan Wu	5,000,000	100%

(4) Operations Overview of Affiliated Enterprises

Unit: NT\$ Thousand

Enterprise Name	Capital	Total Asset	Total Liability	Net Value	Operating Revenue	Operating Profits	Current Profit and Loss (After-tax)	EPS (After-tax)
TBB International Leasing Co., Ltd. (Consolidated)	1,500,000	1,580,522	117,454	1,463,068	68,846	27,304	28,813	0.19
TBB (Cambodia) Microfinance Institution Plc	614,730	1,067,762	530,466	537,296	75,755	-24,233	-30,133	-1,506.63
TBB Venture Capital Co., Ltd.	1,000,000	1,079,285	11,227	1,068,058	97,828	74,892	78,443	0.78
TBB Consulting Co., Ltd.	50,000	51,156	2,567	48,589	0	-1,412	-1,411	-0.28

Note: The price per share of TBB (Cambodia) Microfinance Institution Plc is US\$1,000. If it is converted to NT\$10 per share according to the local practice, the earnings per share (after-tax) would be NT\$-0.49.

(5) Consolidated Financial Statement of Affiliated Enterprises

The financial statements of the long-term invested companies with more than 50% of equity owned by the Bank have been incorporated into the consolidated statements. Please refer to the 2021 Consolidated Financial Statements and Accompanying Notes in VI Financial Status (Page 121).

2. Progress of Private Placement of Securities and Financial Bonds: None.

3. The Bank's Subsidiaries' Shareholding or Disposal of the Bank's Shares: None.

4. Additional Disclosure: None.

5. Pursuant to Item 2, Paragraph 3, Article 36 of Security and Exchange Act, the Incidence Exerting Material Influence on Shareholders' Rights or Security Prices: None.

IX

Sustainable Development Report

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1. Promotion of Sustainable Development and Responsibility Analysis

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2. Material Issues Analysis

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3. Climate-related Financial Disclosures

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4. The Bank's achievements in promoting sustainable development in 2021





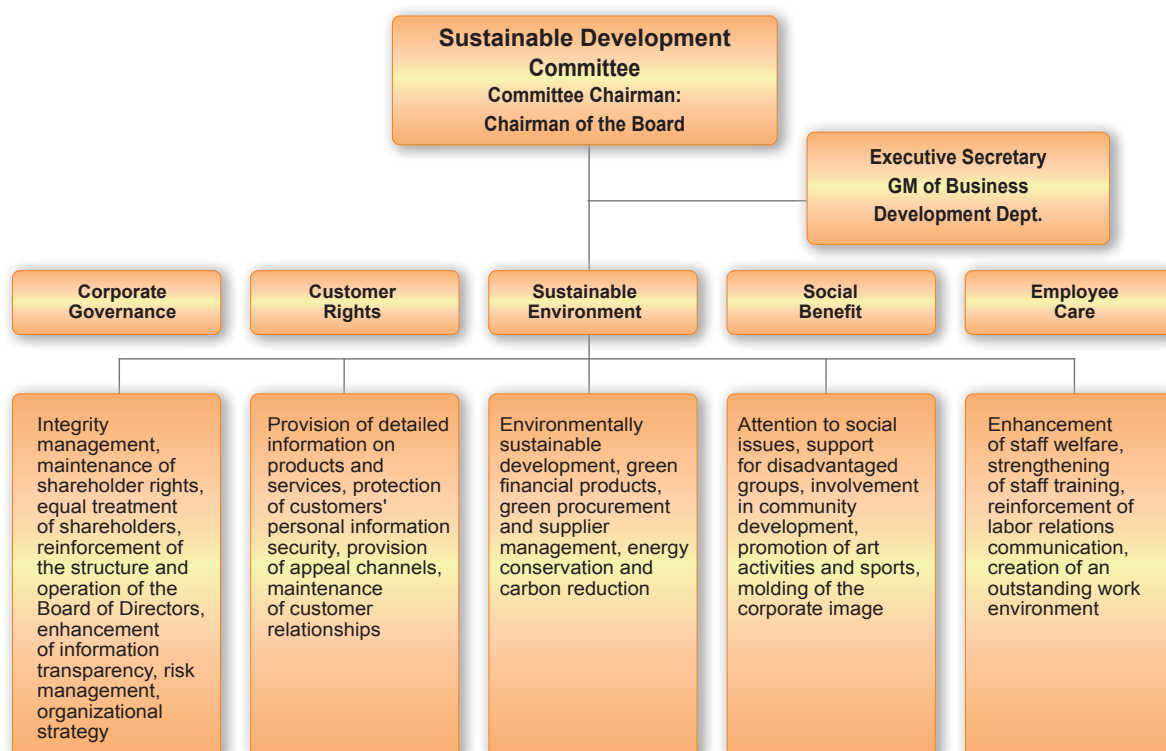
1. Promotion of Sustainable Development and Responsibility Analysis

The fulfillment of Corporate Social Responsibility (CSR) has always been one of the Bank's core operating principles. In addition to the pursuit of business performance, the provision of employee value-added, and an emphasis on shareholder interests, the Bank also takes concrete actions to fulfill its CSR by starting out from its main banking businesses and participating actively in public-benefit activities, showing care for society, enhancing customer benefits, reinforcing care for employees, and striving to become an outstanding bank with sustainable operations.

To reinforce the fulfillment of its CSR and exhibit the importance that the Bank attaches to CSR, the Bank set up a CSR Initiative Committee in 2017, which was promoted to the CSR Committee in 2018, responsible for the proposal and execution of CSR policies or systems, and report to the Board regarding the results of executing the CSR of the Bank.

In 2021, in response to the international financial development trends, and the Financial Supervisory Commission's (FSC's) Corporate Governance 3.0 - Blueprint for Sustainable Development policy, the Bank merged the Strategic Development Committee with the CSR Committee, which was renamed as the Sustainable Development Committee. In addition, the Bank formulated its Sustainable Development Policy, and revised the name and partial provisions of the original CSR-related regulations, as well as reports annually to the Board on the Bank's implementation of sustainable development.

The charter of the Sustainable Development Committee was promulgated on December 30, 2021. There are currently 5 members with the Chairman and the President undertaking posts of committee chairman the mandatory member, respectively, and the remaining 3 members are Independent Directors of the Bank. There are five subordinated units under the Committee which include Corporate Governance, Customer Rights, Sustainable Environment, Social Benefit, and Employee Care. The Bank will take the core financing business as the starting point in carrying out sustainable development within its scope of business.



2. Material Issues Analysis

Collect, understand, and identify concerned issues related to the Bank's stakeholders through distributing the "Stakeholder Identification" forms to evaluate the degree of concerns of various types of stakeholders and the level of influence on the operations of the Bank.

Risk assessment and management guidelines for material issues

(1) Environmental

Scope	Material issues	Risk assessment and management guidelines				Evaluation and target				
		Risk assessment	Policy	Commitment	Action	Performance indicator	Short-term: 1 to 2 years	Mid-term: 2 to 3 years	Long-term: 3 to 5 years	Achievement in 2021
Environment	Corporate sustainability policy	Effects of environmental and labor safety issues raised by suppliers.	Look up the environmental protection and labor safety related information of suppliers through the government websites, and include the information in the qualification review of procurements.	Support environmental and green industries and avoid direct dealing with disputable suppliers.	If a supplier has specific facts of dishonest behavior, and violation of environmental protection, occupational safety and health, and labor rights, etc., the Bank shall request the supplier to explain and provide an improvement plan. If the supplier fails to improve after counseling and causes significant impact on the environment and society, the Bank may terminate or end the contract, and suspend its right to participate in subsequent procurement case biddings.	Number of cases where suppliers have no violations of regulations and unimproved cases	No cases of violation of regulations and unimproved cases.			Neither cases of violation of regulations nor unimproved cases were found during 2021.
	Environmentally and socially friendly services	The increase in pollution and energy consumption affects living quality and economic development.	Promote the "Green Energy Sustainable Project Loan," "Preferential Loans for Acquisition of Renewable Energy Equipment," "Machinery and Equipment Upgrade Loans," and "Low-Carbon Sustainable Homeland Project Loans" to respond to the global initiative of carbon emission reduction and comply with government policies.	Support environmental and green industries and avoid directly work with disputable corporates.	Provide preferential financing conditions and encourage corporate to acquire (build) equipment for renewable energy, energy-saving, and pollution prevention to reduce carbon emission and energy (resource) consumption.	The accumulated project loan cases for providing loans to assist customers in improving and upgrading their production equipment.	Year-on-year growth of 10%	Year-on-year growth of 10%	Year-on-year growth of 10%	• TBB extended the "Green Energy Sustainable Project Loan," "Preferential Loans for Acquisition of Renewable Energy Equipment," and "Machinery and Equipment Upgrade Loans." The cumulative number of loans disbursed by the end of 2021 was 773 cases, representing a growth of 10.43% as compared to 700 cases by the end of 2020, achieving 10% of TBB's short-term target.
	Energy-saving and carbon emission reduction	Acquire new equipment to replace old equipment producing more greenhouse gas to save energy and cut down carbon emissions, so as to decrease operating costs.	<ul style="list-style-type: none"> Electricity conservation Follow-up on short-term, mid-term, and long-term conditions of greenhouse gas in scope I and II. Increase the amount and scope for green purchase. Require suppliers to fulfill their corporate social responsibilities. 	Duly fulfill corporate social responsibilities and spare no effort in environmental protection. Respond to the green purchase policies promoted by the government, avoid dealings with suppliers with poor environmental performance, and include supplier's commitment to purchase contracts to jointly practice corporate social responsibilities.	<ul style="list-style-type: none"> Reduce electricity consumption of TBB's office premises. Reduce greenhouse gas emissions year by year. Increase the amount of green purchase year by year. Carry out suppliers' evaluation. For any conduct violating environmental protection or CSR, TBB will notify the supplier to make improvements within a limited time and will reject or terminate the cooperation for those who refuse to make improvements. 	<ul style="list-style-type: none"> Power saving ratio of TBB's office premises Reduce the greenhouse gas emission ratio of the headquarters' building. Percentage of the Amount of green purchase by TBB 	<ul style="list-style-type: none"> Achieved 1% Achieved 1% Achieved 2% 	<ul style="list-style-type: none"> Achieved 1% Achieved 1% Achieved 2% 	<ul style="list-style-type: none"> Achieved 1% Achieved 1% Achieved 2% 	<ul style="list-style-type: none"> TBB's electricity consumption decreased by 7.41% in 2021 compared with the same period in 2020. The greenhouse gas emission of the headquarters' building was 1,379 T/CO₂e and 1,340.3 T/CO₂e for 2019 and 2020, respectively; and 1,284 T/CO₂e for 2021, a decrease of 4.2% of carbon emission compared with the same period. The amount of green purchase was NT\$88,095 thousand and NT\$99,124 thousand for 2020 and 2021, respectively, representing a year-on-year growth of 12.5%, achieving 2% of TBB's short-term target. TBB issued its Regulations for Supplier Management on December 18, 2020 and added terms related to supplier management in the procurement contracts for the joint practice of corporate social responsibilities.

(2) Social

Scope	Material issues	Risk assessment and management guidelines				Evaluation and target				
		Risk assessment	Policy	Commitment	Action	Performance indicator	Short-term: 1 to 2 years	Mid-term: 2 to 3 years	Long-term: 3 to 5 years	Achievement in 2021
Social	Public welfare and charity	The failure to keep up with the social trend by carrying out charity-related events will render TBB's image of being profit-oriented.	Promote the Silver Love Credit Card to help seniors to dine and learn together through the allocated public welfare funds.	Care for the seniors with the strength of cardholders to spread love to every corner of Taiwan.	TBB allocated 0.3% of the general card consumption from the Silver Love Credit Card to help seniors to dine and learn together, and assist in the building of Schools for Seniors in communities. By doing so, TBB may spread love to every corner across Taiwan, support the vulnerable groups and people with physical/mental disabilities, and realize community caring and social relief, fulfilling its corporate social responsibilities.	Support the disadvantaged group	Accumulated a public welfare fund of NT\$12 million.	Accumulated a public welfare fund of NT\$17 million.	Accumulated a public welfare fund of NT\$25 million.	From June 14, 2018 to December 31, 2021, a public welfare fund of NT\$17.25 million was accumulated.
	Corporate image	<ul style="list-style-type: none"> The Bank is a specialized bank for SME customers; poor development of SME business may affect the image of the Bank as a SME specialized bank. 	<ul style="list-style-type: none"> Provide advisory in inheritance and succession plan to jointly face the issue of second generation inheritance currently faced by SMEs. Promote the program to "double the number of loans provided to micro-to-small enterprises and start-ups within three years and provide loans amounted to NT\$100 billion to help SMEs," in order to solve the issue for micro-to-small enterprises in obtaining funds. 	<ul style="list-style-type: none"> Assist enterprises in their sustainable development and become a great partner of customers in corporate operations. Help micro-to-small enterprises to obtain funds required for corporate operations and growth to stabilize economic development. 	<ul style="list-style-type: none"> The Bank provides assistance required for corporate inheritance through organizing the lecture tour "Loans and Counseling for SMEs" across Taiwan, planning serial topics on "Second Generation Inheritance," or participating in relevant counseling programs organized by external departments. Cooperating with the SMEs, the Bank established project regulations to simplify the procedures for credit investigation to help enterprises to obtain the required funds. 	<ul style="list-style-type: none"> Organize lectures or participate in lectures organized by external departments. Ranking of market shares for the number of micro-to-small enterprises 	<ul style="list-style-type: none"> >2 sessions Ranked the 1st 	<ul style="list-style-type: none"> >2 sessions Ranked the 1st 	<ul style="list-style-type: none"> >2 sessions Ranked the 1st 	<ul style="list-style-type: none"> Cooperate with external organizations to hold financing practical courses such as "Relief and Revitalization Seminar", "Youth Entrepreneurship Loan Seminar" and "How to establish business relationship with banks", and participate in a total of 68 sessions in 2021. At the end of December 2021, TBB assisted 65,096 small and micro enterprises (with a capital of less than NT\$ 30 million) to obtain the necessary funds for operation, an increase of 11,644 from 53,452 in 2020, ranking the 1st in terms of the market share.
	Urban renewal	Urban renewal is the development focus of the Bank; the unsatisfying implementation for relevant services may hurt the image of the Bank.	Promote the "Urban Renewal Loan" and "Reconstruction of Hazardous and Old Buildings Loan."	Provide fast information inquiries services regarding urban renewals and one-stop financial services, offering case inquiry, counseling, and project loans, as well as trust management for citizens.	<ul style="list-style-type: none"> A responsible unit was added under the Corporate Banking Department to handle services such as urban renewal financing and project counseling. Provide internal trainings regarding urban renewal topics to cultivate more talents in this field. 	Set the amount of loan approved as an indicator	NT\$20 billion	NT\$30 billion	NT\$50 billion	<ul style="list-style-type: none"> The "Urban Renewal Loan" and "Reconstruction of Hazardous and Old Buildings Loan" extended by the Bank amounted to NT\$10.163 billion. As of the end of 2021, the accumulated loan amount approved has reached the short-term target of NT\$20 billion. The Bank participated in the 3rd Urban Renewal Expo & Seminars held by the Wealth Magazine on December 11 and 12, 2021. On-site booths were set up to provide business consulting services, giving the Bank a chance to further understand customers' needs, promote the knowledge related to urban renewal and help with the development of a sustainable city.
	Service quality and Communication channels	Poor service quality or communication channel may result in customer complaints and thus losing business opportunities	Comply with the Treating Clients Fairly Policy of the Bank, provide product information, contact, complaint, and application channels on its website, disclose service and complaint channels in different contracts, and comply with TBB's "Procedures for Customer Service Center in Processing Customer Complaints."	Maintain premium service quality and communication channels and deal with customers' problems actively.	Arrange regular educational training to promote material legal requirements and common deficiencies; implement the regulatory mechanism. Have specialized personnel in place to manage customers' inquiries for loans via channels of customer service line "0800," website, and e-mail, and refer to branches for them to take the initiative to visit.	Ratio for closing cases of customer complaint calls in a timely manner	Closed within 2 days >90%	Closed within 2 days >93%	Closed within 2 days >95%	In 2021, a total of 10 customer complaint calls were handled and closed within 2 days.



IX

Scope	Material issues	Risk assessment and management guidelines				Evaluation and target				
		Risk assessment	Policy	Commitment	Action	Performance indicator	Short-term: 1 to 2 years	Mid-term: 2 to 3 years	Long-term: 3 to 5 years	Achievement in 2021
Social	Diversified training and promotion	Diversified training provides our fellow colleagues the training for professional capacities beyond their current positions. Training resources may be wasted where our fellow colleagues failed to take the position or engage in related work after such training.	Implement diversified training to execute the program for employees' position transfer and transformation.	Our fellow colleagues enroll for participating in weekday internal training programs and employee's weekend training class to receive cross-field education.	TBB will inspect the actual benefit of the training through the following methods: 1. Organize the integrated training and utilization follow-up 6 months after the ending of weekday internal training programs. 2. Inspect the training results according to the questionnaire after the employee's weekend training class.	For integrated training and utilization follow-up, the number of employees engaging in works related to the training shall be accounted for 96% of the total number of employees received the training.	The number of employees engaging in works related to the training shall be accounted for 96% of the total number of employees received the training.	The number of employees engaging in works related to the training shall be accounted for 97% total number of employees received the training.	The number of employees engaging in works related to the training shall be accounted for 98% of the total number of employees received the training.	<ul style="list-style-type: none"> TBB tracked all basic business courses based on implementation, and the average implementation rate was 96.98% in 2021. According to the questionnaire after the employee's weekend training class, the average satisfaction rate achieved 98.90%, representing that the content of such lectures gained recognition from the majority of students. In the future, TBB will continue planning and executing the classes according to topics suggested by students.
		The increase in employee's salaries due to promotion may increase the operating costs of TBB.	TBB established the "Regulations for the Promotion of Employees" and has a reasonable promotion system in place.	TBB promotes outstanding talents and provides systematic promotion opportunities for employees with extensive knowledge, expertise, personal integrity, and outstanding integrity.	Organize promotion operations on a yearly basis and perform evaluations according to the performance of employees to achieve the effect of providing incentives.	Promote outstanding talents to improve the cohesiveness of employees (increase the number of places for promotion)	Increase the number of places for promotion (promoting approximately 760 employees per year)	Increase the number of places for promotion (promoting approximately 770 employees per year)	Increase the number of places for promotion (promoting approximately 780 employees per year)	A total of 887 employees were promoted during 2021.

(3) Corporate governance

Scope	Material issues	Risk assessment and management guidelines				Evaluation and target				
		Risk assessment	Policy	Commitment	Action	Performance indicator	Short-term: 1 year	Mid-term: 2 to 3 years	Long-term: 4 to 5 years	Achievement in 2021
Governance	Integrity management	<ul style="list-style-type: none"> Internal audit personnel failed to discover the defects that violate the law during the audit, accepting improper benefits would expose TBB to the risk of reputation damages. 	<ul style="list-style-type: none"> Assist the Board and the management in the audit and evaluation of whether the internal control system is operating effectively. Shape the culture of integrity management with the top-down approach and internalize integrity management as the virtue of our fellow colleagues. 	<ul style="list-style-type: none"> Regarding the matters to be improved listed by audit authorities, CPA, and internal audit departments, continue to follow-up and re-examine, and report to the Board and the Audit Committee. Core values of TBB are integrity and incorruptibility. 	<ul style="list-style-type: none"> Establish the audit plan according to the requirements of competent authorities and continue to perform the audit according to the audit plan. TBB executes education on code of conduct and legal compliance, and internal audit simultaneously. 	<ul style="list-style-type: none"> Execution of TBB's audit plan Education on code of conducts and legal compliance Event of receiving improper benefits. 	<ul style="list-style-type: none"> Execution rate for the audit plan of 100%. Passing rate of 95%. 0 case. 	<ul style="list-style-type: none"> Execution rate for the audit plan of 100%. Passing rate of 96%. 0 case. 	<ul style="list-style-type: none"> Execution rate for the audit plan of 100%. Passing rate of 97%. 0 case. 	<ul style="list-style-type: none"> Execution rate for the audit plan was 100% in 2021. Regarding the ethical training program of TBB, the relevant business departments shall promote the internal and external requirements by managing the training, including contents related to ethical operations such as laws and regulations promotion, legal responsibilities of employees of TBB, etc. TBB organized the business foundation program for new employees upon the date of arriving at their post and arranged programs for "Legislative Requirements for Financial Practitioners" (including training related to the regulations and integrity. The exam passing rate has reached 100%). In addition, to formulate TBB's culture of legal compliance, online examinations have been conducted from the second quarter of 2020, and the "Ethical Corporate Management Best Practice Principles" have been included as a common subject for the examination in the second quarter of 2021, allowing fellow colleagues to internalize ethical operations as their virtues. The exam passing rate has reached 99.51%. Furthermore, TBB also assigns employees to participate in relevant external programs in due course to improve employees' relevant knowledge and competencies. The Secretarial Dept. has not received any report related to improper benefits. In addition, the Auditing Dept. has completed the audit according to the 2021 audit plan, and there was no violation of the ethical operations of TBB.
	Corporate governance	Imperfect structural design or business operation may affect the stakeholders.	Improve the corporate governance system to achieve the target of sustainable operations.	Continue to review our corporate governance to create an environment with mutual benefits.	Protect shareholders' rights and improve the function of the Board.	<ul style="list-style-type: none"> Board diversity and evaluation Communication with stakeholders 	<ul style="list-style-type: none"> Natural person professional Directors accounted for 1/3 of the Directors. Communication completion rate of 95%. 	<ul style="list-style-type: none"> Single-gender Directors accounted for 1/4 of the Directors. Communication completion rate of 98%. 	<ul style="list-style-type: none"> Natural person professional Directors and single-gender Directors accounted for 1/3 of the Directors. Communication completion rate of 100%. 	<ul style="list-style-type: none"> A total of 6 directors with natural person and professional director qualifications at the election of directors for the 16th Board on July 20, 2021, accounting for two-fifths of the total directors. In 2021, the completion rate of TBB's communication (effective communication/actual number of events) with stakeholders (customers, government agencies, shareholders/investors, suppliers/partners, employees, NGOs/charity groups, and the media) was 99.2%.



Scope	Material issues	Risk assessment and management guidelines				Evaluation and target				
		Risk assessment	Policy	Commitment	Action	Performance indicator	Short-term: 1 year	Mid-term: 2 to 3 years	Long-term: 4 to 5 years	Achievement in 2021
	Operating and investment strategies	The improved awareness for environmental protection and relevant legal requirement led to an increase in operating costs.	Support environmental and green industries and avoid investing in disputable enterprises.	Duly fulfill the duties of the management and realize ethical operations.	Select investment targets with due care and attach continuing attention after transactions.	Invest in green bonds or green-related industries or products.	The annual investment amount recorded a year-on-year increase of 3%.			The investment amount in 2021 increased by 271% compared with that in 2020.
Governance	Legal compliance	Violating the regulations may lead to the losses of TBB; however, where any penalty is imposed, the reputation of TBB may be compromised.	Legal compliance is the joint responsibility of the Board, senior management, and all employees.	Allow all employees to gain in-depth knowledge regarding the laws and regulations as well as moral code related to themselves.	All departments shall perform legal compliance self-evaluation.	Number of cases for penalty imposed by the competent authority	0 case for penalty.	0 case for penalty.	0 case for penalty.	TBB was imposed with 3 penalty cases: 1. The FSC conducted an ad-hoc inspection of TBB's concurrent operation of securities business from February 13 to 19, 2020, and discovered that during our implementation of the internal control system, there were cases: (1) where the account numbers opened by internal personnel failed to distinguish from that of other principals, (2) where the internal personnel made use of their personal mobile phones to place orders for purchasing securities on behalf of their family members and friends, (3) where the credit lines of related parties were not under a combined control, (4) where no control system was established for public subscription to verify whether any person uses or falsely uses other's name to make purchases for public offerings, and (5) where personnel concurrently engages in securities business failed to register and participate in educational training according to the requirements, violating the provisions of Article 2, paragraph 2 of the Regulations Governing Securities Firms. Thus, TBB was fined NT\$240,000 as per Article 178-1, paragraph 1, subparagraph 4 of the Securities and Exchange Act and was rectified as per Article 65 of the Securities and Exchange Act. (Judgment Letter of Jin-Guan-Zeng-Quan-Fa-Zi No. 1090351676 and Letter of Jin-Guan-Zeng-Quan-Zi No. 10903516761 on January 21, 2021) 2. In the opinion of the FSC, the Bank has never engaged in insurance solicitation and only agrees that insurance companies may re-market and explain to the customers who we have previously solicited and been underwritten by any insurance companies and that the Bank will charge commissions or business service fees linked to the actual premiums paid by such customers for purchasing insurance products from the insurance companies. This has been confirmed to be in violation of Article 49, paragraph 12 of the Regulations Governing Insurance Agents. The FSC requested the Bank to make corrections within one month and was fined NT\$1.5 million in accordance with Article 167-2 of the Insurance Act. (Letter of Jin-Guan-Bao-So-Zi No. 11004952918 on December 30, 2021)
	Information security and personal data privacy	Any invasion of the information system would affect the security of customers' personal data.	Personal data management policy	<ul style="list-style-type: none"> Provide a comprehensive information security environment to ensure the confidentiality, completeness, and availability of operating data. Enhance the information security protection structure, protect the confidentiality, completeness, and availability of TBB's information and communication system and information assets, and maintain the continual operation of the core systems. 	<ul style="list-style-type: none"> Establish a comprehensive information security management system and relevant regulations for the entire TBB. Carry out information security testing and assessment for TBB's computer systems to improve the security protection capacities of the internet and information system. Organize information and communication security drills to improve our fellow colleagues' corresponding and handling capacities. Organize social engineering drills and educational training related to information security and promote concepts of information security protection to improve the awareness of our fellow colleagues regarding information security. 	<ul style="list-style-type: none"> The number of information security cases where the core cybersecurity system or the core business information was materially tampered with or leaked that led to compromised interests of customers or affected TBB's healthy operations. 	• 0 information security case.	• 0 information security case.	• 0 information security case.	No information security case as stated in the performance indicator has occurred.

3. Climate-related Financial Disclosures

The Bank has signed the TCFD statement in November 2021 and became a TCFD Supporter. Under the TCFD framework and the FSC's Guidelines on Climate-related Financial Disclosures by Domestic Banks, the Bank assessed our climate change risks and opportunities, and presented the climate risk assessment results in four dimensions: Governance, Strategy, Risk Management, and Indicator and Target:

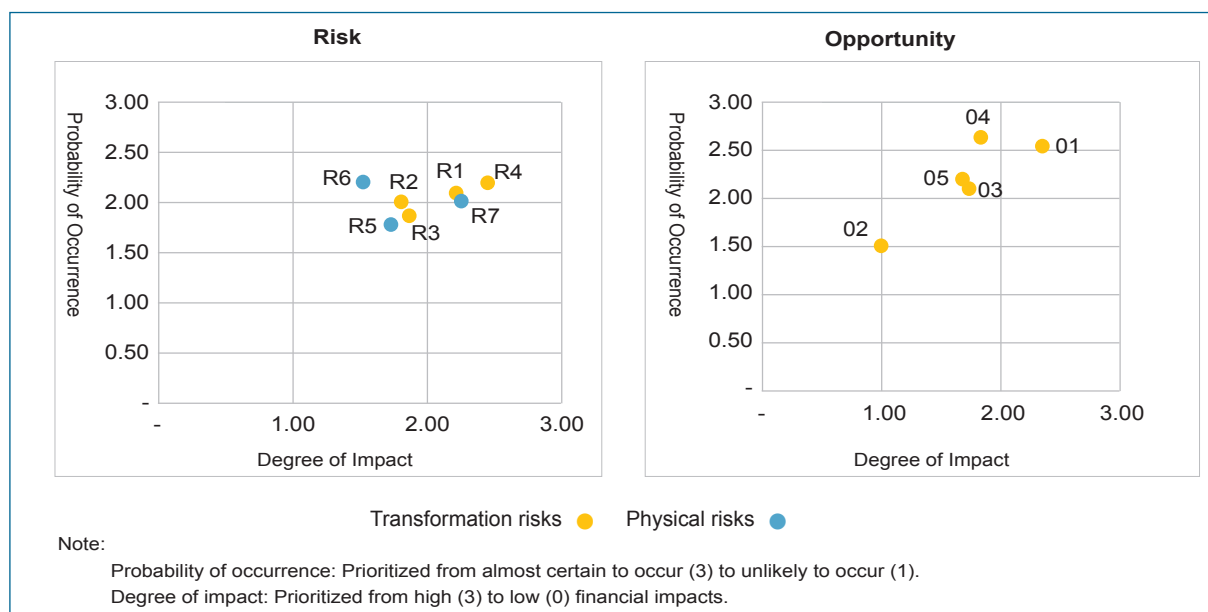
Governance	Risk Management
<ul style="list-style-type: none"> ◆ Board of Directors Incorporate climate risk factors into the Bank's risk appetite, strategy, and business plan, including identification of climate-related risks and opportunities and their impact on the Bank's strategy and plan, and continue to effectively monitor the Bank's management and disclosure of climate risks. ◆ Risk Management Committee Supervise and review the implementation and effectiveness of climate risk governance. ◆ Risk Management Department Regularly perform the identification and analysis of climate change risks and opportunities and make the TCFD analysis report. 	<ul style="list-style-type: none"> ◆ Risk Management Department collects issues of climate-related risks and opportunities with reference to the domestic and international climate scenarios and the TCFD framework and investigates on our relevant departments. After identification and prioritization, a risk and opportunity matrix is drawn based on the occurrence probability and the degree of impact, to identify the severity of each climate risk and opportunity incident and formulate countermeasures accordingly. ◆ Collect information on potential climate change transition and physical risks to analyze potential financial impacts in various climate scenarios. ◆ Hand over relevant issues to each business management department for management, and work on the planning and execution of business development strategies based on the climate risks and opportunities identified, and the analysis results of climate transition and physical risks.
Strategy	Indicator and Target
<ul style="list-style-type: none"> ◆ Fully leverage the influence as a banking institution in the mitigation of the impact of global climate change, to reduce the impact of climate change on the environment and strive to achieve sustainable development of the environment. ◆ Regularly identify climate change risks and opportunities under the TCFD framework and evaluate the potential impact on operations and finance, and then develop corresponding targets and measures for corporate operations, business development, and financial planning. ◆ Actively develop short-, mid- and long-term countermeasures in accordance with the identified climate change risks and opportunities, and enhance the ability to adapt to climate-related risks in different climate scenarios. 	<ul style="list-style-type: none"> ◆ Indicator <ul style="list-style-type: none"> ■ Continue to introduce international certification, and continuously monitor the information on TBB's use of energy and water resources, waste disposal, and resource recycling, as well as regularly entrust third-party entities to conduct inspections. ■ Continuously monitor the development of green financial services, and monitor the proportion of credit risk exposure of high energy consuming/polluting industries. ◆ Target <ul style="list-style-type: none"> ■ Increase the proportion of green loans year by year. ■ Set up a target proportion of credit risk exposure of high energy consuming/polluting industries ■ Reduce greenhouse gas emissions year by year. ■ Improve the effectiveness of reduction of electricity and water consumption year by year.

(1) Identify risks and opportunities associated with climate change

After collecting climate-related risks and opportunities together with external consultants, the Bank identified and prioritized important climate-related risks and opportunities and evaluated the impact on our operations and business development opportunities.

(2) Prioritization of climate change risks and opportunities

Climate Change Risk and Opportunity Matrix



Prioritization of climate change risks

Priority	No.	Risk	Impact	Time period	Risk level
1	R4	Customers' revenues impacted by the control over carbon emissions, increasing credit risk	Customers' revenue is impacted by the EPA's carbon emission control list, which may increase the default risk	Short	High
2	R1	Stricter credit standards	The introduction of sustainable finance guidelines such as Equator Principles and responsible banks raise the threshold for credit granting, which may lead to losses of business.	Short	High
3	R7	Losses on customers' assets due to flooding, thereby reducing the value of collaterals	Flooding causes house prices to fall in areas where real property collaterals are located, leading to the depreciation of collaterals.	Short	Medium
4	R2	Investment institutions' lowering of their investments in TBB's positions	If the proportion of the Bank's investment/financing position in high-carbon emission industries is too high, it may lower the willingness of international investment institutions to invest, and even cause investors to massively withdraw the investment due to concerns over asset safety.	Short	Medium
5	R3	Uncertainty over the green energy policy	The environmental regulations have been tightened, and customers' investment and operating costs have increased, which has increased the Bank's credit risk.	Medium	Medium
6	R6	Rising average temperature, increasing operating costs	In the future, the average temperature will continue to rise, and Taiwan's power structure will undergo transformation. The electricity price will increase gradually, resulting in an increase in operating costs of the Bank.	Short	Low
7	R5	Losses incurred to branches due to flooding	Branches suffer losses on assets and house prices drop, which may cause the interruption of business.	Medium	Low

Prioritization of climate change opportunities

Priority	No.	Opportunity	Opportunity	Time period
1	O1	Promotion of green loan products	Provide funds needed for green energy technology industries and launch various green loan products.	Short
2	O4	Digital finance	The digitization of online services and transactions reduces administrative costs of operating locations and achieves paperless operations.	Short
3	O5	Adoption of green building materials and solar facilities	Green building designs can effectively improve energy efficiency and reduce carbon emissions and operating costs.	Short
4	O3	Positive reports on sustainability ratings	Actively disclose carbon management information and prepare sustainability reports.	Short
5	O2	Promotion of low-carbon credit cards	The market's demand for green financial products has increased, and consumers have increased their needs for low-carbon credit cards.	Medium

Note:

- (1) Short-term: It is estimated to occur within one year.
- (2) Medium-term: It is estimated to occur within one to seven years.
- (3) Long-term: It is estimated to occur after seven years.



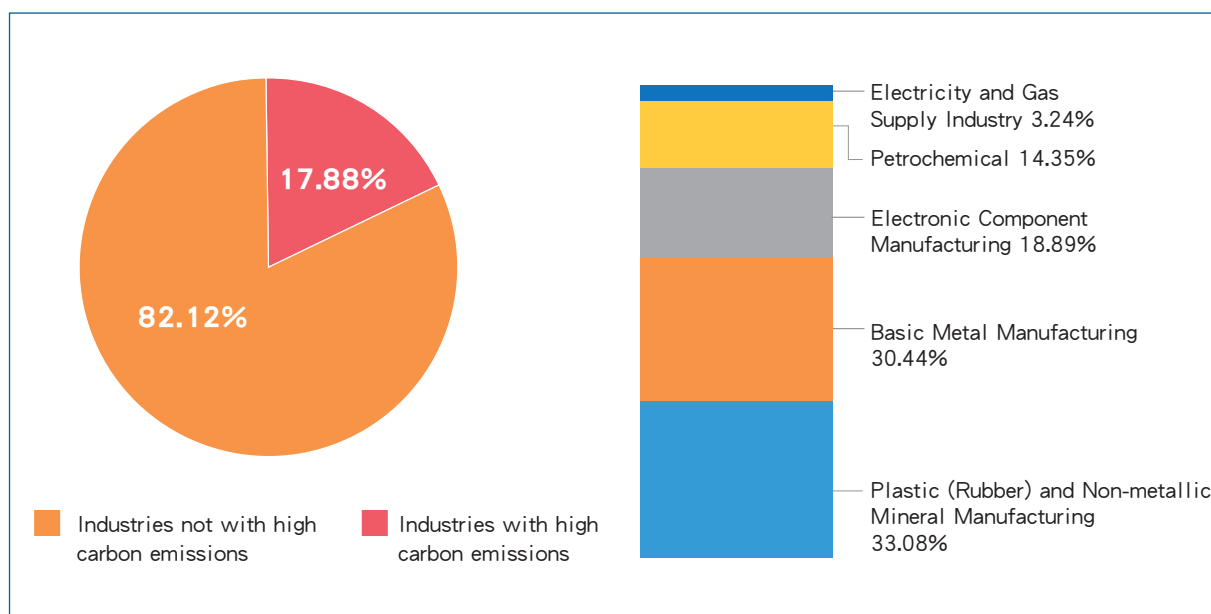
IX

(3) Analysis of credit risk exposure of high carbon emission industries

According to the 2020 control list of enterprises on the national greenhouse gas registration platform of the Environmental Protection Agency of the Executive Yuan, the Bank has defined 5 industries with high carbon emissions, which include Petrochemical, Plastic (Rubber) and Non-metallic Mineral Manufacturing, Basic Metal Manufacturing, Electronic Component Manufacturing, and Metal Products Manufacturing industries. The Bank has identified that the balance of loans to industries with high carbon emissions in 2021 was NT\$133.6 billion, accounting for 17.88% of the total loan balance, which counts for the Bank's carbon-related credit risk exposure.

Industries with high carbon emissions

The first layer of industry	The second layer of industry	Industry code
Manufacturing	Petrochemical	A total of 17 sub-industries
Manufacturing	Plastic (Rubber) and Non-metallic Mineral Manufacturing	A total of 20 sub-industries
Manufacturing	Basic Metal Manufacturing	A total of 11 sub-industries
Manufacturing	Electronic Component Manufacturing	A total of 8 sub-industries
Electricity and Gas Supply Industry	Electricity and Gas Supply Industry	A total of 3 sub-industries





(4) Quantitative analysis of financial impacts in climate change risk scenarios

The Bank worked with external consultants this year to analyze the transition and physical risk scenarios respectively, quantify the financial impacts of climate change on the Bank, and assess the Bank's potential climate change risks.

A. Transition risk scenario analysis

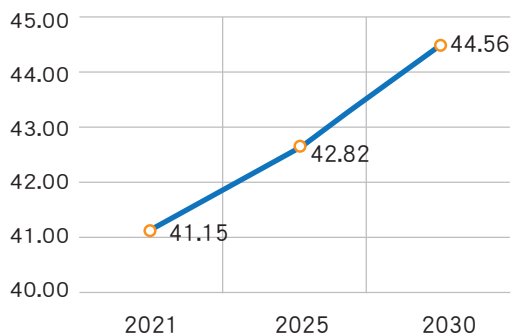
- a. Risk identification: In accordance with the 2020 control list of enterprises on the national greenhouse gas registration platform of the EPA, 41 of the enterprises are the Bank's loan customers from the power, steel, petrochemical, cement, and electronics industries.
- b. Risk analysis: To keep abreast of the mid- and long-term climate-related risks accurately, the Bank further referred to the global carbon price trends, the London School of Economics and Political Science's (LSE's) carbon pricing options for Taiwan, and the World Bank's 2021 World Energy Outlook, and simulated the risk exposures of industries with high carbon emissions from 2021 to 2030 as per different carbon price scenarios and evaluated the carbon fees that our 41 customers need to pay.

Carbon fee scenario	Unit	2021	2025	2030
EPA's estimates	NTD/tCO ₂ e	100	167	250
LSE	USD/tCO ₂ e	10	49	98
World Bank	USD/tCO ₂ e	40	67	100

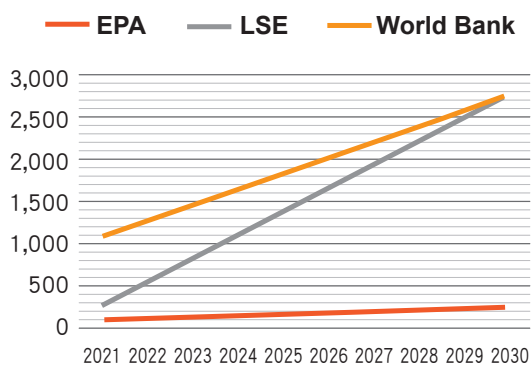
c. Hypothetical factors

- 1) Loan customers' carbon emissions: According to the stated policies scenario, energy demand will increase by 25% by 2040, with carbon emissions expected to increase by an average of 1% per year.
- 2) Carbon emissions from unlisted companies: The calculation of carbon emissions is based on the Environmentally-Extended Input-Output (EEIO) recommended by PCAF, which is used to estimate the direct and indirect GHG emissions in each industry.

STEPS SCENARIID: 41Loan Customers' Estimated Carbon Emissions
(Unit: Million metric tons)



Carbon Fee Pressure Scenario
(Unit: New Taiwan Dollar/Ton)



d. Quantitative analysis results of financial impacts of transition risks

The potential financial impacts of the 41 customers on the Bank in different carbon fee scenarios are displayed in the form of light signals as follows:

Financial Impact Light Signals			
No Impact	Account for less than 10% (inclusive) of net worth	Account for 10%~20% (inclusive) of net worth	Account for more than 20% of net worth
Scenario	2021年	2025年	2030年
EPA's estimated carbon fee			
LSE's estimated carbon fee			
World Bank's estimated carbon fee			

Note: The net worth is the consolidated net worth of the Bank in 2021.

B. Physical risk scenario analysis

This year's physical risk analysis included the assessment of financial impacts on real property collaterals and the branches' operations. The assessment methods and results are described as follows:

a. Risk Identification

- 1) Real property collaterals: The Bank performed a flooding risk analysis of the top 50 pieces of real property collaterals with the highest appraised values to identify the potential financial impacts (drop in house prices) when the flooding probability increases by 1% with the flooding risk above the intermediate level.
- 2) Locations of branches: The Bank performed a flooding risk analysis of the locations of our 125 branches in Taiwan, to keep abreast of the probability of flooding and the simulated flooding depth in future scenarios (2081-2100) under the most severe scenario of AR5 - RCP8.5 through the National Science & Technology Center for Disaster Reduction's (NCDR's) flooding risk assessment.

b. Risk analysis

- 1) Real property collaterals: The size of collateral (ping) × House price per ping in 2021 × Percentage of drop in house prices due to flooding (1.28%)
- 2) Locations of branches: The size of each branch (ping) × House price per ping in 2021 × Percentage of drop in house prices due to flooding (1.28%)

c. Hypothetical scenarios and factors

With reference to NCDR's estimated data, the most severe scenario - RCP8.5 in the representative connection pathways (RCPs) were adopted for assessment:

- 1) We kept abreast of the probability of flooding and the simulated flooding depth in future scenarios (2081-2100) for the areas where our 125 branches are located in Taiwan to assess the flooding risk.
- 2) We examined the flooding risk in the areas where the top 50 real properties with the highest appraised values in 2021 are located.
- 3) Factors to consider: The financial impacts of falling house prices due to flooding.

d. Analysis method

- 1) The Atmosphere General Circulation Model (AGCM) was adopted to simulate the RCP8.5 estimated scenario in the AR5 report published by IPCC in 2014.
- 2) Scenario of falling house prices: According to a domestic research report, every 1% increase in the flooding frequency will cause house prices to drop by 1.28%.
- 3) We quantified the Bank's real property collaterals in the flood-prone areas and the potential drop in house prices around the locations of the Bank's branches to assess the potential financial impacts of flooding.

e. Quantitative analysis results of financial impacts of physical risks

Real property category	Flood-prone area	Percentage of decrease in house prices	Potential loss amount (in hundreds of millions NTD)
Real property collaterals	A total of nine pieces of real property collaterals located in flood-prone area	1.28%	4.30
Locations of branches	A total of nine branches located in flood-prone area		0.14



4. The Bank's achievements in promoting sustainable development in 2021, divided into categories of Environmental, Social and Corporate Governance (ESG), are described below:

(1) Environmental

- A. Extension of Environmentally Friendly Enterprise Project Loans
 - a. In its advancement toward such sustainable environment goals as lowering energy consumption and reducing pollution, in addition to including the implementation of corporate environmental protection in the review of loan applications, the Bank also promotes project loans under the "Preferential Loans for the Procurement of Renewal Energy Equipment," "Machinery and Equipment Upgrading (Phase II) Loans," "6 Core Strategic Industries," and "Project Loans for Green Energy Sustainability" programs, in the hope of establishing a low-carbon economy, achieving the goal of sustainable social development, and generating a win-win for economic development and environmental protection.
 - b. The Bank has developed the Innovative Urban Renewal 2.0 by combining urban renewal and green energy (generation of electricity on-farm and energy storage) and target the old factories in the industrial zones for renovation and reconstruction as their buildings can be designed to be more three-dimensional to increase the usable area and solar power generation and storage facilities can be installed on the rooftop of buildings to generate electricity on their own, which, at the same time, can solve the problems of land and power shortages in Taiwan.
- B. Implementation of Carbon Reduction and Energy Conservation Policy to Stimulate Sustainable Environmental Development
 - a. The Bank implemented its "Energy Policies" and "Measures for Water and Electricity Conservation" with scheduled follow-up on the status of water and electricity conservation by different units and inclusion of the results in business performance assessments. Various energy conservation improvement programs were vigorously implemented in order to enhance the energy efficiency of equipment and save on electricity costs.
 - b. In 2021, the second replacing work for lightings at all office premises of the Bank was conducted, where the latest LED Energy Label lighting announced during 2020 was adopted. The Bank replaced over 29,000 lights, greatly reducing the electricity used for lighting at business premises. About 1.53 million kilowatt-hours are saved annually, reducing carbon dioxide emissions by 767 metric tons — equivalent to the planting of 64,000 trees a year, enough to develop 2 Da'an Forest Parks.
 - c. The Bank's headquarters carried out the renewal of a VSD chiller and installed an energy management system as well as LED lighting for public areas. Third-party verification showed that these improvements boosted the energy efficiency of equipment by more than 37.2%, saving about 273,000 kilowatt-hours per year, reducing carbon dioxide emissions by 167 metric tons, and saving NT\$1.55 million in electricity costs annually. The electricity contract capacity of the Bank's headquarters was cut from 1,150 kilowatts to 750 kilowatts in recent years.
 - d. In terms of greenhouse gas emissions, the main source of the Bank's GHG emissions is from the power consumption. We completed the second replacing work for lightings at all office premises in 2021 and strengthened the management of power consumption at energy-consuming sites (including the Chongnan Building and the Linkou Server Room). With the Bank's bank-wide total power consumption in 2019 of 20,406,432 kWh as the baseline, the Bank's bank-wide total power consumption in 2020 and 2021 were 20,235,864 kWh (72.85 MJ) and 18,735.483 kWh (67.448 MJ), respectively, and the carbon dioxide equivalent emissions were about 10,341 and 9,405 metric tons, respectively. The power consumption in 2021 decreased by 7.41% on a year-on-year basis, and the cumulative quantity of carbon dioxide equivalent emissions reduced over the past two years was 1,211 metric tons. (Note: The power usage of all office premises of the Bank is the sum of the power used based on the monthly e-statement information of all premises from 2020 to 2021 provided by the Taiwan Power Company; based on the carbon dioxide coefficient of electricity at 0.509kg CO₂e/kWh and 0.502 CO₂e/kWh, announced by the Bureau of Energy, Ministry of Economic Affairs for 2019 and 2020, respectively; 1kWh equals to 3.6MJ).
 - e. To be aligned with international standards and continue to strengthen corporate social responsibility, the Bank, with the assistance of the third-party verification institution, SGS, adopted the operational control method to inspect seven kinds of GHG, including carbon dioxide (CO₂) and methane, and conducted inventory of Scopes 1 to 3 emissions: direct, indirect, and other indirect emissions at the head office

building and 125 domestic branches from January 1, 2021, to December 31, 2021, as per the ISO 14064-3: 2006 - Greenhouse Gases. The total GHG emissions in 2021 was 10,475 metric tons of Co2e and the main source was Scope 2, accounting for 89.79% of the total emissions; the direct emissions (Scope 1) were 1059.48 metric tons of Co2e, and the indirect emissions (Scope 2) were 9,405 Co2e.

- f. The Bank has installed the solar power facilities at four branches, namely the Ta Fa Branch, the Ta Yuan Branch, the Ming Hsiung Branch, and the Tainan Branch, with a total power generation capacity of 110.575KW.
 - g. At present, the Bank's general waste and resource recycling is cleared and disposed of by external professional service providers, who provide disposal certificates afterwards. According to statistics, the amount of waste in the head office building in 2021 was around 105 metric tons, a decrease of one metric ton compared to 2020. The Bank will continue to enhance the promotion of environmental protection and garbage classification to our fellow colleagues, with the aim of reducing 1 tons of wastes in 2022.
 - h. To strengthen the Bank's environmental management and increase the recycling of water, waste, and resources, the ISO 14001 environmental management system certification was adopted for the head office building in 2021.
 - i. We prioritize green building materials and other materials with energy or green labels during the renovation of our buildings and procurement of equipment and mainly adopt variable-frequency multi split air conditioning systems. From 2020 to 2021, the Bank replaced 145 old air-conditioning units with high-efficiency ones, which can save more than 10% of electricity every year.
 - j. In response to the national reading habits promoted by the government, the Bank implemented its paperless policy and energy-saving and carbon emission reduction initiatives, and also launched the E-Library reading services at the headquarters.
- C. Superior Performance Record in Implementing Environmental Protection
- a. The Bank signed a "Letter of Intent for Green Procurement by Private Enterprises and Groups" with the Environmental Protection Administration, Executive Yuan, and has been cited by the Environmental Protection Administration and the Taipei City Government's Department of Environmental Protection for "Outstanding Performance in Green Procurement" for ten years in a row. The amount of green procurement in 2021 achieved NT\$99.12 million.
 - b. The Bank's head office won the recommendation award in the industrial and commercial industry group B at the 2021 Energy Conservation Leadership Award organized by the Taipei City Government.
 - c. The head office building has been certified by ISO 50001 energy management system certification, which is valid from December 28, 2018, to August 19, 2021, December 14, 2020, to December 28, 2021, and December 28, 2021, to December 28, 2024. The validity period of the certificate has covered the years from 2020 to 2022.
 - d. The head office building has been certified by ISO 14064-1 greenhouse gas emissions inventory certification, which is valid from November 5, 2021, to November 5, 2024.

(2) Social

- A. Promotion of Social Benefit and Participation in Community Development
- a. The Bank donated NT\$3.5 million to the special disaster relief account of the Ministry of Health and Welfare to offer condolences to the victims and their families in the 0402 Taroko Express Accident.
 - b. The Bank donated NT\$2.1 million to the social assistance grant account under the Social Affairs Bureau, Kaohsiung City Government, to assist the families of the victims and victims in the Kaohsiung Tower Block Blaze with the medical care and life reconstruction.
 - c. To help with the media exposure of charity and public benefit groups, the Bank disclosed information on charitable donations on the Credit Card section of its official website, including donation programs for the Spinal Cord Injury Foundation, Taiwan Fund for Children and Families, World Vision International (Taiwan), Sunshine Social Welfare Foundation, Eden Social Welfare Foundation, Children Are Us Foundation, Genesis Social Welfare Foundation, and Waker Group.
 - d. To help pineapple farmers overcome the difficulties of China's suspension of purchasing Taiwanese pineapples, the Bank purchased around 30 tons of high-quality seasonal pineapples and shared them with our employees, as well as donating them to local medical care and disadvantaged groups in Tokyo through the Tokyo Branch to promote the relations between Taiwan and Japan.



- e. We attach importance to the health and growth of schoolchildren in remote villages and continue to subsidize Nanfeng Elementary School, Shuang Long Elementary School, Duona Elementary School, and Saijia Elementary School for the school breakfast in the school year of 2021.
- f. To increase mango farmers' sales, the Bank purchased 500 boxes of high-quality mangoes, totaling 3,000 kilograms, and donated them to three food banks for distributing them to households in need in the areas, thereby spreading our love further.
- g. The Bank donated NT\$500,000 to the Beigang Chaotian Gong to help the disadvantaged and promote public welfare.
- h. The Bank purchased 10 2021 anti-tuberculosis commemorative tickets from the Taiwan Anti-Tuberculosis Association to help it raise anti-tuberculosis funds.
- i. We sponsored an annual charity project launched by the financial media, Anue, to jointly draw the public attention to the difficulties faced disadvantaged children and the elderly in Taiwan.
- j. We continued our subsidy program for seven Senior Learning Centers, including the one operated by the Houhu Community Development Association in Xinwu District, Taoyuan City, to spread love and maintain the quality of care services and food provided to the elderly in these communities. In addition, we subsidized relevant events held by the seven community development associations, including the one operated by the Sugar Factory in Qishan, including the year-end party for the elderly in these communities.
- k. To fulfill our social responsibility, increase talents from diverse fields, and employ talents we need, the Bank has implemented the Industry-Academia Collaboration Program with colleges and universities since 2018. Through the programs, we provide internship opportunities to junior and senior students in colleges and universities and graduate school students at the end of the first year. Before the end of the internship, we employ excellent students based on their performance evaluation results and interview performance during the internship, to recruit outstanding students.
- l. A total of 92 students participated in the Industry-Academia Collaboration Program for the Second Semester of the School Year of 2020. After reviewing their performance evaluation results and interview performance, we selected 70 people with a retention rate of 76%. We will continue to implement the Industry-Academia Collaboration Program for the Second Semester of the School Year of 2021 with the aim of creating triple-wins for schools, students, and the Bank, through schools' recommendation of outstanding students, assistance of students with their career development, and recruitment of new talents.
- m. We provide financially disadvantaged youths with part-time job opportunities in the summer break to take care of them financially and implement industry-academia collaboration programs with public and private universities to jointly teach and cultivate outstanding talents, provide them with planned internship opportunities, and recruit those with great performance.
- n. The Kaohsiung City Government plans to develop the Asia New Bay Area, at which we provide business consulting services on-site two days a week to assist businesses in obtaining financing and counseling resources.
- o. We assisted branches to hold briefing sessions to report to customers on the global economic situation and future investment trends and to provide 2022 investment suggestions about stock and bond markets under various countries' fiscal policies, so as to satisfy customers' needs for investment strategy and enhance the Bank's professional image.
- p. The Bank established the "Public Welfare Trust - Senior Carefree Social Welfare Fund as the trustee and continued in 2021 to donate to the community development associations in various towns without sufficient resources to assist such associations in repairing community care sites and facilities, to care for these communities and fulfill our corporate social responsibility.
- q. We participated in events and activities, including Songnian University's peripatetic lectures jointly organized by the Trust Association and the New Taipei City Government, the financial knowledge education sessions on campus and in the community organized by the Banking Bureau, and the trust knowledge education offered by public welfare groups, to convey the correct concept of trust, deepen the public's recognition of trust, and enhance the Bank's trust brand image, thereby implementing the competent authority's trust 2.0 policy and fulfill our social responsibility.

- r. To develop the trust business in alignment with the needs of the elderly and people with disabilities and strengthen our care for them, the Bank held trust business seminars to long-term care institutions and nursing homes, at which we introduced how to use the trust mechanism to assist in nursing care and asset management to enable the elderly and people with disabilities to enjoy a worry-free and happy life in the future.
- B. Support for Academic, Cultural, and Sports Activities
 - a. The Bank helped promote Taiwan's arts and culture industry and sponsored the 2021 National Day Projection Mapping Exhibition at the Office of the President held by the General Association of Chinese Culture (GACC).
 - b. We sponsored the GACC's 2021 Roar Now Bangkah project, to lead the public to understand Wanhua's history, culture, industrial economy, and food culture through the live streaming of the forum live and music festivals.
 - c. We assisted Taiwanese composers in creating a platform for performance and communication, to revitalize the development of contemporary music in Taiwan and sponsored the Music Taiwan 2021 organized by the Asian Composers League - Taiwan National Committee.
 - d. The Bank continued to invite local artists to curate exhibitions at the Image of Dadaocheng - Art and Cultural Space and held five solo exhibitions, including the famous calligrapher and seal engraver, Ying-Chih Chien; the brushwork painter, Chiu-Hsi Chen; the pen and wash painter, Yin Yu; the watercolor painter, Chiu-Tai Chang; the collage artist, Ting-Chen Liang.
 - e. We sponsored a series of events for the relocation of the historical imperial-crown-style building of the Kaohsiung Main Station, to contribute our share to preserve the historical building and promote the folk culture and art events.
 - f. During the anti-pandemic period, we sponsored the live streaming of a fire ceremony at the Beigang Chaotian Gong during the Baishatun Mazu Pilgrimage, to show the Bank's support for traditional culture.
 - g. We sponsored the 2021 Taiwan Bank Forum organized by the Liberty Times, at which the three major topics of financial technology supervision, the development of the Central Bank's digital currencies, and digital transformation of banks were discussed, to facilitate exchanges between the industry, government, and academia and explore the current situation and the financial industry's countermeasures.
 - h. We sponsored Wealth Magazine Co., Ltd.'s 2021 Wealth Magazine's Impact Forum, at which domestic and international heavyweight industry, government, and academia experts were invited to provide advice on Taiwan's economic development to help enhance the Bank's professional image in the financial field.
 - i. We sponsored the Accounting Research and Development Foundation's 33rd Accounting Debate Competition to facilitate exchanges among academia, business, accountants, government agencies, and the Bank.
 - j. We sponsored the Japan-Taiwan Exchange Association's 2021 Taiwan and Japanese Multicultural Symbiosis Carnival, to promote economic, cultural, and sports exchanges between Taiwan and Japan.
 - k. We sponsored the Taiwan Ladies Professional Golf Association's (LPGA's) 2021 Suncity Truth, Goodness, and Beauty Tournament for experienced golfers to pass on the skills and styles from generation to generation.
 - l. We supported local sports events and sponsored the Keelung Amateur Basketball Association's 30th New Park Cup Basketball Tournament of Keelung City.
 - m. We assisted the Ministry of Finance in organizing the 2021 Uniform Invoice Cup Road Running Event to enhance the domestic sports atmosphere, and help disadvantaged groups through road running.
 - n. For the Yilan Affinity Card, the Bank allocates 0.3% of the card consumption to donate to National Ilan University and Yilan County Government to facilitate school affairs development and local prosperity.
 - o. The Bank collaborated with Beigang Chaotian Gong in issuing the Beigang Chaotian Gong Affinity Card. A sponsorship of NT\$1 million is provided to Beigang Chaotian Gong each year for organizing the pilgrimage or other public welfare events.



p. In cooperation with Taiwan Television Technology Co., Ltd. and Shih Hsin University's production and airing of Science Discovery with the subsidy provided by the Ministry of Science and Technology, the Bank provided them with the trust business service under the science and technology program subsidy and finalized the contract on September 10, 2021.

q. To fulfill corporate social responsibility, we sponsored the Taiwan Insurance Institute's 2022 Insurance and Economic Development Forum.

C. Care for employees

Employees are assets of the Bank, and we spare no effort to take care of our employees. In addition to formulating work rules and various personnel management regulations in accordance with the Labor Standards Act and other relevant labor laws and regulations, we provide labor insurance, national health insurance and pension contributions as per laws and regulations. We regularly hold employee health checks, provide preferential group medical and accident insurance, and protect employees' lives, so that they can live in a more comfortable living environment and leverage their capabilities at work without any concerns.

a. Enhancement of Employees' Professional Knowledge

To enhance our employees' competitiveness and their professional knowledge, we provided education and training courses in different areas of business in accordance with our annual staff training plan and also offered holiday courses in such subjects as international financial trends, precautions for financial consultants, cases of penalties in credit investigation/credit granting, personal data leakage and information security prevention countermeasures, offshore wind power industry, and OBU practical operations, with the aim of improving their professional knowledge.

b. Creation of an excellent workplace

- 1) In compliance with the Act of Gender Equality in Employment, the Bank has established regulations for sexual harassment measures, complaints, and penalties so that employees will have a work environment free of sexual harassment.
- 2) To enhance the safety of the Bank's working environment, whenever a construction incident occurs, the contractor is issued a "contractor working environment and hazard factors notice" in order to reduce occupational accidents; in addition, the Bank holds "general worker safety and health training" to enhance employees' concept of safety and health.
- 3) The Bank provides its employees with a safe and healthy workplace, equipped with central air conditioning systems, abundant lighting, comfortable and appropriate working space, and emergency evacuation routes and exits. Elevators are maintained on a regular basis, firefighting equipment is available, and regular fire drills are held. Workplaces are disinfected and cleaned regularly, and door access safety controls are in place. Health service and stress-free activity center and first-class facilities (such as AED, first aid kit) are also in place.

c. Establishment of Smooth Channels for Promotion and Communication

- 1) The Bank has a comprehensive system of remuneration and rewards as well as the promotion channel, diversified training and welfare measures that attract and retain talents, joining hands for the prosperity of the Bank.
- 2) The Bank places the utmost emphasis on employee rights and regularly calls labor-management meetings where the two sides can fully communicate and negotiate on employee rights and welfare issues, and sign the Collective Agreement, thereby maintaining harmonious labor-management relations.

(3) Corporate Governance

A. Fulfillment of responsibility as a SME specialized bank

a. Deep cultivation of the core SME business

- 1) We actively participated in various financial relief seminars held by government agencies, counseling units, and the industrial and commercial development and investment promotion committees, the details of which are as follows:
 - ① The Industrial Development and Investment Promotion Committee of Yunlin County and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) jointly held the Relief Loan Guarantee 4.0 - Online Application Guidance (Jul. 6, 2021), at which the local branches were invited to participate and provide consulting services.

- ② The Small and Medium Enterprise Administration, Ministry of Economic Affairs, held the Relief Loan 4.0 - Online Seminar on Corporate Loans and Subsidies (Jul. 7, 2021) in Taichung, at which the local branches were invited to participate and provide consulting services.
 - ③ The Pingtung County Small and Medium Enterprises Association held a government relief loan seminar (Aug. 11, 2021), at which the Bank lectured on Practical Business Dealings Between Enterprises and Banks.
 - ④ The Department of Urban and Rural Development, Pingtung County Government, held five seminars on the promotion of digital quintuple stimulus voucher (Sept. 7, 2021 - Sept. 9, 2021), at which the Bank lectured in the class of Introduction to Government Relief Loans and the local branches set up booths to provide consulting services.
 - ⑤ The Industrial Development and Investment Promotion Committee, Pingtung County Government, held the Seminar on Introduction to Government Relief Loans (Oct. 21, 2021), at which the Bank introduced the government relief loans and the local branches set up booths to provide consulting services.
 - ⑥ Taiwan SMEG held the event of "Walking Through the Pandemic to the Dawn - Taichung" at the GIS Taichung Xinwuri Convention Center (Dec. 20, 2021), at which the Bank was invited to be the panelist of the Comprehensive Discussion and Exchange and the local branches set up booths to provide on-site customer consulting services.
- 2) The Bank assisted young entrepreneurs in obtaining the necessary funds and participated in events and activities organized by government agencies and counseling units to introduce knowledge of entrepreneurial financing and provide business consulting services, the details of which are as follows:
- ① The Ministry of Culture held 29 Youth Entrepreneurship in the Cultural and Creative Industry and Start-up Loan Seminars (Jan. 5, 2021 - May 6, 2021) throughout the country and the Bank arranged local branches to set up booths to provide relevant business consulting services.
 - ② The Small and Medium Enterprise Administration held 12 Youth Entrepreneurship and Start-up Loan Seminars (Mar. 31, 2021 - Jul. 7, 2021) throughout the country, at which the Bank served as the instructor and set up booths to provide relevant business consulting services on site.
 - ③ The Miaoli County Industrial and Commercial Development and Investment Promotion Committee held a Youth Entrepreneurship Loan Seminar (Mar. 2, 2021) at the Twin Peaks Tea House, at which the Bank served as the instructor and set up booths to provide relevant on-site business consulting services.
 - ④ The Nantou County Small and Medium Enterprise Honorary Instructor Association held the Nantou County Cross-Industry Business Exchange Seminar (Mar. 9, 2021) in the Pinglin Community in Caotun, at which the Bank introduced the rules and practices related to youth entrepreneurship loans.
 - ⑤ The Bank served as the instructor to assist the Ministry of Culture and the Taiwan Creative Content Agency in filming a video of a Taicca School's course on banking financing practice (40 minutes), which was placed on the official website of the Taiwan Creative Content Agency for the public to view.
 - ⑥ The Bank served as the instructor to assist the Small and Medium Enterprise Administration in filming course videos on Youth Entrepreneurship Loan Introduction and Application to Banks, which were placed on its SME Learning for the public to view.
- 3) The Bank assisted the Association of Chain and Franchise Promotion in offering internal education and training and organizing activities, the details of which are as follows:
- ① The Association of Chain and Franchise Promotion, Taiwan, offered internal education and training (Feb. 19, 2021) at the Taipei Amazing Hall, at which the Bank served as the instructor for the entrepreneurship class.
 - ② The Association of Chain and Franchise Promotion, Taiwan, held the 2021 Taiwan Chain and Franchise Exhibition in Kaohsiung (Apr. 16, 2021) at the Kaohsiung Exhibition Center, at which the Bank introduced youth entrepreneurship loans and bank financing and our branches provided on-site consulting services.



- ③ The Association of Chain and Franchise Promotion held the 2021 Taipei International Chain and Franchise Exhibition (Sep. 24, 2021 - Sep. 27, 2021) at the Taipei World Trade Center Exhibition Hall 1, at which the Bank lectured on Practical Business Dealings with Banks at the event site, and the local branches set up booths to provide on-site consulting services.
- 4) The Economic Development Department, New Taipei City Government, held a Seminar on Transformation, Relocation, or Closure of Existing, Non-Low-Pollution, and Unregistered Factories (Feb. 24, 2021) in the assembly hall of Banqiao District Office, at which our local branches set up booths to provide on-site consulting services.
- 5) The Chinese Management Association held the 2021 Happy Cat and Honorary Associations Keep You Company Forward (May 12, 2021) at the Miaoli County Industrial Association, at which the Bank served as the instructor in the class of How to Use Financial Leverage to Reduce Enterprises' Risks.
- 6) The Nankang Software Incubator held the Financial Management for Startups (Aug. 15, 2021), at which the Bank served as the instructor in the class of How Can Banks Help You: Start-up Loans and Practical Business Dealings with Banks.
- 7) The Corporate Synergy Development Center held the Innovative Urban and Rural Industry Development Program of the Small and Medium Enterprise Administration - Small Gathering and Exchange Event (Sep. 28, 2021), at which the Bank introduced bank financing practices.
- 8) The Taiwan Small & Medium Enterprise Counseling Foundation held the 2021 Digital Transformation Seminar (Oct. 6, 2021) at the Taoyuan City Industrial Association, at which the Bank lectured on the class of Bank is Your Good Friend.
- 9) The Department of Economic Development, Taoyuan City Government, and the Taiwan Small & Medium Enterprise Counseling Foundation held the Business Operations and Financing Diagnosis and Counseling Seminar (Oct. 13, 2021 - Oct. 28, 2021), at which the Bank lectured on the class of Practical Business Dealings Between Enterprises and Banks in the Zhongli session and our local branches set up booths to provide on-site consulting services.
- 10) The Bureau of Energy, Ministry of Economic Affairs, and the Chiayi County Government held the Forward-Looking Smart Green Energy Forum and Green Energy Achievement Exhibition (Nov. 30, 2021) at the Evergreen Palace Hotel Chiayi, at which our local branches set up booths to provide on-site consulting services for green energy-related loans.
- 11) Wealth Magazine held the 3rd Dangerous Buildings and Urban Renewal Expo and Seminar (Dec. 11, 2021 - Dec. 12, 2021) at Taipei Zhongshan Hall, at which the Bank set up booths to provide on-site business consulting services.

b. Loan policy

The Bank follows the spirit of the "Equator Principles" in its loan policy.

In its extension of loans, the Bank fulfills its corporate social responsibility by taking the customer's integrity management, corporate governance, environmental protection, social responsibility, food safety, and labor safety into consideration in its loan evaluation and decision making, thereby exerting its influence on corporate social responsibility.

B. Implementation of consumer protection and reinforcement of customer care

a. Reinforcement of consumer protection

- 1) The Bank protects consumer rights through its "Consumer Protection Policy" and "Consumer Protection Operating Procedures," which clearly state the measures to be implemented and designate an exclusive unit to review the effectiveness of the consumer protection mechanism. The Auditing Dept. is responsible for checking on the status of implementation.
- 2) In line with the implementation of the Consumer Debt Clearance Act, the Bank has set up a single window for taking applications and providing consultation on preliminary negotiations, thereby helping to lighten the debt burden on debtors. To date, this facility has helped 5,492 people to start new lives, which in turn reducing social problems.
- 3) The Bank has established an "Operating Procedure for the Handling of Credit Card Disputes" and has set up a customer service center with a toll-free hotline, allowing the center to receive and handle customer complaints immediately.

- 4) To protect consumers and comply with the competent authority's regulations, in handling the medium- and long-term secured loan business with houses as collateral, or other real properties as collateral and its actual purpose is to purchase a home, branches have to emphasize the special reminders for mortgages, so as to allow customers to be aware of the risk of changes in loan interest rates.
- b. Implementation of customer service and care
- 1) Since the outbreak of COVID-19, all members of the Bank were called to action. The "COVID-19 Relief and Stimulus Steering Group" was immediately established at the head office to provide information about various relief and stimulus packages organized by the government to our branch staff and customers. Meanwhile, the Bank simplified relevant investigation and review procedures for extending relief loans and set up the "COVID-19 Relief Section" on its official website to provide exclusive online services, so as to accelerate the processing time for cases, ease the short-term capital pressure of corporates, and help them survive through the operating difficulties. As of the end of 2021, the number of approved loan cases for relief and stimulus packages under the policy and organized by the Bank was 68,243, with an amount approved amounted to NT\$318.138 billion.
 - 2) In response to the "Labor Relief Loans" operates by the Ministry of Labor, the Bank assisted local workers who were affected by the outbreak of COVID-19 to obtain capital for riding through the difficulties. In accumulation, the Bank assisted 33,389 people, and the amount of loan approved was NT\$3.368 billion as of the end of December 2021.
 - 3) To take care of young people and disadvantaged groups, the Bank carried out the Ministry of Finance's "Preferential Housing Loan Program for Successful Family Foundation of Youth" and the Construction and Planning Agency, Ministry of the Interior's "Housing Subsidy and Home Improvement Loans." By the end of December 2021, a total of 29,190 and 1,520 of these loans, respectively, had been extended, with the appropriation amount accumulated to NT\$120.385 billion and NT\$2.999 billion, respectively.
 - 4) The Bank established negotiation service windows, provided debt negotiation channels, and re-negotiation systems to help relieve the debt burden for borrowers in financial difficulties.
 - 5) To reinforce the interaction between fellow colleagues of all branches and the existing customers of the wealth management business and improve the communication between both parties, the Bank organized multiple sessions of small-scale high-asset customer roadshows, with "Good Friends - Heart-to-Heart Interaction" as the title, in different regions to develop profound relationships with customers and improve the reputation of the Bank.
 - 6) To accord with the governmental policy and fulfill its corporate social responsibilities, the Bank donated the amount equal to the insurance premium to "Chiayi Fu An Sovereign Charity" for it to purchase the "Micro Group Accident Insurance" product from South China Insurance.
 - 7) The Bank provided various counseling services (such as counseling high-quality enterprises to participate in the National Award of Outstanding SMEs, the Rising Star Award, the Business Startup Award, or the Taiwan SMEs Innovation Award), helped business owners participate in the management and financial diagnosis project courses organized by counseling institutions, and assisted SMEs in making good use of various government resources and obtaining the necessary funds for operations. We satisfied customers' needs by actively providing thoughtful services to strengthen SMEs' foundation.
- c. Creating financial products that conform to social trends and customer needs
- 1) In response to Taiwan's aging population and low birth rate, the Bank constantly introduces trust products, including nursing care trust, disability trust, and insurance trust, and has planned out a trust model that combines asset management and nursing care. This adds assurance and peace of mind for customers and fulfills the Bank's corporate social responsibility while offering a full range of financial services.
 - 2) The majority of enterprises in Taiwan are family businesses. Through the distinct advantage of family trusts, the Bank continues to assist business owners in smooth succession and plans to combine the "Employee Stock Ownership Trust" and "Employee Benefit Trust" as the incentives for employees' performance and the retention of outstanding talents, in order to fulfill demands of business owners in relation to the harmonious family, the long succession of wealth, and care for family and employees, and thus realizing the Bank's concept of care for customers and society.



- 3) We work with government agencies, social welfare groups, long-term care, nursing care, and medical institutions to jointly promote trust business and plan to combine the voluntary guardianship system and the trust supervisor mechanism, to satisfy various needs of the elderly through diverse trust services, thereby creating a more diverse care system and caring for our customers.
 - 4) In response to the advent of an aging society with declining birth rates, the Bank has combined real property and the elderly care trust and launched the house-for-pension scheme trust service to develop an innovative type of elderly care trust. Through the trust mechanism, the elderly can deliver the property rights and rents to the trust to avoid improper management and disposal of the property rights and rents to satisfy their living needs and fulfill our corporate social responsibility.
 - 5) In response to the government's policy in encouraging financial institutions to actively participate in urban renewal and hazardous and old buildings reconstruction, the Bank continues to promote its urban renewal and hazardous and old buildings reconstruction trusts, where the Bank would combine financing products with the land and capital trust business to offer the complete financial services for facilitating the development of reconstruction, so as to revitalize urban and community functions and achieve the purposes of city appearance beautification and improvements in living environments.
 - 6) In coordination with the "Loans for Youth Overseas Experience" program of the Youth Development Administration, Ministry of Education, the Bank provides young people aged 20 to 35 with loans for overseas study, self-guided travel, and working holidays, helping them to realize their dreams of living overseas. As of the end of December 2021, the Bank had provided NT\$559 million in these loans to 4,717 persons, helping numerous young students to pursue their dreams overseas.
 - 7) To help increase birth rates, the Bank continues to extend childbirth consumer loans, lightening the burden on family finances by providing the capital needed to pay for bearing children. As of the end of December 2021, 1,674 of these loans for a total of NT\$651 million had been extended.
 - 8) To help seniors to invigorate their assets and stabilize their livings, the Bank continues to promote the "Joyful Retirement" project. By the end of December 2021, a total of 237 of these loans had been extended, with the contract amount and the appropriation amount accumulated to NT\$1,695 million and NT\$920 million, respectively.
 - 9) To cooperate with the government's building of properties with the set surface rights on state-owned non-public use land, the Bank formulated the regulations on the surface rights mortgage project to strengthen the development of state-owned non-public use land.
- C. Upgrading of information transparency, and reinforcement of communication with shareholders and investors
- The Bank engages in a long-term effort to upgrade its corporate governance, pursue even better operating performance, and constantly enhance asset quality and competitiveness so as to reinforce its operating structure and create greater value for its shareholders. In addition, the Bank works vigorously to reinforce channels of communication with its domestic and overseas shareholders and investors. The concrete methods used to do this are as follows:
- a. Holding of the Annual Shareholders' Meeting each year (July 20, 2021).
 - b. We held an online investor's conference quarterly, on March 29, May 31, September 2, and November 25 in 2021, to give investors a complete picture of the Bank's operations.
 - c. The Bank attaches great importance to the communication with investors. The new version of the Investor Relations website was officially launched on January 20, 2021, providing a variety of two-way communication channels and a complete information disclosure platform. This website publishes the Bank's monthly revenue, major information on financial status and sustainable development, etc., which helps domestic and foreign investors to understand the Bank's operations, thereby establishing a quality communication channel with domestic and foreign institutional legal persons and investors.
 - d. The Bank has setup a point of contact and an email for immediate response to queries raised by shareholders and investors.

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Directory of Head Office and Branch Units





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TBB'S OFFICES	ADDRESS	TEL NO.	SWIFT CODE
Head Office	30 Ta Cheng St., Taipei, Taiwan, R.O.C.	(02)25597171	
Banking Department	30 Ta Cheng St., Taipei, Taiwan, R.O.C.	(02)25597171	MBBTTWTP010
Trust Department	15F, 30 Ta Cheng St., Taipei, Taiwan, R.O.C.	(02)25597171	
Securities Department (Banking Broker)	4F, 30 Ta Cheng St., Taipei, Taiwan, R.O.C.	(02)25597171	
International Banking Department	3F, 30 Ta Cheng St., Taipei, Taiwan, R.O.C.	(02)25597171	MBBTTWTP
Chung Ho Branch	634-10, Jingping Rd., Zhonghe Dist, New Taipei City, Taiwan, R.O.C.	(02)22427171	MBBTTWTP002
Po Ai Branch	419, Mingcheng 2nd Rd., Zuoying Dist., Kaohsiung City, Taiwan, R.O.C.	(07)5567171	
North Taoyuan Branch	985 Chunri Rd., Taoyuan Dist., Taoyuan City, Taiwan, R.O.C.	(03)3567171	MBBTTWTP004
Nan Ken Branch	381 Zhongzheng Rd., Luzhu Dist., Taoyuan City, Taiwan, R.O.C.	(03)3227171	MBBTTWTP005
Si Tuen Branch	839 Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City , Taiwan R.O.C.	(04)23587171	MBBTTWTP006
Chung Min Branch	301 Zhongming S. Rd., West Dist., Taichung City, Taiwan, R.O.C.	(04)23057171	MBBTTWTP007
Kinmen Branch	116, Minquan Rd., Jincheng Township, Kinmen County, Taiwan, R.O.C.	(082)316871	MBBTTWTP009
Ta Ya Branch	161 Daya Rd., Daya Dist., Taichung City, Taiwan, R.O.C	(04)25687171	MBBTTWTP011
Jen Ta Branch	183 Fengnan Rd., Nanzi Dist., Kaohsiung City, Taiwan, R.O.C.	(07)3537171	MBBTTWTP012
Jen Ai Branch	357, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City, Taiwan, R.O.C.	(02)27217171	MBBTTWTP020
Sung Shan Branch	147, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan, R.O.C.	(02)27167171	MBBTTWTP021
Chien Cheng Branch (Banking Broker)	76 Nanjing W. Rd., Datong Dist., Taipei City, Taiwan, R.O.C.	(02)25507171	MBBTTWTP022
Shih Lin Branch	601 Zhongzheng Rd., Shilin Dist., Taipei City, Taiwan, R.O.C	(02)28117171	MBBTTWTP023
Yung Ho Branch	168 Zhulin Rd., Yonghe Dist., New Taipei City, Taiwan, R.O.C.	(02)29277171	MBBTTWTP024
Hsin Tien Branch	192, Sec. 2, Zhongxing Rd., Xindian Dist., New Taipei City, Taiwan, R.O.C.	(02)29117171	MBBTTWTP025
Hsin Chuang Branch	16, Sec. 1, Zhonghua Rd., Xinzhuang Dist., New Taipei City, Taiwan, R.O.C.	(02)29907171	MBBTTWTP026
Hwa Cheng Branch	25, Touqian Rd., Xinzhuang Dist., New Taipei City, Taiwan, R.O.C.	(02)29977171	MBBTTWTP027
Sung Kiang Branch	158 Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan, R.O.C.	(02)25377171	MBBTTWTP040
Taipei Branch	72, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan, R.O.C.	(02)23717171	MBBTTWTP050
Wan Hua Branch	103, Kangding Rd., Wanhua Dist., Taipei City, Taiwan, R.O.C.	(02)23757171	MBBTTWTP060
South Taipei Branch	93, Sec. 2, Roosevelt Rd., Da'an Dist., Taipei City, Taiwan, R.O.C.	(02)23697171	MBBTTWTP061
Fu Hsin Branch	390, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City, Taiwan, R.O.C.	(02)27057171	MBBTTWTP070
Chung Shan Branch	17 Changchun Rd., Zhongshan Dist., Taipei City, Taiwan, R.O.C.	(02)25517171	MBBTTWTP080
Chien Kuo Branch	4, Sec. 3, Minquan E. Rd., Zhongshan Dist., Taipei City, Taiwan, R.O.C.	(02)25097171	MBBTTWTP081
Nai Hu Branch	15, Alley 360, Sec. 1, Naihu Rd., Naihu Dist., Taipei City, Taiwan, R.O.C.	(02)27997171	MBBTTWTP082
Nan King East Road Branch	311, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan, R.O.C.	(02)27127171	MBBTTWTP090
Chung Hsiao Branch	267, Sec. 3, Chung Hsiao E. Rd., Taipei City, Taiwan, R.O.C.	(02)27727171	MBBTTWTP100
World Trade Center Branch	547 Guangfu S. Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	(02)23457171	MBBTTWTP102
Yung Trin Branch	552, Sec. 5, Chung Hsiao E. Rd., Taipei City, Taiwan, R.O.C.	(02)23467171	MBBTTWTP103
Nan Kang Branch	19-2 Sanchong Rd., Nangang Dist., Taipei City, Taiwan, R.O.C.	(02)26553771	MBBTTWTP105
Sung Nan Branch	161, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	(02)27647171	MBBTTWTP110

TBB'S OFFICES	ADDRESS	TEL NO.	SWIFT CODE
Dong Hu Branch	152, Sec. 6, Minquan E. Rd., Naihui Dist., Taipei City, Taiwan, R.O.C.	(02)87929771	MBBTTWTP111
Ta An Branch	92, Sec. 2, Dunhua S. Rd. Da'an Dist., Taipei City, Taiwan, R.O.C.	(02)27007171	MBBTTWTP120
Shuang Ho Branch	356 Zhonghe Rd., Zhonghe Dist., New Taipei City, Taiwan, R.O.C.	(02)22327171	MBBTTWTP121
Jim Ho Branch	1F, No. 11, Qiaohu Rd., Zhonghe Dist., New Taipei City, Taiwan, R.O.C.	(02)22287171	MBBTTWTP122
Wu Ku Branch	95 Wugong Rd., Wu Ku Industrial Zone, Xinzhuang Dist., New Taipei City, Taiwan, R.O.C.	(02)22987171	MBBTTWTP130
Lin Kou Branch	1F-2, 188 Zhongshan Rd., Linkou Dist., New Taipei City, R.O.C.	(02)26037171	MBBTTWTP131
East Lin Kou Branch	38-11 Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C.	(03)3287171	MBBTTWTP132
Pan Chiao Branch	2-1 Mingde St., Banqiao Dist., New Taipei City, Taiwan, R.O.C.	(02)29687171	MBBTTWTP140
Shu Lin Branch	217, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City, Taiwan, R.O.C.	(02)26757171	MBBTTWTP141
Tu Cheng Branch	126, Sec. 2, Zhongyang Rd., Tucheng Dist., New Taipei City, Taiwan, R.O.C.	(02)22737171	MBBTTWTP142
Hwei Long Branch	933 Zhongzheng Rd., Xinzhuang Dist., New Taipei City, Taiwan, R.O.C.	(02)82097171	MBBTTWTP143
Xi Zhi Branch	75, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan, R.O.C.	(02)26987171	MBBTTWTP144
San Xia Branch	31, Daxue Rd., Sanxia Dist., New Taipei City, R.O.C.	(02)26739871	MBBTTWTP148
Kee Lung Branch	9 Ai 3rd Rd., Ren'ai Dist., Keelung City, Taiwan, R.O.C.	(02)24237171	
Pu Chya Branch (Banking Broker)	62-1, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City, Taiwan, R.O.C.	(02)29547171	MBBTTWTP151
North San Chung Branch	137, Sec. 4, Sanhe Rd., Sanchong Dist., New Taipei City, Taiwan, R.O.C.	(02)22867171	MBBTTWTP152
South San Chung Branch	232, Sec. 1, Ziqiang Rd., Sanchong Dist., New Taipei City, Taiwan, R.O.C.	(02)29827171	MBBTTWTP153
Lu Chow Branch	42 Yongle St., Luzhou Dist., New Taipei City, Taiwan, R.O.C.	(02)28477171	MBBTTWTP154
I Lan Branch	305 Sec. 2, Zhongshan Rd., Yilan City, Yilan County, Taiwan, R.O.C.	(03)9367171	MBBTTWTP160
Lo Tung Branch	15 Zhongzheng N. Rd., Luodong Township, Yilan County, Taiwan, R.O.C.	(03)9567171	
Su Aw Branch	96-1, Sec. 1, Zhongshan Rd., Su'ao Township, Yilan County, Taiwan, R.O.C.	(03)9965051	
Yang Mei Branch	10, Guangfu N. Rd., Yangmei Dist., Taoyuan City, Taiwan, R.O.C.	(03)4786111	MBBTTWTP290
Hu Kou Branch	76, Sec. 1, Zhongcheng Rd., Hukou Township, Hsinchu County, Taiwan, R.O.C.	(03)5997171	MBBTTWTP291
Taoyuan Branch (Banking Broker)	99 Zhonghua Rd. Taoyuan Dist., Taoyuan City, Taiwan, R.O.C.	(03)3317171	MBBTTWTP300
Ta Yuan Branch	80 Zhongshan S. Rd., Dayuan Township, Taoyuan City, Taiwan, R.O.C.	(03)3857171	MBBTTWTP301
Ta Shi Branch	80 Fuxing Rd., Daxi Dist., Taoyuan City, Taiwan, R.O.C.	(03)3887171	MBBTTWTP302
Chung Li Branch	157 Zhongshan Rd., Zhongli Dist. Taoyuan City, Taiwan, R.O.C.	(03)4277171	MBBTTWTP310
Nei Li Branch	153 Zhongxiao Rd., Zhongli Dist., Taoyuan City, Taiwan, R.O.C.	(03)4557171	MBBTTWTP311
Hsin Ming Branch	282 Minzu Rd., Zhongli Dist., Taoyuan City, Taiwan, R.O.C.	(03)4027171	MBBTTWTP312
East Taoyuan Branch	1223, Sec. 2, Wanshou Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C.	(03)3297171	MBBTTWTP313
Hsin Wu Branch	257 Zhongshan Rd., Xinwu Dist., Taoyuan City, Taiwan, R.O.C.	(03)4777171	
Hsin Chu Branch	100 Dongmen St., Hsinchu City, Taiwan, R.O.C.	(03)5277171	MBBTTWTP320
Chu Pei Branch (Banking Broker)	128 Xianzheng 9th Rd., Zhubei City, Hsinchu County, Taiwan, R.O.C.	(03)5517171	MBBTTWTP321
Hsinchu Science Based Industrial Park Branch	198, Guanxin Rd., Hsinchu City 300, Taiwan, R.O.C.	(03)5637171	MBBTTWTP322



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TBB'S OFFICES	ADDRESS	TEL NO.	SWIFT CODE
Pa Te Branch	789, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City, Taiwan, R.O.C.	(03)3767171	MBBTTWTP330
Luong Tan Branch	64 Longyuan Rd., Longtan Dist., Taoyuan City, Taiwan, R.O.C.	(03)4807171	MBBTTWTP332
Chu Tung Branch	6 Donglin Rd., Zhudong Township, Hsinchu County, Taiwan, R.O.C.	(03)5947171	MBBTTWTP340
Chu Nan Branch	29 Bo'ai St., Zhunan Township, Miaoli County Taiwan, R.O.C.	(037)467171	MBBTTWTP350
Tou Fen Branch	90 Xinyi Rd., Toufen City, Miaoli County, Taiwan, R.O.C.	(037)687171	MBBTTWTP351
Maio Li Branch	606 Zhongzheng Rd., Miaoli City, Taiwan, R.O.C.	(037)327171	MBBTTWTP360
Feng Yuan Branch (Banking Broker)	1 Yuanfeng Rd., Fengyuan Dist., Taichung City, Taiwan, R.O.C.	(04)25267171	MBBTTWTP460
Tai Ping Branch (Banking Broker)	27 Zhongxing E. Rd., Taiping Dist., Taichung City, Taiwan, R.O.C.	(04)22707171	MBBTTWTP470
Ta Chia Branch	14 Zhenzheng Rd., Dajia Dist., Taichung City, Taiwan, R.O.C.	(04)26867171	MBBTTWTP480
Sha Lu Branch	1023 Sec. 7, Taiwan Blvd., Shalu Dist., Taichung City, Taiwan, R.O.C.	(04)26657171	MBBTTWTP482
Wu Jih Branch	616 Zhonghua Rd., Wuri Dist., Taichung City, Taiwan, R.O.C.	(04)23387171	MBBTTWTP483
Taichung Branch (Banking Broker)	400 Sec. 1, Taiwan Blvd., Central Dist., Taichung City, Taiwan, R.O.C.	(04)22297171	MBBTTWTP490
Min Chen Branch	84 Miquan Rd., Central Dist., Taichung City, Taiwan, R.O.C.	(04)22267171	MBBTTWTP491
Hsing Chung Branch	136 Taizhong Rd., South Dist., Taichung City, Taiwan, R.O.C.	(04)22877171	MBBTTWTP500
Pei Tuen Branch	53 Jinhua N. Rd., Beitun Dist., Taichung City, Taiwan, R.O.C.	(04)22307171	MBBTTWTP501
Nan Tou Branch	139 Fuxing Rd., Nantou City, Nantou County, Taiwan, R.O.C.	(049)2237171	MBBTTWTP510
Tsao Tuen Branch	604 Zhongzheng Rd., Caotun Township, Nantou County, Taiwan, R.O.C.	(049)2357171	MBBTTWTP511
Pu Li Branch	434 Zhongzheng Rd., Puli Township, Nantou County, Taiwan, R.O.C.	(049)2997171	
Tan Tze Branch	135, Sec. 2, Zhongshan Rd., Tanzi Dist., Taichung City, Taiwan, R.O.C.	(04)25317171	MBBTTWTP521
Chu Shan Branch	919, Sec. 3, Jishan Rd., Zhushan Township, Nantou County, Taiwan, R.O.C.	(049)2637171	MBBTTWTP530
Chang Hwa Branch	61 Guangfu Rd., Changhua City, Changhua County, Taiwan, R.O.C.	(04)7257171	MBBTTWTP540
Ho Mei Branch	8 He'an St., Hemei Township, Changhua County, Taiwan, R.O.C.	(04)7558131	MBBTTWTP541
Yuan Lin Branch	16 Miquan St., Yuanlin Township, Changhua County, Taiwan, R.O.C.	(04)8377171	MBBTTWTP550
Pei Tou Branch	62 Gongqian St., Beidou Township, Changhua County, Taiwan, R.O.C.	(04)8877171	MBBTTWTP560
Erh Lin Branch	2 Zhongzheng Rd., Erlin Township, Changhua County, Taiwan, R.O.C.	(04)8957171	MBBTTWTP561
Tou Liu Branch	109 Datong Rd., Douliu City, Yunlin County, Taiwan, R.O.C.	(05)5347171	MBBTTWTP660
Pei Kang Branch	65 Wenhua Rd., Beigang Township, Yunlin County, Taiwan, R.O.C.	(05)7827171	
Hu Wei Branch	45 Heping Rd., Huwei Township, Yunlin County, Taiwan, R.O.C.	(05)6337171	
Chia Yi Branch (Banking Broker)	132 Guanghua Rd., Chiayi City, Taiwan, R.O.C.	(05)2287171	MBBTTWTP680
Ming Hsiung Branch (Banking Broker)	83, Sec. 3, Jianguo Rd., Minxiong Township, Chiayi County, Taiwan, R.O.C.	(05)2207171	MBBTTWTP681
Chia Hsin Branch	766 Hsinming Rd., West Dist., Chiayi City, Taiwan, R.O.C.	(05)286-7171	MBBTTWTP686
Hsin Ying Branch	216 Zhongshan Rd., Xinying Dist., Tainan City, Taiwan, R.O.C.	(06)6357171	MBBTTWTP690
Kai Yuan Branch	12 Zhonghua Rd., Yongkang Dist., Tainan City, Taiwan, R.O.C.	(06)3117171	MBBTTWTP691
Yun Kang Branch	79 Zhongzheng S. Rd., Yongkang Dist., Tainan City, Taiwan, R.O.C.	(06)2517171	MBBTTWTP700
Shiue Chia Branch	87 Zhongshan Rd., Xuejia Dist., Tainan City, Taiwan, R.O.C.	(06)7837171	MBBTTWTP701
Shan Hwa Branch	352 Zhongshan Rd., Shanhu Dist., Tainan City, Taiwan, R.O.C.	(06)5816111	MBBTTWTP702

TBB'S OFFICES	ADDRESS	TEL NO.	SWIFT CODE
Yung Ta Branch	1532, Sec. 2, Yongda Rd., Yongkang Dist., Tainan City, Taiwan, R.O.C.	(06)2337171	MBBTTWTP703
Tainan Branch (Banking Broker)	185 Zhongzheng Rd., Tainan City, Taiwan, R.O.C.	(06)2247171	MBBTTWTP710
Jen Te Branch	339 Zhongshan Rd., Rende Dist., Tainan City, Taiwan, R.O.C.	(06)2797171	MBBTTWTP711
Cheng Kung Branch	25 Gongyuan Rd., West Central Dist., Tainan City, Taiwan, R.O.C.	(06)2217171	MBBTTWTP720
East Tainan Branch	75, Sec. 2, Zhonghua E. Rd., East Dist., Tainan City, R.O.C.	(06)2687171	MBBTTWTP721
An Ping Branch	67, Sec. 1, Zhonghua W. Rd., East Dist., Tainan City, R.O.C.	(06)2657171	MBBTTWTP730
Hua Lien Branch	247 Zhongshan Rd., Hualien City, Hualien County, Taiwan, R.O.C.	(03)8357171	MBBTTWTP760
Tai Tung Branch	335, Sec. 1, Zhonghua Rd., Taitung City, Taitung County, Taiwan, R.O.C.	(089)327171	
East Kaohsiung Branch	249 Zhongzheng 1st Rd., Lingya Dist., Kaohsiung City, Taiwan, R.O.C.	(07)7167171	MBBTTWTP820
Kang Shan Branch (Banking Broker)	412 Gangshan Rd., Gangshan Dist., Kaohsiung City, Taiwan, R.O.C.	(07)6227171	MBBTTWTP830
North Feng Shan Branch	28, Sec. 3, Jianguo Rd., Fengshan Dist., Kaohsiung City, Taiwan, R.O.C.	(07)7767171	MBBTTWTP840
Ling Ya Branch	31 Qingnian 1st Rd., Lingya Dist., Kaohsiung City, Taiwan, R.O.C.	(07)5377171	MBBTTWTP841
Kaohsiung Branch	79 Wufu 3rd Rd., Qianjin Dist., Kaohsiung City, Taiwan, R.O.C.	(07)2717171	MBBTTWTP850
North Kaohsiung Branch (Banking Broker)	90, Fuxing 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan, R.O.C.	(07)2387171	MBBTTWTP851
Ta Chang Branch	116 Dachang 2nd Rd., Sanmin Dist., Kaohsiung City, Taiwan, R.O.C.	(07)3827171	
Chien Chen Branch	378-3 Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan, R.O.C.	(07)5355171	MBBTTWTP853
Jeou Ru Branch (Banking Broker)	255 Jiuru 2nd Rd., Sanmin Dist., Kaohsiung City, Taiwan, R.O.C.	(07)3137171	MBBTTWTP860
San Ming Branch (Banking Broker)	153 Zhongshan 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan, R.O.C.	(07)2867171	MBBTTWTP870
Feng Shan Branch	157 Zhongshan Rd., Fengshan Dist., Kaohsiung City, Taiwan, R.O.C.	(07)7107171	
Ta Fa Branch	No.5-3, Guanghua Rd., Daliao Dist., Kaohsiung City 831, Taiwan, R.O.C.	(07)7887171	MBBTTWTP881
Ping Tung Branch (Banking Broker)	7 Hankou St., Pingtung City, Pingtung County, Taiwan, R.O.C.	(08)7327171	
Xiao Gang Branch	718 Hongping Rd., Xiaogang Dist., Kaohsiung City, Taiwan, R.O.C.	(07)8016171	MBBTTWTP891
Chiao Chou Branch	100 Xinsheng Rd., Chaozhou Township, Pingtung County, Taiwan, R.O.C.	(08)7807171	
Offshore Banking Branch	3F, 30 Ta Cheng St., Taipei, Taiwan, R.O.C.	(02)25597171	MBBTTWTP893
Los Angeles Branch	633, West 5th St. Suite 2280, Los Angeles, CA 90071, U.S.A.	1-213-8921260	MBBTUS6L
Hong Kong Branch	Suite 2705-9, 27F, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong	852-29710111	MBBTHKHH
Sydney Branch	Suite 601, Level 6, 60 Carrington Street, Sydney NSW 2000, Australia	61-2-92623356	MBBAU2S
Brisbane Branch	Suite 903, Level 9, 239 George Street, Brisbane, QLD 4000, Australia	61-7-33173000	MBBAU2SBRI
Shanghai Branch	Room 3806, 38F, Longemont Yes Tower, 399 Kaixuan Road, Changning District, Shanghai 200051, China	86-21-62627171	MBBTCNSH
Wuhan Branch	17F, Building 2, 108 Zhongbei Road, Wuchang District, Wuhan, Hubei Province 430077, China	86-27-59817171	MBBTCNSHWUH
New York Branch	32 Old Slip, 5F, New York, NY 10005, U.S.A.	1-646-213-3258	MBBTUS33
Tokyo Branch	707, 7F, Tekko Building, 1-8-2 Marunouchi, Chiyoda-Ku, Tokyo 100-0005, Japan	81-3-5220-3918	MBBTJPJT
Yangon Representative Office	422 Strand Road (Corner of Botahtaung Pagoda Road), #04-08, Botahtaung Township, Yangon, Republic of the Union of Myanmar	95-1-202101	

Taiwan Business Bank, Ltd.



Chairman

Chien-hao Lin





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Taiwan Business Bank