



遠東國際商業銀行
Far Eastern Int'l Bank

2021 Annual Report

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Spokesperson

Name: Jiann Jong Lin
Title: Chief Executive Vice President
Tel.:(02) 2378-6868
Email: camilahsiao@feib.com.tw

Acting Spokesperson

Name: Shin Hwa Chou
Title: Executive Vice President
Tel.:(02) 2378-6868
Email: camilahsiao@feib.com.tw

Headquarter and branches address and telephone

Add.: 26, 27F, No. 207, Sec.2, Dunhua S. Rd., Daan Dist., Taipei City, Taiwan
Tel.: (02) 2378-6868
Branches address refer to context

Stock Agent

Name: Oriental Securities Corporation
Add.: 13F., No. 16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan
Tel.:(02) 7753-1699
Website: <http://www.osc.com.tw>

Credit Rating Institution

Name: Fitch Australia Pty Ltd., Taiwan Branch
Add.: Rm. A2, 23F., No. 68, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Tel: (02) 8175-7600

Recent Annual Financial Statement Auditor

Name: Deloitte & Touche
CPA: Chun-Hung Chen, Ying-Chou Chen
Add.: 20F, Taipei Nan Shan Plaza, No. 100, Songren Rd., Xinyi Dist., Taipei, Taiwan
Tel.: (02) 2725-9988
Website: <https://www.deloitte.com.tw>

Name of Exchange of Overseas Securities and Inquiry Contact

Luxembourg Stock Exchange
Website: <https://www.bourse.lu/>
ISIN: US30733T2069, US30733T1079

Our website

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

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Chairperson Ms. Ching-Ing Hou

Chairperson's Message

In 2021, Taiwan's GDP grew by 6.09% from increase of export and investment which were attributed by easing of the global pandemic, increase of vaccination rate, bailout policies of governments, and rapid recovery of the global economy. Looking forward to 2022, the global economy will continue recovering despite of the virus. Taiwan economy is expected to continue its growth momentum with strong exports, investment and domestic consumption. Banks' business is expected to grow, which coupled with improving interest margin following central bank's rate hike, is expected to result in Banks' better profitability.

In 2021, FEIB's overall financial performance remained stable, with total assets growing steadily by 6%. With the increase in total loans and bond investments, coupled with improving interest margin, FEIB's core revenue in net interest income increased by 10% year-of-year. Plus, provision expense was reduced by better credit risk of overseas lending. Hence, FEIB's net income reached NT\$2.94 billion, and the earnings per share (EPS) was NT\$0.84, or a significant growth of 17%. In addition, the asset quality improved significantly, with NPL ratio down to 0.265%, and the loan coverage ratio up to 496%.

Under the volatile pandemic impact in 2021, FEIB maintained a flexible and agile operating business model for continuous core business growth. The transformation of digital finance accelerated, and the application of mobile banking and online banking expanded. The off-counter rate increased to 95% and the digital customer acquisition rate was 51.4% by YE'21. Bankee "the social banking" succeeded, with 104% growth in digital deposit balance. Retail Banking posed as a professional WM brand, which was recognized by several professional financial magazines such as "The Assets", "Excellence", "Wealth", etc. Corporate Banking set up a new representative office in Singapore as a new ASEAN base. Cross-border fee income was secured by continuous lead mandates in international syndicated loans. Financial Markets followed market trends, and increased domestic and foreign bond investment for stable investment gain and bond interest income.

FEIB engaged in sustainable financing intensively. ESG action steadily took place, which included setting up a corporate sustainability committee to lead sustainable financial policies, preparing for Equator Principles signing, and preparing for climate-related financial disclosure (TCFD). In supporting environmental protection, FEIB led a geothermal power plant project finance, which was the first kind in this sector in Taiwan. Years over years, FEIB made financial donation to Eden Foundation for supporting disadvantaged groups. For conveying value of history, FEIB published 2021 calendar with the theme as "Tour of Taiwan Art Museum". For human resources cultivation, FEIB gained "National Talent Development Award" from the Ministry of Labor and "2021 Asia's Best Employers Award" from HR ASIA. BSI Corporate Sustainability Excellence Award, TCSA Taiwan Corporate Sustainability Award etc., were also the awards substantiating FEIB's effort in sustainable financing.

For prospects in 2022, FEIB heads toward steady growth and eyes on sustainable ESG development. Positioning as a boutique commercial bank with agile organization and refined talents, FEIB focuses on high-yield products, enhances core profitability, deepens digital banking, promotes process automation, and improves productivity and cost efficiency. FEIB engages in green financing, performs social responsibilities and enhances corporate governance for strengthening ESG sustainability. In post-pandemic era, FEIB will embrace a sustainable business model, provide innovative products and services, create diversified revenue sources and balance risk management to contribute best interests for shareholders, customers, employees and society.



Vice Chairman Mr. Douglas Tong Hsu

Operating Results for 2020 and Business Outlook for 2021 are Summarized as Follows:

Operating Results for 2021 (as consolidated report)

1. Business Plan and Operating Results (by consolidated financials)

Item	Year				(NT\$MM)
		2021	2020	Change Rate	Budget Achieving rate
Total Asset		723,055	680,291	+6%	100%
Deposit and Remittance		612,107	582,153	+5%	103%
Total Loan		412,872	388,857	+6%	97%
Total Equity		49,702	48,744	+2%	-
Revenue		10,793	11,215	-4%	-
Earnings before Provision		4,116	4,353	-5%	-
Net Income		2,939	2,519	+17%	-
EPS (NT\$)		0.84	0.72	+17%	-

2. Ratings

According to Fitch Ratings report on May 7, 2021, FEIB's credit rating remained unchanged as supported by Bank's moderate risk appetite and sufficient loss buffer. Foreign currency LT IDR, national long-term rating, foreign currency ST IDR and national short-term rating were maintained at BBB, A+(twn), F3 and F1(twn), respectively. With rating outlooks remained stable, FEIB is considered a stable financial institution of investment grade.

3. Research and Development

FEIB is committed in digital innovation. By leveraging the social-banking brand, Bankee, and cooperating with Far Easter Group and start-up Fintech companies, FEIB developed new digital banking applications and platforms. The second-phased Open API was established with Far Eastone's friDay +, which was the first bank application approved in Taiwan. One-stop account opening for securities transaction and settlement was completed with Oriental Securities Corporation, for enhanced convenience to investors. Several B2B2C financial ecosystems were connected by cooperating with BZNK, PezzaLoan, MAYO HUMAN CAPITAL INC., and other start-up companies. In addition, online application of personal loan, mortgage, or new trust account was launched for upgrading digital application platform. And MID digital identity authentication and verification was implemented for optimizing customer digital experience.



President Mr. Thomas Chou

4. Structural Changes

For coping with more acute digital finance development and providing more comprehensive information technology and operations support, FEIB separated “Operations and Information Services Center” into two different groups, as “Information Technology Group” and “Operations Group” in August 2021. “Information Technology Group” is responsible for information system structuring and maintenance. “Operations Group” is responsible for centralized operations services and processing improvement.

Also, the Singapore representative office was officially open in October 2021, as the fourth overseas base of FEIB, for expanding footprints in ASEAN market and securing more international syndication loan businesses.

5. Impact of External Competitions, Legal and Overall Operating Environment

In 2021, the successive opening of internet-only banks intensified digital banking competition in the industry. To face challenges, FEIB endeavored in digitalizing operation processes and promoting digital sub-brand. With successfully controlled pandemic in local market, FEIB increased domestic lending amid active local economic development in export and investment. Furthermore, due to low interest rate environment and abundant market liquidity, the housing market and the stock market were booming, which benefited FEIB for more mortgage and wealth management business. In response to regulatory requirements for corporate governance 3.0, financial product regulation, and AML, FEIB implemented ESG action plans, strengthened compliance and internal control system for customer protection, money laundering prevention, and information security, etc., for deepened sustainability development.

Operating Plans for 2022

1. Operating Goals

Major operating goals for 2022 (by consolidated financials) are summarized as follows:

- (1) Total asset: NT\$745.3 billion
- (2) Total deposit: NT\$629.8 billion
- (3) Total loan: NT\$436.9 billion

2. Policies and Major Strategies

(1) Retail Banking:

Through integrated customer-centric professional sales teams and deepened customer management at branches, we increase penetration rate of core products, expand AUM, focus on high-NW customer groups, promote high-interest-spread mortgages, optimize mortgage profit, develop new types of collateral loan and revolving credit businesses, and create new income sources. To increase visibility and profit of credit card business, the strategy is to manage family customers and offer exclusive discount / benefit for "YA Card". With continuously upgraded digital applications, marketing technology (MarTech) and AI models, target marketing will be achieved, new customers will be acquired, and customer engagement will be improved.

(2) Corporate Banking:

With balanced development of domestic and foreign markets, and high-performance teams, we provide boutique, niche and customized financial services. By securing opportunities from reshoring Taiwanese businessmen, corporate investment and financing deals will increase, and SME lending will expand. In responding to policies and market trends of ESG project financing, we are committed to sustainable financing. Singapore and Vietnam representative office are established to deepen Asia-Pacific lending business, and to lead and participate more international syndicated loan cases, which will also increase profit % from overseas markets. We also participate in a block-chain procurement network platform to expand supply chain financing and cash management opportunities.

(3) Financial Markets:

We secure the market leading position in FX margin trading, by consolidating APP, internet, and social media for multiple trading channels and for expanding new customers. By targeting institutional investors and high net-worth legal-entity investors, we develop diversified structured products to meet customer's hedging and investment needs. We introduce quantitative trading tools to build high-efficiency investment portfolios, and deploy derivatives strategies to enhance Bank's investment return. We also diversify domestic and foreign bond investments to increase fixed income contribution

(4) Digital Banking:

To deepen digital banking business, we continue promoting Bankee, the digital sub-brand of FEIB. Combining the digital deposit account with B2C2C, B2G2C, and B2B2C model, we provide cash flow service to increase deposit and fee income. Also, to expand digital product offering, we tackle lending customers for new NII. Per digital acceleration goal, we upgrade bank-wise digital channels and increase customer's digital transaction rate. We are of responsibility to rapidly promote digital transformation of the Bank, via consolidating and coordinating digital business needs and resource deployment across departments.

Chairperson

侯金英



II. Company Profile

1. Date of Establishment:

January 11, 1992.

2. Company History

The Far Eastern International Bank (FEIB) was established by entrepreneur Mr. Y. Z. Hsu, founder of various renowned enterprises including Far Eastern New Century Corp., Far Eastern Department Stores, Asia Cement Corp., etc. with significant contributions to Taiwan's economic developments.

In 1989, Far Eastern Group founder Y. Z. Hsu established a bank organizing committee with a view to establish a private bank in responding to the government's amendment of the Bank Law and policy to liberalize private banks, which aimed to modernize and globalize Taiwan's financial sector. With founding mottos and service guidelines of "Sincerity, Diligence, Thrift and Prudence", the Convokers' Meeting was held on May 14, 1990 and then application was submitted to the Ministry of Finance in October for approval to establish a new bank with capital of NT\$10 billion.

On August 1, 1991, the Ministry of Finance approved the establishment of FEIB. After conducting public offer shares, the Establishment Meeting was held on December 9, which passed the article of incorporation and elected nine Directors and three Supervisors for the Board. On January 11, 1992, the Ministry of Economic Affairs approved FEIB's registration and issued a company license; thereafter on April 9, the Ministry of Finance issued an operating license. Soon on April 11, 1992, the Business Department, Saving Department and Taipei Yisen Branch of FEIB began operations. In the early start, FEIB was authorized to operate general banking and saving businesses, then the trust and international banking departments were inaugurated to offer trust, investment, asset management, finance consulting and foreign exchange services. With continuous expansions of operations, the Bank is able to provide clients with new and diversified financial services. At the same time, new branches from north to south of Taiwan were set up at the selected areas with growth potential to build up an island-wide network of service channels.

In November 1995, FEIB went public by listed on the Over the Counter (OTC) market of the Republic of China. In November 1998, the Bank was listed on the Taiwan Stock Exchange. FEIB's investment grade ratings were assessed by world renowned ratings companies and the Bank has been considered a stable financial institution of investment grade. To cope with its enlarging foreign exchange asset and the need for diversified and international portfolio, FEIB was approved by the Ministry of Finance to issue in July 2003 US\$110 million worth of Unsecured Convertible Bonds overseas.

Responding to the growing businesses and dynamic market, FEIB underwent several restructurings. In 1999, it was the first bank in Taiwan to set up three major independent Business Groups – Administration, Consumer Banking, and Corporate Banking. Till 2006, FEIB integrated its business units into four Banking Groups – Corporate Banking, Financial Markets, Individual Banking, and Consumer Banking & Credit Cards, and added three management units – Administration & Support Group, Risk Management and IT Management. Then E-banking Business Units were formed under Corporate Banking and Individual Banking Groups specifically responsible for offering borderless, real-time, and 24/7 online banking services. Operating separately and independently, the Bank's respective business groups continued to bring forth innovative products and services, enhanced their expertise, elevated their

efficiency, and enabled many businesses to rank first in their respective categories.

To provide customers with more complete international financial services, the first overseas branch of FEIB across the Strait was established in Hong Kong in 1996. In order to enhance operating efficiency, FEIB established in 2008 "Operations & Technology (O&T) Service Center" as a high-efficiency supporting unit to the Bank's front desk, which not only saved costs with centralized operations, but also streamlined processing by setting up various efficiency indicators.

Recently, FEIB has engaged with various world-class financial institutions. In 2008 FEIB co-invested with Deutsche Bank AG to establish Deutsche Far Eastern Asset Management Company Limited, acquired AIG's credit cards and accounts receivable business in 2009, and acquired 100% ING Securities Company Limited in 2011 from ING Insurance International B.V., renamed it as Far Eastern International Securities Company Ltd. after completion of the transaction.

To expand both physical and virtual branches, FEIB launched FE Direct internet-banking service in early 2010, completed acquisition of Chin-Fon Bank's 19 domestic branches in April, established the "Small and Medium-sized Enterprise Banking Unit" in May under Individual Banking Group to implement Big Branch Plan as well as cultivate wealth management and small & medium-sized enterprise financing business in this segment. In 2013, the Bank opened Taipei 101 Branch, which aligning with affiliated Far Eastern International Securities Company, offered global investments and private banking services to high net-worth customers. In addition, Hsinchu Big City Branch and Banqiao Chungben Branch were opened in 2014 as boutique branches in shopping malls that offer wealth management services embedded with customers' lifestyle.

In 2017, to integrate resources, streamline business management and elevate operation synergy, Far Eastern Life Insurance Agency Co., Ltd. and Far Eastern Property Insurance Agency Co., Ltd. were merged into FEIB to establish the Insurance Agency Group.

In 2018, to improve the information security level, the "Information Security Department" is set up for formulating the Bank's information security strategy and the related planning and management.

In 2020, "Individual Banking Group", "Consumer Banking and Credit Card Group", and "Insurance agency Group" were consolidated into a single customer-centric "Retail Banking Group", of which, three functional departments are included: "Product & Marketing Department", "Channel & Sales Department", and "Administration Department". The purpose of re-org is to provide full range of products, multi coverage of channels, and high value-added customers' relationship management. For developing the local ASEAN market, a rep. office in Ho Chi Minh City in Vietnam was set up.

In 2021, for developing digital financial and providing more comprehensive information and operation support services, FEIB adjusted "Operation and Technology Center" into two different Group, as "Information Technology Group" and "Operations Group". "Information Technology Group" is responsible for information system structure and maintenance. "Operation Group" provided centralized operation supporting services and processing improvement. For deepening the layout of the ASEAN market and grasping the business opportunities of the international syndication loan businesses, the Singapore representative office was officially opened, which is the fourth overseas base of the Bank.

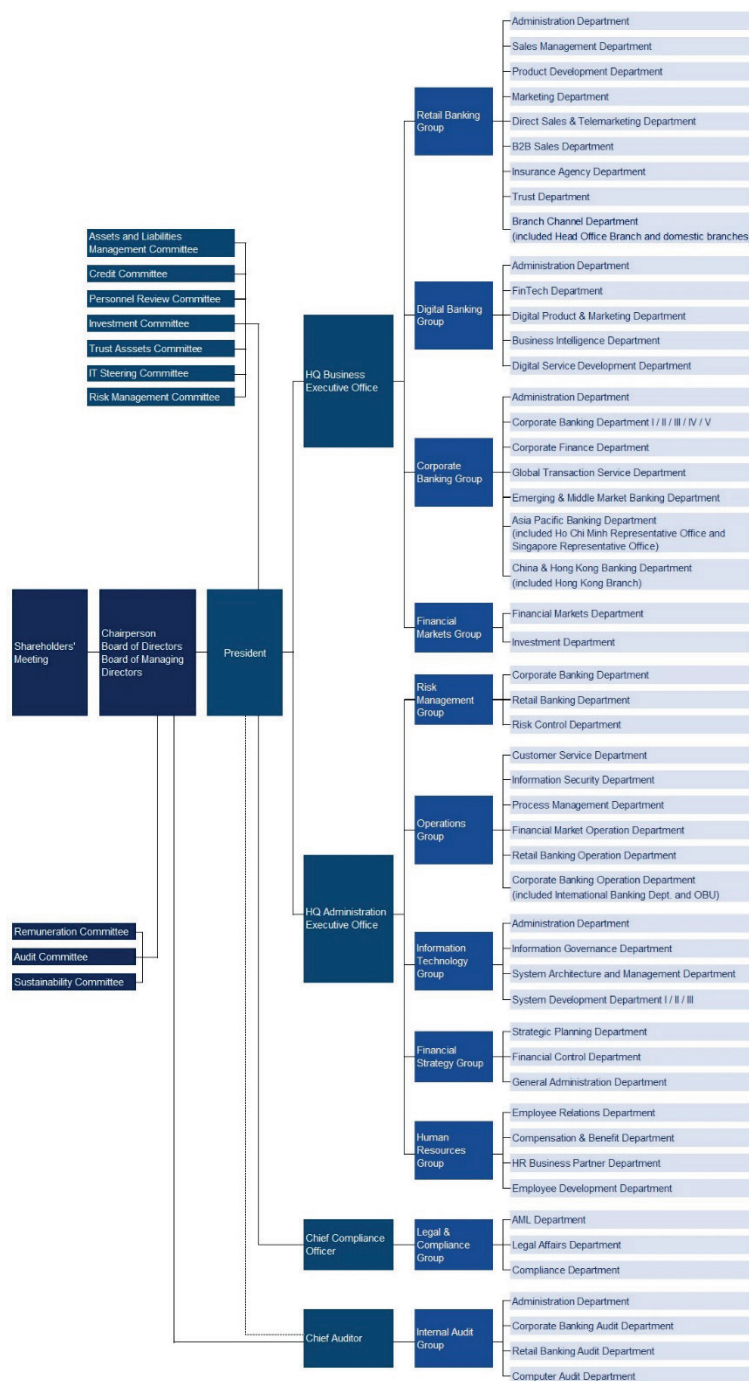
After continuous growth and developments, FEIB has total 56 domestic branches (Business Department included), Hong Kong Branch, Ho Chi Minh City Representative Office, Singapore Representative Office. With digital application, FEIB is going to provide online and offline consolidated financial service for customer needs.

III. Corporate Governance Report

1. Organization Structure

(1) FEIB's Organization Chart

December 31, 2021



(2) Major Business Function of Each Department

A. Retail Banking Group

Take the responsibility of wealth management, consumer finance, credit card payment, trust, personal and property insurance agency business, brand image development and marketing planning; manage the sales and branches' operation, telephone marketing, and strategic alliance sales; handle strategic planning, performance management, regulation compliance, internal control and general administration of retail banking

B. Financial Markets Group

Handle operating, funding, FX and derivative transaction, securities investment and trading, planning and execution of the Bank's asset and liability management, financial advisory, performance review and mid and long-term investment strategy management, review, as well as other relevant advisory.

C. Corporate Banking Group

Plan corporate banking operation strategy, select target market, promote, execute and review corporate banking products, optimize operating process, upgrade and establish relevant systems to satisfy corporate banking's account profit and risk management, and also manage overseas branch's corporate banking business.

D. Digital Banking Group

Engage in practical Fintech development strategy, promote FEIB's various innovative banking services, and provide customers the safest, smart, and friendly digital banking experience.

E. Operations Group

Formulate operational policies and regulations, control and improve operational procedures, and process operation for each BU. Formulate and implement information security strategy for the Bank, set standard of information security technology, and responsible for planning, promotion, management and verification of information security matters. Provide customer online consultation and transaction services, customer complaint acceptance, personal financial product referral, and promote various customer service projects.

F. Information Technology Group

Plan, develop, and maintain information operation strategies and system, and provide related consulting services. Cooperate with information security units to establish an Information Security Defense in Depth System, and also build, manage and maintain information security equipment. Establish system technical architecture standards, and responsible for planning, promotion and management.

G. Financial Strategy Group

Responsible for FEIB's financial planning, performance analysis, accounting and taxation. Manage corporate governance, premises & equipment management and ESG

execution. Strategize FEIB's medium to long-term business plan, long-term investment feasibility analysis and evaluation, and communicate with rating agency, investors, and regulators.

H. Risk Management Group

Responsible for formulating of the risk management framework, implementing credit, market, operation risk assessment and management, establishing control measures for related risk, supervising the bank to follow the risk management mechanism mentioned above.

I. Human Resources Group

Responsible for personnel recruiting, attendance, compensation, benefits, appraisal, rewards and discipline, promotion, rotation, resignation, employee relations, education and training, and career development and health management.

J. Legal & Compliance Group

Responsible for compliance planning, management and execution, legal advice, legal document review, litigation, anti-money laundering and anti-terrorism policies and related monitoring, outsourcing operations management, major non-performing-loan legal assistance, and other legal compliance and legal related issues.

K. Internal Audit Group

Plan and implement auditing system of FEIB, supervise and review the self-evaluation of each BU, supervise and examine construction and procurement bidding and receiving, track and check improvements listed in internal control implementation statement and regularly submit audit report to the board.

2. Information on Directors, Management Team, Department Heads, Branch Managers and Consultants

(1) Directors

A. Directors' Shareholding and Major Educational (professional) Background

December 31, 2021

Title	Nationality/ Place of Incorporation	Name	Gender	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
			Age	Date first elected		Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
Chairperson	R.O.C.	Yue Ding Industry Co., Ltd. Representative: Ms. Ching-ling Hou	Female	Jul 20, 2021	3	10,508,879	0.3048	10,709,598	0.3048	0	0	0	0	<ul style="list-style-type: none"> Master's degree in Economics, Vanderbilt University, U.S.A. BA & Master's degree in Economics, National Taiwan University Professor, Dept. of Money and Banking, National Chengchi University Chairperson, Taiwan Academy of Banking and Finance Supervisor, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> Director, Southern Taiwan University of Science and Technology 	None	None	None	-
			89	May 19, 1995		*17,683	*0.0005	*18,020	*0.0005	*0	*0	*0	*0						
Vice Chairman	R.O.C.	Douglas Tong Hsu	Male	Jul 20, 2021	3	*6,556,003	*0.1901	*6,681,222	*0.1901	*0	*0	*0	*0	<ul style="list-style-type: none"> Honorary Doctorate in Management, National Chiao Tung University Master degree in University of Notre Dame, U.S.A. Master's degree in Economics, Columbia University, U.S.A. Chairman, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> Chairman, Far Eastern New Century Corp. Chairman, Asia Cement Corp. Chairman, Far Eastern Department Stores Ltd. Chairman, Far EastOne Telecommunications Co., Ltd. Chairman, U-Ming Marine Transport Corp. Chairman, Orient Union Chemical Corp. Director, Everest Textile Ltd. Director, Yuan Ze University 	None	None	None	-
			80	Dec 09, 1991															
Executive Director	R.O.C.	Far Eastern New Century Corp. Representative: Shaw Y. Wang	Male	Jul 20, 2021	3	90,180,476	2.6154	91,902,923	2.6154	0	0	0	0	<ul style="list-style-type: none"> BA, Dept. of Business Administration, National Chung Hsing University EMBA Courses, National Taiwan University Director & First Senior Executive Vice President, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> Executive of Group Foundation Director, Far Eastern New Century Corp. Director, Far Eastern Asset Management Corp. Director, Yuan Ze University 	None	None	None	-
			82	Dec 09, 1991		*1,739,348	*0.0504	*1,772,569	*0.0504	*0	*0	*0	*0						
Executive Director	R.O.C.	Asia Cement Corp. Representative: Tsung-Ming Chung	Male	Jul 20, 2021	3	81,047,743	2.3505	82,595,754	2.3505	0	0	0	0	<ul style="list-style-type: none"> MBA, National Chengchi University CPA, Deloitte & Touche. 	<ul style="list-style-type: none"> Chairman, DynaPack Corp. Director, Vactronics Technologies Inc. 	None	None	None	-
			72	May 29, 2003		*0	*0	*0	*0	*0	*0	*0	*0						
Director	R.O.C.	Far Eastern New Century Corp. Representative : Humphrey Cheng	Male	Jul 20, 2021	3	90,180,476	2.6154	91,902,923	2.6154	0	0	0	0	<ul style="list-style-type: none"> EMBA, Graduate Institute of International Business, National Taiwan University BA, Dept. of Law, National Chung Hsing University Vice President, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> President of Corporate Management, Far Eastern New Century Corp. Chairman, Deutsche Far Eastern Asset Management Company Limited Director, Oriental Union Chemical Corp. Director, Ding Ding Integrated Marketing Service Co. Supervisor, Far Eastern Asset Management Corp. Director, Yuan Ze University 	None	None	None	-
			65	Jun 27, 2006		*0	*0	*0	*0	*0	*0	*0	*0						

Title	Nationality/ Place of Incorporation	Name	Gender	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
			Age	Date first elected		Share	%	Share	%	Share	%	Share	%			Title	Name	Relations hip	
Director	R.O.C.	Far Eastern New Century Corp. Representative : James Wu	Male	Jul 20, 2021	3	90,180,476	2.6154	91,902,923	2.6154	0	0	0	0	<ul style="list-style-type: none"> ■ MBA, University of Missouri, U.S.A. ■ BA Department of Law, National Taiwan University ■ Chief Country Officer, Deutsche Bank, Taipei Branch, Taiwan ■ Vice Chairman, Citibank, Taiwan Branch ■ President, Fubon Commercial Bank ■ President, FII Securities Investment Trust Co. (Taiwan) Ltd. ■ President, Citibank Securities (Taiwan) Ltd. ■ President, Bankers Trust, Tokyo Branch ■ Vice President, Bankers Trust, New York ■ President, Yung-Shin Securities Co. ■ Assistant Vice President, Chase Manhattan Bank, Hong Kong & Taipei District 	Independent Director, Primax Electronics Ltd.	None	None	None	-
			65	Jun 15, 2017		*0	*0	*0	*0	*92,900	*0.0026	*0	*0						
Director	R.O.C.	Asia Cement Corp. Representative: Shi-Chun Hsu	Male	Jul 20, 2021	3	81,047,743	2.3505	82,595,754	2.3505	0	0	0	0	<ul style="list-style-type: none"> ■ Ph.D., University of Michigan, U.S.A. ■ Founding Dean, College of Management, National Taiwan University ■ Chairman, Bank of Kaohsiung ■ Chair Professor of Management, Yuan Ze University 	<ul style="list-style-type: none"> ■ Independent Director, Eslite Corp. ■ Director, Far Eastern Electronic Toll Collection Co., Ltd. ■ Director, FETC International Co., Ltd. ■ Mr. Kao Jen-Yen Chair Professor, Feng Chia University 	None	None	None	-
			85	May 21, 2000		*0	*0	*0	*0	*0	*0	*0	*0						
Director	R.O.C.	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	Male	Jul 20, 2021	3	80,989,416	2.3488	82,536,313	2.3488	0	0	0	0	<ul style="list-style-type: none"> ■ Ph.D., Ohio State University, U.S.A. ■ Professor, Dept. of Finance, National Taiwan University ■ Honorary Professor, National Tsing Hua University ■ President, Providence University ■ President, China University of Technology ■ Dean, College of Management, National Chiao Tung University ■ Dean, College of Management, Yuan Ze University ■ Commissioner, Resolution Trust Corporation (RTC), Executive Yuan ■ Commissioner, National Development Fund, Executive Yuan ■ Advisor, Asian Development Bank 	<ul style="list-style-type: none"> ■ Independent Director, JMicon Technology Corp. ■ Independent Director, Mister International Enterprise Corp. ■ Independent Director, Gourmet Master Co., Ltd. ■ Director, Harbinger VIII Venture Capital Corp. ■ Professor, Providence University 	None	None	None	-
			61	May 21, 2000		*0	*0	*0	*0	*0	*0	*0	*0						

Title	Nationality/ Place of Incorporation	Name	Gender	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
			Age	Date first elected		Share	%	Share	%	Share	%	Share	%			Title	Name	Relations hip	
Independent Director, Managing Director	R.O.C.	Hsiao Hui Wang	Female	Jul 20, 2021	3	*0	*0	*0	*0	*0	*0	*0	*0	■ BA, National Chengchi University, Taiwan ■ CPA, Deloitte Touche ■ Supervisor, CTCL Advanced systems Inc.	■ Independent Director, Les enphants Co. Ltd. ■ Director, TN Soong Foundation	None	None	None	-
			70	Jun 20, 2018															
Independent Director	R.O.C.	Susan S. Chang	Female	Jul 20, 2021	3	*0	*0	*0	*0	*0	*0	*0	*0	■ Master's degree in Dept. of Economics, National Taiwan University ■ BA, Dept. of Economics, National Taiwan University ■ Chairperson, Bank of Taiwan ■ Chairperson, Taiwan Financial Holdings ■ Vice Chairperson, Financial Supervisory Commission ■ Administrative Deputy Minister, Ministry of Finance ■ Director General, National Treasury Administration, Ministry of Finance ■ Vice Commissioner, Bureau of Monetary Affairs ■ Deputy Chief, Dept. of Monetary Affairs ■ Deputy Director, Economic Research Dept., Council for Economic Planning And Development, Executive Yuan	■ Director, Jinnuijin Business Co., Ltd. ■ Director, Grace Technology Co., Ltd. ■ Supervisor, Entle Tech-engineering Co., Ltd.	None	None	None	-
			73	Jun 16, 2015															
Independent Director	R.O.C.	Bao-Shuh Paul Lin	Male	Jul 20, 2021	3	*0	*0	*0	*0	*0	*0	*0	*0	■ University of Illinois, Chicago, USA, Ph.D. in Computer Science ■ General Director, Computer Communications Research Division, Industrial Technology Research Institute ■ Senior Vice President, Global Research Labs, Philips Electronics ■ Senior Manager, Teknemon Communication Corp. USA ■ Advanced researcher, Bell Labs of AT&T ■ Chief Director of Microelectronics and Information Systems Research Center, National Chiao Tung University ■ Independent Director, Far Eastern New Century Corp. ■ Professor, Department of Computer Science, National Chiao Tung University	■ Research Fellow, Department of Computer Science, National Yang Ming Chiao Tung University ■ Contract Professor, Department of Computer Science, National Yang Ming Chiao Tung University	None	None	None	-
			73	Jul 20, 2021															

*The representatives' personal shareholding.

Note: The chairman and the president or equivalent others (the upper management) are the same person, as spouse or as relative with 1 degree of kinship to each other.

Table 1: Major Shareholders of Institutional Shareholders

April 23, 2022

Name of institutional shareholders	Major shareholders (%)
Yue Ding Industry Co., Ltd.	Fu Da Transportation Co., Ltd. (26.95) 、 Yue-Tung Investment Corp. (25.36) 、 An Ho Garment Co., Ltd. (15.66) 、 Ding Yuan International Investment Corp. (13.20) 、 Ton Fu Investment Corp. (4.61) 、 Ta Chu Chemical Fiber Co., Ltd. (3.89) 、 Ya Li Precast Prestressed Concrete Industries Corp.(3.89) 、 Yuan Ding Co., Ltd. (2.59) 、 Bai Ding Investment Co., Ltd. (2.31) 、 Yu Ming Trading Corp. (1.53)
Far Eastern New Century Corp.	Asia Cement Corp. (23.77) 、 Asia Eastern University of Science and Technology (4.81) 、 Far Eastern Medical Foundation (3.61) 、 Far Eastern Memorial Foundation (3.42) 、 Yuan-Ze University (2.74) 、 Nan Shan Life Insurance Co., Ltd. (2.47) 、 Douglas Tong Hsu (1.71) 、 Chunghwa Post Co., Ltd. (1.56) 、 Der Ching Investment Corp.(1.55) 、 Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF custody by TSIB (1.33)
Asia Cement Corp.	Far Eastern New Century Corp. (21.17) 、 Far Eastern Medical Foundation (5.12) 、 Cathay United Bank was entrusted with custody of Yuanta Polaris Taiwan High Dividend Securities Investment Trust Fund Account (3.75) 、 China Life Insurance Co., Ltd. (2.38) 、 Mega International Commercial Bank Treasury Department (1.68) 、 Labor Pension Fund Committee of Far Eastern New Century Corporation (1.63) 、 Yuan Ding Investment Co., Ltd. (1.53) 、 Far Eastern Department Stores Co., Ltd. (1.41) 、 Yuan-Ze University (1.34) 、 Far Eastern Memorial Foundation (1.24)
U-Ming Marine Transport Corp.	Asia Cement Corp. (39.25) 、 Polaris Taiwan High Dividend Funds (4.36) 、 Yuan Ding Investment Co., Ltd. (1.05) 、 Yu Yuan Investment Co., Ltd. (0.94) 、 Asia Investment Corp.(0.92) 、 Desheng Taiwan Dam Securities Fund account in custody of Mega Bank(0.92) 、 Vanguard Emerging Markets Index Fund, A Series of Vanguard International Equity Funds (0.76) 、 Ya Li Transportation Corporation(0.75) 、 ABS Direct Fund Co., Ltd. - External investor Asia Series custody by SCB(0.71) 、 Ding Shen Investment Co., Ltd.(0.67) 、 JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.65)

Table 2: Major Shareholders of the Bank's Major Institutional Shareholders

April 23, 2022

Name of Institutional shareholders	Major shareholders (%)
Fu Da Transportation Co., Ltd.	Fu Ming Transportation Co., Ltd.(99.94) 、 Asia Investment Corp.(0.03)
Yue-Tung Investment Corp.	U-Ming Marine Transport Corp.(73.54) 、 U-Ming Marine Transport (Singapore) Private Ltd.(26.46)
An Ho Garment Co., Ltd.	Far Eastern New Century Corp.(100.00)
Ding Yuan International Investment Corp.	Far Eastern New Century Corp.(100.00)
Ton Fu Investment Corp.	Oriental Union Chemical Corp.(100.00)
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd.(41.86) 、 Yue Ding Industry Co., Ltd. (38.76) 、 Yue Li Investment Corp.(19.38)
Ya Li Precast Prestressed Concrete Industries Corp.	Asia Cement Corp.(83.92) 、 Far-Eastern Construction Engineering Co., Ltd.(16.03)
Yuan Ding Co., Ltd.	Far Eastern New Century Corp.(37.13) 、 Asia Cement Corp.(35.50) 、 Der Ching Investment Corp.(14.50) 、 Yuan Ding Investment Co., Ltd.(12.86)
Bai Ding Investment Co., Ltd.	Far Eastern Department Stores Co., Ltd.(66.66) 、 Bai Yang Investment Corp.(33.34)
Yu Ming Trading Corp.	Bai Ding Investment Co., Ltd.(47.00) 、 Yuan Ding Investment Co., Ltd. (45.50) 、 Yue Ding Industry Co., Ltd.(5.00) 、 Ding & Ding Management Consultants Co., Ltd.(1.00) 、 Yuan Ding Co., Ltd.(1.00) 、 Yuan Ding Leasing Corp.(0.50)

Name of Institutional shareholders	Major shareholders (%)
Asia Cement Corp.	Far Eastern New Century Corp. (21.17) 、 Far Eastern Medical Foundation (5.12) 、 Cathay United Bank was entrusted with custody of Yuanta Polaris Taiwan High Dividend Securities Investment Trust Fund Account (3.75) 、 China Life Insurance Co., Ltd. (2.38) 、 Mega International Commercial Bank Treasury Department (1.68) 、 Labor Pension Fund Committee of Far Eastern New Century Corporation (1.63) 、 Yuan Ding Investment Co., Ltd. (1.53) 、 Far Eastern Department Stores Co., Ltd. (1.41) 、 Yuan-Ze University (1.34) 、 Far Eastern Memorial Foundation (1.24)
Nan Shan Life Insurance Co., Ltd.	Ruen Chen Investment Holding Co., Ltd.(89.55) 、 Ruen Hua Dyeing & Weaving Co., Ltd.(1.34) 、 Y. T. Du(1.16) 、 Runtaixing Co., Ltd. (0.97) 、 Ruentex Development Co., Ltd. (0.23) 、 R Ruentex Industries Limited (0.21) 、 Yuanxin Investment Co., Ltd. (0.16) 、 Ruentex Leasing Co., Ltd. (0.13) 、 Chi-Pin Investment Company(0.11) 、 Pan City Co., Ltd. (0.09)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications, R.O.C. (100.00)
Der Ching Investment Corp.	Asia Cement Corp. (99.99) 、 Asia Investment Corp. (0.001)
Far Eastern New Century Corp.	Asia Cement Corp. (23.77) 、 Asia Eastern University of Science and Technology (4.81) 、 Far Eastern Medical Foundation (3.61) 、 Far Eastern Memorial Foundation (3.42) 、 Yuan-Ze University (2.74) 、 Nan Shan Life Insurance Co., Ltd. (2.47) 、 Douglas Tong Hsu (1.71) 、 Chunghwa Post Co., Ltd. (1.56) 、 Der Ching Investment Corp.(1.55) 、 Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF custody by TSIB (1.33)
China Life Insurance Co., Ltd.	China Development Financial Holding Corp.(100.00)
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corp. (99.40) 、 An Ho Garment Co., Ltd. (0.30) 、 Ta Chu Chemical Fiber Co., Ltd. (0.30)
Far Eastern Department Stores Co., Ltd.	Far Eastern New Century Corp. (17.06) 、 Yuan Ding Investment Co., Ltd. (9.87) 、 Asia Cement Corp. (5.65) 、 Yuan Tong Investment Co., Ltd. (5.48) 、 Jiayuan Investment Co., Ltd. (5.31) 、 Yuan-Ze University (4.75) 、 PJ Asset Management Co., Ltd. (4.52) 、 Labor Pension Fund Committee of Far Eastern Department Stores Ltd. (2.11) 、 Yu Yuan Investment Co., Ltd. (2.06) 、 Tranquil Enterprise Ltd. (2.03)
Yu Yuan Investment Co., Ltd.	Asia Cement Corp. (29.92) 、 Yuan Ding Co., Ltd. (25.02) 、 Yuan Ding Investment Co., Ltd. (18.96) 、 U-Ming Marine Transport Corp. (17.66) 、 Ding Shen Investment Co., Ltd. (6.50) 、 Yue-Tung Investment Corp.(1.84) 、 Yue Ding Industry Co., Ltd. (0.10)
Asia Investment Corp.	Asia Cement Corp. (100.00)
Ya Li Transportation Corporation	Asia Cement Corp. (51.61) 、 Yu Yuan Investment Co., Ltd. (48.39)
Ding Shen Investment Co., Ltd.	Yue-Tung Investment Corp.(18.00) 、 Asia Investment Corp. (18.00) 、 Bai Ding Investment Co., Ltd.(18.00) 、 Ton Fu Investment Corp.(18.00) 、 Yuan Tong Investment Co., Ltd.(18.00) 、 Yue Ding Industry Co., Ltd.(5.00) 、 Ta Chu Chemical Fiber Co., Ltd.(5.00)

B. Directors' Professional Qualifications and Independence

Qualifications Name	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Directors
Ching-Ing Hou	1. Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	0
Douglas Tong Hsu	1. Experience in Business Management and Operating Management capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.) 5. Not a representative of government or corporate body elected via method specified in article 27 of Company Law.	0
Shaw Y. Wang	1. Experience in Business Management and Operating Management capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	0
Tsung-Ming Chung	1. CPA and Expertise in Finance, Accounting, Auditing 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	0

Qualifications Name	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Directors
Humphrey Cheng	1. Experience in Legal and Operating Management capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking and experience in Sustainability Committee	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	0
James Wu	1. Experience in finance, Business Management, Leadership and Decision-making capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	1
Shi-Chun Hsu	1. Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	1
Min-Teh Yu	1. Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an employee of another bank or its affiliates. 2. Not a spouse or a relative within second-degree kinship of one of other directors. 3. Not an offender of items stipulated in article 30 of the Company Law. 4. Not a director or supervisor of another bank or its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)	2

Qualifications Name	Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Directors
Hsiao Hui Wang	1. CPA and Expertise in Finance, Accounting, Auditing 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an offender of items stipulated in article 30 of the Company Law. 2. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years.	1
Susan S. Chang	1. Experience in finance, Business Management, Leadership and Decision-marking capabilities 2. At least five years of working experience in business, legal, finance, accounting, or banking	1. Not an offender of items stipulated in article 30 of the Company Law. 2. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years.	0
Bao-Shuh Paul Lin	1. Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking 2. At least five years of working experience in Information Technology, Information Security, business, legal, finance, accounting, or banking	1. Not an offender of items stipulated in article 30 of the Company Law. 2. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years.	0

C Diversity and Independence of the Board of Directors

(A) Diversity of the Board of Directors

The Bank has enacted "Corporate Governance Principle" and has a policy of diversifying board members in Chapter 4 "Enhancing the Functions of the Board of Directors". Among the 11th directors, the proportion of employee as director is 0%, and the proportion of independent directors is 27%, the proportion of female directors is 27%. The term of independent directors less than 3 years is 1 person, the term of independent directors in 4-6 years is 1 person, and the term of independent directors over 6 years is 1 person. 3 directors are over 81 years old, 5 directors are 71 to 80 years old, and 3 director are 61 to 70 years old. The directors have different professional background and professional qualifications. The Bank focused on the gender equality of the composition of the board of directors. The chairperson is female and the proportion of female directors is 27%. The current female directors achieving the goal of exceeding 25% of the board of directors for each gender. Board Diversity Policy disclosed on website of the bank.

(B) Independence of the Board of Directors

The 11th board of directors of the Bank consists of 11 directors, including 3 independent directors, the proportion of independent directors is 27%. The 3 Independent directors did not have the conditions specified in Article 26-3 Items 3 and 4 of the Securities and Exchange Act, including the situation that the directors are not a spouse or relatives within the second-degree kinship of one of other directors.

(2) President, Executive Vice President, Deputy Executive Vice President and Department Heads

(including discretionary trust shares)

December 31, 2021

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
President	R.O.C.	Thomas Chou	Male	Aug 08, 2016	2,063,130	0.0587	0	0	0	0	<ul style="list-style-type: none"> ■ President of FEIB, Head of HQ Administration Executive Office ■ BA, Dept. of Banking, National Chengchi University 	<ul style="list-style-type: none"> ■ Director, Far Eastern Asset Management Corp. ■ Director, Dah Chung Bills Finance Corps. ■ Director, Ding Ding Integrated Marketing Service Co. ■ Director, Yuan Tai Foreign Exchange Agency 	None	None	None	-
Chief Executive Vice President	R.O.C.	Giann Jong Lin	Male	Aug 12, 2016	1,437,209	0.0409	869,631	0.0247	0	0	<ul style="list-style-type: none"> ■ Chief Executive Vice President, Head of HQ ■ Business Executive Office of FEIB ■ Master of Finance Management, Louisiana State University, U.S.A. 	<ul style="list-style-type: none"> ■ Chairman, Far Eastern Asset Management Corp. ■ Director, Far Eastern International Securities Company Ltd. ■ Chairman, FEIB Financial Leasing Corp. 	None	None	None	-
Senior Executive Vice President	R.O.C.	Ben Liao Ru	Male	Aug 21, 2014	807,535	0.0230	1,398,782	0.0398	0	0	<ul style="list-style-type: none"> ■ Senior Executive Vice President, Head of Financial Markets Group of FEIB ■ Master of International Management, American Graduate School of International Management, U.S.A. 	None	None	None	None	-
Executive Vice President	R.O.C.	Simon Tai	Male	Aug 12, 2016	424,724	0.0121	0	0	0	0	<ul style="list-style-type: none"> ■ Executive vice President, Head of Digital Banking Group of FEIB ■ Master of Computer Science, Polytechnic University(NY), U.S.A. 	<ul style="list-style-type: none"> ■ Director, Far Eastern International Securities Company Ltd. 	None	None	None	-
Executive Vice President	R.O.C.	Sophie Chang	Female	Aug 12, 2016	365,065	0.0104	0	0	0	0	<ul style="list-style-type: none"> ■ Executive Vice President, Head of Retail Banking Group of FEIB ■ EMBA, National Taiwan University 	<ul style="list-style-type: none"> ■ Director, Far Eastern International Securities Company Ltd. 	None	None	None	-
Executive Vice President	R.O.C.	Steve Chi	Male	Aug 14, 2018	171,403	0.0049	0	0	0	0	<ul style="list-style-type: none"> ■ Executive Vice President, Head of Corporate Banking Group of FEIB ■ Master of Business Administration, University of Minnesota, U.S.A 	<ul style="list-style-type: none"> ■ Director, Far Eastern International Securities Company Ltd. 	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Executive Vice President	R.O.C.	Lonnie Liu	Male	Mar 20, 2013	787,051	0.0224	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Operations Group of FEIB Master of Information Management, New York University, U.S.A. 	None	None	None	None	-
Executive Vice President	R.O.C.	James Dai	Male	Aug 14, 2018	524,579	0.0149	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Risk Management Group of FEIB Master of Economics, Feng Chia University 	<ul style="list-style-type: none"> Director, FEIB Financial Leasing Corp. Director, Far Eastern Asset Management Corp. Director, Dah Chung Bills Finance Corps. 	None	None	None	-
Executive Vice President	R.O.C.	Shin Hwa Chou	Female	Aug 12, 2019	128,342	0.0037	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Financial Strategy Group and Human Resources Group of FEIB Master of Financial and Accounting, Case Western Reserve University, U.S.A 	<ul style="list-style-type: none"> Director, DWS Ltd. Supervisor, FEIB Financial Leasing Corp 	None	None	None	-
Executive Vice President	R.O.C.	Ying Ching Hu	Male	Jul 29, 2021	148,927	0.0042	0	0	0	0	<ul style="list-style-type: none"> Executive Vice President, Head of Information Technology Group of FEIB EMBA, National Chengchi University 	<ul style="list-style-type: none"> Director, anfong Company Ltd. 	None	None	None	-
Chief Auditor	R.O.C.	Chih Wei Huang	Male	Mar 11, 2014	163,428	0.0047	0	0	0	0	<ul style="list-style-type: none"> Chief Auditor of FEIB Master of Information Management, University of North Texas, U.S. A. 	None	None	None	None	-
Chief Compliance Officer of the Head Office	R.O.C.	Elaine Yeh	Female	Apr 11, 2019	3,769	0.0001	1,249	0.0000	0	0	<ul style="list-style-type: none"> Chief Compliance Officer of the Head Office of FEIB EMBA, National Taiwan University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Lionel Chen	Male	Aug 21, 2014	250,082	0.0071	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Master of Business Administration, Tamkang University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Hui Ling Chen	Female	Sep 01, 2015	24,920	0.0007	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB BA, Dept. of Insurance, Tamkang University 	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Roger Lo	Male	Aug 12, 2016	387	0.0000	0	0	0	0	<ul style="list-style-type: none"> Senior Deputy Executive Vice President of FEIB Master of Business Administration, National Chung Hsing University 	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Senior Deputy Executive Vice President	R.O.C.	Vincent Liu	Male	Aug 14, 2018	362,598	0.0103	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ Master of Economics, Soochow University	■ Director, FEIB Financial Leasing Corp.	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Yueh Hua Wu	Male	Aug 14, 2018	41,143	0.0012	51,962	0.0015	0	0	■ Senior Deputy Executive Vice President of FEIB ■ BA, Dept. of Economics, National Chung Hsing University	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Bob Chen	Male	Aug 14, 2018	156,709	0.0045	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ Master of Business Administration, University of Dallas, U.S.A.	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Chen Chen Ma	Female	Aug 14, 2018	57,093	0.0016	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ EMBA, National Chengchi University	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Isabel Chen	Female	Aug 14, 2018	43,704	0.0012	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ Master of Business Administration, University of North Texas, U.S.A.	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Bruce Lo	Male	Aug 12, 2019	159,555	0.0045	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ BA, Dept. of Accounting, National Chung Hsing University	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Civi Tsai	Female	Aug 14, 2020	25,203	0.0007	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ EMBA, National Chengchi University	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Cindy Chen	Female	Aug 14, 2020	277,975	0.0079	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ Master of Accounting, National Chengchi University	■ Supervisor, Far Eastern Asset Management Corp. ■ Supervisor, Far Eastern International Securities Company Ltd.	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Chingh Siang Chen	Male	Aug 14, 2020	1,428	0.0000	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ EMBA, National Taiwan University	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Teu Wei Kuo	Male	Jan 4, 2021	0	0	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ Master of Business Administration, National Chengchi University	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Senior Deputy Executive Vice President	R.O.C.	Yi Chen Wang	Male	Jul 29, 2021	0	0	93,200	0.0027	0	0	■ Senior Deputy Executive Vice President of FEIB ■ Master of Management, Yuan Ze University	None	None	None	None	-
Senior Deputy Executive Vice President	R.O.C.	Alex Kao	Male	Jul 29, 2021	307	0.0000	0	0	0	0	■ Senior Deputy Executive Vice President of FEIB ■ Master of Business Administration, National Chengchi University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Margaret Du	Female	Aug 23, 2012	324,439	0.0092	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Banking, Tamkang University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Ines Hong	Female	Dec 21, 2012	882	0.0000	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ EMBA, National Chengchi University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chiung Yu Song	Female	Dec 21, 2012	470,595	0.0134	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Banking, National Chengchi University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Emily Chou	Female	Aug 15, 2013	231,378	0.0066	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ EMBA, National Chengchi University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Joy Tien	Female	Jun 16, 2015	3,858	0.0001	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Business Administration, Cleveland State University, U.S.A.	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	An Li Ma	Female	Aug 12, 2015	141,628	0.0040	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Risk Management, Temple University, U.S.A	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Gloria Hsieh	Female	Aug 12, 2015	110,273	0.0031	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Business Administration, Aalto University, Finland	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Senh Sing Pei	Male	Aug 12, 2015	172,714	0.0049	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Money and Banking, National Chengchi University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Teresa Lo	Female	May 03, 2016	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Management Science, National Chiao Tung University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Frank Song	Male	Aug 12, 2016	6,463	0.0002	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Money and Banking, National Kaohsiung First University of Science and Technology	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Shu Yun Cheng	Female	Aug 12, 2016	148,841	0.0042	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Finance, University of Illinois at Urbana-Champaign, U.S.A.	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Kuo Ying Huang	Female	Aug 09, 2017	231,748	0.0066	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Statistics, Tamkang University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Felicia Tseng	Female	Dec 01, 2017	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Business Administration, University of North Alabama, U.S.A.	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Warren Ko	Male	Dec 18, 2017	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Phd of Finance, Feng Chia University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Starsky Chiang	Male	Feb 01, 2018	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of International Trade, TungHai University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Wen Ming Yang	Male	Aug 14, 2018	29,788	0.0008	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Business Administration, Chinese Culture University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Audrey Lin	Female	Aug 14, 2018	1,078	0.0000	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ EMBA, National Chengchi University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Karry Tsai	Female	Aug 14, 2018	133,029	0.0038	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Business Administration, University of North Alabama, U.S.A.	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Justice Chang	Male	Aug 14, 2018	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Money and Banking, National Chengchi University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Alex Chien	Male	Aug 14, 2018	967	0.0000	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Money and Banking, Tamkang University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Amber Tseng	Female	Aug 12, 2019	143,184	0.0041	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Finance, Seattle University, U.S.A.	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Shu Hui Lee	Female	Aug 12, 2019	367,643	0.0105	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Cooperative Economics, National Chung Hsing University	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Patty Wei	Female	Aug 12, 2019	166,480	0.0047	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Human Resource Management, New York University, U.S.A.	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Din Chan Chen	Male	Aug 12, 2019	84,405	0.0024	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Finance, National Central University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Su Hsiang Li	Female	Aug 12, 2019	170,595	0.0049	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Dept. of Social Work, Hong Kong Catholic English Eve Secondary School	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Tony Li	Male	Aug 12, 2019	1,588	0.0000	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Laws, National University of Kaohsiung	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Wei Chuan Huang	Male	Aug 12, 2019	5,450	0.0002	253	0.0000	0	0	■ Deputy Executive Vice President of FEIB ■ Dept. of Business Administration, National Taipei College of Business	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Tun Pin Wang	Male	Aug 12, 2019	91,200	0.0026	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Business Administration, National Chung Cheng University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chang Ling Chu	Female	Aug 12, 2019	971	0.0000	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of German Language, Chinese Culture University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Allen Lu	Male	Aug 14, 2020	572	0.0000	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Business Administration, Tiffin University, U.S.A.	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Olive Yin	Female	Aug 14, 2020	104,063	0.0030	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Economics, National Taiwan University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Jung Chang Juan	Male	Aug 14, 2020	876	0.0000	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Dept. of Accounting, Tamsui Oxford University College	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Chih Cheng Hsieh	Male	Aug 14, 2020	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Business Management, Tamkang University	None	None	None	None	-
Deputy Executive Vice President	R.O.C.	Jerry Chiang	Male	Aug 14, 2020	717	0.0000	347	0.0000	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Management, Yuan Ze University	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Executive Vice President	R.O.C.	Chih Jung Chen	Male	Aug 14, 2020	124,290	0.0035	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Information Management, Yuan Ze University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Chiu Nan Chen	Male	Nov 30, 2020	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ EMBA, National Taiwan University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Ay Kuo Lin	Male	Mar 16, 2021	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Computer Science MS, Ohio University, U.S.A	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Jeff Chiu	Male	Jul 29, 2021	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Engineering Science, National Cheng Kung University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Yao Chang Lin	Male	Jul 29, 2021	110,027	0.0031	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Business Administration, Soochow University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Hsin Yu Chou	Female	Jul 29, 2021	68,606	0.0020	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Management, Yuan Ze University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Chih Yen Wang	Male	Jul 29, 2021	183,337	0.0052	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Business Administration, National Taiwan University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Yea Ru Sheu	Female	Jul 29, 2021	129,760	0.0037	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Accounting, Chinese Culture University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Mei Chu Peng	Female	Jul 29, 2021	28,704	0.0008	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Accounting, Soochow University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Ying Chieh Yang	Male	Jul 29, 2021	127,690	0.0036	145	0.0000	0	0	■ Deputy Executive Vice President of FEIB ■ BA, Dept. of Industrial Management, National Cheng Kung University	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Pei Wen Liu	Female	Jul 29, 2021	82,217	0.0023	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of International Business, University of Illinois, U.S.A	None	Vone	None	None	-
Deputy Executive Vice President	R.O.C.	Der Chin Pan	Male	Jul 29, 2021	0	0	0	0	0	0	■ Deputy Executive Vice President of FEIB ■ Master of Computer Science, National Chiao Tung University	None	Vone	None	None	-
Senior Vice President	R.O.C.	Allen Li	Male	Aug 12, 2015	157,037	0.0045	0	0	0	0	■ Senior Vice President of FEIB ■ Master of Business Administration, Yuan Ze University	None	Vone	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Senior Vice President	R.O.C.	Mag Chen	Female	Aug 12, 2015	103,040	0.0029	0	0	0	0	■ Senior Vice President of FEIB ■ Master of Agricultural Economics, National Chung Hsing University	None	None	None	None	-
Senior Vice President	R.O.C.	Chia Wei Hsiao	Male	Aug 12, 2016	105,716	0.0030	0	0	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of History, National Taiwan University	None	None	None	None	-
Senior Vice President	R.O.C.	Sofia Hsu	Female	Aug 09, 2017	55,207	0.0016	0	0	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of Bank Insurance, Feng Chia University	None	None	None	None	-
Senior Vice President	R.O.C.	Wilson Huang	Male	Aug 09, 2017	0	0	0	0	0	0	■ Senior Vice President of FEIB ■ Dept. of Data Processing, National Taipei College of Business	None	None	None	None	-
Senior Vice President	R.O.C.	Yu Hui Huang	Female	Jan 01, 2020	17,239	0.0005	0	0	0	0	■ Senior Vice President of FEIB ■ Master of Accounting Information and Management, National Chung Hsing University	None	None	None	None	-
Senior Vice President	R.O.C.	Chia Hsun Hsu	Male	Jan 01, 2020	28,066	0.0008	0	0	0	0	■ Senior Vice President of FEIB ■ Dept. of international trade, National Taipei College of Business	None	None	None	None	-
Senior Vice President	R.O.C.	Heng Kuang Wang	Male	Jan 01, 2020	60,957	0.0017	0	0	0	0	■ Senior Vice President of FEIB ■ Dept. of bank and insurance, National Taipei College of Business	None	None	None	None	-
Senior Vice President	R.O.C.	Dan Wen Yu	Male	Aug 14, 2020	0	0	0	0	0	0	■ Senior Vice President of FEIB ■ Master of Business Management, University of San Francisco	None	None	None	None	-
Senior Vice President	R.O.C.	Lisa Hsu	Female	Aug 14, 2020	98,518	0.0028	0	0	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of Finance, Ming Chuan University	None	None	None	None	-
Senior Vice President	R.O.C.	Chun Yen Kuo	Male	Aug 14, 2020	15,177	0.0004	0	0	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of Business Administration, Tamkang University	None	None	None	None	-
Senior Vice President	R.O.C.	Wen Feng Tu	Male	Aug 14, 2020	0	0	0	0	0	0	■ Senior Vice President of FEIB ■ Dept. of Banking and Insurance, Shih Chien College	None	None	None	None	-
Senior Vice President	R.O.C.	Wen Wen Tseng	Female	Aug 14, 2020	6,398	0.0002	0	0	0	0	■ Senior Vice President of FEIB ■ Master of Laws, Soochow University	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Senior Vice President	R.O.C.	Shu Fang Cheng	Female	Sep 15, 2020	939	0.0000	0	0	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of Economics, Taiwan University	None	None	None	None	-
Senior Vice President	R.O.C.	Chih Yuan Huang	Male	Mar 26, 2021	0	0	0	0	0	0	■ Senior Vice President of FEIB ■ EMBA, National Chengchi University	None	None	None	None	-
Senior Vice President	R.O.C.	Chia Chen Lee	Female	Jul 29, 2021	42,022	0.0012	0	0	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of French Language, Tamkang University	None	None	None	None	-
Senior Vice President	R.O.C.	Wan Ping Wu	Female	Aug 02, 2021	0	0	0	0	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of Business Administration, National Chengchi University	None	None	None	None	-
Senior Vice President	R.O.C.	Ming Chih Lin	Male	Aug 02, 2021	125,855	0.0036	6,467	0.0002	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of Information Management, Fu Jen Catholic University	None	None	None	None	-
Senior Vice President	R.O.C.	Ching Fu Sung	Male	Nov 09, 2021	0	0	0	0	0	0	■ Senior Vice President of FEIB ■ Master of Business Administration, Soochow University	None	None	None	None	-
Senior Vice President	R.O.C.	Hui Fen Wei	Female	Nov 09, 2021	0	0	0	0	0	0	■ Senior Vice President of FEIB ■ BA, Dept. of Banking and Finance, Tamkang University	None	None	None	None	-
Vice President	R.O.C.	Bill Lee	Male	Apr 03, 2010	71,590	0.0020	0	0	0	0	■ Branch Manager of FEIB ■ Master of Business Administration, Ling Tung University	None	None	None	None	-
Vice President	R.O.C.	Judy Yu	Female	Jan 01, 2013	86,600	0.0025	0	0	0	0	■ Branch Manager of FEIB ■ Master of Human Resource Management, National Sun Yat-sen University	None	None	None	None	-
Vice President	R.O.C.	Wei Cheng Chen	Male	Jan 22, 2014	685	0.0000	0	0	0	0	■ Branch Manager of FEIB ■ Master of History, Tunghai University	None	None	None	None	-
Vice President	R.O.C.	Jane Tsai	Female	Mar 20, 2015	53,490	0.0015	42,733	0.0012	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Business Administration, National Cheng Kung University	None	None	None	None	-
Vice President	R.O.C.	Kuoh Siung Lin	Male	Nov 13, 2015	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of International Trade, Tunghai University	None	None	None	None	-
Vice President	R.O.C.	Alen Lin	Male	Aug 12, 2016	53,184	0.0015	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Finance, Shih Chien University	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President	R.O.C.	Shang Fu Lin	Male	Aug 12, 2016	17,236	0.0005	0	0	0	0	■ Branch Manager of FEIB ■ Master of International Business Administration, University of South Australia, Australia	None	None	None	None	-
Vice President	R.O.C.	Chiang Ming Chen	Male	Aug 12, 2016	52,247	0.0015	0	0	0	0	■ Branch Manager of FEIB ■ EMBA, National Cheng Kung University	None	None	None	None	-
Vice President	R.O.C.	Kuang Jung Fan	Male	Sep 29, 2016	31,494	0.0009	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Business Administration, Chung Yuan Christian University	None	None	None	None	-
Vice President	R.O.C.	Chen I Wang	Female	May 02, 2017	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Management, Lincoln University, U.S.A.	None	None	None	None	-
Vice President	R.O.C.	Pi Yun Peng	Female	May 15, 2017	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Finance, Tsinghua University	None	None	None	None	-
Vice President	R.O.C.	Chia Jung Chang	Male	May 15, 2017	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Economics, Northeastern University, U.S.A.	None	None	None	None	-
Vice President	R.O.C.	Kuan I Li	Male	Jan 01, 2018	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Dept. of Mechanical Engineering, Oriental Institute of Technology	None	None	None	None	-
Vice President	R.O.C.	Vivian Lee	Female	May 07, 2018	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Global Entrepreneurial Management, Fu Jen University	None	None	None	None	-
Vice President	R.O.C.	Ring Tsai	Female	Apr 01, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Economics, National Taipei University	None	None	None	None	-
Vice President	R.O.C.	Rich Liu	Male	Apr 01, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Dept. of Industrial Engineering and Management, Lien Ho Junior College of Technology	None	None	None	None	-
Vice President	R.O.C.	Yu Shui Chen	Male	Aug 12, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of International Finance, National Taipei University	None	None	None	None	-
Vice President	R.O.C.	Chin Hsing Yeh	Male	May 06, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Business Administration, I-Shou University	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President	R.O.C.	Shin En Shao	Male	Jun 03, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Insurance, Tamkang University	None	None	None	None	-
Vice President	R.O.C.	I Wen Pao	Male	Aug 12, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Finance, Shih Chien University	None	None	None	None	-
Vice President	R.O.C.	Tse Pin Liang	Male	Aug 12, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Public Finance and Taxation, Aletheia University	None	None	None	None	-
Vice President	R.O.C.	Yu Chieh Lin	Female	Sep 03, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Business Administration, National Dong Hwa University	None	None	None	None	-
Vice President	R.O.C.	Kuei Jung Lee	Male	Sep 03, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Finance, Shih Chien University	None	None	None	None	-
Vice President	R.O.C.	Ke Yao Shen	Male	Nov 04, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Public Administration, National Chung Hsing University	None	None	None	None	-
Vice President	R.O.C.	I Wen Ho	Female	Nov 06, 2019	34,851	0.0010	0	0	0	0	■ Branch Manager of FEIB ■ Dept. of Secretarial Science, Chungyu Institute of Technology	None	None	None	None	-
Vice President	R.O.C.	Chia Mei Kuo	Female	Nov 06, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Industrial Management, Taipei University of Science and Technology	None	None	None	None	-
Vice President	R.O.C.	Feng Ying Tsai	Female	Jan 01, 2020	34,408	0.0010	0	0	0	0	■ Vice President of FEIB ■ BA, Dept. of Business Administration, Soochow University	None	None	None	None	-
Vice President	R.O.C.	Jerry H. Chang	Male	Aug 14, 2020	613	0.0000	66,451	0.0019	0	0	■ Branch Manager of FEIB ■ BA, Dept. of International Business, St. Louis University, U.S.A.	None	None	None	None	-
Vice President	R.O.C.	Chia Hsien Tseng	Male	Aug 14, 2020	0	0	0	0	0	0	■ Vice President of FEIB ■ BA, Dept. Of Industrial Management, Kun Shan University	None	None	None	None	-
Vice President	R.O.C.	Shan Tseng Wen	Male	Nov 05, 2020	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Business Management, Pace University, U.S.A.	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Vice President	R.O.C.	Che Wei Chang	Male	Nov 05, 2020	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. of Accounting, Taipei University	None	None	None	None	-
Vice President	R.O.C.	Chih Fan Lin	Female	Jul 29, 2021	35	0.0000	0	0	0	0	■ Vice President of FEIB ■ Master of Finance, Soochow University	None	None	None	None	-
Vice President	R.O.C.	Yi Chun Ho	Male	Jul 29, 2021	0	0	0	0	0	0	■ Branch Manager of FEIB ■ EMBA, National Sun Yat-sen University	None	None	None	None	-
Vice President	R.O.C.	Adam Chen	Male	Jul 29, 2021	1,007	0.0000	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. Of Economics, Chinese Culture University	None	None	None	None	-
Vice President	R.O.C.	Tien Chung Li	Male	Aug 02, 2021	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. Of Finance, Asia University	None	None	None	None	-
Vice President	R.O.C.	Chi Shun Lien	Male	Aug 02, 2021	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Business Administration, Tunghai University	None	None	None	None	-
Vice President	R.O.C.	Kuan HSuan Chen	Female	Aug 02, 2021	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. Of Japanese Language and Culture, Soochow University	None	None	None	None	-
Vice President	R.O.C.	Suih Chi Liu	Male	Aug 02, 2021	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. Of Land Management and Develop, Chang Jung Christian University	None	None	None	None	-
Vice President	R.O.C.	Shih Ying Lo	Male	Aug 29, 2021	23,647	0.0007	0	0	0	0	■ Vice President of FEIB ■ Master of International Business, University of Illinois, U.S.A	None	None	None	None	-
Vice President	R.O.C.	An Hui Lu	Female	Nov 09, 2021	0	0	0	0	0	0	■ Branch Manager of FEIB ■ BA, Dept. Of Finance, Ming Chuan University	None	None	None	None	-
Vice President	R.O.C.	Shen Fen Lee	Female	Nov 09, 2021	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Business Administration, Shih Hsin University	None	None	None	None	-
Vice President	R.O.C.	Min Chung Lin	Male	Nov 09, 2021	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Human Resource Public Relations, Dayeh University	None	None	None	None	-
Deputy Vice President	R.O.C.	Chun Yu Huang	Male	Nov 06, 2019	0	0	0	0	0	0	■ Branch Manager of FEIB ■ Master of Industrial Economy, National Central University	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Deputy Vice President	R.O.C.	Yu Mei Lai	Female	Jan 01, 2020	73,052	0.0021	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Vice President of FEIB ■ BA, Dept. of Public Administration, National Chung Hsing University 	None	None	None	None	-
Deputy Vice President	R.O.C.	Chi Chang Ting	Male	Nov 5, 2020	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ BA, Dept. Of Bank Insurance, Feng Chia University 	None	None	None	None	-
Deputy Vice President	R.O.C.	Jian Wen Cheng	Male	Apr 23, 2021	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Vice President of FEIB ■ MBA, University of Missouri, U.S.A 	None	None	None	None	-
Deputy Vice President	R.O.C.	Chung En Weng	Male	Jul 29, 2021	35	0.0000	0	0	0	0	<ul style="list-style-type: none"> ■ Deputy Vice President of FEIB ■ Master of Industrial Education, National Taiwan Normal University 	None	None	None	None	-
Deputy Vice President	R.O.C.	Wei Lan Lu	Male	Jul 29, 2021	0	0	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ BA, Dept. Of Risk Management and Insurance, Tamkang University 	None	None	None	None	-
Deputy Vice President	R.O.C.	Tian Tian Hu	Female	Aug 2, 2021	308	0.0000	0	0	0	0	<ul style="list-style-type: none"> ■ Branch Manager of FEIB ■ BA, Dept. Of Commerce, National Taipei University of Business 	None	None	None	None	-

Note: The chairman and the president or equivalent others (the upper management) are the same person, as spouse or as relative with 1 degree of kinship to each other.

(3) Information of Exit-Chairman, or Exit-President retired from The Bank Becoming a Consultant to the Bank

Title	Nationality	Name	Sex	Pre-retirement position		Be consultant date	Hire Purpose	Authority and Responsibility	Remuneration	Ratio of Remuneration as a % of Net Income (%)
				Organization & Position	Retire Date					
None										

(4) The reasons, justification, necessity and corresponding actions when the Chairman and the President or equivalent others (the upper manager) are the same person, as spouse, or as a relative with 1 degree of kinship to each other

None.

(5) Remuneration of Directors, President, Vice Presidents, and Mangers

A. Remuneration of General Directors and Independent Directors

Unit: NT\$ Thousands

December 31, 2021

Unit: NT\$ thousands

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and the Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Total Compensation (A+B+C+D+E+F+G) and Ratio to Net Income (%)		Compensation Paid to Directors from an invested Company Other than the Company's Subsidiary		
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank		All companies in the consolidated financial statements		The Bank	All companies in the consolidated financial statements			
														cash	stock	cash	stock					
Chairperson	Yue Ding Industry Co., Ltd. Representative: Ching-Ing Hou	16,073	16,073	-	-	6,995	6,995	155 (note : car rental 282; Driver's compensation: 759)	155 (note : car rental 282; Driver's compensation: 759)	Total : 79,002	Total : 79,050	-	-	-	-	-	-	-	-	Total : 79,002	Total : 79,050	-
Vice Chairman	Douglas Tong Hsu	13,340	13,340	-	-	5,246	5,246	145	145	Ratio: 2.688%	Ratio: 2.690%	-	-	-	-	-	-	-	-	Ratio: 2.688%	Ratio: 2.690%	986
General Directors	(refer as follow)	2,880	2,928	-	-	26,230	26,230	250	250			-	-	-	-	-	-	-	-			
Independent Directors	(refer as follow)	3,700	3,700	-	-	3,949	3,949	40	40			-	-	-	-	-	-	-	-			

1. Please describe of the policies, standards and structure of remuneration for independent directors and the relation between remuneration and responsibilities, risks, and time spent:

The compensations for independent directors include compensations, expense for business execution, compensations from distribution of earnings. According to the article 25 of the Articles of Incorporation, if there be net income before income tax, remuneration of directors and employees' compensation, the Bank should retain a remuneration of directors no greater than 1.5%. The procedures for determining remuneration are based on the comparable level as offered by the other companies in the same trade, the performance evaluation results of the board of directors and functional committees, the Bank's operating performance and the expected or actual risks, and are subject to the "Regulations for Directors' Remuneration Distribution". After approval by the Remuneration Committee, it shall be reported to the board of directors for approval. Based on above, the remuneration for independent directors were directly related to the responsibilities, risks, and times spent of all independent directors.

2. Relevant Remuneration Received by Directors who are also service all companies in the consolidated financial statements (such as consultants who are not employees): None.

The list of General Directors:

1. Far Eastern New Century Corp. Representatives: Shaw Y. Wang / Executive Director, Humphrey Cheng / Director, James Wu / Director

2. Asia Cement Corp. Representatives: Tsung-Ming Chung / Executive Director, Shi-Chun Hsu / Director

3. U-Ming Marine Transport Corp. Representative: Min-Teh Yu / Director

The list of Independent Directors:

1. Independent Director & managing Director: Hsiao Hui Wang. Independent Director: Bing Shen / Susan S. Chang; Bing Shen released & Bao-Shuh Paul Lin newly elected on July 20, 2021.

Remuneration Range of Directors

December 31, 2021

Range of Remuneration	Name of Directors			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements
Under NT\$1,000,000	-	-	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (non-inclusive)	■ Independent Directors: Bing Shen; Bao-Shuh Paul Lin	■ Independent Directors: Bing Shen; Bao-Shuh Paul Lin	■ Independent Directors: Bing Shen; Bao-Shuh Paul Lin	■ Independent Directors: Bing Shen; Bao-Shuh Paul Lin
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (non-inclusive)	■ Independent Directors: Hsiao Hui Wang; Susan S. Chang	■ Independent Directors: Hsiao Hui Wang; Susan S. Chang	■ Independent Directors: Hsiao Hui Wang; Susan S. Chang	■ Independent Directors: Hsiao Hui Wang; Susan S. Chang
NT\$3,500,000(inclusive) ~ NT\$5,000,000 (non-inclusive)	■ General Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu ■ General Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu	■ General Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu ■ General Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu	■ General Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu ■ General Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu	■ General Director: Asia Cement Corp. Representative: Tsung-Ming Chung; Shi-Chun Hsu ■ General Director: U-Ming Marine Transport Corp. Representative: Min-Teh Yu
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (non-inclusive)	■ General Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang; Humphrey Cheng; James Wu	■ General Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang; Humphrey Cheng; James Wu	■ General Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang; Humphrey Cheng; James Wu	■ General Directors: Far Eastern New Century Corp. Representatives: Shaw Y. Wang; Humphrey Cheng; James Wu
NT\$10,000,000(inclusive) ~ NT\$15,000,000 (non-inclusive)	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (non-inclusive)	■ General Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou ■ General Director: Douglas Tong Hsu	■ General Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou ■ General Director: Douglas Tong Hsu	■ General Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou ■ General Director: Douglas Tong Hsu	■ General Director: Yu Ding Industrial Co., Ltd. Representative: Ching-Ing Hou ■ General Director: Douglas Tong Hsu
NT\$30,000,000 ~ (inclusive) NT\$50,000,000 (non-inclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (non-inclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	12	12	12	12

Independent Director: Bing Shen released & Bao-Shuh Paul Lin newly elected on July 20, 2021.

B. Remuneration of the President and Vice Presidents

Unit: NT\$ Thousands

December 31, 2021

December 31, 2021														
Title	Name	Salary(A)		Severance or Retirement Payment (B)		Bonus and Special Allowance (C)		Dividends (D)				Total Compensation (A+B+C+D) and Ratio to Net Income (%)		Remuneration from Investee Companies, Excluding Subsidiaries or parent company
		The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank		All companies in the financial statement		The bank	All companies in the financial statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
President	Thomas Chou	42,112	42,184	0	0	58,033 (Car rental : 2,765 ; Driver compensation : 4,674)	58,357 (Car rental : 2,765 ; Driver compensation : 4,674)	8,497	0	8,497	0	Total: 108,642 Ratio: 3.696%	Total: 109,038 Ratio: 3.710%	786
Chief Executive Vice President	Jiann Jong Lin													
Senior Executive Vice President	Ben Liao Ru													
Executive Vice President	Simon Tai													
Executive Vice President	Sophie Chang													
Executive Vice President	Steve Chi													
Executive Vice President	Lonnie Liu													
Executive Vice President	James Dai													
Executive Vice President	Shin Hwa Chou													
Executive Vice President	Ying Ching Hu (Took up office in Jul 29, 2021)													
Chief Auditor	Chih Wei Huang													
Chief Compliance Officer of the Head Office	Elaine Yeh													

Remuneration Range of President and Vice President

December 31, 2021

Range of Remuneration	Names of President and Vice President	
	The bank	All companies in the consolidated financial statements
Below NT\$1,000,000		
NT\$1,000,000(inclusive)~2,000,000(exclusive)		
NT\$2,000,000(inclusive)~3,500,000(exclusive)	Ying Ching Hu	Ying Ching Hu
NT\$3,500,000(inclusive)~5,000,000(exclusive)	Chih Wei Huang	Chih Wei Huang
NT\$5,000,000(inclusive)~10,000,000(exclusive)	Simon Tai / Sophie Chang / Lonnie Liu / James Dai / Shin Hwa Chou/ Elaine Yeh	Simon Tai / Sophie Chang / Lonnie Liu / James Dai / Shin Hwa Chou/ Elaine Yeh
NT\$10,000,000(inclusive)~15,000,000(exclusive)	Jiann Jong Lin / Ben Liao Ru/ Steve Chi	Jiann Jong Lin / Ben Liao Ru/ Steve Chi
NT\$15,000,000(inclusive)~30,000,000(exclusive)	Thomas Chou	Thomas Chou
NT\$30,000,000(inclusive)~50,000,000(exclusive)		
NT\$50,000,000(inclusive)~100,000,000(exclusive)		
Over NT\$100,000,000		
Total	12	12

C. Remuneration of Managers

Unit: NT\$ Thousands

December 31, 2021

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	Please refer Page 26-38		0	24,821	24,821	0.844%

(6) Comparison of Remuneration for Directors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents

- A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and executive vice presidents of the Company, to the net income.

Unit: NT\$ Thousands

Title	2020				2021			
	Total Amount		Ratio of Total Amount to Net Income (%)		Total Amount		Ratio of Total Amount to Net Income (%)	
	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements	The Bank	All companies in the consolidated financial statements
Directors	77,397	77,445	3.073	3.075	79,002	79,050	2.688	2.690
President, Executive Vice Presidents	119,405	119,717	4.741	4.753	108,642	109,038	3.696	3.710
Total	196,802	197,162	7.814	7.828	187,644	188,088	6.384	6.400

- B. The policies, standards, and components of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

- (a) The compensations for directors include compensations, expense for business execution and earnings distribution. If there is net income before income tax, remuneration of directors and employees' compensation (IBTCR), the Bank should retain a remuneration of directors no greater than 1.5% of IBTCR. The procedures for determining remuneration are based on the comparable level as offered by the other companies in the same trade, the performance evaluation results of the board of directors and functional committees (Important evaluation items e.g., meeting attendance rate, annual training hours per the requirements of the competent authority, and concurrent Independent Directors per the requirements of the competent authority, participation, contribution to the Bank's management, and communication with management team, etc.), and taken into account the Bank's operating performance and the expected or actual risks that have occurred, and are subject to the "Regulations for Directors' Remuneration Distribution". After approval of the Remuneration Committee, it shall be reported to the board of directors for approval.

- (b) In accordance with Article 25 of Articles of Incorporation, "If there is net income before income tax, remuneration of directors and employees' compensation (IBTCR), the Bank should retain an employees' compensation of 3.5%-4.5% of IBTCR and a remuneration of directors no greater than 1.5% of IBTCR. Should there be accumulated loss, the Bank shall retain earnings to cover the loss in advance."

Based on the reasonable correlation between individual performance, business performance, and future risks of the Bank, the policies, standards, and components of remuneration of managerial officers (president and vice presidents included) are established and reviewed regularly by the Remuneration Committee. The board of directors then determine the result after taking into account the Remuneration Committee's suggestions to ensure its comparability to risk level of the Bank and general pay levels in the industry.

The merit pay will be evaluated by financial factors (such as revenue, net profit before tax and so on) and non-financial factors (compliance, risk management and so on).

3. Implementation of Corporate Governance

(1) Information on the Operation of the Board of Directors

A. The 10th Board of Directors convened 4 meetings in 2021, and the records of attendance by directors and independent directors are shown as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Chairperson	Yue Ding Industry Co., Ltd. Representative: Ching-Ing Hou	4	0	100%	-
Vice Chairman	Douglas Tong Hsu	4	0	100%	-
Executive Director	Far Eastern New Century Corp. Representative: Shaw Y. Wang	4	0	100%	-
Executive Director	Asia Cement Corp. Representative: Tsung-Ming Chung	4	0	100%	-
Director	Far Eastern New Century Corp. Representative: Humphrey Cheng	4	0	100%	-
Director	Far Eastern New Century Corp. Representative: James Wu	4	0	100%	-
Director	Asia Cement Corp. Representative: Shi-Chun Hsu	4	0	100%	-
Director	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	4	0	100%	-
Independent Director, Managing Director	Hsiao Hui Wang	4	0	100%	-
Independent Director	Bing Shen	2	2	50%	-
Independent Director	Susan S. Chang	4	0	100%	-

B. The 11th Board of Directors convened 3 meetings in 2021, and the records of attendance by directors and independent directors are shown as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Chairperson	Yue Ding Industry Co., Ltd. Representative: Ching-Ing Hou	3	0	100%	-
Vice Chairman	Douglas Tong Hsu	3	0	100%	-
Executive Director	Far Eastern New Century Corp. Representative: Shaw Y. Wang	3	0	100%	-
Executive Director	Asia Cement Corp. Representative: Tsung-Ming Chung	3	0	100%	-
Director	Far Eastern New Century Corp. Representative: Humphrey Cheng	3	0	100%	-
Director	Far Eastern New Century Corp. Representative: James Wu	3	0	100%	-
Director	Asia Cement Corp. Representative: Shi-Chun Hsu	2	0	67%	-
Director	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	3	0	100%	-
Independent Director, Managing Director	Hsiao Hui Wang	3	0	100%	-
Independent Director	Susan S. Chang	3	0	100%	-
Independent Director	Bao-Shuh Paul Lin	2	1	67%	-

Other items of mandatory registration:

1. In the event of any of the circumstances occurring while the Board of Directors conducts its activities, details including the date, session, and agenda of the board meeting, all opinions of the independent directors, and the Company's responses to the independent directors' opinions should be provided.

(1) Matters listed in Article 14-3 of the Securities and Exchange Act: Not applicable as the Bank has established an audit committee.

(2) In addition to matters above, other objections or qualified opinions from the independent directors to resolutions made by the Board of Directors on record or in writing: None.

2. Details, including names of directors, resolutions, reasons for conflict of interest, and voting results, of circumstances where directors absented themselves due to conflict of interest:

The proposals in conflict of interest in 2020 are credit proposals, Work with Far EasTone to apply for "Open Banking - Phase 2 Business (Consumer Information Enquiry)", eTag co-branded card and eTag inside credit card renewal, Increase the rent of the office on the 13th floor of the remote enterprise, Shareholders nominate candidates for directors and independent directors and lift the list of non-compete directors, Information host room, Nominations for members of the Compensation Committee, Appointment of Corporate Sustainability Committee members, relocation proposal of financial institution transaction amount. When the proposals are in progress, the names of directors, resolutions, reasons for conflict of interest are stated, Chairperson Ching-Ing Hou, Vice Chairman Douglas Tong Hsu, Executive Director Shaw Y. Wang, Executive Director Tsung-Ming Chung, Director Humphrey Cheng, Director James Wu, Director Shi-Chun Hsu, Director Min-Teh Yu, Independent Director Hsiao Hui Wang, Independent Director Bing Shen, Independent Director Susan S. Chang were excused from discussion of the aforementioned proposals to avoid conflict of interest, and other directors in the meeting passed the proposals as stated.

3. The Bank shall disclose evaluation cycle, period, scope, method, and content of performance evaluation of board of

directors meeting and functional committees:

Performance Evaluation of Board of Directors Meeting and Functional Committees:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2021	1.Board of directors meeting 2.functional committees	1.Overall evaluation 2.self-evaluation by individual members	<p>Board of directors meeting:</p> <p>1. Overall evaluation: including the degree of participation in the company's operations, the quality of the board of directors' decision-making, the composition and structure of the board of directors, the selection and continuous education of directors, and internal control.</p> <p>2. Self-evaluation by individual members: including the mastery of company goals and tasks, directors' awareness of responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education, internal control.</p> <p>Functional committees (overall evaluation and self-evaluation by individual members:</p> <p>Including the degree of participation in the company's operations, the awareness of the responsibilities of the functional committee, the decision-making quality of the functional committee, the composition and selection of members of the functional committee, and internal control.</p>

4. Targets for strengthening the function of the board of directors in current and recent years and the evaluation of the execution:

- (1) For strengthening the function of the board of directors, establishment of the Sustainability Committee of Far Eastern International Bank and Organizational Rules of the Sustainability Committee of Far Eastern International Bank was established on November 9, 2021.
- (2) For strengthening the operation of the board of directors, Rules of Procedure for Board of Directors Meetings of Far Eastern International Bank was established on February 23, 2005, and the eleventh amendment was made on May 4, 2020.
- (3) In order to prevent insider trading and ensure sound operation, Regulations Preventing Insider Trading of Far Eastern International Bank and re-invested business was established on December 31, 2009, and the second amendment was made on February 14, 2017.
- (4) In order to establish sound corporate governance, and the structure of independent director and executive director, "Rules Governing the Scope of Powers of Independent Directors of Far Eastern International Bank" and "Rules Governing the Scope of Powers of Executive Directors of Far Eastern International Bank" were established on May 27, 2010, and the second amendment was made on August 14, 2020.
- (5) In accordance with Paragraph I of Article 14-6 of Securities and Exchange Act, Organizational Rules for the Remuneration Committee of Far Eastern International Bank, and the remuneration committee were established on August 5, 2011, and the second amendment was made on March 23, 2020.
- (6) In accordance with Paragraph I of Article 14-4 of Securities and Exchange Act, Organizational Rules for the Audit Committee of Far Eastern International Bank was established on May 5, 2015, the audit committee was established on June 16, 2015, and the second amendment was made on May 4, 2020.
- (7) In order to strengthen corporate governance, Corporate Governance Principles of Far Eastern International Bank was established on November 6, 2015, and the third amendment was made on May 6, 2019.

- (8) In order to strengthen corporate governance effectiveness, Procedures for Performance Evaluation of the Board of Directors of Far Eastern International Bank was established on August 12, 2016. The evaluation action and the relevant evaluation information was disclosed on the Bank's website since 2016. The second amendment was made on August 2, 2019, and renamed it to Procedures for Performance Evaluation of the Board of Directors and Functional Committees of Far Eastern International Bank to include evaluation of functional committees.

(2) Information on the Operation of Audit Committee

- A. In accordance with Article 14-4 of Securities and Exchange Act, the audit committee is composed of the entire number of independent directors.
- B. In accordance with Article 6 of Organizational Rules for the Audit Committee of Far Eastern International Bank, the authorities and responsibilities of the audit committee are to review and checking the following:
- The company's internal control policies pursuant to Article 14-1 of the Securities and Exchange Act.
 - The effectiveness of internal control policies.
 - Pursuant to Article 36-1 of the Securities and Exchange Act, procedures relating to asset acquisition/disposal, derivative transactions, and major financial conducts.
 - Matters concerning the personal interests of directors.
 - Major asset transactions or derivatives.
 - Offering, issuance, or private placement of securities with equity characteristics.
 - Appointment, dismissal, or compensation of the certifying CPAs.
 - Appointment and removal of the financial, accounting, or internal auditing officers.
 - Annual and semi-annual financial reports.
 - Other significant issues regulated by the Company or competent authorities.

C. Audit Committee Attendance

- (a) The 2nd Audit Committee convened 3 meetings in 2021, and the records of attendance by independent directors are shown as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director, Managing Director	Hsiao Hui Wang	3	0	100%	-
Independent Director	Bing Shen	3	0	100%	-
Independent Director	Susan S. Chang	3	0	100%	-

- (b) The 3rd Audit Committee convened 2 meetings in 2021, and the records of attendance by independent directors are shown as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director, Managing Director	Hsiao Hui Wang	2	0	100%	-
Independent Director	Susan S. Chang	2	0	100%	-
Independent Director	Bao-Shuh Paul Lin	2	0	100%	-

Other items of mandatory registration:

1. In the event of any of the following circumstances occurred while the Audit Committee conducts its activities, details including the date, session, and agenda of the board meeting, all resolutions of the Audit Committee, and the Company's responses to the Audit Committee's opinions should be provided.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act

(2) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.

Audit Committee	Agenda and Follow-up	Items in Article 14-1 of the Securities and Exchange Act	Not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors
11 th Session of 2 nd Audit Committee March 25, 2021	<ul style="list-style-type: none"> ■ Financial Supervisory Commission December 2019 General Business Inspection Report. ■ The Central Bank's November 2020 Project Inspection Report. ■ Audit business work report from October to December 2020. ■ In the second half of 2019, the legal compliance system and the handling of entrusting others to handle the operation / implementation report on preventing money laundering and combating terrorism. ■ Improvement measures related to major incidents in 2020 inquiries about joint data collection and their handling. ■ 2020 Financial Statements and Consolidated Financial Statements / Earnings Distribution / Shareholder Dividends Transferring Capital to Issue New Shares. ■ Issuance of ordinary shares/preferred shares/convertible financial bonds by way of private placement. ■ 2020 Internal Control System Statement. ■ 2021 Internal Audit Program Amendments. ■ Revise the reporting operation of major incidents and add the self-management mechanism for ATMs with continuous holidays of more than three consecutive days. ■ 2020 business report ■ Amendment of the Articles of Association/Rules of Procedure for the Shareholders' Meeting/Standard Specifications of Internal Control System for Securities Firms' Bond Proprietary Business. ■ 2020 Statement of Internal Control System for Preventing Money Laundering and Combating Terrorism Financing/Project Review. ■ 2020 Overall Implementation of Information Security/Declaration on Design and Implementation of Internal Control System for Personal Data Protection. ■ Revised Collateral Handling Guidelines ■ Proposal of reselling Bad Debt ■ eTag co-branded card and eTag inside credit card renewal ■ Increase the rent of the office on the 13th floor of the remote enterprise 	✓	None

Audit Committee	Agenda and Follow-up	Items in Article 14-1 of the Securities and Exchange Act	Not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors
	<ul style="list-style-type: none"> ■ Credit Proposal <p>Result : The proposal was passed by a unanimous vote and no objection.</p> <p>Dealing with result of Audit Committee : None.</p>		
12 th Session of 2 nd Audit Committee May 4, 2021	<ul style="list-style-type: none"> ■ 2021 Q1 Consolidated Financial Statements. ■ Financial Supervisory Commission December 2019 General Business Inspection Report ■ Central Bank January 2021 Project Inspection Report ■ Jan-Mar 2021 Audit Business Work Report ■ Proposal of reselling Bad Debt ■ Shareholders nominate candidates for directors and independent directors and lift the list of non-compete directors ■ 2020 Comprehensive Money Laundering and Terrorism Risk Assessment Report, Money Laundering Prevention and Anti-Terrorism Plan and Insurance Agency Business ■ Revised the insurance internal control and solicitation procedures and adjusted the working capital allocated by the insurance agency department ■ Information host room relocation ■ Credit Proposal <p>Result : The proposal was passed by a unanimous vote and no objection.</p> <p>Dealing with result of Audit Committee : None.</p>	✓	None
13 th Session of 2 nd Audit Committee June 24, 2021	<ul style="list-style-type: none"> ■ Debt sale Proposal <p>Result : The proposal was passed by a unanimous vote and no objection.</p> <p>Dealing with result of Audit Committee : None.</p>	✓	None
1 st Session of 3 rd Audit Committee July 29, 2021	<ul style="list-style-type: none"> ■ Financial Supervisory Commission December 2019 General Business Inspection Report ■ Financial Supervisory Commission November 2020 Project Inspection Report ■ Proposal of reselling Bad Debt ■ Financial Statements and Consolidated Financial Statements for the First Half of 2021 ■ Revised the business strategy and operating guidelines for the handling of derivative financial products business ■ Credit Proposal <p>Result : The proposal was passed by a unanimous vote and no objection.</p> <p>Dealing with result of Audit Committee : None.</p>	✓	None
2 th Session of 3 rd Audit Committee November 8, 2021	<ul style="list-style-type: none"> ■ Consolidated Financial Statements for the First Three Quarters of 2021 ■ Apr-Jun 2021 and Jul-Sep 2021 Audit Business Work Report ■ In the first half of 2021, the legal compliance system and the handling of entrusting others to handle the operation / implementation report on preventing money laundering and combating terrorism ■ 2020 annual computer system information security assessment report recommendations for improvement and handling results ■ Proposal of reselling Bad Debt ■ 2022 Internal Audit Plan ■ OBU applies for concurrently operating as a securities dealer-limited to bonds-the business office can buy and sell various bonds on its own 	✓	None

Audit Committee	Agenda and Follow-up	Items in Article 14-1 of the Securities and Exchange Act	Not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors
	<ul style="list-style-type: none"> ■ Dazhong Securities Finance / Yadong Securities Financial Institution Quota ■ Increase the rent of the office on the 13th floor of the remote enterprise ■ Revised Insurance Internal Controls and Solicitation Processing Procedures ■ Credit Proposal 		
	Result : The proposal was passed by a unanimous vote and no objection.		
	Dealing with result of Audit Committee : None.		

2. Details, including names of independent directors, resolutions, reasons for conflict of interest, and voting results, of circumstances where independent directors absented themselves due to conflict of interest:

The proposals in conflict of interest in 2021 were credit proposals, Increase the rent of the office on the 13th floor of the remote enterprise, Shareholders nominate candidates for directors and independent directors and lift the list of non-compete directors. When the proposals were in progress, the names of independent directors, resolutions, reasons for conflict of interest were stated, Independent Director Bing Shen was excused from discussion of the aforementioned proposals to avoid conflict of interest, and other independent directors in the meeting passed the proposals as stated.

3. Communications among Independent Directors and the Bank's Chief Auditor and CPA

(1) Communication of Independent Directors with the Chief Auditor and CPA:

- The CPA fully communicated with the Independent Directors on the first half financial statement, annual financial statement, and annual audit planning.
- Internal auditors engaged independent directors in yearly meetings to present internal audit reports and to discuss fully any major issues, which were summarized in the meeting minutes to the Board of Directors for report.
- The Audit Committee was composed of all members of independent directors, to which the chief auditor reported on a quarterly basis on the progress of ongoing audits.

(2) Communication outlines of Independent Directors with the chief auditor and CPA:

- Communication status of Independent Directors with CPA

Date	Points of communication	Result
The 11th Audit Committee meeting of the 2nd term held on March 25, 2021	Reported the results of auditing 2020 financial statements, and responded the questions from Independent Directors.	Noted
The 1st Audit Committee meeting of the 3rd term held on July 29, 2021	Reported the results of auditing and reviewing the second quarter of 2021 financial statements, and responded the questions from Independent Directors.	
Conference between Independent Directors and CPAs on November 8, 2021	1. Significant audit risk for auditing 2021 financial statements. 2. Key audit matters for auditing 2021 financial statements. 3. Audit planning for auditing 2021 financial statements.	

■ Communication between Independent Directors and the Chef Auditor:

Date	Highlights of Communication	Result
March 25, 2021 The 11 th meeting of the 2 nd Audit Committee	1. Audit report for the fourth quarter of 2020 2. Amendment to the 2021 audit plan	Noted
May 4, 2021 The 12 th meeting of the 2 nd Audit Committee	Audit report for the first quarter of 2021	
November 8, 2021 The 2 nd meeting of the 3 rd Audit Committee	1. Audit report for the second and the third quarter of 2021 2. Audit plan for 2022	
November 9, 2021 Forum between the independent directors and auditors	1. Provide credit card customer lists to insurance companies to marketing commodity issues 2. Analysis of the turnover rate of branch managers and new recruits in the Personal Finance Business Group 3. Explanation of important inspection opinions of the General Audit Office in 2021 4. Statistics of FSC Enforcement Actions to Financial industry in 2021	

(3) Information on the Operation of the Corporate Sustainability Committee

A. Composition of the Corporate Sustainability Committee

On November 9, 2021, the Bank established a functional committee under the Board of Directors - the Corporate Sustainability Committee. The committee members are appointed by the resolution of the Board of Directors. The number of members is at least three, and more than half of them should be independent directors.

B. Corporate Sustainability Committee Duties and Powers

- (a) Promote and strengthen the integrity management system
- (b) Promotion and Development of Corporate Sustainability Related Matters
- (c) Supervise other issues related to sustainability as resolved by the board of directors

The committee meets at least twice a year. Within the scope of its terms of reference, professionals may be appointed by resolution to provide consultation and assistance

Title	Name	Professional qualifications and Experience
Director	Humphrey Cheng	With practical experience in corporate sustainability implementation, he is the general convener of the Corporate Sustainability Implementation Committee of Far East New Century Co., Ltd., a listed company, with relevant practical experience in legal affairs, legal expertise, business management
Independent Director	Hsiao Hui Wang	Possess accountant verification experience, expertise in finance, accounting, and auditing
Independent Director	Susan S. Chang	Practical experience in corporate governance in the financial industry, management, leadership and decision-making skills

C. Corporate Sustainability Committee Attendance

The Committee has held one meeting in 110 years. All members attended in person, and the attendance rate was 100%. The attendance of members is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Director	Humphrey Cheng	1	0	100%	-
Independent Director	Hsiao Hui Wang	1	0	100%	-
Independent Director	Susan S. Chang	1	0	100%	-

(4) Items to Be Disclosed According to the Corporate Governance Best-Practice Principles for the Banking Industry

Please refer to the Bank's website: <https://www.feib.com.tw/> and <http://mops.twse.com.tw/>

(5) FEIB Corporate Governance Implementation Status and Deviations

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
1. Shareholding structure and shareholders' interest				
(1) Does the Bank establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		<ul style="list-style-type: none"> ■ The Bank has enacted "Corporate Governance Principle" which included a chapter of "Protecting Shareholders' Rights". Accordingly, the Bank has spokesperson, acting spokesperson, and stock agency "Oriented Securities Co., Ltd." to handle related issues and suggestions of shareholder. ■ If there is any legal issue involving shareholding structure and shareholders' interests, the Legal Compliance Department will assist the responsible unit to deal with it. 	None
2) Does the Bank possess the list of its major shareholders as well as the ultimate owners of those shareholding?	✓		<ul style="list-style-type: none"> ■ The Bank has a clear list of the major shareholders and their ultimate control entities, and declares the transaction information in accordance with relevant laws and regulations. 	None
(3) Does the Bank establish and execute risk management and firewall mechanisms for transaction with affiliated businesses?	✓		<ul style="list-style-type: none"> ■ The bank sets up the crediting and transacting control mechanism with the affiliates (including substantial affiliates) based on the Banking Act and Competent Authority regulation. For the credit extended to the affiliates, the credit facility should comply with fully secured, within the compulsory lending cap, terms, conditions not be more favorable than those terms offered to other same category customers, board meeting approval process. For the transacting with affiliates, the bank also establishes "FEIB's procedures for handling credit and other transactions with 	None

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best- Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
			<p>stakeholder". "Acquisition and Disposal Asset Handling Guidelines for the internal business units to follow up. The aforementioned policies have been established with the sound risk management mechanism and followed the arm's length rules.</p> <p>■ The Bank made "FEIB's Regulations for Risk management measures of subsidiaries" to comply with the statutes and set up the subsidiaries' sound operation and risk governance.</p>	

2. Composition and Responsibilities of the Board of Directors

(1) Does the board have diversity policy and specific management goals?	✓	■ The Bank has formulated the "Code of Corporate Governance", which sets out the Board Diversity Policy and specific management objectives in Chapter 4 "Enhancing the Functions of the Board of Directors". In the eleventh term of directors, the proportion of directors with employee status is 0%, the term of independent directors is 1 for less than 3 years, 1 for 4-6 years, 1 for more than 6 years, 3 directors over 81 years old, 71-80 years old 5 aged 5, 3 aged 61-70, and the directors have a wide range of professional backgrounds and professional qualifications. The Bank pays attention to gender equality in the composition of the board of directors. The chairperson of the board is female and the proportion of female directors is 27%, achieving the goal of exceeding 25% of the board seats for each gender. Board Diversity Policy disclosed on the Bank's website.	None
(2) Does the Bank voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓	■ In addition to the remuneration committee and the audit committee according to law, the Bank also voluntarily established a functional committee under the board of directors - the corporate sustainability committee on 11.09.2010. The members are appointed by the board of directors. The number of members is not less than three, and more than half of them are Members are independent directors	None
(3) Does the Bank establish procedures for performance evaluation of the board of directors, evaluate the operation yearly, report the evaluation result to the Board, and take into account the result to determine remuneration and nominate candidates?	✓	■ In order to strengthen corporate governance effectiveness, Procedures for Performance Evaluation of the Board of Directors was established on August 12, 2016, and amendment was made on August 12, 2019, to rename it to Procedures for Performance Evaluation of the Board of Directors and Functional Committees. Evaluation was done yearly, and newly evaluation results were reported to the Board on Mar 03, 2021. The	None

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the Bank evaluate the independence of its CPA on a regular basis?	✓		<p>relevant information was disclosed on the Bank's website, and was taken into account for determining remuneration and candidates' nomination.</p> <ul style="list-style-type: none"> ■ The Bank regularly evaluated the independence of certified public accountants every year which based on the No.10 Bulletin of Code of Professional Ethics for Certified Public Accountant of the Republic of China and Article 27, Item 5 of the Guidelines for the Bank's Corporate Governance. ■ This year assessments are as follows: <ol style="list-style-type: none"> 1.Until last audit, the Bank did not fail to replace the CPA every 7 years. 2.Until last audit, CPA received no punishment of violations. 3.Members of the audit team and their spouses and dependents are not involved in any of following: <ol style="list-style-type: none"> (1) Directly or indirectly, hold significant financial interests in the Bank. (2) Have business relations with the Bank or directors and managerial officers at the Bank, where such relations may affect their independence. 4. During the audit, members of the audit team, their spouses and dependents do not serve as directors or managerial officers at the Bank or do not assume positions that may directly and significantly affect the auditing process. 5. Members of the audit team do not have spouses, immediate family members or relatives within the second degree of kinship who serve as directors or managerial officers at the Bank. 6. Members of the audit team have not received gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from our Bank or directors, managerial officers or major shareholders at the Bank. ■ The Statement of Independence has been issued by the CPA, and the result has been approved by the 4th Board of Directors of the 11th term. After evaluation, the CPA are in accordance with the independence standards of the Bank. 	None

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best- Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
3. Does the bank have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, handling corporate registration and amendment registration and producing minutes of board meetings and shareholders meetings)?	✓		<ul style="list-style-type: none"> ■ The board passed the resolution on May 6, 2019 to assign deputy executive vice president Shu Hui Lee, the Head Office, as the head of corporate governance to be in charge of corporate governance affairs. Shu Hui Lee has more than ten years of experience in supervisory positions in stock affairs and deliberation in financial institutions. The corporate governance affairs including handling matters related to board meetings and shareholder's meetings according to laws, producing minutes of board meetings and shareholder's meetings, assisting in onboarding and continuous development of directors, furnishing information required for business execution by directors, assisting directors with legal compliance, and other matters set out in the articles of incorporation or contracts. ■ The status of Corporate Governance implementation is as follows: <ol style="list-style-type: none"> 1. Board Meeting, Managing Director Meeting, and Audit Committee Meeting: <ul style="list-style-type: none"> - Providing the needed information to directors, managing directors and audit committees. - Providing notices and agendas of the meeting on 7 days before the meeting - Providing the minute within 20 days after the meeting. - Consolidating the resolutions and speeches of the meeting - Tracking the follow-up implementation status and report to the chairman's office. 2. Shareholders' meeting: <ul style="list-style-type: none"> - Registering the date of shareholder meeting under regulation - Uploading the notice and handbook of the meeting 30 days before the meeting. - Uploading the minutes to the MOPS within 20 days after the meeting 3. Providing the information of training courses. 4. Providing the official documents and regulations of competent authority, related to directors or corporate governance. Disseminating the regulation of interested party in Article 32, 33 of the Banking Act semiannually. 5. Handling company's change registration when amendment of article of incorporation or transferring capital to 	None

Evaluation Item	Implementation Status					Deviations, from “Corporate Governance Best-Practices for Banks” and Reasons																																		
	Yes	No	Abstract Illustration																																					
			<p>issue new shares.</p> <p>6. Evaluating the operation in accordance with “Procedures for Performance Evaluation of the Board of Directors and Functional Committees” of the Bank, and relevant information is also disclosed on the Bank’s website.</p> <p>■ Training of the head of corporate governance:</p> <table><tr><th>Training Start</th><th>Date End</th><th>Organizer</th><th>Courses</th><th>Hours</th><th>Total Hours</th></tr><tr><td>2021.03.23</td><td>2021.03.23</td><td rowspan="4">Chinese Independent Directors Association</td><td>Strengthen the function of the board of directors from corporate governance 3.0</td><td>3</td><td rowspan="6">18</td></tr><tr><td>2021.04.27</td><td>2021.04.27</td><td>How Boards Review ESG Sustainability Reports</td><td>3</td></tr><tr><td>2021.09.30</td><td>2021.09.30</td><td>Board Practice Case - Simulation Exercise</td><td>3</td></tr><tr><td>2021.10.14</td><td>2021.10.14</td><td>Analysis of Practical Cases of “Crimes of Unconventional Transactions” and “Crimes of Special Breach of Faith” and Prevention Strategies of Board of Directors</td><td>3</td></tr><tr><td>2021.11.11</td><td>2021.11.11</td><td>Taiwan Financial Training Institute</td><td>Business opportunities, challenges and transformation strategies under the ESG trend</td><td>3</td></tr><tr><td>2021.11.12</td><td>2021.11.12</td><td>Securities and Futures Market Development Foundation</td><td>2021 Annual Prevention of Insider Trading Promotion Conference</td><td>3</td></tr></table>				Training Start	Date End	Organizer	Courses	Hours	Total Hours	2021.03.23	2021.03.23	Chinese Independent Directors Association	Strengthen the function of the board of directors from corporate governance 3.0	3	18	2021.04.27	2021.04.27	How Boards Review ESG Sustainability Reports	3	2021.09.30	2021.09.30	Board Practice Case - Simulation Exercise	3	2021.10.14	2021.10.14	Analysis of Practical Cases of “Crimes of Unconventional Transactions” and “Crimes of Special Breach of Faith” and Prevention Strategies of Board of Directors	3	2021.11.11	2021.11.11	Taiwan Financial Training Institute	Business opportunities, challenges and transformation strategies under the ESG trend	3	2021.11.12	2021.11.12	Securities and Futures Market Development Foundation	2021 Annual Prevention of Insider Trading Promotion Conference	3
Training Start	Date End	Organizer	Courses	Hours	Total Hours																																			
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2021.11.12	2021.11.12	Securities and Futures Market Development Foundation	2021 Annual Prevention of Insider Trading Promotion Conference	3																																				
4. Does the Bank establish communication channels for stakeholders (including but not limited to shareholders, employees, and customers), and establish webpage on the Bank’s website to response to stakeholders about CSR issues?	✓		■ The Bank has set up the “Stakeholder Zone” on the company’s website, which is divided different channels for investors, customers, suppliers, employees and community members/non-profit organizations. Contact person and methods are also available on the website if needed.				None																																	
5. Information Disclosure																																								
(1) Does the Bank have a corporate website to disclose both financial standings and the status of corporate governance?	✓		■ The Bank disclosed the relevant information on the website.				None																																	
(2) Does the Bank have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		■ The Bank set up English website. Designated employee is responsible to collect and disclosure company information. The information and video record of investor conferences are posted on the website.				None																																	

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best- Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the bank announce and declare the annual financial report within the time limit in accordance with Banking Law and Securities Exchange Law, and announce the first, second and third quarter financial reports and the monthly operating situation before the prescribed time limit?	✓		■ The Bank followed relevant laws and regulations to announce and report the annual financial statements, the first, second, and third quarter financial statements as well as the operating status of each month within the prescribed deadline	None
6. Is there other important information to facilitate a better understanding of the Bank's corporate governance practices (including but not limited to employee rights and interests, employee care, investor relations, rights and interests of interested parties, records of training for directors and supervisors, implementation of risk management policy and risk evaluation criteria, implementation of customer relations policy, purchases of professional indemnity insurance for directors and supervisors, and donations to political parties, stakeholders, and charitable groups)?	✓		<ul style="list-style-type: none"> ■ CSR : Referred to page 115-117 ■ Investor Relations: The bank not only has specialist employee to responsible for investor's suggestion, doubts or disputes, but also has spokesperson, acting spokesperson, and stock agency "Oriented Security Co., Ltd." to handle related issues and suggestions of shareholders. Investor conference is held annually. ■ Stakeholder rights: The Bank discloses financial, business-related corporate governance information on the website for stakeholders. Both Chinese and English information are available on MOPS for foreign investors. ■ Directors' training: Irregularly attended training courses based on "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" issued by the Taiwan Stock Exchange Co., Ltd. ■ Customer relations policy: <ul style="list-style-type: none"> ① The Bank has adopted the "FEIB Financial Consumer Protection Act" and the "FEIB Handling System for Financial Consumer Disputes" ② The products and services of the Bank are in compliance with the relevant regulations and standards. Changes in products and services (e.g., standard contracts, notifications of changes in customer rights) are also handled in accordance with the regulations or governing rules stipulated by the competent authority ③ The Bank establishes policies and SOP handling customers' disputes. Also, the Bank was set hot-lines with designated person answering customers' compliant and providing customers' protection to enhance customer benefits. 	None

Evaluation Item	Implementation Status			Deviations, from "Corporate Governance Best-Practices for Banks" and Reasons
	Yes	No	Abstract Illustration	
			<ul style="list-style-type: none"> ■ Liability insurance purchased for directors: The Bank insures liability insurance for all directors to reduce the legal risks and financial risks of the directors and to protect against possible damages caused by the execution of duties. ■ Donations to political parties, stakeholder and charities: <ul style="list-style-type: none"> - Donated NT\$1,434,505 to Eden Social Welfare Foundation (rebate of Eden Love Credit Card) - Sponsoring NT\$67,010 to the "Green Belt and Sidewalk" project of Dunhua South Road in front of THE MALL. The relevant information has been disclosed on the Bank's website. ■ Employee rights and employee welfare: Please refer to the "Employee Behavior and Ethics Standards" section on page 112-114 "Labor Relations" section on page 121-123 of this annual report. ■ Risk management policy and risk measurement standard: For more details, please refer to page 143-151 "VII. Analysis for financial situation and financial performance and Assessment for risk management", "6. Disclosure for risk management", "(1) The Organization Structure and Policy for Bank's Risk Management", "(2) The quantitative and qualitative data for various types of risks". 	
7. Please describe the status of improvement already made based on the results of the Corporate Governance Evaluation System released by the Taiwan Stock Exchange Corporate Governance Center in the most recent year; as well as priority to those improvements yet to be made:			<p>Improved items in Corporate Governance Assessment in 2021:</p> <ol style="list-style-type: none"> 1. According to the assessment requirement, Chinese version & English version of the 2020 annual report were uploaded to MOPS 16 days before shareholder meeting. 2. According to the assessment requirement, English version of the 2020 financial statements was uploaded to MOPS 16 days before shareholder meeting. 3. The bank was established other non-mandatory functional committees: Sustainability Committee of Far Eastern International Bank; the members are not fewer than three persons in number, majority by independent directors, and at least one of whom shall have expertise in what the functional committees need. Sustainability Committee had held 1 times, and all attendance rate of committee members was 100% in 2021. <p>Priority for next improvement:</p> <ol style="list-style-type: none"> 1. According to the assessment requirement, the bank will be uploaded English version of the 2021 Sustainability Report to MOPS and website of FEIB on December 31 2022. 2. According to the assessment requirement, Consolidated or Individual Financial Reports for the first to third quarters of 2022 will be approved by the Audit Committee and will be submitted to the Board of Directors for discussion and resolution. 	

Table 1: Board Members' Diversification

Name	Gender	Professional knowledge and skills			Ability							
		Professional background	Professional qualifications	Financial industry experience	Operational judgement	Analysis of Accounting and financial	Operational management	Risk Management	crisis Management	Industrial know-how	International prospective	Leadership & decision-making
Ching-Ing Hou	Female	Finance	Bank / Finance Professor	v	v	v	v	v	v	v	v	v
Douglas Tong Hsu	Male	Operating		v	v	v	v	v	v	v	v	v
Shaw Y. Wang	Male	Operating		v	v	v	v	v	v	v	v	v
Tsung-Ming Chung	Male	Accounting	Accountant	v	v	v	v	v	v	v	v	v
Humphrey Cheng	Male	Law		v	v	v	v	v	v	v	v	v
James Wu	Male	Finance		v	v	v	v	v	v	v	v	v
Shi-Chun Hsu	Male	Management	Business management professor	v	v	v	v	v	v	v	v	v
Min-Teh Yu	Male	Finance	Financial professor	v	v	v	v	v	v	v	v	v
Hsiao Hui Wang	Female	Accounting	Accountant	v	v	v	v	v	v	v	v	v
Susan S. Chang	Female	Finance		v	v	v	v	v	v	v	v	v
Bao-Shuh Paul Lin	Male	Information Technology Information Security	Computer Science Dr.		v		v	v	v	v	v	v

Table 2: Directors' and Independent Directors' Training Status

Title	Name	Date elected	Training Date		Organizer	Courses	Hours
			Start	End			
Chairperson	Ching-Ing Hou	July 20, 2021	Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of Enterprises	3
			Sep 01, 2021	Sep 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
Vice Chairman	Douglas Tong Hsu	July 20, 2021	Nov 10, 2021	Nov 10, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
			Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of Enterprises	3
Executive Director	Shaw Y. Wang	July 20, 2021	Nov 10, 2021	Nov 10, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
			Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of Enterprises	3
Executive Director	Tsung-Ming	July 20, 2021	Nov 10, 2021	Nov 10, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
			Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of	3

Title	Name	Date elected	Training Date		Organizer	Courses	Hours
			Start	End			
	Chung		Sep 01, 2021	Sep 01, 2021	Financial Supervisory Commission	Enterprises	
			Nov 10, 2021	Nov 10, 2021	Taiwan Academy of Banking and Finance	The 13th Taipei Corporate Governance Forum	3
Director	Humphrey Cheng	July 20, 2021	Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
			Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of Enterprises	3
Director	James Wu	July 20, 2021	Jan 22, 2021	Jan 22, 2021	Taiwan Corporate Governance Association	Competition for management rights and case analysis	3
			Jan 15, 2021	Jan 15, 2021	Taiwan Corporate Governance Association	Unlock key passwords in financial statements	3
Director	Shi-Chun Hsu	July 20, 2021	Sep 10, 2021	Sep 10, 2021	Taiwan Corporate Governance Association	The trend of ESG/CSR and sustainable governance in 2021	3
			Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of Enterprises	3
Director	Min-Teh Yu	July 20, 2021	Sep 16, 2021	Sep 16, 2021	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
			Sep 16, 2021	Sep 16, 2021	Taiwan Corporate Governance Association	Talking about the three codes and practical cases of integrity management, corporate governance and corporate social responsibility	3
Independent Director, Managing Director	Hsiao Hui Wang	July 20, 2021	Nov 10, 2021	Nov 10, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
			Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of Enterprises	3
Independent Director	Susan S. Chang	July 20, 2021	Nov 10, 2021	Nov 10, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
			Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of Enterprises	3
			Sep 01, 2021	Sep 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Independent Director	Bao-Shuh Paul Lin	July 20, 2021	Nov 10, 2021	Nov 10, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
			Sep 08, 2021	Sep 08, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation of Enterprises	3
			Sep 01, 2021	Sep 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3

(6) Composition, Responsibilities and Operations of the Remuneration Committee

A. Information of Members of the Remuneration Committee:

Professional Qualifications and Independence Analysis of Remuneration Committee Members

Qualifications		Professional qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Name				
Independent Director	Hsiao Hui Wang (Convener)	<ol style="list-style-type: none"> CPA and Expertise in Finance, Accounting, Auditing At least five years of working experience in business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> Not an offender of items stipulated in article 30 of the Company Law. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years. 	1
Independent Director	Bao-Shuh Paul Lin	<ol style="list-style-type: none"> Professional qualifications of lecturer or above in colleges and universities in the relevant departments of business, legal affairs, finance, accounting or banking At least five years of working experience in Information Technology, Information Security, business, legal, finance, accounting, or banking 	<ol style="list-style-type: none"> Not an offender of items stipulated in article 30 of the Company Law. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years. 	0
others	Patrick P. Y. Wu	At least five years of working experience in Information Technology, Information Security, business, legal, finance, accounting, or banking	<ol style="list-style-type: none"> Not an offender of items stipulated in article 30 of the Company Law. Complied with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": The independent director himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Bank or related companies; the independent director himself, Spouse, relatives within the second degree of relatives (or in the name of others) do not hold shares of the Bank; Not a director, supervisor or employee of the companies with which the Company has a specific relationship; There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years. 	0

B. Scope of Responsibilities

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors.

- (a) Establish and periodically review performance of the directors and managers, also the policies, systems, standards, and structure of their compensation.
- (b) Periodically review and establish the compensation of the directors and managers.
- (c) Performance and compensation levels of the directors and managers shall take into account the general pay levels in the industry, also consider reasonable correlation between individual performance, business performance and future risks.

C. Operations of the Remuneration Committee

- (a) The Remuneration Committee includes 3 members.
- (b) The 4th term was from August 14, 2018 to June 19, 2021. The 5th term is from July 29, 2021 to July 19, 2024. There were two meetings in 2021. The members attending the Remuneration Committee meetings were:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Hsiao Hui Wang	2	0	100%	The 4 th and 5 th term
Committee Member	Patrick P. Y. Wu	2	0	100%	The 4 th and 5 th term
Committee Member	Bing Shen	1	0	100%	The 4 th term
Committee Member	Bao-Shuh Paul Lin	1	0	100%	The 5 th term

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the bank's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): The proposal of "Guidelines for Employee Stock Options at Cash Capital Increase" was revised and approved by all members of the Board of Directors at the 3rd meeting of the 11th term.
2. For resolutions of the remuneration committee objected to by members or expressed reservations on-recording or in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

- (c) The Remuneration Committee convened two meetings in 2021 with an attendance rate of 100% from all members. The agenda were:

The Remuneration Committee	Issue	Result	The Follow-Up Measures
the 7th meeting of the 4th term March 10, 2021	1. Contributions for Employees' and Directors' Remuneration of 2020 2. Budget for Performance Bonus of 2020	The proposals were passed by all members of the Remuneration Committee.	The proposals were approved by all members of the Board of Directors.
the 1st meeting of the 5th term October 20, 2021	1. Business Groups' Implementation Schemes of Incentives of 2022 2. Amendment to "Guidelines for Employee Stock Options at Cash Capital Increase"	The proposal was passed by all members of the Remuneration Committee.	The proposal was approved by all members of the Board of Directors. The proposal was revised and approved by all members of the Board of Directors.

(7) Sustainable Development Implementation Status and Deviations

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the bank establish a governance structure to promote sustainable development, and set up an exclusively (or concurrently) unit which is authorized and supervised by the board of directors?	✓		<ul style="list-style-type: none"> ■ The Bank's sustainable development work is handled part-time by the Public Affairs Team of the Administration Office. The functional Corporate Sustainability Team (referred to as the ESG Team) was officially operated at the end of 2010. It is composed of managers from various departments and is responsible for the promotion of work, communication of the report content. The concept of sustainability is passed to all colleagues through the direct participation and continuous communication of the committee. So that the policies and actions of corporate social responsibility are gradually integrated into the operating system. Furthermore, The ESG implementation status is reported to the senior management and the board of directors annually. ■ To implement the corporate sustainable management concept and promote sustainable development, the Bank establish the "Corporate Sustainability Committee" under the Board of Directors on November 9, 2021, which convenes at least twice every year, to supervise sustainable development policies, strategies and goals, and be accountable to the board of directors. Please refer to Page 51. ■ The board of directors regularly listens to the reports of the management team (including ESG reports) every year. The management team must formulate corporate strategies to the board of directors. The board of directors must evaluate the success of these strategies. It must also regularly review the progress of the strategy and urge the management team to carry out Adjustment. 	None
2. Does the bank conducts risk assessment on environmental, social and corporate governance issues related to the operation of the company in accordance with the principle of materiality and assess relevant risk management policies or strategies?	✓		<ul style="list-style-type: none"> ■ The Bank conducts risk assessments of important issues based on the principle of corporate social responsibility and formulates relevant risk management policies or strategies based on the assessed risks. Risk assessments of important issues based on the principle of corporate social responsibility and risk management policies or strategies refer to table one. 	None
3. Environmental issues (1) Does the bank establish proper environmental management systems based on the characteristics of their industries?	✓		<ul style="list-style-type: none"> ■ Implementation of ISO 50001 Energy Management System The Bank, which participated in the "ISO 50001 Energy Management System Demonstration and Promotion Counseling Program of Service Industry" organized by the Energy Bureau of the Ministry of Economic Affairs, built the systematic, institutionalized, and standardized ISO 50001 system to acquire international certification and set energy policies. 	None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons								
	Yes	No	Abstract Illustration									
(2) Does the bank endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	✓		<p>General Manager led an energy management team responsible for planning and integrating the entire internal energy management of the bank. The annual team meeting is to discuss energy management strategy, inspect effectiveness of energy saving project, improve energy use, reduce operating costs, and commit environmental protection. In the first year, the bank set Taoyuan building and Nanya branch as two demonstration sites. In 2019, Taichung Tzyou building and Taipei Chung ching Branch were added to the energy management category and certified under ISO 50001(effective date Dec. 13, 2019~Dec.12 2022) saved by 90,618kWh (336, 225 million joules) or 11.46% of electricity by replacing the LED energy-saving light in 2021.</p> <ul style="list-style-type: none">■ Implementation of ISO 14064-1 GHG Inventory in 2021, the head office continued to conduct ISO 14064-1 greenhouse gas inspections, passed external verification, and in accordance with the new ISO 14064-1 standard, added 8 items of scope 3 to disclose greenhouse gas information.■ The bank independently expanded the scope of the inspection, covering all business locations across Taiwan in 2021, and planned to complete the external inspection in 2023, achieving 100% inspection coverage.■ Reducing carbon dioxide emissions is a response to climate risks for all human beings. Since the main source of GHG emissions of the Bank is electricity use, energy conservation is used as a carbon reduction method, and management by objectives is continued to promote various energy conservation plans. Taking 2020 as the base year and setting the target of reducing electricity consumption for a cumulative reduction of 5% for 2025. The Bank's electricity consumption in 2021 was 10,606,101 kWh, a decrease of 3.43% and the achievement rate was 243%. <table><tr><th>Item</th><th>2020</th><th>2021</th><th>Decrease Rate (%)</th></tr><tr><td>Electricity (kWh)</td><td>10,983,356</td><td>10,606,101</td><td>3.43</td></tr></table> <ul style="list-style-type: none">■ The Bank is improving the efficiency of all resources as follows:<ol style="list-style-type: none">1.Launched E-Learning platform to replace the traditional classroom training. It can reduce the transportation time, the air pollution and carbon emission from the traffic, and also the waste of paper.2.Promoted paperless operations in the office and branch, such as: adopting electronic document system, electronic workflows, and etc. The bank	Item	2020	2021	Decrease Rate (%)	Electricity (kWh)	10,983,356	10,606,101	3.43	None
Item	2020	2021	Decrease Rate (%)									
Electricity (kWh)	10,983,356	10,606,101	3.43									

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the bank assess the present and future potential risks and opportunities to business from climate change and take action on climate-related issues?	✓		<p>also optimizes its digital platforms to continuously increase its usage rate. Due to that, the clients will more willing to use the platform instead of going to branch in person, it will reduce the carbon footprint and paper use for operation of the branch.</p> <p>3. Replaced high-energy-consuming devices year by year, and purchases green energy products with energy saving, green building material, environmental protection and water saving certification logos. The amount of green purchases in 2021 is about NT\$18.06 million. In this year, the bank received public recognition from the Taipei Environmental Protection Bureau as "Green Procurement Model Unit of 2021".</p> <p>4. Popularized waste separation and reduction, resources recycling, energy conservation and carbon reduction.</p> <ul style="list-style-type: none"> ■ The Bank founds "Enterprise Sustainable Committee" under the Boards of Directors to supervise the implementation of the sustainable development. In addition, assign two of independent directors and one of director as the committee members and hold the meetings at least twice a year to promote the ethical corporate management mechanism and the sustainable development of the bank. ■ According to "Task Force on Climate-related Financial Disclosures", the Climate-related Risks are composed of Physical Risks, including Acute Risk and Chronic Risk, and Transition Risks, including Policy and Legal Risks. In addition, the Climate-related Opportunities are composed of Resource Efficiency, Energy Source, Products and Services, Markets and Resilience. ■ At the end of 2021, the identifications of the Bank's risks and opportunities for the climate change have been established. <ul style="list-style-type: none"> ■ Climate Risk <ul style="list-style-type: none"> ■ There are two significantly physical risks with the countermeasures being set up. Firstly, the natural disasters lead to the disruption of online and physical banking. In consequence, the revenue and customer satisfaction are affected. Secondly, the value of the corporate and individual collateral decreases because of the natural disaster. Consequently, the Bank's asset value is affected and the risk exposure increases. ■ Climate Opportunities <ul style="list-style-type: none"> ■ There are two significantly opportunities with the following implementation being set up. Firstly, strengthen the resources recycle to alleviate the impacts of the environment and reduce the operational costs. Secondly, through the online services/digital technology, reduce 	None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does bank counted greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	✓		<p>the resources wasted by the traditional services and improve the convenience of financial services for customers.</p> <ul style="list-style-type: none"> ■ For more details regarding the risk and opportunity of the climate change, please refer to FEIB's website. https://www.feib.com.tw/detail?id=346 ■ The Bank has established an energy management system in accordance with the ISO 50001 standard, and declared its energy management policy: In response to the policy of energy conservation, carbon reduction and environmental protection, the Bank will continue to promote the sustainable management concept of green finance, support green products and enterprises related to environmental protection and energy conservation, implement the goal of energy conservation with practical actions, and fulfill corporate social responsibilities. we promise: <ul style="list-style-type: none"> ■ Comply with energy management regulations and improve energy efficiency; ■ Improve energy management system and continuously improve energy performance; ■ Expand the procurement of energy-saving products and support energy-saving innovative designs; ■ Improve employees' awareness of energy conservation and strengthen communication on energy management. ■ Based on environmental sustainability, the Bank continued to promote various energy conservation and carbon reduction policies to reduce greenhouse gas emissions as follows: <ol style="list-style-type: none"> 1. Adopted energy-saving lamps and power-saving air conditioners to newly established branches and some office buildings. 2. Set air-conditioning temperature to 26 °C ~ 28 °C and reduce the working hours. 3. Chose the most power-saving lighting for replacement, such as T8 for T5 or T5 for LED. 4. Set low-energy-saving mode, and shut down personal computer and public OA equipment automatically when sleeping for a long time. 5. Shut down elevators partially in non-peak time to concentrate transportation. 6. Reviewed the energy saving effectiveness of water and electricity quarterly by every unit. 7. Equipped the barrier-free toilet faucet of the new branch with throttling and water-saving equipment, and the water-saving toilet replaces the general toilet. 8. Implemented garbage classification and resource recovery, divided into general garbage and recyclable resources. 	None

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons																				
	Yes	No	Abstract Illustration																					
			<div>■ The Bank’s energy use is mainly electricity, followed by gasoline used in official vehicles. In order to continuously improve environmental management and explore opportunities for energy conservation and improvement, the Bank has set the short-term (1-2 years) and mid-term (1-2 years) and mid-term (2-3 years) and long-term (3-5 years) reduction targets are 2%, 3% and 5% respectively. The Bank’s GHG emissions, water consumption and total weight of waste in the past two years are as follows:</div> <table><tr><th>Item</th><th>2020</th><th>2021</th><th>Increase (Decrease)</th></tr><tr><td>Greenhouse gases Category 1&2 (metric tons of CO₂e)</td><td>6,807.52</td><td>6,518.25</td><td>(289.26)</td></tr><tr><td>Greenhouse gases Category 3~5 (metric tons of CO₂e)</td><td>2,437.23</td><td>2,044.71</td><td>(392.52)</td></tr><tr><td>Water consumption (degree)</td><td>55,528</td><td>56,274</td><td>746</td></tr><tr><td>Waste (ton)</td><td>269.66</td><td>239.56</td><td>(30.10)</td></tr></table> <div>Note: The GHG inventory of the head office has been verified by the British Standards Institution (bsi). For details, please refer to the Bank’s sustainability report or official website.</div>	Item	2020	2021	Increase (Decrease)	Greenhouse gases Category 1&2 (metric tons of CO ₂ e)	6,807.52	6,518.25	(289.26)	Greenhouse gases Category 3~5 (metric tons of CO ₂ e)	2,437.23	2,044.71	(392.52)	Water consumption (degree)	55,528	56,274	746	Waste (ton)	269.66	239.56	(30.10)	
Item	2020	2021	Increase (Decrease)																					
Greenhouse gases Category 1&2 (metric tons of CO ₂ e)	6,807.52	6,518.25	(289.26)																					
Greenhouse gases Category 3~5 (metric tons of CO ₂ e)	2,437.23	2,044.71	(392.52)																					
Water consumption (degree)	55,528	56,274	746																					
Waste (ton)	269.66	239.56	(30.10)																					

4. Social issues

- | | | | |
|---|---|---|------|
| (1) Does the bank formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | ✓ | ■ Be abided by various labor laws and international human rights conventions, the bank formulates "work rules" and personnel regulations. Also, regularly it carries out publicity courses to implements compliance and protects employees' labor rights and maintains gender equality in workplace | None |
| (2) Does the bank establish and implement reasonable staff benefits measures (including remuneration, leave and other benefits) and reflect its operating performance or results appropriately in staff remuneration? | ✓ | ■ Please refer to the "Employee Welfare Measures" and "Labor-Management Agreements and Various Employee Interest Protection Measures Are Listed in the Following" section on page 121-123 of this annual report | None |
| (3) Does the bank provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? | ✓ | ■ Please refer to the "Workplace Safety and Employee Psychology Health Maintenance" section on page 122-123 of this annual report | None |
| (4) Does the bank provide its employees with career development and training sessions? | ✓ | ■ Please refer to the "Employee Training and Development" and "Training and Development Plan in 2022" section on page 111 of this annual report. | None |

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(5) Does the bank comply with relevant regulations and international standards, and develop relevant consumer protection policies and grievance procedures for customer health and safety, customer privacy, marketing and labeling of products and services?	✓		<ul style="list-style-type: none"> ■ The Bank has adopted the "FEIB Financial Consumer Protection Act" and the "FEIB Handling System for Financial Consumer Disputes" ■ The products and services of the Bank are in compliance with the relevant regulations and standards. ■ Changes in products and services (e.g., standard contracts, notifications of changes in customer rights) are also handled in accordance with the regulations or governing rules stipulated by the competent authority. ■ In accordance with "Client-Friendly Financial Service Principle", and complied with the "Design Specifications of Accessible and Usable Buildings and Facilities" and "The Operation Directions of Submitting Alternative Improvement Plans for the Access-free Facilities in the Existing Public Buildings" announced by Construction And Planning Agency Ministry Of The Interior, FEIB has set up barrier-free facilities for customers. ■ To secure customer privacy, FEIB has set up the policies and procedures, including "Personal Information Management Procedures", "Personal Information Management Policies", "Personal Information Management KPI", "Personal Information & Data Management SOP", and "Personal Information Handling At Work Places For Retail Banking", etc. FEIB has the obligation to keep customer data in confidential and followed the data security guideline while personal informational documents have to be taken out of the offices. For any violation, will be reported immediately per "FEIB Personal Data Security Incident Notification And Handling" and "Employee Reward And Punishment Guideline". ■ Marketing & Labelling <ul style="list-style-type: none"> ■ Per "FEIB Offshore Structured Product Management Guideline", product features, market analysis, and related risk have to be disclosed and reviewed before put the products on the shelves. ■ Per FEIB's policies: "Know Your Customer Standard", "Business And Account Risk Operation Guideline", and "Customer Protection Management, etc., FEIB is demanded to assess whether an investment service or an investment risk is appropriate for a client. FEIB shall ensure the appropriateness assessment is carried out and the confirmation mechanism for transactions above certain amounts is conducted. ■ Per FEIB's "Control Standard Operating Procedure (SOP) For Advertisements, Business Solicitation, and Promotion" and "Business And Account Risk Operation Guideline", etc., the following activities have to be reviewed by Legal & Compliance 	None

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>Department: advertisement fees and rewards to external agencies, disclosure of customer information and privilege clauses, official website announcements, risk and fees written in the contracts. In addition, standard contracts and notification of change of fund management fee are announced under the official website public disclosure section.</p> <ul style="list-style-type: none"> ■ Set up Customer Interest Protection and Appeal Procedures <ul style="list-style-type: none"> ■ Enact "Treating Customers Fairly Policies" and reports the execution to the Board periodically. Set up "Consumer Dispute Handling Mechanism and SOP" and "Customer Service Handling", etc., standardize the handling procedures and turnaround time for appeal cases. All business units shall analyze the root causes of dispute cases, review the internal operating procedures, and find improvements. ■ Provide convenient complaint channel: FEIB has a 24-hour customer service hotline (local call: 0800-261-732, mobile phone and outer islands: 02-8073-1166), a 24-hour customer complaint hotline (0800-213-198), and a service mailbox (service@feib.com.tw). All the above information is disclosed on the website. 	
(6) Does the bank have a supplier management policy that requires suppliers to comply with the relevant norms on issues such as the environment, occupational safety and health, or human rights in the workplace, and its implementation?	✓		<ul style="list-style-type: none"> ■ The Bank had set "Supplier Social Responsibility Management Essentials", which includes labor and human rights, health and safety, environmental protection and ethics. The suppliers need to comply with the essentials and sign the "Supplier Social Responsibility Commitment" before signing the contract or making transaction. The purchasing unit will set up different evaluation criteria by case, and contained in the contract to ensure that the suppliers meet the requirements (e.g., ISO qualification, etc.). In 2021, the bank did not find any negative news related to human rights and labor rights of its suppliers. ■ Besides evaluating the quality, technology and finance of major suppliers which have signed the Supplier Social Responsibility Commitment, the Bank also evaluated environmental protection, social responsibility, labor conditions and environmental protection. The evaluation result is published on the official website. 	None
5. Does the bank prepare social responsibility report within reference in international standard? Is the report certified by third party for affirmative opinion?	✓		<ul style="list-style-type: none"> ■ The Bank's 2020 Annual Corporate Social Responsibility Report was verified by The British Standard Institution (BSI) in May 2021 against the AA 1000 Assurance Standard and the GRI Standard guideline on materiality, inclusivity and responsiveness. 	None

6. If the Bank has established the sustainable development principles based on "the Sustainable Development Best-

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: None				
7. Other important information to facilitate better understanding of the bank's sustainable development practices: Please refer to page 115-117.				

Table 1: Risk assessments of important issues on the basis of the principle of corporate social responsibility and risk management policies or strategies

Important Issues	Risk Assessment Items	Risk Management Policies or Strategies
Environment	Environmental Impact and Management	<ul style="list-style-type: none"> ■ The Bank applies "Task Force on Climate-related Financial Disclosures" to identify climate risk. <ul style="list-style-type: none"> ■ The Bank identifies the short, mid, and long term risk and opportunity related to the climate by the climate risk matrix and ranks the risk exposure for the customer collaterals in midterm, buildings and warehouses in long term by the analysis of potential flooding and landslide disasters. ■ The Bank identifies 16 risks and 12 opportunities of the climate on the organization business by investigating with the risk questionnaires. ■ On an Assumption of SSP5-8.5(severe condition), evaluate the physical climate risks for the short, mid, long term. On an assumption of SSP1-2.6(2°C), search the low carbon economic transition's opportunities. ■ To save energy, reduce carbon emission, and geared toward international standard, FEIB established ISO 50001 and received international certification. Action are to stipulate energy policy, set up energy management team by the President to plan and integrate the Bank's internal energy operation, convoke annual meeting to discuss energy management strategy, examine and evaluate execution performance, seek efficient improvement and elevation of energy efficiency, lower operating cost, and be committed to protecting the environment. ■ In accordance with ISO 14064-1:2018, the greenhouse gas emissions in 2020 and 2021 were checked, and the scope of the check was expanded to all branches of the bank. The domestic check coverage rate reached 100%, of which the emissions from the head office building were approved by BSI, and plans to increase the inspection coverage to 100% in 2023. ■ Carry out ISO 50001 and ISO 14064-1 internal audits every year, and check that each operating process has complied with the standards for compliance with relevant environmental regulations.
	Branches safety	<ul style="list-style-type: none"> ■ Compare the environmental and climate-related data in the location selection of branches, avoiding the sea, low-lying places or geologically unstable places.
Social	IT equipment safety, operation continuity	<ul style="list-style-type: none"> ■ Establish disaster prevention and mitigation measures such as waterproof gates and sandbags in branches and offices. ■ Establish emergency response measures and take the General Administration Department as the special unit, set up the Build Duty Officer System and emergency response procedures for each unit, grasp the focus of the accident within 30 minutes of the accident, notify the senior executives and initiate crisis management.
Corporate Governance	Socioeconomic and compliance	<ul style="list-style-type: none"> ■ Ensure all personnel and operations in compliance with relevant laws and regulations by establish governance organizations and

Important Issues	Risk Assessment Items	Risk Management Policies or Strategies
	Strengthen the functions of the board of directors	implementation of internal control systems.
		<ul style="list-style-type: none"> ■ Increase support for directors' execution of business, and provide irregular letters/trend information/latest laws and regulations related to directors or corporate governance, so that directors can keep abreast of relevant information ■ Take out liability insurance for all directors to reduce the legal risk and financial risk of directors and protect the possible damage due to the performance of their duties. ■ Found "Enterprise Sustainable Committee" which reports to the Boards of Directors to supervise the implementation of the sustainable development. ■ Embed the "Enterprise Sustainable Development" as the goal of the risk management. ■ Expand "Definition of Climate Change and Environment Risk" in the Risk Management Policy. Supervise the climate risk management according to the designed duties of the Boards of Directors.
	Stakeholder Communication	<ul style="list-style-type: none"> ■ Set up a spokesperson, acting spokesperson and a dedicated department for investor relations to provide a channel for investors to contact and respond to opinions.
	Internal control and regulations compliance	<ul style="list-style-type: none"> ■ The Bank certainly formulates the credit policy which should comply with the public welfare to assist the corporations in Taiwan to implement the low carbon transition. Apart from credit checking and credit appraisal which should comply with the guidelines mentioned above, the notifications for significant issue in the post loan management should include the negative media reports to improve the supervision of loan portfolio. From 2022, against the high risk industry in ESG, the high carbon emissions industry as well as the controversial industry, such as illicit arms, Tabaco manufacture, illegal gambling, sex establishment, gillnetting manufacture, illegal fishing, the lists for the related examination in the process of crediting application should be established and as a reference for the credit appraisal.

(8) Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the bank have a policy of good faith management approved by the board of directors, and clearly state the policy and practice of good faith management in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the policy?	✓		<ul style="list-style-type: none"> ■ The "Ethical Corporate Management Best-Practice Principles" adopted by the Bank's 3rd meeting of the 9th Board of Directors on November 6, 2015, was amended by the board resolution on March 23, 2020 in the 8th meeting of the 10th term Board of Directors. which clearly stated the policies and practices of the Bank's integrity management, and the commitment of the Board of Directors and the management for active implementation. More than that, the bank adopted the "Ethical Behavior Standard" and "Employee Behavior Standard" to clarify the integrity of employees' behavior. The bank regularly provided regulation education and compliance tests to employees. ■ The board of directors and management also actively implement the company's integrity management in accordance with company law, securities trading law, other relevant laws and regulations and internal procedures of the company. 	None
(2) Does the bank establish policies to prevent unethical conduct with clear statements regarding relevant procedures, which at least covers the prevention measures of the behaviors of Article 7, paragraph 2, "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		<ul style="list-style-type: none"> ■ The Bank formulated "Ethical Corporate Management Best-Practice Principles", which clearly regulated the behavior of business activities. In addition, we regularly educate employees and supervise them to sign the "Employee Behavior Standard" every year to prevent the occurrence of business activities with a higher risk of dishonest behavior. ■ The Bank implemented unethical conduct risk assessment ,which procedures covers the prevention measures of the behaviors of Article 7, paragraph 2, "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" 	None
(3) Does the bank implemented and regularly reviewed the procedures, conduct guidelines, disciplinary and grievance systems for non-compliance as set out in the anti-dishonest action plan?	✓		<ul style="list-style-type: none"> ■ Employee : Please refer to the "Employee Behavior and Ethics Standards" section on page 112-114, and "Labor Relations" section on page 121-123 of this annual report. The bank has established "Codes of Ethical Conduct". 	None
2. Execution of integrity policy				
(1) Does the bank evaluate business partners' ethical records and include ethics-related clauses in business	✓		<ul style="list-style-type: none"> ■ When entering into contracts with the trading counterparties, the Bank has included the ethical conduct provisions if practicable 	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
contracts?				
(2) Does the bank set up a dedicated unit under the board of directors to promote business integrity and report to the board of directors on a regular basis (at least once a year) the bank's integrity policy, prevention plan and supervision?	✓		<ul style="list-style-type: none"> ■ The integrity management steering group was founded. In addition, The Bank formulated "Ethical Corporate Management Best-Practice Principles", "Codes of Ethical Conduct", "Employee Behavior Standard" and "Codes of Informing against Illegal, Unmoral and Lacking in Sincere Conduct". ■ The integrity management steering group report to the board of directors regularly. Furthermore, directors not only conduct the loyalty and shall exercise the due care of a good administrator with highly self-discipline and prudence to supervise the bank's operation and financial performance but also ensure that the integrity management policy has executed properly. 	None
(3) Does the Bank establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		<ul style="list-style-type: none"> ■ Directors avoided discussing or voting on any interest-of-conflict proposal. They also cannot exercise the voting right on behalf of other directors in this case. ■ Regarding to "Employee Behavior Standard", employee cannot handle any case related to themselves, their spouse, or their third-degree relatives. 	None
(4) Does the bank established an effective accounting system and internal control system for implementation of integrity management, and the internal audit department has drawn up the relevant audit plan based on the evaluation results of dishonesty risk, and checked the compliance to prevent dishonesty, or entrust an accountant to perform the audit?	✓		<ul style="list-style-type: none"> ■ The Bank's accounting policies are based on generally accepted accounting principles. All financial statements are audited or reviewed by Deloitte & Touche in accordance with relevant regulation. ■ The audit unit have conduct unethical risk assessment for medium risk or above (inclusive) 	None
(5) Does the bank regularly hold internal and external educational trainings on operational integrity?	✓		<ul style="list-style-type: none"> ■ The Bank regularly provide educational training courses: <ul style="list-style-type: none"> (1) "Employee Behavior Standard ": Total participation in 2021: 2,479 Total number of hours in 2021: 394 (2) "Codes of Informing against Illegal, Unmoral and Lacking in Sincere Conduct ": Total participation in 2021: 2,530 Total number of hours in 2021: 633 	None
3. Operation of whistleblower guideline				
(1) Does the bank establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an	✓		<ul style="list-style-type: none"> ■ Please refer to the "Labor Relations" section on page 121-123 of this annual report. 	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
appropriate person for follow-up?				
(2) Does the bank established standard operating procedures for handling the investigation, follow-up measures to be taken after the investigation and relevant confidentiality mechanisms?	✓		■ Please refer to the "Labor Relations" section on page 121-123 of this annual report.	None
(3) Does the bank provide proper whistleblower protection?	✓		■ Please refer to the "Labor Relations" section on page 121-123 of this annual report.	None
4. Strengthening information disclosure Does the Bank disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		■ The Bank formulated "Ethical Corporate Management Best-Practice Principles". The context of the principles and results of our implementation have been published on the official website.	None
5. If the Bank has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. None.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., reviews and amends its policies). The Bank has promulgated "Ethic Corporate Social Responsibility Best-Practice Principles". And it will continue reviewing and revising in response to the integrity management needs. For sustainable development, the bank applied integrity management into its corporate culture.				

(9) Corporate Governance Guidelines and Regulations

The Bank's "Corporate Governance Principle" was formulated based on "Best Corporate Governance Practices of Banks" and "Best Corporate Governance Practices of TWSE/TPEX". Please refer to the Bank's website (<https://www.feib.com.tw/>).

(10) Other Important Information Regarding Corporate Governance

The Bank has set up "Statutory Public Disclosure" section on the Bank's website to disclose information on operations, dividends, stock price, corporate governance, spokesperson contact, etc. The Bank dedicates to enhance transparency of information and protection of investor rights. In addition, The Bank has set up "Rule of Preventing Insider Trading of the Bank and Its Invested Entities" as the basis for the Bank's major information processing and disclosure mechanism and reviewed these measures from time to time to meet current legal and practical management needs. The rule is posted in the internal document management system for all employees' checking. The Bank also issues "The Noticeable Issues of Shareholding Change of the Bank's Insiders" as reminder to related parties.

(11) Internal Control System**A. Statement of Internal Control system of FEIB****Far Eastern International Bank Co., Ltd.
Statement on Internal Control System**

On behalf of Far Eastern International Bank Co., Ltd., we hereby certify that in the period from January 1, 2021 to December 31, 2021, the Bank 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, conducting risk management, designating an independent audit department to conduct audits, and presenting reports to the Board of Directors and Audit Committee on a regular basis. And duly complied with the provisions subparagraph 5 of Article 38 and Article 38-1 of the previous regulations, and the self-disciplinary regulations of information security by the bankers association. With regard to the securities business, the Bank assessed the effectiveness of the design and implementation of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" promulgated by the Securities and Futures Bureau, Financial Supervisory Commission. With regard to the Bank's concurrent conducting of insurance agent or Insurance Broke business, the Bank assessed the effectiveness of the design and implementation of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies" promulgated by the Financial Supervisory Commission. After prudent evaluation, we hereby certify that except items listed in the attachments, the internal control, the legal compliance systems and the overall implementation of information security of all departments were effectively implemented during the year.

This Statement will be included as a major component of the Bank's annual report and other prospectuses and disclosed to the public. Any information contained in this Statement that is found to involve falsification, concealment, or other illegalities shall be subject to legal liabilities prescribed in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

The Statement is submitted to the Financial Supervisory Commission

Declarant

Chairman : Hou, Ching Ing

President : Chou, Thomas

Chief Auditor : Huang, Chih Wei

Chief Compliance Officer : Yeh, Yu Ching

Chief Information Security Officer : Liu, Lonnie

March 3, 2022

Far Eastern International Bank Co., Ltd.
Improvement Plan of Internal Control System
(Base Date: December 31, 2021)

Item for Improvement	Improvement Measures	Scheduled Date of Completion
None	None	None

B. CPA Report
None

(12) Law Violations Resulting in Punishment, Major Deficiencies and Rectification Measures Adopted during the Most Recent Fiscal Two Years and Up to the Publication Date of the Annual Report

A. Prosecution against the Responsible Person or Employee for Criminal Conduct
None

B. Fines Imposed by the FSC for Violations. (During the most recent fiscal two years and up to the publication date of the annual report)

(a) Major Deficiency: (May 19, 2020)

The FSC ordered the Bank to correct the deficiency within one month and imposed an administrative fine of NT\$600,000 after discovering that the Bank's solicitors, when operating insurance agent business, failed to fill in the source of premiums correctly in the solicitor's report for policyholders who purchased insurance policies by policy loans.

Status of Improvement:

- Establish a mechanism to check the source of funds for premiums paid by a customer.
- Check whether the source of premiums filled in the solicitor's report is correct in spot-check case of the self-check.
- Insurance solicitors must fill out the "Life Insurance Banking Insurance Business Entry Checklist" and confirm that the source of premium stated in the solicitor's report is correct when submitting the application documents.
- Establish a mechanism of systematic verification and use the system to assist in controlling and verifying the source of premium.

C. Disciplinary Actions Taken by the FSC Pursuant to Article 61-1 of the Banking Act
None.

D. Punishment of Internal Personnel for Violating the Internal Control System.

- A staff kept customer's transactional application and had cash flow with a customer, a staff wrongly investigated data from Joint Credit Information Center because of operation system setting error, staffs and supervisors, who were wrongly paid to service provider due to operation negligence, above who and his/her supervisor were punished by the resolution of the first personnel review committee in 2021.

- A staff kept customer's transactional application, who and his supervisor were punished by the resolution of the second personnel review committee in 2021.
- E. Disclosures of a Total Loss Exceeding NT\$50 million in Each Fiscal Year due to Corruptions of Employees, Major Incidental Cases or Safety Accidents Caused by Failure to Actually Perform Safety Maintenance Work.
- None.
- F. Other Necessary Disclosures Prescribed by FSC
- None.

(13) Major Resolutions of Shareholders' Meeting and Board Meetings

A. Major resolutions of Shareholders' Meeting

Session	Date	Major resolutions	Execution
2021 Shareholders' Meeting	July 20, 2021	2020 Business Report and Financial Statements	On July 29, 2021, The Board of Directors approved the ex-right date of dividends on September 27, 2021, and all dividends were paid on October 29, 2021. (Cash dividend per share is NT\$0.326, Stock dividend per share is NT\$0.191)
		Proposal of 2020 Earnings Distribution	
		Proposal of Issuing New Shares - to Capitalize Shareholder Dividends	
		Amendment to the Articles of Incorporation of Far Eastern International Bank	The changes have been approved by the Minister of Economic Affairs on August 4, 2021 and published on the official website.
		Amendment to the Rules Governing the Conduct of Shareholders' Meeting of Far Eastern International Bank	N/A
		Proposal of Private Placement - to Issue Common Shares, Preferred Shares, Convertible Bonds or a Combination of Above Securities to Specific Parties	Per resolution, the notion is yet to be actually implemented, pending locating the suitable partners.
		Election of the 11 th Term of Board of Directors	The changes have been approved by the Minister of Economic Affairs on August 4, 2021 and published on the official website.
		Waiver of Non-Competition Binding to Directors	N/A

B. Major Resolutions of Board Meetings

Session	Date	Major resolutions
12 th meeting of 10 th Board of Directors	Jan. 12, 2021	<ul style="list-style-type: none"> ■ Application for Phase 2 of "Opening Banking"
13 th meeting of 10 th Board of Directors	Mar. 26, 2021	<ul style="list-style-type: none"> ■ 2020 Financial Statements and Consolidated Financial Statements. ■ 2020 Earnings Distribution. ■ 2020 Proposal of Issuing New Shares – to Capitalize Shareholder Dividend. ■ Proposal of Private Placement – to Issue Common Shares, Preferred Shares, Convertible Bonds or A Combination of Above Securities, maximum 10 billion NT dollars or foreign currency equivalent in total. ■ Amendment to "the Articles of Incorporation of Far Eastern International Bank" ■ Amendment to "the Rules Governing the Conduct of Shareholders' Meeting of Far Eastern International Bank" ■ Election of the 11th Term of Board of Directors ■ Waiver of Non-Competition Binding to Directors ■ The 2021 Shareholders' Meeting will held on June 18, 2021, the period for raising proposal

Session	Date	Major resolutions
		and nomination of board directors for 2021 shareholders' meeting is from April 13, 2021 to April 22, 2021.
		<ul style="list-style-type: none"> ■ Amendment to "Regulations of Material Contingencies" and "Self-management mechanism of ATMs for three consecutive days (inclusive) Self-management mechanism of ATMs for three consecutive days (include)" ■ Amendment to "Standards and norms for internal control system of securities firms' proprietary bond business" ■ Amendment to "Collateral Disposal Guidelines" ■ Amendment to "Credit Checking Criteria for Special Stores"
14 th meeting of 10 th Board of Directors	May 06, 2021	<ul style="list-style-type: none"> ■ Amendment to "the Articles of Incorporation of Far Eastern International Bank" ■ Amendment to "Internal Control and Solicit Procedure of Insurance" ■ Amendment to "Procedures for domestic business units and overseas branches to assist each other in handling business operations" ■ Reviewed the nomination of directors and independent director candidates by shareholders, and lifted the non-compete list of directors
15 th meeting of 10 th Board of Directors	Jun. 24, 2021	<ul style="list-style-type: none"> ■ In accordance with the announcement of the competent authority, the 2021 Shareholders' Meeting is scheduled to be held on July 20, 2021
1 st meeting of 11 th Board of Directors	Jul. 20, 2021	<ul style="list-style-type: none"> ■ Director Ms. Ching-Ing Hou, Director Mr. Douglas Tong Hsu, and Independent Director Ms. Hsiao Hui Wang were elected as Managing Directors, and Director Ms. Ching-Ing Hou was elected as Chairperson, Director Mr. Douglas Tong Hsu was elected as Vice Chairman. ■ Director Mr. Shaw Y Wang and Director Mr. Tsung-Ming Chung were elected as Executive Directors.
		<ul style="list-style-type: none"> ■ Submission of the company's 2021 H1 Financial Statements and Consolidated Financial Statements ■ Decisions to set the ex-right date and ex-dividend date for the Company's 2020 Earnings Distribution ■ Amendment to "Conduct Business Strategy and Guidelines of Financial Derivative" ■ Relocation of office premises of the trust department ■ The Bank's Organizational Adjustment and Managers Change
2 nd meeting of 11 th Board of Directors	Jul. 29, 2021	
3 rd meeting of 11 th Board of Directors	Nov. 09, 2021	<ul style="list-style-type: none"> ■ 2021 Q3 Consolidated Financial Statements ■ Merger and upgrade of Taipei Jinhu Mini Branch and Taipei Nungan Mini Branch to General Branch and Relocation ■ Relocation of Taipei Chungshan Branch ■ Set up "Corporate Sustainability Committee" and formulate the "Organization Regulations of the Corporate Sustainability Committee" ■ Amendment to "employee stock option method for seasoned equity offering" ■ "Amendment to "Enforcement Regulations Governing the legal compliance system" ■ Amendment to "Internal Control and Solicit Procedure of Insurance" ■ Amendment to "Fair Hospitality Strategy of Retail Banking Group.", "Fair Hospitality Strategy of Insurance Agency Department of Retail Banking Group." ■ Formulate the "Regulations Governing the Proprietary Trading of Foreign Bonds " and "Procedures for assessing suitability of foreign bond investors and commodities " ■ Amendment to "Guidelines of Financial Markets Proprietary Trading Business authorization"
4 th meeting of 11 th Board of Directors	Mar. 03, 2022	<ul style="list-style-type: none"> ■ 2021 Financial Statements and Consolidated Financial Statements. ■ 2021 Earnings Distribution. ■ 2021 Proposal of Issuing New Shares – to Capitalize Shareholder Dividend. ■ Proposal of Private Placement – to Issue Common Shares, Preferred Shares, Convertible Bonds or A Combination of Above Securities, maximum 10 billion NT dollars or foreign currency equivalent in total. ■ The 2022 Shareholders' Meeting will held on June 21, 2022 and the proposal period of the 2022 shareholders' meeting is from April 18, 2022 to April 27, 2022. ■ Amendment to "Rules for Election of Directors" ■ Amendment to "Fair Dealing Policy"

Session	Date	Major resolutions
		<ul style="list-style-type: none"> ■ Amendment to "Financial Consumption Dispute Resolution System" ■ Amendment to "Foreign Currency Portfolio Investment Standards" ■ Amendment to "Risk Management Policies", and three management principles of credit risk/market risk/operational risk ■ Amendment to "Interest Rate Management Risk Guidelines"

(14) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors:

None.

(15) Resignation or Dismissal of the Bank's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, and Internal Audit, and Corporate Governance Officer.

None.

4. Information on CPA audit fees

Unit: NT\$ Thousands

Accounting Firm	Name of CPA		Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Deloitte & Touche	Chun-Hung Chen	Ying-Chou Chen	2021	6,570	9,960	16,530	None

Note : Non-audit fees include internal control review, IT governance consultation service, AML/CFT consultation service, personal information protection project review, FATCA and CRS consultation service, and so on.

(1) Changed Accounting Firm with Less Audit Fee Paid Compared to the Previous Year:
Not applicable.

(2) Audit fee Decreased Over 10% Compared to the Previous Year:
Not applicable.

5. Replacement of CPAs

None

6. Chairman, President, and Managers in Charge of Finance or Accounting who Holds Any Positions in the Bank's Independent Auditing Firm or Its Affiliates within the Recent Year

None.

7. The Changes in Shareholding

(1) Article 11 of the "Guiding Principles Governing Directors, Managers or Their Related Parties, if Holding More Than Certain Percentage of the Same Bank's Shares with Voting Rights" Stipulates that Any Shareholding Changes to the Aforementioned Shareholders Shall Be Reported

Unit: share

Title	Name	2021		As of March 30, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairperson	Yue Ding Industry Co., Ltd. Representative: Ching-Ing Hou	*200,719 337	- -	- -	- -
Vice Chairman	Douglas Tong Hsu	125,219	-	-	-
Executive Director	Far Eastern New Century Corp. Representative: Shaw Y. Wang	*1,722,447 33,221	- -	- -	- -
Executive Director	Asia Cement Corp. Representative: Tsung-Ming Chung	*1,548,011 -	- -	- -	- -
Director	Far Eastern New Century Corp. Representative: Humphrey Cheng	*1,722,447 -	- -	- -	- -
Director	Far Eastern New Century Corp. Representative : James Wu	*1,722,447 -	- -	- -	- -
Director	Asia Cement Corp. Representative: Shi-Chun Hsu	*1,548,011 -	- -	- -	- -
Director	U-Ming Marine Transport Corp. Representative: Min-Teh Yu	*1,546,897 -	- -	- -	- -
Independent Director, Managing Director	Hsiao Hui Wang	-	-	-	-
Independent Director	Susan S. Chang	-	-	-	-
Independent Director	Bao-Shuh Paul Lin	-	-	-	-
President	Thomas Chou	38,667	-	-	-
Chief Executive Vice President	Jiann Jong Lin	26,936	-	-	-
Senior Executive Vice President	Ben Liao Ru	15,134	-	-	-
Executive Vice President	Simon Tai	7,960	-	-	-
Executive Vice President	Sophie Chang	6,842	-	-	-
Executive Vice President	Steve Chi	3,212	-	-	-
Executive Vice President	Lonnie Liu	14,750	-	-	-
Executive Vice President	James Dai	9,831	-	-	-
Executive Vice President	Shin Hwa Chou	2,405	-	-	-
Executive Vice President	Ying Ching Hu	(97,209)	-	-	-
Chief Auditor	Chih Wei Huang	3,062	-	-	-
Chief Compliance Officer of the Head Office	Elaine Yeh	70	-	-	-
Senior Deputy Executive Vice President	Lionel Chen	4,687	-	-	-
Senior Deputy Executive Vice President	Hui Ling Chen	467	-	-	-
Senior Deputy Executive Vice President	Roger Lo	7	-	-	-
Senior Deputy Executive Vice President	Vincent Liu	6,795	-	-	-
Senior Deputy Executive Vice President	Yueh Hua Wu	771	-	-	-
Senior Deputy Executive Vice President	Bob Chen	2,937	-	-	-
Senior Deputy Executive Vice President	Chen Chen Ma	1,070	-	-	-
Senior Deputy Executive Vice President	Isabel Chen	819	-	-	-
Senior Deputy Executive Vice President	Bruce Lo	2,990	-	-	-
Senior Deputy Executive Vice President	Civi Tsai	472	-	-	-
Senior Deputy Executive Vice President	Cindy Chen	5,209	-	-	-
Senior Deputy Executive Vice President	Chingh Siang Chen	26	-	-	-
Senior Deputy Executive Vice President	Teu Wei Kuo	-	-	-	-

Title	Name	2021		As of March 30, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Deputy Executive Vice President	Yi Chen Wang	-	-	-	-
Senior Deputy Executive Vice President	Alex Kao	5	-	-	-
Deputy Executive Vice President	Margaret Du	6,080	-	-	-
Deputy Executive Vice President	Ines Hong	16	-	-	-
Deputy Executive Vice President	Chiung Yu Song	8,819	-	-	-
Deputy Executive Vice President	Emily Chou	4,336	-	-	-
Deputy Executive Vice President	Joy Tien	72	-	-	-
Deputy Executive Vice President	An Li Ma	2,654	-	-	-
Deputy Executive Vice President	Gloria Hsieh	2,066	-	-	-
Deputy Executive Vice President	Senh Sing Pei	3,237	-	-	-
Deputy Executive Vice President	Teresa Lo	-	-	-	-
Deputy Executive Vice President	Frank Song	121	-	-	-
Deputy Executive Vice President	Shu Yun Cheng	2,789	-	-	-
Deputy Executive Vice President	Kuo Ying Huang	4,343	-	-	-
Deputy Executive Vice President	Felicia Tseng	-	-	-	-
Deputy Executive Vice President	Warren Ko	-	-	-	-
Deputy Executive Vice President	Starsky Chiang	-	-	-	-
Deputy Executive Vice President	Wen Ming Yang	558	-	-	-
Deputy Executive Vice President	Audrey Lin	20	-	-	-
Deputy Executive Vice President	Karry Tsai	2,493	-	-	-
Deputy Executive Vice President	Justice Chang	-	-	-	-
Deputy Executive Vice President	Alex Chien	18	-	-	-
Deputy Executive Vice President	Amber Tseng	2,683	-	-	-
Deputy Executive Vice President	Shu Hui Lee	6,890	-	-	-
Deputy Executive Vice President	Patty Wei	3,120	-	-	-
Deputy Executive Vice President	Din Chan Chen	1,581	-	-	-
Deputy Executive Vice President	Su Hsiang Li	3,197	-	-	-
Deputy Executive Vice President	Tony Li	29	-	-	-
Deputy Executive Vice President	Tun Pin Wang	1,709	-	-	-
Deputy Executive Vice President	Allen Lu	10	-	-	-
Deputy Executive Vice President	Olive Yin	1,950	-	-	-
Deputy Executive Vice President	Jung Chang Juan	16	-	-	-
Deputy Executive Vice President	Chih Cheng Hsieh	-	-	-	-
Deputy Executive Vice President	Jerry Chiang	13	-	-	-
Deputy Executive Vice President	Chih Jung Chen	2,329	-	-	-
Deputy Executive Vice President	Chiu Nan Chen	-	-	-	-
Deputy Executive Vice President	Ay Kuo Lin	-	-	-	-
Deputy Executive Vice President	Jeff Chiu	-	-	-	-
Deputy Executive Vice President	Yao Chang Lin	2,062	-	-	-
Deputy Executive Vice President	Hsin Yu Chou	1,285	-	-	-
Deputy Executive Vice President	Chih Yen Wang	3,436	-	-	-
Deputy Executive Vice President	Yea Ru Sheu	2,431	-	-	-
Deputy Executive Vice President	Mei Chu Peng	537	-	-	-
Deputy Executive Vice President	Ying Chieh Yang	2,393	-	-	-
Deputy Executive Vice President	Pei Wen Liu	1,540	-	-	-
Deputy Executive Vice President	Der Chin Pan	-	-	-	-
Senior Vice President	Allen Li	2,943	-	-	-
Senior Vice President	Mag Chen	1,931	-	-	-
Senior Vice President	Chia Wei Hsiao	1,981	-	-	-
Senior Vice President	Sofia Hsu	1,034	-	-	-
Senior Vice President	Wilson Huang	-	-	-	-
Senior Vice President	Yu Hui Huang	323	-	-	-
Senior Vice President	Chia Hsun Hsu	526	-	-	-

Title	Name	2021		As of March 30, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Vice President	Heng Kuang Wang	(162,734)	-	(60,000)	-
Senior Vice President	Dan Wen Yu	-	-	-	-
Senior Vice President	Lisa Hsu	1,846	-	-	-
Senior Vice President	Chun Yen Kuo	284	-	-	-
Senior Vice President	Wen Feng Tu	-	-	-	-
Senior Vice President	Wen Wen Tseng	119	-	-	-
Senior Vice President	Shu Fang Cheng	17	-	-	-
Senior Vice President	Chih Yuan Huang	-	-	-	-
Senior Vice President	Chia Chen Lee	787	-	-	-
Senior Vice President	Wan Ping Wu	-	-	-	-
Senior Vice President	Ming Chih Lin	2,358	-	-	-
Senior Vice President	Ching Fu Sung	-	-	-	-
Senior Vice President	Hui Fen Wei	-	-	-	-
Vice President	Bill Lee	1,341	-	-	-
Vice President	Judy Yu	1,623	-	-	-
Vice President	Wei Cheng Chen	12	-	-	-
Vice President	Jane Tsai	1,002	-	-	-
Vice President	Kuoh Siung Lin	-	-	-	-
Vice President	Alen Lin	996	-	-	-
Vice President	Shang Fu Lin	323	-	-	-
Vice President	Chiang Ming Chen	979	-	-	-
Vice President	Chen I Wang	-	-	-	-
Vice President	Pi Yun Peng	-	-	-	-
Vice President	Chia Jung Chang	-	-	-	-
Vice President	Kuan I Li	-	-	-	-
Vice President	Vivian Lee	-	-	-	-
Vice President	Ring Tsai	-	-	-	-
Vice President	Rich Liu	-	-	-	-
Vice President	Yu Shui Chen	-	-	-	-
Vice President	Chin Hsing Yeh	-	-	-	-
Vice President	Shin En Shao	-	-	-	-
Vice President	I Wen Pao	-	-	-	-
Vice President	Tse Pin Liang	-	-	-	-
Vice President	Yu Chieh Lin	-	-	-	-
Vice President	Kuei Jung Lee	-	-	-	-
Vice President	Ke Yao Shen	-	-	-	-
Vice President	I Wen Ho	653	-	-	-
Vice President	Chia Mei Kuo	-	-	-	-
Vice President	Feng Ying Tsai	644	-	-	-
Vice President	Jerry H. Chang	11	-	-	-
Vice President	Chia Hsien Tseng	-	-	-	-
Vice President	Shan Tseng Wen	-	-	-	-
Vice President	Che Wei Chang	-	-	-	-
Vice President	Chih Fan Lin	-	-	-	-
Vice President	Adam Chen	18	-	-	-
Vice President	Tien Chung Li	-	-	-	-
Vice President	Chi Shun Lien	-	-	-	-
Vice President	Kuan HSuan Chen	-	-	-	-
Vice President	Suih Chi Liu	-	-	-	-
Vice President	Shih Ying Lo	443	-	-	-
Vice President	An Hui Lu	-	-	-	-
Vice President	Shen Fen Lee	-	-	-	-
Vice President	Min Chung Lin	-	-	-	-

Title	Name	2021		As of March 30, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Hui Sheng Yang	-	-	-	-
Deputy Vice President	Chun Yu Huang	-	-	-	-
Deputy Vice President	Yu Mei Lai	1,369	-	-	-
Deputy Vice President	Chi Chang Ting	-	-	-	-
Deputy Vice President	Chung En Weng	-	-	-	-
Deputy Vice President	Wei Lan Lu	-	-	-	-
Deputy Vice President	Tian Tian Hu	5	-	-	-
Same Related Party	Yi Jiu Investment Corp.	155,912	-	-	-
Same Related Party	Ta Chu Chemical Fiber Co., Ltd.	458,919	-	-	-
Same Related Party	An Ho Garment Co., Ltd.	433,601	-	-	-
Same Related Party	Bai Yang Investment Corp.	445,257	-	-	-
Same Related Party	Everest Textile Co., Ltd.	142,135	-	-	-
Same Related Party	Chin Feng Investment Corp.	190,267	-	-	-
Same Related Party	K.Y. Lee	12,796	-	-	-
Same Related Party	Mei Mei Lee	15	-	-	-
Same Related Party	Chin Hsin Lee	5	-	-	-
Same Related Party	Ya Li Transportation Corp.	59,285	-	-	-
Same Related Party	Oriental Securities Corporation	200,169	-	-	-
Same Related Party	Asia Cement Corp.	1,548,011	-	-	-
Same Related Party	Asia Investment Corp.	2,652,335	-	-	-
Same Related Party	W.K. Chou	3,912	-	-	-
Same Related Party	Ton Fu Investment Corp.	576,732	-	-	-
Same Related Party	Peter Hsu	12,225	-	-	-
Same Related Party	Douglas Tong Hsu	125,219	-	-	-
Same Related Party	Alice Hsu	12,225	-	-	-
Same Related Party	Nancy Hsu	12,225	-	-	-
Same Related Party	Chang Long Chen	279	-	-	-
Same Related Party	C.M. Chen	224	-	-	-
Same Related Party	Wei Ru Chen	501	-	-	-
Same Related Party	Wei Qi Chen	220	-	-	-
Same Related Party	Fu Da Transportation Co., Ltd.	5,809	-	-	-
Same Related Party	Kai Yuan Int'l Investment Co., Ltd.	2,113,966	-	-	-
Same Related Party	Ching Lai Yeh	28	-	-	-
Same Related Party	Yu Yuan Investment Co., Ltd.	3,261,592	-	-	-
Same Related Party	U-Ming Marine Transport Corp.	1,546,897	-	-	-
Same Related Party	Yue Li Investment Corp.	2,888,609	-	-	-
Same Related Party	Yue-Tung Investment Corp.	2,562,560	-	-	-
Same Related Party	Ydt Technology International Co., Ltd.	57,642	-	-	-
Same Related Party	Yue Ding Industry Co., Ltd.	200,719	-	-	-
Same Related Party	Tranquil Investment Ltd.	1,106,190	-	-	-
Same Related Party	Ding Yuan Int'l Investment Corp.	1,741,262	-	-	-
Same Related Party	Far Eastern New Century Corp.	1,722,447	-	-	-
Same Related Party	Yuan Faun Co., Ltd.	91,881	-	-	-
Same Related Party	Yuan Tong Investment Co., Ltd.	2,109,735	-	-	-
Same Related Party	Yuan Ding Investment Co., Ltd.	2,343,313	-	-	-
Same Related Party	Yuan Ding Co., Ltd.	163,916	-	-	-
Same Related Party	Yuan Ding Leasing Corp.	69,409	-	-	-
Same Related Party	Der Ching Investment Corp.	2,652,016	-	-	-
Same Related Party	Tranquil Enterprise Ltd.	117,776	-	-	-

* Number of shares owned by the institutional shareholders.

(2) Shares Trading with Related Parties:

None.

(3) Shares Pledge with Related Parties:

None.

8. Relationship among the Top Ten Shareholders

Unit: share; %

April 23, 2022

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship (Note)	
Yu Yuan Investment Co., Ltd. Representative: C.M. Chen	174,025,579	4.95%	-	-	-	-	Yuan Ding Investment Co., Ltd. Yue-Tung Investment Corp.	(2) (2)	-
Yue Li Investment Corp. Representative: Tsung-Liang Chang	154,124,725	4.39%	-	-	-	-	Yue-Tung Investment Corp.	(3)	-
Asia Investment Corp. Representative: Peter Hsu	141,518,058	4.03%	-	-	-	-	Der Ching Investment Corp.	(3)	-
Der Ching Investment Corp. Representative: Peter Hsu	141,501,033	4.03%	-	-	-	-	Asia Investment Corp.	(3)	--
Yue-Tung Investment Corp. Representative: Tsung-Liang Chang	136,728,029	3.89%	-	-	-	-	Yu Yuan Investment Co., Ltd. Yue Li Investment Corp.	(1) (3)	-
FEIB is Special Account for trust property of Far Eastern International Bank employee in custody of FEIB	131,132,761	3.73%	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd. Representative: Douglas Tong Hsu	125,029,895	3.56%	-	-	-	-	Yu Yuan Investment Co., Ltd.	(1)	-
Kai Yuan International Investment Co., Ltd. Representative: Humphrey Cheng	112,792,844	3.21%	-	-	-	-	-	-	-
Yuan Tong Investment Co., Ltd. Representative: David Wang	112,567,078	3.20%	-	-	-	-	-	-	-
Ding Yuan International Investment Corp. Representative: Alan Tsai	92,906,852	2.64%	-	-	-	-	-	-	-

Note: Relationship code (1): Invested Company assessed by equity method

Relationship code (2): Investors who evaluate the company's investment using the equity method

Relationship code (3): The Chairperson or President of the companies is the same person

9. Shareholding in Affiliated Enterprises

Unit: share; %

December 31, 2021

Affiliated Enterprises (Note 1)	Shareholding by the Company		Direct or Indirect Shareholding by Directors and Managers		Total Shareholding	
	share	%	share	%	share	%
Far Eastern Asset Management Corp.	168,400,000	100.00%	-	-	168,400,000	100.00%
Far Eastern International Securities Company Ltd.	26,000,000	100.00%	-	-	26,000,000	100.00%
DWS Far Eastern Investments Limited	12,000,000	40.00%	-	-	12,000,000	40.00%
Global Client Group						
DAH CHUNG BILLS FINANCE CORP.	101,907,869	22.06%	33,295	0.01%	110,941,164	22.07%
Financial Information Service Co., Ltd.	5,937,750	1.14%	-	-	5,937,750	1.14%
Taipei Forex Inc.	80,000	0.40%	-	-	80,000	0.40%
Sunny Asset Management Corporation	207,304	3.46%	-	-	207,304	3.46%
AN FENG ENTERPRISE CO., LTD.	300,000	10.00%	-	-	300,000	10.00%
Yuan Hsin Digital Payment Co., Ltd.	2,757,518	4.05%			2,757,518	4.05%

Note 1: Investments under Bank Articles 74

IV. Fund Raising Activities

1. Capital and Shares

(1) Sources of Capital

A. Issued Shares

Unit: share, NT\$ million

March 30, 2022

Month/ Year	Issuing price (NTD)	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source	Others
Founded in 1992	10	1,000,000,000	10,000	1,000,000,000	10,000	Public offering	Tai-Tsai-Rong-No.801625101(Aug.1, 1991)
Oct 1995	10	25,000,000	250	25,000,000	250	Retained earnings	(84)Tai-Tsai-Cheng(1) No.49420(Sep.4, 1995)
Jul 1997	10	29,750,000	297	28,700,000 1,050,000	287 10	Retained earnings Employee bonus	(85)Tai-Tsai-Cheng(1) No.41665 (Jul.6, 1996)
Aug 1997	15 10	135,250,000	1,353	99,170,000 34,806,750 1,273,250	992 348 13	Rights offering Retained earnings Employee bonus	(86)Tai-Tsai-Cheng(1) No.53095(Jul.25,1997) (86)Tai-Tsai-Cheng(1) No. 60585(Jul.30,1997)
Aug 1998	12.5 10 10 10	211,023,500	2,110	150,000,000 41,650,000 1,523,500 17,850,000	1,500 416 15 179	Rights offering Retained earnings Employee bonus Capital reserve	(87)Tai-Tsai-Cheng(1) No.59533(Jul.21,1998)
Jul 1999	10	78,696,500	787	44,832,752 1,640,208 26,619,446 5,604,094	448 17 266 56	Retained earnings Employee bonus Capital reserve Special reserve	(88)Tai-Tsai-Cheng(1) No.57434(Jun.23,1999)
Jul 2000	10 10 10	45,095,400	451	19,236,360 703,800 22,195,800 2,959,440	192 7 222 30	Retained earnings Employee bonus Capital reserve Special reserve	(89)Tai-Tsai-Cheng(1) No.56443 (Jun.30, 2000)
Jul 2003	10	475,184,600	4,752			New authorized capital	Jing-Shou-Shang Tze No. 09201231510(Jul 28, 2003)
Aug 2004	10 10			10,407,594 (26,579,000)	104 (266)	ECB Conversion Treasury stock cancellation	Jing-Shou-Shang Tze No. 09301158130(Aug 23, 2004)
Mar 2005	10			78,056,834	781	ECB Conversion	Jing-Shou-Shang Tze No. 09401042910(Mar 29, 2005)
Jun 2005	10			47,914,226	479	ECB Conversion	Jing-Shou-Shang Tze No. 09401103960(Jun 14, 2005)
Jul 2005	10			102,854,595 6,707,909	1,029 67	Retained earnings Employee bonus	Jin-Kuan-Cheng(1)No.0940122142 (Jun. 9, 2005)
Aug 2005	10			4,958,329	50	ECB Conversion	Jing-Shou-Shang Tze No. 09401173340(Sep 13, 2005)
Nov 2005	10			37,038,723	370	ECB Conversion	Jing-Shou-Shang Tze No. 09401226730(Nov 14, 2005)
Mar 2006	10			5,075,280	51	ECB Conversion	Jing-Shou-Shang Tze No. 09501068660(Apr 14, 2006)
Sep 2006	10			64,094,041 4,180,047 18,312,584	641 42 183	Retained earnings Employee bonus Capital reserve	Jin-Kuan-Cheng(1)No.0950132205 (Jul. 31, 2006)

Month/ Year	Issuing price (NTD)	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source	Others
Mar 2007	10			215,969	2	ECB Conversion	Jing-Shou-Shang Tze No. 09601073730(Apr 13, 2007)
Jun 2007	10	500,000,000	5,000			New authorized capital	Jing-Shou-Shang Tze No. 09601152250(Jul 4, 2007)
Jun 2007	10			647,907	6	ECB Conversion	Jing-Shou-Shang Tze No. 09601152250(Jul 19, 2007)
Dec 2007	10			1,079,849	11	ECB Conversion	Jing-Shou-Shang Tze No. 09601322290(Jan 4, 2008)
Jun 2008	10	1,000,000,000	10,000			New authorized capital	Jing-Shou-Shang Tze No. 09701146020(Jun 27, 2008)
Dec 2008	6.5 (Note)			461,538,000	4,615	Rights offering	Jing-Shou-Shang Tze No. 09801009420(Jan 17, 2009)
Jun 2009	10	1,000,000,000	10,000			New authorized capital	Jing-Shou-Shang Tze No. 09801132000(Jun 26, 2009)
Jun 2009	10			(407,520,824)	(4,075)	Capital Deduction	Jin-Kuan-Cheng No.0980031255 (Jun. 30, 2009)
Jul 2010	10			67,489,532 5,861,971	675 59	Retained earnings Employee bonus	Jin-Kuan-Cheng No.0990038736 (Jul. 30, 2010)
Jul 2011	10			103,368,172 8,043,315	1,034 80	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1000033885 (Jul. 27, 2011)
Aug 2012	10			113,131,129 10,568,089	1,131 106	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1010036357 (Aug. 24, 2012)
Jul 2013	10			110,543,402 9,315,191	1,105 93	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1020028949 (Jul. 31, 2013)
Jan 2014	11.25			365,000,000	3,650	Rights offering	Jin-Kuan-Cheng No.1020046424 (Nov. 26, 2013) Jin-Kuan-Cheng No.1030002514 (Jan. 23, 2014)
Jul 2014	10			122,447,610 12,260,455	1,224 123	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1030026505 (Jul. 18, 2014)
Aug 2015	10			153,680,074 17,736,559	1,537 177	Retained earnings Employee bonus	Jin-Kuan-Cheng No.1040026417(Aug. 3, 2015)
Sep 2016	10			60,664,859 17,459,348	607 175	Retained earnings Employee bonus	Jing-Shou-Shang Tze No. 10501227730(Sep 22, 2016)
Sep 2017	10			71,561,445	716	Retained earnings	Jing-Shou-Shang Tze No. 10601133330(Sep 18, 2017)
Sep 2018	10			86,257,365	863	Retained earnings	Jing-Shou-Shang Tze No. 10701121570(Sep 19, 2018)
Sep 2019	10			86,633,428	866	Retained earnings	Jing-Shou-Shang Tze No. 10801129280(Sep 20, 2019)
Jul 2020	10	1,000,000,000	10,000			New authorized capital	Jing-Shou-Shang Tze No. 10901113300(Jul 7, 2020)
Sep 2020	10			92,285,034	923	Retained earnings	Jing-Shou-Shang Tze No. 10901178360(Sep 24, 2020)
Oct 2021	10			65,858,795	659	Retained earnings	Jing-Shou-Shang Tze No. 11001183160(Oct. 13, 2021)
Total		5,500,000,000	55,000	3,513,963,236	35,140		

Note: The price was NT\$6.5 per share in private placement.

B. Authorized Capital

March 30, 2022

Share Type	Authorized Capital			Remarks
	Outstanding	Unissued	Total	
Common Shares	3,513,963, \236 Shares	1,986,036,764 Shares	5,500,000,000 Shares	Listed shares

(2) Shareholder Structure

April 23, 2022

Shareholder Structure	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Foreigners	Total
Quantity						
# of Shareholder	5	17	212	86,741	241	87,216
# of Shares	19,852,352	158,708,386	1,785,240,085	1,132,311,525	417,850,888	3,513,963,236
%	0.56%	4.52%	50.81%	32.22%	11.89%	100.00%

(3) Shares Distribution

A. Common Shares

Per Value: NT\$10

April 23, 2022

Shareholding Segment (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	28,935	7,549,685	0.21%
1,000 ~ 5,000	30,328	65,950,673	1.88%
5,001 ~ 10,000	9,295	66,024,901	1.88%
10,001 ~ 15,000	5,471	66,139,637	1.88%
15,001 ~ 20,000	3,332	58,770,934	1.67%
20,001 ~ 30,000	3,258	78,672,097	2.24%
30,001 ~ 40,000	1,596	54,802,176	1.56%
40,001 ~ 50,000	919	41,326,460	1.18%
50,001 ~ 100,000	1,971	136,830,508	3.89%
100,001 ~ 200,000	1,180	158,067,385	4.50%
200,001 ~ 400,000	496	135,830,048	3.87%
400,001 ~ 600,000	142	69,297,462	1.97%
600,001 ~ 800,000	84	58,351,101	1.66%
800,001 ~ 1,000,000	43	38,399,790	1.09%
1,000,001 or over	166	2,477,950,379	70.52%
Total	87,216	3,513,963,236	100.00%

B. Preferred Shares: None.

(4) Major Shareholders

Unit: shares

April 23, 2022

Shareholder's Name	Shareholding	Number of Shares	Percentage
Yu Yuan Investment Co., Ltd.		174,025,579	4.95%
Yue Li Investment Corp.		154,124,725	4.39%
Asia Investment Corp.		141,518,058	4.03%
Der Ching Investment Corp.		141,501,033	4.03%
Yue-Tung Investment Corp.		136,728,029	3.89%
Special Account for trust property of Far Eastern International Bank employee in custody of FEIB		131,132,761	3.73%
Yuan Ding Investment Co., Ltd.		125,029,895	3.56%
Kai Yuan International Investment Co., Ltd.		112,792,844	3.21%
Yuan Tong Investment Co., Ltd.		112,567,078	3.20%
Ding Yuan International Investment Corp.		92,906,852	2.64%

Note: Listed above are the Bank's top ten shareholders.

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Item		Year	2020	2021	As of March 30, 2022
Market Price Per Share	Highest		12.25	11.20	12.10
	Lowest		8.61	10.20	10.75
	Average (Note2)		10.80	10.68	11.36
Net Worth Per Share	Before Distribution		14.14	14.14	14.20 (Note6)
	After Distribution		13.87	(Note1)	(Note1)
Earnings Per Share	Weighted Average Shares (Thousand Shares)		3,448,104	3,513,963	3,513,963 (Note6)
	Earnings Per Share	Original	0.73	0.84	0.12 (Note6)
		Adjusted	0.72	(Note1)	(Note1)
Dividends Per Share	Cash Dividends		0.326	0.430(Note7)	-
	Stock Dividends	Dividends from Retained Earning	0.191	0.158(Note7)	-
		Dividends from Capital Reserve	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/ Earnings Ratio(Note3)		14.89	12.67	-
	Price/ Dividend Ratio(Note4)		33.34	24.74	-
	Cash Dividend Yield Ratio (%) (Note5)		3.00	4.04	-

Note1: Earnings distribution yet to be approved by the 2022 shareholders' meeting.

Note2: The average market price calculated by taking into account each year's market turnover value and amount.

Note3: Price / Earnings ratio = Average Market Price / Earnings per Share.

Note4: Price / Dividend ratio = Average Market Price / Cash dividends per Share.

Note5: Cash Dividend Yield Rate = Cash Dividend per Share / Average Market Price.

The average market prices were NT\$10.87 and NT\$10.64 in 2020 and 2021, respectively.

Note6: They were calculated based on the Bank's February 28, 2022 preliminary financial reports.

Note7: The cash dividend of NT\$0.430 per share and the stock dividend of NT\$0.158 per share were proposed at the board of directors in March 3, 2022, but the actual allocation will be resolved by the shareholders' meeting in 2022

(6) Dividend Policy and Implementation Status

A. Dividend Policy

In case of surplus after settlement of accounts for each fiscal year, the Bank shall recover all the losses incurred in the previous years, if any, before setting aside a legal reserve of 30% of the net profit and appropriating, according to law and regulations, a special reserve shall be retained, and shall first be distributed to the dividends of Preferred Stock. The remaining amount together with the accumulated retained profits of the last year and the reversals of special reserves are available for distribution as dividends for Common Stock. The dividends for Common Stock shall be distributed at least 30% of the remaining amount. The Board of Directors shall prepare the earnings distribution in accordance with the existing circumstances at the time, taking into account the future development plan of the Bank. Any allocation of cash dividend shall, in principle, be no less than 10% of the total dividends to be distributed that year.

Before the above-mentioned legal reserve reaches the amount of total paid-in capital, the maximum appropriation of cash dividends shall not exceed 15% of the total paid-in capital.

B. Proposed Distribution of Dividend

The cash dividend of NT\$0.430 per share, and the stock dividend of NT\$0.158 per share (15.8 shares for every thousand shares). Combined, the Bank was to pay out NT\$ 0.588 per common share in dividends

(7) Impact of Stock Dividends on Operating Results, Earnings per Share and Shareholders' Return on Investment:

Unit: NT\$ Thousands

Item	Year	Year 2022 (Forecast)
Beginning Paid-In Capital		35,139,632
Dividends distribution	Cash Dividend per share (NT\$)	0.4300(Note1)
	Capitalization of Retained Earnings Stock Dividend per share (Share)	0.0158(Note1)
	Stock dividends per share, from capital surplus (number of shares)	- (Note1)
Changes in business results	Operating Profit	Not Applicable (Note2)
	Increase (decrease) % of operating. profit from last year	
	Net income	
	Increase (decrease)% of net income from last year	
	Earnings per share (EPS) (with retroactive adjustment)	
	Increase (decrease) % of EPS from last year	
	Annually averaged return on investment % (reverse of annually averaged (P/E) ratio)	
Pro forma Earnings per Share and price-earnings (P/E) Ratio	If stock dividends from earning is paid fully by cash dividends	Pro forma earnings per share (EPS) Pro forma annually averaged return on investment
	If no stock dividends from capital surplus	Pro forma earnings per share (EPS) Pro forma annually averaged return on investment
	If dividends from capital surplus and from earnings are paid fully by cash dividends	Pro forma earnings per share (EPS) Pro forma annually averaged return on investment

Note1: The cash dividend of NT\$0.430 per share and the stock dividend of NT\$0.158 per share were proposed at the board of directors in March 3, 2022, but the actual allocation will be resolved by the shareholders' meeting in 2022.

Note2: The Bank did not publish the financial forecasts for FY2022, so it does not require disclosure of this information.

(8) Compensation of Employees and Directors

A. Percentage or Scope of Employees' Compensation, Remuneration of Directors and Supervisors in the Articles of Incorporation:

If there were net income before income tax, remuneration of directors and employees' compensation, the Bank should retain an employees' compensation of 3.5%-4.5% and a remuneration of directors no greater than 1.5%. Should there be accumulated loss, the Bank shall retain earnings to cover the loss in advance.

Employees' compensation may be distributed in the form of stocks or in cash. The amount distributable as employees' compensation and remuneration of directors shall be decided by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

B. For Employees' Compensation and Remuneration of Directors, the Accounting Treatment for Discrepancy between Estimate Amount and Actual Payment:

The estimated amount for employees' compensation and remuneration of directors in this period is based on the net income before income tax and the Bank's Articles of Incorporation. If there is a change in the amounts after the financial statements for the year ended were authorized for issue, the differences are recorded as a change in the accounting estimate.

C. Board of Directors Approved Proposals for the Allocation of Employees' Compensation and Remuneration of Directors:

- (a) Allocation of employee cash compensation, employee stock compensation, and the amount for remuneration of directors:

Employee cash compensation is NT\$ 127,261,000, employee stock compensation is zero per share and the amount for remuneration of directors is NT\$ 42,420,000. There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended.

- (b) The ratio of the employees' stock compensation to the net income after income tax in the non-consolidated financial report for the current period and the total amount of employees' compensation: Not Applicable

D. Actual Allocations of Employee Compensation and Remuneration of Directors Paid for the Preceding Fiscal Year:

- (a) Employee cash compensation is NT\$ 116,261,000, employee stock compensation is zero per share and the amount for remuneration of directors is NT\$ 38,754,000 for the year ended December 31, 2020.
- (b) There was no difference between the actual amounts of employees' compensation and remuneration of directors paid.

(9) Buyback Share:

2021: None.

As of March 30, 2022: None.

2. Issuance of Bank Debenture

To maintain capital adequacy ratio and the medium-term to long-term working capital, the Bank had applied and obtained approval from the Financial Supervisory Commission to issue bank debentures. The outstanding balances of bank debentures as of December 31, 2021 are summarized as follows:

Issuance of Bank Debenture

Types of bank debentures	1 st subordinated bank debenture in 2015	1 st subordinated bank debenture in 2016
Date and serial No. approved by authority	FSC No. 10400126510, June 5, 2015	FSC No. 10500130430, June 3, 2016
Issuing date	September 30, 2015	September 27, 2016
Face value	NT\$ 10 million	NT\$ 10 million
Issuing and trading	ROC	ROC
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$3.0 billion	NT\$4.0 billion
Coupon	Fixed interest rate at 1.95% per annum	Fixed interest rate at 1.55% per annum
Maturity	7 years from the issue date. Maturity on September 30, 2022	7 years from the issue date. Maturity on September 27, 2023
Rank	Subordinated	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	Master Link, Yuanta, GKI, SinoPac and Taiwan Cooperative securities	Master Link, Yuanta, GKI and Taiwan Cooperative securities
Certified lawyer	None	None
Certified CPA	Deloitte & Touche	Deloitte & Touche
Certified financial institution	None	None
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 3.0 billion	NT\$ 4.0 billion
Paid-in capital in the previous year	NT\$28,618,263(thousand)	NT\$30,332,430(thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$35,118,001(thousand)	NT\$37,764,349 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None
Conditions for conversion or exchange	None	None
Restrictive terms	None	None
Use of proceeds	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	57.52%	64.09%
Eligible capital and type	Tier II	Tier II
Name of rating agency, issue date, and the rating	"A(twn)" issued by Fitch Ratings, Taiwan Branch on September 30, 2014.	"A(twn)" issued by Fitch Ratings, Taiwan Branch on September 25, 2015.

Issuance of Bank Debenture

Types of bank debentures	1 st perpetual non-cumulative unsecured subordinated debenture in 2018	1 st senior unsecured financial debenture in 2019
Date and serial No. approved by authority	FSC No. 10702142020, July 20, 2018	FSC No. 10701213730, December 19, 2018
Issuing date	September 18, 2018	February 21, 2019
Face value	NT\$ 10 million	NT\$ 10 million
Issuing and trading	ROC	ROC
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$2.9 billion	NT\$2.5 billion
Coupon	Fixed interest rate at 3.2% per annum	Fixed interest rate at 0.95% per annum
Maturity	Perpetual (issuer with call right)	5 years from the issue date. Maturity on February 21, 2024
Rank	Senior to the right on distribution of remaining property for shareholders, and junior to those for holders of Tier II capital instruments, depositors and other general creditors to the Bank.	Senior bond
Guarantor	None	None
Trustee	None	None
Underwriter	KGI and Master Link securities	Master Link, Taiwan Cooperative, KGI, Yuanta and JihSun securities
Certified lawyer	None	None
Certified CPA	Deloitte & Touche	Deloitte & Touche
Certified financial institution	None	None
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 2.9 billion	NT\$ 2.5 billion
Paid-in capital in the previous year	NT\$31,829,286 (thousand)	NT\$32,691,859 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$41,389,366 (thousand)	NT\$41,389,366 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	FEIB may redeem the debts in whole at their aggregate principal amount, together with any interest payment five years after the issuing date subject to regulators' approval, provided that the bank's post-redemption BIS is above legal requirement.	None
Conditions for conversion or exchange	None	None
Restrictive terms	The bank may not pay interest if there is no earnings and dividends in previous year (including cash and stock dividends); however this restriction does not apply in circumstances where the balance of cumulative undistributed earnings less amortized losses on sale of non-performing loans is greater than the amount of payable interest, and provided that the payment results in no changes to the terms of interest.	None

Types of bank debentures	1 st perpetual non-cumulative unsecured subordinated debenture in 2018	1 st senior unsecured financial debenture in 2019
	<p>Non- payment of interest due to the above will not be accumulated or deferred in later periods.</p> <p>The bank shall defer interest and principal payments in situations where its capital adequacy ratio fails to meet the minimum level specified in Article 5, Paragraph 1 of the Regulations Governing the Capital Adequacy and Capital Category of Banks; in which case, deferred interest may not accrue any late interest.</p>	
Use of proceeds	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.	To finance the Bank's long term funding needs for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	43.49%	49.52%
Eligible capital and type	Tier I	None
Name of rating agency, issue date, and the rating	"A(twn)" issued by Fitch Ratings, Taiwan Branch on July 2, 2018.	"A(twn)" issued by Fitch Ratings, Taiwan Branch on July 2, 2018.

Issuance of Bank Debenture

Types of bank debentures	2 nd subordinated bank debenture (A tranche) in 2019	2 nd subordinated bank debenture (B tranche) in 2019
Date and serial No. approved by authority	FSC No. 10701213730, December 19, 2018	FSC No. 10701213730, December 19, 2018
Issuing date	July 30, 2019	July 30, 2019
Face value	NT\$ 10 million	NT\$ 10 million
Issuing and trading	ROC	ROC
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$ 2 billion	NT\$ 2 billion
Coupon	Fixed interest rate at 1.15% per annum	Fixed interest rate at 1.25% per annum
Maturity	7 years from the issue date. Maturity on July 30, 2026	10 years from the issue date. Maturity on July 30, 2029
Rank	Subordinated	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	Yuanta, KGI, Cathay and Capital securities	Yuanta, KGI, Master Link and Capital securities
Certified lawyer	None	None
Certified CPA	Deloitte & Touche	Deloitte & Touche
Certified financial institution	None	None
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 2 billion	NT\$ 2 billion
Paid-in capital in the previous year	NT\$32,691,859 (thousand)	NT\$32,691,859 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$43,273,606 (thousand)	NT\$43,273,606 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None
Conditions for conversion or exchange	None	None
Restrictive terms	None	None
Use of proceeds	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	45.06%	49.68
Eligible capital and type	Tier II	Tier II
Name of rating agency, issue date, and the rating	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 24, 2019.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 24, 2019.

Issuance of Bank Debenture

Types of bank debentures	3 rd senior unsecured financial debenture in 2019	1 st subordinated bank debenture in 2020
Date and serial No. approved by authority	FSC No. 10701213730, December 19, 2018	FSC No. 1090137015, May 15, 2020
Issuing date	September 26, 2019	November 26, 2020
Face value	NT\$ 10 million	NT\$ 10 million
Issuing and trading	ROC	ROC
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$3.5 billion	NT\$ 1.6 billion
Coupon	Fixed interest rate at 0.75% per annum	Fixed interest rate at 0.75% per annum
Maturity	5 years from the issue date. Maturity on September 26, 2024	7 years from the issue date. Maturity on November 26, 2027
Rank	Senior bond	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	Master Link securities	Yuanta, KGI and Master Link securities
Certified lawyer	None	None
Certified CPA	Deloitte & Touche	Deloitte & Touche
Certified financial institution	None	None
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 3.5 billion	NT\$ 1.6 billion
Paid-in capital in the previous year	NT\$32,691,859 (thousand)	NT\$33,558,193 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$43,273,606 (thousand)	NT\$45,713,890 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None
Conditions for conversion or exchange	None	None
Restrictive terms	None	None
Use of proceeds	To finance the Bank's long term funding needs for support of future growth of loans and investments.	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	57.77	49.44%
Eligible capital and type	None	Tier II
Name of rating agency, issue date, and the rating	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 24, 2019.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on May 12, 2020.

Issuance of Bank Debenture

Types of bank debentures	1 st subordinated bank debenture in 2021
Date and serial No. approved by authority	FSC No. 1090137015, May 15, 2020
Issuing date	April, 27, 2021
Face value	NT\$ 10 million
Issuing and trading	ROC
Currency	New Taiwan dollar
Issuing price	At par value
Total amount	NT\$ 2.4 billion
Coupon	Fixed interest rate at 0.83% per annum
Maturity	7 years from the issue date. Maturity on April 27, 2028
Rank	Subordinated
Guarantor	None
Trustee	None
Underwriter	Master Link securities, KGI securities and Cathay securities
Certified lawyer	None
Certified CPA	Deloitte & Touche
Certified financial institution	None
Repayment	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 2.4 billion
Paid-in capital in the previous year	NT\$34,481,044 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$47,619,623 (thousand)
Default status	Normal
The terms and conditions for redemption or early liquidation	None
Conditions for conversion or exchange	None
Restrictive terms	None
Use of proceeds	To finance the Bank's long term funding needs and enhance the Bank's capital structure for support of future growth of loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	50.19%
Eligible capital and type	Tier II
Name of rating agency, issue date, and the rating	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on April 28, 2021.

3. Issuance of Preferred Stock

None.

4. Issuance of Global Depository Receipt

Item		Date of Issue	Jan. 28, 2014
Date of Issue			Jan. 28, 2014
Issuance and Listing			Luxembourg Stock Exchange
Total Amount			US\$135,050,000
Issue Price per GDR			US\$7.4
Total units issued		1. The original issue of 18,250,000 units. 2. The total number of depository receipts was 18,411,153 units as of March 30, 2022.	
Type of underlying securities			The Bank's newly issued common shares
Amount of underlying securities			368,223,109 shares
Rights and obligations of subscribers			Same as common share holders
Trustee			None
Depositary Bank			Citibank N.A.
Custodian Bank			Citibank Taiwan
Number of outstanding units			217,622 units(As of March 30, 2022)
Bearers of related charges incurred during issuance and holding period			Shall be borne by the Bank
Key Provision in Deposit/Custodian Agreements			None
Market Price per unit	2021	Highest	US\$7.899
		Lowest	US\$7.163
		Average	US\$7.521
	As of March 30, 2022	Highest	US\$8.450
		Lowest	US\$7.700
		Average	US\$8.062

5. Issuance of Employee Stock Options

None.

6. Issuance of New Restricted Shares to Employee

None.

7. Mergers and Acquisitions

- (1) Any Opinions by Accountants that Should Be Disclosed Regarding the Reasonable Share Swap Ratio in Last Year

Not applicable.

- (2) Mergers & Acquisitions or Receiving of Other Financial Institutions in the Past Five Years

None.

- (3) Where a Financial Institution was Merged or Acquired by Way of New Share Issuance, the Lead Underwriter's Evaluation and Opinions Must Be Disclosed

Not applicable.

- (4) In the Most Recent Financial Year and Up to the Printing of This Annual Report, Disclosure of the Basic Data of Mergers & Acquisitions or Sale of Other Financial Institutions in which the Board of Directors Has Approved Such M&A or Sale that Involves the Issuance of New Shares:

Not applicable.

8. The Execution of Fund Utilization Plan

- (1) Contents of the Plan

The Bank issued bank debentures to obtain long term funding, and to enhance the Bank's capital structure for future growth of loans and investments.

- (2) Implementation Description

Subject	Use of proceeds	The condition of execution	The comparison of the results with the desired-results	The date of the material information announced in MOPS (note)
The Board approved the issuing plan of subordinated debentures up to NT\$ 4 billion and senior unsecured financial debentures up to NT\$ 6 billion (or the equivalent in other currencies).	To finance the Bank's long term funding needs and enhance the Bank's capital structure.	1. The issue of subordinated bank debenture NT\$1.6 billion on November 26, 2020. 2. The issue of subordinated bank debenture NT\$2.4 billion on April 27, 2021.	The outcome achieved the desired results.	March 23, 2020

Note: The date of the board of directors approved the resolution for issuing plan of FEIB bank debentures.

V. Operation Highlights

1. Business Activities

(1) Business Scope

A. Core-business

(a) Retail Banking

- **Wealth Management:** Providing customers with diversified financial products by market trend and their risk assessment, to improve product penetration and expand the wealth management assets. Launching fun-retiring project for new customers without charge. Through this program, select low-volatility and high-accumulation funds to give customers a retirement planning earlier or accumulate retirement reserves steadily in the long-term
- **Consumer Banking and Credit Cards Business:** Taking the responsible of mortgage, personal loan, car loan, consumer finance (installment) and credit cards, business including product planning, marketing, sales, and management and customer services.
- **Insurance Agency:** Promoting Bancassurance business by collaborating with high-quality insurance companies, creating high-quality Bancassurance products and services in accordance with increasingly diversified customers' demands to provide the most comprehensive insurance planning and services.

(b) **Corporate Banking :** Aiming to satisfy corporate customers' best interests in providing integrated financial solutions for corporate finance, cash & liquidity management, FX hedging across various segments in Greater China as well as Asia Pacific region. Corporate Banking Business Group provides a comprehensive suite of products and services, which include corporate deposits, loans, FX businesses (foreign exchange, import and export), factoring, forfaiting, e-financing, supply-chain financing, hedging and structured products, etc.

(c) **Financial Market :** Covering fixed income, foreign exchange, equity, credit and derivatives. Focus on the financial institutions to provide solutions with financing, TMU transaction, automatic clearinghouse, etc. while following through banks guidance of deposit policy. Execute TWD and foreign currencies funding and asset management policies of the Asset and Liability Management Committee ("ALCO"), including asset/liability, liquidity risk and interest rate sensitivity risk management.

(d) **Digital Banking :** Developing digital banking products and services, operating Bankee community banking, developing new business models, optimizing digital platforms, and using intelligent application technology to deepen customer management. Integrating the digital resources of the whole bank, developing pragmatic digital innovation, and providing customers with stable, safe and fast digital financial services.

B. Weightings to Net Revenue and Changes YOY of the Respective Business Units

BU	Weightings to Net Revenue		Growth Rate (YoY)
	2020	2021	
Retail Banking	53.04%	54.11%	-
Corporate Banking	29.09%	29.38%	-1%
Financial Market	17.83%	16.46%	-9%
Digital Banking	0.04%	0.05%	18%

(2) Business Plan for 2022

A. Retail Banking

- (a) Brand Marketing Management: Grouping marketing benefits and resources designed exclusively for VIP customers. The company's media operation is based on the brand value of "Ten Happiness", supplemented by online and offline models, and innovates the customer acquisition mechanism. Cooperating with Yuan Ze University, a "Senior Wealth Management Academy 4.0" is implemented. The annual VIP night is also coordinated with Shangri-La's Far Eastern Plaza Hotel, Taipei. These planned activities will enhance VIP customer's loyalty and FEIB's wealth management "customer centric" brand value.
- (b) Trust business: Aging society and declining birthrate, FSC launched the Trust 2.0- "The Promotion Plan for Full Functions of Trust Services". FEIB will cooperate with government policies ,cross-industry cooperation with social welfare organizations, elderly care organizations, and medical institutions, integration of internal and external resources, to actively promote elderly care trusts /employee welfare trusts .FEIB is also allied with accounting firms, solicitor offices' and other cross-scope expert teams, and provide customers tailor-made of a Full Functions of Trust Services.
- (c) Mortgage: Optimizing the asset structure, reducing the portions of buy and sell case, increasing the portions of wealth management mortgages and high interest-spread mortgages; using combination products to strength relationship of mortgage customers and introduce more customers with potential of wealth managements to build up entire synergy; developing new product and continue to construct new digital functions to optimize customers experience and strength competitiveness.
- (d) Personal Loan: Stabilizing and keeping growing in high quality assets, improving digital channel function for construct on-line loan application system without people service and through digital media precision marketing to comprehensively increase digital channel business volume.
- (e) Consumer Finance (Installment): Developing multiple business models and application scenarios for AR business, expanding asset scale, reducing business-operating costs, and increasing profitability. Establishing a loan installment digital process to enhance product competitiveness.
- (f) Car Loan and Motorcycle Loan: Upgrading the operating process to strengthen banks' competitiveness. Balancing business volume and profitability to pursue steady business growth.
- (g) Credit Card Business: Continuing on promoting Happy Family + cards, deeply manage "family customers" and "customers with pets", developing new

customers and improving spending in the large scale store by digital marketing; combining retail source in FE group to consolidate the existing credit card, stabilizing the payments and expand business opportunities beyond the group to enhance management profits.

- (h) Insurance Agency: Providing customers well-rounded digital banking experience and enhance the efficiency of insurance sales, the Mobile Insurance Platform established with the combination of technological application and insurance professionalism. Complying with the competent authority of the risk management and internal control for Bancassurance business, the insurance related core systems optimized to assure the implement of insurance premium source examination, KYC, etc. To enhance the service synergy and profits, the cooperation with insurance companies are intensified.

B. Corporate Banking

- Expanding the scale of assets and strictly control the quality of risk assets to maintain stable profit growth.
- Extending and continuing the Preferential Demand Deposit program, strengthen the ability to manage customer's excess liquidity and cash on hand , and expanding the bank's deposit customer base; Balancing the cost of fund and asset portfolio mix to improve the return on capital and to enhance the capital efficiency for the businesses.
- Continuing to strengthen the Corporate Finance businesses, aiming to take leading roles for onshore and offshore syndicated loans, providing structured financing, capital markets, and corporate trusts to reshape the branding of bank's franchise value in viewing for higher interest income and fee income.
- Reinforcing "Know Your Customer" disciplines and loan portfolio risk management on back of continuous legal and compliance training and policy implementation, and ensuring that the lending business maintains high profitability but low risk as portfolio mix.
- With digital transformation in mind, promoting cash management and e-banking, and expanding customer base.
- Actively building a financial service platform in the Asia-Pacific region, and continuing to cultivate the Greater China and ASEAN markets through syndicated loans and cross-border financing structures for overseas market expansion and maintaining good profitability.

C. Financial Market

- Proprietary Trading: Enhancing the capability of in-house derivative product warehousing and provide variety of financial products to create synergy among trading, sales and customer services. Through investment and trading position, set up to access diversified asset allocation, flexible trading strategy and create new source of profit.
- Corporate Treasury Sales: Maintaining awareness of policy and risk of products including robust KYC measures and acquitting limit control to be in line with customer risk capability. Ensuring seamless support for corporate clients with

holistic FX instruments, including derivative products and a variety of interest rate tools to meet or exceed customer expectations.

- FI Client : Macro-control of deposits of FI client according to the bank policy, and maintain steady long-term source of funds. Optimizing deposit structure, and control the capital cost. Reacting to the rapid change and uncertainty of global economy, strictly control the quality of credit assets. Offering hedge solutions to overseas investment and structured products for IC, SC, FC and GF etc., to elevate operation synergy.
- ALM Asset and Liability Management: Strengthening liquidity risk management. Improving bank deposit structure to meet the supervision target with LCR above 100%

D. Digital Banking

(a) Digital Platform and Innovation

- Implementing our digital service development and digital acceleration according to the digital trends, regulations and business needs, and drive the intelligent transformation of the entire bank.
- Setting up the digital banking strategy of the Bank, cooperate with each business group and the head office, and use reasonable resources to develop suitable digital services.
- Developing innovative business models and promoted diversified cash flow collection and payment integration services to effectively enhance our revenue.
- Aligning with the Far East Group's strategy to develop a financial ecosystem and established our position as the provider of integrated of professional financial services within the group
- Developing our digital channels, optimize various application processes and make digital channels become the main source of acquiring new customers.

(b) Digital Marketing and New Products

- Developing our internet-only bank sub-brand-Bankee, with digital deposit accounts as the base. We used three cores: community, BaaP (Bank as a Platform), BaaS (Bank as a Service) to actively develop Bankee's new financial products and deepen digital clients.
- Building a diversified and open financial platform, developed B2B2C strategic alliances, and facilitated various financial services by the Open APIs.
- Upgrading the "Open Banking" business and cooperate with non-financial institutions to develop the third phase of "Open Banking" services.
- Promoting "MyData Personalization platform" to create more convenient application experience for customers.
- Expanding Bankee social bank to implement the government's ideal goal of promoting inclusive finance.
- Proposing new concepts to obtained public interests (Off-counter ratio, Digital-acquisition-ratio, etc.), and successfully shaped the leading digital bank image

- Using big data technology to analyze data and consumer behavior database, to predict customer needs and provide appropriate financial services to target customers by carrying out accurate marketing.

(3) Market Analysis

A. Market Prospective and Growth

FEIB has branches and representative offices in domestic urban areas, Hong Kong and Southeast Asia to serve clients across Greater China and Asia Pacific.

Looking forward to 2022, with the increase in vaccine penetration, countries will gradually loosen their anti-pandemic policies, and global economic activities will gradually return to normal. The pandemic situation in Taiwan is stable. The export momentum will be continue, the domestic demand market is expected to recover, and the economy maintains growth momentum. In addition, under the pressure of inflation, the US Federal Reserve will gradually raise interest rates and reduce the size of its balance sheet. Although financial market volatility will increase, the deposit spread will widen, which will help improve the profitability of banks.

There are two internet-only banks, which already operated in Taiwan, and the third one is expected to open in 2022. The market competition will become more intense. The FSC announced the "Fintech Development Roadmap" to encourage the development of innovative financial businesses, and gradually promote the exchange of data across markets and institutions, which will help banks and non-financial institution develop new operating models, extend the scope of financial services, and expand new customer bases.

FEIB will pay close attention to the pulsation of the global economy, keep abreast of changes in the international financial market, and industrial development trends of domestic and global. With a long-term and steady growth goal, FEIB will use flexible and agile business strategies to exert its competitiveness in niche businesses and meet customers' complete financial needs.

B. Competitiveness, Development Strength, Weakness and Remedial Strategies

FEIB has entered the ranks of medium-sized banks. For continuously improving competitiveness, FEIB develops core businesses in a balanced manner, consolidates leading position in niche products, implements rigorous risk management, legal compliance and internal control systems, and improves the quality of corporate governance; through digital processes transform to improve operational efficiency; shape a learning organizational culture to cultivate high-quality talents; use flexible organizational adjustments to grasp market opportunities. Based on the intensive competition of financial industry, the strengths, weaknesses and strategies of future business development of FEIB are analyzed as follows:

(a) Strengths:

- Interest rate hike will help Bank's interest spread.
- Retail banking group provide professional service to customers by ONE TEAM FOR ONE, which is beneficial to improve customer product holding and loyalty.

- HR recruiting & talent acquisition focus on talented professionals with international work experience to enhance the variety and professionalism of team mix.
- Strengthening systematic operation of post lending to for controlling asset quality and improving operation efficiency
- Diversifying financial products, offering tailor-made services, and targeting precise customer segment with integrated financial solutions
- Setting up representative offices in Ho Chi Minh City and Singapore, which is beneficial to expand overseas business.
- Hosting international syndication loans, accumulating international reputation, and enhancing the foundation of cross-border business development.
- Promoting "Open Banking" policy to accelerate the development of inclusive finance. FSC has completed the second stage of this business and will continue to actively promote the third stage business.
- Consumers' acceptance of digital financial services has increased, which is conducive to the development of digital banking business.
- The government issued the "Guidelines on Data Sharing between Financial Institutions" to open up data sharing with non-financial institutions which can conduct cross-selling and develop new business models.
- Combining the Group's cross-industry advantages and solid resource, cooperates with related company, such as Far EasTone, Retail Channel of FEG, and Oriental Securities, which is beneficial of the synergy of the FEG Group.

(b) Weaknesses:

- Excessive competition and low interest rate environment, fierce price competition for lending business
- Constrained presence in overseas and under-development in mainland China and Asia Pacific
- Tighter regulatory environment & stringent compliance policies confine business development and increased compliance cost
- Liquidity risk management impose greater challenges for funding utilization
- The economic uncertainties could impact greatly on the enterprises' investments and profitability
- The government intensifies personal information protection and information security supervision, which limits the scope of analysis and application of data.
- The third internet-only bank will open in 2022. The market competition of banking industry will become more intense.
- Affected by the COVID-19 epidemic, the changes of consumer buying behavior and payment habits will continue to influence the existing business model of banks.

(c) Strategies:

- Strengthening the marketing of wealth management mortgages, considering the quality of assets, and improve the rate of return on assets
- Developing revolving credit products with high interest spreads to increase interest spread contribution.
- Conveying the brand value of "Ten Happiness", operating digital marketing, increasing the breadth of social media interaction, deepening the digital customer base and strengthen customer loyalty.
- Promoting Preferential Demand Deposit program to build stable funding sources
- Realigning asset portfolio dynamically to enhance the return on asset (ROA) and funding utilization
- Making the best use of corporate finance innovative solutions and TMU niche program to diversify financial services in product spectrum
- Following business model of B2B2C to provide digitalized financial services and embracing new technology and cash management to explore new business opportunities
- Deepening customer relationship in Greater China area and cooperating government's New Southbound Policy so as to enlarge offshore markets and customer base by means of participating international syndication deals
- Promoting cross-industry data sharing, creating a new financial ecosystem, and developing a "smart financial industry".
- Optimizing Bankee services, making good use of community promotion power, and expanding customer scale.
- Using the concept of the financial open platform BaaP (Bank as a Platform) to connect new partners, and build a diversified financial department store.
- Promoting integrated cash flow collection and payment services, applying OPEN API to connect retail channels, and expanding the payment ecosystem.
- Applying innovative financial technology to promote the digitalization of financial services, and upgrading the digital application and service process.

(4) Research and Development

A. R&D and Newly Established Department in Last Two Years:

(a) R&D Results

- Bankee : FEIB used the financial open platform BaaP (Bank as a Platform) and BaaS (Bank as a Service) concepts to modularize financial services and built an open financial department store. Bankee continues to cooperate with new partners to develop innovative business models and ecosystems, and drives market innovation and development. In 2022, based on the digital deposit accounts, Bankee will continue to be promoted, by using B2C2C, B2G2C, B2B2C three resources to recruit new customer groups, optimize the digital

platform and use intelligent application technology to deepen customer management.

- The TSP real-time cash flow platform: FEIB solved the pain points of TSP (Third-Party Service Providers) making receipt and payment, developed a system that is complied with financial regulations, and able to protect customers. The platform makes Bankee as the best settlement account for all TSP customers.
- The FSC actively promotes the second phase of open banking. In response to the FSC Open Banking Policy, based on the FISC's Open Banking protocol, Far Eastern International Bank allied with FETnet to launch the nation's first Open Banking stage II service, which provides the convenience of integrated enquiries of account information and makes Far Eastern International Bank as an expert of Open Banking.

(b) Newly Established Department

- The Singapore representative office was opened in 2021 for collecting local market information.

B. R&D Expenditures and Result

R&D Expenditures

Unit: NT\$ Thousands		
Year	2020	2021
Amount	347,336	406,118

The R&D results is detailed in "implementation of the staff training program" and the "major financial products in last two years".

C. Future Research and Development Plans and Progress

Current Project	R&D Amount (NT\$ Thousands)	Est. deadline	Purpose
Retail Banking Project	124,580	Dec. 2022	Increase market competitiveness
Corporate Banking Project	6,100	Dec. 2022	Provide convenient customer service
Financial Market Project	15,386	Dec. 2022	Provide convenient customer service
Digital Banking Project	66,000	Dec. 2022	Digital sub-brand
Headquarter Dept. Project	37,235	Dec. 2022	Cooperate with business development
Operation Dept. Project	55,177	Dec. 2022	Optimize operation process
IT Project	361,434	Dec. 2022	Cooperate with business development

(5) Short and Long-Term Business Development Plans

A. Short-term Business Development Plans

- (a) Providing full product plan for different customer's life stage, such as financial needs, asset balance allocation, etc. to fulfill customers' needs and increase the penetration rate of products.
- (b) Differentiating personnel loan customer, focusing on low-risk customers, managing medium-risk customers to increase margin interests.
- (c) Managing exist customers with mortgage, deposit, strengthening multi-digital media and marketing, increasing external customer's acquisition for wealth management mortgages.

- (d) Grouping customers according to their assets, asset management scale, credit card consumption, etc., to carry out precise marketing and enhance operating profit.
- (e) Developing corporate wealth management financial products, and actively building regional asset portfolios to meet all-round financial and wealth management needs of medium-sized and large market-cap customers.
- (f) Leveraging corporate e-banking platform to provide integrated cash and liquidity management services in Greater China and aiming to become client's primary operating bank.
- (g) Expanding overseas business by new overseas offices or branches
- (h) Developing new customer and strengthen relationship with current customers, and control financing quality to maintain business growth momentum.
- (i) Strengthening the pricing ability of interest rate and foreign exchange products, and providing the one-stop shop customer service, including hedging strategies and investment products.
- (j) Developing diversified digital services, introducing innovative applications and promoting online application.
- (k) Focusing on "community", developing new types of investment platforms and community deposits/loans through Bankee, expanding community application scenarios, cultivating young customer groups, and building innovative business promotion models.
- (l) Integrating data and services with TSP, and developing new business models to redesign financial services, in line with "secure financial data sharing" by FSC.
- (m) Following the "Fintech Development Roadmap" by FSC to gradually promote cross-market and cross-institutional data exchange, making good use of the new financial industry model to create an ecosystem, and developing towards a "smart financial industry".
- (n) Implementing big data to develop deep learning models with precise marketing, which provide services for online customers.
- (o) Cooperating with "HAPPY GO PAY" to expand acquire service of retail channel.
- (p) Optimizing monitoring of online transformations and providing stable digital services.

B. Long-term Business Development Plans

- (a) Connecting customers' financial needs across different life stages, and assisting customers to achieve their goals of wealth preservation, asset appreciation and obtaining the prosperity of life through "Ten Happiness" branding.
- (b) Increasing the proportion of high margin asset

- (c) Grasping the industry development trend, focusing on target customer groups, and combining with high-performance teams to provide boutique, niche and customized financial services.
- (d) Referring the successful development experience of overseas markets, deeply cultivating the Greater China and Asia-Pacific markets, expanding international syndicated loans and structured commodities, and the scale of overseas assets and the proportion of profits.
- (e) Developing Global Transaction Services, expanding deposit base, optimizing funding structure to secure lending interest spread.
- (f) Upgrading electronic trading platform - FETP and expanding new customer base
- (g) Cultivating trading specialists, setting up the quantitative trading team and developing automatic quotation system on sales channel to enhance investing ability, and to diversify investment portfolio and increase profit source.
- (h) Using Fintech to integrate channels, services and products, transforming into a complex of "intelligent services + lifestyle", and providing financial services in real time to customers.
- (i) Promoting e/M services and integrating O2O online/offline to create Omni Channel intelligent services, providing the best user experience.
- (j) Innovating business models through new technology, customer experience and digital data analysis, and transform "digital services" into "digital businesses".
- (k) Accumulating our Fintech R&D capabilities, and finding opportunities for innovation in various digital projects and apply for Fintech patents.

2. Human Resources

(1) Employee Information in the Recent Two Years and as of the Date of the Publication of the Annual Report

		March 30, 2022		
Year		2020	2021	As of Mar 30, 2022
Number of Employees	Above Vice President	298	323	314
	Deputy Manager ~Deputy Vice President	1,397	1,437	1,446
	Below Assistant Manager	855	817	815
	Total	2,550	2,577	2,575
Average Age		42.03	42.26	42.89
Average Years of Service		10.46	10.82	10.90
Shares of Education Degrees	Above University	22.27%	23.36%	23.53%
	University	59.65%	59.18%	59.07%
	Junior College	15.77%	15.17%	15.07%
	Senior high school	2.27%	2.25%	2.29%
Below senior high school		0.04%	0.04%	0.04%
Number of Professional License	Proficiency Test for Bank Internal Control and Audit	1,789	1,786	1,788
	Proficiency Test for Trust Operations Personnel	1,536	1,543	1,552
	Personal Insurance Representative	1,544	1,533	1,523
	Property Insurance Representative	1,365	1,363	1,365
	Investment-Orientated Insurance Product Representative	675	674	659
	Non-Investment-Oriented Life Insurance Eligibility and Payment of Foreign Currency Representative	845	841	821
	Certification Test for Financial Derivatives Sales Personnel	652	654	660
	Basic Proficiency Test for Bank Lending Personnel	550	551	556
	Advanced Proficiency Test for Bank Lending Personnel	21	21	21
	Basic Proficiency Test for International Banking Personnel	323	329	328
	Futures Specialist	233	235	232
	Securities Investment Trust and Consulting Professionals	150	147	151
	Securities Specialist	194	193	207
	Senior Securities Specialist	201	199	212
	Securities Investment Analyst	8	7	9
	Proficiency Test for Financial Planning Personnel	403	404	397
	Certified Financial Planner (CFP)	16	21	16
	Chartered Financial Analyst (CFA)	2	2	1
	Property Insurance Agent	10	10	9
	Property Insurance Broker	4	4	6
	Personal Insurance Agent	10	10	8
	Personal Insurance Broker	5	5	5
	CPA	3	3	3
	Certified Anti-Money Laundering Specialist(CAMS)	26	28	28
	Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist	475	486	514
	Others	6,612	6,693	7,672
Total		17,652	17,742	18,743

(2) Employee Training and Development

In 2021, the bank has been recognized by National Talent Development Awards. (NTDA is hold by the Ministry of Labor, top Premier Labor and Development official institute in Taiwan. The awards that recognize the best enterprise in Taiwan, which is committed to comprehensive human resources development and diverse employee welfare.) For 19 years in a row, the bank has received incentive money that accumulate NT\$11.25 million under its "Enterprises Talent Skill Progressive Program".

Training result in the recent three years is summarized as below:

Unit: NT\$ Thousands

Year \ Training	Internal Program			External Program			Total		
	Expense	No. of Employees	No. of Classes	Expense	No. of Employees	No. of Classes	Expense	No. of Employees	No. of Classes
2019	13,151	21,658	895	5,198	1,398	611	18,349	23,056	1,506
2020	11,314	14,695	647	3,313	1,536	597	14,627	16,231	1,244
2021	11,847	14,712	502	4,092	1,452	573	15,939	16,164	1,075

In 2021, the total training hours is about 288,001 hours, and the average training hours per person was about 112 hours (14 days). Including the eHRD (internal training platform), the Studio Classroom (WebEnglish, external learning platform) and the CWLC (CommonWealth Leader Campus).

Category		Summary	No. of Hours
Classroom Training	Professional	Professional knowledge to execute business and knowledge of digital finance.	101,088
	Fundamental	Productivity enhancement and self- management skills.	
	Management	Strengthening management skills for potential talents and managers.	
	Management Associate	Management training and promote English development program to build a bicultural talent pool.	
	Regulatory	Legally required courses such as information security, anti-money laundering, and occupational safety and health training.	
	Digital Skill	Fintech lectures and computer application training	
	Language	Toastmasters and English courses	
Online Training	Internal	eHRD	62,548
	External	Studio Classroom	82,102
		CWLC	42,263
Total			288,001

(3) Training and Development Plan in 2022.

- A. Solidify core-competency training, advance professional knowledge and skills training, and implement legal & compliance training.
- B. Build digital thinking culture and develop Fintech talents by holding Fintech lectures and computer application training, and adopt external digital learning platforms.
- C. Develop talents and cultivate talent echelon through MA (Management Associate), Mid HPT (Mid-Level High Potential Talent) and HPT (High Potential Talent) training program. Furthermore, provide management training for new managers, and promote English development program to build a bicultural talent pool.

(4) Employee Behavior and Ethics Standards

The bank has established "Ethical Corporate Management Best-Practice Principles"," Codes of Ethical Conduct"," Codes of Informing against Illegal, Unmoral and Lacking in Sincere Conduct" and "Employee Behavior Standard" to comply with. These regulations have been unveiled in the bank's website, and announced at meetings held by each department in order to be understood by employees.

The following contents are articles of "Codes of Ethical Conduct of FEIB"

Article 1 Purpose and basis

In order to guide the Company's directors, managers, and employees to behave in accordance with ethical standards and improve stakeholders' understanding of the Company's ethical standards, the Company has stipulated the Codes of Ethical Conduct (the "Code") for them to comply.

Article 2 Applicable parties

The applicable parties of the Code are the Company's directors, managers, and employees. (the "Applicable parties")

Article 3 Principles of ethically conducting business

When conducting business, the Applicable parties shall comply with ethical standards and insist on honesty, trust, and job duties.

Article 4 Prevention of conflicts of interest

The Applicable parties shall conduct business in an objective and efficient way and are not allowed to obtain any illegitimate benefit for themselves, their spouses, parents, children or relatives within the second degree of kinship through their position in the Company.

When the Company has lending or borrowing agreements with, or gives guarantee for, or has material asset transactions with an affiliated enterprise of any person mentioned in the preceding paragraph, the relevant Applicable parties shall voluntarily elaborate any potential conflicts of interest between the Company and himself / herself, and shall be handled in accordance with the Company's codes relevant to these cases to prevent conflicts of interest.

Employees whose job is handling lending business should get the permission of avoiding to deal with lending cases of themselves, their spouses, or relatives within the third degree of kinship.

If employee's spouses or relatives by blood or by marriage within the third degree of kinship are employees of the Company, these persons shall comply with the principle of preventing conflicts of interest.

Article 5 Prohibition against coveting private profit

The Applicable parties are prohibited from:

1. Obtaining personal benefit through using the Company's properties, information or through their positions in the Company;
2. Competing with the Company

When the Company has an opportunity for profit, it is the responsibility of the

Applicable parties to maximize the reasonable and proper benefits that can be obtained by the Company.

Article 6 Responsibility of confidentiality

The Applicable parties are obligated to maintain the confidentiality of any information regarding the Company itself or customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or customers.

Article 7 Fair trade

The Applicable parties shall treat all customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 8 Protection and proper use of the Company's assets

The Applicable parties shall protect the Company's assets, reduce expenses, and ensure that assets are legally and effectively used for the business purpose of the Company to avoid theft, negligence or wasting.

Article 9 Legal compliance

The Applicable parties shall comply with the Banking Act, Securities and Exchange Act, and other applicable laws and regulations. The Company shall strengthen promotion of ethics internally.

Article 10 Reporting

When a director discovers that the Company is in danger of sustaining material loss or damage, the director should promptly take appropriate actions and immediately notify the Audit Committee or independent director members of the Audit Committee, and report to the board of directors, and supervise the Company to report to the competent authority.

When the Applicable parties suspect or find any fact of violation of laws and regulations or the Code, they shall actively report such fact to the Audit Committee, managers, chief auditor, head office chief compliance officer, or other appropriate personnel and provide the Company with sufficient information for proper follow-ups by the Company.

All of reports shall be kept confidential and investigated by independent channels by the Company to protect informants.

Article 11 Punishment

If any of the Applicable parties violate the Code, the Company will handle the case in accordance with relevant punishment regulations; the Company may claim compensation for any loss or damage resulting from such violation pursuant to the Civil Code. When a director or managerial officer violates the Code, the Company shall promptly disclose on the Market Observation Post System (the "MOPS") the date of the violation, reasons for the violation, the provisions of the Code violated, and the actions taken by the Company.

Before making a resolution of punishment, the suspected violator is able to make a defense or complaint in accordance with related regulations.

Article 12 Procedures for exemption

If the Applicable parties require any exemption from compliance with the Code, it shall be resolved with approval by the board of directors, and the information on the date of exemption approved by the board of directors, objections or reservations opinions of independent directors, and the period of, reasons for, and basis of exemption shall be disclosed immediately on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the Code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 13 Way of disclosure

The Company shall disclose the Code on its web site, annual report, prospectuses and the MOPS. The same requirement applies for revision.

Article 14 Implementation

The Code shall enter into force after being approved by the board of directors, and the same shall also be reported at the shareholders' meeting. The same procedure shall be followed when the Code has been amended.

3. Corporate Social Responsibility

(1) Affirmed the Implementation of Corporate Social Responsibility

- A. Selected as a constituent of Taiwan High Compensation 100 Index and Taiwan Employment Creation 99 Index, and has been selected as the Taiwan Sustainability Index for six consecutive times, can use the "Taiwan Sustainability Index Exclusive Logo"
- B. The 2020 CSR Report with BSI's certificate won both the gold award and outstanding sustainability award of "2021 Taiwan Corporate Sustainability Awards" and 2021 Sustainable Resilience Outstanding Award from the British Standards Institution.
- C. "Asia's Best Employers Award" from the Malaysia "HR ASIA" magazine
- D. Honor of "2021 national i Sports from Sports Administration".
- E. The National Health Administration of the Ministry of Health and Welfare issued the "Healthy Workplace Certification-Health Promotion Mark", and fifteen Branch received the "Healthy Workplace Certification Health Start Mark".
- F. Awarded as "Model Unit of Green Procurement" by Taipei Environmental Protection Bureau
- G. Procurement Award 3rd Prize of "2021 Asia Pacific Social Innovation Partnership Award"
- H. In 2021, the bank has been recognized by National Talent Development Awards and the learning star of CWLC (CommonWealth Leader Campus).

(2) Caring for Social Welfare

- A. Eden Honor Cards were issued since 1997 with Eden Social Welfare Foundation. The Bank developed it as a core platform for diversified, convenient fund raising mechanism. Accumulated funds from FEIB and heartwarming people to donate Eden until year-end of 2021 reached NT\$89 million.
- B. FEIB has cooperated with the Eden Social Welfare Foundation, to hired 3 visually impaired masseurs to providing massage services for employees. Furthermore, FEIB was the pioneer among the financial institutions to hire an intellectual development disorders at the Children Are Us Foundation. In 2021, continually, FEIB ordered their hand-made biscuits, and hired 2 adult members to serve tea and dessert for customers at branches around Taipei and New Taipei Cities. Through the Foundation mentors teaching, help adults to learn living skills, take a bus or the MRT to working place, and therefore join social lives.
- C. FEIB cosponsored a learning program for Senior customers with the Yuan Ze University, which is particularly relocated to Taichung this year to promote LOHAS.
- D. Affected by the epidemic, donations from many groups that care about stray animals have been greatly reduced. FEIB Bankee Community Bank launched a donation promotion campaign of "One Heart, Two Powers". For those who donate NT\$100 to Taiwan Heart Animal Protection Association using Bankee digital deposit account,

Bankee will donate an additional NT\$100. Through Bankee's small donation convenience mechanism, we hope to assist the sterilization and other methods promoted by The Heart of Taiwan Animal Care to reduce stray dogs and cats Community Development

- E. In 2021, the Bank selected Mid-Autumn Festival gift from the micro-enterprise "Youju Shengji Industrial Co., Ltd." on the "Buying Power" social enterprise platform, to support its social and environmental friendly use with its purchasing power. The social enterprise uses insured contracts, interest-free loans and Wakayama method of pickling counseling to improve the loss of Mei Nong's production and sales imbalance, increase and stabilize Mei Nong's income, allow young people to stay in their hometowns and work in peace, and also help mountain village families to improve their functions.
- F. The Bank cooperated with the Da an District Health Service Center to join the Dementia Friendly Community in Taipei City with the head office branch of FEIB as the starting point, and implemented "see, ask, stay, and transfer", and help them to go home safely through the connection with the police station, and provide a dementia-friendly environment.
- G. The Bank continuously has sponsored the music talent-training program in remote areas for three years. In 2011, although the Taiwan Connection (TC) canceled the performance of the "TC Music Festival" affected by the COVID-19 epidemic, the music talent-training program in remote areas continued to be carried out digitally. 14 rural schools linking on common creating music with a total of 1,667 teachers and students, sowing the seeds of hope, and opening the window of music, art and aesthetics for schoolchildren in remote rural areas.
- H. On the Christmas Eve, the Bank co-organized the "Joyful Journey, Unlimited Dreams" weekend movie viewing event with Franklin Investments, our long-term partner in fund and wealth management products. We invited the nursery children of the Taiwan Vision to watch the Disney movies with popcorn and coke. Charity donations are also planned for the Leyixin Journey series activities. As long as the LeJia+ card is swiped during the event, the Bank will withdraw 0.3% of the card transaction amount and donate it to The World Vision.

(3) Culture Support

- A. FEIB co-sponsored "New Taipei Merry Christmas City", Taiwan Lantern Festival and etc. with the Far Eastern Group to spread the warm and grateful atmosphere of Christmas and New Year.
- B. FEIB published 2021 calendar titled "Taiwan Art Museum Tour", contained 12 art museums and Art Café Cultivation Notes in monthly page. We propose the LOHAS concept of life aesthetic education based on the 12 public functions of art museums and personal attitudes close to art.

(4) Environmental Protection

- A. The Bank introduced the TCFD (Task Force on Climate-Related Financial Disclosures) framework issued by the Financial Stability Board, and conducted a questionnaire survey to relevant departments to complete the risk matrix, climate change-related risks analysis, opportunity matrix analysis. In the end of 2021, the bank became a TCFD initiative support enterprise.

- B. To save energy, reduce carbon emission, and geared toward international standard, FEIB established ISO 50001 and received international certification. Action are to stipulate energy policy, set up energy management team by the President to plan and integrate the Bank's internal energy operation, convoke annual meeting to discuss energy management strategy, examine and evaluate execution performance, seek efficient improvement and elevation of energy efficiency, lower operating cost, and be committed to protecting the environment.
- C. In order to improve environmental management, since 2018, we have introduced ISO 14064-1 greenhouse gas inspection at the head office building of the Bank and passed the certification of external agencies. In 2011, we continued to conduct greenhouse gas inspection and verification of the head office building, and expanded the scope of the inspection to all bases in Taiwan, and further established reduction targets and management plans to reduce greenhouse gas emissions year by year.
- D. Priority is given to the use of equipment with "Green Mark", and the green purchase amount until year-end of 2021 reached NT\$18.06 million.
- E. In the credit granting principles, it is stated that the target of credit and the use of funds should be in line with social welfare, and no pollution industry should be undertaken, and negative reports from relevant media should be included in the scope of major post-loan notifications to facilitate monitoring and management. In 2021, there were 214 credit customers, of which 51 were newly added, with a cumulative balance of NT\$ 22.8 billion, an increase of 13.3% over the previous year.
- F. In 2021, the bank completed the compliance statement of the latest "Principle of Due Diligence for Institutional Investors", introduced ESG assessment in the investment process, and added ETFs of overseas ESG sustainable enterprises as investment targets. There were a total of 7 green bonds and 1ESG sustainability bond, with a total amount of NT\$2.1 billion in the end of 2021.

(5) Business Sustainability and Shareholder Value

FEIB has long been dedicated to improve corporate governance, strengthen business performance, and create maximum value for all shareholders. FEIB was in the top 5% of the listed companies in the 8th "Corporate Governance Evaluation" conducted by Taiwan Stock Exchange.

4. Number of Full Time Non-Managers, the Average and Median of Non-Managers' salary

Unit: NT\$			
year	2020	2021	Difference
Full-Time Number of Non-Managers	2,219	2,213	-6
Average Number of Non-Managers' Salary	1,200,000	1,167,000	-33,000
Median Number of Non-Managers' Salary	1,046,000	1,037,000	-9,000

Note 1: Non-supervisory positions: Refers to non-manager positions.

Note 2: The statistical principles are based on the relevant reporting requirements for full-time employee salary information for companies listed on the Taiwan Stock Exchange.

5. IT Investment

(1) Major Information System Hardware, Software Configuration and Maintenance

Information System	Hardware	Operating System
Core Banking System	Unisys Libra 6590	MCP
Mutual Fund and Trust System	IBM AS/400	OS/400
Trade Finance System	IBM RS/6000	AIX
Credit Card System	IBM Mainframe	OS/390
Data Warehouse System	IBM RS/6000	AIX
Individual Internet Banking system、Mobile Banking system	IBM RS/6000	AIX
Corporate Internet Banking system	IBM RS/6000	AIX
	Windows Server	Windows
Financial Markets System		
FX Margin Trading System		
Corporate CRM System	Windows Server	Windows
eLoan System		
Hong Kong Branch System		
Wealth Management System	Linux Server	Linux

The software and hardware of the Bank's information system are maintained by the FEIB Information Technology Group or by professional vendors.

(2) Future Development or Acquisition Plans

- A. To build financial product online application platform to simplify customer applying process and enhance customer experience.
- B. To optimize the FEIB official website, online banking and mobile banking services to provide convenient and useful banking services.
- C. To optimize the social bank "Bankee" features to provide convenient banking services.
- D. To optimize the Web chat (Robot & Live) Customer Service System to improve customer care service.
- E. To build mobile-based insurance services to provide customers with more comprehensive insurance services.
- F. To upgrade the Trade Finance System to support the business expansion.
- G. To build Cross-border remittance service to provide price competitive and faster cash transfer service.
- H. To automate the system development process to improve system development efficiency.
- I. To review and adjust the credit score cards and strategies to improve the scoring performance and strengthen risk management.
- J. To build Oversea ETF/Stock Management System to provide 24HR ordering service.
- K. To upgrade Credit Card Application System to support the business expansion.
- L. To build a data strategy application system, with data-driven strategy planning as the core, from the perspective of Big Data analysis and marketing applications, import AI Model modeling tools and marketing automation platforms.
- M. To build Foreign Bonds System for Bank's bond brokerage business.

- N. To upgrade Call Center System to support the business expansion.
- O. To build Microservice bundled with application log monitoring platform to support digital transformation and accelerate business expansion.
- P. To extend external application programming interface (API) management platform service to provide Open Banking services.
- Q. To build and relocate to new data center, to support more stability financial information service.

(3) Emergency Backup and Security Protection Measures

Please refer to Page 120, "V. Operation Highlights" / "6. Information Security Management" / "(1) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management" / "B. Information security risk evaluation analysis" / "C. Improving the information security protection architecture" and "D. Emergency response plan"

6. Information Security Management

(1) The information Security Risk Management Framework, the Information Security Policy, the Specific Management Plan and the Resources Invested in the Information Security Management

FEIB has established an information security risk management structure. In 2018, it established a dedicated security department (Information Security Department) to formulate an information security policy and is responsible for the planning, implementation, management and audit of information security matters. In the first quarter of each year, the initiatives of information security will be reported to the Board of Directors. The specific management plans and invested resources for the overall implementation of information security are as follows:

A. Information Security and the Personal Information Protection Management System:

FEIB's information security management system architecture has been certified to the international standard ISO 27001, the current certificate is valid from July 2021 to July 2024. And the personal information protection management system architecture is also certified by the international standard BS 10012, the current certificate is valid from September 2020 to September 2023. Set up the Information Security Implementation Team (Information Security Committee) and the Personal Information Management Team under the management structure. The management review meeting is held every six months, and the information security policy and all management system documents are reviewed at least once a year to continue to be verified by BSI through biannual reviews, and ensure the implementation of various information security operations systems and protect customer personal information. In 2021, a total of 8 information security specification documents were revised.

B. Information Security Testing and Audit:

In 2021, FEIB commissioned a qualified third-party consultation company to implement the information system security evaluation. Assessment projects include information system architecture review, network activity review, compliance review, vulnerability scanning, penetration tests, Mobile App security testing, SWIFT Customer Security Program (CSP) audit, and e-mail phishing exercise. No issues were found after testing and audit. In addition, FEIB commissioned an accountant to complete the personal information protection audit for the previous year, the audit result conformed to all relevant specifications. Moreover handle information security and personal information protection online training for all employees, and all employees completed the training as scheduled. The implementation of FEIB's information security has met the specifications and requirements for testing and verification.

C. Improving the Information Security Protection Architecture:

FEIB establishes the Security Operation Center (SOC) to automatically collect complete internal security device logs and external security intelligence, and improve the timeliness and integrity of security event monitoring through intelligent analysis mechanisms. FEIB also applies the mobile security solution to prevent the Apps from being maliciously cracked, de-assembled, and skimmed by hackers to ensure the security of the Apps. In addition, a bank-wide Data Leakage Prevention (DLP) system has been built to strengthen the detection and control of the transmission of personal data to minimize the risk of data leakage.

D. Emergency Response Plan:

FEIB has completed denial of service (DDoS) attack response drill, ATM accident response procedure drill, cybersecurity incident response drill and information system backup drill. The drill results have met the expectations and verified the effectiveness of mechanisms and procedures.

(2) Major Information Security Incident

None.

7. Labor Relations

(1) Various Employee Welfare Measures, Retirement System and its Execution, Labor-Management Agreements, and Various Employee Interest Protection Measures

A. Employee Welfare Measures

- (a) Preferential Interest Rate
- (b) Preferential Loan Rate
- (c) Financial Transaction Fee / Remittance Offer
- (d) Establish the Employee Welfare Committee. Employees are entitled to apply for different subsidies, such as marriage, funeral, childbirth, festivals, birthdays, club, children and LOHAS allowance.
- (e) Employee Stock Ownership and Employee Remuneration
- (f) Employee Stock Ownership Trust
- (g) Pension
- (h) Annual Leaves
- (i) Group Insurance, Labor Insurance, Health Insurance and COVID-19 Prevention Insurance
- (j) Friendly Parenting Measures :
 - Sign a concession contract with the childcare institution.
 - Leave for family care, pregnancy checkups, maternity, accompanying maternity and implementing unpaid parental leave for raising children.
 - Under the normal working hours of the day, the staff can flexibly adjust the starting and ending time of work within 2 hours.
- (k) Tuition Reimbursement Program
- (l) Reward Program for Professional Certification
- (m) Regular Employee Health Examination

B. Employee Retirement System

- (a) The Bank contributes labor pension according to the labor pension system and related laws/regulations. Especially for the employees who staffed before Jul 1, 2005, the bank shall appropriate labor pension reserve funds with 2% of the total monthly wages of the employees and deposit such amount in a designated account. Before the end of each year, the bank shall assess the balance in the designated labor pension reserve funds account. Yet, the amount is adequate to pay pensions for workers retired in the same year.
- (b) Supervisory Committee of Labor Retirement Reserve supervises and ensures employees' rights. The 8th term of the committee was founded in April, 2019 and, was approved for reference by Department of Labor, Taipei City Government.

C. Labor-Management Agreements and Various Employee Interest Protection Measures

- (a) The bank distributes internal meeting minutes on the regular basis and publishes newsletters (Happy Reader) quarterly to deliver significant management decisions and messages. Moreover, it implements mailbox and e-forum to serve as communication channel with employees. Also, it holds Labor-Management Meeting every three months to promote mutual communication between employers and employees.

- (b) Be abided by various labor laws and international human rights conventions, the bank formulates "work rules" and personnel regulations. Also, regularly it carries out publicity courses to implements compliance and protects employees' labor rights and maintains gender equality in workplace.

- (c) Policies of reporting, appealing and disciplinary actions:

The bank establishes "Codes of Informing against Illegal, Unmoral and Lacking in Sincere Conduct", "Procedures of Preventing, Appealing and Punishing Sex Harassment", and "Points for Attention of Dealing with Employee's grievances" for the bank to comply with. Channels-hotline, fax and e-mail address for informing illegal and expressing complaints about their work are installed. These cases are investigated following standard operating procedures by designated departments.

Informers and details offered by informers are kept confidential, and informers are well protected in order to avoid them suffering from inappropriate retaliation.

If designated departments make sure someone who acts inappropriately after investigating, to comply with "Codes of Rewards and Disciplinary Sanctions", the person involved will be punished according to the seriousness of his inappropriate behavior, and the informer will be rewarded appropriately.

- (d) The remuneration policy is determined by the board of directors after discussion of the remuneration committee. It takes account of pay level in the industry, business performance and future risks. The remuneration committee gives suggestions to the board of directors after periodical reviewing. In order to share profits with employees, the bank increases employees' salaries every year. The general pay levels are taken into account in the industry and individual performance. For 2021, the average rate of increasing salary was 3.3%.

- (e) In order to ensure member's rights of employee stock ownership trust, a committee operates supervision. The membership rate of 2021 was 80%.

(2) Workplace Safety and Employee Psychology Health Maintenance

- A. According to the regulations and guidelines of central governing authority, the bank establishes "Code of Practice of Safety and Health", "Occupational Safety and Health Management Plan", "Illegal Harassment in the Workplace when Staff Performing their duties Prevention Plan", "Abnormal Workload Triggers Disease Prevention Plan", "Ergonomics Plan for Prevention of Musculoskeletal Disorders", "Workplace Maternal Health Protection Plan", "Employee Health Service Program" and "Physical and mental health protection plan for middle-aged and elderly workers" to promote occupational safety and health business for prevention of occupational disease.

- B. The bank establishes the Occupational Safety and Health Management Organization.

Also it sets occupational safety and health affair managers, field first aid personnel and fire prevention supervisor, and provides them training courses. Employee self-defense group is set up, which conduct anti-robbery, self-defense and fire-fighting exercise every six months. In addition, it holds occupational safety and health e-learning training courses for employees, at least 3 hours every 3 years. In 2021, there is an occupational accident (1 employee) accounting for 0.04% of total employees. That case was someone who fell down the stairs. To prevent recurrence, warning signs was posted.

- C. In order to ensure the health of employees, the frequency and budget of employee health examinations provided by the bank are superior to the mandatory requirement. With regard to employees' health management, the bank arranges occupational medicine physicians available to provide medical consultation service at workplace and hires professional nurses to watch for employees' mental health maintenance.
- D. In addition, it holds various health promotion activities, including health lectures, sports club, health management competitions, etc., to create a healthy workplace. The bank's implementation result has been recognized by the HPA (Health Promotion Administration, Ministry of Health and Welfare) and received 28 badges of Accredited Healthy Workplace. The bank also won the 2nd runner-up prize in the "2021 Sports Calendar Points Competition".
- E. For providing safe and comfortable working environment to employees, the Bank measures working environment every six months in accordance with Occupational Safety and Health Act. The fire safety inspection reports are announced every year by the Fire Services Act. According to Building Act, buildings are examined for public safety every two year.

(3) Specify Loss Resulting from Labor-Management Disputes (Including Labor Inspection Results in Violation of the Labor Standards Act) in 2021 and as of Date of the Publication of the Annual Report and Disclose the Value of Current and Possible Future Loss and Countermeasures, as well as Reasons for Inability to Estimate Loss

Disciplinary date	Feb 02, 2022
Disciplinary letter	Letter No. 11160040671
Violated article of the Labor Standards Act	Article 24 (1) of the Labor Standards Act.
Violated Situation	Failure to pay overtime wages.
Fine	NT\$50,000
Response measures	<ul style="list-style-type: none"> ■ The fine and overtime wages have been paid. ■ The bank has organized advocacy courses and required supervisors to supervise employees to implement overtime applications

8. Important Contracts

March 30, 2022

Contract	Signing Party	Covering Period	Main Content	Restrictions
Outsourcing Agreement	TUNG KUAN SYSTEM CO. LTD.	2022.01.01 – 2022.12.31	Data processing: Including the data entry, processing, and output of information system	None
Outsourcing Agreement	TUNG KUAN SYSTEM CO. LTD.	2021.12.21- 2022.12.20	Data processing: Including the data entry, processing, and output of information system	None
Outsourcing Agreement	FOONGTONE TECHNOLOGY CO., LTD.	2022.02.27- 2023.02.26	1. Data processing: Including the data entry, processing, and output of information system 2. Including the operation processing. 3. Card personalization printing 4. Mailing job processing	None
Outsourcing Agreement	TAWIWAN NAME PLATE CO., LTD.	2021.04.01- 2022.03.31	1. Data processing: Including the data entry, processing, and output of information system 2. Including the operation processing. 3. Card personalization printing 4. Mailing job processing	None
Outsourcing Agreement	Han Yeh Business Form Corporation	2021.07.16- 2022.07.15	1. Data processing: Including the processing, and output of information system by Statement 2. Data processing: Including the processing, and output of information system by Withholding Statement. 3. Data processing: Including the processing, and output of information system by Insurance.	Re-outsourcing prohibited except agreed by the Bank via document
Outsourcing Agreement	FUCO TECHNOLOGY CO.,LTD.	2021.12.10- 2022.12.09	1. Data processing: Including the data entry, processing, and output of information system 2. Data processing: Including the development, monitor and maintenance of information system. 3. Including the operation processing. 4.The operation of bill printing and sealing 5. Mailing job processing 6. Replying and processing for customer email.	None
Outsourcing Agreement	FAR EAS TONE TELECOMMUNICATIONS CO., LTD.	2021.11.01- 2022.10.31	Collection processing for credit card payment.	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	OK MART	2022.03.01- 2023.02.28	Collection processing for consumer loan and credit card payment.	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	PRESIDENT CHAIN STORE CORPORATION	2022.01.01- 2022.12.31	Collection processing for consumer loan and credit card payment.	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	Hi-Life INTERNATIONAL CO., LTD.	2021.08.01- 2022.07.31	Collection processing for consumer loan and credit card payment.	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	TAIWAN FAMILY Mart CO., LTD.	2021.07.01- 2022.06.30	Collection processing for consumer loan and credit card payment.	Entrusted institutions are limited to those approved by the competent authority
Outsourcing Agreement	World Wide Net International Corp.	2021.11.28- 2022.11.27	Data processing: Including the data entry, processing, and output of information system.	None

Contract	Signing Party	Covering Period	Main Content	Restrictions
Outsourcing Agreement	Justor Collection Management Co., Ltd.	2022.03.19-2023.03.18	Collection of debt receivables	None
Outsourcing Agreement	Unistar Asset Management Co., Ltd.	2022.03.19-2023.03.18	Collection of debt receivables	None
Outsourcing Agreement	Sunrise Consultancy Co., Ltd.	2022.03.19-2023.03.18	Collection of debt receivables	None
Outsourcing Agreement	United Credit Services Co., Ltd.	2022.03.19-2023.03.18	Collection of debt receivables	None
Outsourcing Agreement	Jungshin Assets Management Co., Ltd.	2022.03.19-2023.03.18	Collection of debt receivables	None
Outsourcing Agreement	Lian Li Asset Management Co., Ltd.	2022.03.19-2023.03.18	Collection of debt receivables	None
Outsourcing Agreement	Yulon Finance Corporation	2020.04.13-2022.04.13	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Chailease Consumer Finance Co., Ltd.	2020.06.03-2022.06.03	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Hotai Finance Co., Ltd.	2020.08.03-2022.08.03	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Fina Finance & Trading Co., Ltd.	2020.08.03-2022.08.03	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Far Trust International Finance	2021.09.06-2023.09.04	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None

Contract	Signing Party	Covering Period	Main Content	Restrictions
Outsourcing Agreement	Shinshin Credit Corporation	2021.10.08-2023.10.07	1. Application forms, certificates, and related documents conservation 2. Car loan (strategic alliance) marketing and sales 3. Car loan (strategic alliance) operations management (except credit approval) 4. Car loan (strategic alliance) customer service and consultancy	None
Outsourcing Agreement	Crown Van Lines Co., Ltd.	2021.03.01-2022.02.28 1992.09.08 - 30 days written notice before termination	Documents such as forms and credential storage.	None
Outsourcing Agreement	National Credit Card Center of R.O.C.	2021.06.13-2022.06.12	Information system data registration, processing, and output	None
Outsourcing Agreement	Yuen Foong Paper Co., Ltd.	2021.06.13-2022.06.12	Valet invoicing (checks, money orders) assignments	None
Outsourcing Agreement	Leebao Security Co., Ltd.	2021.10.01-2022.09.30	Securities, Checks, commercial paper and cash in transit operation.	1.Re-outsourcing prohibited except agreed by the Bank via document. 2.The agreement will be auto-renewed for 1 year(max. for twice).
Outsourcing Agreement	Anfeng Enterprise Co., Ltd.	2021.10.01-2022.09.30	ATM machine upgrade and error fixing	1.Re-outsourcing prohibited except agreed by the Bank via document. 2.The agreement will be auto-renewed for 1 year(max. for twice).
Outsourcing Agreement	Brink's Co., Ltd.	2021.04.01-2022.03.31	Securities, Checks, commercial paper and cash in transit operation.	1.Re-outsourcing prohibited except agreed by the Bank via document. 2.The agreement will be auto-renewed for 1 year(max. for twice)
Outsourcing Agreement	Chun Hua Express Co., Ltd.	2022.02.01-2023.01.31	Outsourced delivery of bank-wide documents and bills.	Re-outsourcing prohibited except agreed by the Bank via document.
Outsourcing Agreement	Chunghwa Post Co., Ltd.	2021.08.01-2022.07.31	Business data processing operations	Contract parties are prohibited from re-entrusting without written consent of the Bank
Outsourcing Agreement	twMP Co., Ltd.	2021.01.01-2023.12.31	1. Card production for mobile payment and card life cycle management (host card emulation and tokenization) 2. Session key management and verification 3. Digital wallet APP 4. Software development kit (SDK) authentication 5. Push payment transaction	None
Outsourcing Agreement	DXC Technology Taiwan Limited	2021.01.01-2026.12.31	Computer system professional maintenance service	None
Outsourcing Agreement	TAIWAN-CA. Inc	2021-11.19-2022.11.18	Business data processing operations	None

9. Securitization

The Bank did not initiate securitization of any financial products in 2021.

VI. Financial Information

1. Five-Year Financial Summary

(1) Condensed Balance Sheets

Condensed Consolidated Balance Sheets

Unit: NT\$ Thousands

Item	Year (Note1)	2017	2018	2019	2020	2021
Cash, Cash Equivalents, Due from Central Bank and Due from Banks		30,943,984	37,566,952	36,421,733	41,546,831	50,890,513
Financial Assets at Fair Value Through Profit or Loss		30,208,333	46,507,501	53,015,441	31,757,436	37,662,767
Financial Assets at Fair Value Through Other Comprehensive Income		-	119,779,052	132,309,472	177,659,673	113,429,715
Available-for-Sale Financial Assets		109,631,578	-	-	-	-
Investment in Debt Instruments at Amortized Cost, net		-	2,588,654	2,543,880	1,077,764	71,374,127
Hold-to-Maturity Financial Assets		2,135,246	-	-	-	-
Financial Assets for Hedging		-	-	-	-	-
Securities Purchased under Resale Agreements		11,071,393	8,289,275	9,944,957	10,960,705	5,888,595
Receivables, net		22,750,869	21,484,377	22,575,863	21,544,213	24,331,835
Current Tax Assets		-	-	-	-	-
Assets held for Sale, net		-	-	-	-	-
Discounts and Loans, net		351,056,762	379,688,118	384,624,817	383,192,769	407,441,765
Investment accounted for using equity method, net		1,774,066	1,776,350	1,812,522	1,911,929	1,970,175
Restricted Assets		-	-	-	-	-
Other Financial Assets, net		10,445,556	4,695,376	5,547,572	4,654,802	3,971,314
Properties and Equipment, net (Note2)		2,889,392	2,732,431	2,913,291	2,984,953	2,984,077
Right-of-use Assets, net		-	-	1,025,968	825,209	1,018,720
Investment Properties, net		-	-	-	-	-
Intangible Assets, net		1,725,085	1,699,602	1,674,119	1,648,636	1,623,153
Deferred Tax Assets, net		584,502	372,184	249,411	212,925	209,623
Other Assets		207,514	171,278	228,504	313,111	258,134
Total Assets		575,424,280	627,351,150	654,887,550	680,290,956	723,054,513
Due to Central Bank and Other Banks		6,960,774	15,726,723	11,137,130	984,839	1,791,820
Funds borrowed from the Central Bank and other banks		-	-	-	22,340	77,240
Financial Liabilities at Fair Value Through Profit or Loss		4,319,121	2,752,479	3,909,304	5,196,435	3,002,289
Financial Liabilities for Hedging		-	-	-	-	-
Securities Sold under Repurchase Agreements		12,921,364	14,665,794	9,675,529	3,530,487	4,959
Payables		6,488,285	7,265,222	6,703,497	5,297,879	5,564,647
Current Tax Liabilities		254,446	201,032	365,937	176,737	175,662
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and Remittances		472,392,183	508,407,972	537,396,140	582,152,911	612,106,685
Bank Debentures		20,216,664	18,001,900	25,001,900	22,601,900	23,901,900
Preferred Stock Liabilities		-	-	-	-	-
Other Financial Liabilities		7,416,775	13,915,274	10,478,546	9,058,823	24,029,819
Provisions		1,127,116	1,194,774	1,235,204	1,063,091	1,056,482
Lease Liabilities		-	-	1,040,827	839,255	1,026,881

Year (Note1)		2017	2018	2019	2020	2021
Item						
Deferred Tax Liabilities		-	-	-	-	-
Other Liabilities		540,880	475,240	659,123	622,554	614,178
Total Liabilities	Before Distribution	532,637,608	582,606,410	607,603,137	631,547,251	673,352,562
	After Distribution	534,034,914	584,077,544	609,173,661	632,671,333	(Note3)
Equity Attributable to Owners of The Bank		42,786,672	44,744,740	47,284,413	48,743,705	49,701,951
Capital	Before Distribution	31,829,286	32,691,859	33,558,193	34,481,044	35,139,632
	After Distribution	32,691,859	33,558,193	34,481,044	35,139,632	(Note 3)
Capital Surplus		456,426	456,426	456,426	456,426	456,426
Retained Earnings	Before Distribution	10,486,758	11,649,127	12,833,788	12,830,481	14,087,051
	After Distribution	8,226,879	9,311,659	10,340,413	11,047,811	(Note3)
Other Equity		14,202	(52,672)	436,006	975,754	18,842
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before Distribution	42,786,672	44,744,740	47,284,413	48,743,705	49,701,951
	After Distribution	41,389,366	43,273,606	45,713,889	47,619,623	(Note3)
Independent Auditors' Report		Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion
Names of Auditors		Shih-Tsung Wu Cheng-Hsiu Yang	Shih-Tsung Wu Cheng-Hsiu Yang	Chun-Hung Chen Ying-Chou Chen	Chun-Hung Chen Ying-Chou Chen	Chun-Hung Chen Ying-Chou Chen

Note 1: The financial data had been audited by CPA.

Note 2: Asset revaluation had not been processed in each year.

Note 3: Earnings distribution yet to be approved by the 2022 shareholders' meeting

Condensed Non-consolidated Balance Sheets

Unit: NT\$ Thousands

Item	Year (Note1)	2017	2018	2019	2020	2021
Cash, Cash Equivalents, Due from Central Bank and Due from Banks		30,882,208	37,529,613	36,234,808	41,192,595	50,603,330
Financial Assets at Fair Value Through Profit or Loss		30,208,333	46,507,501	53,015,441	31,757,436	37,662,767
Financial Assets at Fair Value Through Other Comprehensive Income		-	119,779,052	132,309,472	177,659,673	113,429,715
Available-for-Sale Financial Assets		109,631,578	-	-	-	-
Investment in Debt Instruments at Amortized Cost, net		-	2,588,654	2,543,880	1,077,764	71,374,127
Hold-to-Maturity Financial Assets		2,135,246	-	-	-	-
Financial Assets for Hedging		-	-	-	-	-
Securities Purchased under Resale Agreements		11,071,393	8,289,275	9,944,957	10,960,705	5,888,595
Receivables, net		21,534,556	19,660,289	20,379,813	19,525,730	22,126,806
Current Tax Assets		-	-	-	-	-
Assets held for Sale, net		-	-	-	-	-
Discounts and Loans, net		351,056,762	379,688,118	384,624,817	383,192,769	407,441,765
Investment accounted for using equity method, net		2,758,906	2,794,977	3,941,980	4,188,899	4,206,038
Restricted Assets		-	-	-	-	-
Other Financial Assets, net		10,172,871	4,460,520	5,303,879	4,400,301	3,805,391
Properties and Equipment, net (Note2)		2,882,032	2,725,364	2,894,717	2,966,680	2,957,881
Right-of-use Assets, net		-	-	971,147	794,172	1,005,202
Investment Properties, net		-	-	-	-	-
Intangible Assets, net		1,725,085	1,699,602	1,674,119	1,648,636	1,623,153
Deferred Tax Assets, net		546,064	334,706	221,299	194,572	185,240
Other Assets		197,599	161,958	217,713	303,887	247,812
Total Assets		574,802,633	626,219,629	654,278,042	679,863,819	722,557,822
Due to Central Bank and Other Banks		6,960,774	15,726,723	11,137,130	984,839	1,791,820
Funds borrowed from the Central Bank and other banks		-	-	-	22,340	77,240
Financial Liabilities at Fair Value Through Profit or Loss		4,319,121	2,752,479	3,909,304	5,196,435	3,002,289
Financial Liabilities for Hedging		-	-	-	-	-
Securities Sold under Repurchase Agreements		12,921,364	14,665,794	9,675,529	3,530,487	4,959
Payables		6,420,726	7,187,730	6,564,200	5,131,080	5,470,609
Current Tax Liabilities		250,254	179,348	357,130	126,886	158,815
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and Remittances		472,621,114	508,647,889	537,752,178	582,692,412	612,556,258
Bank Debentures		20,216,664	18,001,900	25,001,900	22,601,900	23,901,900
Preferred Stock Liabilities		-	-	-	-	-
Other Financial Liabilities		6,657,217	12,649,950	9,730,519	8,363,435	23,238,057
Provisions		1,127,116	1,194,774	1,235,204	1,063,091	1,056,482
Lease Liabilities		-	-	987,337	809,359	1,014,799
Deferred Tax Liabilities		-	-	-	-	-
Other Liabilities		521,611	468,302	643,198	597,850	582,643
Total Liabilities	Before Distribution	532,015,961	581,474,889	606,993,629	631,120,114	672,855,871
	After Distribution	533,413,267	582,946,023	608,564,153	632,244,196	(Note3)
Capital	Before Distribution	31,829,286	32,691,859	33,558,193	34,481,044	35,139,632
	After Distribution	32,691,859	33,558,193	34,481,044	35,139,632	(Note3)
Capital Surplus		456,426	456,426	456,426	456,426	456,426

Year (Note1)		2017	2018	2019	2020	2021
Item						
Retained Earnings	Before Distribution	10,486,758	11,649,127	12,833,788	12,830,481	14,087,051
	After Distribution	8,226,879	9,311,659	10,340,413	11,047,811	(Note3)
Other Equity		14,202	(52,672)	436,006	975,754	18,842
Treasury stock		-	-	-	-	-
Total Equity	Before Distribution	42,786,672	44,744,740	47,284,413	48,743,705	49,701,951
	After Distribution	41,389,366	43,273,606	45,713,889	47,619,623	(Note3)
Independent Auditors' Report		Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion
Names of Auditors		Shih-Tsung Wu Cheng-Hsiu Yang	Shih-Tsung Wu Cheng-Hsiu Yang	Chun-Hung Chen Ying-Chou Chen	Chun-Hung Chen Ying-Chou Chen	Chun-Hung Chen Ying-Chou Chen

Note 1: The financial data had been audited by CPA.

Note 2: Asset revaluation has not been processed in each year.

Note 3: Earnings distribution yet to be approved by the 2022 shareholders' meeting.

(2) Condensed Comprehensive Income statement

Condensed Consolidated Comprehensive Income Statement

Unit: NT\$ Thousands

Item \ Year (Note)	2017	2018	2019	2020	2021
Interest Revenues	10,057,931	11,316,237	11,874,558	10,457,629	9,571,123
Less: Interest Expenses	4,653,057	5,635,434	6,416,746	4,421,002	2,950,709
Net Interests	5,404,874	5,680,803	5,457,812	6,036,627	6,620,414
Noninterest Income and Gains, net	4,992,255	5,537,474	6,263,868	5,178,592	4,172,475
Net Revenues	10,397,129	11,218,277	11,721,680	11,215,219	10,792,889
Provision for Loss on Bad Debts Expense, Commitment and Guarantee	731,847	514,803	511,748	1,464,719	813,218
Operating Expense	6,397,638	6,634,995	6,953,055	6,862,266	6,676,849
Pre-Tax Income from Continued Operations	3,267,644	4,068,479	4,256,877	2,888,234	3,302,822
Income Tax Benefit (Expense)	(413,761)	(544,278)	(624,282)	(369,531)	(363,700)
After-Tax Income from Continued Operations	2,853,883	3,524,201	3,632,595	2,518,703	2,939,122
After-Tax Income from Discontinued Operations	-	-	-	-	-
Net Income	2,853,883	3,524,201	3,632,595	2,518,703	2,939,122
Other Comprehensive Income (Loss)	288,686	(329,695)	395,350	511,113	(856,794)
Other Comprehensive Income (Loss), Net of Tax	288,686	(329,695)	395,350	511,113	(856,794)
Total Comprehensive Income	3,142,569	3,194,506	4,027,945	3,029,816	2,082,328
Net Income Attributable to Owners of The Bank	2,853,883	3,524,201	3,632,595	2,518,703	2,939,122
Net Income Attributable to Non-Controlling Interests	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of The Bank	3,142,569	3,194,506	4,027,945	3,029,816	2,082,328
Total Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-
EPS (NT\$)	0.81	1.00	1.03	0.72	0.84

Note: The financial data had been audited by CPA.

Condensed Non-Consolidated Comprehensive Income Statement

Unit: NT\$ Thousands

Item \ Year (Note1)	2017	2018	2019	2020	2021
Interest Revenues	10,015,147	11,261,208	11,805,327	10,393,360	9,509,744
Less: Interest Expenses	4,632,022	5,608,761	6,404,292	4,416,244	2,946,670
Net Interests	5,383,125	5,652,447	5,401,035	5,977,116	6,563,074
Noninterest Income and Gains, net	4,794,618	5,286,289	5,930,507	4,670,783	3,803,349
Net Revenues	10,177,743	10,938,736	11,331,542	10,647,899	10,366,423
Provision for Loss on Bad Debts Expense, Commitment and Guarantee	729,425	506,522	517,381	1,460,231	795,191
Operating Expense	6,164,989	6,381,959	6,609,385	6,381,554	6,319,917
Pre-Tax Income from Continued Operations	3,283,329	4,050,255	4,204,776	2,806,114	3,251,315
Income Tax Benefit (Expense)	(429,446)	(526,054)	(572,181)	(287,411)	(312,193)
After-Tax Income from Continued Operations	2,853,883	3,524,201	3,632,595	2,518,703	2,939,122
After-Tax Income from Discontinued Operations	-	-	-	-	-
Net Income	2,853,883	3,524,201	3,632,595	2,518,703	2,939,122
Other Comprehensive Income (Loss)	288,686	(329,695)	395,350	511,113	(856,794)
Other Comprehensive Income (Loss), Net of Tax	288,686	(329,695)	395,350	511,113	(856,794)
Total Comprehensive Income	3,142,569	3,194,506	4,027,945	3,029,816	2,082,328
EPS (NT\$)	0.81	1.00	1.03	0.72	0.84

Note 1: The financial data had been audited by CPA.

2. Five-Year Financial Analysis

(1) Financial Analysis & Key Performance Index (KPI)

Consolidated Financial Analysis

Item(Note3)		Year(Note1)	2017	2018	2019	2020	2021
Operating Ability	Loans to deposits ratio (%)		75.40	75.72	72.62	66.81	67.49
	Ratio of NPL (%) *		0.287	0.237	0.279	0.509	0.265
	Interest expense to average total deposits (%)		0.77	0.89	0.98	0.66	0.41
	Interest revenue to average total loans (%)		2.18	2.32	2.35	2.01	1.79
	Total asset turnover (times)		0.02	0.02	0.02	0.02	0.02
	Average net revenue per employee(NT\$1000)		4,159	4,516	4,624	4,327	4,118
Profitability	Average net income per employee(NT\$1000)		1,142	1,419	1,433	972	1,121
	Return on tier 1 capital(%)		8.40	9.66	9.33	6.10	6.77
	Return on total assets (%) *		0.50	0.59	0.57	0.38	0.42
	Return on equity(%) *		6.82	8.05	7.89	5.25	5.97
	Net income ratio (%)		27.45	31.41	30.99	22.46	27.23
	EPS (NT\$) Before Distribution		0.90	1.08	1.08	0.73	0.84
Financial Structure	(Note5) * After Distribution		0.81	1.00	1.03	0.72	-
	Liabilities to assets ratio		92.53	92.83	92.73	92.78	93.08
Growth Ratio	Property, plant, and equipment as a percentage of equity		6.75	6.11	6.16	6.12	6.00
	Asset growth ratio		2.50	9.02	4.39	3.88	6.29
Cash Flow	Income growth ratio		(14.37)	24.51	4.63	(32.15)	14.35
	Cash flow ratio		27.72	10.40	4.34	99.57	52.56
Liquidity Reserve Ratio	Cash flow adequacy ratio		(Note2)	(Note2)	(Note2)	(Note2)	446.82
	Cash flow satisfied ratio		(Note2)	(Note2)	(Note2)	(Note2)	1,776.79
Total Secured Loans to interested parties (NT\$1000)			31.72	30.30	31.17	37.53	37.42
Total Secured Loans to interested parties as a Percentage of Total Loans			5,896,869	6,112,931	8,245,895	6,812,582	7,636,740
Operating Scale	Market share of asset		1.58	1.50	1.97	1.62	1.71
	Market share of equity		1.06	1.10	1.11	1.07	1.07
	Market share of deposits		1.14	1.12	1.10	1.09	1.07
	Market share of loans		1.17	1.20	1.25	1.22	1.20

Reasons for the changes in financial ratios over the last two years (Chang of more than 20%):

1. The decrease of ratio of NPL was due to the decrease of total non-performing loans.
2. The decrease of interest expense to average total deposits was due to the falling interest rate.
3. The increase of net income ratio was due to the increase of net income after tax.
4. The increase of asset growth ratio was due to the increase of total assets.
5. The increase of income growth ratio was due to the increase of net income before tax.
6. The decrease of cash flow ratio was due to the decrease of net cash generated from operating activities.

Non-consolidated Financial Analysis

Item(Note3)		Year(Note1)	2017	2018	2019	2020	2021
Operating Ability	Loans to deposits ratio (%)		75.37	75.68	72.57	66.74	67.44
	Ratio of NPL(%) *		0.287	0.237	0.279	0.509	0.265
	Interest expense to average total deposits(%)		0.77	0.89	0.98	0.66	0.41
	Interest revenue to average total loans(%)		2.18	2.32	2.35	2.01	1.79
	Total asset turnover (times)		0.02	0.02	0.02	0.02	0.01
	Average net revenue per employee(NT\$1000)		4,221	4,569	4,640	4,295	4,150
	Average net income per employee(NT\$1000)		1,184	1,472	1,488	1,016	1,177
Profitability	Return on tier 1 capital (%)		8.57	9.73	9.37	6.06	6.82
	Return on total assets (%) *		0.50	0.59	0.57	0.38	0.42
	Return on equity(%) *		6.82	8.05	7.89	5.25	5.97
	Net income ratio (%)		28.04	32.22	32.06	23.65	28.35
	EPS (NT\$) Before Distribution (Note5) *		0.90	1.08	1.08	0.73	0.84
Financial Structure	After Distribution		0.81	1.00	1.03	0.72	-
	Liabilities to assets ratio		92.52	92.81	92.72	92.78	93.08
Growth Ratio	Property, plant, and equipment as a percentage of equity		6.74	6.09	6.12	6.09	5.95
	Asset growth ratio		2.57	8.95	4.48	3.91	6.28
Cash Flow	Income growth ratio		(13.82)	23.36	3.82	(33.26)	15.87
	Cash flow ratio		26.57	11.90	5.15	100.03	55.39
	Cash flow adequacy ratio		(Note2)	(Note2)	(Note2)	(Note2)	399.63
Liquidity Reserve Ratio	Cash flow satisfied ratio		82,916.57	(Note2)	(Note2)	(Note2)	1,354.20
			31.72	30.30	31.17	37.53	37.42
Total Secured Loans to interested parties (NT\$1000)			5,896,869	6,112,931	8,245,895	6,812,582	7,636,740
Total Secured Loans to interested parties as a Percentage of Total Loans			1.58	1.50	1.97	1.62	1.71
Operating Scale	Market share of asset		1.06	1.10	1.11	1.07	1.07
	Market share of equity		1.14	1.12	1.10	1.09	1.07
	Market share of deposits		1.17	1.20	1.25	1.22	1.20
	Market share of loans		1.15	1.16	1.14	1.09	1.08

Reasons for the changes in financial ratios over the last two years (Change of more than 20%):

1. The decrease of ratio of NPL was due to the decrease of total non-performing loans.
2. The decrease of interest expense to average total deposits was due to the falling interest rate.
3. The increase of asset growth ratio was due to the increase of total assets.
4. The increase of income growth ratio was due to the increase of net income before tax.
5. The decrease of cash flow ratio was due to the decrease of net cash generated from operating activities.

The mark "*" are Key Performance Index for the Bank.

Note1: The annual financial data has been audited by independent auditors.

Note2: The ratio associated with cash flow is negative, and therefore not included in the analysis herein.

Note3: The aforementioned ratios are calculated as follows:

1. Operating Ability

(1) Loans to deposits ratio = Total loans / Total deposits.

(2) Ratio of NPL = Total non-performing loans / Total loans.

(3) Interest expense to average total deposits = Deposits related interest expense / Average total deposits

(4) Interest revenue to average total loans = Loans related interest revenue / Average total loans

(5) Total assets turnover = Net revenue / Average total assets.

(6) Average net revenue per employee (Note7) = Net operating revenue / Total number of employees.

(7) Average net income per employee = Net income after tax / Total number of employees.

2. Profitability

(1) Return on Tier 1 capital = Net income before tax / Average total Tier 1 capital.

(2) Return on total assets = Net income after tax/ Average total assets.

(3) Return on equity = Net income after tax/ Average shareholders' equity.

(4) Net income ratio = Net income after tax/ Net profit.

(5) EPS = (Net income attributable to owners of the bank– preferred shares dividend)/ Average issued shares (Note5)

3. Financial Structure

(1) Liabilities to assets ratio = Total liabilities (Note4) / Total assets.

(2) Property and equipment as a percentage of equity = Property and equipment / Net equity.

4. Growth Ratio

(1) Asset growth ratio = (Current total asset – Last year total asset) / Last year total asset.

(2) Income growth ratio = (Current income before income tax– Last year income before income tax)/Last year income before income tax.

5. Cash Flow (Note8)

(1) Cash flow ratio = Cash flows from operating activities / (Due to banks and drafts + commercial bills payable + financial liabilities at fair value through profit or loss + securities sold under repurchased agreements + accounts payable in 1 year).

(2) Cash flow adequacy ratio = Cash flows from operating activities in the last 5 Years / (Capital expenditure + cash dividends) in the last 5 Years.

(3) Cash flow satisfied ratio = Cash flows from operating activities / Cash flows from investing activities.

6. Liquidity Reserve Ratio = Liquid assets stipulated by CBC / Reserves appropriated for various types of liabilities

7. Operating Scale

(1) Market share of asset = Total assets / Total assets of all financial institutions available for deposits and loans (Note6)

(2) Market share of equity = Total equities / Total equities of all financial institutions available for deposits and loans

(3) Market share of deposits = Total deposits / Total deposits of all financial institutions available for deposits and loans

(4) Market share of loans = Total loans / Total loans of all financial institutions available for deposits and loans

Note4: Total liabilities refer to the amount of liabilities after deducting reserve for obligations guarantee and reserve for financing commitment.

Note5: The calculation formula for EPS mentioned above shall meet the following requirements during measurements:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax.
5. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net income after tax; no adjustment is required to be made if the result of operation is a net loss.

Noet6 : All financial institutions that can provide deposit and loan services including local banks, Chinese mainland bank branches in Taiwan, branches of foreign banks in Taiwan, credit unions, credit departments of fishermen's associations and farmer's associations, and trust investment companies.

Noet7: Revenue refers to the sum of interest income and non-interest income.

Note8: The following notes apply when conducting cash flow analysis:

1. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Cash dividend includes cash dividends from both common shares and preferred shares.

(2) Capital Adequacy

Consolidated Capital Adequacy

Unit: NT\$ Thousands

Items		Year	2017	2018	2019	2020	2021
Regulatory capital	Common equity		39,698,325	42,076,829	44,327,124	45,576,902	47,211,995
	Additional Tier I capital		-	2,448,097	2,441,893	2,422,018	2,407,456
	Tier II capital		12,185,406	9,544,444	11,940,847	11,831,485	12,541,523
	Total regulatory capital		51,883,731	54,069,370	58,709,864	59,830,405	62,160,974
Risk-weighted assets	Credit risk	Standardized approach	322,187,276	369,490,534	383,322,495	380,483,851	396,197,242
		Internal rating-based approach	-	-	-	-	-
		Asset securitization	-	215,318	873,284	859,791	458,214
	Operational risk	Basic indicator approach	19,646,350	19,686,600	20,256,763	20,884,000	21,252,263
		Standardized approach/alternative standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
		Market risk	Standardized approach	14,948,088	11,098,400	14,451,488	8,822,288
	Internal models approach		-	-	-	-	-
	Total risk-weighted assets		356,781,714	400,490,852	418,904,030	411,049,930	432,588,594
	Capital adequacy ratio		14.54%	13.50%	14.02%	14.56%	14.37%
Ratio of Tier I capital to risk-weighted assets		11.13%	11.12%	11.16%	11.68%	11.47%	
Ratio of common equity to risk-weighted assets		11.13%	10.51%	10.58%	11.09%	10.91%	
Leverage ratio		6.12%	6.19%	6.24%	6.23%	5.99%	
Please explain the reason of Capital adequacy ratio change in past two years. (Variation is less than 20%)							

Note : 1、Regulatory capital, risk-weighted assets and Exposure Measurement are calculated under the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Methods for Calculating Bank's regulatory Capital and Risk Weighted Assets"

2、Formulas used were as follows:

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

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

(3) Capital adequacy ratio = Total regulatory capital / Total risk-weighted assets

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

(5) Ratio of Common equity to risk-weighted assets = Common equity / Total risk-weighted assets

(6) Leverage ratio = Net Tier I capital / Exposure Measurement

Non-consolidated Capital Adequacy

Unit: NT\$ Thousands

Items		Year	2017	2018	2019	2020	2021	
Regulatory capital	Common equity		39,236,233	41,848,384	43,803,077	45,007,659	46,653,029	
	Additional Tier I capital		-	2,193,441	1,909,528	1,852,775	1,848,490	
	Tier II capital		11,680,665	9,014,910	10,844,574	10,674,012	11,392,226	
	Total regulatory capital		50,916,898	53,056,735	56,557,179	57,534,446	59,893,745	
Risk-weighted assets	Credit risk	Standardized approach	320,791,287	367,484,931	380,798,943	378,101,729	393,687,935	
		Internal rating-based approach	-	-	-	-	-	
		Asset securitization	-	215,318	873,284	859,791	458,214	
	Operational risk	Basic indicator approach	19,112,088	19,200,700	19,809,625	20,229,725	20,512,863	
		Standardized approach/alternative standardized approach	-	-	-	-	-	
		Advanced measurement approach	-	-	-	-	-	
		Market risk	Standardized approach	14,948,088	11,098,400	14,451,488	8,822,288	14,680,875
			Internal models approach	-	-	-	-	-
			Total risk-weighted assets	354,851,463	397,999,349	415,933,340	408,013,533	429,339,887
		Capital adequacy ratio		14.35%	13.33%	13.60%	14.10%	13.95%
Ratio of Tier I capital to risk-weighted assets		11.06%	11.07%	10.99%	11.49%	11.30%		
Ratio of common equity to risk-weighted assets		11.06%	10.51%	10.53%	11.03%	10.87%		
Leverage ratio		6.06%	6.14%	6.11%	6.09%	5.87%		

Please explain the reason of Capital adequacy ratio change in past two years. (Variation is less than 20%)

Note : 1、Regulatory capital, risk-weighted assets and Exposure Measurement are calculated under the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Methods for Calculating Bank's regulatory Capital and Risk Weighted Assets"

2、Formulas used were as follows:

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

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

(3)Capital adequacy ratio = Total regulatory capital/Total risk-weighted assets

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

(5)Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets

(6)Leverage ratio = Net Tier I capital/Exposure Measurement

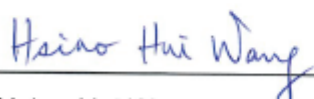
3. The Audit Committee's Review Report

To: 2022 Annual Shareholders' Meeting of Far Eastern International Bank

March 3, 2022

The Board of Directors has submitted business report, audited financial statements (certified by Chun-Hung Chen CPA, and Ying-Chou Chen CPA, of Deloitte & Touche) and earnings distribution proposal of the Bank for the year ended Dec.31 2021 for the Committee's review.

After reviewing, the Committee has found the above mentioned reports acceptable, and hence issued the review report herewith in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.


Hsiao-Hui Wang

Audit Committee Convener
Far Eastern International Bank

4. 2021 Audited Consolidated Financial Statement

Please refer to page 161-252.

5. 2021 Audited Non-Consolidated Financial Statement

Please refer to page 253-342.

6. Impact to the Bank from Financial Difficulty of the Bank or Its Affiliates

None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of Financial Status

Item	Year	Dec. 31, 2021	Dec. 31, 2020	Unit: NT\$ Thousands	
				Difference	
				Amount	%
Cash and Cash Equivalents, Due from the Central Bank and Other Banks		50,890,513	41,546,831	9,343,682	22
Financial Assets at Fair Value Through Profit or Loss		37,662,767	31,757,436	5,905,331	19
Financial Assets at Fair Value Through Other Comprehensive Income		113,429,715	177,659,673	(64,229,958)	(36)
Investment in Debt Instruments at Amortized Cost, net		71,374,127	1,077,764	70,296,363	6,522
Discounts and Loans, net		407,441,765	383,192,769	24,248,996	6
Receivables, net		24,331,835	21,544,213	2,787,622	13
Other Financial Assets		9,859,909	15,615,507	(5,755,598)	(37)
Other Assets		8,063,882	7,896,763	167,119	2
Total Assets		723,054,513	680,290,956	42,763,557	6
Deposits and remittance		612,106,685	582,152,911	29,953,774	5
Other Liabilities		61,245,877	49,394,340	11,851,537	24
Total Liabilities		673,352,562	631,547,251	41,805,311	7
Capital		35,139,632	34,481,044	658,588	2
Capital Surplus		456,426	456,426	-	-
Retained Earnings		14,087,051	12,830,481	1,256,570	10
Other Equity		18,842	975,754	(956,912)	(98)
Total Equity		49,701,951	48,743,705	958,246	2

Notes (Changes of more than 20% and more than \$10,000 thousands):

1. The increase of Cash and Cash Equivalents, Due from the Central Bank and Other Banks was due to the increase of NT\$2.8 billion in New Taiwan dollar reserve deposits, and the increase of NT\$6.4 billion in Due from other banks.
2. The decrease of Financial Assets at Fair Value Through Other Comprehensive Income was due to the decrease of NT\$70.1 billion in Central Bank Negotiable certificates of deposit, and the increase of NT\$4.2 billion in Corporate bonds.
3. The increase of Investment in Debt Instruments at Amortized Cost, net was due to the increase of NT\$70.6 billion in Central Bank Negotiable certificates of deposit.
4. The decrease of Other Financial Assets was due to the decrease of NT\$5.1 billion in Securities purchased under resale agreements.
5. The increase of Other Liabilities was due to the increase of NT\$14.9 billion in Principal received on structured products, and the decrease of NT\$3.5 billion in Securities sold under repurchase agreements.
6. The increase of Other Equity was due to the increase of NT\$0.9 billion in Unrealized gains on financial assets at fair value through other comprehensive income.

2. Analysis of Financial Performance

Item	Year	2021	2020	Unit: NT\$ Thousands	
				Variance	
				Amount	(%)
Net Interest Revenue		6,620,414	6,036,627	583,787	10
Net-non-interest Revenue		4,172,475	5,178,592	(1,006,117)	(19)
Net Revenue		10,792,889	11,215,219	(422,330)	(4)
Provision for Loss on Bad Debts Expense, Commitment and Guarantee		813,218	1,464,719	(651,501)	(44)
Operating Expense		6,676,849	6,862,266	(185,417)	(3)
Net Income Before Tax		3,302,822	2,888,234	414,588	14
Income tax expense		363,700	369,531	(5,831)	(2)
Net Income		2,939,122	2,518,703	420,419	17
1. Notes of change: (Changes of more than 20% and more than \$10,000 thousands):					
(1) The decrease of provision for loss on bad debts expense, commitment and guarantee was due to the decrease of provision for possible losses - loans.					
2. Operation goal: Please refer to page 10 operation goal.					
3. Improvement plan in the future:					
For details, please refer to the current year's business plan on page 101-104.					

3. Analysis of Cash Flow

(1) Liquidity Analysis for the Latest 2 years:

	2021	2020	Change in %
Cash flow ratio (%)	52.56	99.57	(47)
Cash flow adequacy ratio (%)	446.82	Note	-
Cash flow satisfied ratio (%)	1,776.79	Note	-

Notes of change: (Changes of more than 20%) :

1. The decrease of Cash flow ratio was due to the decrease of net cash generated from operating activities

Note: The ratio was negative, so it would not be analyzed.

(2) Cash Flow Analysis for the Coming Year

Beginning Cash Balance (A)	Estimated Net Cash Flow from Operating Activities (B)	Estimated Cash Outflow (Inflow) (C)	Cash Surplus (Deficit) (A)+(B)-(C)	Unit: NT\$ Thousands	
				Leverage of Cash Deficit	
				Investment Plan	Financing Plan
5,017,087	4,930,300	7,451,037	2,496,350	-	-

4. Major Capital Expenditure in Last Year:

None.

5. Investment Policy in Last Year, Main Causes of Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

The reinvestment policy is based on cooperating with the bank's strategic development, complements and complements the banking business, and exerts a comprehensive operating effect.

(1) Far Eastern International Securities Company Ltd.

A. Main Causes of Profit

In terms of revenue in 2021, clients' AUM (Assets under management) increase from NT\$12.87 billion in 2020 to NT\$14.27 billion in 2021. The company recorded revenues, NT\$ 471,218 thousand in 2021 compared to NT\$ 733,281 thousand in the previous year were decreased by NT\$ 262,063 thousand or 36% regress.

Although the operating expenses was due to the set up a southern branch, company's rent and the variable costs of personnel increased accordingly, but the other operating expenses can be reduced and controlled continuously to make achievement on NT\$ 99,542 thousand of net income in 2021.

B. Investment Plans for the Coming Year

(a) Wealth Management Department

- ① Provide strategic products that fit market situation
 - Develop products with volatility or trend to lift business turnover and winning rate.
 - Expanding underlying assets from equity to others with various product structures to diversify sources of revenue.
 - Introduce and make best use of investment tools of long or short position.
 - Develop selling material and sale's kits that easily accepted by salespersons.
 - Lift investment research quality to reinforce customer interaction.
- ② Build strong band reinforce by deepening customer relationships
 - Develop professional investors (PIs) by increasing 20% to 30% up to current level.
 - Increase per capita contribution by rendering professional customer services.
- ③ Lift personal productivity by managerial methods and increase sales through organic growth
 - Keep on increasing FA personnel to 76 this year from 2021's 58.
 - Strengthen the phase out mechanism for underperformers
 - Build the direct link between the incentive scheme and the sales target and flat the sales organizational structure for better communication and performance rating.

(b) Securities Brokerage Department

- ① Revitalize existing bank channel to increase revenue contribution
 - Strengthen quotation practice to increase competitive edge
 - Classify clients into groups with different service delivered and price charged.

- Quotation in morning session close that of peers to increase the chance of sales.
- Actively adjust quotation by bond's popularity to increase the chance of sales.
- ② Engage clients by participating their campaign for the strong partnership
 - Actively provide product proposal/deliver product or market training/host client seminars to gain exposure.
 - Render channels trading opportunities, including targets and timing, and marketing selling points to increase exposure and sales volume.
 - Present quarterly and annual investment outlook in forms of training sessions or client seminars covering portfolio suggestion and investment strategy.
- ③ Optimize services delivered by clients' revenue contribution
 - Track clients' positions and timely provide information in relation to Corp Action.
 - Periodically deliver professional research reports and get a hold of sales propensity of clients.
 - Manage client's position and on-shelf products.
- ④ Optimize sales supports to gain the service/sales edge
 - Streamline sales process, lift operation productivity and minimize error rate.
 - Periodically check product portfolio and earmark spread by bond's tenor and credit ratings.

(2) Far Eastern Asset Management Corp.

A. Main Causes of Profit

Mainly due to purchase of bad debts and return on investment from joint venture projects.

B. Investment Plans for the Coming Year

- (a) Continue to purchase new NPL to gain service fee income.
- (b) Purchase new court auction real estates, and dispose of these assets to increase revenues through various market channels.

(3) FEIB Financial Leasing Co., Ltd.

A. Main Causes of Profit

Mainly due to increase of interest and fee income from financial leasing transactions.

B. Investment Plans for the Coming Year

Continue to develop new customers to secure various revenues.

6. Analysis of Risk Management

(1) Risk Management Structure and Policy

A. Policy

- (a) FEIB employs qualitative and quantitative measure approaches, such as operational procedures and the ratio of asset quality, in compliance with the internal and external regulatory guidelines, as a reference for the Bank's business strategy to foster a prudent risk management culture.
- (b) Segregate the duties of the risk management department to implement and monitor the risk management mechanism effectively.
- (c) Identify, measure, monitor and control the existing and potential risks within the acceptable risk appetite. By means of balancing the bankable risk and justified return to meet the annual budget and achieve sustainability of the bank.

B. Organization Structure

(a) Board of Directors :

The Board of Directors is FEIB's accountable executive for risk management and responsible for formulating the framework and policy of risk management.

(b) Assets and Liabilities Management Committee & Risk Management Committee:

The Bank's President is the committee convener, who assigns the relevant senior managers as the committee members and holds the regular meetings. Moreover, the Committee takes responsibility of the examination and supervision of the Bank's assets and liabilities management, assumption of risk and implementation of risk management.

(c) Risk Management Group :

(RM) Corporate Banking Department, (RM) Consumer Banking Department and (RM) Risk Control Department, which are under the Risk Management Group, are responsible for managing the risk of the relevant Business Unit(s) directly, and reporting to the Risk Management Committee and the Board of the Directors regularly.

The duties of each department are as below.

- The (RM) Corporate Banking Department is integrated by two teams. The credit review team is responsible for credit proposal assessment, account receivable finance assessment. The credit management team conducts the lending policy amendment, post-lending management and oversees the Business unit credit review, tracking report.
- The (RM) Consumer Banking Department is responsible for consumer lending/credit card proposal assessment, consumer lending policy amendment, portfolio management, post-lending management, customer compliant, delinquency collection, non-performing loans collection, internal self-assessment.
- The (RM) Risk Control Department is responsible for credit Risk, market risk, and operational risk management.

(d) Internal Audit Group :

The Internal Audit Group is in charge of inspecting the implementation of risk management framework, operational procedures, and suggesting the improvements in due course.

(2) Qualitative and Quantitative Information of Various Risks

A. Credit Risk Management System and Capital Requirement

(a) Credit Risk Management System

2021	
Item	Context
1. Strategies and procedures of credit risk management	<p>1. Develop a prudent credit risk management mechanism to effectively identify, measure, monitor and control the credit risk and balance the credit risk with justified return.</p> <p>2. Corporate Banking and Retail Banking Business:</p> <p>(1) Corporate Banking</p> <p>1. Strategy and goal Establish an exhaustive procedure for corporate loan business and post loan management to ensure the asset quality.</p> <p>2. Policy Bank sets out the adequate credit proportion for each industry and conglomerate, and regularly or duly adjusts the credit proportion based on economic situation, industrial trend and Bank's business strategy.</p> <p>3. Procedure</p> <p>(1) The authorization level is founded on FEIB's "Credit Authorization Guidelines". The managers are authorized to resolve the credit proposal. The resolution of the specific credit line must be assessed by the Credit Committee before the authorized managers determine.</p> <p>(2) Follow the post-lending management mechanism and track the fluctuations for the credit account conditions and collateral valuation. In addition, according to the watch-list system, take countermeasures against the potential credit risk in advance.</p> <p>(2) Retail Banking Business :</p> <p>1. Strategy and goal Formulate a clear direction for credit business and ensure the portfolio quality and justified return to achieve the operational goal.</p> <p>2. Policy Manage the asset portfolio adequately and track the credit account conditions. Adjust the credit policy in response to economic situations and financial environment.</p> <p>3. Procedure Credit circle starts from designing financial products, following by assessing the credit cost and formulating credit terms, approval guidelines. The next stage is setting out the directions for post-lending management. Finally, track and analyze the credit quality, transaction changes, and credit risk to manage the credit products.</p>
2. Organization and structure of credit risk management	<p>1. Board of Directors :</p> <p>The Board of Directors which is FEIB's accountable executive for credit risk is responsible for resolving the strategy for the credit risk management and regularly examining the operation for the credit risk management according to the overall operating strategy and environment.</p> <p>2. Risk Management Committee :</p> <p>In compliance with the credit risk strategy approved by the Board of Directors, the Risk Management Committee is responsible for managing the credit risk mechanism, examining credit risk regulation, coordinating differences related to the credit risk business among the departments and continuously overseeing the execution performance.</p>

Item	Context
	<p>3. Credit Committee :</p> <p>According to the Bank's "Credit Committee Procedures", the Credit Committee is responsible for reviewing the Bank's specific credit line loans.</p> <p>4. Risk Management Group :</p> <p>(RM)Corporate Banking Department :</p> <p>The (RM) Corporate Banking department is integrated by two teams. The credit review team is responsible for credit proposal assessment, account receivable finance assessment. The credit management team conducts the lending policy amendment, post-lending management and oversees the Business unit credit review, tracking report.</p> <p>(RM)Consumer Banking Department :</p> <p>The (RM) Consumer Banking Department is responsible for consumer lending/credit card proposal assessment, consumer lending policy amendment, portfolio management, post-lending management, customer compliant, delinquency collection, non-performing loans collection, internal self-assessment.</p> <p>(RM) Risk Control Department:</p> <p>Responsible for credit Risk, market risk, and operational risk management.</p>
3. Scope and characteristics of credit risk report and evaluation system	<p>1. Corporate Banking :</p> <p>The credit risk report includes credit risk limits, risk exposure, post-lending management and the status of asset quality, submitted to the Board of Directors seasonally after examined by the Risk Management Committee.</p> <p>(1) Group</p> <ol style="list-style-type: none"> 1. Avoid Group's credit risk excessively concentrating. 2. Determine Group's credit limit based on the case's needs. <p>(2) Industry</p> <p>Review the proportion of industrial credit exposures at the end of the season</p> <p>(3) Watch-list system</p> <p>Continuously observe the changes for the finance and business of the credit accounts and take action plan in advance.</p> <p>(4) Asset quality classification</p> <p>In addition to the normal credit assets, the non-performing assets are evaluated, classified and made additional provision for in accordance with the collateral valuation and the length of the overdue period.</p> <p>2. Retail Banking Business :</p> <p>Seasonally report to the Risk Management Committee on the portfolio structure, asset quality status, and risk management strategy etc. Measurements include the credit concentrating rate, key assets quality indicators, risk rating and the impacts of the industrial environment.</p>
4. Policies for credit risk hedging or risk mitigation, as well as strategies and processes for monitoring and risk mitigation tools continuous effectiveness	<ol style="list-style-type: none"> 1. Evaluate the default probability and net loss for extending credits to stipulate the acceptable credit terms and credit risk. Requisition the guarantor and the collateral with the allowance value, such as bank deposit slips, securities (such as treasury bills, government bonds, bank debentures, stocks, corporate bonds guaranteed by financial institutions), land and real estate etc. to reduce the risk exposure. Besides, appraisal the listed stocks daily, the land and real estate based on its characteristics when renewing the contract, and monitor the collateral value at all times. 2. Reduce the proportion of non-target credit extensions to avoid credit risk. 3. Firstly, manage the asset quality of extending credit by credit limits and regulations. Secondly, track the changes of credit accounts and quality, monitoring the credit risk promptly by post-lending management, credit concentration analysis and post-lending workflow tracking. Finally, supervise the overall status of the credit risk and ensure the risk mitigation is sustainably effective.
5. Approach applied to Regulatory Capital Charge	Standardized Approach

(b) Risk Exposure after Mitigating Risks from the Standardized Approach of the Credit Risk and Capital Requirement

December 31, 2021		Unit: NT\$ thousands
Exposure Type	Exposure after Risk Mitigation	Capital Requirement
Sovereign states	148,439,854	0
Non-central government public sections	9,425,098	150,802
Bank (including multilateral development banks)	58,578,674	1,622,154
Enterprises (including securities and insurance companies)	194,017,063	13,983,237
Retail credit	63,357,608	3,810,610
Real estate	246,383,887	10,979,860
Equity investment	1,358,540	108,683
Other assets	8,477,030	433,684
Total	730,037,752	31,089,030

B. Securitization Risk Management System, Risk Exposure, and Capital Requirement

(a) Securitization Risk Management Framework

2021	
Item	Context
1. Strategies and procedures of securitization management	Not Applicable
2. Organization and structure of securitization management	
3. Scope and characteristics of the securitization risk report and measurement system.	
4. Policies for securitization hedging or risk mitigation, as well as strategies and processes for monitoring and risk mitigation tools continuous effectiveness	
5. Approach applied to Regulatory Capital Charge	Standardized Approach
6. Overall qualitative disclosure requirements, included:	Not Applicable
1) The purpose of engaging in securitization activities and the types of risks undertaken and retained by banks in re-securitization activities	
2) Other risks implied by securitized assets (e.g. liquidity risk)	
3) Different roles played by banks in the process of securitization, and the degree of participation of banks in each process	
4) The monitoring process for credit and market risk in securitization	
5) The risk management policy in mitigating the risks retained by securitization and re-securitization	
7. Overview of accounting policies for bank securitization	
8. In the banking book, the name of the external rating agency (ECAI) used in securitization, and the risk exposure in which it is used in each type of asset securitization	
9. Any significant changes in quantity since the last reporting period (e.g. assets transferred between banking book and trading book)	

Note: Items 6 to 9 are only required to be filled out by the founding bank that is currently in circulation.

(b) Engagement of Asset Securitization

None.

(c) Risk Exposure and Capital Requirement for Asset Securitization - by Transaction Type

		December 31, 2021						Unit: NT\$ thousands				
Bank Category	Risk Exposure Category Book type	Type of assets	Traditional				Synthetic		Total			
			Risk Exposure Amount				Capital Requirement (2)	Risk Exposure Amount	Capital Requirement (4)	Risk Exposure Amount (5)=(1)+(3)	Capital Requirement (6)=(2)+(4)	Capital Requirement Before Securitization
			Retained or Purchased	For Liquidity Facility	For Credit Enhancement	Sub-total (1)		Retained or Purchased (3)				
Non-Founding Bank	Banking book	CMO	2,291,069			2,291,069	36,657			2,291,069	36,657	
	Trading book											-
	Sub-total		2,291,069			2,291,069	36,657			2,291,069	36,657	
Founding Bank	Banking book											-
	Trading book											-
	Sub-total											-
Total			2,291,069			2,291,069	36,657			2,291,069	36,657	-

Note: 1. The column "Type of assets" is subdivided as securitized asset (such as credit card, home equity loan, auto loan), or the securities invested (such as mortgage-backed securities, commercial mortgage backed securities, asset-backed securities, and collateralized debt obligation), etc.
 2. The risk exposure amount of the banking book should be booked after risk mitigation.
 3. The column "Liquidity facility" should be included the exposure of drawdown and undrawn portion.

(d) Information on Securitized Products

① Summarized Information on Investment in Securitized Products

		December 31, 2021		Unit: NT\$ thousands	
Item (Note 1)	Listed accounting items	Original Cost	Accumulated valuation gain(loss)	Accumulated loss on impairment	Book Value
CMO	Measured at fair value through OCI	2,297,502	-10,129	414	2,286,959

Note 1: This table contains domestic and foreign securitized products, which are registered according to the following categories and listed accounting items:

- (1) Mortgage-backed securities (MBS): including beneficiary certificate for securitized claims on housing-mortgaged loans or asset-backed securities (RMBS) beneficiary certificates for securitized claims on commercial property-mortgaged loans or asset-backed securitized (CMBS), collateralized mortgage obligation (CMO), and other realty-mortgage securities.
- (2) Beneficiary certificates or asset-backed securities (ABS): including beneficiary certificates for corporate-loan claims or asset-backed securitized (collateralized loan, obligation, or CLO) beneficiary certificates for securitized bond assets or asset-backed securities (collateralized bond obligation, or CBO) beneficiary certificates for securitized claims on credit card debts or asset-backed securities, beneficiary certificates by securitized claims on auto loans or asset-backed securities, beneficiary certificates for securitized claims on consumption loans/cash-card debts or asset-backed securities, beneficiary certificates for securitized leasing claims or assets-backed securities, and other securitized beneficiary certificates or asset-backed securities.
- (3) (ABCP) Short-term beneficiary certificates or short-term asset-backed securities (asset-backed commercial paper).
- (4) Collateralized debt obligation (CDO).
- (5) Realty securitization: It refers to real estate asset trust (REAT).
- (6) Bills and bonds issued as structured investment vehicles (SIV).
- (7) Other securitized products.

Note 2: The table includes beneficiary certificates of asset-backed securities held by the bank with the bank serving as an originating institution.

② (i) Information of each Securitization Products Investment with Original Cost of NT\$300Mn or above (excluding those held for credit enhancing purpose as a founder bank):

Name of Securities (Note 2)	Listed accounting items	Currency	Issuer & location	Purchase Date	Maturity Date	Coupon Rate	Credit Rating (Note 3)	Payment method for principal and interest	Original Cost	Accumulated valuation gain(loss)	Accumulated loss on impairment	Book Value	Attachment Point (Note 4)	Contents of assets pool (Note 5)
US38382NKG15	Measured at fair value through OCI	USD	GENNIE MAE /US	2021/2/2	2051/2/1	1.0	Moody's Aaa	Monthly	526.486	-19,750	95	506.641	-	-

Note 1: The table includes domestic and foreign products.

Note 2: Full names should be provided for same securities product in difference issuance.

Note 3: Provide result of the latest credit rating.

Note 4: Attachment point refers to share of sub-issuance value with compensation priority lower than that for securities held by the bank in the total issuance value of the securitized product. Assuming, for example, a bank purchases A security of a certain CDO (collateralized debt obligation), the security has sub-security BBB and sub-equity security with compensation priority lower than A security. The total issuance value of BBB and sub-equity security amounts to 12% of the total value of the CDO. Then the attachment point for A security is 12%.

Note 5: Assets pool refers to assets portfolio handed by originating institution to trustee or other company with a special purpose. Specify kind of assets In the portfolio (denote primary lien or subordinated status), details, value on book in original currency and number.

(ii) Held for the purpose of enhancing credit as a securitization founder bank: None.

(iii) The Bank acting as a credit impaired asset purchase institution or a settlement purchase institution of securitization products: None.

③ The Bank acting as a guarantee agency or providing liquidity facilities:

None.

C. Operational Risk Management System and Capital Requirement

(a) Operational Risk Management System

2021

Item	Content
1. Strategies and procedures of operational risk management	<ol style="list-style-type: none"> 1. Establish an operational risk management mechanism to enhance the risk awareness of the Bank's personnel, examine the operational risks involved in daily business activities and management processes, and take appropriate countermeasures against existing and potential risks to reduce operational risk losses. 2. By Implementing the RCSA, KRI and LDC process to identify the vulnerable internal control point promptly and take action plan accordingly in advance. A tracking mechanism for improvements should be established, and the status of the operational risk management should be examined by an independent audit department, and the results of the verification should be reported to the Board of Directors in due course.
2. Organization and structure of operational risk management	<ol style="list-style-type: none"> 1. Board of Directors The Board of Directors which is FEIB's accountable executive for operational risk is responsible for approving the strategy for the operational risk management and regularly examining the operation for operational risk management according to the overall operating strategy and environment. 2. Risk Management Committee : In compliance with the operational risk strategy approved by the Board of Directors, the Risk Management Committee is responsible for supervising the operational mechanism of the Bank's risk management. 3. Risk Management Group : Develop operational risk management procedures, establish a database of the Bank's risk-loss incidents, collect the Bank's operational risk information and implementation status, and report to the Board of Directors on a regular basis. 4. Internal Audit Group : The business related to the operational risk should be examined at least once a year and suggestions for improvement should be provided in due course.
3. Scope and characteristics of the operational risk reporting and measurement system	<ol style="list-style-type: none"> 1. All of the business divisions should execute the self-audit and self-assessment annually to identify the vulnerable internal control of daily operation activities and management process promptly and take action plan accordingly in advance to reduce the exposure of operation risk. In addition, the financial or other loss events caused by improper system operation, staff misconduct, fraud and accidental disasters should be reported to the senior management immediately and regularly with the causes and improvements of each operational risk attached. 2. To strengthen the Bank's internal controls and prevent misconducts, the Internal Audit Group shall implement "routine examination" and "special examination" regularly. The Bank also employs a "Compliance Officer" system to ensure that the Bank strictly complies with the regulations.
4. Policies for operational risk hedging or risk mitigation, as well as strategies and processes for monitoring and risk mitigation tools for continuous effectiveness.	<ol style="list-style-type: none"> 1. After assessing the operational risk frequency and serious impacts happened in daily operations and management process, the Bank should employ the insurance and outsourcing to transfer or offset the loss and impact caused by each operational risk event. 2. Employ the measures, such as the Implementation of KYC (Know Your Customer) and anti-money laundry, internal control and compliance system, employee codes of conduct and trainings to lower the probability of risk occurrence. 3. The Bank has also set out information security control guidelines in compliance with the guidelines of (ISO27001), including IT security policy, process, monitor and training.
5. Approach applied to Regulatory Capital Charge	Basic Indicator Approach

(b) Operational Risk Capital Requirement

December 31, 2021		Unit: NT\$ thousands
Year	Gross profit	Capital requirement
2019	11,326,842	-
2020	10,778,102	
2021	10,715,626	
Total	32,820,570	1,641,029

D. Market Risk Management System and Capital Requirement

(a) Market Risk Management system

2021	
Item	Content
1. Strategies and procedures of market risk management.	<p>1. Develop a prudent market risk management mechanism to effectively identify measure, monitor and control the market risk and balance the credit risk with justified return.</p> <p>2. According to "Financial Market Proprietary Trading Authorization Policy", the bank sets out the position limits and stop loss limits depending on the business types, dealing room and dealers, respectively. To avoid the market risk, the Bank assigns team to monitor on a daily basis. The dealers should adjust positions promptly to reduce the market risk when reaching out the stop loss limits.</p> <p>3. Before launching out the new products and services, the impacts on risk exposure and the market risk should be taken into account.</p>
2. Organization and structure of market risk management	The Middle Office Team, which is independent from dealing room (front office) & operation (back office), and belongs to (RM) Risk Control Department, is responsible for supervising the operation for market risk management mechanism and reports to the senior management except for the dealing room.
3. Scope and characteristics of market risk report and valuation system	<p>1. Appraising the positions by asset market value and market model to ensure a fair valuation for profit and loss.</p> <p>2. (RM) Risk Control Department provides suggestion and report, including the Bank's market risk positions, level of risk-taking, profit and loss, limits usage and the results of compliance with the market risk policy, to the senior management</p> <p>3. Establish a well-performed information analysis system to monitor all the trading positions effectively.</p>
4. Policies of market risk hedging or mitigation, and strategies and procedures of monitoring the continuous effectiveness of risk hedging and mitigation	<p>1. Position limits and stop loss limits for each financial instrument are set out for each dealing room and dealer to control the market risk within a reasonable range.</p> <p>2. If the Bank's trading positions should be appraised by marking to market (real time or daily market price) once on a daily basis. (In case of the positions for hedging purpose, at least twice on a monthly basis). Position limits and stop loss limits should be independently examined by (RM) Risk Control Department.</p>
5. Approach applied to Regulatory Capital Charge	Standardized Approach

(b) Market Risk Capital Requirement

December 31, 2021		Unit: NT\$ thousands
Type of risk	Capital requirement	
Interest rate risk	922,152	
Equity securities risk	227,332	
Foreign exchange risk	21,894	
Product risk	3,092	
Total	1,174,470	

E. Evaluation of Liquidity Risk Includes A Maturity Analysis of Assets and Liabilities and An Explanation of The Methods Adopted to Manage Asset Liquidity Gap and Funding Gap

To manage the Bank's deposit to meet loan and financial transaction growth. The Bank would adeptly adjust its funding strategy depending on market liquidity situation and the Central Bank's policies to optimize fund usage and lower liquidity risk. The Bank would manage the maturities of long-term and short-term securities to match the timing of loan drawdowns and repayments. The stability and allocation of deposits are emphasized to manage funding liquidity. The Bank follows capital liquidity control ratio to monitor and manage liquidity risk. The Capital liquidity control ratio and relevant analysis are regularly reported to the Asset and Liability Management Committee ("ALCO") and the Board of directors.

Maturity Analysis of Assets and Liabilities
For New Taiwan dollar items

December 31, 2021 Unit: NT\$ Thousands

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	788,354,119	132,991,954	93,352,744	118,306,092	88,251,525	83,962,598	271,489,206
Main capital outflow on maturity	956,912,227	61,352,297	97,217,833	197,495,551	174,961,218	192,014,074	233,871,254
Gap	(168,558,108)	71,639,657	(3,865,089)	(79,189,459)	(86,709,693)	(108,051,476)	37,617,952

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

FOR U.S. DOLLAR ITEMS

December 31, 2021 Unit: US\$ thousands

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	11,522,239	4,189,779	2,480,909	1,566,914	1,354,511	1,930,126
Main capital outflow on maturity	12,323,271	3,392,587	3,771,796	2,480,361	2,071,325	607,202
Gap	(801,032)	797,192	(1,290,887)	(913,447)	(716,814)	1,322,924

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

(3) Effect of Changes in Important Local and Foreign Policies and Laws on Bank's Business and Responding Measures

- A. In response to the amendments of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" by the Financial Supervisory Commission, the Bank's "Precautions for internal audit" was amended correspondently.
- B. In response to the amendments of the "Self-regulation for Banks Conducting Financial Derivatives" by the BAROC, the Bank's "Business Strategies and Operating Guidelines for Handling Financial Derivative Business" was amended correspondently.

- C. In response to the amendments of the "Model Guidelines for Electronic Payment Institutions' Anti-Money Laundering and Counter Terrorism Financing policies and procedures" by the BAROC, the Bank's "Procedures for Electronic Payment Business's Anti-Money Laundering and Counter Terrorism Financing" was amended correspondently.

(4) Effect of Change in Technology and Industry on Bank's Business and Responding Measures

- A. The rapid development of information technology, in addition to the changing habits of customer behavior, has also changed the bank's business model. In addition to using IT to develop internet banking, mobile banking, mobile payment, third-party payment, banking online service platform, foreign exchange margin trading internet banking, intelligent wealth management service and intelligent customer service, the Bank also provides completed customer services. By updating information equipment, developing new businesses models, applying business analytics technologies, building various risk assessment systems or models, and strengthening information security equipment, the bank can create product differentiation and gain market pioneers, and increase customer convenience, improve customer service efficiency and reduce overall operating costs.

- B. Information security risk evaluation analysis:

In view of the emerging technologies accompanied by digital transformation, such as cloud services, Internet of Things, etc., financial institutions will face increasing security threats, and in response to the increasing complex hacker penetration and attack methods, and the globalization attacks, it is necessary to develop a comprehensive anti-hack network mechanism to strengthen the management and control of risks and protect the rights and interests of customers. At the same time, information security is a critical foundation for the banking business innovation, therefore, a comprehensive security protection mechanism is required. The countermeasures are defined as follows:

- (a) Adopting the cyber defense-in-depth strategy

FEIB has established Internet access control and phishing email protection systems, and established a network security zone structure for the entire bank to achieve minimum access control with firewall partitions. FEIB has also established the Security Operation Center (SOC), which can monitor all information security incidents in a complete and real-time manner.

- (b) FEIB has implemented the protection service to automatically detect counterfeit websites and mobile application (APP) to help customers from fraud.

(5) Effect of a Change in Bank's Image and Responding Measures

Based on the business philosophy of "Sincerity, Diligence, Thrift, Prudence, and Innovation", the Bank is committed to becoming a professional and sophisticated financial

services company in Greater China and ASEAN markets, providing customers with the best modern investment and financial solutions, focusing on safeguarding consumer rights. At the same time, corporate social responsibility is regarded as one of the core values of the Bank. We are committed to sponsoring philanthropic events based on the concept of "Take from society, Give back to society" and have maintained a good corporate image for a long time.

(6) Expected Benefits, Possible Risks and Responding Measures for M&As

No merger or acquisition in 2021

(7) Expected Benefits, Possible Risks and Responding Measures for Network Expansion Domestic Base

The reason for establishing Singapore & Ho Chi Minh Rep. Offices is to build foundation in ASEAN markets in addition to the Greater China platform. The investment and operational risks of establishing Rep. Offices are lower than branches. Those set up have limited impact on FEIB's overall financial structure and net earnings.

(8) Risks and Responding Measures of Business Concentration

Corporate Banking Group (CBG) conducts business fully in compliance with internal rules and external supervisory regulation; Furthermore, CBG regularly examines risks exposures categorized as the same industry, same conglomerate/group, same affiliated institution, and same account.

In 2021, CBG loan portfolio under management has no overly concentrated industry or region, or disadvantage of which would impair CBG's core competence.

(9) Effect, Risks and Responding Measures to Ownership Changes

No ownership changes in 2021

(10) Impact, Risks and Countermeasures if Any Board Directors or Shareholders who Own More than 1% Shares of the Bank Make a Significant Share Transfer or Replacement

None.

(11) Litigation or Non-litigation Cases

In December 2021, the Supreme Court of Taiwan made a final and binding judgment that the Bank shall pay to the other creditor banks of ALLIED MATERIAL TECHNOLOGY CORP. , the recovered amount (plus statutory interest) in a total of NT\$317,222,000 which the Bank had been recovered in the creditor's recourse procedure against ALLIED MATERIAL TECHNOLOGY CORP. during 1996.

The loss was recognized in 2021 and paid in Jan 2022. The case is closed.

(12) Other Important Risks and Responsive Procedures

None.

7. Contingency Plans for Crisis Management

- (1) FEIB not only formulates "Guidelines on major events occurring" and "Guidelines on Emergency Response Plan", but also set Emergency Response Center. When crisis happens, FEIB can predominate immediate data effectively and integrate them timely to adopt response measures, ensuring our business to be normal.
- (2) In response to the COVID-19 epidemic, the Bank formulated "Guidelines for Prevention and Response to Major Epidemic", established an emergency response center with the general manager as the commanded chief and notification system. To avoid affecting operations due to the expansion of the epidemic, planed for off-site office, on-line meeting and distribution of epidemic prevention items and set up Epidemic prevention chief and epidemic prevention team.
- (3) Build Duty Officer System in weekday and assign a general duty officer to coordinate sudden crisis and circulate crisis events as required
- (3) All business units should execute disaster drill and education training twice per year in accordance with the "Employee Major Disasters and Anti-robbing group exercise Plan " and the "Employee Fire and Anti-robbing group exercise Plan" to reduce disaster accident losses.

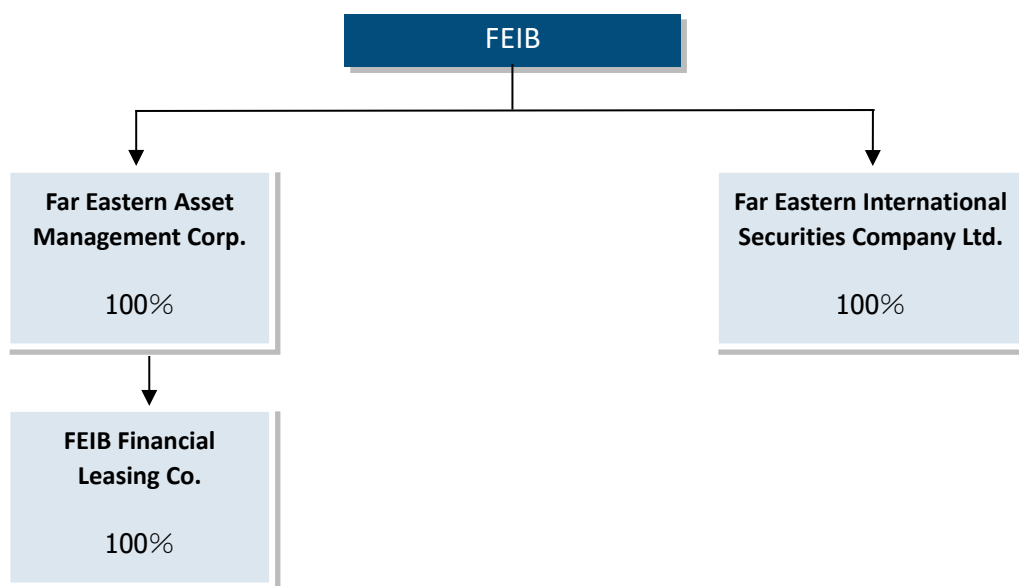
8. Other Important Items:

None.

VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Organization Chart



Note : Affiliated companies of the Bank do not hold each other's shares

(2) Backgrounds of Affiliated Companies

Unit : NT\$ Thousands

December 31, 2021

Company Name	Established Date	Address	Paid-in Capital	Main Business
Far Eastern Asset Management Corp.	Jan 29, 2004	17th Floor, No. 207, Section 2, Dunhua South Road, Taipei	1,684,000	Financial institutions buy, evaluate, auction and manage services for money claims. Accounts receivable purchase business. Overdue accounts receivable management services.
FEIB Financial Leasing Co.	Apr 27, 2015	Rm. 1504-1505, Jaidu Mansion, #719 West Yan'an Rd., Changning District, Shanghai 200050, China	USD 30,000 thousands (eqv. NT\$920,470 thousands)	Financial Leasing Business, Leasing Business, Purchase of leasing property from domestic and foreign, Consultation and Guarantee of Leasing Transactions, Factoring Business related to main business
Far Eastern International Securities Company Ltd.	Jun 26, 2008	51F, No.7, Sec. 5, Xinyi Road, Taipei 11049, Taiwan	260,000	Foreign securities brokerage and wealth management business.

(3) Backgrounds of Directors, Supervisors and Presidents of Affiliated Companies

December 31, 2021

Company Name	Title	Name of Representatives	Shareholding	
			No. of Shares	Ratio%
Far Eastern Asset Management Corp.	Chairman	LIN, JIANN-JONG (representative of FEIB)	168,400,000	100.00%
	Director	CHOU, TIEN-TSAI (representative of FEIB)	168,400,000	100.00%
	Director	DAI, GUANG JENG (representative of FEIB)	168,400,000	100.00%
	Director	WANG, SHAW Y. (representative of FEIB)	168,400,000	100.00%
	Director	CHENG, CHAN-FONG (representative of FEIB)	168,400,000	100.00%
	Supervisor	CHEN, YUN-YI (representative of FEIB)	168,400,000	100.00%
	Supervisor	CHENG, HUM PHREY (representative of FEIB)	168,400,000	100.00%
FEIB Financial Leasing Co.	Chairman	LIN, JIANN-JONG (representative of Far Eastern Asset Management Corp)	No securities issued	100% holding
	Director	Chi, Steve (representative of Far Eastern Asset Management Corp)		
	Director	DAI, GUANG JENG (representative of Far Eastern Asset Management Corp)		
	Director	Liu, Vincent (representative of Far Eastern Asset Management Corp)		
	Director	CIOU, KUN-LONG (representative of Far Eastern Asset Management Corp)		
	Supervisor	CHOU, SHIN-HWA (representative of Far Eastern Asset Management Corp)		
	General Manager	CHEU, Richard		
FEIB Financial Leasing Co.	Chairperson	LIU, MAY-LING (representative of FEIB)	26,000,000	100.00%
	Director	LIN, JIANN-JONG (representative of FEIB)	26,000,000	100.00%
	Director	TAI, SUNGCHIH (representative of FEIB)	26,000,000	100.00%
	Director	CHANG, HSIAO-CHIEN (representative of FEIB)	26,000,000	100.00%
	Director	YANG, YA-SEN (representative of FEIB)	26,000,000	100.00%
	Supervisor	CHEN, YUN-YI (representative of FEIB)	26,000,000	100.00%
	(Acting) General Manager	CHEN, Vincent	-	-

(4) Performance of Affiliated Companies

Unit : NT\$ Thousands

December 31, 2021

Company Name	Paid-in capital	Assets	Liabilities	Net value	Operating revenue	Operating income	Income before tax	EPS (before tax)
Far Eastern Asset Management Corp.	1,684,000	2,352,873	651,581	1,701,292	63,699	48,072	60,600	0.36
FEIB Financial Leasing Co.	920,470	1,201,885	197,622	1,004,263	70,886	42,612	34,161	-
Far Eastern International Securities Company Ltd.	260,000	631,627	97,056	534,571	471,218	123,667	99,542	3.83

2. Private Placement and Financial Debentures

Private Placement of Securities: None.

Private Placement of Financial Debentures: None.

3. The Company Shares Held or Disposed by Subsidiaries

None.

4. Other Major Supplementary Information

None.

5. Major Events Affecting Shareholders' Equity or Share Prices

None.

IX. Major Events and Information of Headquarter and Branches

Major Events in 2021

Jan	Head Office Branch joined the Taipei City Dementia Friendly Community Bankee became the first bank approved for phase II "Open Banking" The bank's Happy+ credit card issued Conference was held in Taipei
Feb	Cooperated with the PezzaLoan to set up a corporate fundraising matchmaking platform online.
Mar	The member barcode integration function of the payment platform business is launched Received "Best Wealth Appreciation Award", "Best Scientific Research Team" and "Best Service Innovation Award" by Wealth Magazine.
Apr	FEIB was in the top 6~20% of the listed companies in the fourth "Corporate Governance
May	In response to the three-level alert, start diverting work and working from home
June	The shareholders' meeting resulted dividend distribution of NT\$0.517 per share. Received "Best Digital Bank" by Asiamoney Magazine. The Bank took out epidemic prevention insurance for employees.
July	Deployed remote office, 70% of colleagues improved the efficiency, and further developed a normal compound remote office. Cooperated with Yuan Ze University and National to promote the first AI intelligent RM (Relationship Manager).
Aug	Received "Best Pathway Strategy Award" by RMI Foundation. Received "Best brand image Award", "Best Wealth Management Award" and "Best Customer Recommendation Award" by Excellence Magazine. Received "Best Companies to Work for in Asia" by HR Asia Magazine.
Sep	The bank launched senior care trust to direct a happy future. Bankee cooperated with Oriental Securities Corp. to launch one-stop securities and delivery account application, and jointly build a securities financial ecosystem. Received "Digital Transformation Award for Business Model" Received "Excellent Digital Finance Award" by Commercial Times Singapore office was set up.
Oct	Selected as the first-class loan performance for small and medium-sized enterprises by Financial Supervisory Commission. Bankee Received "Best Product of the National Brand Yushan Award" Received "Best Wealth Management Service Award" by Asset Magazine. Set up the "Corporate Sustainability Committee" and formulate the "Regulations of the Corporate Sustainability Committee". Awarded the third runner-up in the "i Sports Calendar Points Competition" by the Sports Department of the Ministry of Education
Nov	Received "Sustainable Resilience Outstanding Award" by BSI Standards annual conference. Received "Corporate Sustainability Report Gold Award" by TCSA. The bank launched beach cleaning activities to protect environment. Received the "Procurement Award 3rd Prize" of Asia Pacific Social Innovation Partnership Award.
Dec	Received "Best Customer Service Management Team" and "Best Customer Service Training Team" of group awards, and "Best Service Star", "Best Marketing Star", and "Best Customer Service Star" of 3 individual awards by the Taiwan Customer Service Center. Received "National Talent Development Awards" of the Large-scale Industry by Labor Development Administration of the Ministry Received the "Healthy Workplace Certification-Health Promotion Mark and Health Startup Mark" issued by the National Health Administration.

Headquarter and Branches

Operating Unit	Address	Telephone Number
Headquarter	27F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(886-2) 2378-6868
Taipei Chung Hsiao Branch	No. 112, Zhongxiao E. Rd., Sec. 1, Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2327-8898
Taipei Tungmen Branch	No. 135, Sinyi Rd., Sec. 2, Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2356-7711
Taipei Cheng Chung Branch	No. 77, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2381-4567
Taipei Nanmen Branch	No. 40, Roosevelt Rd., Sec. 1, Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2392-6955
Taipei Guting Branch	No. 50, Roosevelt Rd., Sec. 3, Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2369-5600
Taipei Dadaocheng Branch	No. 86, Yanping N. Rd., Sec. 2, Datong Dist., Taipei City 103, Taiwan	(886-2) 2558-6186
Taipei Chungching Branch	No. 30, Chungching N. Rd., Sec. 1, Datong Dist., Taipei City 103, Taiwan	(886-2) 2550-6600
International Banking Department	2F, No. 30, Chungching N. Rd., Sec. 1, Datong Dist., Taipei City 103, Taiwan	(886-2) 2550-8811
Taipei Chungshan Branch	No. 70, Minsheng E. Rd., Sec. 1, Chungshan Dist., Taipei City 104, Taiwan	(886-2) 2523-8899
Taipei Sungchiang Branch	No. 59, Sungchiang Rd., Chungshan Dist., Taipei City 104, Taiwan	(886-2) 2505-5533
Taipei Nanjing East Road Branch	No. 101, Nanjing E. Rd., Sec. 3, Chungshan Dist., Taipei City 104, Taiwan	(886-2) 7702-9766
Taipei Nungan Mini Branch	No. 12-1, Nungan St., Chungshan Dist., Taipei City 104, Taiwan	(886-2) 2592-2255
Taipei Sungshan Branch	No. 171, Nanjing E. Rd., Sec. 5, Sungshan Dist., Taipei City 105, Taiwan	(886-2) 8787-6668
Head Office Branch	1F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(886-2) 2378-6868
Taipei Dun Nan Branch	13F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(886-2) 7732-0086
Trust Department	10F, No. 112, Zhongxiao E. Rd., Sec. 1, Zhongzheng Dist., Taipei City 100, Taiwan	(886-2) 2312-3636
Taipei Yungji Branch	No. 7, Zhongpo N. Rd., Shinyi Dist., Taipei City 110, Taiwan	(886-2) 8785-5788
Taipei Shinyi Branch	No. 505, Guangfu S. Rd., Shinyi Dist., Taipei City 106, Taiwan	(886-2) 2720-7755
Taipei Fuxing Mini Branch	No. 422, Fuxing N. Rd., Zhongshan Dist., Taipei City 104, Taiwan	(886-2) 8101-0168
Taipei Yihsien Branch	No. 200-3, Keelung Rd., Sec. 1, Shinyi Dist., Taipei City 110, Taiwan	(886-2) 2722-9558
Shipai Branch	No. 112, Shipai Rd., Sec. 2, Beitou Dist., Taipei City 112, Taiwan	(886-2) 2826-5688
Taipei Jinhu Mini Branch	No. 495, Minquan E. Rd., Sec. 6, Neihu Dist., Taipei City 114, Taiwan	(886-2) 2630-5788
Credit Card Department	No. 33, Aly. 3, Ln 182, Wenhua Rd., Sec. 2, Panchiao City, New Taipei City 220, Taiwan	(886-2) 8073-1166
Panchiao Wenhua Branch	No. 1, Wenhua Rd., Sec. 2, Panchiao Dist., New Taipei City 220, Taiwan	(886-2) 2255-6499
Panchiao Nanya Branch	No. 172, Nanya S. Rd., Sec. 2, Panchiao Dist., New Taipei City 220, Taiwan	(886-2) 8966-3339
Panchiao Chungcheng Branch	No. 228, Chungcheng Rd., Panchiao Dist., New Taipei City 220, Taiwan	(886-2) 2272-6088
Panchiao Mega City Branch	2F, No. 18, Xinzhan Rd., Panchiao Dist., New Taipei City 220, Taiwan	(886-2) 7729-0616
Shindian Branch	No. 98, Beixin Rd., Sec. 3, Shindian Dist., New Taipei City 231, Taiwan	(886-2) 2910-6060
Yunggho Branch	No. 222, Fuhe Rd., Yonggho Dist., New Taipei City 234, Taiwan	(886-2) 2232-6500
Shuanggho Branch	No. 535, Zhonghe Rd., Yonggho Dist., New Taipei City 234, Taiwan	(886-2) 7717-6668
Chungho Branch	No. 3, Heping St., Chungho Dist., New Taipei City 235, Taiwan	(886-2) 2945-1800
Sanchung Branch	No. 46, Fude N. Rd., Sanchung Dist., New Taipei City 241, Taiwan	(886-2) 8973-1133
Taipei Shinchuang Branch	No. 209, Fuxing Rd., Sec. 1, Shinchuang Dist., New Taipei City 242, Taiwan	(886-2) 8991-3366
Shinchuang Fu Guo Branch	No. 6, Fuguo Rd., Shinchuang Dist., New Taipei City 242, Taiwan	(886-2) 2901-6868
Luzhou Branch	No. 38, Sanmin Rd., Luzhou Dist., New Taipei City 247, Taiwan	(886-2) 7730-6978
Chungli Branch	No. 372, Yanping Rd., Chungli Dist., Taoyuan City 320, Taiwan	(886-3) 427-9696
Taoyuan Branch	No. 78, Nanhua St., Taoyuan Dist., Taoyuan City 330, Taiwan	(886-3) 339-6339
Taoyuan Tashing Branch	No. 6, Tashing W. Rd., Sec. 2, Taoyuan Dist., Taoyuan City 330, Taiwan	(886-3) 301-8966
Taoyuan Dayou Branch	No. 480, Dayou Rd., Taoyuan District, Taoyuan City 330, Taiwan	(886-3) 346-9688
Lin Kou Branch	No. 227, Fuxing 1 st Rd., Guishan Dist., Taoyuan City 333, Taiwan	(886-3) 397-3888

Operating Unit	Address	Telephone Number
Hsinchu Jinguo Branch	No. 100, Jinguo Rd., Sec. 2, Hsinchu City 300, Taiwan	(886-3) 533-3131
Hsinchu Scientific Park Branch	3F, No. 11, Yuanqu 2 nd Rd., Hsinchu City 300, Taiwan	(886-3) 579-8833
Hsinchu Big City Branch	No. 243, Zhongyang Rd., East Dist., Hsinchu City 300, Taiwan	(886-3) 533-8168
Chupei Branch	No. 41, Guangming 6 th Rd., Chupei city, Hsinchu County 302, Taiwan	(886-3) 553-6699
Taichung Jihyu Branch	No. 131, Jihyu Rd., Sec. 2, Central Dist., Taichung City 400, Taiwan	(886-4) 2225-2008
Taichung Kungyi Branch	No. 367, Kungyi Rd., West Dist., Taichung City 403, Taiwan	(886-4) 2328-8666
Taichung Daya Branch	No. 180, Wenshing Rd., Sec. 4, North Dist., Taichung City 404, Taiwan	(886-4) 2297-3266
Taichung Wenshing Branch	No. 698, Wenshin Rd., Sec. 4, Beitun Dist., Taichung City 406, Taiwan	(886-4) 2230-6689
Dali Branch	No. 121, Yimin Rd., Sec. 2, Dali Dist., Taichung City 412, Taiwan	(886-4) 2482-3899
Taichung Chaofu Branch	No. 139, Chaofu Rd., Xitun Dist., Taichung City 407, Taiwan	(886-4) 2252-2256
Nantou Branch	No. 11, Sanhe 2 nd Rd., Nantou City, Nantou County 540, Taiwan	(886-49) 222-3311
Chiayi Branch	No. 272, Wenhua Rd., East Dist., Chiayi City 600, Taiwan	(886-5) 278-5911
Tainan Branch	No. 2, Dongmen Rd., Sec. 2, East Dist., Tainan City 701, Taiwan	(886-6) 208-9898
Chungde Branch	No. 87, Chongdao Rd., East Dist., Tainan City 701, Taiwan	(886-6) 290-7290
Yungkang Branch	No. 37, Zhongzheng N. Rd., Yungkang Dist., Tainan City 710, Taiwan	(886-6) 253-0400
Kaohsiung Chungcheng Branch	No. 49, Chungcheng 4 th Rd., Xinxing Dist., Kaohsiung City 800, Taiwan	(886-7) 251-8199
Kaohsiung Culture Center Branch	No. 96, Siwei 2 nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan	(886-7) 715-5678
Kaohsiung Wufu Branch	No. 106, Dayong Rd., Yancheng Dist., Kaohsiung City 803, Taiwan	(886-7) 533-3820
Kaohsiung Boai Branch	No. 578, Boai 2 nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan	(886-7) 557-6161
Hong Kong Branch	20F, No. 8, Queen's Road, Central, Hong Kong	(852) 2167-8183
Ho Chi Minh City Representative Office	Unit #803, 8F of Royal Tower A, Royal Centre Building, 235 Nguyen Van Cu, District 1, Ho Chi Minh City, Vietnam	N/A
Singapore Representative Office	50 Raffles Place #14-4 Singapore Land Tower, Singapore 048623	(65)6223-3036

Far Eastern International Bank Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern International Bank Ltd. (the "Bank") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including 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 its 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 Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (FSC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Bank and its subsidiaries' consolidated financial statements for the year ended December 31, 2021 for the Bank and its subsidiaries, which are described as follows:

Allowance for Expected Credit Losses on Loans

As of December 31, 2021, the balance of loans in the aggregate amounted to NT\$407,441,765 thousand, which accounted for 56% of the total assets of the consolidated financial statements; an amount that is deemed to be significant to the consolidated financial statements. Besides assessing expected credit losses on loans in accordance with IFRS 9 "Financial Instruments", the Bank complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations when assessing classification of credit assets and recognizing allowance for possible losses, and the higher amount of allowance for expected credit losses on loans is recognized. As the assessment on the impairment of loans involved the management's critical judgments in accounting estimation and the underlying assumptions, we deemed the allowance for expected credit losses on loans as a key audit matter. Refer to Note 5 to the consolidated financial statements for the critical accounting judgments and estimation uncertainty.

Refer to Notes 4, 5, 14 and 43 to the consolidated financial statements for disclosures related to impairment on loans.

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

1. Understand and perform tests on the Bank's internal controls relevant to loans impairment assessment.
2. Identity the potential risk of loans customers from public information, and confirm that whether to include in the appropriate assessment stage.
3. Verify whether the methodology, main assumptions and parameters (consider the probability of default, probability of loss given default and exposure at default on forward-looking information) adopted by the impairment model of expected credit losses adequately reflect the actual position and compliance with IFRS 9, and recalculate the amount of impairment.
4. Sample and review credit files to evaluate whether the loans are reasonably categorized per regulatory stipulation and recalculate for the correctness of the allowance.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 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 Banks and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the 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 its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 3, 2022

Notice to Readers

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
ASSETS				
Cash and cash equivalents (Note 6)	\$ 5,017,087	1	\$ 6,409,009	1
Due from the Central Bank and other banks (Notes 7, 38 and 39)	45,873,426	6	35,137,822	5
Financial assets at fair value through profit or loss (Notes 4, 8, 38 and 42)	37,662,767	5	31,757,436	5
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 11, 21, 28, 39, 42 and 43)	113,429,715	16	177,659,673	26
Investment in debt instruments at amortized cost, net (Notes 4, 5, 10, 11 and 42)	71,374,127	10	1,077,764	-
Securities purchased under resale agreements, net (Notes 4 and 12)	5,888,595	1	10,960,705	2
Receivables, net (Notes 4, 5, 13 and 43)	24,331,835	3	21,544,213	3
Discounts and loans, net (Notes 4, 5, 14, 38 and 43)	407,441,765	56	383,192,769	56
Investment accounted for using the equity method (Notes 4, 15 and 28)	1,970,175	-	1,911,929	-
Other financial assets, net (Notes 16 and 39)	3,971,314	1	4,654,802	1
Property and equipment, net (Notes 4, 17 and 38)	2,984,077	1	2,984,953	1
Right-of-use assets, net (Notes 4 and 18)	1,018,720	-	825,209	-
Intangible assets, net (Notes 4 and 19)	1,623,153	-	1,648,636	-
Deferred tax assets (Notes 4 and 36)	209,623	-	212,925	-
Other assets (Note 38)	258,134	-	313,111	-
TOTAL	<u>\$ 723,054,513</u>	<u>100</u>	<u>\$ 680,290,956</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Notes 20 and 43)	\$ 1,791,820	-	\$ 984,839	-
Funds borrowed from the Central Bank and other banks (Notes 43 and 45)	77,240	-	22,340	-
Financial liabilities at fair value through profit or loss (Notes 4, 8, 38 and 42)	3,002,289	1	5,196,435	1
Securities sold under repurchase agreements (Notes 4, 9, 21, 43 and 45)	4,959	-	3,530,487	1
Payables (Notes 22 and 43)	5,564,647	1	5,297,879	1
Current tax liabilities (Note 4)	175,662	-	176,737	-
Deposits and remittances (Notes 23, 38 and 43)	612,106,685	85	582,152,911	86
Bank debentures (Notes 24, 42, 43 and 45)	23,901,900	3	22,601,900	3
Principal received on structured products (Note 43)	23,050,606	3	8,190,621	1
Other financial liabilities (Notes 25, 43 and 45)	979,213	-	868,202	-
Provisions (Notes 4, 26 and 38)	1,056,482	-	1,063,091	-
Lease liabilities (Notes 4, 18, 38, 43 and 45)	1,026,881	-	839,255	-
Other liabilities (Note 45)	614,178	-	622,554	-
Total liabilities	<u>673,352,562</u>	<u>93</u>	<u>631,547,251</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Notes 4, 9, 15 and 28)				
Share capital	<u>35,139,632</u>	<u>5</u>	<u>34,481,044</u>	<u>5</u>
Capital surplus	<u>456,426</u>	<u>-</u>	<u>456,426</u>	<u>-</u>
Retained earnings				
Legal reserve	10,294,866	1	9,547,845	1
Special reserve	5,922	-	23,543	-
Unappropriated earnings	<u>3,786,263</u>	<u>1</u>	<u>3,259,093</u>	<u>1</u>
Total retained earnings	<u>14,087,051</u>	<u>2</u>	<u>12,830,481</u>	<u>2</u>
Other equity	<u>18,842</u>	<u>-</u>	<u>975,754</u>	<u>-</u>
Total equity	<u>49,701,951</u>	<u>7</u>	<u>48,743,705</u>	<u>7</u>
TOTAL	<u>\$ 723,054,513</u>	<u>100</u>	<u>\$ 680,290,956</u>	<u>100</u>

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUES (Notes 4, 29 and 38)	\$ 9,571,123	89	\$ 10,457,629	93	(8)
INTEREST EXPENSES (Notes 4, 18, 29 and 38)	<u>2,950,709</u>	<u>28</u>	<u>4,421,002</u>	<u>39</u>	(33)
NET INTERESTS	<u>6,620,414</u>	<u>61</u>	<u>6,036,627</u>	<u>54</u>	10
NET REVENUES AND GAINS OTHER THAN INTEREST					
Net service fee income (Notes 4, 30 and 38)	2,977,835	28	3,511,674	31	(15)
Net gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 31, 38 and 42)	982,273	9	1,317,959	12	(25)
Net realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9 and 28)	83,125	1	52,611	1	58
Loss on disposal of credit assets measured at amortized cost (Note 14)	-	-	(116,904)	(1)	100
Net foreign exchange gain (Note 4)	77,988	1	37,986	-	105
Shares of profit of associates for using equity method (Notes 4 and 15)	144,746	1	123,012	1	18
Others (Notes 14, 22 and 38)	<u>(93,492)</u>	<u>(1)</u>	<u>252,254</u>	<u>2</u>	(137)
Total net revenues and gains other than interest	<u>4,172,475</u>	<u>39</u>	<u>5,178,592</u>	<u>46</u>	(19)
NET REVENUES	<u>10,792,889</u>	<u>100</u>	<u>11,215,219</u>	<u>100</u>	(4)
NET PROVISION FOR LOSS ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 4, 5, 13, 14, 16, 26 and 38)	<u>813,218</u>	<u>8</u>	<u>1,464,719</u>	<u>13</u>	(44)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expense (Notes 4, 27, 32, 33 and 38)	\$ 4,079,617	38	\$ 4,140,505	37	(1)
Depreciation and amortization (Notes 4, 17, 18, 19 and 34)	711,442	7	720,049	6	(1)
Other general and administrative expenses (Notes 18, 35 and 38)	<u>1,885,790</u>	<u>17</u>	<u>2,001,712</u>	<u>18</u>	(6)
Total operating expenses	<u>6,676,849</u>	<u>62</u>	<u>6,862,266</u>	<u>61</u>	(3)
INCOME BEFORE INCOME TAX	3,302,822	30	2,888,234	26	14
INCOME TAX EXPENSE (Notes 4 and 36)	<u>363,700</u>	<u>3</u>	<u>369,531</u>	<u>4</u>	(2)
NET INCOME FOR THE YEAR	<u>2,939,122</u>	<u>27</u>	<u>2,518,703</u>	<u>22</u>	17
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 9, 11, 15, 27, 28 and 36)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(61,744)	-	163,671	2	(138)
Gain on valuation of investments in equity instruments at fair value through other comprehensive income	43,728	-	152,606	1	(71)
Share of other comprehensive income of associates for using equity method	3,121	-	652	-	379
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	<u>12,349</u>	<u>-</u>	<u>(32,734)</u>	<u>-</u>	138
	<u>(2,546)</u>	<u>-</u>	<u>284,195</u>	<u>3</u>	(101)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	\$ (45,776)	(1)	\$ (121,614)	(1)	62
Share of other comprehensive income (loss) of associates for using equity method	(39,917)	-	45,328	-	(188)
Unrealized gain (loss) on investments in debt instruments measured at fair value through other comprehensive income	(770,158)	(7)	305,971	3	(352)
Income tax benefit (expense) relating to items that may be reclassified subsequently to profit or loss	<u>1,603</u> <u>(854,248)</u>	<u>-</u> <u>(8)</u>	<u>(2,767)</u> <u>226,918</u>	<u>-</u> <u>2</u>	158 (476)
Other comprehensive income (loss) for the year	<u>(856,794)</u>	<u>(8)</u>	<u>511,113</u>	<u>5</u>	(268)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,082,328</u>	<u>19</u>	<u>\$ 3,029,816</u>	<u>27</u>	(31)
NET INCOME ATTRIBUTABLE TO: Owners of the Bank	<u>\$ 2,939,122</u>	<u>27</u>	<u>\$ 2,518,703</u>	<u>22</u>	17
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the Bank	<u>\$ 2,082,328</u>	<u>19</u>	<u>\$ 3,029,816</u>	<u>27</u>	(31)
EARNINGS PER SHARE (Note 37)					
Basic	<u>\$0.84</u>		<u>\$0.72</u>		
Diluted	<u>\$0.83</u>		<u>\$0.71</u>		

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent						Others		Total Equity
	Share Capital (Note 28)	Capital Surplus (Note 28)	Retained Earnings (Notes 9 and 28)		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations (Note 4)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 9, 15 and 28)		
			Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2020	\$ 33,558,193	\$ 456,426	\$ 8,458,068	\$ 76,215	\$ 4,299,505	\$ (72,090)	\$ 508,096	\$ 47,284,413	
Appropriation of the 2019 earnings	-	-	-	-	(1,089,777)	-	-	-	
Legal reserve	-	-	1,089,777	-	-	-	-	-	
Reversal of special reserves	-	-	-	(52,672)	52,672	-	-	-	
Cash dividends - NT\$0.468 per share	-	-	-	-	(1,570,524)	-	-	(1,570,524)	
Stock dividends - NT\$0.275 per share	922,851	-	-	-	(922,851)	-	-	-	
	<u>922,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	922,851	-	1,089,777	(52,672)	(3,530,480)	-	-	(1,570,524)	
Net income for the year ended December 31, 2020	-	-	-	-	2,518,703	-	-	2,518,703	
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	130,488	(124,381)	505,006	511,113	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,649,191	(124,381)	505,006	3,029,816	
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	(159,123)	-	159,123	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,471)</u>	<u>1,172,225</u>	<u>48,743,705</u>	
BALANCE AT DECEMBER 31, 2020	34,481,044	456,426	9,547,845	23,543	3,259,093	-	-	-	
Appropriation of the 2020 earnings	-	-	747,021	-	(747,021)	-	-	-	
Legal reserve	-	-	-	(17,621)	17,621	-	-	-	
Reversal of special reserves	-	-	-	-	(1,124,082)	-	-	(1,124,082)	
Cash dividends - NT\$0.326 per share	-	-	-	-	(658,588)	-	-	-	
Stock dividends - NT\$0.191 per share	658,588	-	-	-	-	-	-	-	
	<u>658,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	658,588	-	747,021	(17,621)	(2,512,070)	-	-	(1,124,082)	
Net income for the year ended December 31, 2021	-	-	-	-	2,939,122	-	-	2,939,122	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(49,894)	(44,173)	(762,727)	(856,794)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,889,228	(44,173)	(762,727)	2,082,328	
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	150,012	-	(150,012)	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
BALANCE AT DECEMBER 31, 2021	\$ 35,139,632	\$ 456,426	\$ 10,294,866	\$ 5,922	\$ 3,786,263	\$ (240,644)	\$ 259,486	\$ 49,701,951	

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,302,822	\$ 2,888,234
Adjustments for:		
Depreciation	685,959	694,566
Amortization	25,483	25,483
Provision for loss on bad debts expense, commitment and guarantee	1,199,772	1,881,572
Net valuation loss (gain) on financial assets and liabilities at fair value through profit or loss	(17,713)	167,311
Interest expenses	2,950,709	4,421,002
Loss on disposal of credit assets measured at amortized cost	-	116,904
Interest revenues	(9,571,123)	(10,457,629)
Dividends revenue	(140,065)	(106,232)
Shares of profit from associates	(144,746)	(123,012)
Unrealized net loss on foreign currency exchange	43,829	75,656
Other adjustments	(9,539)	(35,436)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(1,104,701)	(1,361,824)
Decrease (increase) in financial assets at fair value through profit or loss	(6,290,490)	20,312,335
Decrease (increase) in financial assets at fair value through other comprehensive income	62,843,330	(46,214,589)
Decrease (increase) in investments in debt instruments at amortized cost	(70,320,732)	1,386,344
Decrease (increase) in receivables	(4,022,021)	188,904
Increase in discounts and loans	(26,905,129)	(3,472,955)
Increase (decrease) in due to the Central Bank and other banks	886,105	(9,822,025)
Increase (decrease) in financial liabilities at fair value through profit or loss	(2,163,442)	1,324,615
Increase (decrease) in payables	931,782	(1,492,190)
Increase in deposits and remittances	33,374,304	50,799,031
Increase (decrease) in principal received on structured products	14,927,990	(1,091,526)
Cash generated from operations	482,384	10,104,539
Interest received	9,548,951	10,669,944
Dividends received	142,524	103,732
Interest paid	(3,086,077)	(4,767,612)
Income tax paid	(304,387)	(585,949)
Net cash generated from operating activities	6,783,395	15,524,654

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (288,438)	\$ (341,345)
Proceeds from disposal of property and equipment	152	90
Decrease (increase) in other financial assets	602,478	(274,554)
Decrease (increase) in other assets	17,882	(50,837)
Dividends received from associates	<u>49,704</u>	<u>69,585</u>
Net cash generated from (used in) investing activities	<u>381,778</u>	<u>(597,061)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in funds borrowed from the Central Bank and other banks	54,900	22,340
Proceeds from the issuance of bank debentures	2,400,000	1,600,000
Repayments of bank debentures	(1,100,000)	(4,000,000)
Decrease in securities sold under repurchase agreements	(3,465,911)	(5,844,744)
Repayments of the principal portion of lease liabilities	(407,958)	(426,013)
Increase (decrease) in other financial liabilities	111,011	(133,721)
Decrease in other liabilities	(14,198)	(42,117)
Cash dividends	<u>(1,124,082)</u>	<u>(1,570,524)</u>
Net cash used in financing activities	<u>(3,546,238)</u>	<u>(10,394,779)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(452,064)</u>	<u>(754,714)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,166,871	3,778,100
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>38,991,142</u>	<u>35,213,042</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 42,158,013</u>	<u>\$ 38,991,142</u>

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

	December 31	
	2021	2020
Cash and cash equivalents in consolidated balance sheets	\$ 5,017,087	\$ 6,409,009
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	31,252,331	21,621,428
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	<u>5,888,595</u>	<u>10,960,705</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 42,158,013</u>	<u>\$ 38,991,142</u>

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

As of December 31, 2021, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 55 domestic branches, as well as an overseas branch in Hong Kong and two foreign representative offices (Vietnam and Singapore).

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

2. APPROVAL OF FINANCIAL REPORTS

The financial statements were approved by the Bank’s Board of Directors on March 3, 2022.

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

- a. The Bank and its subsidiaries’ initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except as described below, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have material impact on the Bank and its subsidiaries’ accounting policies:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and
IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

The Bank and its subsidiaries’ change in the basis for determining contractual cash flows of financial assets and financial liabilities resulting from the interest rate benchmark reform are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. The Bank and its subsidiaries elected to apply the practical expediency provided in the amendments to account for the changes by updating the effective interest rate at the time the basis is changed.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022

As of the date the financial statements were authorized for issue, the Bank and its subsidiaries are assessing the application of above standards and interpretations will not have a material impact on the Bank and its subsidiaries’ financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the IASB

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

Current and Noncurrent Assets and Liabilities

Accounts included in the balance sheets are not classified as current or noncurrent since the major components of the financial reports are from the banking sector, whose operating cycle cannot be reasonably identified. Nevertheless, accounts are properly categorized in accordance with their nature and sequenced by their liquidity. Refer to Note 43 for the maturity analysis of liabilities.

Basis of Consolidation

a. Principles of preparing consolidated financial reports

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

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

b. Entities included in financial reports

Entities included in consolidated financial reports were as follows:

Investor Company	Investee Company	Nature of Businesses	% of Ownership	
			December 31, 2021	December 31, 2020
The Bank	Far Eastern Asset Management Co., Ltd. ("FEAMC")	Purchase, evaluation, auction and management of rights of financial institution creditors	100	100
	Far Eastern International Securities Co., Ltd. ("FEIS")	Foreign securities broker, wealth management and offshore fund consulting	100	100
Far Eastern Asset Management Co., Ltd. ("FEAMC")	FEIB Financial Leasing Co., Ltd. ("FEIL")	Leasing operation	100	100

Foreign Currency

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

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

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

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

Investment Accounted for Using Equity Method

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

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

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

Property and Equipment

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

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

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

Intangible Assets

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

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

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

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

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

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

Securities Purchased/Sold Under Resale/Repurchase Agreements

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

Financial Instruments

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

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

Financial assets

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

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

1) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gain or loss arising on dividends, interest and re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 42.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Any exchange difference is recognized in profit or loss.

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

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

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

3) Investments in debt instruments at FVTOCI

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

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

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

4) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

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

c. Derecognition of financial assets

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

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

Equity instruments

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

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

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

2) Financial guarantee contracts

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

b. Derecognition of financial liabilities

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

Derivative financial instruments

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

Derivatives embedded in hybrid contracts

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

Levies

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

Provisions

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

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue Recognition

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

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

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

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

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

Leases

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

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

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

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

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

Retirement Benefit

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

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

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

Income Tax

Income tax expense including the sum of current tax expense and deferred tax expense.

a. Current tax expense

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

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

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

b. Deferred tax expense

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

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

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

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

c. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make essential judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The management will review estimates and basic assumptions continuously. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The Bank and its subsidiaries have considered the economic implications of the COVID-19 into critical accounting estimates.

Estimating impairment of financial assets

The estimate of impairment for receivables, discount and loans and investments in debt instruments is based on the assumptions about the probability of default and loss given default. The Bank uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Bank's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 43 where the actual future cash inflows are less than expect, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash on hand	\$ 2,693,069	\$ 2,623,863
Notes and checks for clearing	640,766	368,465
Deposits due from other banks	1,396,069	3,062,445
Balance with other banks	<u>287,183</u>	<u>354,236</u>
	<u>\$ 5,017,087</u>	<u>\$ 6,409,009</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2021	December 31, 2020
Due from other banks	\$ 19,610,970	\$ 13,173,772
New Taiwan dollar reserve deposits - Type A	8,013,890	6,316,477
New Taiwan dollar reserve deposits - Type B	14,621,095	13,516,394
Foreign-currency reserve deposits	126,532	131,021
Interbank clearing account	<u>3,500,939</u>	<u>2,000,158</u>
	<u>\$ 45,873,426</u>	<u>\$ 35,137,822</u>

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

As of December 31, 2021 and 2020, due from the Central Bank and other banks falling in the definition of IAS 7 “cash and cash equivalents” (i.e. short-term, highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value); amounted to \$31,252,331 thousand and \$21,621,428 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

The part of New Taiwan dollar reserve deposits - Type B pledged as collaterals are disclosed in Note 39.

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

	December 31, 2021	December 31, 2020
Non-derivative financial assets		
Government bond	\$ 14,040,793	\$ 11,750,113
Stock listed on TWSE and TPEX	928,354	673,149
Beneficiary certificates	<u>475,023</u>	<u>234,854</u>
	<u>15,444,170</u>	<u>12,658,116</u>
Derivative financial assets		
Interest rate swap contracts	1,399,793	1,413,015
Foreign-currency swap contracts	1,227,313	3,319,867
Currency option contracts	592,104	603,815
Forward exchange contracts	84,204	404,968
Others	<u>115,508</u>	<u>251,617</u>
	<u>3,418,922</u>	<u>5,993,282</u>
Hybrid contract		
Asset swap fixed-income	15,515,661	8,998,110
Credit linked loan contracts	2,888,818	2,350,490
Credit linked note contracts	277,903	1,574,134
Convertible bonds	<u>117,293</u>	<u>183,304</u>
	<u>18,799,675</u>	<u>13,106,038</u>
Total financial assets classified as at FVTPL	<u>\$ 37,662,767</u>	<u>\$ 31,757,436</u>

Financial liabilities held for trading

	December 31, 2021	December 31, 2020
Non-derivative financial liabilities		
Short-covering debentures	\$ 148,325	\$ -
Derivative financial liabilities		
Foreign-currency swap contracts	1,128,939	2,995,733
Interest rate swap contracts	946,575	1,038,249
Currency option contracts	592,515	604,574
Forward exchange contracts	106,825	351,565
Others	79,110	206,314
	<u>2,853,964</u>	<u>5,196,435</u>
 Total financial liabilities at FVTPL	 <u>\$ 3,002,289</u>	 <u>\$ 5,196,435</u>

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

Outstanding derivative contract (notional) amounts were as follows:

	December 31, 2021	December 31, 2020
Foreign-currency swap contracts	\$ 398,603,744	\$ 388,506,251
Interest rate swap contracts	230,051,929	150,874,919
Currency option contracts	91,280,105	68,220,685
Seller of credit default swap contracts	17,602,632	19,430,192
Forward exchange contracts	15,128,180	19,346,925
Cross-currency swap contracts	6,119,210	3,374,610
Interest rate option contracts	4,000,000	4,850,800
Bond futures	497,639	417,057
Forward contracts	204,236	370,749
Non-deliverable forward contracts	177,175	40,121
Stock index futures	3,282	10,350
Stock index options	-	160,600

9. FINANCIAL ASSETS AT FVTOCI

	December 31, 2021	December 31, 2020
<u>Investments in equity instruments</u>		
Stock listed on TWSE and TPEx	\$ 1,090,772	\$ 1,088,114
Stock unlisted on TWSE and TPEx	<u>267,768</u>	<u>296,158</u>
	<u>1,358,540</u>	<u>1,384,272</u>
<u>Investments in debt instruments</u>		
Government bonds	39,031,626	36,594,394
Commercial paper	27,013,177	24,930,474
Corporate bonds	19,034,217	14,819,283

(Continued)

	December 31, 2021	December 31, 2020
Bank debentures	\$ 14,685,474	\$ 15,489,183
Negotiable certificates of deposit	10,019,722	80,153,487
Collateralized mortgage obligation	<u>2,286,959</u>	<u>4,288,580</u>
	<u>112,071,175</u>	<u>176,275,401</u>
Total financial assets at FVTOCI	<u>\$ 113,429,715</u>	<u>\$ 177,659,673</u> (Concluded)

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

	For the Year Ended December 31 2021	2020
Dividends revenue recognized in profit or loss		
On equity held at year end	\$ 67,225	\$ 52,408
On equity disposed of in current year	<u>45,277</u>	<u>38,590</u>
	<u>\$ 112,502</u>	<u>\$ 90,998</u>

Because of the consideration of asset allocation, the management adjusted the portfolio; the information about disposal of equity instruments in the current year is as below:

	For the Year Ended December 31 2021	2020
Fair value at the date of disposal	\$ <u>1,367,927</u>	\$ <u>966,307</u>
Accumulated gain (loss) transferred to retained earnings due to disposal	\$ <u>148,214</u>	\$ <u>(160,081)</u>

For the above information of credit risk management and impairment assessment on investments in debt instruments at FVTOCI, refer to Note 11. The assets pledged as collaterals are disclosed in Note 39.

Part of the bank debentures and government bonds have been issued under repurchase agreements. The book value were as follows. Refer to Note 21 for related information.

	December 31, 2021	December 31, 2020
Bank debentures	\$ <u>5,572</u>	\$ <u>3,412,187</u>
Government bonds	\$ <u>-</u>	\$ <u>302,764</u>

10. DEBT INSTRUMENT INVESTMENT MEASURED AT AMORTIZED COST

	December 31, 2021	December 31, 2020
Negotiable certificates of deposits	\$ 70,600,000	\$ -
Bank debentures	774,192	507,721
Corporate bonds	-	570,160
	<u>71,374,192</u>	<u>1,077,881</u>
Less: Allowance for loss	<u>65</u>	<u>117</u>
	<u>\$ 71,374,127</u>	<u>\$ 1,077,764</u>

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

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The policy which the Bank implements is to invest only in debt instruments with credit ratings above (and including) investment grade and with impairment low in credit risk. The Bank continued to track external rating information to monitor changes in credit risk of the investments in debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition.

The Bank considers the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the debt instrument investments.

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

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 112,052,598	\$ 71,374,192	\$ 183,426,790
Less: Impairment loss	<u>15,693</u>	<u>65</u>	<u>15,758</u>
Amortized cost	112,036,905	<u>\$ 71,374,127</u>	183,411,032
Fair value adjustment	<u>34,270</u>		<u>34,270</u>
	<u>\$ 112,071,175</u>		<u>\$ 183,445,302</u>

December 31, 2020

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 175,486,919	\$ 1,077,881	\$ 176,564,800
Less: Impairment loss	<u>15,946</u>	<u>117</u>	<u>16,063</u>
Amortized cost	175,470,973	<u>\$ 1,077,764</u>	176,548,737
Fair value adjustment	<u>804,428</u>		<u>804,428</u>
	<u>\$ 176,275,401</u>		<u>\$ 177,353,165</u>

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

For the year ended December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2021	\$ 15,946	\$ 117	\$ 16,063
Purchase of new debt instruments	10,438	50	10,488
Derecognition	(10,247)	(101)	(10,348)
Exchange rate and other changes	<u>(444)</u>	<u>(1)</u>	<u>(445)</u>
Balance on December 31, 2021	<u>\$ 15,693</u>	<u>\$ 65</u>	<u>\$ 15,758</u>

For the year ended December 31, 2020

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2020	\$ 8,905	\$ 256	\$ 9,161
Purchase of new debt instruments	11,285	15	11,300
Derecognition	(1,360)	(85)	(1,445)
Exchange rate and other changes	<u>(2,884)</u>	<u>(69)</u>	<u>(2,953)</u>
Balance on December 31, 2020	<u>\$ 15,946</u>	<u>\$ 117</u>	<u>\$ 16,063</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	December 31, 2021	December 31, 2020
Government bonds	\$ 4,694,198	\$ 7,439,318
Commercial paper	1,194,780	2,474,535
Negotiable certificates of deposit	<u>-</u>	<u>1,048,085</u>
	5,888,978	10,961,938
Less: Allowance for loss	<u>383</u>	<u>1,233</u>
	<u>\$ 5,888,595</u>	<u>\$ 10,960,705</u>
Resale price	<u>\$ 5,890,209</u>	<u>\$ 10,963,209</u>
Resale date	2022.01.03- 2022.01.25	2021.01.04- 2021.01.29

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

13. RECEIVABLES, NET

	December 31, 2021	December 31, 2020
Credit card	\$ 12,899,257	\$ 13,954,185
Factoring	6,451,669	2,650,059
Buying debt receivable	1,192,120	1,120,220
Lease receivables	894,428	724,018
Interest	860,488	838,316
Forfeiting	568,844	755,913
Proceeds from disposal of securities	549,300	14,978
Acceptances	419,489	901,886
Spot exchange transactions	402,381	623,413
Others	648,889	480,277
	<u>24,886,865</u>	<u>22,063,265</u>
Less: Allowance for possible losses	<u>555,030</u>	<u>519,052</u>
	<u>\$ 24,331,835</u>	<u>\$ 21,544,213</u>

The changes in the total carrying amount of receivables and other financial assets were as follows:

For the year ended December 31, 2021

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Beginning on January 1, 2021	\$ 19,336,317	\$ 61,434	\$ 1,178,967	\$ 20,576,718
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(53,265)	57,180	(64)	3,851
Transfer to Stage 3	(98,468)	(19,209)	125,949	8,272
Transfer to Stage 1	6,695	(8,208)	(386)	(1,899)
Financial assets derecognized in the current period	(7,742,434)	(11,614)	(223,030)	(7,977,078)
Purchased or original financial assets	10,416,350	9,184	42,119	10,467,653
Write-offs	(52,053)	(19,093)	(41,633)	(112,779)
Exchange rate and other changes	<u>(11,120)</u>	<u>(2,127)</u>	<u>(4,497)</u>	<u>(17,744)</u>
Balance on December 31, 2021	<u>\$ 21,802,022</u>	<u>\$ 67,547</u>	<u>\$ 1,077,425</u>	<u>\$ 22,946,994</u>

For the year ended December 31, 2020

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Beginning on January 1, 2020	\$ 20,173,268	\$ 69,452	\$ 1,270,097	\$ 21,512,817
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(46,131)	48,061	(60)	1,870
Transfer to Stage 3	(130,521)	(18,599)	159,904	10,784
Transfer to Stage 1	17,972	(8,807)	(9,399)	(234)
Financial assets derecognized in the current period	(8,779,811)	(9,553)	(251,483)	(9,040,847)
Purchased or original financial assets	8,180,152	10,864	60,311	8,251,327
Write-offs	(66,191)	(25,182)	(47,497)	(138,870)
Exchange rate and other changes	<u>(12,421)</u>	<u>(4,802)</u>	<u>(2,906)</u>	<u>(20,129)</u>
Balance on December 31, 2020	<u>\$ 19,336,317</u>	<u>\$ 61,434</u>	<u>\$ 1,178,967</u>	<u>\$ 20,576,718</u>

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

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

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

The changes in the allowance for possible loss of receivables and other financial assets were as follows:

For the year ended December 31, 2021

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2021	\$ 33,195	\$ 6,387	\$ 376,307	\$ 415,889	\$ 103,403	\$ 519,292
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(26)	6,617	(7)	6,584	-	6,584
Transfer to Stage 3	(49)	(1,905)	39,463	37,509	-	37,509
Transfer to Stage 1	3	(1,236)	(43)	(1,276)	-	(1,276)
Financial assets derecognized in the current period	(11,705)	(1,127)	(51,338)	(64,170)	-	(64,170)
Purchased or original financial assets	40,880	1,349	13,309	55,538	-	55,538
The difference of impairment under the Regulations	-	-	-	-	17,853	17,853
Write-offs	(52,053)	(19,093)	(41,633)	(112,779)	-	(112,779)
Exchange rate and other changes	<u>51,918</u>	<u>17,072</u>	<u>27,668</u>	<u>96,658</u>	<u>-</u>	<u>96,658</u>
Balance on December 31, 2021	<u>\$ 62,163</u>	<u>\$ 8,064</u>	<u>\$ 363,726</u>	<u>\$ 433,953</u>	<u>\$ 121,256</u>	<u>\$ 555,209</u>

For the year ended December 31, 2020

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2020	\$ 35,793	\$ 7,343	\$ 382,562	\$ 425,698	\$ 94,421	\$ 520,119
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(19)	5,148	(10)	5,119	-	5,119
Transfer to Stage 3	(55)	(1,791)	48,238	46,392	-	46,392
Transfer to Stage 1	8	(1,319)	(3,612)	(4,923)	-	(4,923)
Financial assets derecognized in the current period	(21,187)	(1,333)	(52,607)	(75,127)	-	(75,127)
Purchased or original financial assets	18,435	1,157	17,175	36,767	-	36,767
The difference of impairment under the Regulations	-	-	-	-	8,982	8,982
Write-offs	(66,191)	(25,182)	(47,497)	(138,870)	-	(138,870)
Exchange rate and other changes	<u>66,411</u>	<u>22,364</u>	<u>32,058</u>	<u>120,833</u>	<u>-</u>	<u>120,833</u>
Balance on December 31, 2020	\$ <u>33,195</u>	\$ <u>6,387</u>	\$ <u>376,307</u>	\$ <u>415,889</u>	\$ <u>103,403</u>	\$ <u>519,292</u>

14. DISCOUNTS AND LOANS, NET

	December 31, 2021	December 31, 2020
Negotiations, discounts and overdraft	\$ 221,873	\$ 259,841
Short-term loans	82,338,850	66,840,656
Medium-term loans	146,666,334	144,009,562
Long-term loans	183,152,384	176,390,904
Overdue receivable	<u>492,259</u>	<u>1,355,749</u>
	412,871,700	388,856,712
Less: Allowance for possible losses	<u>5,429,935</u>	<u>5,663,943</u>
	<u>\$ 407,441,765</u>	<u>\$ 383,192,769</u>

The Bank sold part of the nonperforming loans and recognized a loss of \$5,826 thousand on disposal of nonperforming loans in 2021; sold part of the credit assets and recognized a loss of \$116,904 thousand on disposal of credit assets measured at amortized cost in 2020.

The details of the provision for possible losses were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Provision for possible losses - discounts and loans	\$ 1,083,358	\$ 1,713,156
Provision for possible losses - receivables and other financial assets	144,799	133,802
Provision for (reversal of) possible losses - reserve for commitment and guarantee obligations	(28,385)	34,614
Amounts recovered - discounts and loans	(230,598)	(234,219)
Amounts recovered - receivables and other financial assets	<u>(155,956)</u>	<u>(182,634)</u>
	<u>\$ 813,218</u>	<u>\$ 1,464,719</u>

The changes in the total carrying amount of discounts and loan were as follows:

For the year ended December 31, 2021

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2021	\$ 383,428,760	\$ 1,054,943	\$ 4,373,009	\$ 388,856,712
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(311,962)	281,787	(629)	(30,804)
Transfer to Stage 3	(237,686)	(273,689)	503,366	(8,009)
Transfer to Stage 1	110,187	(117,451)	(60,695)	(67,959)
Financial assets derecognized in the current period	(106,577,320)	(381,899)	(1,705,984)	(108,665,203)
Purchased or original financial assets	134,076,603	32,207	351,642	134,460,452
Write-offs	(257,613)	(210,747)	(635,968)	(1,104,328)
Exchange rate and other changes	<u>(562,355)</u>	<u>2,212</u>	<u>(9,018)</u>	<u>(569,161)</u>
Balance on December 31, 2021	<u>\$ 409,668,614</u>	<u>\$ 387,363</u>	<u>\$ 2,815,723</u>	<u>\$ 412,871,700</u>

For the year ended December 31, 2020

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2020	\$ 383,679,108	\$ 1,062,772	\$ 5,458,548	\$ 390,200,428
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(1,022,647)	728,092	(1,052)	(295,607)
Transfer to Stage 3	(1,994,710)	(95,597)	1,883,684	(206,623)
Transfer to Stage 1	1,532,030	(141,586)	(4,957)	1,385,487
Financial assets derecognized in the current period	(106,427,272)	(226,565)	(2,589,003)	(109,242,840)
Purchased or original financial assets	108,828,209	56,710	397,124	109,282,043
Write-offs	(456,538)	(329,955)	(773,968)	(1,560,461)
Exchange rate and other changes	<u>(709,420)</u>	<u>1,072</u>	<u>2,633</u>	<u>(705,715)</u>
Balance on December 31, 2020	<u>\$ 383,428,760</u>	<u>\$ 1,054,943</u>	<u>\$ 4,373,009</u>	<u>\$ 388,856,712</u>

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

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

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

The changes in the allowance of discounts and loan were as follows:

For the year ended December 31, 2021

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2021	\$ 478,683	\$ 132,020	\$ 1,633,428	\$ 2,244,131	\$ 3,419,812	\$ 5,663,943
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(941)	80,200	(572)	78,687	-	78,687
Transfer to Stage 3	(538)	(8,437)	241,371	232,396	-	232,396
Transfer to Stage 1	195	(21,447)	(2,118)	(23,370)	-	(23,370)
Financial assets derecognized in the current period	(163,786)	(50,906)	(646,042)	(860,734)	-	(860,734)
Purchased or original financial assets	243,296	20,402	122,904	386,602	-	386,602
The difference of impairment under the Regulations	-	-	-	-	567,533	567,533
Write-offs	(257,613)	(210,747)	(635,968)	(1,104,328)	-	(1,104,328)
Exchange rate and other changes	<u>254,148</u>	<u>166,602</u>	<u>68,456</u>	<u>489,206</u>	-	<u>489,206</u>
Balance on December 31, 2021	\$ <u>553,444</u>	\$ <u>107,687</u>	\$ <u>781,459</u>	\$ <u>1,442,590</u>	\$ <u>3,987,345</u>	\$ <u>5,429,935</u>

For the year ended December 31, 2020

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2020	\$ 690,586	\$ 101,911	\$ 849,067	\$ 1,641,564	\$ 3,934,047	\$ 5,575,611
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(11,752)	89,269	(917)	76,600	-	76,600
Transfer to Stage 3	(7,536)	(6,721)	984,579	970,322	-	970,322
Transfer to Stage 1	1,854	(17,749)	(1,564)	(17,459)	-	(17,459)
Financial assets derecognized in the current period	(333,919)	(37,352)	(188,298)	(559,569)	-	(559,569)
Purchased or original financial assets	512,319	309,960	141,454	963,733	-	963,733
The difference of impairment under the Regulations	-	-	-	-	(514,235)	(514,235)
Write-offs	(456,538)	(329,955)	(773,968)	(1,560,461)	-	(1,560,461)
Exchange rate and other changes	<u>83,669</u>	<u>22,657</u>	<u>623,075</u>	<u>729,401</u>	-	<u>729,401</u>
Balance on December 31, 2020	\$ <u>478,683</u>	\$ <u>132,020</u>	\$ <u>1,633,428</u>	\$ <u>2,244,131</u>	\$ <u>3,419,812</u>	\$ <u>5,663,943</u>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2021		December 31, 2020	
	Amount	% of Ownership	Amount	% of Ownership
Dah Chung Bills Finance Corp.	\$ 1,825,110	22.06	\$ 1,782,278	22.06
Deutsche Far Eastern Asset Management Co., Ltd.	<u>145,065</u>	40.00	<u>129,651</u>	40.00
	<u>\$ 1,970,175</u>		<u>\$ 1,911,929</u>	

The Bank holds 22.06% of the shares and is the single largest shareholder of Dah Chung Bills Finance Corp (Dah Chung). The Bank does not have absolute difference in shareholding ratio compared with other shareholders, does not control more than half of the seats in the board of directors, does not have the control power to dominate the related activities, and only has significant influence over the invested company. Therefore, Dah Chung is reported as an associate in the financial statements.

The above associates are individually immaterial to the financial statements; the share of the Bank and its subsidiaries in these associates' financial performance was summarized as follows:

	For the Year Ended December 31	
	2021	2020
Net income from continuing operation	\$ 144,746	\$ 123,012
Other comprehensive income	<u>(36,796)</u>	<u>45,980</u>
Total comprehensive income	<u>\$ 107,950</u>	<u>\$ 168,992</u>

16. OTHER FINANCIAL ASSETS, NET

	December 31, 2021	December 31, 2020
Nonaccrual loans other than discounts and loans	\$ 384	\$ 358
Less: Allowance for possible losses (Note 13)	<u>179</u>	<u>240</u>
	<u>205</u>	<u>118</u>
Refundable deposits	3,026,473	3,609,140
Less: Allowance for loss	<u>673</u>	<u>618</u>
	<u>3,025,800</u>	<u>3,608,522</u>
Deposits with original maturity more than 3 months (Note 39)	869,200	876,400
Restricted assets	<u>76,109</u>	<u>169,762</u>
	<u>\$ 3,971,314</u>	<u>\$ 4,654,802</u>

The above restricted assets are margin and collection charged from customers placed in specified current deposit of FEIL.

17. PROPERTY AND EQUIPMENT, NET

For the year ended December 31, 2021

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,148,967	\$ 2,296,186	\$ 1,281	\$ 1,563,669	\$ 24,576	\$ 6,482,112
Additions	-	629	131,076	-	31,236	125,497	288,438
Disposals	-	-	(74,342)	(97)	(15,301)	-	(89,740)
Others	-	-	42,987	-	(213)	(50,549)	(7,775)
Ending balance	<u>1,447,433</u>	<u>1,149,596</u>	<u>2,395,907</u>	<u>1,184</u>	<u>1,579,391</u>	<u>99,524</u>	<u>6,673,035</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	603,003	1,520,111	1,247	1,372,798	-	3,497,159
Depreciation	-	26,166	205,933	24	51,723	-	283,846
Disposals	-	-	(74,342)	(97)	(15,301)	-	(89,740)
Others	-	3	(1,917)	-	(393)	-	(2,307)
Ending balance	<u>-</u>	<u>629,172</u>	<u>1,649,785</u>	<u>1,174</u>	<u>1,408,827</u>	<u>-</u>	<u>3,688,958</u>
Net ending balance	<u>\$ 1,447,433</u>	<u>\$ 520,424</u>	<u>\$ 746,122</u>	<u>\$ 10</u>	<u>\$ 170,564</u>	<u>\$ 99,524</u>	<u>\$ 2,984,077</u>

For the year ended December 31, 2020

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,157,193	\$ 1,967,848	\$ 1,414	\$ 1,577,258	\$ 98,722	\$ 6,249,868
Additions	-	6,863	223,883	-	33,292	77,307	341,345
Disposals	-	(15,191)	(42,112)	(133)	(48,253)	-	(105,689)
Others	-	102	146,567	-	1,372	(151,453)	(3,412)
Ending balance	<u>1,447,433</u>	<u>1,148,967</u>	<u>2,296,186</u>	<u>1,281</u>	<u>1,563,669</u>	<u>24,576</u>	<u>6,482,112</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	591,638	1,380,608	1,344	1,362,987	-	3,336,577
Depreciation	-	26,555	184,260	37	58,527	-	269,379
Disposals	-	(15,190)	(42,112)	(134)	(48,135)	-	(105,571)
Others	-	-	(2,645)	-	(581)	-	(3,226)
Ending balance	-	<u>603,003</u>	<u>1,520,111</u>	<u>1,247</u>	<u>1,372,798</u>	-	<u>3,497,159</u>
Net ending balance	<u>\$ 1,447,433</u>	<u>\$ 545,964</u>	<u>\$ 776,075</u>	<u>\$ 34</u>	<u>\$ 190,871</u>	<u>\$ 24,576</u>	<u>\$ 2,984,953</u>

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

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

18. LEASE ARRANGEMENTS

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

	December 31, 2021	December 31, 2020
Net carrying amount of right-of-use assets	<u>\$ 1,018,720</u>	<u>\$ 825,209</u>
Carrying amount of lease liabilities	<u>\$ 1,026,881</u>	<u>\$ 839,255</u>
The range of discount rate	0.83%-2.01%	0.70%-5.27%
	For the Year Ended December 31 2021	2020
Additions to right-of-use assets	<u>\$ 598,218</u>	<u>\$ 236,826</u>
Cash outflow for leases	<u>\$ 423,764</u>	<u>\$ 440,375</u>
Depreciation expense of right-of-use assets	<u>\$ 402,113</u>	<u>\$ 425,187</u>
Interest expense of lease liabilities	<u>\$ 9,407</u>	<u>\$ 8,589</u>
Other lease information		
Short-term lease expenses	<u>\$ 6,399</u>	<u>\$ 5,773</u>

19. INTANGIBLE ASSETS, NET

	December 31, 2021	December 31, 2020
Operation rights	\$ 1,538,210	\$ 1,538,210
Fair value of core deposits	428,887	428,887
Less: Accumulated amortization	<u>343,944</u>	<u>318,461</u>
	<u>84,943</u>	<u>110,426</u>
	<u>\$ 1,623,153</u>	<u>\$ 1,648,636</u>

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

After assessed the operation rights of branches have indefinite useful life, and the operation rights are expected to generate net cash flows continuously; therefore, the operation rights are not amortized annually.

The Bank assessed the recoverable amount of the cash generating unit of the operation rights for impairment in 2021 and 2020; the recoverable amount is determined based on the net fair value. To reflect risks specific to the operation right, the net fair value was then calculated using the discounted cash flows based on the Bank's financial forecast, and no impairment was assessed. Therefore, the Bank did not recognize any impairment loss on its operation rights for the years ended December 31, 2021 and 2020.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31, 2021	December 31, 2020
Call loans to banks	\$ 1,757,547	\$ 955,890
Bank overdrafts	19,690	8,680
Due to banks	<u>14,583</u>	<u>20,269</u>
	<u>\$ 1,791,820</u>	<u>\$ 984,839</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31, 2021	December 31, 2020
Bank debentures (Note 9)	\$ 4,959	\$ 3,227,448
Government bonds (Note 9)	<u>-</u>	<u>303,039</u>
	<u>\$ 4,959</u>	<u>\$ 3,530,487</u>
Repurchase price	<u>\$ 4,960</u>	<u>\$ 3,532,088</u>
Repurchase date	2022.01.27	2021.01.06- 2021.01.19

22. PAYABLES

	December 31, 2021	December 31, 2020
Accrued expenses	\$ 1,491,425	\$ 1,604,630
Accounts payable factoring	868,908	679,375
Notes and checks for clearing	640,766	368,465
Accrued interest	527,025	662,393
Liabilities on bank acceptances	419,489	901,886
Securities settlement payables	379,701	24,993
Litigation settlement payables	317,222	-
Credit card	189,019	182,047
Spot exchange transactions	12,546	243,489
Others	<u>718,546</u>	<u>630,601</u>
	<u>\$ 5,564,647</u>	<u>\$ 5,297,879</u>

On September 23, 2015, 18 creditor banks of Allied Material Technology Co., a debtor with restructured overdue loan from the Bank, filed a lawsuit against the Bank demanding that the Bank abide by the restructuring procedures and recover the claims against Allied Material Technology Co. and compensate the creditor banks for losses caused by overpayments in the restructuring procedures. The Supreme Court ruled in December 2021 that the Bank was liable for damages of \$317,222 thousand and that the relevant liabilities had been accrued in the 2021 financial statements.

23. DEPOSITS AND REMITTANCES

	December 31, 2021	December 31, 2020
Checking deposits	\$ 3,156,272	\$ 2,852,142
Demand deposits	129,604,806	119,892,800
Demand savings	93,795,634	84,021,440
Time savings	80,740,147	71,626,336
Negotiable certificates of deposit	6,714,500	826,500
Time deposits	297,778,762	302,855,297
Remittances	<u>316,564</u>	<u>78,396</u>
	<u>\$ 612,106,685</u>	<u>\$ 582,152,911</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	December 31, 2021	December 31, 2020
Subordinated bank debentures - seven-year maturity; first issue in 2014	2014.12.23-2021.12.23	Interest payable on December 23 each year fixed interest rate at 2.05%	\$ -	\$ 1,100,000
Subordinated bank debentures - seven-year maturity; first issue in 2015	2015.09.30-2022.09.30	Interest payable on September 30 each year fixed interest rate at 1.95%	3,000,000	3,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2016	2016.09.27-2023.09.27	Interest payable on September 27 each year fixed interest rate at 1.55%	4,000,000	4,000,000
Subordinated bank debentures - perpetual; first issue in 2018	2018.09.18-	Interest payable on September 18 each year fixed interest rate at 3.20% per annum	2,900,000	2,900,000
General bank debentures - five-year maturity; first issue in 2019	2019.02.21-2024.02.21	Interest payable on February 21 each year fixed interest rate at 0.95%	2,500,000	2,500,000
Subordinated bank debentures - seven-year maturity; second issue in 2019	2019.07.30-2026.07.30	Interest payable on July 30 each year fixed interest rate at 1.15%	2,000,000	2,000,000
Subordinated bank debentures - ten-year maturity; second issue in 2019	2019.07.30-2029.07.30	Interest payable on July 30 each year fixed interest rate at 1.25%	2,000,000	2,000,000
General bank debentures - five-year maturity; third issue in 2019	2019.09.26-2024.09.26	Interest payable on September 26 each year fixed interest rate at 0.75%	3,500,000	3,500,000
Subordinated bank debentures - seven-year maturity; first issue in 2020	2020.11.26-2027.11.26	Interest payable on November 26 each year fixed interest rate at 0.75%	1,600,000	1,600,000
Subordinated bank debentures - seven-year maturity; first issue in 2021	2021.04.27-2028.04.27	Interest payable on April 27 each year fixed interest rate at 0.83%	2,400,000	-
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2005; acquired from Chinfon Bank	Matured on 2012.06.28	-	1,660	1,660
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	240	240
Total bank debentures			<u>\$ 23,901,900</u>	<u>\$ 22,601,900</u>

The Bank issued the first issuance of perpetual non-cumulative subordinated bank debentures in 2018 in the amount of \$2,900,000 thousand on September 18, 2018 with an interest rate of 3.20% and the interest is paid once a year if the interest payment condition is met. After five years of issuance, the Bank has the right to redeem in advance under the regulation of issuance and the permission by authorities.

25. OTHER FINANCIAL LIABILITIES

	December 31, 2021	December 31, 2020
Deposit received	\$ 356,386	\$ 408,350
Bank loan	173,038	210,000
Commercial paper	450,000	250,000
Less: Unamortized discount on commercial paper	<u>211</u>	<u>148</u>
	<u>\$ 979,213</u>	<u>\$ 868,202</u>

Interest rates

Bank loan	1.00%-4.82%	1.04%-1.05%
Commercial paper	0.97%-1.02%	1.02%-1.05%

26. PROVISIONS

	December 31, 2021	December 31, 2020
Reserve for employee benefits liability - defined benefit plans (Note 27)	\$ 723,561	\$ 700,977
Reserve for obligations guarantee (Note 43)	279,683	286,576
Reserve for financing commitment (Note 43)	<u>53,238</u>	<u>75,538</u>
	<u>\$ 1,056,482</u>	<u>\$ 1,063,091</u>

The changes in provision for losses on financing commitments and obligations guarantees are as follows:

For the year ended December 31, 2021

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Beginning on January 1, 2021	\$ 83,913	\$ 12,417	\$ 21,140	\$ 117,470	\$ 244,644	\$ 362,114
Changes recognized at the beginning of the year:						
Transfer to Stage 2	(9)	7,591	-	7,582	-	7,582
Transfer to Stage 3	-	(34)	256	222	-	222
Transfer to Stage 1	6	(7,190)	(129)	(7,313)	-	(7,313)
Derecognized in the current period	(23,630)	(1,319)	(294)	(25,243)	-	(25,243)
Purchased or original	23,196	2,300	33	25,529	-	25,529
The difference of impairment under the Regulations	-	-	-	-	(30,766)	(30,766)
Exchange rate and other changes	<u>1,416</u>	<u>(564)</u>	<u>(56)</u>	<u>796</u>	<u>-</u>	<u>796</u>
Balance on December 31, 2021	<u>\$ 84,892</u>	<u>\$ 13,201</u>	<u>\$ 20,950</u>	<u>\$ 119,043</u>	<u>\$ 213,878</u>	<u>\$ 332,921</u>

For the year ended December 31, 2020

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Beginning on January 1, 2020	\$ 88,593	\$ 11,704	\$ 22,832	\$ 123,129	\$ 205,736	\$ 328,865
Changes recognized at the beginning of the year:						
Transfer to Stage 2	(7)	7,401	(21)	7,373	-	7,373
Transfer to Stage 3	-	(48)	372	324	-	324
Transfer to Stage 1	9	(8,207)	(1,808)	(10,006)	-	(10,006)
Derecognized in the current period	(37,061)	(1,229)	(306)	(38,596)	-	(38,596)
Purchased or original	31,724	1,113	50	32,887	-	32,887
The difference of impairment under the Regulations	-	-	-	-	38,908	38,908
Exchange rate and other changes	<u>655</u>	<u>1,683</u>	<u>21</u>	<u>2,359</u>	<u>-</u>	<u>2,359</u>
Balance on December 31, 2020	<u>\$ 83,913</u>	<u>\$ 12,417</u>	<u>\$ 21,140</u>	<u>\$ 117,470</u>	<u>\$ 244,644</u>	<u>\$ 362,114</u>

27. RETIREMENT BENEFIT PLANS

Defined contribution plans

The pension plan under the Labor Pension Act (the Act) is a defined contribution plan. Based on the Act, the Bank and its subsidiaries' make monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance at 6% of monthly salaries and wages, related pension expense of \$135,499 thousand and \$134,752 thousand for the year ended December 31, 2021 and 2020, respectively.

Defined benefit plans

Applicable the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered, which are deposited in the Bank of Taiwan by the pension fund monitoring committee's name. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under the Ministry of Labor; the Bank has no right to influence the investment policy and strategy. According to Labor Standards Act, before the end of each year, the Bank assesses the pension fund balance. If the balance is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation before the end of March of the next year.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	\$ 1,142,294	\$ 1,099,728
Fair value of plan assets	<u>(418,733)</u>	<u>(398,751)</u>
Reserve for employee benefits liability	<u>\$ 723,561</u>	<u>\$ 700,977</u>

Movements in defined benefit plan were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Balance at January 1, 2021	<u>\$ 1,099,728</u>	<u>\$ (398,751)</u>	<u>\$ 700,977</u>
Service cost			
Current service cost	7,100	-	7,100
Net interest expense (revenue)	<u>7,495</u>	<u>(2,843)</u>	<u>4,652</u>
Recognized in profit or loss	<u>14,595</u>	<u>(2,843)</u>	<u>11,752</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,212)	(4,212)
Actuarial loss - experience adjustments	36,448	-	36,448
Actuarial loss - changes in demographic assumptions	19,512	-	19,512
Actuarial loss - changes in financial assumptions	<u>9,996</u>	<u>-</u>	<u>9,996</u>
Recognized in other comprehensive income	<u>65,956</u>	<u>(4,212)</u>	<u>61,744</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Contributions from the employer	\$ -	\$ (17,939)	\$ (17,939)
Contributions from plan assets	(5,012)	5,012	-
Contributions from provisions	<u>(32,973)</u>	<u>-</u>	<u>(32,973)</u>
Balance at December 31, 2021	<u>\$ 1,142,294</u>	<u>\$ (418,733)</u>	<u>\$ 723,561</u>
Balance at January 1, 2020	<u>\$ 1,281,482</u>	<u>\$ (375,143)</u>	<u>\$ 906,339</u>
Service cost			
Current service cost	8,917	-	8,917
Net interest expense (revenue)	<u>12,570</u>	<u>(3,772)</u>	<u>8,798</u>
Recognized in profit or loss	<u>21,487</u>	<u>(3,772)</u>	<u>17,715</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,074)	(11,074)
Actuarial gain - experience adjustments	(182,636)	-	(182,636)
Actuarial loss - changes in financial assumptions	<u>30,039</u>	<u>-</u>	<u>30,039</u>
Recognized in other comprehensive income	<u>(152,597)</u>	<u>(11,074)</u>	<u>(163,671)</u>
Contributions from the employer	-	(18,696)	(18,696)
Contributions from plan assets	(9,934)	9,934	-
Contributions from provisions	<u>(40,710)</u>	<u>-</u>	<u>(40,710)</u>
Balance at December 31, 2020	<u>\$ 1,099,728</u>	<u>\$ (398,751)</u>	<u>\$ 700,977</u> (Concluded)

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

	December 31, 2021	December 31, 2020
Discount rates	0.60%	0.70%
Expected rates of salary increase	3.00%	3.00%

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

	December 31, 2021	December 31, 2020
Discount rates		
0.50% increase	<u>\$ (48,695)</u>	<u>\$ (49,394)</u>
0.50% decrease	<u>\$ 52,016</u>	<u>\$ 52,903</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 50,552</u>	<u>\$ 51,463</u>
0.50% decrease	<u>\$ (47,856)</u>	<u>\$ (48,588)</u>

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

The expected contribution to the plan for the next year is \$18,652 thousand, and the average duration of the defined benefit obligation is 8.8 years.

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

- a) Risk on investment: The investment income of benefit plan assets affects the plan fair value and contribution status. That is, a higher investment income increases the fair value of plan assets and decreases net defined benefits liabilities (or increases net assets) and thus improves contribution status. In contrast, a lower investment income or investment loss is unfavorable to the contribution status of benefit the plan.
- b) Risk on interest fluctuations: The discount rate used in calculating the present value of defined benefit obligations mainly pertains to the yields of the corporate bonds with the credit ratings of twAAA assigned by Taiwan Ratings. A decrease in discount rate will increase the present value of defined benefit obligations.
- c) Risk on salary fluctuations: As the defined benefit obligation was determined by the salaries of plan members before their retirement, the expected increase in salary should then be considered in the calculation. Thus, an increase in the expected rate for salary increase will result in a rise in the present values of defined benefit obligations.

28. EQUITY

a. Share capital

Ordinary shares

	December 31, 2021	December 31, 2020
Authorized shares (in thousands)	<u>5,500,000</u>	<u>5,500,000</u>
Authorized capital	<u>\$ 55,000,000</u>	<u>\$ 55,000,000</u>
Issued and paid shares (in thousands)	<u>3,513,963</u>	<u>3,448,104</u>
Issued capital	<u>\$ 35,139,632</u>	<u>\$ 34,481,044</u>

At the shareholders' meeting held on June 11, 2020, the Bank resolved to change its authorized capital to \$55,000,000 thousand. The amendment to the registration of capital was completed on July 7, 2020.

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

At the shareholders' meeting held on June 11, 2020, the Bank resolved to increase its capital by using its undistributed earnings of \$922,851 thousand. As a result, the Bank issued 92,285 thousand ordinary shares at a par value of NT\$10. After the issuance, the share capital of the Bank amounted to \$34,481,044 thousand.

At the shareholders' meeting held on July 20, 2021, the Bank resolved to increase its capital by using its undistributed earnings of \$658,588 thousand. As a result, the Bank issued 65,859 thousand ordinary shares at a par value of NT\$10. After the issuance, the share capital of the Bank amounted to \$35,139,632 thousand.

Global depository receipts

As of December 31, 2021, the outstanding GDRs were 218 thousand units, equivalent to 4,353 thousand ordinary shares.

b. Capital surplus

The capital surplus arising from shares issued in excess of par and treasury stock transactions may be used to offset a deficit, or, if the Bank has no deficit, distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year). However, capital surplus arising from investment accounted for using equity method may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividend policy of the Bank's Articles before June 11, 2020, in case of net income for current period after settlement of accounts for each fiscal year, the Bank shall recover all the losses incurred in the previous years, if any, before setting aside a legal reserve of thirty percent (30%) of the net profit and appropriating, according to law and regulations, a special reserve shall be retained, and shall first be distributed to the dividends of Preferred Stock. The remaining amount together with the accumulated retained profits of the last year and the reversals of special reserves are available for distribution as dividends for Common Stock. The dividends for Common Stock shall be distributed at least thirty percent (30%) of the remaining amount. The Board of Directors shall prepare the earnings distribution in accordance with the existing circumstances at the time, taking into account the future development plan of the Bank. Any allocation of cash dividend shall, in principle, be no less than 10% of the total dividends to be distributed that year.

After shareholders' meetings on June 11, 2020, the Articles were amended. The basis of setting aside thirty percent (30%) as a legal reserve was revised from "net income for current period" to "surplus", including net income for current period plus changes in other unappropriated earnings in the current year.

The Banking Law provides that, unless legal reserve reached the Bank's paid-in capital, cash dividends are limited to 15% of paid-in capital.

Under the Company Law, legal reserve should be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. According to an amendment to the Company Law, when the Bank has no deficit and its legal reserve has exceeded 25% of its paid-in capital, the excess may be distributed in the form of stocks or cash.

An amount equal to the net debit balance of other items of shareholders' equity (including exchange differences on translating foreign operations, unrealized gain or loss on financial assets at FVTOCI) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

The appropriations of earnings for the 2020 and 2019, which were approved in the shareholders' meetings on July 20, 2021 and June 11, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	2020	2019	(Dollars)	2020
			2019	
Cash dividends	\$ 1,124,082	\$ 1,570,524	\$0.326	\$0.468
Stock dividends	658,588	922,851	0.191	0.275

The appropriations of earnings for 2021 had been proposed by the Bank's Board of Directors on March 3, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 1,511,004	\$0.430
Stock dividends	555,206	0.158

The appropriations of earnings for 2021 are subject to the resolution of the shareholders' meeting to be held on June 21, 2022.

According to FSC regulations, in order to respect to development of financial technology or business, expenditure of educational training to enhance the ability of employees, employee transformation or settlement was previously appropriated \$48,110 thousand as special reserve in 2016 to 2018. After the expenditure incurred in 2019 to 2020, the Bank reserved the special reserve within the range of its balance.

d. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance, beginning of year	\$ <u>1,172,225</u>	\$ <u>508,096</u>
Recognized for the year		
Unrealized gain or loss		
Debt instruments	(799,535)	267,584
Equity instruments	43,728	152,606
Share of other comprehensive income (loss) of associates for using the equity method	(36,297)	46,429
Investment in debt instruments transferred to current loss due to disposal	<u>29,377</u>	<u>38,387</u>
Other comprehensive income recognized for the year	<u>(762,727)</u>	<u>505,006</u>
Loss (gain) on equity instruments transferred to retained earnings due to disposal	<u>(150,012)</u>	<u>159,123</u>
Balance, ending of year	\$ <u><u>259,486</u></u>	\$ <u><u>1,172,225</u></u>

29. NET INTERESTS

	For the Year Ended December 31	
	2021	2020
Interest revenues		
Discounts and loans	\$ 7,454,724	\$ 8,068,277
Securities	952,703	1,213,579
Credit cards	896,444	886,256
Others	<u>267,252</u>	<u>289,517</u>
	<u>9,571,123</u>	<u>10,457,629</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
Interest expenses		
Deposits and remittances	\$ 2,404,773	\$ 3,590,018
Bank debentures	358,818	406,211
Structured products	133,776	195,129
Bonds under repurchase agreements	4,422	94,542
Call loans to banks	2,184	93,396
Others	<u>46,736</u>	<u>41,706</u>
	<u>2,950,709</u>	<u>4,421,002</u>
	<u>\$ 6,620,414</u>	<u>\$ 6,036,627</u>
		(Concluded)

30. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2021	2020
Service fee income		
Fees from trustee business	\$ 902,868	\$ 915,336
Fees from credit card	828,520	839,130
Fees from loan	654,377	941,157
Fees from insurance commission	572,461	522,362
Fees from brokering	466,505	730,975
Others	<u>371,132</u>	<u>346,121</u>
	<u>3,795,863</u>	<u>4,295,081</u>
Service fee expense		
Refund from credit card fee	207,079	224,316
Visa and Master fee	162,070	68,455
National credit card center fee	149,938	145,721
Agency service fee	75,166	78,934
Interbank service fee	49,621	49,049
Credit investigation fee	34,424	37,612
Promotion service fee	17,026	39,335
Others	<u>122,704</u>	<u>139,985</u>
	<u>818,028</u>	<u>783,407</u>
	<u>\$ 2,977,835</u>	<u>\$ 3,511,674</u>

31. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2021	2020
Gain on disposal	\$ 774,362	\$ 1,227,051
Gain (loss) on valuation	17,713	(167,311)
Net interests	162,635	242,984
Dividends	<u>27,563</u>	<u>15,235</u>
	<u>\$ 982,273</u>	<u>\$ 1,317,959</u>

32. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2021	2020
Salaries	\$ 3,359,421	\$ 3,403,001
Labor and health insurance	250,755	235,949
Post-employment benefits (Note 27)	147,251	152,467
Others	<u>322,190</u>	<u>349,088</u>
	<u>\$ 4,079,617</u>	<u>\$ 4,140,505</u>

33. EMPLOYEES' COMPENSATION AND REMUNERATION OF DIRECTORS

According to the Bank's Articles, from the Bank's income before income tax, remuneration of directors and employees' compensation, the Bank should retain 3.5%-4.5% for employees' compensation and no greater than 1.5% for remuneration of directors. On March 3, 2022, the Bank's Board of Directors resolved to pay employees' compensation of \$127,261 thousand and remuneration of directors of \$42,420 thousand for the year ended December 31, 2021, both in cash. If there is a change in the amounts after the financial statements for the year ended December 31, 2021 were authorized for issue, the differences will be recorded as a change in the accounting estimate and adjusted in the next year.

On March 26, 2021 the Bank's Board of Directors resolved to pay employees' compensation of \$116,261 thousand and remuneration of directors of \$38,754 thousand for the year ended December 31, 2020, both in cash. There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2020.

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

34. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2021	2020
Depreciation		
Property and equipment (Note 17)	\$ 283,846	\$ 269,379
Leased right-of-use assets (Note 18)	<u>402,113</u>	<u>425,187</u>
	<u>\$ 685,959</u>	<u>\$ 694,566</u>
Amortization - intangible assets (Note 19)	<u>\$ 25,483</u>	<u>\$ 25,483</u>

35. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2021	2020
Tax and government fees	\$ 551,319	\$ 584,168
Marketing and advertising	259,070	313,761
Software	231,117	225,172
Telecommunications	160,556	164,506
Others	<u>683,728</u>	<u>714,105</u>
	<u>\$ 1,885,790</u>	<u>\$ 2,001,712</u>

36. INCOME TAX EXPENSE

a. Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax expense		
Current period	\$ 335,791	\$ 361,874
Prior years	<u>3,823</u>	<u>(2,107)</u>
	<u>339,614</u>	<u>359,767</u>
Deferred tax expense		
Current period	54,026	9,779
Prior years	<u>(29,940)</u>	<u>(15)</u>
Deferred tax expense	<u>24,086</u>	<u>9,764</u>
Income tax expense recognized in profit or loss	<u>\$ 363,700</u>	<u>\$ 369,531</u>

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

	For the Year Ended December 31	
	2021	2020
Income before income tax	<u>\$ 3,302,822</u>	<u>\$ 2,888,234</u>
Income tax expense calculated at the statutory rate	\$ 701,702	\$ 643,283
Income from offshore banking unit (OBU)	(294,889)	(422,649)
Tax-exempted investment income	(69,911)	(95,121)
Tax-exempted other items	5,605	13,287
Unrecognized deductible temporary differences	(55,697)	38,048
Additional income tax under the Alternative Minimum Tax Act	103,373	213,218
Overseas branch income tax	-	(18,497)
Adjustments for prior years' tax	(26,117)	(2,122)
Others	<u>(366)</u>	<u>84</u>
Income tax expense recognized in profit or loss	<u>\$ 363,700</u>	<u>\$ 369,531</u>

Due to the uncertainty of appropriation of earnings and approval by the shareholders in their meeting in 2022, the potential consequence of the 5% income tax rate of the unappropriated earnings in 2021 cannot be determined reliably.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Income tax benefit (expense) of remeasurement of defined benefit plans	\$ 12,349	\$ (32,734)
Income tax benefit (expense) of exchange differences on translating foreign operations	<u>1,603</u>	<u>(2,767)</u>
	<u>\$ 13,952</u>	<u>\$ (35,501)</u>

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

For the year ended December 31, 2021

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	\$ 93,524	\$ (8,286)	\$ -	\$ 85,238
Defined benefit plans in excess of the limit	114,254	18,109	12,349	144,712
Unrealized gain or loss on financial instruments	(49,118)	(28,744)	-	(77,862)
Others	<u>54,265</u>	<u>1,667</u>	<u>1,603</u>	<u>57,535</u>
	<u>212,925</u>	<u>(17,254)</u>	<u>13,952</u>	<u>209,623</u>

Deferred Tax Liabilities (Recognized as Other Liabilities)	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Income from equity investments in foreign company under the equity method	\$ (24,704)	\$ (6,832)	\$ -	\$ (31,356)

For the year ended December 31, 2020

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	\$ 117,901	\$ (24,377)	\$ -	\$ 93,524
Defined benefit plans in excess of the limit	155,273	(8,285)	(32,734)	114,254
Unrealized gain or loss on financial instruments	(87,802)	38,684	-	(49,118)
Others	<u>55,723</u>	<u>1,309</u>	<u>(2,767)</u>	<u>54,265</u>
	241,095	7,331	(35,501)	212,925
Unused loss carryforwards	<u>8,316</u>	<u>(8,316)</u>	<u>-</u>	<u>-</u>
	<u>\$ 249,411</u>	<u>\$ (985)</u>	<u>\$ (35,501)</u>	<u>\$ 212,925</u>

Deferred Tax Liabilities (Recognized as Other Liabilities)	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Income from equity investments in foreign company under the equity method	<u>\$ (15,925)</u>	<u>\$ (8,779)</u>	<u>\$ -</u>	<u>\$ (24,704)</u>

d. Unrecognized as deferred tax assets in respect of deductible temporary differences

	December 31, 2021	December 31, 2020
The Bank		
Allowance for possible losses in excess of the limit	<u>\$ 1,145,259</u>	<u>\$ 1,423,746</u>

e. Income tax assessments

The income tax returns of the Bank through 2018 had been assessed by the tax authorities. The income tax returns of FEIS and FEAMC through 2019 had been assessed by the tax authorities.

37. EARNINGS PER SHARE

The earnings per share (EPS) disclosed in the statement of comprehensive income are based on net income attributable to owners of the Bank.

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2021	2020
Basic EPS	<u>\$ 0.84</u>	<u>\$ 0.72</u>
Diluted EPS	<u>\$ 0.83</u>	<u>\$ 0.71</u>

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

	For the Year Ended December 31	
	2021	2020
Net income attributable to owners of the Bank used in the computation of basic and diluted EPS	<u>\$ 2,939,122</u>	<u>\$ 2,518,703</u>
<u>Number of Ordinary Shares (in thousand shares)</u>		
Weighted average number of ordinary shares in the computation of basic EPS	3,513,963	3,513,963
Effect of dilutive potential ordinary shares		
Employees' compensation	<u>14,316</u>	<u>14,595</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>3,528,279</u>	<u>3,528,558</u>

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

The weighted average number of ordinary shares outstanding for 2020 EPS calculation was retroactively adjusted to the issuance of stock dividends. The basic and diluted after-tax EPS were adjusted retrospectively as follows:

	For the Year Ended December 31, 2020	
	Before Adjustment	After Adjustment
Basic EPS	<u>\$ 0.73</u>	<u>\$ 0.72</u>
Diluted EPS	<u>\$ 0.73</u>	<u>\$ 0.71</u>

38. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Bank
Dah Chung Bills Finance Corp.	Association
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Far EasTone Telecommunications Corporation	Chairman is the vice-chairman of the Bank
Oriental Union Chemical Corporation	Chairman is the vice-chairman of the Bank
Far Eastern New Century Corp.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd	Chairman is the vice-chairman of the Bank

(Continued)

Related Party	Relationship with the Bank
Yuan Ze University	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport (Singapore) Private, Ltd.	Chairman of parent company is the vice-chairman of the Bank
Yuan Long Stainless Steel Co.	Chairman of parent company is the vice-chairman of the Bank
Everest Textile Co., Ltd.	Chairman is a second-degree relative of the vice chairman of the Bank
Der Ching Investment Corporation	Chairman is a second-degree relative of the vice chairman of the Bank
Yu Yuan Investment Co., Ltd.	Substantive related party
Mr. Xu Yuanzhi Memorial Foundation	Substantive related party
Far Eastern International Leasing Corp.	Substantive related party
Pacific SOGO Department Stores Corp.	Substantive related party
Others	The Bank's chairman, vice-chairman, managers, their second-degree relatives and substantive related party

(Concluded)

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

a. Due from other banks

	Highest Balance in Current Year	Ending Balance	Interest Revenues	Interest Rates
<u>Dah Chung Bills Finance Corp.</u>				
<u>For the year ended December 31</u>				
2021	\$ 1,500,000	\$ -	\$ 185	0.20%-0.27%
2020	\$ 500,000	\$ 500,000	\$ 51	0.15%-0.27%

b. Loans

Category	Number of Accounts and Related Party	Highest Balance in Current Year	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
<u>For the year ended December 31, 2021</u>							
Consumer loans	Seven individuals	\$ 4,750	\$ 4,149	\$ 4,149	\$ -	Unsecured loan	Note 2
Loans for residential mortgage	Thirty five individuals	368,611	300,618	300,618	-	Real estate	Note 2
Others	Yuan Long Stainless Steel Co.	1,300,000	1,300,000	1,300,000	-	Real estate	Note 2
	Everest Textile Co., Ltd.	644,144	535,068	535,068	-	Real estate	Note 2
	Others (Note 1)	592,445	27,545	27,545	-	Real estate, certificates of deposits, stock unlisted on TWSE and stock listed on TWSE	Note 2
			\$ 2,167,380	\$ 2,167,380	\$ -		
<u>For the year ended December 31, 2020</u>							
Consumer loans	Four individuals	\$ 2,452	\$ 1,550	\$ 1,550	\$ -	Unsecured loan	Note 2
Loans for residential mortgage	Thirty two individuals	377,214	323,148	323,148	-	Real estate	Note 2
Others	Yuan Long Stainless Steel Co.	1,750,000	650,000	650,000	-	Real estate	Note 2
	Everest Textile Co., Ltd.	362,073	345,834	345,834	-	Real estate	Note 2
	Others (Note 1)	3,466,546	57,445	57,445	-	Real estate, certificates of deposit, machinery, stock unlisted on TWSE, and stock listed on TWSE	Note 2
			\$ 1,377,977	\$ 1,377,977	\$ -		

Note 1: The individual amount does not exceed 10% of the total disclosure amount.

Note 2: The terms of loans were no superior to those for unrelated parties.

The information related to the above loans is as follows:

	For the year Ended December 31	
	2021	2020
Interest revenues	\$ <u>17,296</u>	\$ <u>25,734</u>
Interest rate	0.48%-1.87%	0.63%-3.22%
Provision for (reversal of) possible losses	\$ <u>7,781</u>	\$ <u>(22,554)</u>

Balances of related allowance for possible losses were \$23,177 thousand and \$15,396 thousand as of December 31, 2021 and 2020, respectively.

c. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
<u>For the year ended December 31, 2021</u>					
Far Eastern International Leasing Corp.	\$ 700,000	\$ 571,000	\$ 5,710	0.30%	Real estate
Der Ching Investment Corporation	180,000	180,000	1,800	0.50%-0.55%	Stock listed on TWSE
Yu Yuan Investment Co., Ltd.	130,000	130,000	1,300	0.50%-0.55%	Stock listed on TWSE
Oriental Union Chemical Corporation	130,000	130,000	1,300	0.50%	Stock listed on TWSE
Others (Note)	665,200	<u>75,000</u>	<u>750</u>	0.40%-0.80%	Real estate, stock unlisted on TWSE and stock listed on TWSE
		\$ <u>1,086,000</u>	\$ <u>10,860</u>		
<u>For the year ended December 31, 2020</u>					
Far Eastern International Leasing Corp.	\$ 700,000	\$ 700,000	\$ 7,000	0.30%	Real estate
U-Ming Marine Transport Corp.	600,000	550,000	5,500	0.40%-0.45%	Ship and certificates of deposit
Der Ching Investment Corporation	180,000	180,000	1,800	0.50%-0.55%	Stock listed on TWSE
Others (Note)	382,200	<u>222,200</u>	<u>2,222</u>	0.50%-0.80%	Real estate, machinery, stock unlisted on TWSE and stock listed on TWSE
		\$ <u>1,652,200</u>	\$ <u>16,522</u>		

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

d. Letters of credit issued

	December 31, 2021	December 31, 2020
Yuan Long Stainless Steel Co.	\$ <u>14,684</u>	\$ <u>2,155</u>

e. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
For the year ended <u>December 31, 2021</u>						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27 - 2028.01.10	\$ 2,576,555	\$ (125,571)	Financial assets at FVTPL	\$ 132,904
Far Eastern New Century Corp.	Forward exchange contracts	2021.11.26 - 2022.04.01	690,687	(1,996)	Financial assets at FVTPL	784
					Financial liabilities at FVTPL	2,780
For the year ended <u>December 31, 2020</u>						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27 - 2028.01.10	\$ 3,052,209	\$ 258,752	Financial assets at FVTPL	\$ 258,475
Far Eastern New Century Corp.	Forward exchange contracts	2020.10.27 - 2021.03.15	459,956	3,934	Financial assets at FVTPL	5,291
Asia Cement Corp.	Cross-currency swap contracts	2018.12.25 - 2021.09.15	427,620	1,487	Financial liabilities at FVTPL	1,357
					Financial assets at FVTPL	26,854

f. Deposits

	December 31, 2021	December 31, 2020
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 55,746,962</u>	<u>\$ 55,280,436</u>
Interest rate	0%-5.84%	0%-5.84%
	For the Year Ended December 31 2021	2020
Interest expenses	<u>\$ 183,914</u>	<u>\$ 329,764</u>

g. Prepayments

	December 31, 2021	December 31, 2020
New Century InfoComm Tech Co., Ltd.	<u>\$ 13,748</u>	<u>\$ 6,495</u>

h. Acquisition of equipment

	For the Year Ended December 31 2021	2020
New Century InfoComm Tech Co., Ltd.	<u>\$ 13,676</u>	<u>\$ 6,417</u>

i. Lessee agreements

	For the Year Ended December 31 2021	2020
Acquisition of right-of-use assets - Yuan Ding Co., Ltd.	<u>\$ 253,782</u>	<u>\$ -</u>

	December 31, 2021	December 31, 2020
Lease liabilities - Yuan Ding Co., Ltd.	\$ 156,236	\$ -
Lease liabilities - Pacific SOGO Department Stores Corp.	15,684	20,826
Lease liabilities - Far Eastern Department Store Corp.	<u>13,080</u>	<u>17,242</u>
	<u>\$ 185,000</u>	<u>\$ 38,068</u>

The Bank and its subsidiaries rented part of its office premises from Yuan Ding Co., Ltd., Pacific SOGO Department Stores Corp. and Far Eastern Department Store Corp. The terms of lease were determined by agreements between each other. The lease expenses were payable monthly.

j. Other net revenues and gains other than interest

	<u>For the Year Ended December 31</u> 2021	<u>2020</u>
Miscellaneous revenue - Yuan Ze University	\$ <u>-</u>	\$ <u>26,300</u>

k. Service fee expense

	<u>For the Year Ended December 31</u> 2021	<u>2020</u>
Refund from credit card		
Ding Ding Integrated Marketing Service Co.	\$ 137,006	\$ 148,098
Far Eastern Department Store Corp.	18,311	20,131
Promotion Service fee - Far EasTone Telecommunications Corporation	<u>-</u>	<u>32,473</u>
	<u>\$ 155,317</u>	<u>\$ 200,702</u>

l. Operating expenses

	<u>For the Year Ended December 31</u> 2021	<u>2020</u>
Marketing and advertising		
Far Eastern Department Store Corp.	\$ 81,146	\$ 100,141
Pacific SOGO Department Stores Corp.	67,004	58,346
Computer equipment maintenance expenses - New Century InfoComm Tech Co., Ltd	16,783	2,658
Donation expense - Mr. Xu Yuanzhi Memorial Foundation	<u>-</u>	<u>26,300</u>
	<u>\$ 164,933</u>	<u>\$ 187,445</u>

m. Compensation of key management personnel

	<u>For the Year Ended December 31</u> 2021	<u>2020</u>
Short-term employee benefits	\$ 180,441	\$ 186,689
Post-employment benefits	<u>4,062</u>	<u>2,398</u>
	<u>\$ 184,503</u>	<u>\$ 189,087</u>

39. PLEDGED ASSETS

	December 31, 2021	December 31, 2020
Financial assets at FVTOCI -		
Government bonds	\$ 3,577,633	\$ 3,651,851
Negotiable certificates of deposits	3,394,342	2,901,317
Other financial assets - deposits with original maturity more than 3 months	869,200	876,400
Due from the Central Bank and other banks - New Taiwan dollar reserve deposits - Type B	<u>500,000</u>	<u>500,000</u>
	<u>\$ 8,341,175</u>	<u>\$ 7,929,568</u>

In addition to those disclosed in other notes, the government bonds had been provided as the reserve for compensation of trust department as well as security deposits for provisional seizures of the debtors' properties. The negotiable certificates of deposits had been pledged as collaterals to back the extension of intraday credit in the Central Bank's real-time gross settlement system. The balance of intraday credit and the amount of collateral may vary at any time. Deposits with original maturity more than 3 months had been provided as collaterals for overdraft of domestic CNY settlement. New Taiwan dollar reserve deposits - Type B had been used as collaterals to apply for financing of project loans to small and medium enterprises affected by the COVID-19.

40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 43, the Bank's and its subsidiaries' contingent liabilities and commitments resulting from operating activities as of December 31, 2021 and 2020 are summarized as follows:

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

Balance Sheets of Trust Accounts

	December 31, 2021	December 31, 2020
<u>Assets</u>		
Deposits in banks	\$ 9,120,514	\$ 6,412,823
Accounts receivable	1,667	1,948
Funds	45,836,658	43,573,775
Equity stocks	4,895,595	4,754,620
Real estate, net		
Land	10,010,826	4,516,109
Building	66,552	8,155
Construction in progress	3,514,020	1,781,096
Intangible assets		
Superficies	13,471	-
Marketable securities in custody	15,932,874	15,496,986
Others	<u>2,572,465</u>	<u>2,310,558</u>
	<u>\$ 91,964,642</u>	<u>\$ 78,856,070</u>

(Continued)

	December 31, 2021	December 31, 2020
<u>Liabilities</u>		
Accounts payable	\$ 2,358	\$ 1,716
Income tax payable	81	108
Marketable securities in custody payable	15,932,874	15,496,986
Trust capital	74,801,134	62,020,666
Reserve and earnings		
Net income or loss for current period	4,206,176	1,603,731
Accumulated profit or loss	(2,978,011)	(267,169)
Exchange	<u>30</u>	<u>32</u>
	<u>\$ 91,964,642</u>	<u>\$ 78,856,070</u> (Concluded)

Income Statements of Trust Accounts

	<u>For the Year Ended December 31</u>	
	2021	2020
Trust revenue		
Interest	\$ 24,677	\$ 30,878
Cash dividends	3,499,145	2,038,313
Realized capital gain - Common stock	2,183	1,268
Realized capital gain - Funds	3,038,167	1,597,016
Unrealized capital gain - Common stock	5,139	-
Unrealized capital gain - Funds	<u>16,212</u>	<u>11,373</u>
	<u>6,585,523</u>	<u>3,678,848</u>
Trust expenses		
Management	71,909	45,717
Supervision	344	446
Service charges	369,558	173,110
Taxes	4,187	4,915
Realized capital loss - Funds	1,877,091	1,481,407
Unrealized capital loss - Common stock	38,446	355,887
Unrealized capital loss - Funds	<u>17,535</u>	<u>13,316</u>
	<u>2,379,070</u>	<u>2,074,798</u>
Net income before tax	4,206,453	1,604,050
Income tax	<u>277</u>	<u>319</u>
Net income	<u>\$ 4,206,176</u>	<u>\$ 1,603,731</u>

Trust Asset Lists

	December 31, 2021	December 31, 2020
Deposits in banks	\$ 9,120,514	\$ 6,412,823
Funds	45,836,658	43,573,775
Equity stocks	4,895,595	4,754,620
Accounts receivable	1,667	1,948
Real estate, net		
Land	10,010,826	4,516,109
Building	66,552	8,155
Construction in progress	3,514,020	1,781,096
Intangible assets		
Superficies	13,471	-
Marketable securities in custody	15,932,874	15,496,986
Others	<u>2,572,465</u>	<u>2,310,558</u>
	<u>\$ 91,964,642</u>	<u>\$ 78,856,070</u>

As of December 31, 2021 and 2020, funds amounting to \$1,143,589 thousand and \$1,048,795 thousand, respectively, had been recognized in the OBU's books as investment in overseas securities through Non-discretionary Pecuniary Trust of the OBU.

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

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

	December 31, 2021			December 31, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 3,924,529	27.690	\$ 108,670,208	\$ 3,669,358	28.508	\$ 104,606,058
HKD	2,330,997	3.551	8,276,438	2,312,741	3.678	8,506,261
CNY	1,494,969	4.346	6,497,135	2,191,586	4.382	9,603,530
EUR	171,243	31.330	5,365,026	105,427	35.050	3,695,216
AUD	120,078	20.095	2,412,919	103,490	21.990	2,275,745
ZAR	975,411	1.735	1,692,533	1,025,301	1.948	1,997,286
JPY	6,238,283	0.241	1,500,307	6,913,596	0.276	1,910,918
SGD	18,313	20.460	374,691	59,017	21.580	1,273,597
NZD	8,178	18.889	154,476	7,079	20.600	145,826
GBP	3,955	37.294	147,485	5,043	38.920	196,259
CAD	5,364	21.627	116,016	8,865	22.360	198,221
<u>Financial liabilities</u>						
Monetary items						
USD	3,820,045	27.690	105,777,046	3,548,539	28.508	101,161,750
HKD	2,364,618	3.551	8,395,813	2,422,617	3.678	8,910,385
CNY	1,448,503	4.346	6,295,194	2,175,429	4.382	9,532,730
EUR	169,812	31.330	5,320,205	104,058	35.050	3,647,223
AUD	120,606	20.095	2,423,529	104,009	21.990	2,287,158
ZAR	980,362	1.735	1,701,124	1,055,622	1.948	2,056,352
JPY	6,482,686	0.241	1,559,086	7,041,930	0.276	1,946,390
SGD	18,287	20.460	374,159	58,970	21.580	1,272,572
GBP	4,397	37.294	163,999	5,027	38.920	195,633
NZD	7,136	18.889	134,785	7,789	20.600	160,459
CAD	5,925	21.627	128,131	7,881	22.360	176,210

42. FINANCIAL INSTRUMENTS

a. Information of fair value

1) Overview

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

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

2) Valuation techniques for fair value measurement

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

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

- a) The consistency and adequacy of the market parameters used in the valuation;
- b) The appropriateness of the valuation model in light of the assumptions to be used, the internal control and risk management framework, and the degree of mathematical expertise required for an independent unit to make the valuation;
- c) Reliability of price information and other parameters used in the valuation and any model adjustments to be made on the basis of current market conditions.

3) Credit risk valuation adjustment

Credit risk valuation adjustment is for financial instrument transactions made outside the stock exchange, namely the transactions made over-the-counter, which could be mainly divided into credit value adjustment and debit value adjustment. The definition is as follows:

- a) Credit Value Adjustment (the "CVA") is the reflection of possibility that counterparty is likely to default and the possible loss that the counter party may not be able to reimburse entire market value.
- b) Debit Value Adjustment (the "DVA") is the reflection of possibility that the Bank is likely to default and the uncertainty that the Bank may not be able to reimburse for the entire market value.

The CVA is calculated by multiplying the probability of default (the "PD") (under zero default rate of the Bank), loss given default (the "LGD") and exposure at default (the "EAD") of counterparty together. In contrast, DVA is calculated by multiplying PD (under zero default rate of the counterparty), LGD and EAD of the Bank together.

To reflect the credit risk of the counterparty and the credit quality of the Bank respectively and incorporate credit risk adjustments into measuring the fair value of financial instruments, the Bank use the appropriate ratio of LGD and PD that follows the advice of “The disclosure guidelines of CVA and DVA under IFRS 13” issued by the TWSE, and calculate the counterparty’s EAD based on the mark-to-market of over-the-counter derivatives transaction.

4) The definition of three levels of fair value information

a) Level 1

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

b) Level 2

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

c) Level 3

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

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

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

Financial Instruments	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets mandatorily at FVTPL				
Bonds investments	\$ 14,040,793	\$ 14,040,793	\$ -	\$ -
Equity investments	928,354	928,354	-	-
Beneficiary certificates	475,023	475,023	-	-
Financial assets at FVTOCI				
Equity instruments	1,358,540	1,090,772	-	267,768
Debt instruments				
Bonds investments	75,038,276	75,038,276	-	-
Bills investments	37,032,899	-	37,032,899	-
Financial liabilities held for trading				
Short-covering debentures	148,325	148,325	-	-
<u>Derivative financial assets and liabilities</u>				
Financial assets mandatorily at FVTPL	3,418,922	730	3,342,443	75,749
Financial liabilities at FVTPL	2,853,964	-	2,851,045	2,919
<u>Hybrid contract</u>				
Financial assets mandatorily at FVTPL	18,799,675	117,293	18,682,382	-

Financial Instruments	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets mandatorily at FVTPL				
Bonds investments	\$ 11,750,113	\$ 11,750,113	\$ -	\$ -
Equity investments	673,149	673,149	-	-
Beneficiary certificates	234,854	234,854	-	-
Financial assets at FVTOCI				
Equity instruments	1,384,272	1,088,114	-	296,158
Debt instruments				
Bonds investments	71,191,440	71,191,440	-	-
Bills investments	105,083,961	-	105,083,961	-
<u>Derivative financial assets and liabilities</u>				
Financial assets mandatorily at FVTPL	5,993,282	878	5,855,925	136,479
Financial liabilities at FVTPL	5,196,435	-	5,196,196	239
<u>Hybrid contract</u>				
Financial assets mandatorily at FVTPL	13,106,038	183,304	12,922,734	-

2) Transfers between Levels 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

3) Level 3 financial instruments

a) Movement of Level 3 financial assets

For the Year Ended December 31, 2021

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Mandatorily at FVTPL	\$ 136,479	\$ (28,442)	\$ -	\$ 30,401	\$ -	\$ (62,689)	\$ -	\$ 75,749
Financial assets at FVTOCI	296,158	-	(35,436)	7,046	-	-	-	267,768
Total	\$ 432,637	\$ (28,442)	\$ (35,436)	\$ 37,447	\$ -	\$ (62,689)	\$ -	\$ 343,517

For the Year Ended December 31, 2020

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Mandatorily at FVTPL	\$ 121,473	\$ 20,702	\$ -	\$ 7,254	\$ -	\$ (12,950)	\$ -	\$ 136,479
Financial assets at FVTOCI	319,751	-	(23,593)	-	-	-	-	296,158
Total	\$ 441,224	\$ 20,702	\$ (23,593)	\$ 7,254	\$ -	\$ (12,950)	\$ -	\$ 432,637

b) Movements of Level 3 financial liabilities

For the Year Ended December 31, 2021

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL							
Derivative financial liabilities	\$ 239	\$ (239)	\$ 2,919	\$ -	\$ -	\$ -	\$ 2,919

For the Year Ended December 31, 2020

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL Derivative financial liabilities	\$ 1,815	\$ (1,231)	\$ -	\$ -	\$ (345)	\$ -	\$ 239

c) Related information of significant unobservable parameters used in fair value measurement

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

Measured at Fair Value Based on Repetition	Fair Value	Valuation Techniques	Significant Unobservable Parameters	Interval	Relationship Between Parameters and Fair Value
<u>Derivative financial assets</u>					
December 31, 2021	\$ 75,749	Default probability model	Credit separation	0.05%-2.00%	The increase of credit separation decreases its fair value.
December 31, 2020	136,479	Default probability model	Credit separation	0.40%-2.23%	The increase of credit separation decreases its fair value.
<u>Investments in equity</u>					
December 31, 2021	238,460	Income approach - cash dividend discount method	Without open market marketable discount	19.54%	The increase of discount decreases its fair value
	17,758	Market approach - comparable listed or TPEx company	Without open market marketable discount	10.00%	The increase of discount decreases its fair value
	11,550	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
December 31, 2020	272,483	Income approach - cash dividend discount method	Without open market marketable discount	19.78%	The increase of discount decreases its fair value
	12,287	Market approach - comparable listed or TPEx company	Without open market marketable discount	10.00%	The increase of discount decreases its fair value
	11,388	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
<u>Derivative financial liabilities</u>					
December 31, 2021	2,919	Default probability model	Credit separation	0.05%-2.00%	The increase of credit separation decreases its fair value.
December 31, 2020	239	Default probability model	Credit separation	0.40%-2.23%	The increase of credit separation decreases its fair value.

d) Valuation procedures for Level 3 fair value

The evaluation of financial instruments at the level 3 is from specific departments independent of the business unit and external experts evaluating the fair values close to the market status, ensuring the data source is independent, reliable, and consistent with other resources, reviewing the evaluation parameters regularly, updating the required input values, confirming whether correcting the valuation technique is necessary, and adjusting fair value if necessary to ensure the rationality in the evaluation results.

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

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

Item	Impact on Gain and Loss			
	December 31, 2021		December 31, 2020	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Mandatorily at FVTPL	\$ 2,638	\$ (4,424)	\$ 1,219	\$ (4,374)
<u>Liabilities</u>				
Financial liabilities at FVTPL	265	(265)	41	(41)

Item	Impact on Other Comprehensive Income and Losses			
	December 31, 2021		December 31, 2020	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTOCI	\$ 59	\$ -	\$ 59	\$ (59)

c. Fair Value information - Financial instruments not measured at fair value

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

December 31, 2021

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 71,374,127	\$ 71,381,072	\$ 781,676	\$ 70,599,396
<u>Financial liabilities</u>				
Bank debentures	23,901,900	24,005,681	-	24,005,681

December 31, 2020

			The Fair Value Hierarchy of Financial Instruments	
	Book Value	Fair Value	Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 1,077,764	\$ 1,099,779	\$ 1,099,779	\$ -
<u>Financial liabilities</u>				
Bank debentures	22,601,900	22,723,096	-	22,723,096

The fair values of financial instruments with quoted price in an active market are based on their market prices; fair values of financial instruments with no quoted prices in an active market are estimated by valuation methods.

43. FINANCIAL RISK MANAGEMENT

a. Overview

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

The Bank has set up an independent risk control department to implement and monitor risk management policies.

The Bank's risk management policies are established to identify and measure the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits, and to achieve the target profit.

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

b. Risk management framework

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

Assets and Liabilities Management Committee and Risk Management Committee have been formed to examine and manage the Bank's risks, to assess the execution of risk management policies and to evaluate risk tolerance. The general manager is the convener, and is responsible for appointing members of committees.

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

c. Credit risk management

1) Definition and scope of credit risk

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

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

2) Management policies on credit risk

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

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

a) The credit risk has increased significantly after original recognition

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

Qualitative Index

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

Quantitative Index

- i. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
- ii. Significant changes in actual or expected results of the debtor's operations.
- iii. The credit risk of other financial instruments of the same debtor has increased significantly.

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

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

Qualitative Index

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

Quantitative Index

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

- i. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- ii. The debtor has conformed to a non-performed loan by authorities.
- iii. The debtor has conducted a negotiation of debts or self-negotiating.
- iv. The active market of the financial assets disappeared due to financial difficulties.

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

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

c) Write off policy

When the Bank can not reasonably expect the recoverable from the entire or partial financial assets, the entire or partial financial assets will be written off. The index of unexpected reasonably recoverable amount includes the following:

- i. The recovery of debt has stopped.
- ii. The debtor doesn't have enough assets or income resource to pay the debt after assessment.

Financial asset which has been written-off can do the recovery of debt and institute legal proceedings continuously under related policies.

d) Measurement of expected credit loss

- i. Loan and receivables

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

The above "PD" and "LGD" are applied to the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information (such as GDP and unemployment rate), then calculate by applying the progressive one factor model respectively.

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

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

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

4) Credit risk hedging and mitigation policies

- a) When contracting, the terms of credit facilities are determined in the light of assessments of probability and amounts of default and collateral and guarantees are obtained, including bank deposit receipts, securities (such as treasury securities, government bonds, bank debentures, stocks and bonds guaranteed by financial institutions) and real estate such as land and buildings. Stocks listed on TWSE and TPEx are marked to market day to day, and changes in the value of their collaterals are monitored all the time; values of land and buildings are examined every time the contract is renewed.
- b) Through policy mechanism, such as credit limits and credit regulation prior to the credit being committed to customers, to control the quality of credit assets. Via post-loan management, concentration analysis, midway credit and review tracking to view assets quality and changes of each case. Master and monitor risk in time. Periodic reports and feedbacks to understand credit portfolios and overall credit risks, ensure risk offsets for continued effectiveness.
- c) When a risk occurs, according to the Bank's "Principles for Acceptance and Disposal of Collaterals," collateral of nonperforming loans secured through compulsory enforcement or participating distribution, if the minimum auction price or liquidation price of the collateral is too low and damage the Bank's credit right, the Bank will participate in the auction or declare to undertake, for example, the minimum auction price is too low to compensate the principal and interest of loans but the collateral must not be difficult to dispose in the future. For collaterals tendered or undertaken, the Bank should actively seek buyers, and if the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.
- d) Other credit enhancements

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

5) The maximum credit risk exposure

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

	December 31, 2021	December 31, 2020
Unused portion of credit card lines	\$ 196,500,728	\$ 197,805,517
Guarantees and standby L/Cs	27,328,893	27,721,592
Irrevocable loan commitments	14,708,106	14,286,387

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

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

December 31, 2021

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
<u>Balance sheet items</u>				
Discounts and loans	\$ 266,364,388	\$ 65,293,423	\$ 81,213,889	\$ 412,871,700
Receivables - credit card	-	-	12,771,358	12,771,358
Receivables - acceptances	278,668	22,657	118,164	419,489
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	196,500,728	196,500,728
Guarantee	10,495,751	6,390,460	9,016,095	25,902,306
Letters of credit issued	61,948	705,655	658,984	1,426,587
Irrevocable loan commitments	<u>1,994,045</u>	<u>-</u>	<u>12,714,061</u>	<u>14,708,106</u>
	<u>\$ 279,194,800</u>	<u>\$ 72,412,195</u>	<u>\$ 312,993,279</u>	<u>\$ 664,600,274</u>

December 31, 2020

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
<u>Balance sheet items</u>				
Discounts and loans	\$ 258,597,463	\$ 56,166,720	\$ 74,092,529	\$ 388,856,712
Receivables - credit card	-	-	13,875,508	13,875,508
Receivables - acceptances	205,826	35,510	660,550	901,886

(Continued)

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	\$ -	\$ -	\$ 197,805,517	\$ 197,805,517
Guarantee	8,533,490	8,886,725	9,171,368	26,591,583
Letters of credit issued	26,822	731,399	371,788	1,130,009
Irrevocable loan commitments	<u>95,804</u>	<u>-</u>	<u>14,190,583</u>	<u>14,286,387</u>
	<u>\$ 267,459,405</u>	<u>\$ 65,820,354</u>	<u>\$ 310,167,843</u>	<u>\$ 643,447,602</u>
				(Concluded)

When loan contracts set the security of nonperforming loans, article of collaterals and definition of credit event occurrence, the quota and the repayment period can be reduced or regard as maturity to reduce the credit risk.

Stage 3 impaired financial assets

Refer to Notes 13 and 14 for the credit impairment of Stage 3 financial assets. The information of provision for allowance for possible losses amount, collateral fair value and other credit enhancements which reduce their potential loss are as below. The provision for allowance for possible losses takes into consideration the fair value of collateral, other credit enhancements amount and the recoverable amount in the future.

	Carrying Amount	Allowance for Possible Losses Under IFRS 9	Collateral Fair Value and Other Credit Enhancements
<u>December 31, 2021</u>			
Receivables			
Credit cards	\$ 1,048,593	\$ 351,370	\$ -
Others	28,832	12,356	2,107
Discounts and loans	<u>2,815,722</u>	<u>781,459</u>	<u>1,121,286</u>
	<u>\$ 3,893,147</u>	<u>\$ 1,145,185</u>	<u>\$ 1,123,393</u>
<u>December 31, 2020</u>			
Receivables			
Credit cards	\$ 1,148,054	\$ 363,988	\$ -
Others	30,913	12,319	2,590
Discounts and loans	<u>4,373,009</u>	<u>1,633,428</u>	<u>2,329,034</u>
	<u>\$ 5,551,976</u>	<u>\$ 2,009,735</u>	<u>\$ 2,331,624</u>

6) Concentrations of credit risk

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

a) By industry

Industry Sector	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Finance and insurance	\$ 56,948,172	14	\$ 50,871,153	13
Manufacturing	44,806,320	11	38,496,332	10
Real estate	<u>27,605,939</u>	<u>6</u>	<u>23,020,517</u>	<u>6</u>
	<u>\$ 129,360,431</u>	<u>31</u>	<u>\$ 112,388,002</u>	<u>29</u>

b) By geography

Region	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Taiwan	\$ 362,168,882	88	\$ 337,835,560	87
Asia Pacific except Taiwan	28,303,409	7	27,282,587	7
Others	<u>22,399,409</u>	<u>5</u>	<u>23,738,565</u>	<u>6</u>
	<u>\$ 412,871,700</u>	<u>100</u>	<u>\$ 388,856,712</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Unsecured	\$ 146,507,312	36	\$ 130,259,249	34
Secured				
Real estate	228,252,258	55	221,161,171	57
Financial collateral	19,835,704	5	16,860,409	4
Movable property	17,150,003	4	18,984,983	5
Others	<u>1,126,423</u>	<u>-</u>	<u>1,590,900</u>	<u>-</u>
	<u>\$ 412,871,700</u>	<u>100</u>	<u>\$ 388,856,712</u>	<u>100</u>

7) Continuing assessment of credit quality and any impairment of financial assets

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

d. Liquidity risk management

1) Sources and definition of liquidity risk

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

2) Risk management policies on liquidity risk

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

- a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- b) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- c) Monitoring the liquidity ratios against internal and regulatory requirements; and
- d) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections respectively for the next ten days, one month, two months, etc., to, one year and over one year. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Related information is submitted regularly to the Bank's Assets and Liabilities Management Committee and the Board of Directors.

3) Financial assets held for liquidity risk management purposes

To support payment obligation and contingent funding in a stressed market environment, the Bank holds high-quality and highly-liquid interest-earning assets comprising cash and cash equivalent, due from the Central Bank and other banks and securities purchased under resale agreements for which there is an active and liquid market and maintain legal ratio related to liquidity.

As of December 31, 2021 and 2020, the Bank's liquidity reserve ratios were 37.42%, and 37.53%, respectively.

4) Maturity analysis of non-derivative financial liabilities

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

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 389,971	\$ 1,401,849	\$ -	\$ -	\$ -	\$ 1,791,820
Funds borrowed from the Central Bank and other banks	-	-	-	77,240	-	77,240
Securities sold under repurchase agreement	4,960	-	-	-	-	4,960
Short-covering debentures	148,325	-	-	-	-	148,325
Payables	2,358,490	1,142,297	535,964	461,172	1,066,724	5,564,647
Deposits and remittances	99,631,413	139,762,280	94,614,204	141,674,599	136,424,189	612,106,685
Bank debentures	-	-	-	3,000,000	20,901,900	23,901,900
Principal received on structured products	67,404	20,130	199,700	127,069	22,636,303	23,050,606
Other financial liabilities	290,000	320,000	-	13,038	356,386	979,424
Lease liabilities	39,173	68,939	94,275	181,636	658,244	1,042,267
Total	\$ 102,929,736	\$ 142,715,495	\$ 95,444,143	\$ 145,534,754	\$ 182,043,746	\$ 668,667,874

December 31, 2020	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 683,042	\$ 301,797	\$ -	\$ -	\$ -	\$ 984,839
Funds borrowed from the Central Bank and other banks	-	15,040	-	7,300	-	22,340
Securities sold under repurchase agreement	3,532,088	-	-	-	-	3,532,088
Payables	1,714,117	1,262,651	920,883	440,179	960,049	5,297,879
Deposits and remittances	99,562,992	111,349,138	89,134,736	135,042,863	147,063,182	582,152,911
Bank debentures	1,900	-	-	1,100,000	21,500,000	22,601,900
Principal received on structured products	90,131	55,308	-	17,105	8,028,077	8,190,621
Other financial liabilities	150,000	310,000	-	-	408,350	868,350
Lease liabilities	39,706	46,936	65,018	123,423	579,430	854,513
Total	\$ 105,773,976	\$ 113,340,870	\$ 90,120,637	\$ 136,730,870	\$ 178,539,088	\$ 624,505,441

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

Maturity analysis of demand deposits in “deposits and remittances” are allocated to each period based on historical experience. If all demand deposits were required to be paid off in recent period, the cash outflows on period of due in 30 days would have been \$296,133,946 thousand and \$277,960,559 thousand as of December 31, 2021 and 2020, respectively.

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

	Due Between 1 Year and 2 Years	Due Between 2 Years and 3 Years	Due After 3 Years	Total
December 31, 2021	<u>\$ 295,222</u>	<u>\$ 175,917</u>	<u>\$ 187,105</u>	<u>\$ 658,244</u>
December 31, 2020	<u>\$ 196,823</u>	<u>\$ 153,548</u>	<u>\$ 229,059</u>	<u>\$ 579,430</u>

5) Maturity analysis of derivative financial liabilities

- a) Derivative instruments settled on a net basis are include foreign exchange derivatives (foreign exchange options, non-deliverable forwards) and interest rate derivatives (interest rate swap options, interest rate swaps and other interest rate contracts). Maturity analysis of derivative financial liabilities that will be settled on a net basis is as follows:

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	\$ 253	\$ 186	\$ 1,047	\$ 2,267	\$ -	\$ 3,753
Interest rate derivatives	3,129	7,987	57,992	34,933	867,410	971,451
Total	\$ 3,382	\$ 8,173	\$ 59,039	\$ 37,200	\$ 867,410	\$ 975,204

December 31, 2020	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	\$ 1,011	\$ 2,434	\$ 2,407	\$ 3,702	\$ -	\$ 9,554
Interest rate derivatives	4,744	-	5,277	31,878	1,069,781	1,111,680
Total	\$ 5,755	\$ 2,434	\$ 7,684	\$ 35,580	\$ 1,069,781	\$ 1,121,234

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

- b) Derivative instruments settled on a gross basis include foreign exchange derivatives (foreign exchange swaps, foreign exchange options), interest rate derivatives (cross currency swaps) and credit derivatives (credit default swap). Maturity analysis of derivative financial liabilities that will be settled on a gross basis is as follows:

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	\$ 87,044,207	\$ 76,746,020	\$ 43,754,706	\$ 40,563,399	\$ 3,086,828	\$ 251,195,160
Cash inflow	86,445,481	76,456,206	43,595,941	40,339,247	3,111,205	249,948,080
Interest rate derivatives						
Cash outflow	-	-	-	-	4,765,990	4,765,990
Cash inflow	-	-	-	-	4,707,300	4,707,300
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	980	969	1,938	15,776	19,663
Subtotal of cash outflow	87,044,207	76,746,020	43,754,706	40,563,399	7,852,818	255,961,150
Subtotal of cash inflow	86,445,481	76,457,186	43,596,910	40,341,185	7,834,281	254,675,043
Net cash flow	\$ (598,726)	\$ (288,834)	\$ (157,796)	\$ (222,214)	\$ (18,537)	\$ (1,286,107)

December 31, 2020	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	\$ 52,914,347	\$ 93,879,213	\$ 41,960,565	\$ 24,974,432	\$ 357,085	\$ 214,085,642
Cash inflow	52,007,208	92,342,257	41,506,788	24,600,624	348,582	210,805,459
Interest rate derivatives						
Cash outflow	1,798,900	-	-	305,300	-	2,104,200
Cash inflow	1,710,480	-	-	285,080	-	1,995,560
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	748	748	1,497	1,351	4,344
Subtotal of cash outflow	54,713,247	93,879,213	41,960,565	25,279,732	357,085	216,189,842
Subtotal of cash inflow	53,717,688	92,343,005	41,507,536	24,887,201	349,933	212,805,363
Net cash flow	\$ (995,559)	\$ (1,536,208)	\$ (453,029)	\$ (392,531)	\$ (7,152)	\$ (3,384,479)

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

6) Maturity analysis of off-balance sheet items

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

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 14,708,106	\$ -	\$ -	\$ -	\$ -	\$ 14,708,106
Irrevocable credit card commitments	196,500,728	-	-	-	-	196,500,728
Issued but unused letters of credit	1,426,587	-	-	-	-	1,426,587
Other guarantees	18,648,206	6,554,100	-	100,000	600,000	25,902,306
Total	\$ 231,283,627	\$ 6,554,100	\$ -	\$ 100,000	\$ 600,000	\$ 238,537,727

December 31, 2020	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 14,286,387	\$ -	\$ -	\$ -	\$ -	\$ 14,286,387
Irrevocable credit card commitments	197,805,517	-	-	-	-	197,805,517
Issued but unused letters of credit	1,130,009	-	-	-	-	1,130,009
Other guarantees	19,779,883	6,111,700	-	-	700,000	26,591,583
Total	\$ 233,001,796	\$ 6,111,700	\$ -	\$ -	\$ 700,000	\$ 239,813,496

e. Market risk management

1) Definition and scope of market risk

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

2) Management policies of market risk

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

3) Market risk management process

a) Recognition and measurement

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

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

b) Monitoring and reporting

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

4) Management process of interest risk

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

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

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

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

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

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

Interest rate risk management of banking book is to improve interest risk management, capital efficiency and business operations.

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

The identification and measurement of interest rate risk in banking book include re-pricing and yield curve risks, and measure the possible impact of changes in interest rate on profits and losses. The Bank analyzes and monitors position limits and various management indexes of interest risk (such as the ratio of interest rate sensitivity gap over total assets) on a quarterly basis, and the results are submitted regularly to the Assets and Liabilities Management Committee and the Board of Directors.

If the risk management objectives are found to be in excess of designated limits during the monitoring process, the Bank will report to the Assets and Liabilities Management Committee and propose remedial action to be taken.

5) Management of foreign exchange risk

a) Definition of foreign exchange risk

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

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

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

c) Concentration of foreign exchange risk

Information on concentration of foreign currency exposures at the balance sheet date is shown in Note 41.

6) Management of equity securities market risk

a) Definition and measurement bases of equity market risk

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

b) Management processes of equity market risk

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

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

7) Valuation techniques of market risk

a) Stress testing

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

b) Sensitivity analysis

i. Interest rate sensitivity

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

Assuming all other variables remain constant, where the interest rate increases/decreases by 1 bps, there would be an increase/decrease of \$2,415 thousand in income before income tax for the year ended December 31, 2021. There would be a decrease/increase of \$772 thousand in income before income tax for the year ended December 31, 2020. There would be a decrease/increase of \$144 thousand and \$116 thousand in other comprehensive income for the years ended December 31, 2021 and 2020, respectively.

ii. Foreign exchange sensitivity

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

Where the foreign exchange increases/decreases by 1%, assuming all other variables remain constant, there would be an increase/decrease of \$190,539 thousand and \$248,379 thousand in income before income tax for the year ended December 31, 2021 and 2020, respectively.

iii. Equity securities market risk

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

Where the securities prices increases/decreases by 1%, assuming all other variables remain constant, there would be an increase/decrease of \$15,240 thousand and \$10,993 thousand in income before income tax for the year ended December 31, 2021 and 2020 respectively.

f. Interest rate benchmark reform

The financial instruments of the Bank affected by the interest rate benchmarks reform include derivatives and non-derivatives financial assets and liabilities. The linked indicator interest rate types are USD LIBOR, EUR LIBOR, JPY LIBOR, etc.

Overnight risk-free rates are expected to replace most of the five currency of LIBOR. There are key differences between LIBOR and overnight risk-free rates. LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. Overnight risk-free rates are currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. Therefore, the Bank has transferred existing contracts and agreements that reference LIBOR to overnight risk-free rates.

According to IBA’s announcement on March 5, 2021, one-week and two-month USD LIBOR, GBP LIBOR, EUR LIBOR, CHF LIBOR and JPY LIBOR are expected to be available until the end of 2021, and the remaining USD LIBOR will sure to be available until the end of June 2023.

In response to the reform, the Bank prepared interest rate benchmark transition plan which comprises the following work streams: Risk management, contract management, product management, taxation and accounting, and customer communication. The Bank has already implemented the adjustments of internal processes and risk management policies, upgraded IT systems and valuation models of financial instruments, as well as managing any related tax and accounting implications.

For contracts of loans and financial instruments that are expected to expire after the discontinuation of LIBOR, the Bank has gradually incorporated fallback provisions into the supplementary contracts of the financial instrument contracts since August 2021 to enable the contract-linked interest rate to be converted from the current interest rate to another alternative reference rate at the agreed time.

On December 31, 2021, the non-derivative financial instruments held by the Bank that have been affected by the interest rate benchmark reform and have not transitioned to an alternative benchmark interest rate are summarized as follows:

Items	Carrying Amount		
	Linked to USD LIBOR	Linked to JPY LIBOR	Linked to EUR LIBOR
Assets			
Financial assets at FVTPL	\$ 13,700,668	\$ -	\$ -
Financial assets at FVTOCI	7,016,696	-	-
Debt instrument investment measured at amortized cost	361,813	-	-
Receivables	4,899,675	-	-
Discounts and loans	<u>40,630,298</u>	<u>305,262</u>	<u>354,090</u>
	<u>\$ 66,609,150</u>	<u>\$ 305,262</u>	<u>\$ 354,090</u>
Liabilities			
Principal received on structured products	<u>\$ 188,266</u>	<u>\$ -</u>	<u>\$ -</u>

On December 31, 2021, the derivative financial instruments held by the Bank that have been affected by the interest rate benchmark reform and have not transitioned to an alternative benchmark interest rate are summarized as follows:

Items	Nominal Amount	Carrying Amount	
		Financial Assets	Financial Liabilities
Derivative financial instruments linked to USD LIBOR			
Interest rate swap contracts	\$ 20,631,283	\$ 501,261	\$ 435,383
Cross-currency swap contracts	<u>6,091,800</u>	<u>26,322</u>	<u>39,203</u>
	\$ 26,723,083	\$ 527,583	\$ 474,586

g. Transfer of financial assets

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

Types of Financial Assets	Book Value of Transferred Financial Assets	Book Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
FVTOCI - transactions under repurchase agreements					
December 31, 2021	\$ 5,572	\$ 4,959	\$ 5,572	\$ 4,959	\$ 613
December 31, 2020	3,714,951	3,530,487	3,714,951	3,530,487	184,464

h. Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality of loans

Nonperforming loans and nonperforming receivables of the Bank

Item		December 31, 2021				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Business	Corporate Banking					
	Secured	\$ 493,328	\$ 60,785,039	0.81%	\$ 778,304	157.77%
	Unsecured	70,842	115,288,079	0.06%	1,339,588	1,890.95%
	Residential mortgage (Note d)	147,388	134,458,648	0.11%	2,021,794	1,371.75%
	Cash card	-	-	-	-	-
Consumer Banking	Small-scale credit loan (Note e)	289,749	24,715,787	1.17%	446,802	154.20%
	Secured	89,279	71,120,701	0.13%	766,174	858.18%
	Others (Note f) Unsecured	3,778	6,503,446	0.06%	77,273	2,045.34%
Total		1,094,364	412,871,700	0.27%	5,429,935	496.17%
Item		December 31, 2021				
		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Business						
Credit card		32,038	12,771,358	0.25%	368,769	1,151.04%
Accounts receivable factored without recourse (Note g)		-	6,451,669	-	68,663	-

Item			December 31, 2020				
			Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Business Corporate Banking	Secured		\$ 988,046	\$ 58,752,471	1.68%	\$ 809,325	81.91%
	Unsecured		433,773	98,963,450	0.44%	1,396,604	321.97%
Consumer Banking	Residential mortgage (Note d)		106,746	128,879,002	0.08%	2,152,061	2,016.06%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		312,785	25,246,962	1.24%	460,062	147.09%
	Others (Note f)	Secured	135,449	70,965,990	0.19%	774,847	572.06%
		Unsecured	899	6,048,837	0.01%	71,044	7,902.56%
Total			1,977,698	388,856,712	0.51%	5,663,943	286.39%
Item			Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Business Credit card			38,672	13,875,508	0.28%	387,161	1,001.14%
Accounts receivable factored without recourse (Note g)			-	2,634,064	-	29,002	-

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

Note b: Ratio of nonperforming loans: $\text{Nonperforming loans} \div \text{Outstanding loan balance}$.

Ratio of nonperforming credit cards receivables: $\text{Nonperforming credit cards receivables} \div \text{Outstanding credit cards receivables balance}$.

Note c: Coverage ratio of allowance for possible losses for loans: $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$.

Coverage ratio of allowance for possible losses for credit cards receivables: $\text{Allowance for possible losses for credit cards receivables} \div \text{Nonperforming credit cards receivables}$.

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

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

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

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

Nonperforming loans and nonperforming receivables excluded from the information stated above

Business \ Item	December 31, 2021		December 31, 2020	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 20,394	\$ 64,980	\$ 30,513	\$ 93,417
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	1,109,145	860,906	1,032,270	926,253
Total	1,129,539	925,886	1,062,783	1,019,670

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

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

2) Concentration of credit extensions

Ranking (Note a)	December 31, 2021		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development	\$ 13,136,450	26
2	B Group - 4652 - wholesale of motorcycles	6,642,932	13
3	C Group - 6499 - other financial service activities not elsewhere classified	5,725,899	12
4	D Group - 3510 - electricity supply	3,939,709	8
5	E Group - 6496 - non-depository financing	3,756,960	8
6	F Group - 2613 - packaging and testing of semiconductors	3,580,609	7
7	G Group - 4642 - electricity transmission and distribution enterprise	3,391,350	7
8	H Group - 2699 - non-categorized and other electronic component manufacturing	3,192,847	6
9	I Group - 2411 - smelting and refining of iron and steel	3,143,587	6
10	J Group - 6499 - other financial service activities not elsewhere classified	3,000,000	6

Ranking (Note a)	December 31, 2020		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development	\$ 14,909,000	31
2	B Group - 6499 - other financial service activities not elsewhere classified	4,945,348	10
3	C Group - 6491 - financial leasing industry	4,573,403	9
4	K Group - 6496 - non-depository financing	4,370,634	9
5	L Group - 6499 - other financial service activities not elsewhere classified	3,101,073	6
6	J Group - 6499 - other financial service activities not elsewhere classified	3,000,000	6
7	D Group - 3510 - electricity supply	2,877,573	6
8	I Group - 2411 - smelting and refining of iron and steel	2,648,034	5
9	M Group - 2611 - manufacture of integrated circuits	2,615,678	5
10	N Group - 4210 - construction of roads and railways	2,570,369	5

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

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

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

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

Interest Rate Sensitivity Analysis
December 31, 2021

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 360,540,038	\$ 163,501,248	\$ 9,899,079	\$ 42,393,927	\$ 576,334,292
Interest rate-sensitive liabilities	222,916,709	206,892,834	80,361,063	24,318,965	534,489,571
Interest rate sensitivity gap	137,623,329	(43,391,586)	(70,461,984)	18,074,962	41,844,721
Net worth					49,701,951
Ratio of interest rate-sensitive assets to liabilities					107.83%
Ratio of interest rate-sensitivity gap to net worth					84.19%

Interest Rate Sensitivity Analysis
December 31, 2020

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 334,676,463	\$ 151,537,559	\$ 10,733,663	\$ 41,212,539	\$ 538,160,224
Interest rate-sensitive liabilities	181,639,737	185,966,866	94,814,832	29,585,026	492,006,461
Interest rate sensitivity gap	153,036,726	(34,429,307)	(84,081,169)	11,627,513	46,153,763
Net worth					48,743,705
Ratio of interest rate-sensitive assets to liabilities					109.38%
Ratio of interest rate-sensitivity gap to net worth					94.69%

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

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

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

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

Table 2: For U.S. dollar items

Interest Rate Sensitivity Analysis
December 31, 2021

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 3,075,239	\$ 66,857	\$ 146,901	\$ 127,409	\$ 3,416,406
Interest rate-sensitive liabilities	1,181,945	2,362,928	177,818	-	3,722,691
Interest rate sensitivity gap	1,893,294	(2,296,071)	(30,917)	127,409	(306,285)
Net worth					1,794,942
Ratio of interest rate-sensitive assets to liabilities					91.77%
Ratio of interest rate-sensitivity gap to net worth					(17.06%)

Interest Rate Sensitivity Analysis
December 31, 2020

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,542,262	\$ 80,388	\$ 28,954	\$ 392,863	\$ 3,044,467
Interest rate-sensitive liabilities	1,007,606	2,314,331	201,202	-	3,523,139
Interest rate sensitivity gap	1,534,656	(2,233,943)	(172,248)	392,863	(478,672)
Net worth					1,709,825
Ratio of interest rate-sensitive assets to liabilities					86.41%
Ratio of interest rate-sensitivity gap to net worth					(28.00%)

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

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

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

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

4) Profitability

Items		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Before tax	0.47%	0.43%
	After tax	0.42%	0.38%
Return on equity	Before tax	6.71%	6.02%
	After tax	5.97%	5.25%
Net income ratio		27.23%	22.46%

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

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

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

5) Maturity analysis of assets and liabilities

a) For New Taiwan dollar items

December 31, 2021

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 788,354,119	\$ 132,991,954	\$ 93,352,744	\$ 118,306,092	\$ 88,251,525	\$ 83,962,598	\$ 271,489,206
Main capital outflow on maturity	956,912,227	61,352,297	97,217,833	197,495,551	174,961,218	192,014,074	233,871,254
Gap	(168,558,108)	71,639,657	(3,865,089)	(79,189,459)	(86,709,693)	(108,051,476)	37,617,952

December 31, 2020

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 747,400,584	\$ 134,639,680	\$ 92,815,204	\$ 109,715,563	\$ 74,331,728	\$ 72,371,286	\$ 263,527,123
Main capital outflow on maturity	909,637,257	51,315,025	122,073,415	187,920,745	163,352,699	182,031,018	202,944,355
Gap	(162,236,673)	83,324,655	(29,258,211)	(78,205,182)	(89,020,971)	(109,659,732)	60,582,768

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

b) For U.S. dollar items

December 31, 2021

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 11,522,239	\$ 4,189,779	\$ 2,480,909	\$ 1,566,914	\$ 1,354,511	\$ 1,930,126
Main capital outflow on maturity	12,323,271	3,392,587	3,771,796	2,480,361	2,071,325	607,202
Gap	(801,032)	797,192	(1,290,887)	(913,447)	(716,814)	1,322,924

December 31, 2020

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 11,107,116	\$ 4,424,143	\$ 2,834,779	\$ 1,248,219	\$ 744,884	\$ 1,855,091
Main capital outflow on maturity	11,993,961	4,088,179	3,233,382	1,939,585	1,442,808	1,290,007
Gap	(886,845)	335,964	(398,603)	(691,366)	(697,924)	565,084

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

44. CAPITAL MANAGEMENT

a. Objective of capital management

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

b. Procedure of capital management

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

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

Unconsolidated

			December 31, 2021	December 31, 2020
Regulatory capital	Common equity		\$ 46,653,029	\$ 45,007,659
	Additional Tier I capital		1,848,490	1,852,775
	Tier II capital		11,392,226	10,674,012
	Total common capital		59,893,745	57,534,446
Risk-weighted assets	Credit risk	Standardized approach	393,687,935	378,101,729
		Internal rating-based approach	-	-
		Asset securitization	458,214	859,791
	Operational risk	Basic indicator approach	20,512,863	20,229,725
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	14,680,875	8,822,288
		Internal models approach	-	-
	Total risk-weighted assets		429,339,887	408,013,533
Capital adequacy ratio			13.95%	14.10%
Ratio of common equity to risk-weighted assets			10.87%	11.03%
Ratio of Tier I capital to risk-weighted assets			11.30%	11.49%
Leverage ratio			5.87%	6.09%

Consolidated

			December 31, 2021	December 31, 2020
Regulatory capital	Common equity		\$ 47,211,995	\$ 45,576,902
	Additional Tier I capital		2,407,456	2,422,018
	Tier II capital		12,541,523	11,831,485
	Total common capital		62,160,974	59,830,405
Risk-weighted assets	Credit risk	Standardized approach	396,197,242	380,483,851
		Internal rating-based approach	-	-
		Asset securitization	458,214	859,791
	Operational risk	Basic indicator approach	21,252,263	20,884,000
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	14,680,875	8,822,288
		Internal models approach	-	-
	Total risk-weighted assets		432,588,594	411,049,930
Capital adequacy ratio			14.37%	14.56%
Ratio of common equity to risk-weighted assets			10.91%	11.09%
Ratio of Tier I capital to risk-weighted assets			11.47%	11.68%
Leverage ratio			5.99%	6.23%

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

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

Note c: Formulas used were as follows:

- 1) Regulatory capital = Common equity + Additional Tier I capital + Tier II capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) × 12.5.
- 3) Capital adequacy ratio = Regulatory capital/Total risk-weighted assets.
- 4) Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets.
- 5) Ratio of Tier I capital to risk-weighted assets = (Common equity + Additional Tier I capital)/Total risk-weighted assets.
- 6) Leverage ratio = Net Tier I capital/Exposure measurement.

45. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ 22,340	\$ 54,900	\$ -	\$ -	\$ 77,240
Securities sold under repurchase agreement	3,530,487	(3,465,911)	(59,617)	-	4,959
Bank debentures	22,601,900	1,300,000	-	-	23,901,900
Other financial liabilities	868,202	111,011	-	-	979,213
Lease liabilities	839,255	(407,937)	(1,418)	596,981	1,026,881
Other liabilities	<u>622,554</u>	<u>(14,198)</u>	<u>(1,010)</u>	<u>6,832</u>	<u>614,178</u>
	<u>\$ 28,484,738</u>	<u>\$ (2,422,135)</u>	<u>\$ (62,045)</u>	<u>\$ 603,813</u>	<u>\$ 26,604,371</u>

For the year ended December 31, 2020

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ -	\$ 22,340	\$ -	\$ -	\$ 22,340
Securities sold under repurchase agreement	9,675,529	(5,844,744)	(300,298)	-	3,530,487
Bank debentures	25,001,900	(2,400,000)	-	-	22,601,900
Other financial liabilities	1,001,923	(133,721)	-	-	868,202
Lease liabilities	1,040,827	(426,013)	(2,724)	227,165	839,255
Other liabilities	<u>659,123</u>	<u>(42,117)</u>	<u>(3,231)</u>	<u>8,779</u>	<u>622,554</u>
	<u>\$ 37,379,302</u>	<u>\$ (8,824,255)</u>	<u>\$ (306,253)</u>	<u>\$ 235,944</u>	<u>\$ 28,484,738</u>

46. SEGMENT INFORMATION

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

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

- b. Corporate banking: Mainly includes corporate-related business, foreign-currency business and financial market business;
- c. Others: Any business not included in individual and corporate banking.

Segment Income and Operating Results

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

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

	Individual Banking	Corporate Banking	Others	Total
<u>For the year ended December 31, 2021</u>				
Net interests	\$ 4,197,077	\$ 3,522,470	\$ (1,099,133)	\$ 6,620,414
Net revenues and gains other than interest				
Net service fee income	1,782,452	772,906	422,477	2,977,835
Other net income	<u>216,984</u>	<u>1,035,310</u>	<u>(57,654)</u>	<u>1,194,640</u>
Net revenues	6,196,513	5,330,686	(734,310)	10,792,889
Reversal of (provision for) bad debt expenses	(257,001)	(848,298)	292,081	(813,218)
Operating expenses	<u>(4,577,669)</u>	<u>(1,582,507)</u>	<u>(516,673)</u>	<u>(6,676,849)</u>
Segment income before income tax	<u>\$ 1,361,843</u>	<u>\$ 2,899,881</u>	<u>\$ (958,902)</u>	<u>\$ 3,302,822</u>
<u>For the year ended December 31, 2020</u>				
Net interests	\$ 3,991,961	\$ 3,421,171	\$ (1,376,505)	\$ 6,036,627
Net revenues and gains other than interest				
Net service fee income	1,951,407	865,070	695,197	3,511,674
Other net income	<u>231,761</u>	<u>1,258,527</u>	<u>176,630</u>	<u>1,666,918</u>
Net revenues	6,175,129	5,544,768	(504,678)	11,215,219
Reversal of (provision for) bad debt expenses	(123,669)	(1,151,056)	(189,994)	(1,464,719)
Operating expenses	<u>(4,652,260)</u>	<u>(1,546,647)</u>	<u>(663,359)</u>	<u>(6,862,266)</u>
Segment income before income tax	<u>\$ 1,399,200</u>	<u>\$ 2,847,065</u>	<u>\$ (1,358,031)</u>	<u>\$ 2,888,234</u>

47. OTHER ITEMS

In the face of the significant uncertainty caused by the COVID-19 to the international economic and financial situation, the Bank and its subsidiaries adhere to the consistent and prudent business policy, strengthen risk management and lay out long-term sound growth momentum. The impact of the COVID-19 on the Bank's and its subsidiaries' ability to continue as a going concern, impairment of assets and financing risk has been properly reflected and disclosed in the annual financial statements.

48. ADDITIONAL DISCLOSURES

- a. Information about significant transactions:

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

- 2) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: Nil
 - 3) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: Nil
 - 4) Service charge discounts on transactions with related parties in aggregated amount of at least NT\$5 million: Nil
 - 5) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Nil
 - 6) Sale of nonperforming loans: Table 1 (attached)
 - 7) The type and related information of any securitization product that has been approved in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act: Nil
 - 8) Intercompany relationships and significant intercompany transactions: Table 2 (attached)
 - 9) Other significant transactions which may have effects on decision making of financial statement users: Nil
- b. Information of subsidiaries' financing provided, endorsement/guarantee provided, marketable securities held, marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital and derivative transactions: Table 3 (attached)
 - c. Related information of investees on which the Bank exercises significant influence: Table 4 (attached)
 - d. Information about branches and investments in mainland China: Table 5 (attached)
 - e. Information about major shareholders: Name, number of shares, and percentage of ownership of shareholders holding more than 5% of the shares: Nil

TABLE I

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

SALE OF NONPERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

1. Sale of nonperforming loans

Trade Date	Counterparty	Form of Nonperforming Loan	Book Value (Note)	Selling Price	Gain (Loss)	Incidentally Conditions	Relationship Between the Counterparty and the Bank
2021.06.25	A company	Long-term secured loan for enterprise (international syndicated loans)	\$ 337,064	\$ 331,238	\$ (5,826)	None	Unrelated parties

Note: Book value equals the amount of the original loan less the allowance for loss.

2. The sale of a batch of nonperforming loans totaling over NT\$1 billion (excluding those sold to related parties): None.

TABLE 2

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Flow of Transaction	Transaction Details		
				Financial Statement Account	Amount	Percentage of Consolidated Net Profit or Consolidated Total Assets (% , Note 2)
0	Far Eastern International Bank Ltd.	Far Eastern International Securities Co., Ltd. Far Eastern International Securities Co., Ltd. Far Eastern International Securities Co., Ltd. Far Eastern International Securities Co., Ltd.	From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary	Deposits and remittances Interest expense Service charge Loss on disposal of financial assets at FVTPL	\$ 431,858 1,195 2,139 969	0.06 0.01 0.02 0.01
1	Far Eastern International Securities Co., Ltd.	Far Eastern International Bank Ltd. Far Eastern International Bank Ltd. Far Eastern International Bank Ltd.	From subsidiary to parent company From subsidiary to parent company From subsidiary to parent company	Cash and cash equivalents Interest revenue Service fee	431,858 1,195 3,108	0.06 0.01 0.03

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

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

SUBSIDIARIES' FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Collateral		Allowance for Impairment Loss	Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
												Item	Value			
1	FEIB Financial Leasing Co., Ltd.	A company	Other receivables - entrusted loan receivable	No	\$ 15,797	\$ 15,646	\$ 15,646	6%-10%	a	\$ 17,495	-	Real estate	\$ 32,790	\$ 156	\$ 301,279	\$ 1,004,263

Note 1: No. column is coded as follows:

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

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

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

Note 3: The limits on financing are as follows:

- a. Financing limit for each borrower

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

- b. Aggregate financing limit

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

TABLE 4

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	The Proportionate Share of the Bank, Its Subsidiaries and Their Affiliates in Investees (Note 1)			
						Present Shares (In Thousands)	Pro Forma Shares (Note 2)	Shares (In Thousands)	Note
<u>Held by the Bank</u>									
Financial business									
Deutsche Far Eastern Asset Management Co., Ltd.	7F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Securities investment trust funds	40.00	\$ 145,065	\$ 15,646	12,000	-	12,000	40.00
Dah Chang Bills Finance Corp.	4F, 4F-1, 4F-2, 4F-3, Np. 88 Dun Hwa North Road, Taipei, Taiwan	Underwriting, dealing and brokering of short-term bills	22.06	1,825,110	129,100	101,941	-	101,941	22.07
Far Eastern Asset Management Co., Ltd.	Room B, 17F, No. 207, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Purchase, evaluation, auction and management of creditor's rights to financial institutions	100.00	1,701,292	60,600	168,400	-	168,400	100.00
Far Eastern International Securities Co., Ltd.	51F, No. 7, Xinyi Road, Sec. 5, Taipei, Taiwan	Foreign securities broker, wealth management and offshore fund consulting	100.00	534,571	99,543	26,000	-	26,000	100.00
Taipei Foreign Exchange Agency Co., Ltd.	8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan	Foreign exchange, cross-currency swaps, etc.	0.40	4,098	-	80	-	80	0.40
Sunshine Asset Management Co., Ltd.	15F., No. 218, Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Management of creditor's rights and rendering of commercial detective services	3.46	2,778	-	207	-	207	3.46
Financial Information Service Co., Ltd.	No. 81, Kangning Road, Sec. 3, Taipei, Taiwan	Data processing service and electronic information supply	1.14	238,460	-	5,938	-	5,938	1.14
Yuan Hsin Digital Payment Co., Ltd.	Room A, 5F., No. 1, Yuandong Road, Banqiao Dist., New Taipei City, Taiwan	Issuing electronic tickets and signing contracted institutions	4.05	17,758	-	2,758	-	2,758	4.05
Nonfinancial business									
An Feng Enterprise Co., Ltd.	3F., No. 139, Jhenghou Road, Taipei, Taiwan	ATM maintenance, replacement and repair	10.00	4,674	-	300	-	300	10.00
<u>Held by Far Eastern Asset Management Co., Ltd.</u>									
Financial business									
FHIB Financial Leasing Co., Ltd.	8F., Far Eastern Plaza, No. 28, Bailianjiang Road, Pudong New District, Shanghai, China	Leasing operation	100.00	1,004,263	34,161	N/A	-	N/A	100.00

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

Note 2: Routes of investment are listed below:

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Business and Product	Total Paid-in Capital (Note 4)	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2021	Investment Flow (Note 4)		Accumulated Outflow of Investment as of December 31, 2021 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 5)	Carrying Value as of December 31, 2021 (Note 2)	Accumulated Inward Remittances of Earnings as of December 31, 2021	Note
					Outflow	Inflow							
FEIB Financial Leasing Co., Ltd.	Leasing operation	\$ 920,470 (US\$ 30,000 thousand)	a	\$ 920,470 (US\$ 30,000 thousand)	\$ -	\$ -	\$ 920,470 (US\$ 30,000 thousand)	\$ 34,161 (CNY 7,865 thousand)	100.00	\$ 34,161 (CNY 7,865 thousand)	\$ 1,004,263	\$ -	
Accumulated Investment in Mainland China as of December 31, 2021 (Note 4)		Investment Amount Authorized by Investment Commission, MOEA (Note 4)		Limit on Investment Authorized by Investment Commission MOEA (Note 3)									
\$920,470 (US\$30,000 thousand)		\$920,470 (US\$30,000 thousand)		\$1,020,775									

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

- Direct investment.
- Investment via third place company (state third place investment company).
- Others.

Note 2: Calculation based on investee company's financial statements audited by a local CPA and covering the same reporting period as that of Far Eastern International Bank.

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

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

Note 5: Calculated using the average exchange rate for the year ended 2021.

Far Eastern International Bank Ltd.

**Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Far Eastern International Bank Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 Banks.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. 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.

Key audit matters related to the Bank's financial statements for the year ended December 31, 2021 for the Bank, which are described as follows:

Allowance for Expected Credit Losses on Loans

As of December 31, 2021, the balance of loans in the aggregate amounted to NT\$407,441,765 thousand, which accounted for 56% of the total assets of the consolidated financial statements; an amount that is deemed to be significant to the consolidated financial statements. Besides assessing expected credit losses on loans in accordance with IFRS 9 "Financial Instruments", the Bank complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations when assessing classification of credit assets and recognizing allowance for possible losses, and the higher amount of allowance for expected credit losses on loans is recognized. As the assessment on the impairment of loans involved the management's critical judgments in accounting estimation and the underlying assumptions, we deemed the allowance for expected credit losses on loans as a key audit matter. Refer to Note 5 to the consolidated financial statements for the critical accounting judgments and estimation uncertainty.

Refer to Notes 4, 5, 14 and 42 to the consolidated financial statements for disclosures related to impairment on loans.

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

1. Understand and perform tests on the Bank's internal controls relevant to loans impairment assessment.
2. Identity the potential risk of loans customers from public information, and confirm that whether to include in the appropriate assessment stage.
3. Verify whether the methodology, main assumptions and parameters (consider the probability of default, probability of loss given default and exposure at default on forward-looking information) adopted by the impairment model of expected credit losses adequately reflect the actual position and compliance with IFRS 9, and recalculate the amount of impairment.
4. Sample and review credit files to evaluate whether the loans are reasonably categorized per regulatory stipulation and recalculate for the correctness of the allowance.

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 Banks 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 the 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 entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Bank 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 for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 3, 2022

Notice to Readers

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

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

FAR EASTERN INTERNATIONAL BANK LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,729,904	1	\$ 6,054,773	1
Due from the Central Bank and other banks (Notes 7, 37 and 38)	45,873,426	6	35,137,822	5
Financial assets at fair value through profit or loss (Notes 4, 8, 37 and 41)	37,662,767	5	31,757,436	5
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 11, 21, 27, 38, 41 and 42)	113,429,715	16	177,659,673	26
Investment in debt instruments at amortized cost, net (Notes 4, 5, 10, 11 and 41)	71,374,127	10	1,077,764	-
Securities purchased under resale agreements, net (Notes 4 and 12)	5,888,595	1	10,960,705	2
Receivables, net (Notes 4, 5, 13 and 42)	22,126,806	3	19,525,730	3
Discounts and loans, net (Notes 4, 5, 14, 37 and 42)	407,441,765	56	383,192,769	56
Investment accounted for using the equity method (Notes 4, 15 and 27)	4,206,038	1	4,188,899	1
Other financial assets, net (Notes 16 and 38)	3,805,391	1	4,400,301	1
Property and equipment, net (Notes 4, 17 and 37)	2,957,881	-	2,966,680	-
Right-of-use assets, net (Notes 4 and 18)	1,005,202	-	794,172	-
Intangible assets, net (Notes 4 and 19)	1,623,153	-	1,648,636	-
Deferred tax assets (Notes 4 and 35)	185,240	-	194,572	-
Other assets (Note 37)	247,812	-	303,887	-
TOTAL	<u>\$ 722,557,822</u>	<u>100</u>	<u>\$ 679,863,819</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Notes 20 and 42)	\$ 1,791,820	-	\$ 984,839	-
Funds borrowed from the Central Bank and other banks (Notes 42 and 44)	77,240	-	22,340	-
Financial liabilities at fair value through profit or loss (Notes 4, 8, 37 and 41)	3,002,289	1	5,196,435	1
Securities sold under repurchase agreements (Notes 4, 9, 21, 42 and 44)	4,959	-	3,530,487	1
Payables (Notes 22 and 42)	5,470,609	1	5,131,080	1
Current tax liabilities (Note 4)	158,815	-	126,886	-
Deposits and remittances (Notes 23, 37 and 42)	612,556,258	85	582,692,412	86
Bank debentures (Notes 24, 41, 42 and 44)	23,901,900	3	22,601,900	3
Principal received on structured products (Note 42)	23,050,606	3	8,190,621	1
Other financial liabilities (Notes 42 and 44)	187,451	-	172,814	-
Provisions (Notes 4, 25 and 37)	1,056,482	-	1,063,091	-
Lease liabilities (Notes 4, 18, 37, 42 and 44)	1,014,799	-	809,359	-
Other liabilities (Note 44)	582,643	-	597,850	-
Total liabilities	<u>672,855,871</u>	<u>93</u>	<u>631,120,114</u>	<u>93</u>
EQUITY (Notes 4, 9, 15 and 27)				
Share capital	35,139,632	5	34,481,044	5
Capital surplus	456,426	-	456,426	-
Retained earnings				
Legal reserve	10,294,866	1	9,547,845	1
Special reserve	5,922	-	23,543	-
Unappropriated earnings	3,786,263	1	3,259,093	1
Total retained earnings	14,087,051	2	12,830,481	2
Other equity	18,842	-	975,754	-
Total equity	<u>49,701,951</u>	<u>7</u>	<u>48,743,705</u>	<u>7</u>
TOTAL	<u>\$ 722,557,822</u>	<u>100</u>	<u>\$ 679,863,819</u>	<u>100</u>

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

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUES (Notes 4, 28 and 37)	\$ 9,509,744	92	\$ 10,393,360	98	(9)
INTEREST EXPENSES (Notes 4, 18, 28 and 37)	<u>2,946,670</u>	<u>29</u>	<u>4,416,244</u>	<u>42</u>	(33)
NET INTERESTS	<u>6,563,074</u>	<u>63</u>	<u>5,977,116</u>	<u>56</u>	10
NET REVENUES AND GAINS OTHER THAN INTEREST					
Net service fee income (Notes 4, 29 and 37)	2,517,825	24	2,799,906	26	(10)
Net gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 30, 37 and 41)	981,304	10	1,316,959	12	(25)
Net realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9 and 27)	83,125	1	52,611	1	58
Loss on disposal of credit assets measured at amortized cost (Note 14)	-	-	(116,904)	(1)	100
Net foreign exchange gain (Note 4)	78,784	1	42,240	-	87
Shares of profit of subsidiaries and associates for using equity method (Notes 4 and 15)	304,889	3	392,669	4	(22)
Others (Notes 14, 22 and 37)	<u>(162,578)</u>	<u>(2)</u>	<u>183,302</u>	<u>2</u>	(189)
Total net revenues and gains other than interest	<u>3,803,349</u>	<u>37</u>	<u>4,670,783</u>	<u>44</u>	(19)
NET REVENUES	<u>10,366,423</u>	<u>100</u>	<u>10,647,899</u>	<u>100</u>	(3)
NET PROVISION FOR LOSS ON BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE (Notes 4, 5, 13, 14, 16, 25 and 37)	<u>795,191</u>	<u>8</u>	<u>1,460,231</u>	<u>14</u>	(46)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expense (Notes 4, 26, 31, 32 and 37)	\$ 3,799,118	37	\$ 3,746,625	35	1
Depreciation and amortization (Notes 4, 17, 18, 19 and 33)	681,805	6	689,077	7	(1)
Other general and administrative expenses (Notes 18, 34 and 37)	<u>1,838,994</u>	<u>18</u>	<u>1,945,852</u>	<u>18</u>	(5)
Total operating expenses	<u>6,319,917</u>	<u>61</u>	<u>6,381,554</u>	<u>60</u>	(1)
INCOME BEFORE INCOME TAX	3,251,315	31	2,806,114	26	16
INCOME TAX EXPENSE (Notes 4 and 35)	<u>312,193</u>	<u>3</u>	<u>287,411</u>	<u>3</u>	9
NET INCOME FOR THE YEAR	<u>2,939,122</u>	<u>28</u>	<u>2,518,703</u>	<u>23</u>	17
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 9, 11, 15, 26, 27 and 35)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(61,744)	(1)	163,671	2	(138)
Gain on valuation of investments in equity instruments at fair value through other comprehensive income	43,728	1	152,606	1	(71)
Share of other comprehensive income of subsidiaries and associates for using equity method	3,121	-	652	-	379
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	<u>12,349</u>	<u>-</u>	<u>(32,734)</u>	<u>-</u>	138
	<u>(2,546)</u>	<u>-</u>	<u>284,195</u>	<u>3</u>	(101)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	\$ (37,760)	-	\$ (135,451)	(1)	72
Share of other comprehensive income (loss) of subsidiaries and associates for using equity method	(46,330)	(1)	56,398	-	(182)
Unrealized gain (loss) on investments in debt instruments measured at fair value through other comprehensive income	<u>(770,158)</u>	<u>(7)</u>	<u>305,971</u>	<u>3</u>	(352)
	<u>(854,248)</u>	<u>(8)</u>	<u>226,918</u>	<u>2</u>	(476)
Other comprehensive income (loss) for the year	<u>(856,794)</u>	<u>(8)</u>	<u>511,113</u>	<u>5</u>	(268)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,082,328</u>	<u>20</u>	<u>\$ 3,029,816</u>	<u>28</u>	(31)
EARNINGS PER SHARE (Note 36)					
Basic	<u>\$0.84</u>		<u>\$0.72</u>		
Diluted	<u>\$0.83</u>		<u>\$0.71</u>		

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Other Equity							
	Share Capital (Note 27)	Capital Surplus (Note 27)	Retained Earnings (Notes 9 and 27)			Exchange Differences on Translating Foreign Operations (Note 4)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 9, 15 and 27)	
			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2020	\$ 33,558,193	\$ 456,426	\$ 8,458,068	\$ 76,215	\$ 4,299,505	\$ (72,090)	\$ 508,096	\$ 47,284,413
Appropriation of the 2019 earnings	-	-	1,089,777	-	(1,089,777)	-	-	-
Legal reserve	-	-	-	(52,672)	52,672	-	-	-
Reversal of special reserves	-	-	-	-	(1,570,524)	-	-	(1,570,524)
Cash dividends - NT\$0.468 per share	922,851	-	-	-	(922,851)	-	-	-
Stock dividends - NT\$0.275 per share	922,851	-	1,089,777	(52,672)	(3,530,480)	-	-	(1,570,524)
Net income for the year ended December 31, 2020	-	-	-	-	2,518,703	-	-	2,518,703
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	130,488	(124,381)	505,006	511,113
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,649,191	(124,381)	505,006	3,029,816
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	(159,123)	-	159,123	-
BALANCE AT DECEMBER 31, 2020	34,481,044	456,426	9,547,845	23,543	3,259,093	(196,471)	1,172,225	48,743,705
Appropriation of the 2020 earnings	-	-	747,021	-	(747,021)	-	-	-
Legal reserve	-	-	-	(17,621)	17,621	-	-	-
Reversal of special reserves	-	-	-	-	(1,124,082)	-	-	(1,124,082)
Cash dividends - NT\$0.326 per share	658,588	-	-	-	(658,588)	-	-	-
Stock dividends - NT\$0.191 per share	658,588	-	747,021	(17,621)	(2,512,070)	-	-	(1,124,082)
Net income for the year ended December 31, 2021	-	-	-	-	2,939,122	-	-	2,939,122
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(49,894)	(44,173)	(762,727)	(856,794)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,889,228	(44,173)	(762,727)	2,082,328
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	150,012	-	(150,012)	-
BALANCE AT DECEMBER 31, 2021	\$ 35,139,632	\$ 456,426	\$ 10,294,866	\$ 5,922	\$ 3,786,263	\$ (240,644)	\$ 259,486	\$ 49,701,951

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

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,251,315	\$ 2,806,114
Adjustments for:		
Depreciation	656,322	663,594
Amortization	25,483	25,483
Provision for loss on bad debts expense, commitment and guarantee	1,181,745	1,877,084
Net valuation loss (gain) on financial assets and liabilities at fair value through profit or loss	(17,713)	167,311
Interest expenses	2,946,670	4,416,244
Loss on disposal of credit assets measured at amortized cost	-	116,904
Interest revenues	(9,509,744)	(10,393,360)
Dividends revenue	(140,065)	(106,232)
Shares of profit from subsidiaries and associates	(304,889)	(392,669)
Unrealized net loss on foreign currency exchange	49,989	61,819
Other adjustments	(34,601)	(35,817)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(1,104,701)	(1,361,824)
Decrease (increase) in financial assets at fair value through profit or loss	(6,290,490)	20,312,335
Decrease (increase) in financial assets at fair value through other comprehensive income	62,843,330	(46,214,589)
Decrease (increase) in investments in debt instruments at amortized cost	(70,320,732)	1,386,344
Decrease (increase) in receivables	(3,791,023)	17,214
Increase in discounts and loans	(26,905,129)	(3,472,955)
Increase (decrease) in due to the Central Bank and other banks	886,105	(9,822,025)
Increase (decrease) in financial liabilities at fair value through profit or loss	(2,163,442)	1,324,615
Increase (decrease) in payables	1,004,561	(1,520,007)
Increase in deposits and remittances	33,284,376	50,982,494
Increase (decrease) in principal received on structured products	14,927,990	(1,091,526)
Cash generated from operations	475,357	9,746,551
Interest received	9,488,133	10,604,286
Dividends received	142,524	103,732
Interest paid	(3,082,056)	(4,762,539)
Income tax paid	(222,532)	(560,268)
Net cash generated from operating activities	6,801,426	15,131,762

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (275,498)	\$ (336,852)
Proceeds from disposal of property and equipment	152	90
Decrease (increase) in other financial assets	513,900	(263,746)
Decrease (increase) in other assets	19,153	(52,404)
Dividends received from subsidiaries and associates	<u>244,541</u>	<u>202,800</u>
Net cash generated from (used in) investing activities	<u>502,248</u>	<u>(450,112)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in funds borrowed from the Central Bank and other banks	54,900	22,340
Proceeds from the issuance of bank debentures	2,400,000	1,600,000
Repayments of bank debentures	(1,100,000)	(4,000,000)
Decrease in securities sold under repurchase agreements	(3,465,911)	(5,844,744)
Repayments of the principal portion of lease liabilities	(383,033)	(400,020)
Increase (decrease) in other financial liabilities	14,637	(81,082)
Decrease in other liabilities	(14,197)	(42,117)
Cash dividends	<u>(1,124,082)</u>	<u>(1,570,524)</u>
Net cash used in financing activities	<u>(3,617,686)</u>	<u>(10,316,147)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(452,064)</u>	<u>(754,714)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,233,924	3,610,789
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>38,636,906</u>	<u>35,026,117</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 41,870,830</u>	<u>\$ 38,636,906</u>

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

	December 31	
	2021	2020
Cash and cash equivalents in balance sheets	\$ 4,729,904	\$ 6,054,773
Due from the Central Bank and other banks that meet the IAS 7 definition of "cash and cash equivalents"	31,252,331	21,621,428
Securities purchased under resale agreements that meet the IAS 7 definition of "cash and cash equivalents"	<u>5,888,595</u>	<u>10,960,705</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 41,870,830</u>	<u>\$ 38,636,906</u>

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

As of December 31, 2021, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 55 domestic branches, as well as an overseas branch in Hong Kong and two foreign representative offices (Vietnam and Singapore).

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

2. APPROVAL OF FINANCIAL REPORTS

The financial statements were approved by the Bank’s Board of Directors on March 3, 2022.

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

- a. The Bank’s initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except as described below, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have material impact on the Bank and its subsidiaries’ accounting policies:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and
IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

The Bank’s change in the basis for determining contractual cash flows of financial assets and financial liabilities resulting from the interest rate benchmark reform are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. The Bank elected to apply the practical expediency provided in the amendments to account for the changes by updating the effective interest rate at the time the basis is changed.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022

As of the date the financial statements were authorized for issue, the Bank is assessing the application of above standards and interpretations will not have a material impact on the Bank’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the IASB

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

Basis of Preparation

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

Current and Noncurrent Assets and Liabilities

Since the operating characteristics of the Bank, whose operating cycle cannot be reasonably identified. Nevertheless, accounts are properly categorized in accordance with their nature and sequenced by their liquidity. Refer to Note 42 for the maturity analysis of liabilities.

Foreign Currency

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

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

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

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

Investment Accounted for Using Equity Method

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

Subsidiaries are the entity which were controlled by the Bank.

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

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

Property and Equipment

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

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

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

Intangible Assets

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

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

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

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

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

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

Securities Purchased/Sold Under Resale/Repurchase Agreements

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

Financial Instruments

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

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

Financial assets

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

a. The Bank owns financial assets which are classified into the following specified categories:

1) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gain or loss arising on dividends, interest and re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 41.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Any exchange difference is recognized in profit or loss.

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

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

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

3) Investments in debt instruments at FVTOCI

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

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

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

4) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

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

c. Derecognition of financial assets

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

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

Equity instruments

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

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

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

2) Financial guarantee contracts

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

b. Derecognition of financial liabilities

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

Derivative financial instruments

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

Derivatives embedded in hybrid contracts

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

Levies

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

Provisions

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

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue Recognition

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

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

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

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

Leases

The Bank assesses whether or not an agreement is a lease or contains a lease on the date of the agreement.

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

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

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

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

Retirement Benefit

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

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

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

Income Tax

Income tax expense including the sum of current tax expense and deferred tax expense.

a. Current tax expense

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

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

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

b. Deferred tax expense

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

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

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

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

c. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make essential judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The management will review estimates and basic assumptions continuously. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The Bank has considered the economic implications of the COVID-19 into critical accounting estimates.

Estimating impairment of financial assets

The estimate of impairment for receivables, discount and loans and investments in debt instruments is based on the assumptions about the probability of default and loss given default. The Bank uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Bank's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 42 where the actual future cash inflows are less than expect, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash on hand	\$ 2,693,069	\$ 2,623,863
Notes and checks for clearing	640,766	368,465
Deposits due from other banks	<u>1,396,069</u>	<u>3,062,445</u>
	<u>\$ 4,729,904</u>	<u>\$ 6,054,773</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2021	December 31, 2020
Due from other banks	\$ 19,610,970	\$ 13,173,772
New Taiwan dollar reserve deposits - Type A	8,013,890	6,316,477
New Taiwan dollar reserve deposits - Type B	14,621,095	13,516,394
Foreign-currency reserve deposits	126,532	131,021
Interbank clearing account	<u>3,500,939</u>	<u>2,000,158</u>
	<u>\$ 45,873,426</u>	<u>\$ 35,137,822</u>

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

As of December 31, 2021 and 2020, due from the Central Bank and other banks falling in the definition of IAS 7 "cash and cash equivalents" (i.e. short-term, highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value); amounted to \$31,252,331 thousand and \$21,621,428 thousand, respectively, and were included in cash and cash equivalents in the statements of cash flows.

The part of New Taiwan dollar reserve deposits - Type B pledged as collaterals are disclosed in Note 38.

8. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets mandatorily classified as at FVTPL

	December 31, 2021	December 31, 2020
Non-derivative financial assets		
Government bond	\$ 14,040,793	\$ 11,750,113
Stock listed on TWSE and TPEx	928,354	673,149
Beneficiary certificates	475,023	234,854
	<u>15,444,170</u>	<u>12,658,116</u>
Derivative financial assets		
Interest rate swap contracts	1,399,793	1,413,015
Foreign-currency swap contracts	1,227,313	3,319,867
Currency option contracts	592,104	603,815
Forward exchange contracts	84,204	404,968
Others	115,508	251,617
	<u>3,418,922</u>	<u>5,993,282</u>
Hybrid contract		
Asset swap fixed-income	15,515,661	8,998,110
Credit linked loan contracts	2,888,818	2,350,490
Credit linked note contracts	277,903	1,574,134
Convertible bonds	117,293	183,304
	<u>18,799,675</u>	<u>13,106,038</u>
Total financial assets classified as at FVTPL	<u>\$ 37,662,767</u>	<u>\$ 31,757,436</u>

Financial liabilities held for trading

	December 31, 2021	December 31, 2020
Non-derivative financial liabilities		
Short-covering debentures	\$ 148,325	\$ -
Derivative financial liabilities		
Foreign-currency swap contracts	1,128,939	2,995,733
Interest rate swap contracts	946,575	1,038,249
Currency option contracts	592,515	604,574
Forward exchange contracts	106,825	351,565
Others	79,110	206,314
	<u>2,853,964</u>	<u>5,196,435</u>
Total financial liabilities at FVTPL	<u>\$ 3,002,289</u>	<u>\$ 5,196,435</u>

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

Outstanding derivative contract (notional) amounts were as follows:

	December 31, 2021	December 31, 2020
Foreign-currency swap contracts	\$ 398,603,744	\$ 388,506,251
Interest rate swap contracts	230,051,929	150,874,919
Currency option contracts	91,280,105	68,220,685
Seller of credit default swap contracts	17,602,632	19,430,192
Forward exchange contracts	15,128,180	19,346,925
Cross-currency swap contracts	6,119,210	3,374,610
Interest rate option contracts	4,000,000	4,850,800
Bond futures	497,639	417,057
Forward contracts	204,236	370,749
Non-deliverable forward contracts	177,175	40,121
Stock index futures	3,282	10,350
Stock index options	-	160,600

9. FINANCIAL ASSETS AT FVTOCI

	December 31, 2021	December 31, 2020
<u>Investments in equity instruments</u>		
Stock listed on TWSE and TPEX	\$ 1,090,772	\$ 1,088,114
Stock unlisted on TWSE and TPEX	267,768	296,158
	<u>1,358,540</u>	<u>1,384,272</u>
<u>Investments in debt instruments</u>		
Government bonds	39,031,626	36,594,394
Commercial paper	27,013,177	24,930,474
Corporate bonds	19,034,217	14,819,283
Bank debentures	14,685,474	15,489,183
Negotiable certificates of deposit	10,019,722	80,153,487
Collateralized mortgage obligation	2,286,959	4,288,580
	<u>112,071,175</u>	<u>176,275,401</u>
Total financial assets at FVTOCI	<u>\$ 113,429,715</u>	<u>\$ 177,659,673</u>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Dividends revenue recognized in profit or loss		
On equity held at year end	\$ 67,225	\$ 52,408
On equity disposed of in current year	<u>45,277</u>	<u>38,590</u>
	<u>\$ 112,502</u>	<u>\$ 90,998</u>

Because of the consideration of asset allocation, the management adjusted the portfolio; the information about disposal of equity instruments in the current year is as below:

	For the Year Ended December 31	
	2021	2020
Fair value at the date of disposal	\$ <u>1,367,927</u>	\$ <u>966,307</u>
Accumulated gain (loss) transferred to retained earnings due to disposal	\$ <u>148,214</u>	\$ <u>(160,081)</u>

For the above information of credit risk management and impairment assessment on investments in debt instruments at FVTOCI, refer to Note 11. The assets pledged as collaterals are disclosed in Note 38.

Part of the bank debentures and government bonds have been issued under repurchase agreements. The book value were as follows. Refer to Note 21 for related information.

	December 31, 2021	December 31, 2020
Bank debentures	\$ <u>5,572</u>	\$ <u>3,412,187</u>
Government bonds	\$ <u>-</u>	\$ <u>302,764</u>

10. DEBT INSTRUMENT INVESTMENT MEASURED AT AMORTIZED COST

	December 31, 2021	December 31, 2020
Negotiable certificates of deposits	\$ 70,600,000	\$ -
Bank debentures	774,192	507,721
Corporate bonds	<u>-</u>	<u>570,160</u>
	71,374,192	1,077,881
Less: Allowance for loss	<u>65</u>	<u>117</u>
	<u>\$ 71,374,127</u>	<u>\$ 1,077,764</u>

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

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The policy which the Bank implements is to invest only in debt instruments with credit ratings above (and including) investment grade and with impairment low in credit risk. The Bank continued to track external rating information to monitor changes in credit risk of the investments in debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition.

The Bank considers the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the debt instrument investments.

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

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 112,052,598	\$ 71,374,192	\$ 183,426,790
Less: Impairment loss	<u>15,693</u>	<u>65</u>	<u>15,758</u>
Amortized cost	112,036,905	<u>\$ 71,374,127</u>	183,411,032
Fair value adjustment	<u>34,270</u>		<u>34,270</u>
	<u>\$ 112,071,175</u>		<u>\$ 183,445,302</u>

December 31, 2020

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 175,486,919	\$ 1,077,881	\$ 176,564,800
Less: Impairment loss	<u>15,946</u>	<u>117</u>	<u>16,063</u>
Amortized cost	175,470,973	<u>\$ 1,077,764</u>	176,548,737
Fair value adjustment	<u>804,428</u>		<u>804,428</u>
	<u>\$ 176,275,401</u>		<u>\$ 177,353,165</u>

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

For the year ended December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2021	\$ 15,946	\$ 117	\$ 16,063
Purchase of new debt instruments	10,438	50	10,488
Derecognition	(10,247)	(101)	(10,348)
Exchange rate and other changes	<u>(444)</u>	<u>(1)</u>	<u>(445)</u>
Balance on December 31, 2021	<u>\$ 15,693</u>	<u>\$ 65</u>	<u>\$ 15,758</u>

For the year ended December 31, 2020

	At FVTOCI	At Amortized Cost	Total
Beginning on January 1, 2020	\$ 8,905	\$ 256	\$ 9,161
Purchase of new debt instruments	11,285	15	11,300
Derecognition	(1,360)	(85)	(1,445)
Exchange rate and other changes	<u>(2,884)</u>	<u>(69)</u>	<u>(2,953)</u>
Balance on December 31, 2020	<u>\$ 15,946</u>	<u>\$ 117</u>	<u>\$ 16,063</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	December 31, 2021	December 31, 2020
Government bonds	\$ 4,694,198	\$ 7,439,318
Commercial paper	1,194,780	2,474,535
Negotiable certificates of deposit	-	1,048,085
	<u>5,888,978</u>	<u>10,961,938</u>
Less: Allowance for loss	<u>383</u>	<u>1,233</u>
	<u>\$ 5,888,595</u>	<u>\$ 10,960,705</u>
Resale price	<u>\$ 5,890,209</u>	<u>\$ 10,963,209</u>
Resale date	2022.01.03- 2022.01.25	2021.01.04- 2021.01.29

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

13. RECEIVABLES, NET

	December 31, 2021	December 31, 2020
Credit card	\$ 12,899,257	\$ 13,954,185
Factoring	6,451,669	2,634,064
Interest	859,666	838,055
Forfaiting	568,844	755,913
Proceeds from disposal of securities	549,300	14,978
Acceptances	419,489	901,886
Spot exchange transactions	402,381	623,413
Others	<u>494,320</u>	<u>303,298</u>
	<u>22,644,926</u>	<u>20,025,792</u>
Less: Allowance for possible losses	<u>518,120</u>	<u>500,062</u>
	<u>\$ 22,126,806</u>	<u>\$ 19,525,730</u>

The changes in the total carrying amount of receivables and other financial assets were as follows:

For the year ended December 31, 2021

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Beginning on January 1, 2021	\$ 17,389,630	\$ 61,434	\$ 1,174,131	\$ 18,625,195
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(53,265)	57,180	(64)	3,851
Transfer to Stage 3	(98,468)	(19,209)	125,949	8,272
Transfer to Stage 1	6,695	(8,208)	(386)	(1,899)
Financial assets derecognized in the current period	(6,929,509)	(11,614)	(223,024)	(7,164,147)
Purchased or original financial assets	9,333,542	9,184	42,118	9,384,844
Write-offs	(52,053)	(19,093)	(41,633)	(112,779)
Exchange rate and other changes	<u>(4,987)</u>	<u>(2,127)</u>	<u>(4,497)</u>	<u>(11,611)</u>
Balance on December 31, 2021	<u>\$ 19,591,585</u>	<u>\$ 67,547</u>	<u>\$ 1,072,594</u>	<u>\$ 20,731,726</u>

For the year ended December 31, 2020

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Receivables and Other Financial Assets
Beginning on January 1, 2020	\$ 18,055,773	\$ 69,452	\$ 1,265,215	\$ 19,390,440
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(46,131)	48,061	(60)	1,870
Transfer to Stage 3	(130,521)	(18,599)	159,904	10,784
Transfer to Stage 1	17,972	(8,807)	(9,399)	(234)
Financial assets derecognized in the current period	(8,069,575)	(9,553)	(251,437)	(8,330,565)
Purchased or original financial assets	7,649,148	10,864	60,311	7,720,323
Write-offs	(66,191)	(25,182)	(47,497)	(138,870)
Exchange rate and other changes	<u>(20,845)</u>	<u>(4,802)</u>	<u>(2,906)</u>	<u>(28,553)</u>
Balance on December 31, 2020	<u>\$ 17,389,630</u>	<u>\$ 61,434</u>	<u>\$ 1,174,131</u>	<u>\$ 18,625,195</u>

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

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

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

The changes in the allowance for possible loss of receivables and other financial assets were as follows:

For the year ended December 31, 2021

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2021	\$ 19,041	\$ 6,387	\$ 371,471	\$ 396,899	\$ 103,403	\$ 500,302
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(26)	6,617	(7)	6,584	-	6,584
Transfer to Stage 3	(49)	(1,905)	39,463	37,509	-	37,509
Transfer to Stage 1	3	(1,236)	(43)	(1,276)	-	(1,276)
Financial assets derecognized in the current period	(5,916)	(1,127)	(51,332)	(58,375)	-	(58,375)
Purchased or original financial assets	17,059	1,349	13,309	31,717	-	31,717
The difference of impairment under the Regulations	-	-	-	-	17,853	17,853
Write-offs	(52,053)	(19,093)	(41,633)	(112,779)	-	(112,779)
Exchange rate and other changes	<u>52,024</u>	<u>17,072</u>	<u>27,668</u>	<u>96,764</u>	<u>-</u>	<u>96,764</u>
Balance on December 31, 2021	\$ <u>30,083</u>	\$ <u>8,064</u>	\$ <u>358,896</u>	\$ <u>397,043</u>	\$ <u>121,256</u>	\$ <u>518,299</u>

For the year ended December 31, 2020

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2020	\$ 26,413	\$ 7,343	\$ 377,681	\$ 411,437	\$ 94,421	\$ 505,858
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(19)	5,148	(10)	5,119	-	5,119
Transfer to Stage 3	(55)	(1,791)	48,238	46,392	-	46,392
Transfer to Stage 1	8	(1,319)	(3,612)	(4,923)	-	(4,923)
Financial assets derecognized in the current period	(13,567)	(1,333)	(52,562)	(67,462)	-	(67,462)
Purchased or original financial assets	6,281	1,157	17,175	24,613	-	24,613
The difference of impairment under the Regulations	-	-	-	-	8,982	8,982
Write-offs	(66,191)	(25,182)	(47,497)	(138,870)	-	(138,870)
Exchange rate and other changes	<u>66,171</u>	<u>22,364</u>	<u>32,058</u>	<u>120,593</u>	<u>-</u>	<u>120,593</u>
Balance on December 31, 2020	\$ <u>19,041</u>	\$ <u>6,387</u>	\$ <u>371,471</u>	\$ <u>396,899</u>	\$ <u>103,403</u>	\$ <u>500,302</u>

14. DISCOUNTS AND LOANS, NET

	December 31, 2021	December 31, 2020
Negotiations, discounts and overdraft	\$ 221,873	\$ 259,841
Short-term loans	82,338,850	66,840,656
Medium-term loans	146,666,334	144,009,562
Long-term loans	183,152,384	176,390,904
Overdue receivable	<u>492,259</u>	<u>1,355,749</u>
	412,871,700	388,856,712
Less: Allowance for possible losses	<u>5,429,935</u>	<u>5,663,943</u>
	<u>\$ 407,441,765</u>	<u>\$ 383,192,769</u>

The Bank sold part of the nonperforming loans and recognized a loss of \$5,826 thousand on disposal of nonperforming loans in 2021; sold part of the credit assets and recognized a loss of \$116,904 thousand on disposal of credit assets measured at amortized cost in 2020.

The details of the provision for possible losses were as follows:

	For the Year Ended December 31	
	2021	2020
Provision for possible losses - discounts and loans	\$ 1,083,358	\$ 1,713,156
Provision for possible losses - receivables and other financial assets	126,772	129,314
Provision for (reversal of) possible losses - reserve for commitment and guarantee obligations	(28,385)	34,614
Amounts recovered - discounts and loans	(230,598)	(234,219)
Amounts recovered - receivables and other financial assets	<u>(155,956)</u>	<u>(182,634)</u>
	<u>\$ 795,191</u>	<u>\$ 1,460,231</u>

The changes in the total carrying amount of discounts and loan were as follows:

For the year ended December 31, 2021

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2021	\$ 383,428,760	\$ 1,054,943	\$ 4,373,009	\$ 388,856,712
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(311,962)	281,787	(629)	(30,804)
Transfer to Stage 3	(237,686)	(273,689)	503,366	(8,009)
Transfer to Stage 1	110,187	(117,451)	(60,695)	(67,959)
Financial assets derecognized in the current period	(106,577,320)	(381,899)	(1,705,984)	(108,665,203)
Purchased or original financial assets	134,076,603	32,207	351,642	134,460,452
Write-offs	(257,613)	(210,747)	(635,968)	(1,104,328)
Exchange rate and other changes	<u>(562,355)</u>	<u>2,212</u>	<u>(9,018)</u>	<u>(569,161)</u>
Balance on December 31, 2021	<u>\$ 409,668,614</u>	<u>\$ 387,363</u>	<u>\$ 2,815,723</u>	<u>\$ 412,871,700</u>

For the year ended December 31, 2020

	Stage 1 (Note 1)	Stage 2 (Note 2)	Stage 3 (Note 3)	Total Discounts and Loans
Beginning on January 1, 2020	\$ 383,679,108	\$ 1,062,772	\$ 5,458,548	\$ 390,200,428
Changes in financial instruments recognized at the beginning of the year:				
Transfer to Stage 2	(1,022,647)	728,092	(1,052)	(295,607)
Transfer to Stage 3	(1,994,710)	(95,597)	1,883,684	(206,623)
Transfer to Stage 1	1,532,030	(141,586)	(4,957)	1,385,487
Financial assets derecognized in the current period	(106,427,272)	(226,565)	(2,589,003)	(109,242,840)
Purchased or original financial assets	108,828,209	56,710	397,124	109,282,043
Write-offs	(456,538)	(329,955)	(773,968)	(1,560,461)
Exchange rate and other changes	<u>(709,420)</u>	<u>1,072</u>	<u>2,633</u>	<u>(705,715)</u>
Balance on December 31, 2020	<u>\$ 383,428,760</u>	<u>\$ 1,054,943</u>	<u>\$ 4,373,009</u>	<u>\$ 388,856,712</u>

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

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

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

The changes in the allowance of discounts and loan were as follows:

For the year ended December 31, 2021

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2021	\$ 478,683	\$ 132,020	\$ 1,633,428	\$ 2,244,131	\$ 3,419,812	\$ 5,663,943
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(941)	80,200	(572)	78,687	-	78,687
Transfer to Stage 3	(538)	(8,437)	241,371	232,396	-	232,396
Transfer to Stage 1	195	(21,447)	(2,118)	(23,370)	-	(23,370)
Financial assets derecognized in the current period	(163,786)	(50,906)	(646,042)	(860,734)	-	(860,734)
Purchased or original financial assets	243,296	20,402	122,904	386,602	-	386,602
The difference of impairment under the Regulations	-	-	-	-	567,533	567,533
Write-offs	(257,613)	(210,747)	(635,968)	(1,104,328)	-	(1,104,328)
Exchange rate and other changes	<u>254,148</u>	<u>166,602</u>	<u>68,456</u>	<u>489,206</u>	<u>-</u>	<u>489,206</u>
Balance on December 31, 2021	<u>\$ 553,444</u>	<u>\$ 107,687</u>	<u>\$ 781,459</u>	<u>\$ 1,442,590</u>	<u>\$ 3,987,345</u>	<u>\$ 5,429,935</u>

For the year ended December 31, 2020

	12-month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Allowance for Possible Losses
Beginning on January 1, 2020	\$ 690,586	\$ 101,911	\$ 849,067	\$ 1,641,564	\$ 3,934,047	\$ 5,575,611
Changes in financial instruments recognized at the beginning of the year:						
Transfer to Stage 2	(11,752)	89,269	(917)	76,600	-	76,600
Transfer to Stage 3	(7,536)	(6,721)	984,579	970,322	-	970,322
Transfer to Stage 1	1,854	(17,749)	(1,564)	(17,459)	-	(17,459)
Financial assets derecognized in the current period	(333,919)	(37,352)	(188,298)	(559,569)	-	(559,569)
Purchased or original financial assets	512,319	309,960	141,454	963,733	-	963,733
The difference of impairment under the Regulations	-	-	-	-	(514,235)	(514,235)
Write-offs	(456,538)	(329,955)	(773,968)	(1,560,461)	-	(1,560,461)
Exchange rate and other changes	<u>83,669</u>	<u>22,657</u>	<u>623,075</u>	<u>729,401</u>	-	<u>729,401</u>
Balance on December 31, 2020	<u>\$ 478,683</u>	<u>\$ 132,020</u>	<u>\$ 1,633,428</u>	<u>\$ 2,244,131</u>	<u>\$ 3,419,812</u>	<u>\$ 5,663,943</u>

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2021	December 31, 2020
Investment in subsidiaries	\$ 2,235,863	\$ 2,276,970
Investments in associates	<u>1,970,175</u>	<u>1,911,929</u>
	<u>\$ 4,206,038</u>	<u>\$ 4,188,899</u>

a. Investment in subsidiaries

	December 31, 2021		December 31, 2020	
	Amount	% of Ownership	Amount	% of Ownership
Far Eastern Asset Management Co., Ltd. ("FEAMC")	\$ 1,701,292	100.00	\$ 1,705,953	100.00
Far Eastern International Securities Co., Ltd. ("FEIS")	<u>534,571</u>	100.00	<u>571,017</u>	100.00
	<u>\$ 2,235,863</u>		<u>\$ 2,276,970</u>	

b. Investments in associates

	December 31, 2021		December 31, 2020	
	Amount	% of Ownership	Amount	% of Ownership
Dah Chung Bills Finance Corp.	\$ 1,825,110	22.06	\$ 1,782,278	22.06
Deutsche Far Eastern Asset Management Co., Ltd.	<u>145,065</u>	40.00	<u>129,651</u>	40.00
	<u>\$ 1,970,175</u>		<u>\$ 1,911,929</u>	

The Bank holds 22.06% of the shares and is the single largest shareholder of Dah Chung Bills Finance Corp (Dah Chung). The Bank does not have absolute difference in shareholding ratio compared with other shareholders, does not control more than half of the seats in the board of directors, does not have the control power to dominate the related activities, and only has significant influence over the invested company. Therefore, Dah Chung is reported as an associate in the financial statements.

The above associates are individually immaterial to the financial statements; the shares of the Bank in these associates' financial performance was summarized as follows:

	For the Year Ended December 31	
	2021	2020
Net income from continuing operation	\$ 144,746	\$ 123,012
Other comprehensive income	<u>(36,796)</u>	<u>45,980</u>
Total comprehensive income	<u>\$ 107,950</u>	<u>\$ 168,992</u>

16. OTHER FINANCIAL ASSETS, NET

	December 31, 2021	December 31, 2020
Nonaccrual loans other than discounts and loans	\$ 384	\$ 358
Less: Allowance for possible losses (Note 13)	<u>179</u>	<u>240</u>
	<u>205</u>	<u>118</u>
Refundable deposits	2,936,659	3,524,401
Less: Allowance for loss	<u>673</u>	<u>618</u>
	<u>2,935,986</u>	<u>3,523,783</u>
Deposits with original maturity more than 3 months (Note 38)	<u>869,200</u>	<u>876,400</u>
	<u>\$ 3,805,391</u>	<u>\$ 4,400,301</u>

17. PROPERTY AND EQUIPMENT, NET

For the year ended December 31, 2021

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,148,967	\$ 2,296,186	\$ 1,281	\$ 1,491,279	\$ 24,296	\$ 6,409,442
Additions	-	629	131,076	-	19,196	124,597	275,498
Disposals	-	-	(74,342)	(97)	(14,922)	-	(89,361)
Others	-	-	42,987	-	(201)	(50,549)	(7,763)
Ending balance	<u>1,447,433</u>	<u>1,149,596</u>	<u>2,395,907</u>	<u>1,184</u>	<u>1,495,352</u>	<u>98,344</u>	<u>6,587,816</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	603,003	1,520,111	1,247	1,318,401	-	3,442,762
Depreciation	-	26,166	205,933	24	46,706	-	278,829
Disposals	-	-	(74,342)	(97)	(14,922)	-	(89,361)
Others	-	3	(1,917)	-	(381)	-	(2,295)
Ending balance	<u>-</u>	<u>629,172</u>	<u>1,649,785</u>	<u>1,174</u>	<u>1,349,804</u>	<u>-</u>	<u>3,629,935</u>
Net ending balance	<u>\$ 1,447,433</u>	<u>\$ 520,424</u>	<u>\$ 746,122</u>	<u>\$ 10</u>	<u>\$ 145,548</u>	<u>\$ 98,344</u>	<u>\$ 2,957,881</u>

For the year ended December 31, 2020

	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,447,433	\$ 1,157,193	\$ 1,967,848	\$ 1,414	\$ 1,508,541	\$ 98,722	\$ 6,181,151
Additions	-	6,863	223,883	-	29,079	77,027	336,852
Disposals	-	(15,191)	(42,112)	(133)	(47,695)	-	(105,131)
Others	-	102	146,567	-	1,354	(151,453)	(3,430)
Ending balance	<u>1,447,433</u>	<u>1,148,967</u>	<u>2,296,186</u>	<u>1,281</u>	<u>1,491,279</u>	<u>24,296</u>	<u>6,409,442</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	591,638	1,380,608	1,344	1,312,844	-	3,286,434
Depreciation	-	26,555	184,260	37	53,736	-	264,588
Disposals	-	(15,190)	(42,112)	(134)	(47,582)	-	(105,018)
Others	-	-	(2,645)	-	(597)	-	(3,242)
Ending balance	<u>-</u>	<u>603,003</u>	<u>1,520,111</u>	<u>1,247</u>	<u>1,318,401</u>	<u>-</u>	<u>3,442,762</u>
Net ending balance	\$ <u>1,447,433</u>	\$ <u>545,964</u>	\$ <u>776,075</u>	\$ <u>34</u>	\$ <u>172,878</u>	\$ <u>24,296</u>	\$ <u>2,966,680</u>

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

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

18. LEASE ARRANGEMENTS

The Bank leases buildings mainly for the use of the Bank's branches and offices. Right-of-use assets, lease liabilities and recognition of depreciation expense and interest expense are as follows:

	December 31, 2021	December 31, 2020
Net carrying amount of right-of-use assets	<u>\$ 1,005,202</u>	<u>\$ 794,172</u>
Carrying amount of lease liabilities	<u>\$ 1,014,799</u>	<u>\$ 809,359</u>
The range of discount rate	0.83%	0.70%-0.83%
	For the Year Ended December 31 2021	2020
Additions to right-of-use assets	<u>\$ 591,025</u>	<u>\$ 234,432</u>
Cash outflow for leases	<u>\$ 396,166</u>	<u>\$ 412,069</u>
Depreciation expense of right-of-use assets	<u>\$ 377,493</u>	<u>\$ 399,006</u>
Interest expense of lease liabilities	<u>\$ 8,987</u>	<u>\$ 7,764</u>
Other lease information		
Short-term lease expenses	<u>\$ 4,146</u>	<u>\$ 4,285</u>

19. INTANGIBLE ASSETS, NET

	December 31, 2021	December 31, 2020
Operation rights	\$ 1,538,210	\$ 1,538,210
Fair value of core deposits	428,887	428,887
Less: Accumulated amortization	<u>343,944</u>	<u>318,461</u>
	<u>84,943</u>	<u>110,426</u>
	<u>\$ 1,623,153</u>	<u>\$ 1,648,636</u>

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

After assessed the operation rights of branches have indefinite useful life, and the operation rights are expected to generate net cash flows continuously; therefore, the operation rights are not amortized annually.

The Bank assessed the recoverable amount of the cash generating unit of the operation rights for impairment in 2021 and 2020; the recoverable amount is determined based on the net fair value. To reflect risks specific to the operation right, the net fair value was then calculated using the discounted cash flows based on the Bank's financial forecast, and no impairment was assessed. Therefore, the Bank did not recognize any impairment loss on its operation rights for the years ended December 31, 2021 and 2020.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31, 2021	December 31, 2020
Call loans to banks	\$ 1,757,547	\$ 955,890
Bank overdrafts	19,690	8,680
Due to banks	<u>14,583</u>	<u>20,269</u>
	<u>\$ 1,791,820</u>	<u>\$ 984,839</u>

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31, 2021	December 31, 2020
Bank debentures (Note 9)	\$ 4,959	\$ 3,227,448
Government bonds (Note 9)	<u>-</u>	<u>303,039</u>
	<u>\$ 4,959</u>	<u>\$ 3,530,487</u>
Repurchase price	<u>\$ 4,960</u>	<u>\$ 3,532,088</u>
Repurchase date	2022.01.27	2021.01.06- 2021.01.19

22. PAYABLES

	December 31, 2021	December 31, 2020
Accrued expenses	\$ 1,431,651	\$ 1,444,711
Accounts payable factoring	868,908	679,375
Notes and checks for clearing	640,766	368,465
Accrued interest	526,962	662,348
Liabilities on bank acceptances	419,489	901,886
Securities settlement payables	379,701	24,993
Litigation settlement payables	317,222	-
Credit card	189,019	182,047
Spot exchange transactions	12,546	243,489
Others	<u>684,345</u>	<u>623,766</u>
	<u>\$ 5,470,609</u>	<u>\$ 5,131,080</u>

On September 23, 2015, 18 creditor banks of Allied Material Technology Co., a debtor with restructured overdue loan from the Bank, filed a lawsuit against the Bank demanding that the Bank abide by the restructuring procedures and recover the claims against Allied Material Technology Co. and compensate the creditor banks for losses caused by overpayments in the restructuring procedures. The Supreme Court ruled in December 2021 that the Bank was liable for damages of \$317,222 thousand and that the relevant liabilities had been accrued in the 2021 financial statements.

23. DEPOSITS AND REMITTANCES

	December 31, 2021	December 31, 2020
Checking deposits	\$ 3,156,272	\$ 2,852,142
Demand deposits	129,644,379	119,897,301
Demand savings	93,795,634	84,021,440
Time savings	80,740,147	71,626,336
Negotiable certificates of deposit	6,714,500	826,500
Time deposits	298,188,762	303,390,297
Remittances	<u>316,564</u>	<u>78,396</u>
	<u>\$ 612,556,258</u>	<u>\$ 582,692,412</u>

24. BANK DEBENTURES

Domestic Bank Debentures

Item	Issuance Period	Note	December 31, 2021	December 31, 2020
Subordinated bank debentures - seven-year maturity; first issue in 2014	2014.12.23-2021.12.23	Interest payable on December 23 each year fixed interest rate at 2.05%	\$ -	\$ 1,100,000
Subordinated bank debentures - seven-year maturity; first issue in 2015	2015.09.30-2022.09.30	Interest payable on September 30 each year fixed interest rate at 1.95%	3,000,000	3,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2016	2016.09.27-2023.09.27	Interest payable on September 27 each year fixed interest rate at 1.55%	4,000,000	4,000,000
Subordinated bank debentures - perpetual; first issue in 2018	2018.09.18-	Interest payable on September 18 each year fixed interest rate at 3.20% per annum	2,900,000	2,900,000
General bank debentures - five-year maturity; first issue in 2019	2019.02.21-2024.02.21	Interest payable on February 21 each year fixed interest rate at 0.95%	2,500,000	2,500,000
Subordinated bank debentures - seven-year maturity; second issue in 2019	2019.07.30-2026.07.30	Interest payable on July 30 each year fixed interest rate at 1.15%	2,000,000	2,000,000
Subordinated bank debentures - ten-year maturity; second issue in 2019	2019.07.30-2029.07.30	Interest payable on July 30 each year fixed interest rate at 1.25%	2,000,000	2,000,000
General bank debentures - five-year maturity; third issue in 2019	2019.09.26-2024.09.26	Interest payable on September 26 each year fixed interest rate at 0.75%	3,500,000	3,500,000
Subordinated bank debentures - seven-year maturity; first issue in 2020	2020.11.26-2027.11.26	Interest payable on November 26 each year fixed interest rate at 0.75%	1,600,000	1,600,000
Subordinated bank debentures - seven-year maturity; first issue in 2021	2021.04.27-2028.04.27	Interest payable on April 27 each year fixed interest rate at 0.83%	2,400,000	-
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2005; acquired from Chinfon Bank	Matured on 2012.06.28	-	1,660	1,660
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	240	240
Total bank debentures			<u>\$ 23,901,900</u>	<u>\$ 22,601,900</u>

The Bank issued the first issuance of perpetual non-cumulative subordinated bank debentures in 2018 in the amount of \$2,900,000 thousand on September 18, 2018 with an interest rate of 3.20% and the interest is paid once a year if the interest payment condition is met. After five years of issuance, the Bank has the right to redeem in advance under the regulation of issuance and the permission by authorities.

25. PROVISIONS

	December 31, 2021	December 31, 2020
Reserve for employee benefits liability - defined benefit plans (Note 26)	\$ 723,561	\$ 700,977
Reserve for obligations guarantee (Note 42)	279,683	286,576
Reserve for financing commitment (Note 42)	<u>53,238</u>	<u>75,538</u>
	<u>\$ 1,056,482</u>	<u>\$ 1,063,091</u>

The changes in provision for losses on financing commitments and obligations guarantees are as follows:

For the year ended December 31, 2021

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Beginning on January 1, 2021	\$ 83,913	\$ 12,417	\$ 21,140	\$ 117,470	\$ 244,644	\$ 362,114
Changes recognized at the beginning of the year:						
Transfer to Stage 2	(9)	7,591	-	7,582	-	7,582
Transfer to Stage 3	-	(34)	256	222	-	222
Transfer to Stage 1	6	(7,190)	(129)	(7,313)	-	(7,313)
Derecognized in the current period	(23,630)	(1,319)	(294)	(25,243)	-	(25,243)
Purchased or original	23,196	2,300	33	25,529	-	25,529
The difference of impairment under the Regulations	-	-	-	-	(30,766)	(30,766)
Exchange rate and other changes	1,416	(564)	(56)	796	-	796
Balance on December 31, 2021	<u>\$ 84,892</u>	<u>\$ 13,201</u>	<u>\$ 20,950</u>	<u>\$ 119,043</u>	<u>\$ 213,878</u>	<u>\$ 332,921</u>

For the year ended December 31, 2020

	12-Month Expected Credit Loss (Stage 1)	Lifetime Expected Credit Loss (Stage 2)	Lifetime Expected Credit Loss (Credit Impairment on Financial Assets) (Stage 3)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment Under the Regulations	Total Provision for Losses on Financing Commitments and Obligations Guarantee
Beginning on January 1, 2020	\$ 88,593	\$ 11,704	\$ 22,832	\$ 123,129	\$ 205,736	\$ 328,865
Changes recognized at the beginning of the year:						
Transfer to Stage 2	(7)	7,401	(21)	7,373	-	7,373
Transfer to Stage 3	-	(48)	372	324	-	324
Transfer to Stage 1	9	(8,207)	(1,808)	(10,006)	-	(10,006)
Derecognized in the current period	(37,061)	(1,229)	(306)	(38,596)	-	(38,596)
Purchased or original	31,724	1,113	50	32,887	-	32,887
The difference of impairment under the Regulations	-	-	-	-	38,908	38,908
Exchange rate and other changes	655	1,683	21	2,359	-	2,359
Balance on December 31, 2020	<u>\$ 83,913</u>	<u>\$ 12,417</u>	<u>\$ 21,140</u>	<u>\$ 117,470</u>	<u>\$ 244,644</u>	<u>\$ 362,114</u>

26. RETIREMENT BENEFIT PLANS

Defined contribution plans

The pension plan under the Labor Pension Act (the Act) is a defined contribution plan. Based on the Act, the Bank make monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance at 6% of monthly salaries and wages, related pension expense of \$128,369 thousand and \$128,221 thousand for the year ended December 31, 2021 and 2020, respectively.

Defined benefit plans

Applicable the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered, which are deposited in the Bank of Taiwan by the pension fund monitoring committee's name. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under the Ministry of Labor; the Bank has no right to influence the investment policy and strategy. According to Labor Standards Act, before the end of each year, the Bank assesses the pension fund balance. If the balance is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation before the end of March of the next year.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	\$ 1,142,294	\$ 1,099,728
Fair value of plan assets	<u>(418,733)</u>	<u>(398,751)</u>
Reserve for employee benefits liability	<u>\$ 723,561</u>	<u>\$ 700,977</u>

Movements in defined benefit plan were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Balance at January 1, 2021	<u>\$ 1,099,728</u>	<u>\$ (398,751)</u>	<u>\$ 700,977</u>
Service cost			
Current service cost	7,100	-	7,100
Net interest expense (revenue)	<u>7,495</u>	<u>(2,843)</u>	<u>4,652</u>
Recognized in profit or loss	<u>14,595</u>	<u>(2,843)</u>	<u>11,752</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,212)	(4,212)
Actuarial loss - experience adjustments	36,448	-	36,448
Actuarial loss - changes in demographic assumptions	19,512	-	19,512
Actuarial loss - changes in financial assumptions	<u>9,996</u>	<u>-</u>	<u>9,996</u>
Recognized in other comprehensive income	<u>65,956</u>	<u>(4,212)</u>	<u>61,744</u>
Contributions from the employer	-	(17,939)	(17,939)
Contributions from plan assets	(5,012)	5,012	-
Contributions from provisions	<u>(32,973)</u>	<u>-</u>	<u>(32,973)</u>
Balance at December 31, 2021	<u>\$ 1,142,294</u>	<u>\$ (418,733)</u>	<u>\$ 723,561</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Balance at January 1, 2020	<u>\$ 1,281,482</u>	<u>\$ (375,143)</u>	<u>\$ 906,339</u>
Service cost			
Current service cost	8,917	-	8,917
Net interest expense (revenue)	<u>12,570</u>	<u>(3,772)</u>	<u>8,798</u>
Recognized in profit or loss	<u>21,487</u>	<u>(3,772)</u>	<u>17,715</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,074)	(11,074)
Actuarial gain - experience adjustments	(182,636)	-	(182,636)
Actuarial loss - changes in financial assumptions	<u>30,039</u>	<u>-</u>	<u>30,039</u>
Recognized in other comprehensive income	<u>(152,597)</u>	<u>(11,074)</u>	<u>(163,671)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Employee Benefit
Contributions from the employer	\$ -	\$ (18,696)	\$ (18,696)
Contributions from plan assets	(9,934)	9,934	-
Contributions from provisions	<u>(40,710)</u>	<u>-</u>	<u>(40,710)</u>
Balance at December 31, 2020	<u>\$ 1,099,728</u>	<u>\$ (398,751)</u>	<u>\$ 700,977</u> (Concluded)

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

	December 31, 2021	December 31, 2020
Discount rates	0.60%	0.70%
Expected rates of salary increase	3.00%	3.00%

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

	December 31, 2021	December 31, 2020
Discount rates		
0.50% increase	<u>\$ (48,695)</u>	<u>\$ (49,394)</u>
0.50% decrease	<u>\$ 52,016</u>	<u>\$ 52,903</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 50,552</u>	<u>\$ 51,463</u>
0.50% decrease	<u>\$ (47,856)</u>	<u>\$ (48,588)</u>

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

The expected contribution to the plan for the next year is \$18,652 thousand, and the average duration of the defined benefit obligation is 8.8 years.

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

- a. Risk on investment: The investment income of benefit plan assets affects the plan fair value and contribution status. That is, a higher investment income increases the fair value of plan assets and decreases net defined benefits liabilities (or increases net assets) and thus improves contribution status. In contrast, a lower investment income or investment loss is unfavorable to the contribution status of benefit the plan.
- b. Risk on interest fluctuations: The discount rate used in calculating the present value of defined benefit obligations mainly pertains to the yields of the corporate bonds with the credit ratings of twAAA assigned by Taiwan Ratings. A decrease in discount rate will increase the present value of defined benefit obligations.

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

27. EQUITY

a. Share capital

Ordinary shares

	December 31, 2021	December 31, 2020
Authorized shares (in thousands)	<u>5,500,000</u>	<u>5,500,000</u>
Authorized capital	<u>\$ 55,000,000</u>	<u>\$ 55,000,000</u>
Issued and paid shares (in thousands)	<u>3,513,963</u>	<u>3,448,104</u>
Issued capital	<u>\$ 35,139,632</u>	<u>\$ 34,481,044</u>

At the shareholders' meeting held on June 11, 2020, the Bank resolved to change its authorized capital to \$55,000,000 thousand. The amendment to the registration of capital was completed on July 7, 2020.

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

At the shareholders' meeting held on June 11, 2020, the Bank resolved to increase its capital by using its undistributed earnings of \$922,851 thousand. As a result, the Bank issued 92,285 thousand ordinary shares at a par value of NT\$10. After the issuance, the share capital of the Bank amounted to \$34,481,044 thousand.

At the shareholders' meeting held on July 20, 2021, the Bank resolved to increase its capital by using its undistributed earnings of \$658,588 thousand. As a result, the Bank issued 65,859 thousand ordinary shares at a par value of NT\$10. After the issuance, the share capital of the Bank amounted to \$35,139,632 thousand.

Global depository receipts

As of December 31, 2021, the outstanding GDRs were 218 thousand units, equivalent to 4,353 thousand ordinary shares.

b. Capital surplus

The capital surplus arising from shares issued in excess of par and treasury stock transactions may be used to offset a deficit, or, if the Bank has no deficit, distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year). However, capital surplus arising from investment accounted for using equity method may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividend policy of the Bank's Articles before June 11, 2020, in case of net income for current period after settlement of accounts for each fiscal year, the Bank shall recover all the losses incurred in the previous years, if any, before setting aside a legal reserve of thirty percent (30%) of the net profit and appropriating, according to law and regulations, a special reserve shall be retained, and shall first be distributed to the dividends of Preferred Stock. The remaining amount together with the accumulated retained profits of the last year and the reversals of special reserves are available for distribution as dividends for Common Stock. The dividends for Common Stock shall be distributed at least thirty percent (30%) of the remaining amount. The Board of Directors shall prepare the earnings distribution in accordance with the existing circumstances at the time, taking into account the future development plan of the Bank. Any allocation of cash dividend shall, in principle, be no less than 10% of the total dividends to be distributed that year.

After shareholders' meetings on June 11, 2020, the Articles were amended. The basis of setting aside thirty percent (30%) as a legal reserve was revised from "net income for current period" to "surplus", including net income for current period plus changes in other unappropriated earnings in the current year.

The Banking Law provides that, unless legal reserve reached the Bank's paid-in capital, cash dividends are limited to 15% of paid-in capital.

Under the Company Law, legal reserve should be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. According to an amendment to the Company Law, when the Bank has no deficit and its legal reserve has exceeded 25% of its paid-in capital, the excess may be distributed in the form of stocks or cash.

An amount equal to the net debit balance of other items of shareholders' equity (including exchange differences on translating foreign operations, unrealized gain or loss on financial assets at FVTOCI) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

The appropriations of earnings for the 2020 and 2019, which were approved in the shareholders' meetings on July 20, 2021 and June 11, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2020	2019	2020	2019
Cash dividends	\$ 1,124,082	\$ 1,570,524	\$0.326	\$0.468
Stock dividends	658,588	922,851	0.191	0.275

The appropriations of earnings for 2021 had been proposed by the Bank's Board of Directors on March 3, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 1,511,004	\$0.430
Stock dividends	555,206	0.158

The appropriations of earnings for 2021 are subject to the resolution of the shareholders' meeting to be held on June 21, 2022.

According to FSC regulations, in order to respect to development of financial technology or business, expenditure of educational training to enhance the ability of employees, employee transformation or settlement was previously appropriated \$48,110 thousand as special reserve in 2016 to 2018. After the expenditure incurred in 2019 to 2020, the Bank reserved the special reserve within the range of its balance.

d. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance, beginning of year	\$ 1,172,225	\$ 508,096
Recognized for the year		
Unrealized gain or loss		
Debt instruments	(799,535)	267,584
Equity instruments	43,728	152,606
Share of other comprehensive income (loss) of associates for using the equity method	(36,297)	46,429
Investment in debt instruments transferred to current loss due to disposal	29,377	38,387
Other comprehensive income recognized for the year	(762,727)	505,006
Loss (gain) on equity instruments transferred to retained earnings due to disposal	(150,012)	159,123
Balance, ending of year	\$ 259,486	\$ 1,172,225

28. NET INTERESTS

	For the Year Ended December 31	
	2021	2020
Interest revenues		
Discounts and loans	\$ 7,454,724	\$ 8,068,277
Securities	952,703	1,213,579
Credit cards	896,444	886,256
Others	205,873	225,248
	<u>9,509,744</u>	<u>10,393,360</u>
Interest expenses		
Deposits and remittances	2,405,985	3,591,535
Bank debentures	358,818	406,211
Structured products	133,776	195,129
Bonds under repurchase agreements	4,422	94,542
Call loans to banks	2,184	93,396
Others	41,485	35,431
	<u>2,946,670</u>	<u>4,416,244</u>
	<u>\$ 6,563,074</u>	<u>\$ 5,977,116</u>

29. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2021	2020
Service fee income		
Fees from trustee business	\$ 902,868	\$ 915,336
Fees from credit card	828,520	839,130
Fees from loan	654,377	941,157
Fees from insurance commission	572,461	522,362
Others	<u>353,548</u>	<u>332,327</u>
	<u>3,311,774</u>	<u>3,550,312</u>
Service fee expense		
Refund from credit card fee	207,079	224,316
Visa and Master fee	162,070	68,455
National credit card center fee	149,938	145,721
Agency service fee	75,166	78,934
Interbank service fee	49,621	49,049
Credit investigation fee	34,424	37,612
Promotion service fee	17,026	39,335
Others	<u>98,625</u>	<u>106,984</u>
	<u>793,949</u>	<u>750,406</u>
	<u>\$ 2,517,825</u>	<u>\$ 2,799,906</u>

30. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2021	2020
Gain on disposal	\$ 773,393	\$ 1,226,051
Gain (loss) on valuation	17,713	(167,311)
Net interests	162,635	242,984
Dividends	<u>27,563</u>	<u>15,235</u>
	<u>\$ 981,304</u>	<u>\$ 1,316,959</u>

31. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2021	2020
Salaries	\$ 3,119,865	\$ 3,048,891
Labor and health insurance	236,796	221,623
Post-employment benefits (Note 26)	140,121	145,936
Others	<u>302,336</u>	<u>330,175</u>
	<u>\$ 3,799,118</u>	<u>\$ 3,746,625</u>

32. EMPLOYEES' COMPENSATION AND REMUNERATION OF DIRECTORS

According to the Bank's Articles, from the Bank's income before income tax, remuneration of directors and employees' compensation, the Bank should retain 3.5%-4.5% for employees' compensation and no greater than 1.5% for remuneration of directors. On March 3, 2022, the Bank's Board of Directors resolved to pay employees' compensation of \$127,261 thousand and remuneration of directors of \$42,420 thousand for the year ended December 31, 2021, both in cash. If there is a change in the amounts after the Bank's financial statements for the year ended December 31, 2021 were authorized for issue, the differences will be recorded as a change in the accounting estimate and adjusted in the next year.

On March 26, 2021 the Bank's Board of Directors resolved to pay employees' compensation of \$116,261 thousand and remuneration of directors of \$38,754 thousand for the year ended December 31, 2020, both in cash. There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2020.

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

33. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2021	2020
Depreciation		
Property and equipment (Note 17)	\$ 278,829	\$ 264,588
Leased right-of-use assets (Note 18)	<u>377,493</u>	<u>399,006</u>
	<u>\$ 656,322</u>	<u>\$ 663,594</u>
Amortization - intangible assets (Note 19)	<u>\$ 25,483</u>	<u>\$ 25,483</u>

34. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2021	2020
Tax and government fees	\$ 541,698	\$ 569,116
Marketing and advertising	258,525	312,712
Software	219,431	213,446
Telecommunications	157,782	161,649
Others	<u>661,558</u>	<u>688,929</u>
	<u>\$ 1,838,994</u>	<u>\$ 1,945,852</u>

35. INCOME TAX EXPENSE

a. Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax expense		
Current period	\$ 286,757	\$ 295,583
Prior years	<u>3,755</u>	<u>(2,165)</u>
	<u>290,512</u>	<u>293,418</u>
Deferred tax expense		
Current period	51,621	(5,992)
Prior years	<u>(29,940)</u>	<u>(15)</u>
Deferred tax expense	<u>21,681</u>	<u>(6,007)</u>
Income tax expense recognized in profit or loss	<u>\$ 312,193</u>	<u>\$ 287,411</u>

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

	For the Year Ended December 31	
	2021	2020
Income before income tax	<u>\$ 3,251,315</u>	<u>\$ 2,806,114</u>
Income tax expense calculated at the statutory rate	\$ 650,263	\$ 561,223
Income from offshore banking unit (OBU)	(294,889)	(422,649)
Tax-exempted investment income	(69,911)	(95,121)
Tax-exempted other items	5,605	13,285
Unrecognized deductible temporary differences	(55,697)	38,048
Additional income tax under the Alternative Minimum Tax Act	103,373	213,218
Overseas branch income tax	-	(18,497)
Adjustments for prior years' tax	(26,185)	(2,180)
Others	<u>(366)</u>	<u>84</u>
Income tax expense recognized in profit or loss	<u>\$ 312,193</u>	<u>\$ 287,411</u>

Due to the uncertainty of appropriation of earnings and approval by the shareholders in their meeting in 2022, the potential consequence of the 5% income tax rate of the unappropriated earnings in 2021 cannot be determined reliably.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Income tax benefit (expense) of remeasurement of defined benefit plans	<u>\$ 12,349</u>	<u>\$ (32,734)</u>

- c. The movements of deferred tax assets were as follows:

For the year ended December 31, 2021

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	\$ 89,019	\$ (12,765)	\$ -	\$ 76,254
Defined benefit plans in excess of the limit	114,254	18,109	12,349	144,712
Unrealized gain or loss on financial instruments	(49,118)	(28,744)	-	(77,862)
Others	<u>40,417</u>	<u>1,719</u>	<u>-</u>	<u>42,136</u>
	<u>\$ 194,572</u>	<u>\$ (21,681)</u>	<u>\$ 12,349</u>	<u>\$ 185,240</u>

For the year ended December 31, 2020

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Ending Balance
Temporary differences				
Allowance for possible losses in excess of the limit	\$ 114,580	\$ (25,561)	\$ -	\$ 89,019
Defined benefit plans in excess of the limit	155,273	(8,285)	(32,734)	114,254
Unrealized gain or loss on financial instruments	(87,802)	38,684	-	(49,118)
Others	<u>39,248</u>	<u>1,169</u>	<u>-</u>	<u>40,417</u>
	<u>\$ 221,299</u>	<u>\$ 6,007</u>	<u>\$ (32,734)</u>	<u>\$ 194,572</u>

- d. Unrecognized as deferred tax assets in respect of deductible temporary differences

	December 31, 2021	December 31, 2020
Allowance for possible losses in excess of the limit	<u>\$ 1,145,259</u>	<u>\$ 1,423,746</u>

- e. Income tax assessments

The income tax returns of the Bank through 2018 had been assessed by the tax authorities.

36. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic EPS	<u>\$ 0.84</u>	<u>\$ 0.72</u>
Diluted EPS	<u>\$ 0.83</u>	<u>\$ 0.71</u>

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

	For the Year Ended December 31	
	2021	2020
Net income attributable to owners of the Bank used in the computation of basic and diluted EPS	<u>\$ 2,939,122</u>	<u>\$ 2,518,703</u>
<u>Number of Ordinary Shares (in thousand shares)</u>		
Weighted average number of ordinary shares in the computation of basic EPS	3,513,963	3,513,963
Effect of dilutive potential ordinary shares		
Employees' compensation	<u>14,316</u>	<u>14,595</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>3,528,279</u>	<u>3,528,558</u>

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

The weighted average number of ordinary shares outstanding for 2020 EPS calculation was retroactively adjusted to the issuance of stock dividends. The basic and diluted after-tax EPS were adjusted retrospectively as follows:

	For the Year Ended December 31, 2020	
	Before Adjustment	After Adjustment
Basic EPS	<u>\$ 0.73</u>	<u>\$ 0.72</u>
Diluted EPS	<u>\$ 0.73</u>	<u>\$ 0.71</u>

37. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Bank
Far Eastern Asset Management Co., Ltd.	Subsidiary company
Far Eastern International Securities Co., Ltd.	Subsidiary company
FEIB Financial Leasing Co., Ltd.	Subsidiary company of Far Eastern Asset Management Co., Ltd.
Dah Chung Bills Finance Corp.	Association
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Far Eastone Telecommunications Corporation	Chairman is the vice-chairman of the Bank
Oriental Union Chemical Corporation	Chairman is the vice-chairman of the Bank
Far Eastern New Century Corp.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd	Chairman is the vice-chairman of the Bank
Yuan Ze University	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport (Singapore) Private, Ltd.	Chairman of parent company is the vice-chairman of the Bank
Yuan Long Stainless Steel Co.	Chairman of parent company is the vice-chairman of the Bank
Everest Textile Co., Ltd.	Chairman is a second-degree relative of the vice chairman of the Bank
Der Ching Investment Corporation	Chairman is a second-degree relative of the vice chairman of the Bank
Yu Yuan Investment Co., Ltd.	Substantive related party
Mr. Xu Yuanzhi Memorial Foundation	Substantive related party
Far Eastern International Leasing Corp.	Substantive related party
Pacific SOGO Department Stores Corp.	Substantive related party
Others	The Bank's chairman, vice-chairman, managers, their second-degree relatives and substantive related party

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

a. Due from other banks

	Highest Balance in Current Year	Ending Balance	Interest Revenues	Interest Rates
<u>Dah Chung Bills Finance Corp.</u>				
<u>For the year ended December 31</u>				
2021	\$ 1,500,000	\$ -	\$ 185	0.20%-0.27%
2020	\$ 500,000	\$ 500,000	\$ 51	0.15%-0.27%

b. Loans

Category	Number of Accounts and Related Party	Highest Balance in Current Year	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the year ended December 31, 2021							
Consumer loans	Seven individuals	\$ 4,750	\$ 4,149	\$ 4,149	\$ -	Unsecured loan	Note 2
Loans for residential mortgage	Thirty five individuals	368,611	300,618	300,618	-	Real estate	Note 2
Others	Yuan Long Stainless Steel Co.	1,300,000	1,300,000	1,300,000	-	Real estate	Note 2
	Everest Textile Co., Ltd.	644,144	535,068	535,068	-	Real estate	Note 2
	Others (Note 1)	592,445	27,545	27,545	-	Real estate, certificates of deposits, stock unlisted on TWSE and stock listed on TWSE	Note 2
			\$ 2,167,380	\$ 2,167,380	\$ -		
For the year ended December 31, 2020							
Consumer loans	Four individuals	\$ 2,452	\$ 1,550	\$ 1,550	\$ -	Unsecured loan	Note 2
Loans for residential mortgage	Thirty two individuals	377,214	323,148	323,148	-	Real estate	Note 2
Others	Yuan Long Stainless Steel Co.	1,750,000	650,000	650,000	-	Real estate	Note 2
	Everest Textile Co., Ltd.	362,073	345,834	345,834	-	Real estate	Note 2
	Others (Note 1)	3,466,546	57,445	57,445	-	Real estate, certificates of deposit, machinery, stock unlisted on TWSE, and stock listed on TWSE	Note 2
			\$ 1,377,977	\$ 1,377,977	\$ -		

Note 1: The individual amount does not exceed 10% of the total disclosure amount.

Note 2: The terms of loans were no superior to those for unrelated parties.

The information related to the above loans is as follows:

	For the Year Ended December 31	
	2021	2020
Interest revenues	\$ 17,296	\$ 25,734
Interest rate	0.48%-1.87%	0.63%-3.22%
Provision for (reversal of) possible losses	\$ 7,781	\$ (22,554)

Balances of related allowance for possible losses were \$23,177 thousand and \$15,396 thousand as of December 31, 2021 and 2020, respectively.

c. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
For the year ended December 31, 2021					
Far Eastern International Leasing Corp.	\$ 700,000	\$ 571,000	\$ 5,710	0.30%	Real estate
Der Ching Investment Corporation	180,000	180,000	1,800	0.50%-0.55%	Stock listed on TWSE
Yu Yuan Investment Co., Ltd.	130,000	130,000	1,300	0.50%-0.55%	Stock listed on TWSE
Oriental Union Chemical Corporation	130,000	130,000	1,300	0.50%	Stock listed on TWSE
Others (Note)	665,200	75,000	750	0.40%-0.80%	Real estate, stock unlisted on TWSE and stock listed on TWSE
		\$ 1,086,000	\$ 10,860		

(Continued)

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
For the year ended December 31, 2020					
Far Eastern International Leasing Corp.	\$ 700,000	\$ 700,000	\$ 7,000	0.30%	Real estate
U-Ming Marine Transport Corp.	600,000	550,000	5,500	0.40%-0.45%	Ship and certificates of deposit
Der Ching Investment Corporation	180,000	180,000	1,800	0.50%-0.55%	Stock listed on TWSE
Others (Note)	382,200	<u>222,200</u>	<u>2,222</u>	0.50%-0.80%	Real estate, machinery, stock unlisted on TWSE and stock listed on TWSE
		<u>\$ 1,652,200</u>	<u>\$ 16,522</u>		(Concluded)

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

d. Letters of credit issued

	December 31, 2021	December 31, 2020
Yuan Long Stainless Steel Co.	<u>\$ 14,684</u>	<u>\$ 2,155</u>

e. Derivative instruments (Note 8)

Related Party	Derivative Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
For the year ended <u>December 31, 2021</u>						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27 - 2028.01.10	\$ 2,576,555	\$ (125,571)	Financial assets at FVTPL	\$ 132,904
Far Eastern New Century Corp.	Forward exchange contracts	2021.11.26 - 2022.04.01	690,687	(1,996)	Financial assets at FVTPL	784
					Financial liabilities at FVTPL	2,780
For the year ended <u>December 31, 2020</u>						
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.09.27 - 2028.01.10	\$ 3,052,209	\$ 258,752	Financial assets at FVTPL	\$ 258,475
Far Eastern New Century Corp.	Forward exchange contracts	2020.10.27 - 2021.03.15	459,956	3,934	Financial assets at FVTPL	5,291
Asia Cement Corp.	Cross-currency swap contracts	2018.12.25 - 2021.09.15	427,620	1,487	Financial liabilities at FVTPL	1,357
					Financial assets at FVTPL	26,854

f. Deposits

	December 31, 2021	December 31, 2020
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 56,196,535</u>	<u>\$ 55,819,937</u>
Interest rate	0%-5.84%	0%-5.84%
	<u>For the Year Ended December 31 2021</u>	<u>2020</u>
Interest expenses	<u>\$ 185,126</u>	<u>\$ 331,281</u>

g. Prepayments

	December 31, 2021	December 31, 2020
New Century InfoComm Tech Co., Ltd.	<u>\$ 13,748</u>	<u>\$ 6,495</u>

h. Acquisition of equipment

	For the Year Ended December 31 2021	2020
New Century InfoComm Tech Co., Ltd.	<u>\$ 13,676</u>	<u>\$ 6,417</u>

i. Lessee agreements

	For the Year Ended December 31 2021	2020
Acquisition of right-of-use assets - Yuan Ding Co., Ltd.	<u>\$ 252,870</u>	<u>\$ -</u>
	December 31, 2021	December 31, 2020
Lease liabilities - Yuan Ding Co., Ltd.	\$ 155,642	\$ -
Lease liabilities - Pacific SOGO Department Stores Corp.	15,684	20,826
Lease liabilities - Far Eastern Department Store Corp.	<u>13,080</u>	<u>17,242</u>
	<u>\$ 184,406</u>	<u>\$ 38,068</u>

The Bank and its subsidiaries rented part of its office premises from Yuan Ding Co., Ltd., Pacific SOGO Department Stores Corp. and Far Eastern Department Store Corp. The terms of lease were determined by agreements between each other. The lease expenses were payable monthly.

j. Other net revenues and gains other than interest

	For the Year Ended December 31 2021	2020
Miscellaneous revenue - Yuan Ze University	<u>\$ -</u>	<u>\$ 26,300</u>

k. Service fee expense

	For the Year Ended December 31 2021	2020
Refund from credit card		
Ding Ding Integrated Marketing Service Co.	\$ 137,006	\$ 148,098
Far Eastern Department Store Corp.	18,311	20,131
Promotion Service fee - Far EasTone Telecommunications Corporation	<u>-</u>	<u>32,473</u>
	<u>\$ 155,317</u>	<u>\$ 200,702</u>

1. Operating expenses

	For the Year Ended December 31	
	2021	2020
Marketing and advertising		
Far Eastern Department Store Corp.	\$ 81,146	\$ 100,141
Pacific SOGO Department Stores Corp.	67,004	58,346
Computer equipment maintenance expenses - New Century InfoComm Tech Co., Ltd	16,783	2,658
Donation expense - Mr. Xu Yuanzhi Memorial Foundation	<u>-</u>	<u>26,300</u>
	<u>\$ 164,933</u>	<u>\$ 187,445</u>

m. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 180,021	\$ 186,401
Post-employment benefits	<u>4,062</u>	<u>2,398</u>
	<u>\$ 184,083</u>	<u>\$ 188,799</u>

38. PLEDGED ASSETS

	December 31, 2021	December 31, 2020
Financial assets at FVTOCI -		
Government bonds	\$ 3,577,633	\$ 3,651,851
Negotiable certificates of deposits	3,394,342	2,901,317
Other financial assets - deposits with original maturity more than 3 months	869,200	876,400
Due from the Central Bank and other banks - New Taiwan dollar reserve deposits - Type B	<u>500,000</u>	<u>500,000</u>
	<u>\$ 8,341,175</u>	<u>\$ 7,929,568</u>

In addition to those disclosed in other notes, the government bonds had been provided as the reserve for compensation of trust department as well as security deposits for provisional seizures of the debtors' properties. The negotiable certificates of deposits had been pledged as collaterals to back the extension of intraday credit in the Central Bank's real-time gross settlement system. The balance of intraday credit and the amount of collateral may vary at any time. Deposits with original maturity more than 3 months had been provided as collaterals for overdraft of domestic CNY settlement. New Taiwan dollar reserve deposits - Type B had been used as collaterals to apply for financing of project loans to small and medium enterprises affected by the COVID-19.

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 42, the Bank's contingent liabilities and commitments resulting from operating activities as of December 31, 2021 and 2020 are summarized as follows:

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

Balance Sheets of Trust Accounts

	December 31, 2021	December 31, 2020
<u>Assets</u>		
Deposits in banks	\$ 9,120,514	\$ 6,412,823
Accounts receivable	1,667	1,948
Funds	45,836,658	43,573,775
Equity stocks	4,895,595	4,754,620
Real estate, net		
Land	10,010,826	4,516,109
Building	66,552	8,155
Construction in progress	3,514,020	1,781,096
Intangible assets		
Superficies	13,471	-
Marketable securities in custody	15,932,874	15,496,986
Others	<u>2,572,465</u>	<u>2,310,558</u>
	<u>\$ 91,964,642</u>	<u>\$ 78,856,070</u>
<u>Liabilities</u>		
Accounts payable	\$ 2,358	\$ 1,716
Income tax payable	81	108
Marketable securities in custody payable	15,932,874	15,496,986
Trust capital	74,801,134	62,020,666
Reserve and earnings		
Net income or loss for current period	4,206,176	1,603,731
Accumulated profit or loss	(2,978,011)	(267,169)
Exchange	<u>30</u>	<u>32</u>
	<u>\$ 91,964,642</u>	<u>\$ 78,856,070</u>

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2021	2020
Trust revenue		
Interest	\$ 24,677	\$ 30,878
Cash dividends	3,499,145	2,038,313
Realized capital gain - Common stock	2,183	1,268
Realized capital gain - Funds	3,038,167	1,597,016
Unrealized capital gain - Common stock	5,139	-
Unrealized capital gain - Funds	<u>16,212</u>	<u>11,373</u>
	<u>6,585,523</u>	<u>3,678,848</u>
Trust expenses		
Management	71,909	45,717
Supervision	344	446
Service charges	369,558	173,110
Taxes	4,187	4,915
Realized capital loss - Funds	1,877,091	1,481,407
Unrealized capital loss - Common stock	38,446	355,887
Unrealized capital loss - Funds	<u>17,535</u>	<u>13,316</u>
	<u>2,379,070</u>	<u>2,074,798</u>
Net income before tax	4,206,453	1,604,050
Income tax	<u>277</u>	<u>319</u>
Net income	<u>\$ 4,206,176</u>	<u>\$ 1,603,731</u>

Trust Asset Lists

	December 31, 2021	December 31, 2020
Deposits in banks	\$ 9,120,514	\$ 6,412,823
Funds	45,836,658	43,573,775
Equity stocks	4,895,595	4,754,620
Accounts receivable	1,667	1,948
Real estate, net		
Land	10,010,826	4,516,109
Building	66,552	8,155
Construction in progress	3,514,020	1,781,096
Intangible assets		
Superficies	13,471	-
Marketable securities in custody	15,932,874	15,496,986
Others	<u>2,572,465</u>	<u>2,310,558</u>
	<u>\$ 91,964,642</u>	<u>\$ 78,856,070</u>

As of December 31, 2021 and 2020, funds amounting to \$1,143,589 thousand and \$1,048,795 thousand, respectively, had been recognized in the OBU's books as investment in overseas securities through Non-discretionary Pecuniary Trust of the OBU.

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

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

	December 31, 2021			December 31, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 3,924,007	27.690	\$ 108,655,744	\$ 3,666,557	28.508	\$ 104,526,196
HKD	2,330,977	3.551	8,276,367	2,312,691	3.678	8,506,078
CNY	1,494,897	4.346	6,496,822	2,191,448	4.382	9,602,923
EUR	171,240	31.330	5,364,930	105,421	35.050	3,694,997
AUD	120,074	20.095	2,412,832	103,420	21.990	2,274,202
ZAR	974,580	1.735	1,691,091	1,023,326	1.948	1,993,439
JPY	6,237,956	0.241	1,500,228	6,913,596	0.276	1,910,918
SGD	18,313	20.460	374,691	59,017	21.580	1,273,597
NZD	8,178	18.889	154,476	7,079	20.600	145,826
GBP	3,955	37.294	147,485	5,043	38.920	196,259
CAD	5,364	21.627	116,016	8,861	22.360	198,142
<u>Financial liabilities</u>						
Monetary items						
USD	3,819,926	27.690	105,773,762	3,547,723	28.508	101,138,496
HKD	2,364,618	3.551	8,395,813	2,422,617	3.678	8,910,385
CNY	1,448,499	4.346	6,295,178	2,175,383	4.382	9,532,529
EUR	169,812	31.330	5,320,205	104,058	35.050	3,647,223
AUD	120,604	20.095	2,423,486	103,996	21.990	2,286,871
ZAR	979,785	1.735	1,700,123	1,054,560	1.948	2,054,282
JPY	6,482,686	0.241	1,559,086	7,041,930	0.276	1,946,390
SGD	18,287	20.460	374,159	58,970	21.580	1,272,572
GBP	4,397	37.294	163,999	5,027	38.920	195,633
NZD	7,136	18.889	134,785	7,789	20.600	160,459
CAD	5,925	21.627	128,131	7,881	22.360	176,210

41. FINANCIAL INSTRUMENTS

a. Information of fair value

1) Overview

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

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

2) Valuation techniques for fair value measurement

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

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

- a) The consistency and adequacy of the market parameters used in the valuation;
- b) The appropriateness of the valuation model in light of the assumptions to be used, the internal control and risk management framework, and the degree of mathematical expertise required for an independent unit to make the valuation;
- c) Reliability of price information and other parameters used in the valuation and any model adjustments to be made on the basis of current market conditions.

3) Credit risk valuation adjustment

Credit risk valuation adjustment is for financial instrument transactions made outside the stock exchange, namely the transactions made over-the-counter, which could be mainly divided into credit value adjustment and debit value adjustment. The definition is as follows:

- a) Credit Value Adjustment (the "CVA") is the reflection of possibility that counterparty is likely to default and the possible loss that the counter party may not be able to reimburse entire market value.
- b) Debit Value Adjustment (the "DVA") is the reflection of possibility that the Bank is likely to default and the uncertainty that the Bank may not be able to reimburse for the entire market value.

The CVA is calculated by multiplying the probability of default (the "PD") (under zero default rate of the Bank), loss given default (the "LGD") and exposure at default (the "EAD") of counterparty together. In contrast, DVA is calculated by multiplying PD (under zero default rate of the counterparty), LGD and EAD of the Bank together.

To reflect the credit risk of the counterparty and the credit quality of the Bank respectively and incorporate credit risk adjustments into measuring the fair value of financial instruments, the Bank use the appropriate ratio of LGD and PD that follows the advice of "The disclosure guidelines of CVA and DVA under IFRS 13" issued by the TWSE, and calculate the counterparty's EAD based on the mark-to-market of over-the-counter derivatives transaction.

4) The definition of three levels of fair value information

a) Level 1

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

b) Level 2

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

c) Level 3

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

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

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

Financial Instruments	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets mandatorily at FVTPL				
Bonds investments	\$ 14,040,793	\$ 14,040,793	\$ -	\$ -
Equity investments	928,354	928,354	-	-
Beneficiary certificates	475,023	475,023	-	-
Financial assets at FVTOCI				
Equity instruments	1,358,540	1,090,772	-	267,768
Debt instruments				
Bonds investments	75,038,276	75,038,276	-	-
Bills investments	37,032,899	-	37,032,899	-
Financial liabilities held for trading				
Short-covering debentures	148,325	148,325	-	-
<u>Derivative financial assets and liabilities</u>				
Financial assets mandatorily at FVTPL	3,418,922	730	3,342,443	75,749
Financial liabilities at FVTPL	2,853,964	-	2,851,045	2,919
<u>Hybrid contract</u>				
Financial assets mandatorily at FVTPL	18,799,675	117,293	18,682,382	-
Financial Instruments	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
Financial assets mandatorily at FVTPL				
Bonds investments	\$ 11,750,113	\$ 11,750,113	\$ -	\$ -
Equity investments	673,149	673,149	-	-
Beneficiary certificates	234,854	234,854	-	-
Financial assets at FVTOCI				
Equity instruments	1,384,272	1,088,114	-	296,158
Debt instruments				
Bonds investments	71,191,440	71,191,440	-	-
Bills investments	105,083,961	-	105,083,961	-
<u>Derivative financial assets and liabilities</u>				
Financial assets mandatorily at FVTPL	5,993,282	878	5,855,925	136,479
Financial liabilities at FVTPL	5,196,435	-	5,196,196	239
<u>Hybrid contract</u>				
Financial assets mandatorily at FVTPL	13,106,038	183,304	12,922,734	-

2) Transfers between Levels 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

3) Level 3 financial instruments

a) Movement of Level 3 financial assets

For the Year Ended December 31, 2021

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Mandatorily at FVTPL	\$ 136,479	\$ (28,442)	\$ -	\$ 30,401	\$ -	\$ (62,689)	\$ -	\$ 75,749
Financial assets at FVTOCI	296,158	-	(35,436)	7,046	-	-	-	267,768
Total	\$ 432,637	\$ (28,442)	\$ (35,436)	\$ 37,447	\$ -	\$ (62,689)	\$ -	\$ 343,517

For the Year Ended December 31, 2020

Item	Beginning Balance	Valuation		Increase in the Current Year		Decrease in the Current Year		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Mandatorily at FVTPL	\$ 121,473	\$ 20,702	\$ -	\$ 7,254	\$ -	\$ (12,950)	\$ -	\$ 136,479
Financial assets at FVTOCI	319,751	-	(23,593)	-	-	-	-	296,158
Total	\$ 441,224	\$ 20,702	\$ (23,593)	\$ 7,254	\$ -	\$ (12,950)	\$ -	\$ 432,637

b) Movements of Level 3 financial liabilities

For the Year Ended December 31, 2021

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL Derivative financial liabilities	\$ 239	\$ (239)	\$ 2,919	\$ -	\$ -	\$ -	\$ 2,919

For the Year Ended December 31, 2020

Item	Beginning Balance	Valuation Included in Profit or Loss	Increase in the Current Year		Decrease in the Current Year		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at FVTPL Derivative financial liabilities	\$ 1,815	\$ (1,231)	\$ -	\$ -	\$ (345)	\$ -	\$ 239

c) Related information of significant unobservable parameters used in fair value measurement

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

Measured at Fair Value Based on Repetition	Fair Value	Valuation Techniques	Significant Unobservable Parameters	Interval	Relationship Between Parameters and Fair Value
<u>Derivative financial assets</u>					
December 31, 2021	\$ 75,749	Default probability model	Credit separation	0.05%-2.00%	The increase of credit separation decreases its fair value.
December 31, 2020	136,479	Default probability model	Credit separation	0.40%-2.23%	The increase of credit separation decreases its fair value.
<u>Investments in equity</u>					
December 31, 2021	238,460	Income approach - cash dividend discount method	Without open market marketable discount	19.54%	The increase of discount decreases its fair value
	17,758	Market approach - comparable listed or TPEx company	Without open market marketable discount	10.00%	The increase of discount decreases its fair value
	11,550	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
December 31, 2020	272,483	Income approach - cash dividend discount method	Without open market marketable discount	19.78%	The increase of discount decreases its fair value
	12,287	Market approach - comparable listed or TPEx company	Without open market marketable discount	10.00%	The increase of discount decreases its fair value
	11,388	Net asset value method	Net asset value	N/A	The increase of net asset value increases its fair value
<u>Derivative financial liabilities</u>					
December 31, 2021	2,919	Default probability model	Credit separation	0.05%-2.00%	The increase of credit separation decreases its fair value.
December 31, 2020	239	Default probability model	Credit separation	0.40%-2.23%	The increase of credit separation decreases its fair value.

d) Valuation procedures for Level 3 fair value

The evaluation of financial instruments at the level 3 is from specific departments independent of the business unit and external experts evaluating the fair values close to the market status, ensuring the data source is independent, reliable, and consistent with other resources, reviewing the evaluation parameters regularly, updating the required input values, confirming whether correcting the valuation technique is necessary, and adjusting fair value if necessary to ensure the rationality in the evaluation results.

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

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

Item	Impact on Gain and Loss			
	December 31, 2021		December 31, 2020	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Mandatorily at FVTPL	\$ 2,638	\$ (4,424)	\$ 1,219	\$ (4,374)
<u>Liabilities</u>				
Financial liabilities at FVTPL	265	(265)	41	(41)

Item	Impact on Other Comprehensive Income and Losses			
	December 31, 2021		December 31, 2020	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTOCI	\$ 59	\$ -	\$ 59	\$ (59)

- c. Fair Value information - Financial instruments not measured at fair value

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

December 31, 2021

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 71,374,127	\$ 71,381,072	\$ 781,676	\$ 70,599,396
<u>Financial liabilities</u>				
Bank debentures	23,901,900	24,005,681	-	24,005,681

December 31, 2020

	Book Value	Fair Value	The Fair Value Hierarchy of Financial Instruments	
			Level 1	Level 2
<u>Financial asset</u>				
Investments in debt instrument at amortized cost	\$ 1,077,764	\$ 1,099,779	\$ 1,099,779	\$ -
<u>Financial liabilities</u>				
Bank debentures	22,601,900	22,723,096	-	22,723,096

The fair values of financial instruments with quoted price in an active market are based on their market prices; fair values of financial instruments with no quoted prices in an active market are estimated by valuation methods.

42. FINANCIAL RISK MANAGEMENT

a. Overview

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

The Bank has set up an independent risk control department to implement and monitor risk management policies.

The Bank's risk management policies are established to identify and measure the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits, and to achieve the target profit.

b. Risk management framework

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

Assets and Liabilities Management Committee and Risk Management Committee have been formed to examine and manage the Bank's risks, to assess the execution of risk management policies and to evaluate risk tolerance. The general manager is the convener, and is responsible for appointing members of committees.

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

c. Credit risk management

1) Definition and scope of credit risk

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

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

2) Management policies on credit risk

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

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

a) The credit risk has increased significantly after original recognition

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

Qualitative Index

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

Quantitative Index

- i. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
- ii. Significant changes in actual or expected results of the debtor's operations.
- iii. The credit risk of other financial instruments of the same debtor has increased significantly.

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

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

Qualitative Index

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

Quantitative Index

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

- i. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- ii. The debtor has conformed to a non-performed loan by authorities.
- iii. The debtor has conducted a negotiation of debts or self-negotiating.
- iv. The active market of the financial assets disappeared due to financial difficulties.

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

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

c) Write off policy

When the Bank can not reasonably expect the recoverable from the entire or partial financial assets, the entire or partial financial assets will be written off. The index of unexpected reasonably recoverable amount includes the following:

- i. The recovery of debt has stopped.
- ii. The debtor doesn't have enough assets or income resource to pay the debt after assessment.

Financial asset which has been written-off can do the recovery of debt and institute legal proceedings continuously under related policies.

d) Measurement of expected credit loss

i. Loan and receivables

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

The above "PD" and "LGD" are applied to the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information (such as GDP and unemployment rate), then calculate by applying the progressive one factor model respectively.

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

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

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

4) Credit risk hedging and mitigation policies

- a) When contracting, the terms of credit facilities are determined in the light of assessments of probability and amounts of default and collateral and guarantees are obtained, including bank deposit receipts, securities (such as treasury securities, government bonds, bank debentures, stocks and bonds guaranteed by financial institutions) and real estate such as land and buildings. Stocks listed on TWSE and TPEx are marked to market day to day, and changes in the value of their collaterals are monitored all the time; values of land and buildings are examined every time the contract is renewed.
- b) Through policy mechanism, such as credit limits and credit regulation prior to the credit being committed to customers, to control the quality of credit assets. Via post-loan management, concentration analysis, midway credit and review tracking to view assets quality and changes of each case. Master and monitor risk in time. Periodic reports and feedbacks to understand credit portfolios and overall credit risks, ensure risk offsets for continued effectiveness.
- c) When a risk occurs, according to the Bank's "Principles for Acceptance and Disposal of Collaterals," collateral of nonperforming loans secured through compulsory enforcement or participating distribution, if the minimum auction price or liquidation price of the collateral is too low and damage the Bank's credit right, the Bank will participate in the auction or declare to undertake, for example, the minimum auction price is too low to compensate the principal and interest of loans but the collateral must not be difficult to dispose in the future. For collaterals tendered or undertaken, the Bank should actively seek buyers, and if the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.
- d) Other credit enhancements

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

5) The maximum credit risk exposure

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

	December 31, 2021	December 31, 2020
Unused portion of credit card lines	\$ 196,500,728	\$ 197,805,517
Guarantees and standby L/Cs	27,328,893	27,721,592
Irrevocable loan commitments	14,708,106	14,286,387

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

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

December 31, 2021

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
<u>Balance sheet items</u>				
Discounts and loans	\$ 266,364,388	\$ 65,293,423	\$ 81,213,889	\$ 412,871,700
Receivables - credit card	-	-	12,771,358	12,771,358
Receivables - acceptances	278,668	22,657	118,164	419,489
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	-	-	196,500,728	196,500,728
Guarantee	10,495,751	6,390,460	9,016,095	25,902,306
Letters of credit issued	61,948	705,655	658,984	1,426,587
Irrevocable loan commitments	<u>1,994,045</u>	<u>-</u>	<u>12,714,061</u>	<u>14,708,106</u>
	<u>\$ 279,194,800</u>	<u>\$ 72,412,195</u>	<u>\$ 312,993,279</u>	<u>\$ 664,600,274</u>

December 31, 2020

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
<u>Balance sheet items</u>				
Discounts and loans	\$ 258,597,463	\$ 56,166,720	\$ 74,092,529	\$ 388,856,712
Receivables - credit card	-	-	13,875,508	13,875,508
Receivables - acceptances	205,826	35,510	660,550	901,886
				(Continued)

	Maximum Credit Risk Exposure			
	With Collaterals	Other Credit Enhancements	Without Collaterals	Total
<u>Off-Balance sheet items</u>				
Unused portion of credit card lines	\$ -	\$ -	\$ 197,805,517	\$ 197,805,517
Guarantee	8,533,490	8,886,725	9,171,368	26,591,583
Letters of credit issued	26,822	731,399	371,788	1,130,009
Irrevocable loan commitments	<u>95,804</u>	<u>-</u>	<u>14,190,583</u>	<u>14,286,387</u>
	<u>\$ 267,459,405</u>	<u>\$ 65,820,354</u>	<u>\$ 310,167,843</u>	<u>\$ 643,447,602</u>
				(Concluded)

When loan contracts set the security of nonperforming loans, article of collaterals and definition of credit event occurrence, the quota and the repayment period can be reduced or regard as maturity to reduce the credit risk.

Stage 3 impaired financial assets

Refer to Notes 13 and 14 for the credit impairment of Stage 3 financial assets. The information of provision for allowance for possible losses amount, collateral fair value and other credit enhancements which reduce their potential loss are as below. The provision for allowance for possible losses takes into consideration the fair value of collateral, other credit enhancements amount and the recoverable amount in the future.

	Carrying Amount	Allowance for Possible Losses Under IFRS 9	Collateral Fair Value And Other Credit Enhancements
<u>December 31, 2021</u>			
Receivables			
Credit cards	\$ 1,048,593	\$ 351,370	\$ -
Others	24,001	7,526	2,107
Discounts and loans	<u>2,815,722</u>	<u>781,459</u>	<u>1,121,286</u>
	<u>\$ 3,888,316</u>	<u>\$ 1,140,355</u>	<u>\$ 1,123,393</u>
<u>December 31, 2020</u>			
Receivables			
Credit cards	\$ 1,148,054	\$ 363,988	\$ -
Others	26,077	7,483	2,590
Discounts and loans	<u>4,373,009</u>	<u>1,633,428</u>	<u>2,329,034</u>
	<u>\$ 5,547,140</u>	<u>\$ 2,004,899</u>	<u>\$ 2,331,624</u>

6) Concentrations of credit risk

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

a) By industry

Industry Sector	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Finance and insurance	\$ 56,948,172	14	\$ 50,871,153	13
Manufacturing	44,806,320	11	38,496,332	10
Real estate	<u>27,605,939</u>	<u>6</u>	<u>23,020,517</u>	<u>6</u>
	<u>\$ 129,360,431</u>	<u>31</u>	<u>\$ 112,388,002</u>	<u>29</u>

b) By geography

Region	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Taiwan	\$ 362,168,882	88	\$ 337,835,560	87
Asia Pacific except Taiwan	28,303,409	7	27,282,587	7
Others	<u>22,399,409</u>	<u>5</u>	<u>23,738,565</u>	<u>6</u>
	<u>\$ 412,871,700</u>	<u>100</u>	<u>\$ 388,856,712</u>	<u>100</u>

c) By type of collaterals

Type of Collaterals	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Unsecured	\$ 146,507,312	36	\$ 130,259,249	34
Secured				
Real estate	228,252,258	55	221,161,171	57
Financial collateral	19,835,704	5	16,860,409	4
Movable property	17,150,003	4	18,984,983	5
Others	<u>1,126,423</u>	<u>-</u>	<u>1,590,900</u>	<u>-</u>
	<u>\$ 412,871,700</u>	<u>100</u>	<u>\$ 388,856,712</u>	<u>100</u>

7) Continuing assessment of credit quality and any impairment of financial assets

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

d. Liquidity risk management

1) Sources and definition of liquidity risk

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

2) Risk management policies on liquidity risk

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

- a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- b) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- c) Monitoring the liquidity ratios against internal and regulatory requirements; and
- d) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections respectively for the next ten days, one month, two months, etc., to, one year and over one year. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Related information is submitted regularly to the Bank's Assets and Liabilities Management Committee and the Board of Directors.

3) Financial assets held for liquidity risk management purposes

To support payment obligation and contingent funding in a stressed market environment, the Bank holds high-quality and highly-liquid interest-earning assets comprising cash and cash equivalent, due from the Central Bank and other banks and securities purchased under resale agreements for which there is an active and liquid market and maintain legal ratio related to liquidity.

As of December 31, 2021 and 2020, the Bank's liquidity reserve ratios were 37.42%, and 37.53%, respectively.

4) Maturity analysis of non-derivative financial liabilities

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

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 389,971	\$ 1,401,849	\$ -	\$ -	\$ -	\$ 1,791,820
Funds borrowed from the Central Bank and other banks	-	-	-	77,240	-	77,240
Securities sold under repurchase agreement	4,960	-	-	-	-	4,960
Short-covering debentures	148,325	-	-	-	-	148,325
Payables	2,354,685	1,142,298	535,964	461,172	976,490	5,470,609
Deposits and remittances	99,654,092	140,154,009	94,615,892	141,676,785	136,455,480	612,556,258
Bank debentures	-	-	-	3,000,000	20,901,900	23,901,900
Principal received on structured products	67,404	20,130	199,700	127,069	22,636,303	23,050,606
Other financial liabilities	-	-	-	-	187,451	187,451
Lease liabilities	37,018	68,406	93,378	179,842	651,241	1,029,885
Total	\$ 102,656,455	\$ 142,786,692	\$ 95,444,934	\$ 145,522,108	\$ 181,808,865	\$ 668,219,054

December 31, 2020	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 683,042	\$ 301,797	\$ -	\$ -	\$ -	\$ 984,839
Funds borrowed from the Central Bank and other banks	-	15,040	-	7,300	-	22,340
Securities sold under repurchase agreement	3,532,088	-	-	-	-	3,532,088
Payables	1,710,185	1,262,651	920,883	440,179	797,182	5,131,080
Deposits and remittances	99,577,493	111,874,138	89,134,735	135,042,864	147,063,182	582,692,412
Bank debentures	1,900	-	-	1,100,000	21,500,000	22,601,900
Principal received on structured products	90,131	55,308	-	17,105	8,028,077	8,190,621
Other financial liabilities	-	-	-	-	172,814	172,814
Lease liabilities	37,536	42,746	58,976	111,573	573,340	824,171
Total	\$ 105,632,375	\$ 113,551,680	\$ 90,114,594	\$ 136,719,021	\$ 178,134,595	\$ 624,152,265

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

Maturity analysis of demand deposits in “deposits and remittances” are allocated to each period based on historical experience. If all demand deposits were required to be paid off in recent period, the cash outflows on period of due in 30 days would have been \$296,193,519 thousand and \$277,975,060 thousand as of December 31, 2021 and 2020, respectively.

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

	Due Between 1 Year and 2 Years	Due Between 2 Years and 3 Years	Due After 3 Years	Total
December 31, 2021	<u>\$ 291,664</u>	<u>\$ 174,270</u>	<u>\$ 185,307</u>	<u>\$ 651,241</u>
December 31, 2020	<u>\$ 193,043</u>	<u>\$ 151,568</u>	<u>\$ 228,729</u>	<u>\$ 573,340</u>

5) Maturity analysis of derivative financial liabilities

a) Derivative instruments settled on a net basis are include foreign exchange derivatives (foreign exchange options, non-deliverable forwards) and interest rate derivatives (interest rate swap options, interest rate swaps and other interest rate contracts). Maturity analysis of derivative financial liabilities that will be settled on a net basis is as follows:

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	\$ 253	\$ 186	\$ 1,047	\$ 2,267	\$ -	\$ 3,753
Interest rate derivatives	3,129	7,987	57,992	34,933	867,410	971,451
Total	\$ 3,382	\$ 8,173	\$ 59,039	\$ 37,200	\$ 867,410	\$ 975,204

December 31, 2020	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives	\$ 1,011	\$ 2,434	\$ 2,407	\$ 3,702	\$ -	\$ 9,554
Interest rate derivatives	4,744	-	5,277	31,878	1,069,781	1,111,680
Total	\$ 5,755	\$ 2,434	\$ 7,684	\$ 35,580	\$ 1,069,781	\$ 1,121,234

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

- b) Derivative instruments settled on a gross basis include foreign exchange derivatives (foreign exchange swaps, foreign exchange options), interest rate derivatives (cross currency swaps) and credit derivatives (credit default swap). Maturity analysis of derivative financial liabilities that will be settled on a gross basis is as follows:

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	\$ 87,044,207	\$ 76,746,020	\$ 43,754,706	\$ 40,563,399	\$ 3,086,828	\$ 251,195,160
Cash inflow	86,445,481	76,456,206	43,595,941	40,339,247	3,111,205	249,948,080
Interest rate derivatives						
Cash outflow	-	-	-	-	4,765,990	4,765,990
Cash inflow	-	-	-	-	4,707,300	4,707,300
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	980	969	1,938	15,776	19,663
Subtotal of cash outflow	87,044,207	76,746,020	43,754,706	40,563,399	7,852,818	255,961,150
Subtotal of cash inflow	86,445,481	76,457,186	43,596,910	40,341,185	7,834,281	254,675,043
Net cash flow	\$ (598,726)	\$ (288,834)	\$ (157,796)	\$ (222,214)	\$ (18,537)	\$ (1,286,107)

December 31, 2020	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at FVTPL						
Foreign exchange derivatives						
Cash outflow	\$ 52,914,347	\$ 93,879,213	\$ 41,960,565	\$ 24,974,432	\$ 357,085	\$ 214,085,642
Cash inflow	52,007,208	92,342,257	41,506,788	24,600,624	348,582	210,805,459
Interest rate derivatives						
Cash outflow	1,798,900	-	-	305,300	-	2,104,200
Cash inflow	1,710,480	-	-	285,080	-	1,995,560
Credit derivatives						
Cash outflow	-	-	-	-	-	-
Cash inflow	-	748	748	1,497	1,351	4,344
Subtotal of cash outflow	54,713,247	93,879,213	41,960,565	25,279,732	357,085	216,189,842
Subtotal of cash inflow	53,717,688	92,343,005	41,507,536	24,887,201	349,933	212,805,363
Net cash flow	\$ (995,559)	\$ (1,536,208)	\$ (453,029)	\$ (392,531)	\$ (7,152)	\$ (3,384,479)

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

6) Maturity analysis of off-balance sheet items

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

December 31, 2021	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 14,708,106	\$ -	\$ -	\$ -	\$ -	\$ 14,708,106
Irrevocable credit card commitments	196,500,728	-	-	-	-	196,500,728
Issued but unused letters of credit	1,426,587	-	-	-	-	1,426,587
Other guarantees	18,648,206	6,554,100	-	100,000	600,000	25,902,306
Total	\$ 231,283,627	\$ 6,554,100	\$ -	\$ 100,000	\$ 600,000	\$ 238,537,727

December 31, 2020	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 14,286,387	\$ -	\$ -	\$ -	\$ -	\$ 14,286,387
Irrevocable credit card commitments	197,805,517	-	-	-	-	197,805,517
Issued but unused letters of credit	1,130,009	-	-	-	-	1,130,009
Other guarantees	19,779,883	6,111,700	-	-	700,000	26,591,583
Total	\$ 223,001,796	\$ 6,111,700	\$ -	\$ -	\$ 700,000	\$ 239,813,496

e. Market risk management

1) Definition and scope of market risk

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

2) Management policies of market risk

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

3) Market risk management process

a) Recognition and measurement

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

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

b) Monitoring and reporting

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

4) Management process of interest risk

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

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

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

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

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

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

Interest rate risk management of banking book is to improve interest risk management, capital efficiency and business operations.

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

The identification and measurement of interest rate risk in banking book include re-pricing and yield curve risks, and measure the possible impact of changes in interest rate on profits and losses. The Bank analyzes and monitors position limits and various management indexes of interest risk (such as the ratio of interest rate sensitivity gap over total assets) on a quarterly basis, and the results are submitted regularly to the Assets and Liabilities Management Committee and the Board of Directors.

If the risk management objectives are found to be in excess of designated limits during the monitoring process, the Bank will report to the Assets and Liabilities Management Committee and propose remedial action to be taken.

5) Management of foreign exchange risk

a) Definition of foreign exchange risk

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

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

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

c) Concentration of foreign exchange risk

Information on concentration of foreign currency exposures at the balance sheet date is shown in Note 40.

6) Management of equity securities market risk

a) Definition and measurement bases of equity market risk

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

b) Management processes of equity market risk

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

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

7) Valuation techniques of market risk

a) Stress testing

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

b) Sensitivity analysis

i. Interest rate sensitivity

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

Assuming all other variables remain constant, where the interest rate increases/decreases by 1 bps, there would be an increase/decrease of \$2,415 thousand in income before income tax for the year ended December 31, 2021. There would be a decrease/increase of \$772 thousand in income before income tax for the year ended December 31, 2020. There would be a decrease/increase of \$144 thousand and \$116 thousand in other comprehensive income for the years ended December 31, 2021 and 2020, respectively.

ii. Foreign exchange sensitivity

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

Where the foreign exchange increases/decreases by 1%, assuming all other variables remain constant, there would be an increase/decrease of \$190,539 thousand and \$248,379 thousand in income before income tax for the year ended December 31, 2021 and 2020, respectively.

iii. Equity securities market risk

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

Where the securities prices increases/decreases by 1%, assuming all other variables remain constant, there would be an increase/decrease of \$15,240 thousand and \$10,993 thousand in income before income tax for the year ended December 31, 2021 and 2020 respectively.

f. Interest rate benchmark reform

The financial instruments of the Bank affected by the interest rate benchmarks reform include derivatives and non-derivatives financial assets and liabilities. The linked indicator interest rate types are USD LIBOR, EUR LIBOR, JPY LIBOR, etc.

Overnight risk-free rates are expected to replace most of the five currency of LIBOR. There are key differences between LIBOR and overnight risk-free rates. LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. Overnight risk-free rates are currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. Therefore, the Bank has transferred existing contracts and agreements that reference LIBOR to overnight risk-free rates.

According to IBA’s announcement on March 5, 2021, one-week and two-month USD LIBOR, GBP LIBOR, EUR LIBOR, CHF LIBOR and JPY LIBOR are expected to be available until the end of 2021, and the remaining USD LIBOR will sure to be available until the end of June 2023.

In response to the reform, the Bank prepared interest rate benchmark transition plan which comprises the following work streams: Risk management, contract management, product management, taxation and accounting, and customer communication. The Bank has already implemented the adjustments of internal processes and risk management policies, upgraded IT systems and valuation models of financial instruments, as well as managing any related tax and accounting implications.

For contracts of loans and financial instruments that are expected to expire after the discontinuation of LIBOR, the Bank has gradually incorporated fallback provisions into the supplementary contracts of the financial instrument contracts since August 2021 to enable the contract-linked interest rate to be converted from the current interest rate to another alternative reference rate at the agreed time.

On December 31, 2021, the non-derivative financial instruments held by the Bank that have been affected by the interest rate benchmark reform and have not transitioned to an alternative benchmark interest rate are summarized as follows:

Items	Carrying Amount		
	Linked to USD LIBOR	Linked to JPY LIBOR	Linked to EUR LIBOR
Assets			
Financial assets at FVTPL	\$ 13,700,668	\$ -	\$ -
Financial assets at FVTOCI	7,016,696	-	-
Debt instrument investment measured at amortized cost	361,813	-	-
Receivables	4,899,675	-	-
Discounts and loans	<u>40,630,298</u>	<u>305,262</u>	<u>354,090</u>
	<u>\$ 66,609,150</u>	<u>\$ 305,262</u>	<u>\$ 354,090</u>
Liabilities			
Principal received on structured products	<u>\$ 188,266</u>	<u>\$ -</u>	<u>\$ -</u>

On December 31, 2021, the derivative financial instruments held by the Bank that have been affected by the interest rate benchmark reform and have not transitioned to an alternative benchmark interest rate are summarized as follows:

Items	Nominal Amount	Carrying Amount	
		Financial Assets	Financial Liabilities
Derivative financial instruments linked to USD LIBOR			
Interest rate swap contracts	\$ 20,631,283	\$ 501,261	\$ 435,383
Cross-currency swap contracts	<u>6,091,800</u>	<u>26,322</u>	<u>39,203</u>
	\$ 26,723,083	\$ 527,583	\$ 474,586

g. Transfer of financial assets

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

Types of Financial Assets	Book Value of Transferred Financial Assets	Book Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
FVTOCI - transactions under repurchase agreements					
December 31, 2021	\$ 5,572	\$ 4,959	\$ 5,572	\$ 4,959	\$ 613
December 31, 2020	3,714,951	3,530,487	3,714,951	3,530,487	184,464

h. Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality of loans

Nonperforming loans and nonperforming receivables of the Bank

Item		December 31, 2021				
		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Business	Corporate Banking					
	Secured	\$ 493,328	\$ 60,785,039	0.81%	\$ 778,304	157.77%
	Unsecured	70,842	115,288,079	0.06%	1,339,588	1,890.95%
	Residential mortgage (Note d)	147,388	134,458,648	0.11%	2,021,794	1,371.75%
	Cash card	-	-	-	-	-
Consumer Banking	Small-scale credit loan (Note e)	289,749	24,715,787	1.17%	446,802	154.20%
	Secured	89,279	71,120,701	0.13%	766,174	858.18%
	Others (Note f) Unsecured	3,778	6,503,446	0.06%	77,273	2,045.34%
Total		1,094,364	412,871,700	0.27%	5,429,935	496.17%
Item		December 31, 2021				
		Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Business						
Credit card		32,038	12,771,358	0.25%	368,769	1,151.04%
Accounts receivable factored without recourse (Note g)		-	6,451,669	-	68,663	-

Item			December 31, 2020				
			Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Business Corporate Banking	Secured		\$ 988,046	\$ 58,752,471	1.68%	\$ 809,325	81.91%
	Unsecured		433,773	98,963,450	0.44%	1,396,604	321.97%
Consumer Banking	Residential mortgage (Note d)		106,746	128,879,002	0.08%	2,152,061	2,016.06%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		312,785	25,246,962	1.24%	460,062	147.09%
	Others (Note f)	Secured	135,449	70,965,990	0.19%	774,847	572.06%
		Unsecured	899	6,048,837	0.01%	71,044	7,902.56%
Total			1,977,698	388,856,712	0.51%	5,663,943	286.39%
Item			Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Business Credit card			38,672	13,875,508	0.28%	387,161	1,001.14%
Accounts receivable factored without recourse (Note g)			-	2,634,064	-	29,002	-

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

Note b: Ratio of nonperforming loans: $\text{Nonperforming loans} \div \text{Outstanding loan balance}$.

Ratio of nonperforming credit cards receivables: $\text{Nonperforming credit cards receivables} \div \text{Outstanding credit cards receivables balance}$.

Note c: Coverage ratio of allowance for possible losses for loans: $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$.

Coverage ratio of allowance for possible losses for credit cards receivables: $\text{Allowance for possible losses for credit cards receivables} \div \text{Nonperforming credit cards receivables}$.

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

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

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

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

Nonperforming loans and nonperforming receivables excluded from the information stated above

Business \ Item	December 31, 2021		December 31, 2020	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 20,394	\$ 64,980	\$ 30,513	\$ 93,417
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	1,109,145	860,906	1,032,270	926,253
Total	1,129,539	925,886	1,062,783	1,019,670

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

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

2) Concentration of credit extensions

Ranking (Note a)	December 31, 2021		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development	\$ 13,136,450	26
2	B Group - 4652 - wholesale of motorcycles	6,642,932	13
3	C Group - 6499 - other financial service activities not elsewhere classified	5,725,899	12
4	D Group - 3510 - electricity supply	3,939,709	8
5	E Group - 6496 - non-depository financing	3,756,960	8
6	F Group - 2613 - packaging and testing of semiconductors	3,580,609	7
7	G Group - 4642 - electricity transmission and distribution enterprise	3,391,350	7
8	H Group - 2699 - non-categorized and other electronic component manufacturing	3,192,847	6
9	I Group - 2411 - smelting and refining of iron and steel	3,143,587	6
10	J Group - 6499 - other financial service activities not elsewhere classified	3,000,000	6

Ranking (Note a)	December 31, 2020		
	Group Entity Industry and Code (Note b)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6700 - real estate development	\$ 14,909,000	31
2	B Group - 6499 - other financial service activities not elsewhere classified	4,945,348	10
3	C Group - 6491 - financial leasing industry	4,573,403	9
4	K Group - 6496 - non-depository financing	4,370,634	9
5	L Group - 6499 - other financial service activities not elsewhere classified	3,101,073	6
6	J Group - 6499 - other financial service activities not elsewhere classified	3,000,000	6
7	D Group - 3510 - electricity supply	2,877,573	6
8	I Group - 2411 - smelting and refining of iron and steel	2,648,034	5
9	M Group - 2611 - manufacture of integrated circuits	2,615,678	5
10	N Group - 4210 - construction of roads and railways	2,570,369	5

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

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

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

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

Interest Rate Sensitivity Analysis
December 31, 2021

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 360,540,038	\$ 163,501,248	\$ 9,899,079	\$ 42,393,927	\$ 576,334,292
Interest rate-sensitive liabilities	222,916,709	206,892,834	80,361,063	24,318,965	534,489,571
Interest rate sensitivity gap	137,623,329	(43,391,586)	(70,461,984)	18,074,962	41,844,721
Net worth					49,701,951
Ratio of interest rate-sensitive assets to liabilities					107.83%
Ratio of interest rate-sensitivity gap to net worth					84.19%

**Interest Rate Sensitivity Analysis
December 31, 2020**

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 334,676,463	\$ 151,537,559	\$ 10,733,663	\$ 41,212,539	\$ 538,160,224
Interest rate-sensitive liabilities	181,639,737	185,966,866	94,814,832	29,585,026	492,006,461
Interest rate sensitivity gap	153,036,726	(34,429,307)	(84,081,169)	11,627,513	46,153,763
Net worth					48,743,705
Ratio of interest rate-sensitive assets to liabilities					109.38%
Ratio of interest rate-sensitivity gap to net worth					94.69%

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

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

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

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

Table 2: For U.S. dollar items

**Interest Rate Sensitivity Analysis
December 31, 2021**

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 3,075,239	\$ 66,857	\$ 146,901	\$ 127,409	\$ 3,416,406
Interest rate-sensitive liabilities	1,181,945	2,362,928	177,818	-	3,722,691
Interest rate sensitivity gap	1,893,294	(2,296,071)	(30,917)	127,409	(306,285)
Net worth					1,794,942
Ratio of interest rate-sensitive assets to liabilities					91.77%
Ratio of interest rate-sensitivity gap to net worth					(17.06%)

**Interest Rate Sensitivity Analysis
December 31, 2020**

(In Thousands of U.S. Dollars)

Items	1 Day to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,542,262	\$ 80,388	\$ 28,954	\$ 392,863	\$ 3,044,467
Interest rate-sensitive liabilities	1,007,606	2,314,331	201,202	-	3,523,139
Interest rate sensitivity gap	1,534,656	(2,233,943)	(172,248)	392,863	(478,672)
Net worth					1,709,825
Ratio of interest rate-sensitive assets to liabilities					86.41%
Ratio of interest rate-sensitivity gap to net worth					(28.00%)

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

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

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

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

4) Profitability

Items		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Before tax	0.46%	0.42%
	After tax	0.42%	0.38%
Return on equity	Before tax	6.61%	5.84%
	After tax	5.97%	5.25%
Net income ratio		28.35%	23.65%

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

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

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

5) Maturity analysis of assets and liabilities

a) For New Taiwan dollar items

December 31, 2021

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 788,354,119	\$ 132,991,954	\$ 93,352,744	\$ 118,306,092	\$ 88,251,525	\$ 83,962,598	\$ 271,489,206
Main capital outflow on maturity	956,912,227	61,352,297	97,217,833	197,495,551	174,961,218	192,014,074	233,871,254
Gap	(168,558,108)	71,639,657	(3,865,089)	(79,189,459)	(86,709,693)	(108,051,476)	37,617,952

December 31, 2020

	Total	Amount for Remaining Period to Maturity					
		0 Day to 10 Days	11 Days to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 747,400,584	\$ 134,639,680	\$ 92,815,204	\$ 109,715,563	\$ 74,331,728	\$ 72,371,286	\$ 263,527,123
Main capital outflow on maturity	909,637,257	51,315,025	122,073,415	187,920,745	163,352,699	182,031,018	202,944,355
Gap	(162,236,673)	83,324,655	(29,258,211)	(78,205,182)	(89,020,971)	(109,659,732)	60,582,768

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

b) For U.S. dollar items

December 31, 2021

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 11,522,239	\$ 4,189,779	\$ 2,480,909	\$ 1,566,914	\$ 1,354,511	\$ 1,930,126
Main capital outflow on maturity	12,323,271	3,392,587	3,771,796	2,480,361	2,071,325	607,202
Gap	(801,032)	797,192	(1,290,887)	(913,447)	(716,814)	1,322,924

December 31, 2020

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		0 Day to 30 Days	31 Days to 90 Days	91 Days to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 11,107,116	\$ 4,424,143	\$ 2,834,779	\$ 1,248,219	\$ 744,884	\$ 1,855,091
Main capital outflow on maturity	11,993,961	4,088,179	3,233,382	1,939,585	1,442,808	1,290,007
Gap	(886,845)	335,964	(398,603)	(691,366)	(697,924)	565,084

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

43. CAPITAL MANAGEMENT

a. Objective of capital management

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

b. Procedure of capital management

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

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

Unconsolidated

			December 31, 2021	December 31, 2020
Regulatory capital	Common equity		\$ 46,653,029	\$ 45,007,659
	Additional Tier I capital		1,848,490	1,852,775
	Tier II capital		11,392,226	10,674,012
	Total common capital		59,893,745	57,534,446
Risk-weighted assets	Credit risk	Standardized approach	393,687,935	378,101,729
		Internal rating-based approach	-	-
		Asset securitization	458,214	859,791
	Operational risk	Basic indicator approach	20,512,863	20,229,725
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	14,680,875	8,822,288
		Internal models approach	-	-
	Total risk-weighted assets		429,339,887	408,013,533
Capital adequacy ratio			13.95%	14.10%
Ratio of common equity to risk-weighted assets			10.87%	11.03%
Ratio of Tier I capital to risk-weighted assets			11.30%	11.49%
Leverage ratio			5.87%	6.09%

Consolidated

			December 31, 2021	December 31, 2020
Regulatory capital	Common equity		\$ 47,211,995	\$ 45,576,902
	Additional Tier I capital		2,407,456	2,422,018
	Tier II capital		12,541,523	11,831,485
	Total common capital		62,160,974	59,830,405
Risk-weighted assets	Credit risk	Standardized approach	396,197,242	380,483,851
		Internal rating-based approach	-	-
		Asset securitization	458,214	859,791
	Operational risk	Basic indicator approach	21,252,263	20,884,000
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	14,680,875	8,822,288
		Internal models approach	-	-
	Total risk-weighted assets		432,588,594	411,049,930
Capital adequacy ratio			14.37%	14.56%
Ratio of common equity to risk-weighted assets			10.91%	11.09%
Ratio of Tier I capital to risk-weighted assets			11.47%	11.68%
Leverage ratio			5.99%	6.23%

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

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

Note c: Formulas used were as follows:

- 1) Regulatory capital = Common equity + Additional Tier I capital + Tier II capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) × 12.5.
- 3) Capital adequacy ratio = Regulatory capital/Total risk-weighted assets.
- 4) Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets.
- 5) Ratio of Tier I capital to risk-weighted assets = (Common equity + Additional Tier I capital)/Total risk-weighted assets.
- 6) Leverage ratio = Net Tier I capital/Exposure measurement.

44. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ 22,340	\$ 54,900	\$ -	\$ -	\$ 77,240
Securities sold under repurchase agreement	3,530,487	(3,465,911)	(59,617)	-	4,959
Bank debentures	22,601,900	1,300,000	-	-	23,901,900
Other financial liabilities	172,814	14,637	-	-	187,451
Lease liabilities	809,359	(383,033)	(1,418)	589,891	1,014,799
Other liabilities	<u>597,850</u>	<u>(14,197)</u>	<u>(1,010)</u>	<u>-</u>	<u>582,643</u>
	<u>\$ 27,734,750</u>	<u>\$ (2,493,604)</u>	<u>\$ (62,045)</u>	<u>\$ 589,891</u>	<u>\$ 25,768,992</u>

For the year ended December 31, 2020

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			Exchange Rate	Others	
Funds borrowed from the Central Bank and other banks	\$ -	\$ 22,340	\$ -	\$ -	\$ 22,340
Securities sold under repurchase agreement	9,675,529	(5,844,744)	(300,298)	-	3,530,487
Bank debentures	25,001,900	(2,400,000)	-	-	22,601,900
Other financial liabilities	253,896	(81,082)	-	-	172,814
Lease liabilities	987,337	(400,020)	(2,724)	224,766	809,359
Other liabilities	<u>643,198</u>	<u>(42,117)</u>	<u>(3,231)</u>	<u>-</u>	<u>597,850</u>
	<u>\$ 36,561,860</u>	<u>\$ (8,745,623)</u>	<u>\$ (306,253)</u>	<u>\$ 224,766</u>	<u>\$ 27,734,750</u>

45. SEGMENT INFORMATION

According to the Article 23 of “Regulations Governing the Preparation of Financial Reports by Public Banks”, the Bank does not prepare the segment information of IFRS 8.

46. OTHER ITEMS

In the face of the significant uncertainty caused by the COVID-19 to the international economic and financial situation, the Bank adheres to the consistent and prudent business policy, strengthen risk management and lay out long-term sound growth momentum. The impact of the COVID-19 on the Bank's ability to continue as a going concern, impairment of assets and financing risk has been properly reflected and disclosed in the annual financial statements.

47. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

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

b. Information of subsidiaries' financing provided, endorsement/guarantee provided, marketable securities held, marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital and derivative transactions: Table 2 (attached)

c. Related information of investees on which the Bank exercises significant influence: Table 3 (attached)

d. Information about branches and investments in mainland China: Table 4 (attached)

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

FAR EASTERN INTERNATIONAL BANK LTD.

**SALE OF NONPERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

1. Sale of nonperforming loans

Trade Date	Counterparty	Form of Nonperforming Loan	Book Value (Note)	Selling Price	Gain (Loss)	Incidentally Conditions	Relationship Between the Counterparty and the Bank
2021.06.25	A company	Long-term secured loan for enterprise (international syndicated loans)	\$ 337,064	\$ 331,238	\$ (5,826)	None	Unrelated parties

Note: Book value equals the amount of the original loan less the allowance for loss.

2. The sale of a batch of nonperforming loans totaling over NT\$1 billion (excluding those sold to related parties): None.

TABLE 2

FAR EASTERN INTERNATIONAL BANK LTD.

SUBSIDIARIES' FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss		Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
												Item	Value				
1	FEIB Financial Leasing Co., Ltd.	A company	Other receivables - entrusted loan receivable	No	\$ 15,797	\$ 15,646	\$ 15,646	6%-10%	a	\$ 17,495	-	\$ 156		Real estate	\$ 32,790	\$ 301,279	\$ 1,004,263

Note 1: No. column is coded as follows:

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

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

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

Note 3: The limits on financing are as follows:

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

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

TABLE 3

FAR EASTERN INTERNATIONAL BANK LTD.

RELATED INFORMATION OF INVESTES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	The Proportionate Share of the Bank, Its Subsidiaries and Their Affiliates in Investees (Note 1)			
						Present Shares (In Thousands)	Pro Forma Shares (Note 2)	Shares (In Thousands)	Percentage of Ownership (%)
<u>Held by the Bank</u>									
Financial business									
Deutsche Far Eastern Asset Management Co., Ltd.	7F, No. 207 Dun Hua South Road, Sec. 2, Taipei, Taiwan	Securities investment trust funds	40.00	\$ 145,065	\$ 15,646	12,000	-	12,000	40.00
Dah Chung Bills Finance Corp.	4F, 4F-1, 4F-2, 4F-3, No. 88 Dun Hua North Road, Taipei, Taiwan	Underwriting, dealing and brokering of short-term bills	22.06	1,825,110	129,100	101,941	-	101,941	22.07
Far Eastern Asset Management Co., Ltd.	Room B, 17F, No. 207, Dun Hua South Road, Sec. 2, Taipei, Taiwan	Purchase, evaluation, auction and management of creditor's rights to financial institutions	100.00	1,701,292	60,600	168,400	-	168,400	100.00
Far Eastern International Securities Co., Ltd.	51F, No. 7, Xinyi Road, Sec. 5, Taipei, Taiwan	Foreign securities broker, wealth management and offshore fund consulting	100.00	534,571	99,543	26,000	-	26,000	100.00
Taipei Foreign Exchange Agency Co., Ltd.	8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan	Foreign exchange, cross-currency swaps, etc.	0.40	4,098	-	80	-	80	0.40
Sunshine Asset Management Co., Ltd.	15F., No. 218, Dun Hua South Road, Sec. 2, Taipei, Taiwan	Management of creditor's rights and rendering of commercial detective services	3.46	2,778	-	207	-	207	3.46
Financial Information Service Co., Ltd.	No. 81, Kangning Road, Sec. 3, Taipei, Taiwan	Data processing service and electronic information supply	1.14	238,460	-	5,938	-	5,938	1.14
Yuan Hsin Digital Payment Co., Ltd.	Room A, 5F., No. 1, Yuandong Road, Banqiao Dist., New Taipei City, Taiwan	Issuing electronic tickets and signing contracted institutions	4.05	17,758	-	2,758	-	2,758	4.05
Nonfinancial business									
An Feng Enterprise Co., Ltd.	3F., No. 139, Jhengghou Road, Taipei, Taiwan	ATM maintenance, replacement and repair	10.00	4,674	-	300	-	300	10.00
<u>Held by Far Eastern Asset Management Co., Ltd.</u>									
Financial business									
FEIB Financial Leasing Co., Ltd.	8F., Far Eastern Plaza, No. 28, Baolianjing Road, Pudong New District, Shanghai, China	Leasing operation	100.00	1,004,263	34,161	N/A	-	N/A	100.00

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

Note 2: Routes of investment are listed below:

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

TABLE 4

FAR EASTERN INTERNATIONAL BANK LTD.

INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Business and Product	Total Paid-in Capital (Note 4)	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2021	Investment Flow (Note 4)		Accumulated Outflow of Investment as of December 31, 2021 (Note 4)	Net Income (Loss) of Investee (Note 2 and 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 5)	Carrying Value as of December 31, 2021 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note
					Outflow	Inflow							
FEIB Financial Leasing Co., Ltd.	Leasing operation	\$ 920,470 (US\$ 30,000 thousand)	a	\$ 920,470 (US\$ 30,000 thousand)	\$ -	\$ -	\$ 920,470 (US\$ 30,000 thousand)	\$ 34,161 (CNY 7,865 thousand)	100	\$ 34,161 (CNY 7,865 thousand)	\$ 1004,263	\$ -	

Accumulated Investment in Mainland China as of December 31, 2021 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Limit on Investment Authorized by Investment Commission MOEA (Note 3)
\$920,470 (US\$30,000 thousand)	\$920,470 (US\$30,000 thousand)	\$1,020,775

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

- a. Direct investment.
- b. Investment via third place company (state third place investment company).
- c. Others.

Note 2: Calculation based on investee company's financial statements audited by a local CPA and covering the same reporting period as that of Far Eastern International Bank.

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

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

Note 5: Calculated using the average exchange rate for the year ended 2021.

遠東國際商業銀行
Far Eastern Int'l Bank



董事長：侯金英





遠東國際商業銀行
Far Eastern Int'l Bank



台北市敦化南路二段207號26.27樓
26.27/F 207 Tun Hwa S.Road,Sec.2,Taipei
Tel:(02)2378-6868 Fax:(02)2377-9000
Swift Code : FEINTWTP
<https://www.feib.com.tw>