



Taiwan Cooperative Bank



Annual Report 2021

Spokesperson / Deputy Spokesperson

Name: Chun-Lung Chou / Chia-Ping Tsai

Title: Executive Vice President

Tel: +886-2-2173-8888

E-mail: spokesman@tcb-bank.com.tw

Head Office

Address: No. 225, Sec.2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan

Tel: +886-2-2173-8888

Website: <https://www.tcb-bank.com.tw>

Auditors

Deloitte & Touche

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan

Tel: +886-2-2725-9988

Website: www.deloitte.com.tw

Credit Rating Agency

Taiwan Ratings

Address: 2F, Hung Kuo Building No. 167, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan

Tel: +886-2-2175-6800

S&P Global Ratings

Address: Unit 1, Level 69, International Commerce Centre, 1 Austin Road West
Kowloon, Hong Kong

Tel: +852-2533-3500

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Contents

2 Message to Shareholders

- 3** Major Achievements in 2021
- 7** Operating Performance in 2021
- 7** Operating Strategies for 2022
- 10** Business Targets for 2022
- 10** Credit Ratings

11 Bank Profile

- 11** Date of Establishment
- 11** History

13 Corporate Governance Report

- 13** Organization Chart
- 14** Bank's Subsidiary Chart
- 14** Major Corporate Functions
- 16** Directors, Supervisors and Executive Officers
- 17** Major Shareholder
- 17** Corporate Governance Implementations and Deviations
- 20** Implementations of Promoting Sustainable Development

24 Operational Highlights

- 24** Annual Business Plans for 2022
- 27** Market Analysis
- 29** Human Resources
- 29** Corporate Social Responsibility and Ethics

32 Financial Information

- 32** Condensed Consolidated Balance Sheets
- 33** Condensed Consolidated Statements of Comprehensive Income
- 33** Financial Analysis
- 34** Supervisors' Report
- 35** Consolidated Financial Statements
- 132** Stand Alone Financial Statements

141 Risk Management

- 141** Credit Risk Management System
- 142** Operational Risk Management System
- 144** Market Risk Management System

146 Head Office and Branches

- 146** Head Office
- 147** Domestic Branches
- 158** Overseas Units

1. Message to Shareholders

In 2011, the global economy went out of the wood from the recession. Albeit with the reinfections of COVID-19 variants, the overall global economy has shown growth driven by the recovery of consumer demand from the United States, the Euro Zone, and other countries. As to domestic economy, thanks to the global economic recovery, Taiwan's export, the momentum of private investment, and the economy have harvested sustainable growth. In terms of finance situation, the Federal Reserve System (FED) unveiled its QE tapering after The Federal Open Market Committee (FOMC) meeting in November 2021, while the Central Bank of the Republic of China (Taiwan) has remained adequate loose monetary policy; nevertheless, it is estimated that the policy will be shifted to a tightening stance in 2022, meaning that the interest rate margin between lending and borrowing could rebound.



Chairman
Paul C.D. Lei

COVID-19 pandemic has been brought under control in Taiwan, and with the support from our clients, as well as the efforts from the employees, we have been expanding our business foundation together with improving assets quality while significantly lowering bad debt expense and provision for losses on commitment and guarantees. On the other hand, owing to the bull market and proper asset allocation strategy, we effectively boosted capital utilization and increased trustee and wealth management fees; for the fiscal year of 2021, our net income reached as many as NT\$18.873 billion, equivalent to an EPS of NT\$1.76, with a task success rate 130.07%, all hit the record high; as to asset quality, by the end of 2021, the non-performing loan (NPL) ratio and coverage ratio of the allowances for bad debt were 0.22% and 541.67%, both were the best in recent years.

Looking ahead to 2022, mutant viruses are continuously arising and spreading around the world, hence the economic resilience is still under the shadow of uncertainty; moreover, inflation risks caused by supply-demand imbalance, monetary policy responses of major central banks, the energy prices surge, technology and economy antagonism between the United States and China, and geopolitical risk, factors mentioned above will be leading the development of the global economy. However, with trends of emerging technology implementations and digital transformations, Taiwan's exports could be benefited from those strong demands; in addition, Executive Yuan extended "Three Major Programs for Investing in Taiwan" for three more years, along with the increased preferential loan quota, the reshoring Taiwanese firms would set up factories and as a result boost domestic investment, which is conducive to the expanding business of domestic banks.

In line with global sustainable development, TCB has accelerated to promote sustainable finance, proactively invested in smart technology as well as focused on retail banking, and made the most of our customer segmentation to expand our wealth management business; meanwhile, we have cultivated

overseas business foundation, taken advantages of the core business, promoted the development of human resources, put legal compliance and internal control into practice and moved forward to sustainable development.

Our major achievements in 2021, operating strategies for 2022 and credit ratings are as follows:

1.1 Major Achievements in 2021

A. Capital Adequacy

We have applied the “Loan-to-Value (LTV)” to enhance capital adequacy since 2020. By the end of 2021, our common equity ratio, Tier 1 capital ratio, and capital adequacy ratio were 11.98%, 12.95%, and 14.96%, respectively, all meeting the annual target and capital buffer requirements for D-SIBs in 2025.

B. Deposits

We have implemented various strategies to expand demand deposits, and the balance of deposits at the end of December 2021 was NT\$3,479.94 billion, second in the country; among which the demand deposits balance was NT\$1,724.85 billion (excluding government deposits), an increase of NT\$140.42 billion that stood us out in Taiwan. The average interest rate on deposits was 0.338%, a decline of 0.074% compared with the same period in 2020. We effectively refined our deposit structure and lowered funding costs.

C. Loans

- (1) By the end of 2021, our total loan balance was NT\$2,456.82 billion, ranked second in Taiwan, of which the loan to private enterprises (excluding government agencies and public enterprises), being ranked second in Taiwan, stood at NT\$824.1 billion. We were awarded the Excellent Bank prize for “SME Loan”, “Innovative Industry Project Loan” and “Special Prize for Balanced Regional Development” by Financial Supervisory Commission (hereafter referred to as FSC).
- (2) As of the end of 2021, the balance of credit guaranteed by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) totaled NT\$186.57 billion, being second among the participating financial institutions, and we received affirmations from Taiwan SMEG including “Support of Young Entrepreneur, Startups and Microbusiness”, “Facilitation of Policy Promulgation”, “Financial Relief and Economic Stimulation”, “Excellence in NT\$100 billion Special Project Loan Promotion”, “Excellence in Real-Time Credit Notification on Guarantee Applications”



President
Yen-Mao Lin

along with a letter of gratitude for interfacing information of guarantee applications.

- (3) Working with governmental policies “5+2 New and Innovative Industry Loan Project”, we have been recognized a sense of cohesiveness and identity by our clients. As of the end of December, our loan balance for this project amounted to NT\$494.17 billion and we were awarded the “New Agricultural Industry Prize” by FSC.
- (4) In 2021, we arranged/coordinated 79 syndicated loans with a total amount of approximately NT\$536.59 billion, as well as our participation amount reached NT\$75.62 billion. According to Refinitiv LPC Publication, we were the runner-up in Mandated Leader Arranger (MLA) market share and the third place in terms of bookrunner market share.
- (5) The aging society in Taiwan has been looming large; to cope with it, we launched Taiwan’s first-ever commercial reverse mortgage product “Bagful of Happiness Loan” in November 2015, which assisted the elderly in obtaining needed funds for their living. As of the end of 2021, we processed 2,177 applications in total with approved credit of NT\$13.11 billion, the front-runner throughout state-owned banks.
- (6) We supported and took good care of customers affected by the pandemic by introducing COVID-19 relief loans; among them, we approved 64,755 self-run rescue plans with an amount of NT\$742 billion, both were ranked first in Taiwan, as was the case with ministries’ corporate relief plans (21,413 loans, NT\$229.22 billion) and the Central Bank’s re-accommodation program (56,447 loans, NT\$110 billion); furthermore, to assist labor suffered from the pandemic, we approved 65,444 cases with totaled 6.54 billion, ranking second among state-owned bank.

D. Overseas Business

- (1) In 2021, our overseas pre-tax income (including OBU and overseas units) was NT\$ 6.19 billion, accounting for 28.69% of the total net income.
- (2) We had our services throughout Europe, U.S., Australia and Asia; as of the end of 2021, we have 25 overseas units, including the Houston branch opened on December 21, 2021; in addition, FSC approved the application of Prague representative office in the Czech Republic on January 10, 2022, and local consulting services is underway to submit documents to Czech competent authority. Moreover, in response to the government’s policy to continue to promote the new southbound countries, we are actively preparing for the Vietnam Ha Tinh branch and the Binh Duong representative office. In the future, the Bank will continue to focus on the new southbound countries, deeply cultivate the ASEAN market, and become a regional bank in Asia.

E. Wealth Management Business

- (1) In 2021, the net service fee income from the financial trust, insurance (excluding mortgage life insurance), and gold bankbook amounted to NT\$3.44 billion, accounting for 50.89% of the total net fee income (NT\$6.77 billion), an increase of 16.63% in comparison to that in 2020. Overall, we introduced 292 new products in 103 categories, including domestic and offshore funds, bonds, and structure investments in 2021.
- (2) To enhance personal wealth management for his/her family members, in 2021, we have continued the Heirloom Wealth Management project, and as of the end of 2021, 1,204 cases have been proceeded; additionally, we were awarded the prize of The Most Silver-Haired Friendly by Business Today on its Wealth Management Banking and Securities Industry Evaluation.
- (3) On November 15, 2021, we launched a private banking business by setting up private banking department to carry out wealth management 2.0. We rolled up our sleeves and provided exquisite service, introducing diversified and international investment products, uplifting the flexibility and integrity of the investment portfolio. On top of that, we provided a professional service model about family succession, inheritance, law, taxation, and so on to

meet the financial management needs of our high-asset customers.

F. E-banking

- (1) In response to the Corporate Governance 3.0 Sustainable Development Roadmap generated from FSC, we have continued to implement Taiwan Intellectual Property Management System (hereafter referred to as TIPS) by formulating policies, encouraging innovations, and executing management goals. In 2021, TCB became the first state-owned bank to be re-verified and fulfilled the requirements from TIPS with A level certification. Besides, we were granted TCSA (Taiwan Corporate Sustainability Awards)-Growth Through Innovation Leadership Awards and The Best Innovation Prize in the category of Financial Holdings' Bank by Excellence Magazine, acknowledging our culture of innovation.
- (2) By the end of 2021, we had 15 projects that reached the annual marketing goal, with the assistance of artificial intelligence (AI) machine learning technology; additionally, we have installed 33 external public data, created more than 2,600 enterprise-labeling files, established customer data platform to assist business marketing. Through the platform and ten dashboard functions, competent departments would be able to take the marketing lists in real-time and make the most of the data.
- (3) Through the user interface (UI) and the user experience (UX), we have set up a new bilingual, barrier-free official website, redesigned the browsing interface available for various devices, and optimized the user experience and the online banking APP. Meanwhile, we have applied a variety of services such as account masking, the gold bankbook in USD, transaction fees calculator, designated account transfer by biometric identification / graphic password, and scheduled recurring transfer, to provide better and prompt financial services.
- (4) We have kept responding to the government policy to boost the penetration rate of electronic and mobile payments. On March 26, 2021, we were awarded the prize of eDDA Internet / Mobile Banking Serving Promotion by Taiwan Clearing House. Meanwhile, we participated "Public Equity Fintech R&D Achievement Integration Platform" held by the Ministry of Finance and initiated various marketing campaigns in certain well-known shopping districts to widen Taiwan Pay business with large-scale authorized stores.

G. Trust Business

- (1) TCB has been paying attention to the elderly care needs of the aging society, as we launched "Elder and Disabled Asset Trust" to provide comprehensive asset and wealth planning for the elderly; We have been rated as the Excellence-Class Bank for "Trust Industry Engaging in Elder and Disabled Asset Trust Assessments" for five consecutive years. It is worth noting that we are the first bank with more than 100 Elder Financial Planning Consultants.
- (2) We have developed trust products with the pulse of society and public interest. In 2021, TCB was granted four major awards by Commercial Times, including the Innovative Award for Elder Care Trust: Gold Award, the quality award for Urban Renewal and Reconstruction of Urban Unsafe and Old Buildings, Employee Benefit Trust, and Best of Innovations Trust: Special Award.

H. Credit Card Business

- (1) Making an appeal to the younger generation and developing a digital financial ecosystem, in April 2021, we released the iCombo Card, accompanied by our digital account used to make credit card autopay to enjoy the rebate bonus and six major channels reward points. In addition, on 31st August, we issued the "TCB iSport Card" inspired by the table tennis, badminton, and baseball that we have been sponsoring for decades. To support the athletes and games, we were committed to giving back to the development of sports in Taiwan by allocating 0.25% of each credit card consumption; in addition, the cumulative number of credit cards issued in 2021 exceeded 102,000, hitting the record high in the past years.

- (2) In answer to green finance and to ensure a sustainable environment, we have constantly issued credit cards with PETG as material, and as of the end of 2021, we have issued about 82,000 credit cards with environmentally friendly materials. Furthermore, we estimated the inventory of carbon dioxide of our “Lohas” and “World Mastercard” credit cards, from extraction and manufacturing from raw materials, to delivery, use, and disposal, all the works were to realize the concept of environment-friendly processes and put the spirit of ESG into us. Our hard work paid off as we obtained Carbon Footprint Verification (CFV) in 2021.

I. Legal Compliance and Information Security

- (1) We have diligently reviewed and improved the outcomes of the legal compliance rating inspected by FSC, established compliance risk management and supervision framework, strengthened compliance assessment of new products and services, as well as reviewed and supervised the self-assessment of legal compliance, to deepen legal compliance training to employees. We were rated B+ for the Bank’s general business inspection in 2021.
- (2) We adopted an anti-money laundering (AML) system, accompanied by manual inspection, to conduct monitoring and investigation so that we could upgrade the accuracy and intensity of suspicious transactions. Additionally, we have kept working with law enforcement agencies in investigating doubtful money laundering or terrorism financing cases, and the result was fruitful as we reported 59 cases brought to book by agencies in 2021.
- (3) We received certificates of ISO27001 Information Security Management System (ISMS), BS10012 Personal Information Management System (PIMS), and an award by Commercial Times for the first Digital Information Security Award-Quality Award.

J. Sustainable Finance and Corporate Social Responsibility

- (1) TCB has formulated a “Sustainability-Linked Loan” to provide customers with preferential interest rates by linking sustainability indicators; meanwhile, we encouraged corporates to value the environment, society, and corporate governance; most importantly, such loan could lead corporates to implement sustainable operations in their businesses. On top of that, we were the pioneer among state-owned banks in issuing Sustainability Bond and Social Bond, representing our determination to carry out socially responsible investments (SRI) and sustainable finance.
- (2) TCB has been not only certified with ISO 14064-1 Greenhouse Gas (GHG) Inventory and ISO 50001 Energy Management System but also conducted ISO 14001 Environmental Management Systems; plus, through the implementation of greenhouse gas inventory operations, we also conducted environmental impact assessments for climate risks and opportunities and established a response mechanism to embody it into sustainable management. In 2021, we were rated as B level for Carbon Disclosure Project (CDP).
- (3) TCB has been sponsoring sports talents in Taiwan for a long time and has been a cradle for those world-class national players; therefore, we have been awarded the Sports Propeller Award by the Sports Department of the Ministry of Education for 13 consecutive years. It was nothing that athletes under TCB did spectacular jobs in the Tokyo Olympics: Tzu-Ying Tai, world No. 1 in the badminton women's singles, won the women’s single silver medal, as well as Yun-Ju Lin and I-Ching Cheng secured the bronze medal in table tennis mixed doubles.

1.2 Operating Performance in 2021

- A. Net Interest : NT\$34,838 million
- B. Total Net Revenues and Gains Other than Interest : NT\$14,031 million
- C. Allowance for Bad-Debt Expenses : NT\$2,362 million
- D. Operating Expenses : NT\$24,924 million
- E. Income before Income Tax : NT\$21,583 million
- F. Net Income : NT\$18,873 million
- G. Basic Earnings Per Share : NT\$1.76

1.3 Operating Strategies for 2022

A. Seize business opportunities in green finance

- (1) With regard to climate change and the trend of sustainable development in domestic and abroad, we implemented the framework of the Equator Principle and had it introduced to the corporate loan business. Moreover, we offered various renewable energy financing, promoting the development of the green energy industry and building up new types of financing such as Sustainability Linked Loan to work with customers toward the concept of ESG on which we make an impact.
- (2) We have sharpened our governance efficiency, set up the culture of ethical corporate management and treating clients fairly, put financial consumer protection into practice, and lowered the number of customer complaints, reviewed cases to take into account the interests of customers, shareholders, and employees. We used stable operation and management to create sustainable value for the bank.
- (3) To implement responsible investment, we took those investee companies who adopted ESG criteria for their operations into investment decisions and communicated with the management echelon through attending shareholders' meetings, exercising voting rights, and pushing them to strengthen corporate governance to fulfill our investor responsibilities. Besides, regarding the carbon emissions, we have planned the greenhouse gas inventory for all branches and obtained verifications in the short run. Meanwhile, we drew up the carbon reduction goal and supplier management, requiring them to comply with corporate social responsibilities and environmental sustainability commitment to implement the corporate social responsibility.

B. Introduce visionary smart tech and energize digital transformation

- (1) We utilized machine-learning technology to online the customers' cash flow correlation network, obtain high-value marketing lists via different attributes of node connection, and cross-analysis of cash flow characteristics. In addition, we introduced Machine Learning + DEV +OPS (MLOps) platform to improve the accuracy and validity of the model to assist our business units in executing marketing projects and buttress data decision-making capabilities.
- (2) We have enhanced the overall digitalization and automation during the past year, including forming a Robotic Process Automation (RPA) team, Operation, Administration and Maintenance (OA&M) mechanism, and introducing a robot management platform and process automation. To pave a smooth journey for the users and strengthen the digitalized image of TCB, we also prepared the Customer Experience Guidelines for our customers.
- (3) Collaborating with consultants, we tapped into a new digital ecosystem to define our strategic position and create business value in the banking industry. We also formulated a blueprint for open banking strategic goals while empowering employees with the ability to bring about ecological chain scenarios. In addition, we set up an internal workshop mechanism along with setting the tone for API applications, information security, and privacy protection standards to increase our core business value.

C. Focus on the contribution of retail banking and rejuvenate trust operating model

- (1) We utilized big data to execute marketing by accurately filtering the customer base, identifying their needs, and exploring potential core customers to draft a differentiated marketing strategy. We initiated marketing projects such as a preferential mortgage, credit loan, and trust insurance wealth management, deepened business penetration to cultivate core customers and made opportunities for integrated marketing to boost fee income.
- (2) To keep expanding our personal loan business, we have actively undertaken the self-use residential property mortgage loans with low-risk weight and home mortgages with collateral in valuable locations. Also, we have consolidated our wholesale mortgage loans business and revolving loans and consumption loans with better interest rates; and we certainly made sure the service charge collection. In terms of overseas businesses, we have been cultivating personal home mortgages in Cambodia, expanding the consumer loans business, and contributing to the retail banking.
- (3) Trust 2.0-the promotion plan for full functions of trust services' implementation plan- has been the key in terms of trust business. We have been promoting Property Trust for the Elderly and the Disabled, selecting appropriate industries for the cross-industry alliance, and expanding Pre-financing Real Estate Trust. Furthermore, we stepped on the gas on various trusts, such as Family Trust, Testamentary Trust, and Employees Benefit Trust, to help our clients with family inheritance and with their companies rewarding their employees, keeping talents, and taking care of employees after retirements.

D. Utilize the value of client grouping and expand the scope of financial management

- (1) To advance the private banking service, we made teams comprised of diversified experts, executed internal talent training programs, and built an effective service to reinforce professional investment analysis and research capabilities. Additionally, we valued and carried out customer relationship management (CRM), developing high-end clients' bases, and established core business philosophy centered on meeting customers' needs through the "know your customer (KYC)" process.
- (2) Through personal preference risk analysis, we consolidated AI Wealth Management by using data and quantitative model strategy and investment targets to provide different investment module recommendations and optimize allocations for customers' assets. We further exploited the business opportunity for the younger generation, penetrated the client base through digital channels, and maximized the number of wealth management clients to strengthen our scale of assets.
- (3) Taking Lifestyles of Health and Sustainability (LOHAS) after retirement and wealth inheritance as the core concepts, we pushed forward some wealth management-related insurances, including Investment-Linked Insurance, Interest-Sensitive Life Insurance, Interest-Sensitive Annuity Insurance, and Blended Whole-Life Medical Insurance; those to assist clients in coping with risks like longevity, medical and long-term care, and met needs of asset inheritance.

E. Make the most of our advantages and improve the efficiency of capital utilization

- (1) We have strived for many types of businesses infused into our demand deposit pools, including deposits of all levels of government agencies, salary transfers of enterprises and organizations, collection share payment for a capital increase, and distribution of cash dividends of companies. In addition, to consolidate the foundation, our branches made concerted efforts to obtain stable funds and control the cost appropriately through business appraisal and incentive measures.
- (2) We adjusted the credit business structure and increased the proportion of SME and foreign currency collateral loans. Also, we put equal emphasis on quality and price, selecting clients with caution, and making the most of our marketing strategies accompanied by incentive measures to drive business development and provide loans to quality privately-owned companies.

- (3) As for risky assets, we valued credit business with lower risk weight and higher returns, strengthening integrated marketing to improve clients' overall contributions; meanwhile, we exploited credit guarantee funds and risk-reduction tools to raise the efficiency of capital utilization while reducing risky assets, to maximize our profitability.

F. Devote overseas business into foundation and increase the revenue of financial operation

- (1) We have been observing the international situation and working with Taiwanese businessmen on their global layout strategies; further, to become a regional bank in Asia, we have been cooperating with the government's new southbound policy and setting up overseas branches in countries with potential market opportunities.
- (2) To seize the business opportunity, we have paid attention to the reshaping of the global supply chain, utilizing the advantages of our overseas bases in the local area, trying to find potential clients, and arranging funds to develop businesses through our OBU account, overseas branches or back to domestic branches to be a funding center for Taiwan businessman.
- (3) Using surplus funds, we have been plotting fixed-income instruments with stable returns, adjusting our core stocks if needed, and selecting high-dividend blue-chip stocks to participate in the dividend distribution. Concerning foreign exchange, we exploited the expected changes in swap rates that reflect interest differentials (gapping) to increase profit.

G. Carry Out Legal Compliance and Internal Control, and Strengthen Corporate Resilience

- (1) The compliance unit monitored and identified our operating activities, products and services, credit business or projects, customers' complaints that may violate laws and regulations, and other legal compliance risks. In addition, the compliance unit specified the weakness of the compliance risk management and supervised the improvement plans and schedules; plus, to make sure that operation and management rules complied with laws and regulations and were updated on time, we completed regulatory changes tracking and control mechanism. Meanwhile, legal compliance and anti-money laundering training education were performed to escalate the ability to recognize and comply with laws and regulations.
- (2) We have maintained various credit risk quantitative rating models and prepared to apply for the Internal Rating-Based Approach (IRB). Besides, we have regularly monitored numerous concentration limits, made timely revisions and warnings, enhanced the credit-risk exposure integration system, and disclosed clients' exposures and changes to reinforce the efficiency to credit risk management.
- (3) We abided by information security laws and regulations in domestic and abroad to promote our information security protection operations while implementing information security education and training to develop warning and response capabilities. Additionally, we frequently hold e-mail social engineering testing to increase information security awareness. Most importantly, we integrated information security into financial services, implementing security control requirements for doing new businesses and providing safe and reliable financial services.

H. Catalyze the development of human resources and energize the value of assets

- (1) In response to the trend of internationalization and business development, and to attract well-rounded as well as diverse talents, we recruited for potential with cross-departments by reflecting our brand value, doing campus recruitment, and through industry-academia collaboration. Further, regarding the going-global policy, we developed a training system and personnel reserve for overseas branches in case of need.
- (2) We have been working on employees' skills in digital transformation and knowledge of intellectual property; therefore, we encourage employees to actively innovate ideas and file patents. Meanwhile, the members of CoLAB accelerated creative projects and had them implemented to form new digital services. TCB has been optimizing the human resource

system and utilizing information data analysis so that talents would fit into the places.

- (3) Activating the utilization efficiency of low-usage and idle real estate, we authorized Co-operative Assets Management Co., Ltd. to assist in posting advertisements for leasing on the official website. Under compliance with laws and regulations, we evaluate our idle, dated, or underutilized properties based on regional characteristics, neighboring landlords' inclinations, and integration situations to assess participation in urban renewal plans and the reconstruction of unsafe and old buildings, to enhance the value of assets.

1.4 Business Targets for 2022

Deposit : NT\$3,425 billion (excluding interbank deposits)

Loan : NT\$2,619 billion

Foreign Exchange Transactions : US\$131 billion

1.5 Credit Ratings

Rating Agency	Credit Rating		Rating Outlook	Release Date
	Long-term	Short-term		
S&P Global Ratings	A	A-1	Stable	Jan. 27, 2022
Taiwan Ratings	twAA+	twA-1+	Stable	Jan. 27, 2022

Chairman



President



2. Bank Profile

2.1 Date of Establishment

Oct. 5, 1946

2.2 History

In 1913, Taiwan's first industrial association was established during Japanese occupation period. In 1942, it was merged into Union of Taiwan Industrial Association, and was reorganized into Taiwan Industrial Bank and Taiwan Agricultural Association. In 1946, the government took over Taiwan Industrial Bank, and we were reorganized from Taiwan Industrial Bank into Taiwan Cooperative Bank (hereafter referred to as "TCB" or "the Bank") within the same year. Total equity capital in the amount of 25 million Old Taiwan Dollars was provided by the Taiwan Provincial Government along with cooperative groups, farmers' associations, fishermen's associations, and irrigation associations. The equity capital was divided into 250 thousand shares, with each one worth of NT\$100. The government held 150 thousand shares and each group was allotted 100 thousand shares each. Over the past 70 years, the operating scale of the Bank has been constantly expanded thanks to the efforts of the entire staff, and at the end of 2021 its equity capital stood at NT\$107.339 billion.

TCB achieved corporate status under the provisions of Article 52 of the Banking Law in May 1985. It was reorganized as Taiwan Cooperative Bank, Ltd. on Jan. 1, 2001; went public in June 2003; was listed on the stock market on Nov. 17, 2004; underwent a Chinese name change in 2006; and merged with The Farmers Bank of China Co., Ltd. on May 1 of the same year.

To integrate the Group's resources to make full use of operating synergies and reinforce business development, TCB, the Co-operative Assets Management Co., Ltd. and the Taiwan Cooperative Bills Finance Co., Ltd. jointly established Taiwan Cooperative Financial Holding Co., Ltd. (hereafter referred to as "TCFHC" or "the Group") on Dec. 1, 2011 through a share swap. TCFHC thus became TCB's sole (shareholding 100%) shareholder. To achieve the cross-industry condition for the holding company, TCB's securities department was spun off as the Taiwan Cooperative Securities Co., Ltd. on Dec. 2, 2011. For the effective management of the Group's resources, the Bank transferred its shares in the BNP Paribas Cardif TCB Life Insurance Co., Ltd. and BNP Paribas TCB Asset Management Co., Ltd. (renamed Taiwan Cooperative Securities Investment Trust Co., Ltd.) to TCFHC on Apr. 3, 2012, making the two companies as subsidiaries of TCFHC. To reinforce the protection of consumers' rights and provide superior insurance services, the Bank merged with Cooperative Insurance Brokers Co., Ltd. on Jun. 24, 2016, with the Bank as the surviving company and established the Insurance Agent Department. TCB's subsidiary currently includes the United Taiwan Bank S.A.

As of Dec. 31, 2021, the Bank boasts a total of 296 domestic and overseas branches (including the Department of Business, Offshore Banking Branch, United Taiwan Bank, Manila Offshore Banking Branch, Los Angeles Branch, Seattle Branch, New York Branch, Houston Branch, Hong Kong Branch, Suzhou Branch, Suzhou New District Sub-Branch, Tianjin Branch, Fuzhou Branch, Changsha Branch, Sydney Branch, Melbourne Branch, Phnom Penh Branch, Tuek Thla Sub-Branch, Pur Senchey Sub-Branch, Siem Reap Sub-Branch, City Center Sub-Branch, Veng Sreng Sub-Branch, Sihanouk Ville Sub-Branch, Tuol Kouk Sub-Branch, Vientiane Capital Branch, Beijing Representative Office, and Yangon Representative Office), creating the most extensive network of branches among all Taiwan banks and positioning itself as a market leader in share of deposits and loans. According to the list of the world's top 1,000 banks by asset size, published in the July 2021 issue of *The Banker* magazine, TCB ranked 163th in the world and 3rd in Taiwan. In the global ranking of the top 500 banking brands, published in February 2022, TCB ranked 248th in the world.

According to TCB's Articles of Incorporation, the Bank is in charge of carrying out the missions of operating a banking business, developing national economic construction, and providing financial adjustment for the farming and fishery industries. In addition to providing financing for cooperative enterprises, the farming and fishery industries, and small and medium enterprises, TCB also offers deposits, loans, and foreign exchange services for business enterprises in general to facilitate funds utilization and promote overall economic development. This makes TCB a consolidated international bank for farming, fishery, cooperative, and business financing.



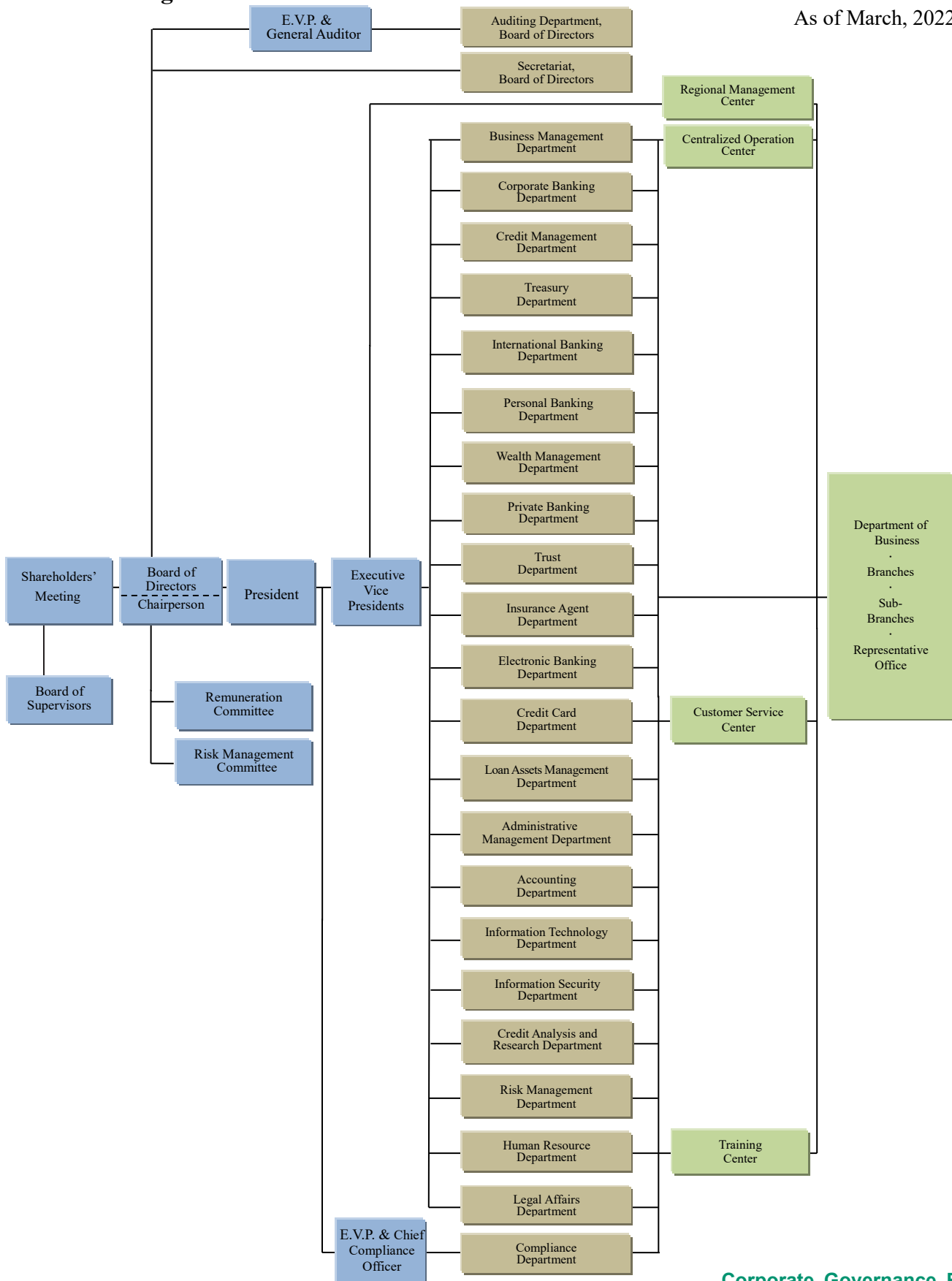
From left to right :

Meng-Ying Chou, E. V. P. & General Auditor
Jui-Ling Lu / Chia-Ping Tsai / Executive Vice Presidents
Yen-Mao Lin, President
Paul C.D. Lei, Chairman
Chun-Lung Chou / Kuo-Chung Lee / Kuo-Hao Chang / Executive Vice Presidents
Hsi-Chang Hsu, E. V. P. & Chief Compliance Officer

3. Corporate Governance Report

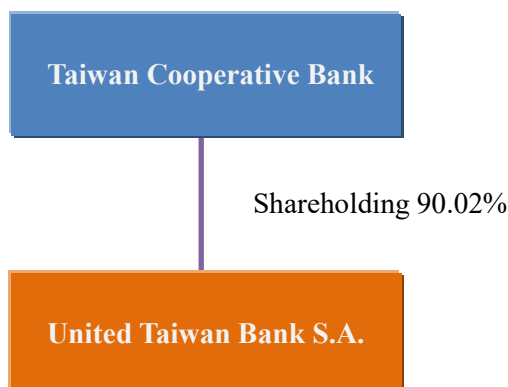
3.1 Organization Chart

As of March, 2022



3.2 Bank's Subsidiary Chart

As of December 31, 2021



3.3 Major Corporate Functions

Department	Functions
Auditing Department, Board of Directors	Handling of auditing matters.
Secretariat, Board of Directors	Handling of Board of Directors' meetings and confidential matters.
Business Management Department	Handling of bank-wide operational policy, organizational, and medium- and long-term business planning, deposits and remittances, performance evaluation and guidance of business units.
Corporate Banking Department	Promotion and management of the loan business, guidance of SMEs and corporate financial planning, services, consultation, and management.
Credit Management Department	Planning of bank-wide loan policy, handling of the review and relay of loan cases that exceed regional center loan authorization, preparation of loan follow-up and evaluation reporting forms, and supervision and other reviews related to loan review.
Treasury Department	Handling of New Taiwan Dollar and foreign-currency funds allocation and planning, securities investment, reinvestment, and other financial management matters.
International Banking Department	Handling of R&D, promotion, and management of the foreign exchange business; applying and establishing of authorized foreign exchange branches and overseas units; management of imports, exports, remittance, and telecommunications business.
Personal Banking Department	Planning, promotion, and management of consumer loan and personal loan cases.
Wealth Management Department	Handling of planning for the wealth management business and the management of financial advisors, formulation and revision of wealth-management policies and operational guidelines, and promotion, supervision, and management of financial-planning investment by wealth-management customers.
Private Banking Department	Design, execution, and management of private banking business; planning personnel management, evaluation, and reward of private banking business; formulation and revision of rules, and handling education and training of private banking business.

Department	Functions
Trust Department	Handling of R&D, promotion, and management of the trust business.
Insurance Agent Department	Handling of life and property insurance agent business.
Electronic Banking Department	Planning of short, medium, and long-term digital development; implementing and managing the electronic financial business, formulation, and revision of business norms and rules; handling the planning, promotion, and operation of electronic financial services and POS services; planning and promoting data analysis marketing activities and CoLAB (innovation laboratory) matters.
Credit Card Department	Planning, marketing, implementation, consultation, and management of the credit card and debit card, and provision of customer complaint services in regard to the credit card and debit card.
Loan Assets Management Department	Planning and supervision of the clearance of non-performing loans (NPLs) and overdue loans, bad-debt write-off and statistical analysis, and handling of other matters related to NPLs and overdue loans.
Administrative Management Department	Handling of documentary, filing, public relations, general affairs, receipts and disbursements, procurement, property management, and construction and maintenance matters, and matters regarding labor safety and health, energy consumption, greenhouse gas emissions, low-carbon management policies (environment aspects), and environmental sustainability.
Accounting Department	Compilation and analysis of accounting matters, annual budgets, and affiliated bank data.
Information Security Department	Planning, monitoring, management and implementation of information security maintenance operations.
Information Technology Department	Development and promotion of information business, and data processing controls.
Credit Analysis and Research Department	Establishment of credit investigation rules, promotion and supervision of credit investigation work, and collection and management of industry data.
Risk Management Department	Handling of the organizational framework for risk management; planning of policies and systems; examination of risk identification, weighing, assessment, and control methods; internal control system, and other matters relating to risk management.
Human Resource Department	Handling of personnel management and employee training.
Compliance Department	Planning, management, and implementation of the legal compliance system and anti-money laundering and counter-terrorist financing; review of the contents and related matters regarding the regulations.
Legal Affairs Department	Review of the contents and related matters regarding the contracts, assistance for litigation cases, supervision of procurement and draft verification.

3.4 Directors, Supervisors and Executive Officers

As of March 14, 2022

Directors		Supervisors	
Title	Name	Title	Name
Chairman	Paul C.D. Lei	Resident Supervisor	Tzyy-Jane Lai
Managing Directors	Yen-Mao Lin	Supervisors	Ming-Lei Chang
	Shen-Gang Mai		Yung-Kung Peng
	Hsin-Jung Hsia-Hou		Han-Chun Hsiao
Managing Director (Independent Director)	Shu-Chang Chou		Chien-Chung Chen
Independent Directors	Teyu Chou	Note: All directors and supervisors are appointed by the Taiwan Cooperative Financial Holding Co., Ltd.	
	Hsuan-Chu Lin		
	Lan-Fen Wang		
Directors	Mei-Tsu Chen		
	Jui-Chi Huang		
	Yung-Cheng Chang		
	Ko-Hsiung Lien		
	Chii-Dong Ho		
	Hsiao-Wen Hung		
	Kung-Hong Lin		
	Chin-Chu Chen		
	Tzu-Meng Chang		
	Chun-Shih Cheng		

Executive Officers			
Title	Name	Title	Name
President	Yen-Mao Lin	S.V.P. & G.M., Wealth Management Department	Wen-Lee Lin
		S.V.P. & G.M., Private Banking Department	Bao-Ju Lin
Executive Vice Presidents	Chun-Lung Chou	S.V.P. & G.M., Trust Department	Mei-Joung Chang
	Chia-Ping Tsai	S.V.P. & G.M., Insurance Agent Department	Hsiao-Heng Wong
	Kuo-Chung Lee	S.V.P. & G.M., Electronic Banking Department	Hsiaw-Wei Chang
	Jui-Ling Lu	S.V.P. & G.M., Credit Card Department	Long-Chang Huang
	Kuo-Hao Chang		
E. V. P. & General Auditor	Meng-Ying Chou	S.V.P. & G.M., Loan Assets Management Department	Kuei-Fen Huang
E. V. P. & Chief Compliance Officer	Hsi-Chang Hsu	S.V.P. & G.M., Administrative Management Department	Tsung-Yi Chang
S.V.P. & G.M., Auditing Department, Board of Directors	Ruei-Yen Lua	S.V.P. & G.M., Accounting Department	Shyan-Ching Chou
S.V.P. & Chief Secretary, Secretariat, Board of Directors	Mao-Sheng Liao	S.V.P. & G.M., Information Technology Department	Hong-Zong Shieh
S.V.P. & G.M., Business Management Department	Hsi-Chiang Pan	S.V.P. & G.M., Information Security Department	Yun-Shya Pan
S.V.P. & G.M., Corporate Banking Department	Shu-Jean Liang	S.V.P. & G.M., Credit Analysis and Research Department	Chih-Ming Chen
S.V.P. & G.M., Credit Management Department	Chun-Ming Kuo	S.V.P. & G.M., Risk Management Department	Ling-Tsui Huang
S.V.P. & G.M., Treasury Department	Hsiu-Jen Chen	S.V.P. & G.M., Human Resource Department	Yu-Wan Chen
S.V.P. & G.M., International Banking Department	Lien-Chu Ho	S.V.P. & G.M., Compliance Department	Kuei-Feng Liang
S.V.P. & G.M., Personal Banking Department	Hsi-Huang Chiang	S.V.P. & G.M., Legal Affairs Department	Min-Chieh Wang

3.5 Major Shareholder

As of March 14, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage
Taiwan Cooperative Financial Holding Co., Ltd.	10,733,930,000	100%

3.6 Corporate Governance Implementations and Deviations from “Corporate Governance Best-Practice Principles for the Banking Industry”

Assessment Items	Implementations			Deviations from the Principles and reason
	Y	N	Summary Description	
1. Shareholding Structure & Shareholders' Rights				
(1) Does the Bank adopt internal procedures to handle shareholder's suggestions, questions, disputes, and litigation? Does the Bank act in accordance with such procedures?	√		(1) The Bank is a wholly owned subsidiary of the Taiwan Cooperative Financial Holding Co., Ltd. and all related matters are handled in accordance with regulations.	Compliant
(2) Does the Bank know the identities of the major controlling shareholders, and of their ultimate controlling shareholders?	√		(2) The Taiwan Cooperative Financial Holding Co., Ltd. holds 100% of the Bank's shares.	Compliant
(3) Does the Bank establish and execute the risk management and firewall mechanisms between the Bank and its affiliates?	√		(3) The Bank has formulated the regulations and rules in accordance with the authority's regulations for risk control and firewall mechanisms between the Bank and affiliated enterprises. The Bank has established the reporting mechanism of material issues in the operations of investees.	Compliant
2. Composition and Responsibilities of the Board of Directors				
(1) Does the Board of Directors establish diversity policy and specific management goals?	√		<p>(1) Board Diversity Policy The members of the board of directors shall possess the knowledge, skills, and literacy necessary to perform their duties. To achieve the ideal goal of corporate governance of the Bank, the capabilities of the Board of Directors shall be as follows:</p> <ul style="list-style-type: none"> a. Operational judgement ability. b. Accounting and financial analysis skills c. Management ability. d. Risk management capabilities. e. Crisis management capabilities. f. Industry knowledge. g. Global market perspective. h. Leadership. i. Decision-making ability. <p>(2) Specific Management Goals</p> <ul style="list-style-type: none"> a. Except where the Competent Authority has granted approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the Bank's directors. b. The directors of the Bank shall meet the requirements of “Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks”. c. The independent directors of the Bank shall not less than two in number and not less than one-fifth of the total number of directors. d. Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings and concurrent positions. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than four other TWSE/TPEx listed companies. e. No independent director of the Bank may concurrently serve as an independent director of more than three public companies. Where an independent director of the Bank serves concurrently as an independent director of the public company affiliated to the financial holding company having a controlling interest in the bank shall be considered as one entity and not included in the calculation of the number of 	Compliant

Assessment Items	Implementations			Deviations from the Principles and reason
	Y	N	Summary Description	
<p>(2) In addition to the Remuneration Committee and the Audit Committee, does the Bank voluntarily establish other function-specific committees?</p> <p>(3) Does the TWSE/TPEX listed Bank establish the measures for assessing the performance of its Board of Directors and conduct such an appraisal periodically every year with the appraisal results submitting to the Board of Directors as a reference for re-appointment and remuneration amount of individual director?</p> <p>(4) Does the Bank carry out regular evaluations of CPAs independence?</p>	√		<p>concurrently serving companies.</p> <p>f. An independent director of the Bank shall have no more than three consecutive terms of office.</p> <p>(1) The Board of Directors established the Remuneration Committee on July 27, 2011 but did not establish other function-specific committees.</p> <p>(2) The Bank is not a TWSE/TPEX listed company.</p> <p>(3) The Bank will evaluate the independence of CPAs while writing the proposal of entrustment with them each year.</p>	Compliant
<p>3. Does the Bank dispatch adequate number of qualified corporate governance staff with a designated management to take charge of corporate governance related affairs (including but not limited to providing directors and supervisors with relevant information for business execution, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings)?</p>	√		<p>(1) By the resolution of the Board of Directors on May 24, 2019, the Bank has appointed the chief corporate governance officer as the highest supervisor responsible for the corporation governance. The chief corporate governance officer is concurrently served by the current S.V.P. & G.M. of Loan Assets Management Department. This appointee has at least three years' management experience gained at financial institutions or public companies in handling legal affairs.</p> <p>(2) The Bank's "Principles of Corporate Governance Best Practice" specifies that the related matters to corporate governance shall at least include "Handling matters relating to board meetings and shareholders meetings by relevant laws", "Producing minutes of board meetings and shareholders meetings", "Assisting the inauguration of directors and supervisors and their continuing educations", "Furnishing information required for business execution by directors and supervisors", "Assisting the directors and supervisors with legal compliance", and "Other matters set out in the articles or corporation or contracts".</p> <p>(3) In addition to the appointment of the chief corporate governance officer to supervise the affairs of corporation governance, the dedicated departments are also responsible for handling the related affairs: the Secretariat of the Board is responsible for handling matters relating to board meetings and shareholders meetings by relevant laws, producing minutes of board meetings and shareholders meetings, and furnishing information required for business execution by directors and supervisors; the Human Resource Department is responsible for assisting the inauguration of directors and supervisors and their continuing educations; and the Compliance Department is responsible for assisting directors and supervisors with legal compliance.</p>	Compliant
<p>4. Does the bank establish the communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholder section on its official website, and appropriately response to the important corporate social responsibility issues concerned by stakeholders?</p>	√		<p>The Bank has made material information public on relevant websites in accordance with laws and regulations, so that stakeholders can keep up with the operating status of the Bank. The Bank has set up "complaint hotlines," "service e-mail," and "customer service hotlines" on the Bank's website, and an "employee suggestion box" on the intranet to provide multiple channels for customers, employees, and stakeholders to file any appeal or communicate with the Bank. E-mails received are processed daily while serious matters are promptly reported to the senior management to ensure a smooth communication channel. In addition, the parent company of the Bank has set up a stakeholder section on its official website to receive suggestions for the relevant departments to manage communications and respond to important corporate social responsibility issues appropriately.</p>	Compliant

Assessment Items	Implementations			Deviations from the Principles and reason
	Y	N	Summary Description	
5. Information Disclosure				
(1) Does the Bank set up a website to disclose information regarding financial, business and corporate governance status?	√		(1) The Bank has established a website where financial data and corporate governance are explicitly listed under the Bank Profile, Information Disclosure and Corporate Governance sections. (https://www.tcb-bank.com.tw)	Compliant
(2) Does the Bank establish other information disclosure channels (e.g., maintaining an English-version website, appointing responsible personnel to handle information collection and disclosure, implementing the spokesperson mechanism, and posting the taped investor conferences on the Bank website)?	√		(2) The Bank has established an English version website. (https://www.tcb-bank.com.tw/eng) The Bank has guidelines for press releases and the Vice President is appointed as the spokesperson and makes public announcements. The Bank invites mass media to report its latest operational strategies and business expansion plan and disclose these releases in "Press Release" section on the Bank website.	Compliant
(3) Does the Bank make public and register for the annual financial reports within the time frame ruled by "The Banking Act of The Republic of China" and the "Securities and Exchange Act" after the end of the report's fiscal year, and make public and register for the first, second and third quarters financial reports as well as monthly update on business operation earlier than the set deadlines?	√		(3) a. The Bank's annual financial reports are made public with the filing for registration within the required time frame as set forth by "The Banking Act of The Republic of China" and the "Securities and Exchange Act". b. All the Bank's quarterly financial reports and monthly updates on operating performance are all made public before the deadline.	Compliant
6. Does the Bank have other relevant information to facilitate a better understanding of the Bank's corporate governance operations (e.g., including but not limited to employee rights, caring of employees, investor relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing insurance for directors and supervisors, and donations to political parties, stakeholders, and charity organizations)?	√		(1) Employee rights a. The Bank has established an Employee Welfare Committee and makes monthly welfare payments for employee benefits. b. The Bank has established an employee training center and subsidizes employees who pass certification tests. c. An employee retirement system is established following the "Labor Standards Act" and "Labor Pension Act". (2) Caring of employees a. Female employees are entitled to menstrual leave, pre-maternity leave, maternity leave and miscarriage leave. In addition, they can apply for parental leave before children reach three years old. Moreover, in compliance with the Act of Gender Equality in Employment, the Bank has set up lactation rooms for female employees to nurse. b. The Bank has established "Guidelines for Preventive Measures, Complaints, and Punishments for Sexual Harassment in the Workplace" and carries out related education on a scheduled basis, to protect employees from sexual harassment. c. In addition to labor and health insurance, employees carrying out their duties outside the offices are covered by a group accidental injury insurance policy. d. The Bank has established "Guidelines for Assistance to Employees Involved in Lawsuits in the Line of Duty". The Bank hires lawyers for employees involved in lawsuits due to their line of work to protect their rights. e. The Bank provides health checkups for all employees every three years to ensure the health of all personnel. (3) Investor relations The Bank's sole shareholder is Taiwan Cooperative Financial Holding Co., Ltd. (4) Rights of stakeholders The Bank's "Rules of Procedure for the Board of Directors' Meetings" stipulates that for agenda items of which the director has a personal interest and which may impair the interest of the company, the director shall recuse himself/herself from the discussion. (5) Directors' and supervisors' training records Besides providing a variety of training information to all directors and supervisors, the Bank enrolls them in relevant sessions based on their personal choice. (6) The implementation of risk-management policies and risk evaluation measures The Bank has set up the Risk-Management Committee, controlling and reviewing the Bank's execution of risk management. The bank has also established Risk Management Department to operate a bank-wide risk management mechanism with regular monitoring, evaluating, and reporting the overall credit, market, and operational risk, and therefore adjusting the risk controlling measures timely. (7) The implementation of customer relations policies	Compliant

Assessment Items	Implementations			Deviations from the Principles and reason
	Y	N	Summary Description	
			<p>The Bank uses the Template of Standard Form Contract to formulate product application forms and contracts. The Bank adheres to relevant laws and regulations stipulated by competent authorities, Personal Information Protection Act, Financial Consumer Protection Act, and Fair Dealing Principles.</p> <p>(8) Purchasing insurance for directors and supervisors “Liability Insurance for Directors, Supervisors and Officers” was provided by the Bank’s parent company, TCFHC.</p> <p>(9) Donations to political parties, stakeholders, and charity organizations Pursuant to the rules for donations stipulated by the Bank, donations shall be made only to charity events organized by non-profit organizations (excluding political parties).</p>	
7. Please specify actions taken by the company to improve items listed as the result of the Corporate Governance Evaluation announced by the Taiwan Stock Exchange Corporate Governance Center and improvement plans. (Leave it blank if the company was not evaluated.)		√	The Bank was not evaluated.	

3.7 Implementations of Promoting Sustainable Development

Assessment Items	Implementations		
	Y	N	Summary Description
1. Does the Bank establish an exclusive (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development governance framework? Does the Board of Directors specifically authorize the senior management to handle matters and does the senior management report back to the Board of Directors on its handling of such matters?	√		<p>(1) TCFHC established the Corporate Social Responsibility Committee in 2019 to serve as the highest supervising body for pushing ahead with sustainable governance. The TCFHC CSR committee has later renamed TCFHC Sustainable Development Committee in 2021, headed by the TCFHC chairman, along with the TCFHC president and the presidents of subsidiaries to be the members. In order to better coordinate and manage, the TCFHC "Sustainable Office" has been set up to facilitate the operation of the Sustainable Development Committee to implement the Group's sustainable developmental policy, system, and relevant management plan, and to report to the Board of Directors on progress and achievement of relevant projects periodically.</p> <p>(2) The Bank is a wholly owned subsidiary of the TCFHC and annually reports the implementation results to its parent company. In addition, in response to the trend of sustainable development and strengthening of sustainable actions, the Secretariat of the Board is responsible for the overall management of the sustainable operation.</p>
2. Does the Bank conduct any risk assessment on environmental, social, and corporate governance issues which are related to the operations of the Bank by the principle of materiality, and formulate related risk management policy or strategy?	√		The Bank has set management policies and performance indicators based on material ESG issues with which the stakeholders of its parent company, TCFHC, are mostly concerned. The Bank regularly reports the implementation results to the TCFHC, as well as discloses the results on the sustainable development section on its official website to meet the expectations of stakeholders.
3. Environmental issues			
(1) Does the Bank establish a suitable environmental management system that in terms of the characteristics of banking industry?	√		<p>(1)</p> <p>a. The Bank has formulated “Energy Conservation Measures,” and monitored the result of water, electricity, and petroleum conservation.</p> <p>b. The Bank has formulated procedures related to paperless operations, implemented various electronic bills, replaced traditional education and training with digital courses, and adopted an online paperless processing method for the official documentation system.</p> <p>c. The Bank requires green materials with eco-label to be adopted for office refurbishments and sets goals to achieve them. The Bank also plans to gradually obtain the green building labels for its self-owned (or newly built) premises.</p>
(2) Does the Bank make efforts to enhance the efficiency of energy utilization, and adopt the recycled materials which have lower impacts on the environment?	√		<p>(2)</p> <p>a. The Bank actively implements recycling operations. The Bank does handle the recycling classification of bottles, iron or aluminum cans, paper, etc., and softer bottles should be flattened to reduce volume and transportation costs. The Bank also asks suppliers to help recycle consumable waste (toner cartridges and ink cartridges).</p> <p>b. The Bank requires green materials with eco-label to be adopted for office refurbishments and sets goals to meet environmental protection policies.</p> <p>c. The Bank’s procurement rules specify that priority in procurement is given to products bearing government-certified eco-labels. The Bank gradually replaces lighting equipment with energy-saving lamps, uses water-saving sanitary fixtures, and adopts equipment with energy-saving and frequency conversion model. For the procurement of supplies such as photocopy papers, toilet papers, paper towels, and decomposable garbage bags, the Bank requires that should have the FSC, PEFC mark or a zero-cut tree process to achieve carbon reduction management.</p>
(3) Does the Bank conduct any study on the potential risk and opportunity in present	√		(3) The Bank has incorporated emerging risks into the “Risk Management Policy” and established an emerging risk identification mechanism, including emerging risk

Assessment Items	Implementations	
	Y	N
time or the future caused by the climate change, and on the responsive measures that the Bank can adopt?		
(4) Does the Bank estimate figures on the greenhouse gas emission, the amount of water used, the total weight of the waste, and formulate policy on reduction of energy use and carbon dioxide, reduction of greenhouse gas emission, reduction of water use, and the management of other types of waste?	√	(4) a. The Bank has established “Energy Conservation Measures” in July, 2008, and monitored the results of water, electricity, and petroleum conservation. b. To control the sources and characteristics of greenhouse gas, the Bank has conducted the headquarters ISO-14001 Environmental Management Systems, ISO-50001 Energy Management System, and ISO-14064-1 Greenhouse Gas Inventory since 2019. As of 2021, the number of inspection bases has reached 17, and the certification continues to be valid. The Bank will keep expanding in the future to achieve specific reduction goals. c. In order to maintain the environmental quality and comply with the waste reduction policies, the Bank has set a goal of yearly 2% waste reduction.
4. Social issues		
(1) Does the Bank adopt policies and procedures in accordance with applicable legislation and international human rights conventions?	√	(1) a. In order to fulfill corporate social responsibilities, safeguard, protect and implement basic human right, as well as support and respect the relevant norms such as the “Universal Declaration of Human Rights”, “United Nations Global Compact” and “International Labour Convention”, TCFHC formulates human rights policies and applies these policies to the group's subsidiaries. b. The human right system of the Bank is as follows: i. The Bank has established “Guidelines for Assistance to Employees Involved in Lawsuits in the Line of Duty,” and provides legal assistance for employees so affected. ii. The Bank has established “Guidelines for Preventive Measures, Complaints, and Punishments for Sexual Harassment in the Workplace” and “Guidelines for Treating Complaints and Investigation of Sexual Harassment,” and carries out related education on a scheduled basis, to protect the safety of employees in the workplace and allow employees to work in an environment free of sexual harassment.
(2) Does the Bank set up and implement reasonable employee benefit measures (including salary, bonus, paid leave, and other benefits) and have employee's performance or productive outcome reflected on employee remuneration?	√	(2) a. Employee welfare measures: i. Reward and incentive system with internal equity: The Bank has dedicated itself to improving the well-being of employees. To motivate employees, the Bank paid remuneration based on the business performance and achievements. The average salary increase for promotion in 2021 was 2.66%. ii. Diversity and equity at workplace: The Bank has established fair, open, and transparent promotion and assessment regulations. Gender equality courses were provided to the recruits while regulations for establishing measures of prevention, correction of sexual harassment at the workplace, and grievance procedures were disseminated. As of December 2011, promotions to females accounted for 62.6% of the promoted employees, and the ratio of female supervisors reached 57.6%. iii. Employee stock ownership trust: The Bank set up the employee stock ownership trust on January 1, 2020, allocating NT\$1,000 of stock subscription funds per month, equivalent to an average salary raise of about 1.55%, benefits significantly on salary raise. iv. A leave system superior to the statute level: The Bank forms an improved leave management system superior to the statute. For instance, pregnant employees are granted five fully-paid days of pregnancy checkup leave by the statute; in contrast, the Bank acknowledged eight fully-paid days to employees, and personal leave within five days will be paid in full. Moreover, seven full-paid days of tocolysis leave and bone marrow donation leave not stipulated by statute are granted by the Bank. In addition, the number of annual leave days for employees who have served for more than six years is also in the light of leave rules for civil servants, which is superior to the Labor Standards Act. Based on the Act of Gender Equality in Employment, the Bank stipulates menstruation leave, maternity leave, paternity leave, prenatal leave, family care leave, and unpaid parental leave for raising children for employment of rights. v. Support employees with fertility: To reduce the burden of postpartum recovery and recuperation for employees or their spouses, the Bank decided to raise the number of baby bonuses for staff. From July 2021, the number of bonuses for the first three babies or more raised from NT\$60,000, NT\$80,000, NT\$100,000 to NT\$100,000, NT\$120,000, NT\$150,000, respectively. Furthermore, to create a family-friendly workplace, the Bank stipulated that employees are able to arrange their prenatal leave, tocolysis leave, paternity leave, maternity leave, unpaid parental leave for raising children; in addition to fertility bonus, there are subsidies from the employee canteen, with a total subsidy of up to NT\$160,000. vi. Daycare subsidy: During raising children, the employee welfare committee provides a daycare subsidy twice a year. For employees whose children are between one under five years old, each child is NT\$1,000 each time. vii. Educational assistances for dependent children:

Assessment Items	Implementations		
	Y	N	Summary Description
			<p>To encourage children of employees to diligent study, educational assistance of NT\$2,500 to NT\$3,500 will be given to children studying in the schools at all levels (master and doctoral programs, colleges and universities, senior high schools, five-year junior college programs with reference to high school for the first three years and colleges and universities for the last two years).</p> <p>viii. The bank cares about employee health: Since 2020, the Bank has provided up to NT\$6,000 health check subsidy to employees who are over the age of 50 for choosing one of the two medical examination schemes, such as magnetic resonance angiography (MRA) or low dose computed tomography (LDCT), and the subsidy will be given once every two years. Employees of overseas units younger than 40 years old are entitled to apply for the NT\$3,500 health check subsidy. In 2021, employees whose ages are "more than 45 but less than 50, with the first degree of next kin diagnosed with lung cancer" are entitled to LDCT check on lung once every two years with an amount of subsidy up to NT\$6,000. The Bank has endeavored to make comprehensive health management and shape healthy workplace culture.</p> <p>ix. Company meetup event: Taking root in being a happy enterprise, the Bank cares about the next step in the life of single employees. In 2020, the Bank held the first-time company meetup event; by participating in various games and activities, employees developed a sense of intimacy and connection and tried to find their life partners.</p> <p>x. The bank values employee leisure activities: The Bank encourages employees to participate in leisure activities, improve their quality of life, eliminate stress at work, achieve physical and mental balance, and unite employees' cohesiveness; the Bank dispenses NT\$500 annually to each employee for sports activities; moreover, there is also club subsidy to motivate employees spending their spare time with fellow members.</p> <p>xi. Protect employee's health: Being a key member of the financial services industry, TCB ensured uninterrupted services and purchased epidemic prevention insurance as well as Covid-19 vaccination insurance for all employees of the group on June 4, 2021; this move has once again enhanced the Bank's determination for epidemic prevention, the health of employees, and the support of government's epidemic prevention.</p> <p>xii. Domestic travel credit card payment: In November 2020, the Bank implemented the domestic tourism-related subsidy measure to comfort and encourage employees to engage in leisure activities. In response to revitalizing the domestic tourism industry initiated by the Ministry of Finance, the Bank provided NT\$3,000 worth of credit card bonuses and NT\$4,000 worth of accommodation vouchers for each domestic employee.</p> <p>b. According to "The Bank's Operational Performance Bonus and Staff Remuneration Provision Standards", the Bank specified "The Bank's Performance Bonuses and Excessive Surplus Bonus" to motivate employees fulfilling their potential and make a profit, as well as a reflection of the Bank's performance and the employee compensation policy.</p>
(3) Does the Bank provide a safe and healthy working environment for its employees, and offer them regular safety and health education?	√		<p>(3)</p> <p>a. The Bank has formulated the labor safety and health management plan, which includes education and training in safety and health. The plan is carried out every six months in accordance with projected schedules. The items include lift, fire-fighting equipment, official vehicles, water dispensers, high and low voltage electrical appliance, nitrogen dioxide concentration detection and regular maintenance of air conditioners, and other equipment. To establish a high-quality working environment, the Bank eliminates potential risks in the workplace, and assures the safety and health of employees.</p> <p>b. The Bank has installed automatic reporting system, alarm system, security system, video surveillance system, fire safety equipment and other necessary protective equipment at branches with designated personnel in charge of their operations and monthly inspection. Security guards are hired for the business lobby to protect the personal safety of employees and customers.</p> <p>c. To enhance employee consciousness of safety and health, and prevent the occurrence of occupational accidents, the Bank has provided one hour of on-the-job safety and health training each year for general employees. The Bank also sends personnel to participate in the safety and health officer, first-aid personnel, and fire manager training organized by the Bankers Association so as to comply with legal requirements and effectively safeguard our employees' health and safety.</p> <p>d. The Bank has diligently made a safer, friendly working environment, and held the corporate social responsibility of taking care of employees as well as enhanced the Bank's corporate image in line with international standards. On September 12, 2020, the headquarters' building A and B have been approved the assessment by the British Standards Institution (BSI) and were certified with ISO 45001 : 2018 Occupational health and safety management systems; the certificate ceremony was held in the headquarters on September 30 in the same year. The Bank passed the re-inspection on September 3, 2021 and the certificate has been valid ever since.</p> <p>e. As of December 31, 2021, four occupational accidents accounted for 0.047% of the total number of employees. The improvement measures are as follows: i. Set up a dedicated unit for occupational safety and health management. Each unit selects and assigns an occupational safety and health affairs manager to jointly perform safety and health management and supervision duties. ii. Based on occupational health and safety management systems (ISO 45001 : 2018), the occupational safety and health management continuously improved through the</p>

Assessment Items	Implementations	
	Y	N
		<p>PDCA (plan – do – check – act), and the performance indicators of each unit and relevant plans for occupational safety and health management are regularly reviewed in the occupational safety and health committee to enhance the safety and health care for employees at work and the environment.</p> <p>iii. To strengthen the hazard perception of employees, the Bank sent information on occupational safety and health from time to time, and supervise the occupational safety and health affair managers of each unit to implement occupational safety and health education and training every year, so as to raise the ability of hazard perception of employees, and form a corporate safety culture.</p>
(4) Does the Bank establish an effective career skills development program for its employees?	√	(4) In addition to regular trainings (such as training for new employees, professional training for various departments, and training for supervisors at different levels), the Bank encourages employees to learn continually, sets up online digital learning courses, and offers subsidies for employees to take in-service training, financial certification exams and language proficiency tests. The Bank aims to develop employee potential via diversified learning channels.
(5) Does the Bank follow the international standards and relevant regulations on labeling, marketing, customer privacy protection, and customer health and safety when introducing products and services, as well as establish relevant customer protection policies and appealing procedures?	√	(5) <p>a. The Bank provides customers with the 24-hour service center, e-mail, hotline, and feedback box to file complaints and to communicate. All customer complaints are handled in accordance with the Bank's "Operation Points for Handling Customer Appeal Cases", and under the principle of timeliness and personal confidentiality, the dedicated unit urges relevant management units to communicate with customers in good faith, actively handle the complaints, and improve its services. The Bank hopes that customers will receive satisfactory answers as well as enhance the quality of its services.</p> <p>b. With regard to customer privacy, the Bank has formulated "Personal Data Protection Management Regulations" in accordance with relevant laws and international standards, including personal data collection, processing, utilization, security management, and emergency events responding measures. Regarding the protection of consumer rights and appeal procedures, the Bank has formulated the "Consumer Dispute Handling Guidelines" and "The Policy of Treating Customers Fairly Principles", requiring all employees of the Bank to follow in accordance with the regulations.</p>
(6) Does the Bank formulate supplier management policy, requesting suppliers to abide by relevant regulations on environmental protection, vocational safety and hygiene, and labor rights? And if so, how are these policies implemented?	√	(6) The Bank follows the "Supplier Management Policy" and "Commitment of Supplier's Corporate Social Responsibility and Environmental Sustainability Clauses" formulated by the TCFHC. Through the signing of this management policy and commitment, the Bank works together with the suppliers to promote the sustainable development of the environment and safeguard the basic human rights. The management policy and commitment have been also disclosed on the Bank's website for reference.
5. Does the Bank follow the international guidelines or directives for compiling and producing the Bank's reports on non-financial information such as Sustainable Report? And if these reports have been assured or guaranteed by a third party?	√	<p>(1) The Sustainable Report is prepared by the parent company, TCFHC. It discloses the Bank and the Group's efforts to fulfill the corporate responsibility. The report is available under the CSR section of the Bank's website (https://www.tcb-bank.com.tw) and Market Observation Post System (MOPS).</p> <p>(2) The "2020 Corporate Social Responsibility Report" of TCFHC was prepared in accordance with the GRI Standards and the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies", and was assured by PwC Taiwan according to the R.O.C. Standard on Assurance Engagements No. 1. The "2021 Sustainable Report" will be completed within the statutory time limit.</p>
6. If the Bank has established its own principles for Sustainable development based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please clarify how the principles are implemented and its differences with the government's regulations.		The Bank is not a TWSE/TPEX listed company, and follows the Sustainable Development Best Practice Principles stipulated by TCFHC.
7. Other important information to facilitate better understanding of the Bank's implementation of Corporate Sustainable Development.		Please refer to TCFHC CSR Report (the report will be renamed as Sustainable Report in 2021).

4. Operational Highlights

4.1 Annual Business Plans for 2022

4.1.1 Operational Management Business

- (1) TCB will integrate all aspects of banking operations with ESG, support and promote green and low-carbon products, introduce the Equator Principles, and accelerate international integration. Also, we will identify climate change risks and opportunities based on types of businesses and operating conditions, and formulate risk appetite as well as responsive strategies to intensify climate governance and enhance business resilience.
- (2) TCB will continue to consolidate deposit structure by actively promoting and attracting demand deposits and short-term time deposits, rolling out preferential rate demand (time) deposit program to cope with industry competitions, and vying for new payroll transfers account from enterprises or other institutional customers as well as the business of collecting payment for stocks and disbursement of cash dividend for TWSE/TPEX listed companies, so as to build up robust business niche.
- (3) TCB will work to train our employees' proficiency in bilingual, professional knowledge, international business, legal compliance, information security, and digital financial services so as to enrich the talent pool of the company and thus rack up sustainable development. In addition, TCB has been actively seeking to expand cooperations with different universities by enhancing the working skills of the students and recruiting young talents through different methods to accumulate the bank's human resources.
- (4) TCB will continue to expand the international financial service network to increase the proportion of overseas revenue. Besides, TCB will continue to refine the information security system and improve the efficiency of risk management to abide by structure of the three lines of defense for internal control, and ensure the effective operations of corporate governance. Meanwhile, TCB will carry out its social responsibility to create sustainable business values.
- (5) Holding to the principles of business integrity and treating customers fairly, TCB will ensure the protection of financial consumers and actively work to reduce the number of customer complaint and dispute cases. TCB also provides staffs with proper trainings on improving the handling skills for consumer complaint so as to increase the bank's service quality.

4.1.2 Corporate Financial Business

- (1) In order to expand the business of SME loans, TCB will continue to adopt the "rewarding measures for increasing SME loan amount" and "rewarding measures for increasing the account number of SMEs loan" as incentives for encouraging business units to develop the business. Also, TCB will take measures to strengthen credit officer's familiarity with the regulations and applying procedures of the credit guarantee fund so as to reduce the bank's risk-weighted assets with the supports of the credit fund.
- (2) For supporting the government's policy, TCB will continue to propel the "5+2 Innovative Industry Project Loan", and develop relevant loan projects and incentives for "Six Core Strategic Industries", and have all business units make all-out effort to expand the business; furthermore, we have formulated "Enhancing Long-Term Care Service Institutions Quality of Public Safety Equipment Loan Project" and "Guidelines on Loans for Long-term Care Institutions", and set up a dedicated contact at headquarters to assist business units in exploring potential clients and to provide one-stop loan services; those moves are to promote strengthening public safety equipment in long-term care institutions and have a sound service and care system.
- (3) In order to support the government's major public construction projects or the investment projects that are highly professional and technically intensive, TCB has set up a "project loan task force" to assist each business unit in evaluating and formulating the structure of the project loan. In addition, TCB and National Development Fund jointly funded the establishment of "The National Credit Guarantee Scheme", to provide credit guarantee for green construction, green energy equipment and service, and major public construction projects. Also, for supporting the government's policy on urban renewal and unsafe time-worn building

reconstruction, TCB has set up a “urban renewal and unsafe time-worn building reconstruction task force” to push ahead with this business and to provide clients with professional loan trust service.

- (4) TCB will continue to push forward with the collateral driven “wish you good luck project” to facilitate branches developing corporate banking business. For a creditor who has good credit record but insufficient collateral, TCB will in principle seek the support of credit guarantee fund if the creditor meets the requirements for the fund’s endorsement. At the same time, the access to the financial flows of those well operated key clients will help increase the business of current account deposit, which in turn will facilitate the reduction of the bank’s funding cost.
- (5) TCB will continue to utilize big data analysis and the newly developed “potential customer development feature”, coupling with both of the internal and external information to develop potential customers by reaching out to the new market, so that the business units are facilitated to engage in precision marketing more efficiently by screening out the targeted segments. In addition, with the system, business units are better informed of the market and industry clusters in each of its responsible area so that they are able to locate the market and further formulate proper marketing strategies, so as to help maintain a steady growth of the number of corporate accounts.

4.1.3 Retail Banking

- (1) TCB will seek to grow mortgage business by penetrating into the market of self-use residential property and mortgage with well-located collateral, and to secure the wholesale mortgage business for property development project that TCB has offered loans yet being selective on those development projects not financed by TCB. Also, TCB will roll out mortgage with preferential rate to attract more customers to consolidate the mortgage business.
- (2) TCB will actively promote wealth management linked mortgage including “Winner personal integrated loan – working capital loan”, debit card financing, and personal recurring working capital, to increase real interest income on credit.
- (3) TCB will work to increase service fee income by carrying through the collections of different types of service fee for the loan business including account opening fee, service fee on alteration of credit condition, and prepayment penalty, as well as continuing to develop the business on mortgage life insurance.
- (4) To expand the business of credit loans and thus increase revenue, TCB will embark on roadshows at selective institutes and enterprises to promote various credit loan products including: “salary transfer loan”, “small credit facility for military, civil servant, and teacher”, “high pay job low interest credit facility”, “preferential credit facility for medical staff”, “wealth management aid unsecured loan for the military staff”, “simple small credit facility”, “stock option loan for employees of corporate account” and “convertible corporate debt subscription”.
- (5) By engaging in big data analysis and capitalizing on the channel advantage, TCB will employ precise marketing approach by targeting at different customer segments for different types of credit card, optimize both the mobile app and web-based credit card supporting features, seek to form cross-industry alliance, manage to develop different scenarios for credit card use, and hence build a payment service ecology, so as to increase the issuing number and transaction of credit card, and enhance the revenue.

4.1.4 Treasury Management

- (1) TCB will strive to optimize the assets allocation and make effective use of excessive fund to increase revenues from financial products with measures including the allocation of the Central Bank’s negotiable certificates of deposits for a balanced weight of profitability and liquidity as well as both NTD and foreign currency-denominated bonds for increasing the interest income. Market risks for such positions will be offset by proper control and management of the holding period.
- (2) TCB will seize the business opportunity brought by interest hike and adjust foreign exchange trading strategy in accordance with foreign currency position and the movements of international foreign exchange markets as well as strengthen the business of foreign exchange swap to increase the revenues from foreign exchange gains.

- (3) TCB will seek to establish core stock portfolios and increase investments on high yield stocks for gaining dividends in addition to trading equity type products by riding on the movement of financial market. Meanwhile, the increased position of securities will be operated through discretionary investment to raise the performance on financial trading.
- (4) TCB will take advantage of existing business base and branch network to actively develop treasury business on corporate banking customers and importers/exporters, so as to expand the foreign currency fund scale, achieving the benefit resulted from integrated marketing.
- (5) In response to the government's efforts in pushing forward with sustainable finance, TCB will issue sustainability financial bonds and social responsibility financial bonds, by which the raised fund will be used to finance green investment scheme and social effectiveness investment scheme, and to assist family who don't own property to purchase residential property by reducing the financial burden of first-time home buyer, so as to carry through sustainable financial development and fulfil corporate social responsibility.

4.1.5 Wealth Management

- (1) TCB has introduced a smart wealth management system to strengthen the structure of assets allocation for customers, aiming to encourage the use of internet for transaction of wealth management. Also, TCB has rolled out preferential marketing schemes timely to grab the early opportunity to raise the customer stickiness and capitalize on the extensive sales network of TCB to develop wealth management customers from retail banking to continuously enhance the growth momentum on wealth management.
- (2) Data analysis is adopted to explore demands of different customer segments and thus identify core customer segment with business potential, with which precise marketing is conducted to promote products that cover trust, insurance and wealth management, and that the marketing momentum of the wealth management team is elevated. Also, TCB has introduced the "Inherited Treasure Family-based Wealth Management" project, based on the degree of wealth management contribution, to offer highly contributed customers differentiated services including addition of preferential services so as to cultivate core customers, raise penetration rate of wealth management, and thus firm up the size of managed assets of TCB.
- (3) TCB is penetrating into the private banking market by not just introducing professional many-to-one service model to meet the demand of high assets customers for "creation of wealth", "protection of wealth", and "inheritance of wealth", but also rolling out high assets focused wealth management talent nurturing program to assemble a professional team with talents tailored for private banking that are supported by professional technology for business development, an effort that will expedite the service upgrade and the positive development of high-end wealth management business.
- (4) TCB will screen out quality insurance products and bring in protection type insurance products to facilitate customers in acquiring healthier and happier retire lives along with the adoption of electronic application for insurance policy to increase the digital service efficiency. In addition, more trust products will continue to be added to the product line and talents specialized in financial service for aged group will be developed such as collaboration with long-term care institutes for introducing "financial butler for long-term care institute" to put the Trust 2.0 plan into practice.
- (5) TCB will enforce the 21 commandments for wealth management consultants by following through the internal control and internal audit mechanism, periodically arranging educational training on legal awareness, strengthening the awareness on fair dealing principle on aged or other disadvantaged clients and establishing appropriate management measures, and supervising wealth management sales staff for lawful sales to reduce the occurrence of material operational risk event.

4.1.6 Digital Banking

- (1) Keeping a close eye on the development of innovative technology both in domestic and abroad, TCB has taken the initiative to set up a CoLAB, aiming to generate creative and executable proposals by ways of educational trainings, consultation and collaborations, and related industry-government-academics interlinked activities so as to create innovative business value. Also TCB has been keen not just on encouraging employees to put in patent applications to

level up the quality and quantity of Fintech patents but also attending to the emphasis on intellectual property management so as to make the development of both Fintech R&D and patent managements comprehensive and healthy.

- (2) TCB has worked to upgrade artificial intelligence (AI) in social media platform, optimize the natural language processing (NLP) technology based iMiss, create well received interaction and experience for social media users, expand the service coverage of robotic processing automation (RPA), and reduce the human cost in physical branches, so as to build up the fundamental capacity for developing digital operations.
- (3) TCB has endeavored to upgrade and refine the digital financial environment including the construction of a new bilingual and barrier-free official website featured with new internet banking interface enabled by UI/UX and continuous optimization of service features of ATM and mobile banking APP, to enhance customers' contact point experience.
- (4) TCB has endeavored to develop the FinTech, utilizing data analysis to drive and lead the marketing decision, adopting data science to configure data analysis project by engaging in multivariable analysis, to facilitate the promotion of differentiated channel marketing projects and the dynamic management of targeted customers.
- (5) TCB has been actively promoting the adoption of "Taiwan Pay QR code Common Payment Scheme" and the payment acquiring service, refining the "medical e-payment" system, and establishing diversified payment channels and payment collection tools, with the aim of providing customers with a more convenient financial service experience. In addition, TCB has introduced the "golden coin", a bonus point reward program hoping to increase the usage rate of digital services and to enhance the customer stickiness.

4.2 Market Analysis

4.2.1 Competitive Niches

(1) Richly cultivating in the domestic market as the benchmark bank

TCB has continued to cultivate the local market. As of year-end in 2021, the scales of assets, deposits, and loans all placed TCB in a leading position in the banking industry in Taiwan, and so did the SME loan cooperating with government policies. Meanwhile, TCB has been rated as one of the top six systemically important banks (D-SIBs) in Taiwan.

(2) Create synergy with the advantage of widespread channels and abundant resources of the Group

Since the establishment in December 2011, TCFHC has utilized the channel advantages of over 290 TCB operational locations domestically and overseas, as well as integrated with subsidiaries under the TCFHC, including Taiwan Cooperative Bank, Ltd., Co-operative Assets Management Co., Ltd., Taiwan Cooperative Bills Finance Co., Ltd., Taiwan Cooperative Securities Co., Ltd., Taiwan Cooperative Securities Investment Trust Co., Ltd., BNP Paribas Cardif TCB Life Insurance Co., Ltd., and Taiwan Cooperative Venture Capital Co., Ltd., to offer comprehensive financial services including deposits, loans, foreign exchange, trust, asset management, securities investment, trust funds investment, and insurance etc., to exert the integrated marketing synergies of TCFHC as a whole.

(3) A solid and stable operation to win the confidence of customers

TCB has kept a solid and stable operation, and is well-trusted by clients. TCB will continue to solidify its core businesses of deposits, loans, foreign exchange, trust, and wealth management services and will also strengthen various services including international financing, e-banking, fund investment, insurance, and Fintech in order to offer clients value-added, diversified, and convenient financial services.

(4) Expand international financial domain to steadily move toward the international stage

TCB currently has a subsidiary bank in Europe - the United Taiwan Bank; branches in North America - including Los Angeles, Seattle, New York, and Houston; branches in Australia -

including Sydney and Melbourne; in the Greater China zone, TCB has branches in Hong Kong, Suzhou, Suzhou New District sub-branch, Tianjin, Fuzhou, Changsha and Beijing Representative Office; in Southeast Asia, TCB has branches in Manila, Phnom Penh and Vientiane Capital; sub-branches in Pur Senchey, TuekThla, Siem Reap, City Center, Veng Sreng, Sihanouk Ville, Tuol Kouk, and a Yangon representative office. With its preparing for setting up Ha Tinh branch and representative office in Binh-Duong, Vietnam and Prague, Czech. TCB will continue to develop overseas market while deepen the current bases and adjust the operational strategy accordingly by regional characteristics, progress toward international, and provide quality cross-border financial services.

4.2.2 Favorable and Unfavorable Factors for Future Development, and Countermeasures

A. Favorable Factors

- (1) Taiwan's economic growth rate for 2022 is expected to stand between 3.67% and 4.42% according to different major domestic economic forecast agencies. Additionally, due to the tight monetary policies in 2022, interest rate is expected to rise, which therefore benefits the interest income for the Bank.
- (2) The capital inflow by repatriated Taiwanese enterprises have brought in investment, capital use, and demand for new factories, which is beneficial to the business opportunities on loan and financing as well as wealth management for the banking industry.
- (3) The carbon reduction trend will enforce manufacturers to have old and energy consuming facilities and equipment replaced, which will increase the financing needs from banks.
- (4) The pandemic has spurred the home-based economy and business opportunities, which in turn has raised people's acceptance of digital financial services. In addition, the banking industry has benefited from the deregulation and policy support, which enable banks to strengthen digitalization of physical branch and online financial service platform and to create new financial service model. These efforts are expected to bring up the development of different types of banking business.
- (5) With the build-up of capability on anti-money laundering and the combat of terrorism financing, the capability of controlling and managing both international and domestic risks will thereby be strengthened, which will contribute to stabilize the business environment for the banking industry and the industry's international deployment.
- (6) TCB will integrate professional resources across the group by utilizing cross-selling to bring synergy into full play over the international and domestic channels, to increase the profitability.

B. Unfavorable Factors

- (1) Unstable global economic environment with fiercely fluctuating financial market.
- (2) The increasing uncertainty on geopolitics and pandemic control has raised the risk of overseas investment and credit facility by domestic banks.
- (3) New competitors from the FinTech operators who have taken shares of existing markets.
- (4) With the increasing emphasis on sustainable development, the banking industry has brought ESG concept into the decision making process for investment and financing, which will increase the restrictions on loan and investment. In addition, the requirements to disclose climate risk related financial risk by the competent authority is expected to force the banking industry to inject more resources, an increasing cost that shall be responded as early as possible.
- (5) The banking industry has increased investment in operational cost on a continuous basis to enhance legal compliance and information security.
- (6) Following the changes in business model brought by FinTech and the expansion of service network to those southbound policy partner countries, there will be increasing demand for IT, multinational, and legal compliance talents, which will continue to drive up costs on human resources.

C. Responsive measures

- (1) TCB will closely pay attention to the global economic and financial development as well as the monetary policies by major countries' central banks to flexibly adjust asset allocations and funding operations.
- (2) Taking advantage of the favorable policies for encouraging the repatriation of Taiwanese business, TCB will work actively to develop mid-to-long term loan business for financing enterprise's operating fund and purchase of land. Moreover TCB has worked with the government for the urban renewal and reconstruction of urban unsafe and old buildings, to seize the business opportunity of loan and trust services.
- (3) While seeking to expand business on SME and overseas loans, TCB will be concerned with the changes in domestic and international political and economic situations, and financial environments to enhance risk control and management.
- (4) Catching the trend of financial digitalization, TCB will endeavor to promote online digital services, keep abreast of the latest development of FinTech both in domestic and abroad, and encourage innovation as well as application for financial patent.
- (5) By utilizing information from physical branch and big data, TCB will engage in precise marketing to explore potential customers. For supporting the investment strategy of high-net-worth customers, TCB will develop new financial products to meet clients' needs.
- (6) In addition to adopting the Equator Principle, TCB will introduce systematic and professional project finance mechanisms. Moreover, TCB will carry through the responsible investment and responsible loan efforts to push green financing, and continue to invest in industries related to sustainable development.

4.3 Human Resources

Year		2020	2021	As of March 14, 2022
Number of Employees	Administrative Units	1,658	1,714	1,720
	Business Units	6,983	6,989	6,967
	Total	8,641	8,703	8,687
Average Age		44.79	44.65	44.79
Average Years of Services		18.18	18.03	18.18
Education	Ph.D.	0.08%	0.07%	0.07%
	Master's Degree	20.96%	22.66%	22.69%
	Bachelor's Degree	71.41%	70.27%	70.36%
	Senior High School	6.98%	6.49%	6.39%
	Below Senior High School	0.57%	0.51%	0.49%

4.4 Corporate Social Responsibility and Ethics

- (1) In order to support the government's policy in stimulating the development of sustainable finance, TCB has taken the lead among government affiliated banks to issue sustainable development financial bond and social responsibility financial bond in May and October 2021 respectively, the move showed the determination in realizing socially responsible investment and the push of sustainable finance.
- (2) A "sustainability-linked loan project" has been launched, which provides clients with preferential rate in connection with the client's performance in the sustainability index. It is launched to encourage enterprises turning to environmental, social, and corporate governance and to guide customers in pursuing sustainable operations. The loan provided to Taiwan Architecture and Building Center is the first case of adopting "sustainability-linked loan project" by the construction industry in Taiwan.
- (3) An array of project loans such as "guidelines for renewable energy power generator loan", "key

notes for solar photovoltaic energy system loans”, and “key notes for biomass energy system loan” are pushed ahead continuously, to finance key innovative industries and industries involved in green energy and environmental protection, showcasing TCB’s collaboration with enterprises in moving towards low carbon economy.

- (4) In response to the continuous spread of COVID-19 pandemic around the world, TCB has not just been proactively rolling out a variety of government policy backed relief loan projects but also introducing its own relief loan projects to provide the financial supports to the society effectively. In 2021, TCB won 9 different prizes in the FSC’s “reward for domestic bank expediting the processing of relief and stimulus loan scheme”.
- (5) In supporting Financial Supervisory Commission’s push of equal gender program and Ministry of Labor’s “micro startups phoenix loan”, “employment insurance-backed unemployed startups loan”, and “mid-and-old-aged unemployed and old aged startups loan”, TCB has provided loans to women and mid-aged or old aged startups. In 2021, TCB was evaluated by Ministry of Labor as an excellent bank.
- (6) TCB’s efforts in support of the government’s new economic policy including the 5+2 innovative industries and the best SME financing services has won itself the awards of “excellent bank in handling SME loans”, “special prize for balancing the regional development”, “special prize for small enterprise and startups loan”, and “special prize for new agriculture” granted by Financial Supervisory Commission.
- (7) TCB has long been concerned with the demand of the aged for secured care derived from the development of aging society, and has therefore been actively promoting the “property trust business for old people or those who are mentally and/or physically impaired” to provide the senior citizens with comprehensive services on assets security and wealth planning. These efforts have won TCB the recognition of excellent bank in “evaluation of trust financial institution engaging in property trust for senior citizens and mentally/physically impaired” for 5 straight years by Financial Supervisory Commission. In addition, TCB is the first bank among others to have more than 100 “old-aged financial planning consultant”.
- (8) TCB has been actively developing trust products that contain public interests and social needs. In 2021, TCB was granted 4 prizes in “Trust Award in Multiple Trust Innovation” by Commercial Times including “award for innovated secured care trust: golden prize”, “award for urban renewal innovation: excellence prize”, “award for employee benefit trust innovation: excellence prize”, and “award for best innovative trust: special prize”.
- (9) TCB has long been supporting the country in nurturing athlete talents and has developed quite a few world-class athletes. These achievements have been recognized by receiving “sports propeller award” from Sports Administration of the Ministry of Education for 13 consecutive years. A “Glory for Taiwan – Pride for TCB” award ceremony was also held to express gratitude to the athletes and coaches who strove to make achievements in the 2020 Tokyo Olympic Games.
- (10) The philanthropic campaign of “delivering warmth in winter” that has been organized for years, has taken advantage of extensive service network with 270 domestic branches to find out those who are in need. In 2021, TCB made donations to 32 institutes specializing in cares of children, old people, mentally impaired, chronic diseases, and others, across 14 counties and cities, an concrete action that showcase the bank’s supports to the public interests, and was granted “Best CSR Company” award by Excellence Magazine for 5 straight years.
- (11) In order to shoulder the social responsibility, TCB has collaborated with social welfare and religious groups to issue charity credit card, calling on the consumers to make donations through use of the credit card, with which a certain percentage of the spent amount will be appropriated to give away to various charity organizations including Child Welfare League Foundation, R.O.C., Hwei Zhong Medical Save Foundation, The Taiwan Cardiac Children’s Foundation, and Matzu Temple of Lukang, as substantive supports to the operations of those groups, which in turn will be able to help more disadvantaged in the society.
- (12) In order to encourage both undergraduate and postgraduate students to engage in research on economic and financial related issues, TCB has stipulated the “measures for the establishment of research grant”. In 2021, a total of 38 excellent students were awarded with the grant, making the total number of grant recipients up to 837 over the years. TCB has made contributions to the uplift of academic economic and financial research in Taiwan.

- (13) TCB has taken part in the “Financial Service Industry Public Benefit-based Education Fund” program initiated by Taiwan Financial Service Roundtable to assist young students from disadvantaged families to complete their educations through organizing a series of financial education courses to offer financial related knowledge. The program has embodied the financial industry’s care to the society and reflected financial institutions’ efforts in fulfilling the social responsibilities.
- (14) In response to FSC’s call on the financial industry to take part in charity events, TCB has shouldered its social responsibility by continuously taking part in the joint charity efforts of food bank donations to make donations to disadvantaged families in remote areas through different local governments.
- (15) Echoing the government’s supports to local farmers and agricultural products, TCB has taken the action of purchasing pineapples and mangos to show supports to local agricultural products. TCB received the open gratitude at the appreciation ceremony of “2021 grand thanks to enterprises supporting Taiwanese fruits and people supporting Taiwanese agricultural products” hosted by Agriculture and Food Agency, Council of Agriculture.
- (16) The Taroko Express train accident in Hualien and the Cheng Chung Cheng building fire in Kaohsiung caused major casualties in 2021. To assist the injured and those families of victims tiding over the difficulties, TCB responded to the donation with the state-owned institutions affiliated to the Ministry of Finance, and the donations were transferred to the government's special disaster relief account for overall planning to maximize the utility.
- (17) In order to help relieving the shortage of blood supply, TCB organized a “TCB Love – Pumping love with blood” blood donation campaign, calling on employees to roll up sleeve to donate blood. A total of 101 employees have taken in part to offer a total of 142 bags of blood and TCB was recognized with letter of gratitude.
- (18) In addition to sponsoring various cultural activities including “projection mapping show of presidential office for 2021 national day” and “Taipei Kuanyin-Line Psychological and Social Service Association Charity Concert” organized by the General Association of Chinese Culture, TCB has held a “TCB Love – Xmas Glory” concert at the TCFHC headquarters to prompt the development of arts and cultural activity.

5. Financial Information

5.1 Condensed Consolidated Balance Sheets

Unit: In Thousands of NT Dollars

Item		2021	2020	2019
Cash, Cash Equivalents and Due from The Central Bank and Call Loans to other Banks		499,182,853	427,182,172	326,139,034
Financial Assets at Fair Value Through Profit or Loss		34,389,787	22,292,683	13,105,474
Financial Assets at Fair Value Through Other Comprehensive Income		425,498,457	375,773,466	329,128,892
Investment in Debt Instrument at Amortized Cost		711,991,479	723,971,141	555,630,712
Receivables, Net		17,431,072	16,211,872	18,831,979
Current Tax Assets		2,099,997	2,192,090	1,182,787
Discounts and Loans, Net		2,436,227,879	2,274,873,981	2,192,653,230
Investments Accounted For Using Equity Method		139,194	134,382	131,500
Other Financial Assets, Net		8,400,317	8,376,494	18,843,570
Properties And Equipment, Net		33,013,300	33,179,597	33,522,454
Right -of -Use Assets, Net		1,493,703	1,679,291	1,700,122
Investment Properties, Net		7,514,762	7,570,720	7,443,865
Intangible Assets		3,783,956	3,799,294	3,635,766
Deferred Tax Assets		2,238,705	2,376,561	2,221,537
Other Assets, Net		730,480	826,130	1,662,444
Total Assets		4,184,135,941	3,900,439,874	3,505,833,366
Deposits from the central bank and other banks		234,168,567	225,424,586	232,626,241
Due to the central bank and other banks		88,889,360	37,118,610	-
Financial Liabilities at Fair Value through Profit or Loss		1,733,199	4,347,280	16,021,128
Securities Sold under Repurchase Agreements		7,095,846	6,332,308	7,976,909
Payables		41,301,688	30,567,442	37,887,301
Current Tax Liabilities		1,366,677	769,403	2,131,559
Deposits and Remittances		3,481,204,731	3,272,934,980	2,898,544,814
Bank Debentures		62,100,000	61,600,000	65,000,000
Other Financial Liabilities		2,507,320	5,031,105	4,137,499
Provisions		7,698,136	8,165,092	8,221,785
Lease Liabilities		1,446,957	1,623,938	1,627,816
Deferred Tax Liabilities		3,375,493	3,430,126	3,216,996
Other Liabilities		1,008,497	1,066,211	1,191,720
Total Liabilities	Before Distribution	3,933,896,471	3,658,411,081	3,278,583,768
	After Distribution	Note	3,665,857,081	3,281,783,768
Equity Attributable To Owners Of The Bank		250,014,886	241,791,151	227,029,787
Capital Stock	Before Distribution	107,339,300	104,507,300	96,765,300
	After Distribution	Note	107,339,300	104,507,300
Capital Surplus		58,767,245	58,767,245	58,767,245
Retained Earnings	Before Distribution	77,935,336	68,151,447	64,412,169
	After Distribution	Note	57,873,447	53,470,169
Other Equity		5,973,005	10,365,159	7,085,073
Non-Controlling Interests		224,584	237,642	219,811
Total Equity	Before Distribution	250,239,470	242,028,793	227,249,598
	After Distribution	Note	234,582,793	224,049,598

Note: The earning distribution for 2021 is still awaiting approval by the Shareholders' Meeting.

5.2 Condensed Consolidated Statements of Comprehensive Income

Unit: In Thousands of NT Dollars

Item	2021	2020	2019
Interest Revenue	47,981,626	51,456,238	58,860,164
Less: Interest Expenses	(13,008,457)	(17,547,370)	(24,535,358)
Net Interest	34,973,169	33,908,868	34,324,806
Total Net Revenues And Gains Other Than Interest	13,948,362	13,714,894	12,311,350
Total Net Revenues	48,921,531	47,623,762	46,636,156
Bad-Debt Expenses And Provision For Losses on Commitment and Guarantees	(2,342,791)	(6,984,669)	(4,131,094)
Operating Expenses	(24,982,189)	(23,383,467)	(23,588,470)
Income Before Income Tax	21,596,551	17,255,626	18,916,592
Income Tax Expense	(2,713,846)	(2,352,484)	(2,911,685)
Income From Continuing Operations, Net Of Income Tax	18,882,705	14,903,142	16,004,907
Net Income	18,882,705	14,903,142	16,004,907
Other Comprehensive Income (Losses) , Net Of Income Tax	(3,226,028)	3,076,053	4,242,986
Total Comprehensive Income	15,656,677	17,979,195	20,247,893
Net Income Attributable To Owner of the Bank	18,873,240	14,891,850	15,995,656
Net Income Attributable To Non-controlling interests	9,465	11,292	9,251
Total Comprehensive Income Attributable To Owner of the Bank	15,669,735	17,961,364	20,248,546
Total Comprehensive Income Attributable To Non-controlling interest	(13,058)	17,831	(653)
Earnings Per Share (NT\$) (Note)	1.76	1.39	1.49

Note : The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted to reflect the effects of the stock dividends distributed.

5.3 Financial Analysis

Item		2021		2020	
		Consolidated	Separate	Consolidated	Separate
Operating Ability	Loans to Deposits Ratio (%)	70.86	70.75	70.42	70.12
	NPL Ratio (%)	0.22	0.22	0.29	0.29
	Ratio of Interest Cost to Annual Average Deposits (%)	0.34	0.34	0.50	0.50
	Ratio of Interest Revenue to Annual Average Loans Outstanding (%)	1.57	1.57	1.76	1.76
	Total Assets Turnover (Times)	0.01	0.01	0.01	0.01
Profitability	Return on Tier 1 Capital Ratio (%)	8.79	8.82	7.49	7.52
	Return on Assets (%)	0.47	0.47	0.40	0.40
	Return on Equity (%)	7.67	7.68	6.35	6.35
	Net Income Ratio (%)	38.60	38.62	31.29	31.31
	Earnings Per Share(NT\$)	1.76	1.76	1.39	1.39
Financial Structure	Ratio of Liabilities to Assets (%)	93.99	93.99	93.77	93.77
	Ratio of Properties and Equipment to Equity (%)	13.19	13.20	13.71	13.72
Growth Rate	Growth Rate of Assets (%)	7.27	7.28	11.26	11.26
	Growth Rate of Profit (%)	25.16	25.21	(8.78)	(8.81)
Cash Flow	Cash Flow Ratio (%)	51.56	50.21	-	-
	Cash Flow Adequacy Ratio (%)	118.53	105.03	-	-
	Cash Flow Satisfaction Ratio (%)	9,881.06	9,458.50	-	-
Capital Adequacy Ratio (%)		15.06	14.96	15.51	15.42

5.4 Supervisors' Report

Pursuant to Article 219 of the Company Act, we have examined the individual financial reports and the consolidated financial reports of the Company for fiscal year 2021, which had been approved by the Board of Directors of the Company and audited by two certified public accountants, Chen Yin-Chou and Gung Tza-Li, of Deloitte & Touche, CPAs. We have not found any discrepancies and hereby submit said reports to the annual shareholder's general meeting.

To:

**The 2022 Annual Shareholder's General Meeting
Taiwan Cooperative Bank**

Supervisor:



Supervisor:



Supervisor:



Supervisor:



Supervisor:



March 14, 2022

5.5 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholder
Taiwan Cooperative Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cooperative Bank, Ltd. (the "Bank") and its subsidiary (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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 Company 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, Regulations Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards, International Accounting Standards, Interpretation of IFRS and Interpretations of IAS endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations 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 Company 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 of the Company 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 in our audit of the consolidated financial statements for the year ended December 31, 2021 were as follows:

Impairment Assessment of Loans

The net discounts and loans of the Company as of December 31, 2021 accounted for 58% of the consolidated total assets. Therefore, the assessment on the impairment loss of discounts and loans may have significant impacts on the consolidated financial statements. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of the Company complies with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses.

For the accounting policies and critical accounting judgments and estimates regarding the Company's impairment assessment of loans, refer to Notes 4 and 5 to the consolidated financial statements; for the relevant information on the impairment assessment of loans, refer to Note 12 to the consolidated financial statements.

When assessing whether to recognize impairment loss on loans in accordance with the Regulations, the main judgment of the management of the Bank is the assessment of possible loss of the credit assets, including whether the credit assets are classified based on the length of time the loans have been overdue and the value of

the collateral. As the amount of impairment assessed under the Regulations is much greater than the amount estimated in accordance with IFRS 9 “Financial Instruments” and the assessment involves many significant judgments and estimates and the amount is material to the financial statements, impairment of loans was identified as a key audit matter.

With respect to the critical judgments, estimates, and assumptions used in the assessment of impairment loss, the main audit procedures we performed were as follows:

1. We obtained an understanding of the design of the Bank’s relevant internal controls on the impairment assessment of loans.
2. We tested and confirmed that credit assets were classified and evaluated for impairment in accordance with the Regulations, which require the consideration of the length of time the loans have been overdue and the value of the collaterals in calculating the provision for impairment loss.

Other Matters

Taiwan Cooperative Bank, Ltd. has prepared the parent company only financial statements for the years ended December 31, 2021 and 2020. We have audited the parent company only financial statements and have issued an unqualified audit opinion thereon.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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, Regulations Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards, International Accounting Standards, Interpretation of IFRS and Interpretations of IAS endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Company.

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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

of the Company'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 Company'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 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 Company 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 appropriate audit evidence of the consolidated financial information of the components of the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of the 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 audits resulting in this independent auditors' report are Yin-Chou Chen and Tza-Li Gung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 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.

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 98,978,903	2	\$ 50,511,530	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 37 and 38)	400,203,950	10	376,670,642	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 37)	34,389,787	1	22,292,683	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4 and 9)	425,498,457	10	375,773,466	10
INVESTMENT IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 38)	711,991,479	17	723,971,141	19
RECEIVABLES, NET (Notes 4, 11, 37 and 44)	17,431,072	1	16,211,872	-
CURRENT TAX ASSETS (Notes 4, 34 and 37)	2,099,997	-	2,192,090	-
DISCOUNTS AND LOANS, NET (Notes 4, 12, 37 and 38)	2,436,227,879	58	2,274,873,981	58
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 13)	139,194	-	134,382	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 14, 37 and 38)	8,400,317	-	8,376,494	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 15)	33,013,300	1	33,179,597	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 16)	1,493,703	-	1,679,291	-
INVESTMENT PROPERTIES, NET (Notes 4 and 17)	7,514,762	-	7,570,720	-
INTANGIBLE ASSETS (Notes 4 and 18)	3,783,956	-	3,799,294	-
DEFERRED TAX ASSETS (Notes 4 and 34)	2,238,705	-	2,376,561	-
OTHER ASSETS (Notes 4, 16 and 19)	730,480	-	826,130	-
TOTAL	\$ 4,184,135,941	100	\$ 3,900,439,874	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 20 and 37)	\$ 234,168,567	6	\$ 225,424,586	6
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 21)	88,889,360	2	37,118,610	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 25 and 37)	1,733,199	-	4,347,280	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9 and 22)	7,095,846	-	6,332,308	-
PAYABLES (Notes 23 and 37)	41,301,688	1	30,567,442	1
CURRENT TAX LIABILITIES (Notes 4, 34 and 37)	1,366,677	-	769,403	-
DEPOSITS AND REMITTANCES (Notes 24 and 37)	3,481,204,731	83	3,272,934,980	84
BANK DEBENTURES (Note 25)	62,100,000	2	61,600,000	2
OTHER FINANCIAL LIABILITIES (Notes 17, 26 and 37)	2,507,320	-	5,031,105	-
PROVISIONS (Notes 4, 27 and 28)	7,698,136	-	8,165,092	-
LEASE LIABILITIES (Notes 4 and 16)	1,446,957	-	1,623,938	-
DEFERRED TAX LIABILITIES (Notes 4, 15 and 34)	3,375,493	-	3,430,126	-
OTHER LIABILITIES	1,008,497	-	1,066,211	-
Total liabilities	3,933,896,471	94	3,658,411,081	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock				
Common stock	107,339,300	3	104,507,300	3
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	58,664,088	1	58,664,088	1
From treasury stock transactions	103,157	-	103,157	-
Total capital surplus	58,767,245	1	58,767,245	1
Retained earnings				
Legal reserve	50,484,207	1	46,079,712	1
Special reserve	1,194,444	-	1,217,211	-
Unappropriated earnings	26,256,685	1	20,854,524	1
Total retained earnings	77,935,336	2	68,151,447	2
Other equity	5,973,005	-	10,365,159	-
Total equity attributable to owners of the Bank	250,014,886	6	241,791,151	6
NON-CONTROLLING INTEREST	224,584	-	237,642	-
Total equity	250,239,470	6	242,028,793	6
TOTAL	\$ 4,184,135,941	100	\$ 3,900,439,874	100

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

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 29 and 37)	\$ 47,981,626	98	\$ 51,456,238	108	(7)
INTEREST EXPENSE (Notes 4, 29 and 37)	(13,008,457)	(27)	(17,547,370)	(37)	(26)
NET INTEREST	34,973,169	71	33,908,868	71	3
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 30, 37 and 44)	6,767,964	14	6,241,014	13	8
Losses on financial assets and liabilities at fair value through profit or loss (Notes 4, 31 and 37)	(775,945)	(1)	(8,780,918)	(18)	(91)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 32)	4,413,601	9	4,061,904	8	9
Foreign exchange gains, net (Note 4)	2,567,067	5	11,870,684	25	(78)
Impairment losses (reversal of impairment losses) on assets (Notes 4, 9 and 10)	60,628	-	(44,435)	-	236
Share of gains of associates and joint ventures accounted for using the equity method (Notes 4 and 13)	12,399	-	9,963	-	24
Other noninterest gains, net (Notes 17, 37 and 44)	902,648	2	356,682	1	153
Total net revenues and gains other than interest	13,948,362	29	13,714,894	29	2
TOTAL NET REVENUES	48,921,531	100	47,623,762	100	3
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 12)	(2,342,791)	(5)	(6,984,669)	(15)	(66)
OPERATING EXPENSES (Notes 4, 15, 16, 17, 18, 28, 33 and 37)					
Employee benefits	(16,756,045)	(34)	(15,254,263)	(32)	10
Depreciation and amortization	(2,093,256)	(4)	(1,991,457)	(4)	5
General and administrative	(6,132,888)	(13)	(6,137,747)	(13)	-
Total operating expenses	(24,982,189)	(51)	(23,383,467)	(49)	7
INCOME BEFORE INCOME TAX	21,596,551	44	17,255,626	36	25
INCOME TAX EXPENSE (Notes 4 and 34)	(2,713,846)	(5)	(2,352,484)	(5)	15
NET INCOME	18,882,705	39	14,903,142	31	27
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 9 and 28)					
Remeasurement of defined benefit plans	322,378	1	(224,068)	-	244
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	5,636,218	11	204,394	-	2,658
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	-	-	(669)	-	100
Items that will not be reclassified subsequently to profit or loss, net of income tax	5,958,596	12	(20,343)	-	29,391
Items that may be reclassified subsequently to profit or loss (Notes 4, 9, 13 and 34)					
Exchange differences on the translation of financial statements of foreign operations	(1,221,683)	(3)	(2,637,600)	(5)	(54)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(8,321,971)	(17)	5,327,326	11	(256)
Income tax attributable to other comprehensive income	359,030	1	406,670	1	(12)
Items that may be reclassified subsequently to profit or loss, net of income tax	(9,184,624)	(19)	3,096,396	7	(397)
Other comprehensive income, net of income tax	(3,226,028)	(7)	3,076,053	7	(205)
TOTAL COMPREHENSIVE INCOME	\$ 15,656,677	32	\$ 17,979,195	38	(13)
NET INCOME ATTRIBUTABLE TO:					
Owner of the Bank	\$ 18,873,240	39	\$ 14,891,850	31	27
Non-controlling interest	9,465	-	11,292	-	(16)
	\$ 18,882,705	39	\$ 14,903,142	31	27
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owner of the Bank	\$ 15,669,735	32	\$ 17,961,364	38	(13)
Non-controlling interest	(13,058)	-	17,831	-	(173)
	\$ 15,656,677	32	\$ 17,979,195	38	(13)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 35)					
Basic	\$1.76		\$1.39		

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

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

	Equity Attributable to Owners of the Bank						Other Equity				
	Capital Stock (Note 36)			Retained Earnings (Notes 4 and 36)			Exchange Differences on Translation of Financial Statement of Foreign Operations (Note 4)	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 9)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value through Profit or Loss (Note 4)	Non-controlling Interest (Note 36)	Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 35)	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2020	9,676,530	\$ 96,765,300	\$ 58,767,245	\$ 41,281,015	\$ 1,291,395	\$ 21,839,759	\$ (1,141,166)	\$ 8,225,269	\$ 970	\$ 219,811	\$ 227,249,598
Reversal of special reserve	-	-	-	-	(74,184)	74,184	-	-	-	-	-
Appropriation of the 2019 earnings											
Legal reserve	-	-	-	4,798,697	-	(4,798,697)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,200,000)	-	-	-	-	(3,200,000)
Stock dividends	774,200	7,742,000	-	-	-	(7,742,000)	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	13,195	-	(13,195)	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	301	-	-	(301)	-	-
Total comprehensive income											
Net income for the year ended December 31, 2020	-	-	-	-	-	14,891,850	-	-	-	11,292	14,903,142
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	(224,068)	(2,115,311)	5,409,562	(669)	6,539	3,076,053
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	14,667,782	(2,115,311)	5,409,562	(669)	17,831	17,979,195
BALANCE, DECEMBER 31, 2020	10,450,730	104,507,300	58,767,245	46,079,712	1,217,211	20,854,524	(3,256,477)	13,621,636	-	237,642	242,028,793
Reversal of special reserve	-	-	-	-	(22,767)	22,767	-	-	-	-	-
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	4,404,495	-	(4,404,495)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,446,000)	-	-	-	-	(7,446,000)
Stock dividends	283,200	2,832,000	-	-	-	(2,832,000)	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	866,271	-	(866,271)	-	-	-
Total comprehensive income											
Net income for the year ended December 31, 2021	-	-	-	-	-	18,873,240	-	-	-	9,465	18,882,705
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	322,378	(959,328)	(2,566,555)	-	(22,523)	(3,226,028)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	19,195,618	(959,328)	(2,566,555)	-	(13,058)	15,656,677
BALANCE, DECEMBER 31, 2021	<u>10,733,930</u>	<u>\$ 107,339,300</u>	<u>\$ 58,767,245</u>	<u>\$ 50,484,207</u>	<u>\$ 1,194,444</u>	<u>\$ 26,256,685</u>	<u>\$ (4,215,805)</u>	<u>\$ 10,188,810</u>	<u>\$ -</u>	<u>\$ 224,584</u>	<u>\$ 250,239,470</u>

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

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
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	\$ 21,596,551	\$ 17,255,626
Adjustments for :		
Depreciation expense	1,891,739	1,800,984
Amortization expense	201,517	190,473
Expected credit losses/bad-debt expense	2,359,527	6,845,477
Losses on financial assets and liabilities at fair value through profit or loss	775,945	8,780,918
Interest expense	13,008,457	17,547,370
Interest revenue	(47,981,626)	(51,456,238)
Dividend income	(3,048,502)	(1,781,954)
Provision for losses on guarantees	(86,324)	84,574
Net changes in reserves for other liabilities	69,588	54,618
Share of gains of associates and joint ventures accounted for using equity method	(12,399)	(9,963)
Losses (gains) on disposal of properties and equipment	(546,841)	25,295
Gains (losses) on disposal of investment properties	7,525	(5,738)
Gains on disposal of investments	(1,365,099)	(2,279,950)
Impairment losses (reversal of impairment losses) on financial assets	(60,628)	44,435
Others	(4)	2,744
Net changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	35,101,738	(93,835,146)
Increase in financial assets at fair value through profit or loss	(9,141,695)	(4,962,853)
Increase in financial assets at fair value through other comprehensive income	(55,339,343)	(45,897,047)
Decrease (increase) in investments in debt instruments at amortized cost	10,982,689	(170,877,769)
Decrease (increase) in receivables	(1,163,481)	812,767
Increase in discount and loans	(163,203,678)	(88,558,683)
Decrease (increase) in other financial assets	(169,586)	10,453,286
Decrease in other assets	18,893	1,065,290
Increase (decrease) in deposits from the Central Bank and other banks	8,743,981	(7,201,655)
Decrease in financial liabilities at fair value through profit or loss	(6,476,463)	(12,684,599)
Increase (decrease) in securities sold under repurchase agreements	763,538	(1,644,601)
Increase (decrease) in payables	11,134,729	(3,577,784)
Increase in deposits and remittances	208,269,751	374,390,166
Decrease in other financial liabilities	(2,331,655)	(161,172)
Decrease in provision for employee benefits	(124,723)	(412,190)
Decrease in other liabilities	(58,189)	(119,911)
Cash generated from (used in) operations	23,815,932	(46,113,230)
Interest received	49,691,629	54,772,860
Dividends received	3,063,556	1,812,966
Interest paid	(13,407,652)	(21,433,329)
Income tax paid	(1,943,784)	(4,380,133)
Net cash generated from (used in) operating activities	61,219,681	(15,340,866)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(995,017)	(1,013,097)
Proceeds from disposal of properties and equipment	472,453	-
Increase in refundable deposits	-	(242,470)
Decrease in refundable deposits	75,621	-
Acquisition of intangible assets	(169,779)	(336,207)
Acquisition of investment properties	(2,844)	(16,356)
Proceeds from disposal of investment properties	-	17,800
Decrease in other assets	-	12,997
Net cash used in investing activities	(619,566)	(1,577,333)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and other banks	51,770,750	37,118,610
Proceeds from the issuance of bank debentures	2,000,000	5,000,000
Repayments of bank debentures	(1,500,000)	(8,400,000)
Decrease in financial liabilities designated as at fair value through profit or loss	-	(12,096,000)
Increase in guarantee deposits received	-	1,054,778
Decrease in guarantee deposits received	(192,130)	-
Repayments of the principal portion of lease liabilities	(604,134)	(605,828)
Cash dividends paid	(7,446,000)	(3,200,000)
Net cash generated from financing activities	44,028,486	18,871,560
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,552,777	5,327,591
NET INCREASE IN CASH AND CASH EQUIVALENTS	107,181,378	7,280,952
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	98,645,114	91,364,162
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 205,826,492	\$ 98,645,114

(Continued)

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

Cash and cash equivalent reconciliations:

	December 31	
	2021	2020
Cash and cash equivalents in the consolidated balance sheets	\$ 98,978,903	\$ 50,511,530
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	106,515,729	47,880,684
Other items in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	331,860	252,900
Cash and cash equivalents, end of the year	<u>\$ 205,826,492</u>	<u>\$ 98,645,114</u>

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

(Concluded)

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

1. ORGANIZATION AND OPERATIONS

Taiwan Cooperative Bank, Ltd. (the Bank) was officially established on October 5, 1946 to regulate the supply of and demand for funds for cooperative organizations by accepting their surplus funds as deposits and extending working funds to them. On February 10, 2006, the Bank changed its Chinese name upon approval by the Ministry of Economic Affairs. However, the Bank's English name remains unchanged. The Bank became a legal entity in 1985 in accordance with the Banking Law. At the start of 2001, the Bank was converted into a corporate entity engaged in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) overseas branch operations as authorized by the respective foreign governments; and (d) other operations as authorized by the central authority-in-charge.

The Bank's shares have been listed on the Taiwan Stock Exchange since November 17, 2004.

The Bank merged with the Farmers Bank of China (FBC) on May 1, 2006, with the Bank as the survivor entity.

On June 24, 2011, the Bank's stockholders approved the establishment of Taiwan Cooperative Financial Holding Company, Ltd. (TCFHC) by swapping the Bank's shares with those Co-operative Asset Management Co., Ltd. (CAM) and Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF) in accordance with the "Financial Holding Company Act" and other regulations. The boards of directors of the Bank, CAM and TCBF designated December 1, 2011 as the effective date of the share swap. After the shares transfer, the Bank became a 100% subsidiary of TCFHC. Also on December 1, 2011, the trading of the Bank's stock on the Taiwan Stock Exchange (TSE) was stopped, and TCFHC's stock started to be traded on the TSE.

On December 2, 2011, the Bank reduced its capital by NT\$3 billion and spun off its Security Department to incorporate Taiwan Cooperative Securities Corp. (TCS), which became a 100% subsidiary of TCFHC.

The Bank has its Head Office in Taipei. It had a Business, International Banking, Finance, Credit Card, Trust and Insurance Agent Departments as well as 269 domestic branches, 1 offshore banking unit (OBU), 14 overseas branches, 8 overseas sub-branches and 2 representative offices as of December 31, 2021.

The operations of the Bank's Trust Department are (1) planning, managing and operating the trust business and (2) custodianship of nondiscretionary trust fund in domestic and overseas securities and mutual funds. These operations are regulated under the Banking Law and Trust Law of the Republic of China (ROC).

The Bank set up United Taiwan Bank S.A. (UTB) in Belgium through the raising of funds with Bank of Taiwan, Land Bank of Taiwan and Taiwan Business Bank and acquired 70% of the shares in UTB. On October 9, 2009, the Bank bought shares of UTB held by Taiwan Business Bank for \$127,279 thousand. Thus, the Bank's holdings in UTB increased to 80%. In July 2010, the Bank subscribed for all the new shares issued by UTB for EUR20,000 thousand (\$785,770 thousand). Thus, the Bank's holdings in UTB increased to 90.02%. UTB started its operation, mainly the general deposits and loans business, on December 23, 1992 and is a subsidiary of the Bank.

In order to integrate resources and enhance operating effectiveness, the board of directors of the Bank and Cooperative Insurance Brokers Co., Ltd. (CIB) decided to merge the Bank and CIB on April 25, 2016. The effective date of the merger was June 24, 2016. In this merger, the Bank was the surviving entity.

As of December 31, 2021 and 2020, the Bank and its subsidiary (the Company) had 8,719 and 8,657 employees, respectively.

The operating units of the Company maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on March 14, 2022.

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

- a. Effects of initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

The Company elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

- b. Impact of IFRS endorsed by the FSC for application starting from 2022, but not yet applied by the Company

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 consolidated financial statements were authorized for issue, the Company assessed that the above amendments have no significant impact on the Company. The Company is continuously assessing the possible impact that the application of other standards and interpretations

will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. Impact of the new IFRS announced by IASB but not yet endorsed and issued into effect by the FSC and not yet applied by the Company

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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 19 - Comparative Information"	January 1, 2023
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 Company assessed that the above amendments have no significant impact on the Company. The Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company'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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entity controlled by the Bank (United Taiwan Bank S.A.).

The accounting policies of the Bank and its subsidiary are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes. The accompanying consolidated financial statements also include accounts of the Bank's Head Office, OBU, and all branches. All interoffice account balances and transactions have been eliminated.

Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

For more information on the consolidated entity, please see Table 1 (attached).

Foreign-currency Transactions

The Company records foreign-currency transactions in the respective currencies in which these are denominated. Foreign currency income and expenses are translated at the transaction date exchange rates. At month-end, monetary assets and liabilities denominated in foreign currencies are reported using the prevailing exchange rates, and exchange differences are recognized in profit or loss. Nonmonetary assets and liabilities measured at fair value are translated using the prevailing exchange rates at month-end. Translation differences on nonmonetary assets and liabilities measured at fair value are recognized in profit or loss, except for translation difference arising from nonmonetary items of which the change in fair values is recognized in other comprehensive income, in which case, the translation differences are also recognized directly in other comprehensive income. Nonmonetary assets and liabilities that are classified as carried at cost are recognized at the exchange rate on the transaction date.

In preparing the consolidated financial statements, foreign operations' financial statements are translated at the following rates: Assets and liabilities - the prevailing exchange rates on the balance sheet date; and income and expenses - at the average exchange rate for the year. Translation difference net of income tax is recorded as "other comprehensive income" and accumulated in equity, FSC and is attributed to the owner of the Company and non-controlling interests.

Classification of Current and Noncurrent Assets and Liabilities

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in the consolidated financial statements are not classified as current or noncurrent. Nevertheless, these accounts are properly categorized in accordance with the nature of each account and sequenced by liquidity.

Cash and Cash Equivalents

In the balance sheet, cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents defined in the consolidated balance sheet, due from the Central Bank and call loans to other banks, securities purchased under resell agreements and call loans to securities firms that correspond to the definition of cash and cash equivalents in IAS 7 "Cash Flow Statements," as endorsed by the FSC.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. 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 fair value through profit or loss) 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 fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

a. Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income (FVTOCI) and equity instruments at FVTOCI.

1) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as 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.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 40.

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 at amortized cost, including cash and cash equivalents, due from the Central Bank and call loans to other bank, call loans to securities firms, receivables and discounts and debt instruments are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are 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 asset, for which interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

- b) Financial asset that has subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to the amortized cost of the financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. 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 income 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 Company 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 gains and losses 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 are recognized in profit or loss when the Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including loans and receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime Expected Credit Loss for receivables (excluding receivables of credits and credit cards and accrued interest from debt instruments), and lease receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- 1) Internal or external information show that the debtor is unlikely to pay its creditors.
- 2) When a financial asset is overdue for at least 90 days unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

Under FSC guidelines, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectable, on the basis of the customers' financial position, valuation of collaterals and the length of time of the principal repayments or interest payments have become overdue.

The Bank made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectable, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions. In addition, the Bank was required to make provisions of at least 1.5% each for the sound credit assets on loans granted to Mainland China clients (including short-term trading financing) and for mortgage loans granted for housing acquisition, renovation and construction.

Credits deemed uncollectable may be written off if the write-off is approved by the board of directors.

c. Derecognition of financial assets

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

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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 that 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 difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

The Company classifies the debt and equity instruments issued either as financial liabilities or as equity in accordance with the substance of the contractual agreements and the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except for the cases stated below, all 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 either held for trading or designated as at FVTPL.

A financial liability is classified as designated as at FVTPL upon initial recognition if:

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in other profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 40.

2) Financial guarantee contracts

The Company measures financial guarantee contract issued at the higher of:

- a) The amount of the loss allowance determined in accordance with IFRS 9 endorsed by the FSC; and
- b) The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with IFRS 15 endorsed by the FSC.

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, assessment is also performed under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with

Non-performing/ Non-accrual Loans” as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

Financial guarantee contracts issued by the Company are measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the amount of the expected credit loss allowance or the amount initially recognized less cumulative amortization recognized.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company’s obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivatives

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 balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Modification of financial instruments

For the changes in the basis for determining contractual cash flows resulting from the interest rate benchmark reform:

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Company elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Overdue Loans

Loans and other credits (including accrued interest) that are overdue for at least six months are classified as overdue loans in accordance with the guideline issued by the FSC.

Overdue loans (except other credits) are classified as discounts and loans, and the remaining are classified as other financial assets.

Securities Purchased/Sold Under Resell/Repurchase Agreements

Securities purchased under resell agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resell agreements or interest incurred on repurchase agreements is recognized as interest revenue or interest expense on an accrual basis.

Investment in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture is a joint arrangement whereby the Bank and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company uses the equity method to account for investments in associates and joint ventures. Under the equity method, investment in an associate or a joint ventures entity is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or jointly controlled entity. The Company also recognizes the changes in the Bank's share of equity of associates or joint ventures.

When the Company subscribes for additional new shares of the associate or joint ventures at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate or joint ventures. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of the associate or joint ventures, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate or joint ventures is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate or a joint ventures equals or exceeds its interest in that associate or joint ventures, which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Bank's net investment in the associate or joint ventures, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Bank has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate or joint ventures.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate or a joint ventures recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Bank's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and the joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Bank continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate or joint ventures, profits and losses resulting from the transactions with the associate or joint ventures are recognized in the Bank's financial statements only to the extent of interests in the associate or joint ventures that are not related to the Bank.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the year in which the property is derecognized.

Properties and Equipment

Properties and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of properties and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of properties and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

b. The Company as lessee

The Company 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, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. 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 presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a

rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

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, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures 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. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Company recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction. However, for sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, TCB should defer the amount recognized of which sales price exceeds the carrying amount and allocate to the lease periods. If the lease periods are uncertain, TCB should recognize the amount within 10 years.

Goodwill

Goodwill (part of intangible assets) from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as cash-generating units (CGU)) that is expected to benefit from the synergies of the combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arise from the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current year, and subsequent reversal of impairment loss is not allowed.

On disposal of the relevant cash-generating unit, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets Other Than Goodwill

Separate acquisition

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. At year-end, the Company examines its estimates of the useful lives, residual values and amortization method of the assets, and any changes in estimates are

accounted for prospectively. Unless the Company expects to dispose of an intangible asset before the end of its useful life, the residual value of an intangible asset with limited useful life is estimated to be zero. The effect of any changes in estimates accounted for on a prospective basis.

Acquisition as part of a business combination

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

Derecognition

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the assets is derecognized.

Impairment of Properties and Equipment, Right-of-use Assets, Investment Properties and Intangible Assets Other Than Goodwill

At the balance sheet date, the Company reviews the carrying amounts of its properties and equipment, right-of-use assets, investment properties and intangible assets (except goodwill) for any indication of 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. Corporate assets are allocated to the individual cash-generating units or a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less selling costs or 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 is reduced to its recoverable amount. If asset impairment loss reverses, the increase in the carrying amount resulting from reversal is credited to earnings. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized.

Foreclosed Collaterals

Foreclosed collaterals (part of other assets) are recorded at the fair value on recognition and recorded at the lower of cost or net fair value as of the balance sheet dates. Net fair value falling below book value indicates impairment, and impairment loss should be recognized. If the net fair value recovers, the recovery of impairment loss is recognized in gains. For foreclosed collaterals that should have been disposed of in the statutory term, unless the disposal period is prolonged, additional provision for losses should be made and impairment loss should be recognized, as required under a FSC directive.

Provisions

Provisions are the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties on the obligation. A provision is measured using the cash flows estimated to settle the present obligation.

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.

Recognition of Revenue

Interest revenue on loans is recorded on an accrual basis. Under the guidance of the FSC, no interest revenue is recognized on loans that are classified as overdue loans. The interest revenue on these loans is recognized upon collection of the loans and credits.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably).

Service that results in award credits for customers, under the Company's award scheme, is accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the service rendered and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the award credits are redeemed and the Bank's obligations have been fulfilled.

Employee Benefits

Short-term employee benefits

Short-term and non-discounted employee benefits are recognized as expenses in the current year as services are rendered.

Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which 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 Company'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.

Preferential interest deposits for employees

The Company provides preferential interest deposits to current and retired employees, and these deposits, including payments of the preferential interest deposits, are within certain amounts. The preferential rates for employees' deposits in excess of market rate should be treated as employee benefits.

Under the Guidelines Governing the Preparation of Financial Reports by Public Banks, the Company should follow the requirement of IAS 19 "Employee Benefits" endorsed by FSC to determine the excess interest on the preferential interest deposits of retired employees by applying an actuarial valuation method when the employees retire. The actuarial assumptions should be in accordance with the requirements set by the authorities.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Share-based Payment

The Bank's employees subscribed for the reserved shares of Taiwan Cooperative Financial Holding Company, Ltd. (TCFHC) in accordance with the Financial Holding Company Act, and the Bank recognized the fair value of the stock options under salary expenses and under capital surplus for share-based payment on the grant date, i.e., the date when the Bank and its employees made an agreement for the employees to subscribe for TCFHC's shares.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

According to the Income Tax Law of the Republic of China (ROC), an additional tax of unappropriated earnings is provided for as income tax in the year the stockholders approve to retain the earnings.

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

Deferred tax

Deferred tax is 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.

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 to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be used. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary difference arising from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and these differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences based on the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred taxes 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. Where current tax or deferred taxes arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

TCFHC and its subsidiaries elected to file consolidated tax returns for periods starting from 2012. However, since the Bank applied the accounting treatment mentioned in the preceding paragraph to income tax, any distribution of cash payments and receipts among the consolidated group members is recorded as current tax assets or current tax liabilities.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expense as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

Business combination involving entities under common control is not accounted for by acquisition method but accounted for at the carrying amounts of the entities. Prior period comparative information in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the Company's management is required to make 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 relevant. Actual results may differ from these estimates.

The Company considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current year and future periods.

Unless stated in other notes, the following are the critical judgments, assumptions and estimation uncertainty estimations that the Company's management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Impairment Losses on Loans

Estimated impairment losses on the Company's loans are based on certain assumptions about the percentage of default and default losses. The Company makes assumptions and selects the input values for the impairment assessment based on prior experience, the current market situation and forward-looking information.

The assessment of impairment loss also takes into consideration the classification of credit assets and the possible impairment losses based on the length of time the loans have become overdue and the status of collection of the collateral. The Company evaluates the amount of impairment losses based on whether the customer's repayments of principal and interest are overdue and the length of time the payments are overdue, the estimate of value of the collateral and the debtor's financial status. If future actual cash flows are lesser than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 26,572,973	\$ 23,529,884
Notes and checks in clearing	18,523,198	5,709,157
Due from banks	<u>53,901,623</u>	<u>21,281,449</u>
	98,997,794	50,520,490
Less: Allowance for possible losses	<u>18,891</u>	<u>8,960</u>
	<u>\$ 98,978,903</u>	<u>\$ 50,511,530</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2021 and 2020 are shown in the consolidated statements of cash flows.

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	December 31	
	2021	2020
Reserves for deposits - account A	\$ 53,719,371	\$ 103,930,664
Reserves for deposits - account B	91,246,420	83,714,410
Reserves for deposits - community financial institutions	70,963,441	65,382,499
Reserves for deposits - foreign-currency deposits	527,131	539,693
Deposits in the Central Bank	39,200,000	39,200,000
Due from the Central Bank - others	30,615,230	25,477,059
Due from the Central Bank - central government agencies' deposits	2,719,671	2,262,307
Call loans to banks	<u>111,212,686</u>	<u>56,164,010</u>
	<u>\$ 400,203,950</u>	<u>\$ 376,670,642</u>

The deposit reserves are determined monthly at prescribed rates based on the average balances of various types of deposit accounts held by the Company. The deposit reserves are subject to withdrawal restrictions, but deposit reserve - account A and foreign-currency deposit reserves may be withdrawn anytime.

Under the guideline issued by the Central Bank of the Republic of China (CBC), the Bank should deposit 60 percent of the deposits of central government agencies in the CBC, and the deposits are subject to withdrawal restrictions.

8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets mandatorily classified as at fair value through profit or loss		
Commercial paper	\$ 28,216,785	\$ 17,969,310
Corporate bonds	1,321,091	1,829,477
Investments in equity instruments	1,496,891	1,273,497
Government bonds	2,653,138	158,141
Beneficial certificates	24,608	12,350
Currency swap contracts	416,916	871,192
Forward contracts	54,683	82,557
Futures exchange margins	175,633	49,566
Currency option contracts - buy	25,098	38,487
Cross-currency swap contracts	<u>4,944</u>	<u>8,106</u>
	<u>\$ 34,389,787</u>	<u>\$ 22,292,683</u>

(Continued)

	December 31	
	2021	2020
<u>Held-for-trading financial liabilities</u>		
Currency swap contracts	\$ 1,681,039	\$ 4,261,415
Currency option contracts - sell	25,434	38,583
Forward contracts	21,201	33,803
Interest rate swap contracts	3,379	12,558
Cross-currency swap contracts	588	-
Foreign-currency margin contracts	<u>1,558</u>	<u>921</u>
Financial liabilities at fair value through profit or loss	<u>\$ 1,733,199</u>	<u>\$ 4,347,280</u>

(Concluded)

As of December 31, 2021 and 2020, financial assets at fair value through profit or loss amounting to \$785,548 thousand and \$368,500 thousand, respectively, had been sold under repurchase agreements.

The Bank enters into derivative transactions mainly to accommodate customers' needs and to manage its exposure to adverse changes in exchange rates and interest rates. The Bank's strategy for hedging against risk is to reduce most of the market price risk or cash flow risk.

As of December 31, 2021 and 2020, the contract (notional) amounts of derivative transactions of the Bank were as follows:

	December 31	
	2021	2020
Currency swap contracts	\$ 310,548,185	\$ 259,164,670
Interest rate swap contracts	1,700,000	1,700,000
Forward contracts	13,963,789	8,586,387
Currency option contracts - sell	3,242,654	4,967,696
Currency option contracts - buy	3,242,654	4,967,696
Cross-currency swap contracts	1,079,949	407,450
Foreign-currency margin contracts	80,360	43,300

As of December 31, 2021 and 2020, the open positions of futures transactions of the Company were as follows:

December 31, 2021					
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Interest rate futures	Sell	960	\$ 3,470,251	\$ 3,457,152
December 31, 2020					
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Interest rate futures	Sell	50	\$ 254,149	\$ 254,103

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Investments in equity instruments at FVTOCI</u>		
Listed shares and emerging market shares	\$ 43,371,063	\$ 17,082,692
Unlisted shares	<u>6,793,262</u>	<u>5,980,870</u>
	<u>50,164,325</u>	<u>23,063,562</u>
<u>Investments in debt instruments at FVTOCI</u>		
Government bonds	199,837,280	183,849,877
Corporate bonds	96,176,533	97,873,865
Bank debentures	<u>79,320,319</u>	<u>70,986,162</u>
	<u>375,334,132</u>	<u>352,709,904</u>
	<u>\$ 425,498,457</u>	<u>\$ 375,773,466</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

For the purpose of risk diversification and profit strategy, the Company adjusted the investment position to sell part of the equity instruments in the amounts of \$45,190,444 thousand and \$24,969,857 thousand for the years ended December 31, 2021 and 2020, respectively. The accumulated unrealized gain of financial assets at FVTOCI under other equity in the amounts of \$866,271 thousand and \$13,195 thousand has been transferred to retained earnings, respectively.

For the years ended December 31, 2021 and 2020, the Company recognized unrealized profit on investments in equity instruments at FVTOCI of \$5,636,218 thousand and \$204,394 thousand, respectively.

For the years ended December 31, 2021 and 2020, the Company recognized unrealized profit or loss on investment in debt instruments at FVTOCI of \$8,277,953 thousand losses and \$5,300,413 thousand gains, respectively.

As of December 31, 2021 and 2020, the allowances for possible losses of investment in debt instruments at FVTOCI were \$66,666 thousand and \$110,684 thousand, respectively. Impairment loss recognized in profit or loss was \$34,272 thousand gains and \$40,011 thousand losses for 2021 and 2020, respectively.

As of December 31, 2021 and 2020, financial assets at fair value through other comprehensive income amounting to \$5,848,731 thousand and \$5,573,285 thousand, respectively, had been sold under repurchase agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2021	2020
Negotiable certificates of deposit in the Central Bank	\$ 544,320,000	\$ 559,280,000
Government bonds	112,178,855	105,591,122
Corporate bonds	43,609,185	46,270,440
Bank debentures	11,703,539	12,672,971
Certificates of deposit	<u>199,116</u>	<u>202,320</u>
	<u>712,010,695</u>	<u>724,016,853</u>
Less: Allowance for possible losses	<u>19,216</u>	<u>45,712</u>
	<u>\$ 711,991,479</u>	<u>\$ 723,971,141</u>

For the years ended December 31, 2021 and 2020, the Company recognized reversal of impairment loss in profit; the amounts were \$26,356 thousand gains, and \$1,948 thousand gains, respectively.

11. RECEIVABLES, NET

	December 31	
	2021	2020
Accrued interest	\$ 7,284,916	\$ 7,233,973
Credit cards	4,543,631	4,388,635
Acceptances	3,410,950	3,103,379
Receivables on merchant accounts in the credit card business	680,667	654,861
Accounts receivable	336,729	392,550
Credits receivable	-	231,991
Accounts receivable factored without recourse	212,155	214,150
Refundable deposits receivable in leasehold agreements	183,993	183,993
Receivable on securities	128,838	48,158
Receivables on digital voucher advance payment	259,665	984
Others	855,324	461,511
	<u>17,896,868</u>	<u>16,914,185</u>
Less: Allowance for possible losses	<u>465,796</u>	<u>702,313</u>
	<u>\$ 17,431,072</u>	<u>\$ 16,211,872</u>

Credits receivable recognized in the merger with the Farmers Bank of China on May 1, 2006 were recognized at the fair value of credits written off by the Farmers Bank of China in the past. The fair values were evaluated by PricewaterhouseCoopers Financial Advisory Service Co., Ltd.

The changes in the impairment assessment of receivables and allowance for possible losses of credits, credit cards, and accrued interest from debt instruments are summarized below:

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	\$ 14,394,742	\$ 46,627	\$ 169,402	\$ 14,610,771
Transfers to				
Lifetime ECL	(18,050)	18,256	(206)	-
Credit-impaired financial assets	(7,856)	(1,678)	9,534	-
12-month ECL	8,197	(7,908)	(289)	-
New financial assets purchased or originated	43,018,588	141,975	63,188	43,223,751
Write-offs	-	-	(12,452)	(12,452)
Derecognition of financial assets in the current reporting period	(42,815,477)	(154,646)	(73,295)	(43,043,418)
Change in exchange rates and other changes	<u>309,995</u>	<u>-</u>	<u>(15)</u>	<u>309,980</u>
Balance at December 31, 2021	<u>\$ 14,890,139</u>	<u>\$ 42,626</u>	<u>\$ 155,867</u>	<u>\$ 15,088,632</u>

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 15,910,096	\$ 48,850	\$ 185,004	\$ 16,143,950
Transfers to				
Lifetime ECL	(20,468)	20,574	(106)	-
Credit-impaired financial assets	(14,907)	(1,181)	16,088	-
12-month ECL	9,369	(9,038)	(331)	-
New financial assets purchased or originated	42,513,640	133,264	82,719	42,729,623
Write-offs	-	-	(51,901)	(51,901)
Derecognition of financial assets in the current reporting period	(43,454,588)	(145,842)	(62,048)	(43,662,478)
Change in exchange rates and other changes	<u>(548,400)</u>	<u>-</u>	<u>(23)</u>	<u>(548,423)</u>
Balance at December 31, 2020	<u>\$ 14,394,742</u>	<u>\$ 46,627</u>	<u>\$ 169,402</u>	<u>\$ 14,610,771</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-origined Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2021	\$ 33,571	\$ 12,978	\$ 70,631	\$ 117,180	\$ 163,955	\$ 281,135
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(330)	347	(17)	-	-	-
Credit-impaired financial assets	(276)	(339)	615	-	-	-
12-month ECL	1,784	(1,754)	(30)	-	-	-
Derecognition of financial assets in the current reporting period	(28,236)	(44,595)	(30,819)	(103,650)	-	(103,650)
Reversal from financial instruments recognized at the beginning of the current reporting period	(2,495)	4,058	6,126	7,689	-	7,689
New financial assets purchased or originated	30,276	40,233	24,321	94,830	-	94,830
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	10,014	10,014
Write-offs	-	-	(12,452)	(12,452)	-	(12,452)
Recovery of written-off receivables	-	-	1,042	1,042	-	1,042
Changes in exchange rates and other changes	65	-	(30)	35	-	35
Balance at December 31, 2021	<u>\$ 34,359</u>	<u>\$ 10,928</u>	<u>\$ 59,387</u>	<u>\$ 104,674</u>	<u>\$ 173,969</u>	<u>\$ 278,643</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-origined Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2020	\$ 47,815	\$ 13,869	\$ 77,288	\$ 138,972	\$ 149,395	\$ 288,367
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(284)	292	(8)	-	-	-
Credit-impaired financial assets	(274)	(688)	962	-	-	-
12-month ECL	2,068	(2,043)	(25)	-	-	-
Derecognition of financial assets in the current reporting period	(37,710)	(47,372)	(44,441)	(129,523)	-	(129,523)
Reversal from financial instruments recognized at the beginning of the current reporting period	(3,812)	7,156	22,000	25,344	-	25,344
New financial assets purchased or originated	30,363	41,766	62,718	134,847	-	134,847
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	14,560	14,560
Write-offs	-	-	(51,901)	(51,901)	-	(51,901)
Recovery of written-off receivables	-	-	91	91	-	91
Changes in exchange rates and other changes	(4,595)	(2)	3,947	(650)	-	(650)
Balance at December 31, 2020	<u>\$ 33,571</u>	<u>\$ 12,978</u>	<u>\$ 70,631</u>	<u>\$ 117,180</u>	<u>\$ 163,955</u>	<u>\$ 281,135</u>

Impairment assessment, except for the above receivables, was based on the expected credit loss model at the beginning of the current reporting period by the simplified method. On December 31, 2021 and 2020, the amounts of impairment assessment of receivables were assessed as \$2,808,236 thousand and \$2,303,414 thousand, respectively, and the amounts of allowance for possible losses were \$187,153 thousand and \$421,178 thousand, respectively.

The changes in allowance for possible losses by using simplified method are summarized below:

	December 31	
	2021	2020
Balance at January 1	\$ 421,178	\$ 519,740
Provision (reversal of provision) for possible losses	(1,657)	(98,562)
Write-offs	<u>(232,368)</u>	<u>-</u>
Balance at December 31	<u>\$ 187,153</u>	<u>\$ 421,178</u>

12. DISCOUNTS AND LOANS, NET

	December 31	
	2021	2020
Bills discounted	\$ 3,232,735	\$ 2,873,302
Overdraft		
Unsecured	6,001	26,683
Secured	21,666	27,581
Import and export negotiations	949,459	937,030
Short-term loans		
Unsecured	306,937,340	251,607,009
Accounts receivable financing	442,155	257,023
Secured	211,124,805	198,240,650
Medium-term loans		
Unsecured	375,529,180	359,883,619
Secured	423,887,130	401,042,799
Long-term loans		
Unsecured	43,013,395	35,508,190
Secured	1,096,055,993	1,047,578,506
Overdue loans	<u>5,287,333</u>	<u>6,564,807</u>
	2,466,487,192	2,304,547,199
Less: Allowance for possible losses	29,712,859	29,173,224
Less: Adjustment of discount	<u>546,454</u>	<u>499,994</u>
	<u>\$ 2,436,227,879</u>	<u>\$ 2,274,873,981</u>

The changes in gross carrying amount and allowance for possible losses of discounts and loans are summarized below:

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	\$ 2,260,676,252	\$ 2,802,802	\$ 41,068,145	\$ 2,304,547,199
Transfers to				
Lifetime ECL	(5,760,747)	5,792,803	(32,056)	-
Credit-impaired financial assets	(5,742,594)	(325,214)	6,067,808	-
12-month ECL	1,199,043	(854,894)	(344,149)	-
New financial assets purchased or originated	1,001,266,534	378,616	1,947,872	1,003,593,022
Write-offs	-	-	(3,057,682)	(3,057,682)
Derecognition of financial assets in the current reporting period	(824,103,217)	(874,464)	(9,178,274)	(834,155,955)
Change in exchanges and other changes	<u>(3,987,785)</u>	<u>(81,265)</u>	<u>(370,342)</u>	<u>(4,439,392)</u>
Balance at December 31, 2021	<u>\$ 2,423,547,486</u>	<u>\$ 6,838,384</u>	<u>\$ 36,101,322</u>	<u>\$ 2,466,487,192</u>

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 2,180,378,522	\$ 2,524,438	\$ 37,638,133	\$ 2,220,541,093
Transfers to				
Lifetime ECL	(1,738,346)	1,785,893	(47,547)	-
Credit-impaired financial assets	(17,664,573)	(567,478)	18,232,051	-
12-month ECL	943,684	(645,573)	(298,111)	-
New financial assets purchased or originated	990,731,468	441,174	505,148	991,677,790
Write-offs	-	-	(5,929,733)	(5,929,733)
Derecognition of financial assets in the current reporting period	(878,726,978)	(701,342)	(8,392,360)	(887,820,680)
Change in exchanges and other changes	<u>(13,247,525)</u>	<u>(34,310)</u>	<u>(639,436)</u>	<u>(13,921,271)</u>
Balance at December 31, 2020	<u>\$ 2,260,676,252</u>	<u>\$ 2,802,802</u>	<u>\$ 41,068,145</u>	<u>\$ 2,304,547,199</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2021	\$ 3,903,935	\$ 19,762	\$ 5,304,254	\$ 9,227,951	\$ 19,945,273	\$ 29,173,224
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(13,871)	16,527	(2,656)	-	-	-
Credit-impaired financial assets	(164,429)	(1,176)	165,605	-	-	-
12-month ECL	25,557	(4,139)	(21,418)	-	-	-
Derecognition of financial assets in the current reporting period	(1,533,952)	(1,580)	(1,392,830)	(2,928,362)	-	(2,928,362)
Reversal from financial instruments recognized at the beginning of the current reporting period	(72,818)	56,103	1,076,052	1,059,337	-	1,059,337
New financial assets purchased or originated	1,665,891	1,652	473,392	2,140,935	-	2,140,935
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	1,855,668	1,855,668
Write-offs	-	-	(3,057,682)	(3,057,682)	-	(3,057,682)
Recovery of write-off credits	-	-	1,553,751	1,553,751	-	1,553,751
Change in exchange rates and other changes	<u>(33,201)</u>	<u>(283)</u>	<u>(50,528)</u>	<u>(84,012)</u>	<u>-</u>	<u>(84,012)</u>
Balance at December 31, 2021	<u>\$ 3,777,112</u>	<u>\$ 86,866</u>	<u>\$ 4,047,940</u>	<u>\$ 7,911,918</u>	<u>\$ 21,800,941</u>	<u>\$ 29,712,859</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2020	\$ 4,383,474	\$ 15,152	\$ 5,790,070	\$ 10,188,696	\$ 17,187,696	\$ 27,376,392
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(6,082)	16,829	(10,747)	-	-	-
Credit-impaired financial assets	(371,523)	(8,156)	379,679	-	-	-
12-month ECL	27,269	(1,799)	(25,470)	-	-	-
Derecognition of financial assets in the current reporting period	(2,284,341)	(4,190)	(1,425,262)	(3,713,793)	-	(3,713,793)
Reversal from financial instruments recognized at the beginning of the current reporting period	(272,012)	428	5,399,767	5,128,183	-	5,128,183
New financial assets purchased or originated	2,606,387	3,662	36,117	2,646,166	-	2,646,166
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	2,757,577	2,757,577
Write-offs	-	-	(5,929,733)	(5,929,733)	-	(5,929,733)
Recovery of write-off credits	-	-	1,092,369	1,092,369	-	1,092,369
Change in exchange rates and other changes	(179,237)	(2,164)	(2,536)	(183,937)	-	(183,937)
Balance at December 31, 2020	<u>\$ 3,903,935</u>	<u>\$ 19,762</u>	<u>\$ 5,304,254</u>	<u>\$ 9,227,951</u>	<u>\$ 19,945,273</u>	<u>\$ 29,173,224</u>

The bad-debt expenses and provision for losses on commitment and guarantees for 2021 and 2020 were as follows:

	2021	2020
Provision for possible losses on discounts and loans	\$ 2,127,578	\$ 6,818,133
Provision (reversal of provision) for possible losses on receivables	7,226	(53,334)
Provision for due from banks	4,583	-
Provision for possible losses on overdue receivables	220,140	80,678
Provision (reversal of provision) for possible losses on guarantees	(86,324)	84,574
Provision for possible losses on loan commitment	40,287	45,868
Provision for possible losses on others	<u>29,301</u>	<u>8,750</u>
	<u>\$ 2,342,791</u>	<u>\$ 6,984,669</u>

As of December 31, 2021 and 2020, the Bank was in compliance with the FSC-required provision for credit assets.

As of December 31, 2021 and 2020, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$90,929 thousand and \$139,124 thousand for the years ended December 31, 2021 and 2020, respectively, based on the average loan interest rate for the year.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2021		2020	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
<u>Investment in associate</u>				
United Real Estate Management Co., Ltd.	\$ <u>139,194</u>	30.00	\$ <u>134,382</u>	30.00

Aggregate information of associate that is not individually material:

	For the Year Ended December 31	
	2021	2020
The Company's share of:		
Net income	\$ 12,399	\$ 9,963
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	\$ <u>12,399</u>	\$ <u>9,963</u>

The Company received \$7,587 thousand and \$7,081 thousand of dividends from United Real Estate Management Co., Ltd. for the years ended December 31, 2021 and 2020, respectively. The dividends are recognized as a reduction of investments accounted for using equity method.

The investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the financial statements audited by the auditors for the same years.

14. OTHER FINANCIAL ASSETS, NET

	December 31	
	2021	2020
Overdue receivables	\$ 213,737	\$ 15,692
Less: Allowance for possible losses	<u>209,547</u>	<u>7,885</u>
Overdue receivables, net	4,190	7,807
Due from banks	8,064,267	8,115,787
Call loans to securities firms	<u>331,860</u>	<u>252,900</u>
	\$ <u>8,400,317</u>	\$ <u>8,376,494</u>

Due from banks (part of other financial assets, net) held by the Company were mainly demand deposits and time deposits that could not be withdrawn and time deposits that had maturity periods of more than three months and could not be withdrawn before maturity.

15. PROPERTIES AND EQUIPMENT, NET

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 20,448,239	\$ 20,633,378
Buildings	10,413,748	10,675,198
Machinery and equipment	1,206,253	1,169,315
Transportation equipment	153,005	135,400
Other equipment	148,543	168,824
Leasehold improvements	215,227	156,471
Prepayments for equipment, land and buildings and construction in progress	<u>428,285</u>	<u>241,011</u>
	\$ <u>33,013,300</u>	\$ <u>33,179,597</u>

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment, Land and Buildings and Construction in Progress	Total
Cost								
Balance at January 1, 2021	\$ 20,648,555	\$ 19,179,474	\$ 4,862,152	\$ 646,893	\$ 1,199,251	\$ 948,269	\$ 241,011	\$ 47,725,605
Additions	59,877	381,686	319,265	42,235	34,806	78,430	427,038	1,343,337
Disposal	(244,027)	(93,928)	(476,522)	(34,111)	(36,498)	(12,301)	-	(897,387)
Reclassification	1,691	74,165	91,773	8,024	7,464	39,852	(222,969)	-
Transferred to investment properties	3,879	-	-	-	-	-	-	3,879
Transferred to intangible assets	(6,522)	-	-	-	-	-	-	(6,522)
Effects of exchange rate changes	-	-	-	-	-	-	(16,735)	(16,735)
	(37)	(80)	(5,133)	(1,285)	(1,808)	(6,729)	(60)	(15,132)
Balance at December 31, 2021	<u>\$ 20,463,416</u>	<u>\$ 19,541,317</u>	<u>\$ 4,791,535</u>	<u>\$ 661,756</u>	<u>\$ 1,203,215</u>	<u>\$ 1,047,521</u>	<u>\$ 428,285</u>	<u>\$ 48,137,045</u>
Balance at January 1, 2020	\$ 20,725,799	\$ 19,281,727	\$ 4,416,659	\$ 620,583	\$ 1,165,496	\$ 895,818	\$ 246,361	\$ 47,352,443
Additions	-	129,915	272,527	57,006	60,617	61,749	431,283	1,013,097
Disposal	(3,017)	(87,127)	(125,150)	(35,222)	(35,587)	(23,071)	-	(309,174)
Reclassification	-	70,399	318,710	5,752	11,365	19,234	(425,460)	-
Transferred to investment properties	(74,067)	(215,099)	-	-	-	-	-	(289,166)
Transferred to intangible assets	-	-	(10,857)	-	-	-	(11,197)	(22,054)
Effects of exchange rate changes	(160)	(341)	(9,737)	(1,226)	(2,640)	(5,461)	24	(19,541)
Balance at December 31, 2020	<u>\$ 20,648,555</u>	<u>\$ 19,179,474</u>	<u>\$ 4,862,152</u>	<u>\$ 646,893</u>	<u>\$ 1,199,251</u>	<u>\$ 948,269</u>	<u>\$ 241,011</u>	<u>\$ 47,725,605</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ 15,177	\$ 8,504,276	\$ 3,692,837	\$ 511,493	\$ 1,030,427	\$ 791,798	\$ 14,546,008	
Disposal	-	(64,033)	(476,512)	(34,111)	(36,498)	(12,301)	(623,455)	
Depreciation expenses	-	687,405	371,921	32,105	61,976	55,661	1,209,068	
Transferred to investment properties	-	-	(30)	30	-	-	-	
Effects of exchange rate changes	-	(79)	(2,934)	(766)	(1,233)	(2,864)	(7,876)	
Balance at December 31, 2021	<u>\$ 15,177</u>	<u>\$ 9,127,569</u>	<u>\$ 3,585,282</u>	<u>\$ 508,751</u>	<u>\$ 1,054,672</u>	<u>\$ 832,294</u>	<u>\$ 15,123,745</u>	
Balance at January 1, 2020	\$ 15,177	\$ 8,003,062	\$ 3,504,790	\$ 521,556	\$ 1,011,504	\$ 773,900	\$ 13,829,989	
Disposal	-	(61,936)	(125,047)	(35,222)	(35,587)	(23,071)	(280,863)	
Depreciation expenses	-	678,237	319,736	26,125	56,748	44,966	1,125,812	
Transferred to investment properties	-	(114,757)	-	-	-	-	(114,757)	
Effects of exchange rate changes	-	(330)	(6,642)	(966)	(2,238)	(3,997)	(14,173)	
Balance at December 31, 2020	<u>\$ 15,177</u>	<u>\$ 8,504,276</u>	<u>\$ 3,692,837</u>	<u>\$ 511,493</u>	<u>\$ 1,030,427</u>	<u>\$ 791,798</u>	<u>\$ 14,546,008</u>	

The Bank revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As of December 31, 2021, the reserve for land revaluation increment tax (part of deferred tax liabilities) was \$2,541,779 thousand.

Properties and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Equipment installed in buildings	5 to 15 years
Machinery and equipment	3 to 10 years
Transportation equipment	5 to 10 years
Other equipment	3 to 20 years
Leasehold improvements	3 to 5 years

In testing assets for impairment, the Bank defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use for the properties and equipment. The discount rates for the CGUs' value in use were 8.63% and 8.61% as of December 31, 2021 and 2020, respectively.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	\$ 13,022	\$ 12,826
Buildings	1,393,767	1,596,245
Transportation equipment	74,502	53,816
Other equipment	<u>12,412</u>	<u>16,404</u>
	<u>\$ 1,493,703</u>	<u>\$ 1,679,291</u>

For the Year Ended December 31

	2021	2020
Depreciation charge for right-of-use assets		
Land	\$ 6,738	\$ 6,941
Buildings	588,091	586,098
Transportation equipment	29,929	26,156
Other equipment	<u>3,993</u>	<u>4,129</u>
	<u>\$ 628,751</u>	<u>\$ 623,324</u>

As of December 31, 2021 and 2020, the additions to right-of-use assets of the Company were \$514,768 thousand and \$657,961 thousand, respectively.

Except for the above listed additions and recognized depreciation expenses, there was no significant sublease or impairment of the Company's right-of-use assets for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount	<u>\$ 1,446,957</u>	<u>\$ 1,623,938</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.356%-1.627%	1.593%-1.627%
Buildings	1.346%-9.800%	1.359%-9.800%
Transportation equipment	1.620%-8.880%	1.620%-8.880%
Other equipment	2.445%-4.000%	2.445%-4.000%

c. Material lease-in activities

The Company signed lease agreements on office premises due to operating activities. Rentals are calculated on the basis of leased areas and are receivable monthly, quarterly or semiannually. As of December 31, 2021 and 2020, refundable deposits on these leases totaled \$135,430 thousand and \$135,851 thousand, respectively.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 7,072</u>	<u>\$ 6,179</u>
Expenses relating to low-value asset leases	<u>\$ 117</u>	<u>\$ 97</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 3,167</u>	<u>\$ 4,069</u>

As of December 31, 2021 and 2020, the total cash outflow for leases of the Company was \$653,562 thousand and \$661,013 thousand, respectively.

The Company's leases of certain land, buildings, transportation equipment and other equipment qualify as short-term leases or low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES, NET

		December 31	
		2021	2020
Land		\$ 6,074,421	\$ 6,071,778
Buildings		<u>1,440,341</u>	<u>1,498,942</u>
		<u>\$ 7,514,762</u>	<u>\$ 7,570,720</u>
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 6,071,778	\$ 2,482,347	\$ 8,554,125
Additions	-	2,844	2,844
Disposal	-	(50,145)	(50,145)
Transferred from properties and equipment	6,522	-	6,522
Transferred to properties and equipment	<u>(3,879)</u>	<u>-</u>	<u>(3,879)</u>
Balance at December 31, 2021	<u>\$ 6,074,421</u>	<u>\$ 2,435,046</u>	<u>\$ 8,509,467</u>
Balance at January 1, 2020	\$ 5,998,516	\$ 2,266,841	\$ 8,265,357
Additions	-	16,356	16,356
Disposal	(805)	(15,949)	(16,754)
Transferred from properties and equipment	<u>74,067</u>	<u>215,099</u>	<u>289,166</u>
Balance at December 31, 2020	<u>\$ 6,071,778</u>	<u>\$ 2,482,347</u>	<u>\$ 8,554,125</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ -	\$ 983,405	\$ 983,405
Disposal	-	(42,620)	(42,620)
Depreciation expenses	<u>-</u>	<u>53,920</u>	<u>53,920</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 994,705</u>	<u>\$ 994,705</u>
Balance at January 1, 2020	\$ -	\$ 821,492	\$ 821,492
Disposal	-	(4,692)	(4,692)
Depreciation expenses	-	51,848	51,848
Transferred from properties and equipment	<u>-</u>	<u>114,757</u>	<u>114,757</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 983,405</u>	<u>\$ 983,405</u>

Investment properties (except for land) are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	50 years
Equipment installed in buildings	10 to 15 years

As of December 31, 2021 and 2020, the fair value of investment properties was \$21,644,635 thousand and \$21,467,728 thousand, respectively. The fair value was determined by internal appraisal personnel using level 3 inputs according to internal procedures and related regulations.

The revenues generated from the investment properties are summarized as follows:

		For the Year Ended December 31	
		2021	2020
Rental income from investment properties (part of other noninterest gains, net)		\$ 528,949	\$ 520,712
Direct operating expenses for investment properties that generate rental income		<u>(104,460)</u>	<u>(107,779)</u>
		<u>\$ 424,489</u>	<u>\$ 412,933</u>

Lease agreements on investment properties owned by the Bank and rented to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of December 31, 2021 and 2020, guarantee deposits on these leases totaled \$103,180 thousand and \$103,341 thousand, respectively. Minimum future annual rentals are as follows:

	December 31	
	2021	2020
Year 1	\$ 447,398	\$ 445,240
Year 2	300,706	391,608
Year 3	249,879	270,901
Year 4	92,851	226,188
Year 5	6,953	79,848
Over five years	<u>2,645</u>	<u>2,016</u>
	<u>\$ 1,100,432</u>	<u>\$ 1,415,801</u>

18. INTANGIBLE ASSETS

	December 31	
	2021	2020
Goodwill	\$ 3,170,005	\$ 3,170,005
Computer software	<u>613,951</u>	<u>629,289</u>
	<u>\$ 3,783,956</u>	<u>\$ 3,799,294</u>

	Goodwill	Computer Software	Total
Balance at January 1, 2021	\$ 3,170,005	\$ 629,289	\$ 3,799,294
Separate acquisition	-	169,779	169,779
Amortization expenses	-	(200,382)	(200,382)
Transferred from properties and equipment	-	16,735	16,735
Effect of exchange rate changes	<u>-</u>	<u>(1,470)</u>	<u>(1,470)</u>
Balance at December 31, 2021	<u>\$ 3,170,005</u>	<u>\$ 613,951</u>	<u>\$ 3,783,956</u>
Balance at January 1, 2020	\$ 3,170,005	\$ 465,761	\$ 3,635,766
Separate acquisition	-	336,207	336,207
Amortization expenses	-	(190,275)	(190,275)
Transferred from properties and equipment	-	22,054	22,054
Effect of exchange rate changes	<u>-</u>	<u>(4,458)</u>	<u>(4,458)</u>
Balance at December 31, 2020	<u>\$ 3,170,005</u>	<u>\$ 629,289</u>	<u>\$ 3,799,294</u>

Computer software with limited useful lives is amortized on a straight-line basis over their useful lives of 5 years.

In testing assets for impairment, the Company defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use for the goodwill impairment test. The discount rates for the CGUs' value in use were 8.63% and 8.61% as of December 31, 2021 and 2020, respectively.

Goodwill resulting from the merger of the Bank with the Farmers Bank of China was allocated to operating units or operating segments (cash-generating units with allocated goodwill). There was no impairment loss on goodwill as of December 31, 2021 and 2020.

19. OTHER ASSETS, NET

	December 31	
	2021	2020
Refundable deposits	\$ 549,273	\$ 624,894
Prepaid expenses	119,469	138,402
Operating deposits	50,000	50,000
Others	<u>11,738</u>	<u>12,834</u>
	<u>\$ 730,480</u>	<u>\$ 826,130</u>

20. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2021	2020
Deposits from banks	\$ 162,074,923	\$ 150,923,009
Call loans from banks	70,081,172	72,709,053
Overdrafts from other banks	1,623,342	1,272,379
Transfer deposits from Chunghwa Post Co., Ltd.	95,665	95,665
Deposits from the Central Bank	<u>293,465</u>	<u>424,480</u>
	<u>\$ 234,168,567</u>	<u>\$ 225,424,586</u>

21. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2021	2020
Due to the Central Bank	<u>\$ 88,889,360</u>	<u>\$ 37,118,610</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$7,095,846 thousand and \$6,332,308 thousand under repurchase agreements as of December 31, 2021 and 2020, respectively, would subsequently be purchased for \$7,102,511 thousand and \$6,338,285 thousand, respectively.

23. PAYABLES

	December 31	
	2021	2020
Checks for clearing	\$ 18,523,198	\$ 5,709,157
Collections payable	5,048,516	5,283,118
Accrued expenses	5,883,213	4,979,545
Collections of notes and checks for various financial institutions in other cities	1,305,404	4,602,498
Acceptances	3,783,381	3,256,086
Accrued interest	2,150,860	2,550,389
Payables on notes and checks collected for others	1,793,804	1,478,345
Tax payable	454,206	435,931
Factored accounts payable	162,016	202,009
Dividends payable	170,524	170,524
Payable on securities	346,572	110,515
Others	<u>1,679,994</u>	<u>1,789,325</u>
	<u>\$ 41,301,688</u>	<u>\$ 30,567,442</u>

24. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Deposits		
Checking	\$ 64,477,957	\$ 49,537,754
Demand	818,830,697	713,017,504
Savings - demand	1,092,123,821	1,032,998,013
Time	730,588,556	703,141,300
Negotiable certificates of deposit	42,577,700	47,136,505
Savings - time	601,118,864	610,115,507
Treasury	131,286,387	116,755,684
Remittances	200,749	232,713
	<u>\$ 3,481,204,731</u>	<u>\$ 3,272,934,980</u>

25. BANK DEBENTURES

	December 31	
	2021	2020
First subordinated bonds in 2012: Fixed rate of 1.65%; maturity - June 28, 2022	\$ 11,650,000	\$ 11,650,000
Second subordinated bonds in 2012, Type B: Fixed rate of 1.55%; maturity - December 25, 2022	7,350,000	7,350,000
Second subordinated bonds in 2013, Type B: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.45%; maturity - December 25, 2023	4,600,000	4,600,000
First subordinated bonds in 2014, Type A: Fixed rate of 1.70%; maturity - May 26, 2021	-	1,500,000
First subordinated bonds in 2014, Type B: Fixed rate of 1.85%; maturity - May 26, 2024	2,700,000	2,700,000
First subordinated bonds in 2014, Type C: Fixing rate for 90 day's New Taiwan dollar commercial paper refers to Taiwan Bills Index Rate 02 plus 0.43%; maturity - May 26, 2024	5,800,000	5,800,000
First subordinated bonds in 2016, Type A: Fixed rate of 1.09%; maturity - September 26, 2023	950,000	950,000
First subordinated bonds in 2016, Type B: Fixed rate of 1.20%; maturity - September 26, 2026	4,050,000	4,050,000
First subordinated bonds in 2017, Type A: Fixed rate of 1.32%; maturity - September 26, 2024	600,000	600,000
First subordinated bonds in 2017, Type B: Fixed rate of 1.56%; maturity - September 26, 2027	1,400,000	1,400,000
First non-cumulative perpetual subordinated bonds in 2018: Fixed rate of 2.28%; the Bank may exercise its redemption rights after 5 years and 2 months	5,000,000	5,000,000
First non-cumulative perpetual subordinated bonds in 2019: Fixed rate of 1.90%; the Bank may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000
Second unsecured bank debentures in 2019: Fixed rate of 0.69%; maturity - November 28, 2022	1,000,000	1,000,000
Third non-cumulative perpetual subordinated bonds in 2019: Fixed rate of 1.45%; the Bank may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000
First non-cumulative perpetual subordinated bonds in 2020: Fixed rate of 1.50%; the Bank may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000
First unsecured bank debentures in 2021: Fixed rate of 0.40%; maturity - May 31, 2026	1,000,000	-
Second unsecured bank debentures in 2021: Fixed rate of 0.42%; maturity - October 29, 2026	1,000,000	-
	<u>\$ 62,100,000</u>	<u>\$ 61,600,000</u>

To expand its long-term USD capital, the Bank applied for the issuance of unsecured bank debentures amounting to US\$1,000,000 thousand. The application was approved by the Financial Supervisory Commission (FSC) on January 22, 2015. The Bank issued unsecured bank debentures with an aggregate face value of US\$400,000 thousand, consisting of type A bonds worth US\$300,000 thousand with 0% interest rate and type B bonds worth US\$100,000 thousand with 0% interest rate; the Bank may exercise its redemption rights at an agreed price after two years and three years, respectively, from the issue dates. If the Bank does not exercise its redemption rights during issue period, all unsecured bank debentures will be refunded on the settlement date, March 30, 2045.

On March 30, 2020, the Bank early exercised the redemption rights to unsecured bank debentures amounting to US\$400,000 thousand in accordance with the guidelines for issuance.

On November 18, 2019, the Bank has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$1,000,000 thousand. As of December 31, 2020, the amount of unissued unsecured bank debentures of TCB was US\$1,000,000 thousand.

In order to raise the fund for the loan of green investment project and social investment project, on December 27, 2021, the board of directors resolved to issue unsecured bank debentures amounting to \$5,000,000 thousand. The application has not yet been submitted to the authority for approval.

In order to raise capital adequacy, on January 24, 2022, the board of directors resolved to issue non-cumulative perpetual subordinated bonds amounting to \$10,000,000 thousand. The application has not yet been submitted to the authority for approval.

26. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Structured products - host contracts	\$ -	\$ 2,365,355
Guarantee deposits received	2,440,877	2,633,007
Appropriation for loans	<u>66,443</u>	<u>32,743</u>
	<u>\$ 2,507,320</u>	<u>\$ 5,031,105</u>

27. PROVISIONS

	December 31	
	2021	2020
Provision for employee benefits		
Net defined benefit liability	\$ 1,945,626	\$ 2,773,207
Present value of retired employees' preferential interest deposits obligation	<u>4,352,387</u>	<u>3,971,907</u>
	6,298,013	6,745,114
Provision for losses on guarantees	1,068,164	1,154,810
Provision for losses on loan commitment	261,147	223,012
Provision for losses on others	<u>70,812</u>	<u>42,156</u>
	<u>\$ 7,698,136</u>	<u>\$ 8,165,092</u>

The changes in the provision for losses on guarantees, provision for losses on loan commitments, and provision for losses on others are summarized below:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchase d or Non-originated Credit-impaired Financial Instruments)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2021	\$ 761,139	\$ 84	\$ 56,788	\$ 818,011	\$ 601,967	\$ 1,419,978
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(23)	23	-	-	-	-
Credit-impaired financial instruments	(5,894)	-	5,894	-	-	-
12-month ECL	2	(2)	-	-	-	-
Derecognition of financial instruments in the current reporting period	(253,695)	(82)	(23,803)	(277,580)	-	(277,580)
Reversal from financial instruments recognized at the beginning of the current reporting period	(1,735)	(23)	128,410	126,652	-	126,652
New financial instruments purchased or originated	284,724	28	-	284,752	-	284,752
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(150,560)	(150,560)
Change in exchange rates and other changes	(3,119)	-	-	(3,119)	-	(3,119)
Balance at December 31, 2021	<u>\$ 781,399</u>	<u>\$ 28</u>	<u>\$ 167,289</u>	<u>\$ 948,716</u>	<u>\$ 451,407</u>	<u>\$ 1,400,123</u>
Balance at January 1, 2020	\$ 708,936	\$ 332	\$ 75,588	\$ 784,856	\$ 503,693	\$ 1,288,549
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(93)	93	-	-	-	-
Credit-impaired financial instruments	(974)	-	974	-	-	-
12-month ECL	11	(11)	-	-	-	-
Derecognition of financial instruments in the current reporting period	(156,327)	(321)	(61,621)	(218,269)	-	(218,269)
Reversal from financial instruments recognized at the beginning of the current reporting period	(48,329)	(88)	41,653	(6,764)	-	(6,764)
New financial instruments purchased or originated	265,678	79	194	265,951	-	265,951
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	98,274	98,274
Change in exchange rates and other changes	(7,763)	-	-	(7,763)	-	(7,763)
Balance at December 31, 2020	<u>\$ 761,139</u>	<u>\$ 84</u>	<u>\$ 56,788</u>	<u>\$ 818,011</u>	<u>\$ 601,967</u>	<u>\$ 1,419,978</u>

28. EMPLOYEE BENEFITS PLAN

a. Defined contribution plan

The pension plan under the Labor Pension Act (the “Act”) is a defined contribution plan. Based on the Act, the Company’s monthly contributions to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labor pension accounts at the Bureau of Labor Insurance.

The Company recognized expense of \$194,496 thousand and \$184,010 thousand in the consolidated statement of comprehensive income in 2021 and 2020, respectively, in accordance with the defined contribution plan.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 13,786,128	\$ 14,365,040
Fair value of plan assets	<u>(11,840,502)</u>	<u>(11,591,833)</u>
Net defined benefit liability	<u>\$ 1,945,626</u>	<u>\$ 2,773,207</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	<u>\$ 13,994,883</u>	<u>\$ (11,033,258)</u>	<u>\$ 2,961,625</u>
Service cost			
Current service cost	440,029	-	440,029
Net interest expense (revenue)	<u>95,164</u>	<u>(78,108)</u>	<u>17,056</u>
Recognized in profit or loss	<u>535,193</u>	<u>(78,108)</u>	<u>457,085</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(363,994)	(363,994)
Actuarial loss - changes in financial assumptions	524,514	-	524,514
Actuarial loss - experience adjustments	<u>63,548</u>	<u>-</u>	<u>63,548</u>
Recognized in other comprehensive income	<u>588,062</u>	<u>(363,994)</u>	<u>224,068</u>
Contributions from the employer	<u>-</u>	<u>(869,571)</u>	<u>(869,571)</u>
Benefits paid	<u>(753,098)</u>	<u>753,098</u>	<u>-</u>
Balance at December 31, 2020	<u>14,365,040</u>	<u>(11,591,833)</u>	<u>2,773,207</u>
Service cost			
Current service cost	435,410	-	435,410
Net interest expense (revenue)	41,940	(34,926)	7,014
Recognized in profit or loss	477,350	(34,926)	442,424
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(170,722)	(170,722)
Actuarial gain - changes in financial assumptions	(223,760)	-	(223,760)
Actuarial loss - experience adjustments	<u>72,104</u>	<u>-</u>	<u>72,104</u>
Recognized in other comprehensive income	<u>(151,656)</u>	<u>(170,722)</u>	<u>(322,378)</u>
Contributions from the employer	<u>-</u>	<u>(947,627)</u>	<u>(947,627)</u>
Benefits paid	<u>(904,606)</u>	<u>904,606</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 13,786,128</u>	<u>\$ (11,840,502)</u>	<u>\$ 1,945,626</u>

Through the defined benefit plans under the Labor Standards Law, the Bank is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate(s)	0.50%	0.30%
Expected rate(s) of salary increase	2.00%	2.00%
Expected rate(s) of return on plan asset	0.50%	0.30%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	\$ (303,439)	\$ (331,277)
0.25% decrease	\$ 313,944	\$ 343,243
Expected rate(s) of salary increase		
0.25% increase	\$ 293,235	\$ 321,006
0.25% decrease	\$ (285,157)	\$ (311,739)

The sensitivity analysis presented above shows the effect on the present value of the defined benefit obligations of a change in single assumption while all other assumptions remain unchanged. The sensitivity analysis presented above might not be representative of the actual change in the present value of the defined benefit obligation as it was unlikely that the change in assumptions would occur independently of each other because some of the assumptions might be correlated.

	December 31	
	2021	2020
The expected contributions to the plan for the next year	\$ 950,000	\$ 870,000
The average duration of the defined benefit obligation	9.01 years	9.45 years

c. Employees' preferential deposit plan

The Bank's payment obligations on fixed-amount preferential interest deposits for retired employees and current employees after retirement are in compliance with the Bank's internal rules. Under the Guidelines Governing the Preparation of Financial Reports by Public Banks, the Bank should determine the excess interest from the preferential interest deposits of employees by applying an actuarial valuation method when the employees retire.

The amounts included in the consolidated balance sheet arising from the Bank's obligation in the employees' preferential interest deposits plan were as follows:

	December 31	
	2021	2020
Present value of retired employees' preferential interest deposits obligation (part of provisions)	\$ <u>4,352,387</u>	\$ <u>3,971,907</u>

The changes in present value of retired employees' preferential interest deposits obligation were as follows:

	For the Year Ended December 31	
	2021	2020
Present value of retired employees' preferential interest deposits obligation, January 1	\$ 3,971,907	\$ 3,971,611
Interest expense	150,214	150,368
Actuarial losses	1,100,366	716,636
Benefits paid	<u>(870,100)</u>	<u>(866,708)</u>
Present value of retired employees' preferential interest deposits obligation, December 31	\$ <u>4,352,387</u>	\$ <u>3,971,907</u>

Amounts recognized in profit or loss in employee preferential deposit plans for retired employees in the statement of comprehensive income were as follows:

	For the Year Ended December 31	
	2021	2020
Interest expense	\$ 150,214	\$ 150,368
Actuarial losses	<u>1,100,366</u>	<u>716,636</u>
Excessive interest of retired employees' preferential interest deposits	\$ <u>1,250,580</u>	\$ <u>867,004</u>

Under Order No. 10110000850 issued by the Financial Supervisory Commission on March 15, 2012, the actuarial assumptions for calculating the expense for the retired employees' preferential interest deposit benefit are as follows:

	December 31	
	2021	2020
Discount rate	4.00%	4.00%
Return on deposit	2.00%	2.00%
Account balance decrease rate per year	1.00%	1.00%
Rate of probability of change in the preferential deposit system	50.00%	50.00%

Assuming a possible reasonable change in each of the significant actuarial assumptions and all other assumptions remaining constant, the present value of the retired employees' preferential interest deposit benefit obligation would have increased (decreased) as follows:

	December 31	
	2021	2020
Discount rate(s)		
1% increase	\$ <u>(315,627)</u>	\$ <u>(269,181)</u>
1% decrease	\$ <u>363,865</u>	\$ <u>308,109</u>
Return on deposit		
1% increase	\$ <u>(1,115,448)</u>	\$ <u>(984,139)</u>
1% decrease	\$ <u>1,114,858</u>	\$ <u>984,139</u>
Account balance decrease rate per year		
1% increase	\$ <u>(379,253)</u>	\$ <u>(284,546)</u>
1% decrease	\$ <u>333,553</u>	\$ <u>321,349</u>
Rate of probability of change in the preferential deposit system		
20% increase	\$ <u>(1,740,955)</u>	\$ <u>(1,588,763)</u>
20% decrease	\$ <u>1,740,955</u>	\$ <u>1,588,763</u>

The sensitivity analysis presented above shows the effect on the present value of the retired employees' preferential interest deposit benefit obligation of a change in a single assumption while all other assumptions remain unchanged. The sensitivity analysis presented above might not be representative of the actual change in the present value of the retired employees' preferential interest deposit benefit obligation because it was unlikely that the change in assumptions would occur independently of each other because some of the assumptions might be correlated.

29. NET INTEREST

	For the Year Ended December 31	
	2021	2020
Interest revenue		
From discounts and loans	\$ 37,764,147	\$ 40,090,626
From investments	8,383,976	8,959,390
From due from banks and call loans to other banks	1,013,742	1,509,479
Others	819,761	896,743
	<u>47,981,626</u>	<u>51,456,238</u>
Interest expense		
From deposits	(11,328,824)	(15,220,756)
From due to the Central Bank and other banks	(497,683)	(994,901)
From bank debentures	(923,458)	(943,599)
From deposits from the Central Bank and other banks	(189,787)	(310,914)
Others	(68,705)	(77,200)
	<u>(13,008,457)</u>	<u>(17,547,370)</u>
	<u>\$ 34,973,169</u>	<u>\$ 33,908,868</u>

30. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2021	2020
Service fee income		
From trust business	\$ 2,418,455	\$ 2,147,698
From insurance service	1,586,116	1,378,756
From loans	1,080,764	1,005,827
From guarantee	895,018	910,175
From credit cards	1,086,062	530,128
From remittance	280,531	297,555
From cross-bank transactions	270,009	290,891
From agency commission	118,460	110,901
From import/export service	127,295	110,126
From trust affiliated business	52,089	48,264
Others	362,039	370,726
	<u>8,276,838</u>	<u>7,201,047</u>
Service charge		
From cross-bank transactions	(322,292)	(342,079)
From credit cards	(277,010)	(270,334)
From credit cards acquiring	(695,648)	(130,371)
From custody	(89,561)	(81,532)
Others	(124,363)	(135,717)
	<u>(1,508,874)</u>	<u>(960,033)</u>
	<u>\$ 6,767,964</u>	<u>\$ 6,241,014</u>

31. GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31, 2021				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 118,972	\$ 3,504,034	\$ (548,625)	\$ 12,056	\$ 3,086,437
Held-for-trading financial liabilities	-	(6,477,440)	2,615,058	-	(3,862,382)
	<u>\$ 118,972</u>	<u>\$ (2,973,406)</u>	<u>\$ 2,066,433</u>	<u>\$ 12,056</u>	<u>\$ (775,945)</u>

	For the Year Ended December 31, 2020				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 122,749	\$ 4,822,947	\$ (598,591)	\$ 23,386	\$ 4,370,491
Held-for-trading financial liabilities	-	(12,695,690)	(367,490)	-	(13,063,180)
Financial liabilities designated as at fair value through profit or loss	(145,326)	-	57,097	-	(88,229)
	<u>\$ (22,577)</u>	<u>\$ (7,872,743)</u>	<u>\$ (908,984)</u>	<u>\$ 23,386</u>	<u>\$ (8,780,918)</u>

32. REALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2021	2020
Dividends revenue on investments in equity instruments at FVTOCI	\$ 3,048,502	\$ 1,781,954
Derecognition of unrealized gains (losses) on investments in debt instruments at FVTOCI	<u>1,365,099</u>	<u>2,279,950</u>
	<u>\$ 4,413,601</u>	<u>\$ 4,061,904</u>

For the years ended December 31, 2021 and 2020, dividends revenue related to derecognized investments were \$1,137,611 thousand and \$908,537 thousand, respectively, and dividends revenue related to investments held on December 31, 2021 and 2020 were \$1,910,891 thousand and \$873,417 thousand, respectively.

33. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Employee benefits expenses

	For the Year Ended December 31	
	2021	2020
Salaries	\$ 8,657,405	\$ 8,205,055
Incentives	3,409,402	2,804,701
Excessive interest from preferential interest deposits	1,682,401	1,303,744
Post-employment benefits, termination benefits and compensation	661,763	655,491
Overtime	420,909	435,684
Others	<u>1,924,165</u>	<u>1,849,588</u>
	<u>\$ 16,756,045</u>	<u>\$ 15,254,263</u>

Under the Articles, the Bank will distribute employees' compensation at percentages from 1% to 8% of its annual profit (pretax income which exclude compensation of employees). However, the actual appropriation of the bonus should be made only from the annual net income less any accumulated deficit. For the years ended December 31, 2021 and 2020, the compensation of employees was \$1,345,534 thousand and \$952,839 thousand, respectively, based on the Articles.

Material differences between such estimated amounts and the amounts resolved by the board of directors on or before the annual consolidated financial statements are authorized for issue are adjusted in the year the compensation were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded

as a change in accounting estimate.

The appropriations of employees' compensation for 2021 and 2020 resolved by the board of directors on March 14, 2022 and March 22, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Employees' compensation - cash	\$ 1,345,534	\$ 952,839

There was no difference between the amounts of the employees' compensation resolved by the board of directors and the amounts recognized in the consolidated financial statements.

Information on the employees' compensation resolved by the Bank's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange (<https://emops.twse.com.tw>).

b. Depreciation and amortization expenses

	For the Year Ended December 31	
	2021	2020
Depreciation expense	\$ 1,891,739	\$ 1,800,984
Amortization expense	<u>201,517</u>	<u>190,473</u>
	<u>\$ 2,093,256</u>	<u>\$ 1,991,457</u>

34. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
Current year	\$ 2,363,563	\$ 1,919,438
Additional income tax under the Alternative Minimum Tax Act	-	101,355
Land value increment tax	(18,819)	1,179
Prior year's adjustments	<u>(73,151)</u>	<u>(134,264)</u>
	2,271,593	1,887,708
Deferred tax		
Current year	<u>442,253</u>	<u>464,776</u>
Income tax expense recognized in profit or loss	<u>\$ 2,713,846</u>	<u>\$ 2,352,484</u>

A reconciliation of accounting profit and current income tax expenses were as follows:

	For the Year Ended December 31	
	2021	2020
Income before income tax	\$ 21,596,551	\$ 17,255,626
Income tax expense at the statutory rate (20%)	\$ 4,319,310	\$ 3,451,125
Nondeductible expenses in determining taxable income	6,293	2,936
Tax-exempt income	(1,665,273)	(1,500,671)
Additional income tax under the Alternative Minimum Tax Act	-	101,355
Land value increment tax	(18,819)	1,179
Unrecognized deductible temporary differences	165,930	13,780
Effect of different tax rate of overseas branches operating in other jurisdictions	(20,444)	417,044
Adjustments for prior year's tax	<u>(73,151)</u>	<u>(134,264)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,713,846</u>	<u>\$ 2,352,484</u>

b. Income tax expense (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
Recognized in other comprehensive income - items that may be reclassified subsequently to profit or loss		
Exchange differences on the translation of financial statements of foreign operations	\$ (239,832)	\$ (528,828)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	<u>(119,198)</u>	<u>122,158</u>
Income tax benefit recognized in other comprehensive income	<u>\$ (359,030)</u>	<u>\$ (406,670)</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
<u>Current tax assets</u>		
Tax receivable - consolidated tax return	\$ 1,990,903	\$ 2,100,191
Tax refund receivable	89,433	74,697
Others	<u>19,661</u>	<u>17,202</u>
	<u>\$ 2,099,997</u>	<u>\$ 2,192,090</u>
<u>Current tax liabilities</u>		
Tax payable - consolidated tax return	\$ 680,951	\$ -
Tax payable	650,638	769,038
Tax payable - land value increment tax	34,717	-
Others	<u>371</u>	<u>365</u>
	<u>\$ 1,366,677</u>	<u>\$ 769,403</u>

d. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Financial instruments at fair value through profit or loss	\$ 670,330	\$ (406,205)	\$ -	\$ 264,125
Properties and equipment	8,538	(644)	-	7,894
Payables for annual leave	97,890	2,622	-	100,512
Employee's preferential interest deposits obligation	794,381	26,539	-	820,920
Other liabilities	5,783	-	-	5,783
Exchanges difference on foreign operations	<u>799,639</u>	<u>-</u>	<u>239,832</u>	<u>1,039,471</u>
	<u>\$ 2,376,561</u>	<u>\$ (377,688)</u>	<u>\$ 239,832</u>	<u>\$ 2,238,705</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax liability</u>				
Temporary differences				
Financial assets at fair value through other comprehensive income	\$ 175,163	\$ -	\$ (119,198)	\$ 55,965
Investments accounted for using equity method	73,679	17,084	-	90,763
Intangible assets	428,614	-	-	428,614
Defined benefit obligation	157,331	101,041	-	258,372
The reserve for land value increment tax	<u>2,595,339</u>	<u>(53,560)</u>	<u>-</u>	<u>2,541,779</u>
	<u>\$ 3,430,126</u>	<u>\$ 64,565</u>	<u>\$ (119,198)</u>	<u>\$ 3,375,493</u>
				(Concluded)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Financial instruments at fair value through profit or loss	\$ 505,205	\$ 165,125	\$ -	\$ 670,330
Properties and equipment	9,182	(644)	-	8,538
Payables for annual leave	100,702	(2,812)	-	97,890
Employee's preferential interest deposits obligation	794,322	59	-	794,381
Other liabilities	5,783	-	-	5,783
Exchanges difference on foreign operations	270,811	-	528,828	799,639
Unrealized interests expense	<u>535,532</u>	<u>(535,532)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,221,537</u>	<u>\$ (373,804)</u>	<u>\$ 528,828</u>	<u>\$ 2,376,561</u>

Deferred tax liability

Temporary differences				
Financial assets at fair value through other comprehensive income	\$ 53,005	\$ -	\$ 122,158	\$ 175,163
Investments accounted for using equity method	53,298	20,381	-	73,679
Intangible assets	428,614	-	-	428,614
Defined benefit obligation	74,834	82,497	-	157,331
The reserve for land value increment tax	2,596,230	(891)	-	2,595,339
Others	<u>11,015</u>	<u>(11,015)</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,216,996</u>	<u>\$ 90,972</u>	<u>\$ 122,158</u>	<u>\$ 3,430,126</u>

- e. Unused deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Deductible temporary differences	<u>\$ 1,994,792</u>	<u>\$ 2,105,341</u>

- f. The income tax returns of the Bank through 2017 had been examined by the tax authorities.

- g. Regarding the profit-seeking enterprise income tax application case of the Bank in 2012, the Bank has received the recheck decision. The tax authorities had permitted the Bank to recognize the salary expenses incurred in the share-based payment transaction in which TCFHC carried out cash capital increase by issue of shares for subscription by the Bank's employees according to the December 28, 2018 administrative rule made by the Ministry of Finance. Thus the Bank had recognized the tax effects of \$46,033 thousand in 2020. Besides, the Bank had recognized the tax effects of the difference of tax credit of \$73,125 thousand and \$90,562 thousand in 2021 and 2020, respectively, according to the result of 2013、2015 and 2016 income tax return examination.

35. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share were as follows:

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the year ended December 31, 2021</u>			
Basic earnings per share	\$ 18,873,240	10,733,930	\$ 1.76
<u>For the year ended December 31, 2020</u>			
Basic earnings per share	\$ 14,891,850	10,733,930	\$ 1.39

The weighted-average number of shares outstanding for EPS calculation has been retroactively adjusted to reflect the effects of the stock dividends distributed in the year following earning appropriation,

	2020	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share (NT\$)	\$ 1.42	\$ 1.39

36. EQUITY

a. Capital stock

Common stocks

	December 31	
	2021	2020
Number of shares authorized (in thousands)	12,000,000	12,000,000
Authorized capital	\$ 120,000,000	\$ 120,000,000
Number of shares issued and fully paid (in thousands)	10,733,930	10,450,730
Common stocks issued	\$ 107,339,300	\$ 104,507,300
Common stocks issued		
Public	\$ 74,471,580	\$ 72,506,750
Private	32,867,720	32,000,550
	\$ 107,339,300	\$ 104,507,300

Fully paid common stocks, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On March 23, 2020, the Bank's board of directors resolved to raise the authorized capital stock to \$120,000,000 thousand by increasing the number of shares authorized to 12,000,000 thousand shares. The authorized capital stock was approved by the MOEA in April 6, 2020.

On May 25, 2020, the Bank's board of directors resolved to increase its capital by issuing 774,200 thousand shares amounting to \$7,742,000 thousand which included the 2019 earnings. The issuance

was approved by the FSC and MOEA.

On May 19, 2021, the Bank's board of directors resolved to increase its capital by issuing 283,200 thousand shares amounting to \$2,832,000 thousand which included the 2020 earnings. The issuance was approved by the FSC and MOEA.

b. Capital surplus

Under related regulations, capital surplus may be used to offset a deficit. Capital surplus arising from the issuance of shares in excess of par value (including additional paid-in capital from the issuance of common shares and capital surplus from mergers and treasury stock transactions) and donations may be distributed as cash dividends or transferred to common stock on the basis of the percentage of shares held by the stockholders. Any capital surplus transferred to common stock should be within a certain percentage prescribed by law.

Under related regulations, the capital surplus from equity investments under the equity method cannot be distributed for any purpose.

c. Special reserve

Under the FSC guidelines, the Bank reclassified to the special reserve \$165,255 thousand, the sum of trading loss reserve and reserve for loss on branch of purchase commitments, which were in place until December 31, 2010. The reclassified special reserve is unavailable to be used unless: (1) offset a deficit or (2) when the special reserve reaches 50% of the Bank's paid-in capital, 50% of the excess may be used to issue new capital or (3) the FSC has approved that excess may be reversed to unappropriated earnings when special reserve has exceeded the Bank's paid-in capital.

As of December 31, 2021, the special reserve from equity investments under the equity method was \$14,944 thousand.

For the first-time adoption of IFRSs, the Bank should appropriate to a special reserve an amount that was the same as those of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Bank's use of exemptions under IFRS 1. However, on the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated for the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the Bank has earnings and the original need to appropriate a special reserve is not eliminated.

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Bank appropriated to the special reserve an amount of \$1,132,019 thousand on January 1, 2013, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

Information regarding the above special reserve appropriated or reversed on elimination of the original need to appropriate a special reserve was as follows:

	For the Year Ended December 31	
	2021	2020
Balance on January 1	\$ 1,037,012	\$ 1,037,384
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	<u>(22,767)</u>	<u>(372)</u>
Balance on December 31	<u>\$ 1,014,245</u>	<u>\$ 1,037,012</u>

Under Order No. 10510001510 issued by FSC, the appropriation of special reserve should be 0.5% to 1% of net income (net of income tax) when the Bank appropriates the earnings of 2016 to 2018. Since

2017, the Bank is allowed to make special reserve at the amount of the cost of employee transfer and arrangement in connection with the development of financial technology. Information regarding the special reserve appropriated or reversed due to elimination of the original need to appropriate a special reserve was as follows:

	For the Year Ended December 31, 2020
Balance on January 1	\$ 73,812
Appropriation	-
Reversal:	
Cost of employee transfer and arrangement	<u>(73,812)</u>
Balance on December 31	<u>\$ -</u>

d. Appropriation of earnings

From the annual net income less any deficit, an amount equal to 30% thereof should be appropriated as legal reserve and a certain amount, depending on regulations and operating needs, as special reserve. The remaining net income and unappropriated earnings of prior years may be distributed as dividends to shareholders or retained according to the distribution plan to be proposed by the board of directors and submitted to the shareholders' meeting for approval. Unless otherwise restricted by related regulations, the cash dividends must be 10% or above of the total dividends and bonuses distributed. If the cash dividend per share is less than NT\$0.1, the cash dividend will not be distributed unless the distribution is resolved in the stockholders' meetings.

If the legal reserve reaches the amount of paid-in capital or the Bank is sound in both its finance and business operations and have set aside a legal reserve in compliance with the Company Law, the legal reserve is not subject to the limitation of 30% set under the Banking Law and related regulations.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section. The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years, and such special reserve should not be appropriated. If there is difference between appropriation of special reserve and net amount of deduction in other stockholder's equity, the Bank should appropriate on additional amount of special reserve in the first-time adoption of IFRSs. Afterwards, if there is any reversal in of the deduction in other stockholder's equity, the Bank is allowed to appropriating retained earnings from the reversal amount.

Under the Company Law, the legal reserve should be appropriated until the reserve equals the Bank's paid-in capital. This reserve should only be used to offset a deficit. When the reserve exceeds 25% of the Bank's paid-in capital, the excess may be used to issue new shares or distributed as cash dividends.

The appropriations from the earnings of 2020 and 2019 were approved in the stockholders' meetings on May 19, 2021 and May 25, 2020, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 4,404,495	\$ 4,798,697		
Cash dividends	7,446,000	3,200,000	\$ 0.712486	\$ 0.330697
Stock dividends	2,832,000	7,742,000	0.270986	0.800080

Information on the appropriation of earnings or deficit offsetting can be accessed through the website of the Taiwan Stock Exchange (<https://emops.twse.com.tw>).

e. Non-controlling interest

	For the Year Ended December 31	
	2021	2020
Balance on January 1	\$ 237,642	\$ 219,811
Attributable to non-controlling interest		
Net income	9,465	11,292
Exchange differences in translation of financial statements of foreign operations	(22,523)	6,539
Balance on December 31	<u>\$ 224,584</u>	<u>\$ 237,642</u>

37. RELATED-PARTY TRANSACTIONS

Taiwan Cooperative Financial Holding Co., Ltd. is the ultimate parent of the Company, and the Ministry of Finance is the major government stockholder. Based on IAS 24 “Related Party Disclosures”, the Company’s transactions with government-related parties are exempt from disclosure requirements. All transactions, account balances, earnings, expenses and gains (losses) on transactions between the Company and subsidiaries have all been excluded from consolidation and are not disclosed in this note.

In addition to those mentioned in other notes, the related-party transactions are summarized as follows:

a. Related parties

Related Party	Relationship with the Bank
Taiwan Cooperative Financial Holding Company, Ltd. (TCFHC)	Parent company
Co-operative Assets Management Co., Ltd.	Sister company
Taiwan Cooperative Bills Finance Co., Ltd. (TCBF)	Sister company
Taiwan Cooperative Securities Co., Ltd. (TCS)	Sister company
BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI)	Sister company
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Sister company
Taiwan Cooperation Venture Capital Co., Ltd. (TCVC)	Sister company
United Real Estate Management Co., Ltd.	Associated enterprise
TCB Fund of Emerging Markets Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year ESG Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year ESG Senior Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2023 Maturity Selective Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB US Short Duration High Yield Bond fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Healthcare Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Environment & Socially Responsible Multi-Asset Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB ESG Retirement Growth Fund of Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB ESG Retirement Aggressive Fund of Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
Tamshui First Credit Bank	The director of Tamshui First Credit Bank is also the TCFHC’s director.
The Fifth Credit Cooperation of Taipei	The director of The Fifth Credit Cooperation of Taipei is also the Bank’s supervisor.
Others	Main management of the parent company and other related parties.

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended December 31, 2021				
Sister companies	\$ 5,388,190	\$ 3,255,310	\$ 10,307	0.190-0.400
Others	<u>2,430,700</u>	<u>1,382,750</u>	<u>1,912</u>	0.160-0.340
	<u>\$ 7,818,890</u>	<u>\$ 4,638,060</u>	<u>\$ 12,219</u>	
For the year ended December 31, 2020				
Sister companies	\$ 6,200,000	\$ 5,200,000	\$ 16,744	0.190-0.570
Others	<u>2,750,000</u>	<u>50,000</u>	<u>907</u>	0.190-0.500
	<u>\$ 8,950,000</u>	<u>\$ 5,250,000</u>	<u>\$ 17,651</u>	

2) Call loans to securities firms (part of other financial assets, net)

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended December 31, 2021				
Sister company TCS	<u>\$ 286,140</u>	<u>\$ -</u>	<u>\$ 456</u>	0.230-0.370
For the year ended December 31, 2020				
Sister company TCS	<u>\$ 304,630</u>	<u>\$ -</u>	<u>\$ 2,315</u>	0.300-2.480

3) Due to banks

	For the Year Ended December 31			
	2021		2020	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	\$ 259,399	\$ 1,215	\$ 322,072	\$ 2,266
Others				
Tamshui First Credit Bank	25,165,422	186,371	25,246,825	200,342
The Fifth Credit Cooperation of Taipei	6,922,228	44,985	6,920,608	18,965
Others	<u>18,386</u>	<u>-</u>	<u>44,055</u>	<u>10</u>
	<u>\$ 32,365,435</u>	<u>\$ 232,571</u>	<u>\$ 32,533,560</u>	<u>\$ 221,583</u>

4) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the year ended December 31, 2021				
Others	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 43</u>	0.100-0.210

5) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended <u>December 31, 2021</u>				
Sister company	\$ 1,000,000	\$ -	\$ -	-
Main management	426,180	351,365	3,686	0.995-1.530
Others	<u>344,159</u>	<u>224,062</u>	<u>1,745</u>	0.100-1.990
	<u>\$ 1,770,339</u>	<u>\$ 575,427</u>	<u>\$ 5,431</u>	
For the year ended <u>December 31, 2020</u>				
Sister company	\$ 1,000,000	\$ -	\$ -	-
Main management	456,094	321,464	2,989	0.995-1.560
Others	<u>1,221,800</u>	<u>221,124</u>	<u>2,021</u>	0.100-2.240
	<u>\$ 2,677,894</u>	<u>\$ 542,588</u>	<u>\$ 5,010</u>	

Under the Banking Law, except for customer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

6) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
For the year ended <u>December 31, 2021</u>			
Parent company	\$ 48,838	\$ 64	0-0.040
Sister companies	6,296,565	4,397	0-1.035
Associates	102,385	33	0-0.585
Main management	763,042	9,059	0-13.000
Others	<u>18,642,336</u>	<u>17,369</u>	0-13.000
	<u>\$ 25,853,166</u>	<u>\$ 30,922</u>	
For the year ended <u>December 31, 2020</u>			
Parent company	\$ 48,653	\$ 102	0-0.040
Sister companies	5,839,348	6,356	0-1.065
Associates	115,349	102	0-0.640
Main management	781,806	10,435	0-13.000
Others	<u>16,456,034</u>	<u>34,923</u>	0-13.000
	<u>\$ 23,241,190</u>	<u>\$ 51,918</u>	

	<u>December 31</u>	
	2021	2020
7) Accrued income (part of receivables)		
Sister companies		
BPCTLI	\$ 72,175	\$ 88,708
Others	<u>3,939</u>	<u>4,414</u>
	<u>\$ 76,114</u>	<u>\$ 93,122</u>
8) Accrued interest (part of receivables)		
Sister companies	\$ 284	\$ 405
Others	<u>126</u>	<u>4</u>
	<u>\$ 410</u>	<u>\$ 409</u>

		December 31	
		2021	2020
9) Receivable on securities (part of receivables)			
Sister company			
TCS		<u>\$ 125,180</u>	<u>\$ 16,849</u>
10) Tax receivable - consolidated tax return (part of current tax assets)			
Parent company		<u>\$ 1,990,903</u>	<u>\$ 2,100,191</u>
11) Accrued interest (part of payables)			
Sister companies		<u>\$ 36</u>	<u>\$ 37</u>
12) Accrued expense (part of payables)			
Sister companies		<u>\$ 8</u>	<u>\$ 11</u>
13) Payable on securities (part of payables)			
Sister company			
TCS		<u>\$ -</u>	<u>\$ 49,086</u>
14) Tax payable - consolidated tax return (part of current tax liabilities)			
Parent company		<u>\$ 680,951</u>	<u>\$ -</u>
15) Guarantee deposits received (part of other financial liabilities)			
Parent company		\$ 6,012	\$ 6,012
Sister companies		<u>19,740</u>	<u>19,740</u>
		<u>\$ 25,752</u>	<u>\$ 25,752</u>
		For the Year Ended December 31	
		2021	2020
16) Service fee income (part of service fee income, net)			
Parent company		\$ 90	\$ 140
Sister companies			
BPCTLI		782,124	660,318
Others		48,203	46,147
Main management		624	491
Others		<u>22,668</u>	<u>21,163</u>
		<u>\$ 853,709</u>	<u>\$ 728,259</u>
17) Service charge (part of service fee income, net)			
Sister companies		\$ 490	\$ 865
Main management		136	94
Others		<u>-</u>	<u>1</u>
		<u>\$ 626</u>	<u>\$ 960</u>
18) Other income (part of other noninterest gain, net)			
Parent company		\$ 3,765	\$ 5,418
Sister companies		1,904	2,605
Others		<u>3,133</u>	<u>1,487</u>
		<u>\$ 8,802</u>	<u>\$ 9,510</u>

	For the Year Ended December 31	
	2021	2020
19) Donation (part of other noninterest gain, net)		
Main management	\$ 2,000	\$ 2,000
Others	<u>900</u>	<u>900</u>
	<u>\$ 2,900</u>	<u>\$ 2,900</u>

20) Disposals of properties and equipment (part of other noninterest gain, net)

	For the Year Ended December 31, 2021	
	Disposal Amount	Disposal Gain
Sister companies		
CAM	<u>\$ 472,010</u>	<u>\$ 373,499</u>

Terms of other transactions with related parties were similar to those for third parties, except for the more favorable interest rate for managers' savings within a prescribed limit.

21) Lease agreements - the Company is lessor

The Bank lease out investment properties to its parent company and sister companies under operating leases with lease terms of 2 to 10 years. Rentals which are determined based on the prices of nearby properties are calculated on the basis of the leased areas and are payable monthly.

a) Future lease payment receivable was as follows:

	December 31	
	2021	2020
Parent company	\$ 14,896	\$ 42,101
Sister companies		
TCS	127,482	179,478
BPCTLI	13,039	13,387
TCBF	11,004	28,610
Others	<u>41,601</u>	<u>28,037</u>
	<u>\$ 208,022</u>	<u>\$ 291,613</u>

b) Lease income (part of other non-interest gains, net):

	For the Year Ended December 31	
	2021	2020
Parent company	\$ 24,048	\$ 24,048
Sister companies		
TCS	43,115	43,516
BPCTLI	13,912	13,915
Others	<u>21,652</u>	<u>21,833</u>
	<u>\$ 102,727</u>	<u>\$ 103,312</u>

22) Derivatives

Related Party	For the Year Ended December 31, 2021						
	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet		
					Account	Amounts	
Sister company - BPCTLI	Currency swap	2021.01.19-2022.09.30	EUR 7,856	\$ (13,247)	Financial liabilities at fair value through profit or loss	\$ (13,247)	
	Currency swap	2021.01.11-2022.12.30	US\$ 125,504	(23,123)	Financial liabilities at fair value through profit or loss	(23,123)	
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2021.11.30-2022.06.29	US\$ 13,750	(1,400)	Financial liabilities at fair value through profit or loss	(1,400)	
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2021.10.12-2022.03.08	US\$ 21,390	(9,243)	Financial liabilities at fair value through profit or loss	(9,243)	
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$ 1,150	(536)	Financial liabilities at fair value through profit or loss	(536)	
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.11.23-2022.06.29	US\$ 44,800	(3,677)	Financial liabilities at fair value through profit or loss	(3,677)	
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2021.11.29-2022.03.03	US\$ 8,520	(1,332)	Financial liabilities at fair value through profit or loss	(1,332)	
Other - TCB Global High Yield Bond Fund	Currency swap	2021.08.23-2022.05.23	US\$ 20,610	(3,506)	Financial liabilities at fair value through profit or loss	(3,506)	
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.12.13-2022.06.13	US\$ 22,000	(2,368)	Financial liabilities at fair value through profit or loss	(2,368)	
Other - TCB Fund of Emerging Market Bond Fund	Currency swap	2021.11.30-2022.05.31	US\$ 2,200	(358)	Financial liabilities at fair value through profit or loss	(358)	
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2021.11.05-2022.02.10	US\$ 3,000	1,906	Financial assets at fair value through profit or loss	1,906	
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2021.11.05-2022.03.17	US\$ 51,700	(8,737)	Financial liabilities at fair value through profit or loss	(8,737)	
	Currency swap	2021.12.23-2022.03.23	US\$ 3,000	537	Financial assets at fair value through profit or loss	537	
	Currency swap	2021.12.23-2022.03.23	US\$ 23,000	(3,098)	Financial liabilities at fair value through profit or loss	(3,098)	
TCB ESG Retirement Growth Fund of Fund	Currency swap	2021.11.26-2022.02.25	US\$ 2,000	(376)	Financial liabilities at fair value through profit or loss	(376)	
TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2021.11.26-2022.02.25	US\$ 3,500	(657)	Financial liabilities at fair value through profit or loss	(657)	
Related Party	For the Year Ended December 31, 2020						
	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet		
					Account	Amounts	
Sister company - BPCTLI	Currency swap	2020.12.16-2021.09.30	EUR 7,856	\$ 2,270	Financial assets at fair value through profit or loss	\$ 2,270	
	Currency swap	2020.12.31-2021.02.26	US\$ 95,645	82	Financial assets at fair value through profit or loss	82	
	Currency swap	2020.12.09-2021.01.25	US\$ 24,710	(1,356)	Financial liabilities at fair value through profit or loss	(1,356)	
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2020.10.27-2021.05.21	US\$ 13,200	(8,332)	Financial liabilities at fair value through profit or loss	(8,332)	
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2020.10.30-2021.03.16	US\$ 22,450	(9,335)	Financial liabilities at fair value through profit or loss	(9,335)	
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2020.11.27-2021.11.29	US\$ 7,200	(3,190)	Financial liabilities at fair value through profit or loss	(3,190)	
Other - TCB Global High Yield Bond Fund	Currency swap	2020.12.31-2021.10.29	US\$ 3,120	24	Financial assets at fair value through profit or loss	24	

(Continued)

For the Year Ended December 31, 2020							
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet		Amounts
					Account		
	Currency swap	2020.11.09-2021.09.28	US\$ 14,100	\$ (3,294)	Financial liabilities at fair value through profit or loss		\$ (3,294)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2020.12.08-2021.03.15	US\$ 23,000	(2,562)	Financial liabilities at fair value through profit or loss		(2,562)
Other - TCB Fund of Emerging Market Bond Fund	Currency swap	2020.11.30-2021.02.26	US\$ 6,900	(2,722)	Financial liabilities at fair value through profit or loss		(2,722)
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2020.10.30-2021.05.20	US\$ 42,800	(35,927)	Financial liabilities at fair value through profit or loss		(35,927)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2020.12.08-2021.03.08	US\$ 2,250	(528)	Financial liabilities at fair value through profit or loss		(528)

(Concluded)

The realized profit on the currency swaps transactions with related parties was as follows:

			For the Year Ended December 31	
			2021	2020
Financial assets and liabilities at fair value through profit or loss				
Sister company BPCTLI			\$ (34,363)	\$ (296,153)
Others			<u>(183,118)</u>	<u>150,999</u>
			<u>\$ (217,481)</u>	<u>\$ (145,154)</u>

23) Loans

December 31, 2021

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2021 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	106	\$ 316,945	\$ 222,559	\$ 222,559	\$ -	Note 2	None
Self-used housing mortgage loans	63	354,144	253,618	253,618	-	Land and buildings	None
Other loans	Taiwan Cooperative Securities Co Ltd	1,000,000	-	-	-	Bonds	None
	Tamshui First Credit bank	99,250	99,250	99,250	-	Certificates of deposit	None

December 31, 2020

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2020 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	94	\$ 282,848	\$ 185,301	\$ 185,301	\$ -	Note 2	None
Self-used housing mortgage loans	60	395,046	298,287	298,287	-	Land and buildings	None
Other loans	Taiwan Cooperative Securities Co Ltd	1,000,000	-	-	-	Bonds	None
	Tamshui First Credit bank	1,000,000	59,000	59,000	-	Certificates of deposit	None

Note 1: The highest balance is the largest sum in the year of all daily accounts for each type.

Note 2: A portion of consumer loans was guaranteed by real estate.

c. Salaries, bonuses and remuneration to main management

	For the Year Ended December 31	
	2021	2020
Salaries and other short-term employment benefits	\$ 154,182	\$ 153,488
Post-employment benefits	8,119	9,369
Interest arising from the employees' preferential rate in excess of normal rates	<u>3,868</u>	<u>4,261</u>
	<u>\$ 166,169</u>	<u>\$ 167,118</u>

38. PLEDGED ASSETS

- a. In addition to those mentioned in other notes, the face values of the pledged bonds and certificates of deposit are summarized as follows:

	December 31	
	2021	2020
Collaterals for call loans of foreign currency	\$ 40,000,000	\$ 40,000,000
Collaterals for day-term overdraft	30,000,000	30,000,000
Collaterals for overdraft of domestic U.S. dollar settlement	11,000,000	11,000,000
Collaterals for overdraft of domestic RMB settlement	1,302,300	1,297,500
Guarantee deposits for provisional collateral seizure for loan defaults and others	908,000	1,019,700
Collaterals for overdraft of domestic JPY settlement	500,000	500,000
Overseas branches' capital adequate reserve	443,902	366,740
Guarantee deposits for the trust business compensation reserve	290,000	280,000
Guarantee deposits for bills finance business	50,000	50,000
Guarantee deposits for securities operation	50,000	50,000
Collaterals for overseas branch U.S. dollar settlement	15,210	42,628
Collaterals for overseas branch KHR settlement	2,432	8,901
Overseas branches' guarantee deposits for operation	5,531	5,620
Guarantee deposits for the reaccommodations by CBC	<u>30,000,000</u>	<u>-</u>
	<u>\$ 114,567,375</u>	<u>\$ 84,621,089</u>

To comply with the Central Bank of the Republic of China's (CBC) Interbank Funds Transfer and Settlement System for real-time gross settlement (RTGS), the Bank provided certificates of deposit as collateral for day-term overdraft (part of due from the Central Bank and call loans to other banks). The pledged amount may be adjusted anytime, and the unused overdraft amount at the end of a day can also be treated as the Bank's liquidity reserve.

- b. To expand their capital sourcing and enhance their liquidity position, the Bank's Seattle Branch and Los Angeles Branch and New York Branch obtained access privileges at the Discount Window Account of the Federal Reserve Bank. For this access, the three branches pledged the following assets:

(In Thousands of U.S. Dollars)

Date	Loan	Collateral Value
December 31, 2021	<u>\$ 316,643</u>	<u>\$ 236,422</u>
December 31, 2020	<u>\$ 283,691</u>	<u>\$ 203,103</u>

- c. As of December 31, 2021 and 2020, the Bank had pledged \$75,000,000 thousand and \$45,000,000 thousand, respectively, as deposit reserve account B in accordance with the Central Bank's project financing regulations in response to the epidemic.

- d. As of December 31, 2021 and 2020, due to the KHR loans borrowed from the National Bank of Cambodia, the Bank provided US\$69,904 thousand and US\$93,423 thousand, respectively, of its Phnom Penh Branch's due from the Central Bank as collateral to the National Bank of Cambodia in accordance with the relevant regulations.

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, the significant commitments were as follows:

- a. As of December 31, 2021, the Bank's outstanding major construction and procurement contracts amounted to \$253,508 thousand, of which \$192,626 thousand was still unpaid.
- b. According to the joint venture contract signed with BNP Paribas Assurance (BNPPA), the Bank signed the tri-party agreement with BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) and Cooperative Insurance Brokers Co., Ltd. (CIB) on April 13, 2010, which identified BPCTLI as the sole supplier of life insurance products for the Bank and CIB, also applying the Bank's marketing channels to sell life insurance products. Since the Bank merged with the CIB on June 24, 2016, the Bank signed a two-party agreement with BPCTLI on March 30, 2018 to replace the original tri-party agreement, the rights and obligations of the CIB were assumed by the Bank.

40. FINANCIAL INSTRUMENTS

- a. Fair values of financial instruments that are not measured at fair value.

	December 31			
	2021		2020	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 711,991,479	\$ 714,069,761	\$ 723,971,141	\$ 730,582,183

Financial liabilities

Bank debentures	62,100,000	63,142,171	61,600,000	63,285,453
-----------------	------------	------------	------------	------------

Fair value hierarchy as at December 31, 2021

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 714,069,761	\$ 6,207,618	\$ 707,862,143	\$ -

Financial liabilities

Bank debentures	63,142,171	-	63,142,171	-
-----------------	------------	---	------------	---

Fair value hierarchy as at December 31, 2020

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 730,582,183	\$ 7,788,195	\$ 722,793,988	\$ -

	Total	Level 1	Level 2	Level 3
<u>Financial liabilities</u>				
Bank debentures	63,285,453	-	63,285,453	-

In addition to those listed above, the management considered other financial instruments which are not measured at fair value closed to their fair value.

- b. The valuation techniques and assumptions the Bank uses for determining fair values are as follows:

The fair values of financial instruments traded on active markets are based on quoted market prices. However, in many instances where there are no quoted market prices for the Bank's various financial instruments, fair values are based on estimates using other financial data and appropriate valuation methodologies. The financial data obtained by the Bank for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments. Fair values of forward contracts, currency swap contracts, foreign-currency margin contracts, cross-currency swap contracts and interest rate swap contracts are calculated using the discounted cash flow method, unless the fair values are provided by counterparties. Fair values of option contracts are based on estimates using the Black Scholes pricing model.

The Bank estimates the fair value of each forward contract on the basis of the swap points quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the Bloomberg information system, unless the fair values are provided by counterparties. The calculation of the fair value of each option contract is based on the mid-price (the average of bid and ask prices) quoted by Reuters and applied consistently

For debt instruments with no active market, if there are theoretical prices from the Taipei Exchange an over-the-counter securities exchange) on the balance sheet date, they are used as the basis for evaluating the fair value of debt instruments with no active market. Otherwise, the latest trade prices and quoted prices by major markets are used. The fair values of bank debentures are recorded as follows: (a) debentures with no maturity dates - at book values; (b) debentures with floating interest rates - at theoretical prices quoted by the Taipei Exchange; and (c) debentures with fixed interest rates - at estimates reached using the discounted cash flow method. The discount rates used were between 0.4605% and 0.6491%, between 0.4977% and 0.6366% as of December 31, 2021 and 2020, respectively, and were comparable with interest rates for loans with similar terms and characteristics.

Evaluation technique and input of fair value measurement at Level 3

The Company adopts the market approach for domestic unlisted equity investment, and selects similar industries with the target company. The main business model is similar. The products and scales are close to the comparable listed companies. The fair value estimation is based on the information of the listed company, or the price-book ratio (P/B) of the industry to which the target is evaluated is estimated as the multiplier of the fair value estimate. The significant unobservable input used is discount for lack of marketability. A decrease in discount for lack of marketability used in isolation would result in increases in fair value.

The ranges for the discount for lack of marketability used in the assessment of fair value based on the market approach on December 31, 2021 and 2020 are as follows:

	December 31	
	2021	2020
Discount for lack of marketability	10%-30%	10%-30%

With other input values remaining and a change in discount for lack of marketability input value to reflect reasonable assumptions, the amount of fair value of investment in equity instruments will increase (decrease) as follows:

	December 31	
	2021	2020
Discount for lack of marketability		
Increase 10%	\$ (1,022,928)	\$ (908,187)
Decrease 10%	\$ 1,022,928	\$ 908,187

- c. The hierarchies of the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2021 and 2020 were as follows:

1) Fair value hierarchy

Financial Instrument Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 1,496,891	\$ 972,275	\$ -	\$ 524,616
Debt instruments	3,974,229	296,649	3,677,580	-
Others	28,241,393	24,608	28,216,785	-
Financial assets at fair value through other comprehensive income				
Equity instruments	50,164,325	43,371,063	-	6,793,262
Debt instruments	375,334,132	21,190,937	354,143,195	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	677,274	175,633	501,641	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,733,199)	-	(1,733,199)	-
Financial Instrument Measured at Fair Value	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 1,273,497	\$ 743,431	\$ -	\$ 530,066
Debt instruments	1,987,618	-	1,987,618	-
Others	17,981,660	12,350	17,969,310	-
Financial assets at fair value through other comprehensive income				
Equity instruments	23,063,562	17,082,692	-	5,980,870
Debt instruments	352,709,904	29,777,734	322,932,170	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	1,049,908	49,566	1,000,342	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(4,347,280)	-	(4,347,280)	-

2) Reconciliation for financial assets based on the fair value measurement of Level 3

Financial Assets	Financial assets at FVTPL	Investment in Equity Instruments at FVTOCI	Total
Balance at January 1, 2021	\$ 530,066	\$ 5,980,870	\$ 6,510,936
Recognized in profit or loss (included in gains on financial assets and liabilities at FVTPL)	30,550	-	30,550
Recognized in other comprehensive income (included in unrealized valuation gain or loss on investment in equity instruments at FVTOCI)	-	812,392	812,392
Disposal	<u>(36,000)</u>	<u>-</u>	<u>(36,000)</u>
Balance at December 31, 2021	<u>\$ 524,616</u>	<u>\$ 6,793,262</u>	<u>\$ 7,317,878</u>
Balance at January 1, 2020	\$ 242,949	\$ 5,284,827	\$ 5,527,776
Recognized in profit or loss (included in gains on financial assets and liabilities at FVTPL)	55,117	-	55,117
Recognized in other comprehensive income (included in unrealized valuation gain or loss on investment in equity instruments at FVTOCI)	-	685,165	685,165
Purchase	250,000	10,878	260,878
Disposal	<u>(18,000)</u>	<u>-</u>	<u>(18,000)</u>
Balance at December 31, 2020	<u>\$ 530,066</u>	<u>\$ 5,980,870</u>	<u>\$ 6,510,936</u>

The change in unrealized gains or loss for the year ended December 31, 2021 and 2020 included in profit or loss for assets held at December 31, 2021 and 2020 was \$34,140 thousand gains and \$61,680 thousand gains, respectively.

d. Information on financial risk management

1) Risk management

The objective of risk management is to develop a sound risk management mechanism, and on the basis of the risk tolerance level and the expected return level, pursue the maximum value of stockholders' investments. The main risks faced by the Bank include the business credit risk in- and off- balance-sheet, market risks (including interest, exchange, equity security, and commodity risks) and liquidity risk.

The Bank has risk management policies and risk monitoring procedures, which have been reviewed and approved by the Board and are used to effectively identify, measure, monitor and control credit, market, and operating and liquidity risks.

The Board, the highest decision-making unit for the risk management, takes charge of approving the risk management policy and system and building the risk management culture. It also takes ultimate responsibility for overall risk management.

Under the risk management decision approved by the Board, the risk management committee takes charge of and reviews all the Bank's risk management implementation, capital adequacy assessment, and risk exposure management. It also communicates and the inter-departmental risk management issues and coordinates issue handling and continually monitor the execution of risk management procedures.

The risk management department is responsible for planning and designing the risk management system, deliberating capital allocation, setting up the instruments for risk measurement and capital provision, and monitoring risk control. This department also regularly prepares reports for submission to senior management, the risk management committee and the Board.

Under the business management regulation and risk policy, the business supervising unit manages and oversees each business unit toward proper risk management and carries out risk review and control. In addition, the Audit Department evaluates each audit units' risks to determine the audit

focus, scope, measurement, procedures and frequency, and establishes the relevance between the assessment result and the audit frequency, and enhances the effectiveness of audit and assists the Bank to improve internal control and business development.

2) Credit risk

a) Credit risk management policy

Credit risk refers to a borrower, a financial instrument issuer or a transaction counterparty undergoing financial difficulty or other adverse situations (such as a dispute between the borrower and its business partner), which could result in loss due to breach of contract. Credit risk can come from on- and off-balance-sheet items. On-balance sheet items are mainly lending, due from bank and call loans to other banks, security investment and derivatives. Off-balance sheet items are mainly guarantees, acceptance, letters of credit and loan commitments.

The risk management policy, which is founded on the basic principles of safety, liquidity, profitability, welfare and growth, is implemented by the credit risk management division toward the cultivation of a risk management culture. All on- and off- balance sheet transactions are should be analyzed in detail to identify existing and potential credit risk. Based on TCB's business characteristics and the principle of risk diversification, risk status is analyzed and evaluated, centralized limits are set, and a risk monitoring and alert mechanism has been developed and operated. For a more effective credit risk evaluation, an internal rating system has been created to enhance the ability to quantify risk.

The Company's main business items that are measured and managed for credit risks are as follows:

i. Loans business (including loan commitment and guarantees)

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectable. The Company also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

The Company applies to its credit business the so-called "5Ps of credit analysis" as the basis for lending approval and evaluation of its counterparties. These 5Ps are: People (know customers' background and their credit status well); purpose (what will the fund be used for); payment (the borrower's ability to repay an obligation when it falls due); protection (the Company's recourse on repayment defaults); and perspective (how the credit is seen in light of rewards and risks). After a loan is granted, the transaction is reviewed and monitored to ensure the Company's creditor's rights.

To quantify credit risk, the Company applies statistical methods using with customers' qualitative data and lending history to develop a rating module for corporate finance and consumer finance. This module is used to create an internal credit rating system for risk evaluation, in which 9 is the base grade of the credit quality of corporate customers, and 9 or 10 on the business segment consumer customers.

The 5P credit analysis and the module rating specifically apply to corporate customers. Micro credits and residential mortgages are assessed by using the credit rating model, and consumer loans are assessed individually for default risks.

ii. Due from and call loans to other banks

The Company evaluates the credit status of counterparties before closing deals. The Company grants different limits to the counterparties on the basis of their respective credit ratings as suggested by domestic and foreign credit rating agencies.

iii. Investments in debt instruments and derivatives

The Company identifies and manages credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparty risks.

The Company conducts derivative transactions with other banks and sets the credit limits (including lending limits) at their credit rating and the ranking given by the Banker magazine. The credits extended to general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established through normal credit granting processes.

b) Measurement of expected credit losses

i. The determination of significantly increased credit risk after initial recognition

In order to determine whether the credit risks has increased significantly after initial recognition, the Company assessed changes in default risks of financial assets over the duration at the balance sheet date. To evaluate changes in default risks, the Company considered reasonable and verifiable information (including forward-looking information). The major considerations include:

Loans business

i) Quantitative benchmark

Overdue loans: Loans and other credits (including accrued interest) are overdue for at least 30 days but less than 90 days.

ii) Qualitative benchmark

- Borrower or its representative suffered from dishonored check due to insufficient funds.
- Borrower or its representative suffered from credit card suspension.
- Owners of credit card have been denied by Taiwan Clearing House (THC).
- Objective evidence shows that the borrower's ability to fulfill obligation has been affected.

Bonds and bills business

i) Quantitative benchmark

Credit rating of bond issuers are not classified as investment grade and downgraded by over two grades, or classified as CCC.

Credit risks are deemed low, if the credit rating of the issuer was classified as investment grade at the issue date and the credit risk did not increase significantly after initial recognition.

ii) Qualitative benchmark

Credit rating of bond issuers are not classified as investment grade and downgraded by no more than two grades, but credit risk increase significantly.

ii. Definition of default and credit loss on financial assets

The Company defines financial asset default in the same manner as financial asset impairment. If one or more of the following conditions occur, the Company can conclude that the financial asset has defaulted and the credit is impaired:

Loans business

- i) Loans and other credits (including accrued interest) are overdue for at least 90 days.
- ii) Borrower filed for bankruptcy or reorganization.
- iii) Borrower defaulted on other financial instruments.
- iv) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulties, has granted the borrower concession that the lender would not otherwise consider.
- v) Borrower has been denied by TCH.

Bonds and bills business

- i) Interest or principal of bonds without payment are overdue for at least 90 days.
- ii) Borrower has indication of impairment such as overdue receivables, doubtful debts, financial crisis, contract condition change due to financial crisis and bankruptcy or reorganization.

The above definition of default is applicable to financial assets that are held by the Company, and is in line with the definition of internal-management intention. Therefore, it is applied to related impairment evaluation models.

If the conditions that define default and credit loss of financial assets have been corrected and the financial assets have returned to the original state of compliance, the financial assets are no longer recognized as impaired.

iii. Reversal policy

When the Company is unable to recover financial assets to expectations, they are entirely or partly written off against the allowance amount. Indicators of uncollectible financial assets are as follows:

- i) The debtor's inability to recover all or part of the debts due to dissolution, escape, settlement, bankruptcy or other reasons.
- ii) After collaterals assumed and assets of principal and subordinate debtors have been priced low or after deductions for first-order mortgage have been made, the remaining value of the assets is not enough to pay any obligation; also, if execution cost nears or exceeds the debtor's liability, no gain will be realized.
- iii) The Bank is not responsible for the collaterals assumed and assets of principal and subordinate debtors experiencing low priced auctions with no bidders.
- iv) Overdue loans or collections were made after two years from the settlement date.
- v) Overdue credit card loans and overdue receivables were aged over nine months after the settlement date.

Financial assets that have been written off by the Company may continue activities in progress, while complying with procedures according to relevant policies.

iv. Measurement of expected credit losses

Loans business

In order to assess the expected credit loss, the Company will categorize credit assets according to credit risk and industry assessments of borrower, as well as credit risk of the types of collateral.

A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The Company 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.

Probability of default refers to a possibility that a borrower would default to the contract (please refer to the introduction to “The definition of default and credit loss on financial assets”). Loss given default refers to the ratio of default loss caused by borrower. Probability of default and loss given default for loan business of the Company are calculated by the adjustment of historical default rate, which is based on historical internal information (e.g. credit loss experience), current observable information and prospective macroeconomics statistics (e.g. monitoring indicator from National Development Association and unemployment rate from Directorate General of Budget, Accounting and Statistics, Executive Yuan).

The Company estimates the exposure at default according to the aggregate book value. In addition, the estimations of expected credit loss for the 12-month loan period and duration of loan commitment made by the Company are based on the credit conversion factor (CCF), using the portion of the loan commitment that is expected to be used within 12 months of reporting date and expected duration to calculate expected credit loss and determine the exposure at default.

There is no significant change in the estimation method and assumptions used to calculate expected credit loss as of December 31, 2021.

Bonds and bills business

A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The Company measures expected credit loss by calculating the product of loss given default and exposure at default, while taking into account the probability of default of a 12-month period and duration, as well as the effect of changes in currency values.

There is no significant change in the estimation method and assumptions used to calculate expected credit loss as of December 31, 2021.

v. Forward-looking information considerations

Loans business

The Company has taken into account previous forward-looking information when assessing asset default probability. The Company analyzes past archives to identify relevant economic factors affecting personal and company asset default probabilities.

According to the Company's previous forward-looking information, estimations are calculated at the end of the year per year on average. The influence of relevant economic factors and expected credit loss identified by the Company on December 31, 2020 and 2019 is as follows:

	Probability of Default
Relevant economic factors	Monitoring indicator/unemployment rate

In addition, in order to respond in a timely manner to the obvious changes in trend of the various overall economic indicators as a result of the impact of the COVID-19 pandemic, a new mid-term evaluation mechanism for forward-looking factors has been added to reflect the impact of changes in the economic indicators on the default rate.

Bonds and bills business

The assessment of the increase/decrease in the credit risk is based on the Company's amortization costs and other comprehensive income measured by fair value, referring to changes in external credit ratings according to the international credit ratings service (Moody's) as a quantitative indicator. Also, the expected credit loss uses external credit ratings and Moody's periodic calculations of default probability and loss given default as references. As international credit ratings services have taken into account forward-looking information in assessing credit ratings, it is also appropriate for the Company to consider forward-looking information when assessing relevant expected credit loss.

c) Credit risk avoidance or mitigation policy

i. Strengthen collaterals and other credits

The Company has a series of measures for credit granting to reduce credit risks. One of the measures is to require collaterals from the borrowers. To secure a debt, the Bank manages and assesses the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, the Company stipulates the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that the Company reserves the right to reduce the granted quota, to shorten the repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in the Company in order to reduce the credit risks.

There was no major change in the collateral policy of the Company on the balance sheet date, and there was no significant change in the overall collateral quality.

The Company closely monitors the value of collaterals of financial instruments and considers impairment on credit-impaired financial assets. Credit-impaired financial assets and collateral to mitigate potential loss were as follows:

December 31, 2021

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
Impaired financial assets				
Receivables	\$ 155,867	\$ 59,387	\$ 96,480	\$ -
Discount and loans	36,101,322	4,047,940	32,053,382	78,882,813

December 31, 2020

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
Impaired financial assets				
Receivables	\$ 169,402	\$ 70,631	\$ 98,771	\$ -
Discount and loans	41,068,145	5,304,254	35,763,891	108,780,377

The total amount of financial assets that have been written off but have recourse action by the Company in December 31, 2021 and 2020 was \$8,010,636 thousand and \$7,793,168 thousand, respectively.

ii. Credit limit and the control of concentration of credit risk

To avoid the concentration of credit risks, the Company sets up centralized credit limits for business segments, countries, collaterals, groups, and construction financing. Monthly, or more frequently, as needed, the Company reviews credit limits, monitor the actual risk-exposure condition and whether the usage rate of limits meets relevant regulations and reports the review results to superior management, risk management committee and the Board periodically. If there is a possibility of breach of the credit limits, the related department or division will apply appropriate procedures to ensure that the credit limits are followed.

Concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The profile by group or industry, regions and collaterals of obligations that were 10% or more of total outstanding loans is as follows:

Credit Risk Profile by Group or Industry	December 31			
	2021		2020	
	Amount	%	Amount	%
Natural person	\$ 966,913,755	39	\$ 912,721,994	40
Manufacturing	420,742,616	17	415,971,331	18

iii. Master netting arrangement

The Company settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or in some circumstances where the transactions are terminated because of a counterparty's default.

d) Maximum exposures to credit risks

The maximum exposures to credit risks of assets on the consolidated balance sheets without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts.

The maximum exposure of financial instrument to credit risks which was not applicable to impairment is as follow:

	December 31	
	2021	2020
Financial assets at fair value through profit or loss - debt instrument	\$ 3,974,229	\$ 1,987,618

The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument are stated as follows:

December 31, 2021					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 290,623,006	\$ 27,880	\$ 1,180,336	\$ -	\$ 291,831,222
Allowance for possible losses	(781,399)	(28)	(167,289)	-	(948,716)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(451,407)	(451,407)
	<u>\$ 289,841,607</u>	<u>\$ 27,852</u>	<u>\$ 1,013,047</u>	<u>\$ (451,407)</u>	<u>\$ 290,431,099</u>
December 31, 2020					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 267,817,361	\$ 10,894	\$ 579,956	\$ -	\$ 268,408,211
Allowance for possible losses	(761,139)	(84)	(56,788)	-	(818,011)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(601,967)	(601,967)
	<u>\$ 267,056,222</u>	<u>\$ 10,810</u>	<u>\$ 523,168</u>	<u>\$ (601,967)</u>	<u>\$ 266,988,233</u>

The Company’s management believes its ability to minimize credit risk exposures on off-balance sheet items is mainly due to its rigorous evaluation of credit extended and the periodic reviews of these credits.

Some financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, call loans to security firms, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counterparties have high credit ratings.

In addition to the above assets, credit quality analysis of other financial assets is as follows:

a) Credit quality analysis of discounts and loans

	December 31, 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts, loans	\$ 2,423,547,486	\$ 6,838,384	\$ 36,101,322	\$ -	\$ 2,466,487,192
Allowance for possible losses	(3,777,112)	(86,866)	(4,047,940)	-	(7,911,918)
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,800,941)	(21,800,941)
	<u>\$ 2,419,770,374</u>	<u>\$ 6,751,518</u>	<u>\$ 32,053,382</u>	<u>\$ (21,800,941)</u>	<u>\$ 2,436,774,333</u>
	December 31, 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts, loans	\$ 2,260,676,252	\$ 2,802,802	\$ 41,068,145	\$ -	\$ 2,304,547,199
Allowance for possible losses	(3,903,935)	(19,762)	(5,304,254)	-	(9,227,951)
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(19,945,273)	(19,945,273)
	<u>\$ 2,256,772,317</u>	<u>\$ 2,783,040</u>	<u>\$ 35,763,891</u>	<u>\$ (19,945,273)</u>	<u>\$ 2,275,373,975</u>

b) Credit quality analysis of receivables

	December 31, 2021					Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Difference of Impairment Recognized under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	
Receivables	\$ 14,890,139	\$ 42,626	\$ 155,867	\$ 2,808,236	\$ -	\$ 17,896,868
Allowance for possible losses	(34,359)	(10,928)	(59,387)	(187,153)	-	(291,827)
Difference of impairment recognized under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	(173,969)	(173,969)
	<u>\$ 14,855,780</u>	<u>\$ 31,698</u>	<u>\$ 96,480</u>	<u>\$ 2,621,083</u>	<u>\$ (173,969)</u>	<u>\$ 17,431,072</u>
	December 31, 2020					Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Difference of Impairment Recognized under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	
Receivables	\$ 14,394,742	\$ 46,627	\$ 169,402	\$ 2,303,414	\$ -	\$ 16,914,185
Allowance for possible losses	(33,571)	(12,978)	(70,631)	(421,178)	-	(538,358)
Difference of impairment recognized under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	(163,955)	(163,955)
	<u>\$ 14,361,171</u>	<u>\$ 33,649</u>	<u>\$ 98,771</u>	<u>\$ 1,882,236</u>	<u>\$ (163,955)</u>	<u>\$ 16,211,872</u>

c) Credit quality analysis of securities

December 31, 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 373,892,337	\$ -	\$ -	\$ 373,892,337
Allowance for possible losses	(66,666)	-	-	(66,666)
Amortized cost	373,825,671	-	-	373,825,671
Fair value adjustments	1,508,461	-	-	1,508,461
	<u>\$ 375,334,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,334,132</u>
Investments in debt instruments at amortized cost	\$ 712,010,695	\$ -	\$ -	\$ 712,010,695
Allowance for possible losses	(19,216)	-	-	(19,216)
	<u>\$ 711,991,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,991,479</u>
December 31, 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 342,990,157	\$ -	\$ -	\$ 342,990,157
Allowance for possible losses	(110,684)	-	-	(110,684)
Amortized cost	342,879,473	-	-	342,879,473
Fair value adjustments	9,830,431	-	-	9,830,431
	<u>\$ 352,709,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,709,904</u>
Investments in debt instruments at amortized cost	\$ 724,016,853	\$ -	\$ -	\$ 724,016,853
Allowance for possible losses	(45,712)	-	-	(45,712)
	<u>\$ 723,971,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,971,141</u>

d) The changes in allowance for possible losses of investments in debt instruments at FVTOCI are summarized below:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	\$ 110,684	\$ -	\$ -	\$ 110,684
New financial assets purchased	21,017	-	-	21,017
Derecognition of financial assets in the current reporting period	(9,638)	-	-	(9,638)
Change in model or risk parameters	(33,429)	-	-	(33,429)
Changes in exchange rates and other changes	(21,968)	-	-	(21,968)
Balance at December 31, 2021	<u>\$ 66,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,666</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 83,771	\$ -	\$ -	\$ 83,771
New financial assets purchased	31,991	-	-	31,991
Derecognition of financial assets in the current reporting period	(11,124)	-	-	(11,124)
Change in model or risk parameters	(1,442)	-	-	(1,442)
Changes in exchange rates and other changes	<u>7,488</u>	<u>-</u>	<u>-</u>	<u>7,488</u>
Balance at December 31, 2020	<u>\$ 110,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,684</u>

- e) The changes in allowance for possible losses of investments in debt instruments at amortized cost are summarized below:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	\$ 45,712	\$ -	\$ -	\$ 45,712
New financial assets purchased	2,656	-	-	2,656
Derecognition of financial assets in the current reporting period	(3,290)	-	-	(3,290)
Change in model or risk parameters	(25,063)	-	-	(25,063)
Changes in exchange rates and other changes	<u>(799)</u>	<u>-</u>	<u>-</u>	<u>(799)</u>
Balance at December 31, 2021	<u>\$ 19,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,216</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 47,897	\$ -	\$ -	\$ 47,897
New financial assets purchased	5,937	-	-	5,937
Derecognition of financial assets in the current reporting period	(4,306)	-	-	(4,306)
Change in model or risk parameters	(3,538)	-	-	(3,538)
Changes in exchange rates and other changes	<u>(278)</u>	<u>-</u>	<u>-</u>	<u>(278)</u>
Balance at December 31, 2020	<u>\$ 45,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,712</u>

3) Market risks

Market risk refers to the risk of losses in positions arising from adverse movements of market prices. It refers to interest rates, exchange rates, equity security prices, commodity prices, etc.

The main market risks that the Company faces are equity security, interest rates, and exchange rate risks. The market risk position of equity security mainly includes domestic listed and OTC stocks, domestic stock index options and stock market index futures; the position of interest rate mainly includes short-term bills, bonds and interest rate derivative instruments; and the instruments exposed to exchange rate risk mainly include spot contracts and forward contracts and derivatives denominated in foreign currency.

Under the market risk management policies approved by the board of directors, the new Basel Capital Accord and regulations implemented by relevant authorities and in consideration of the Bank's own market risk management system and its overall risk management goals and product features, the Bank has set all types of investment authorization limits and stop-loss rules, regularly reviews the customers' credit status and compiles management information reports to control all types of market risks effectively.

The Company's market risk management procedures include risk identification, evaluation, and measurement as well as risk monitoring, and reporting. Every units' risk management personnel analyze data on market risk position and evaluate measurement methods, including the statistical basic measurement method, sensitivity analysis, and situational analysis. Monitoring content includes trading processes, collective and individual, of all transaction units and all financial instruments, such as change of position, change of profit and loss, trading pattern, and if trading objects are transacted within the authorized scope and limits.

The Company's business units and risk management unit have established market risk factors for identifying risk exposure positions and use these factors to measure market risks. The market risk factors refer to the components of financial instruments' position, such as profit and loss and sensitivity to risk, which might be affected by interest rates, exchange rates and equity security market prices.

The Company's risk management unit reports to management periodically the execution status of measures on market risk management, investment positions, and profit and loss control so that management can fully understand the status of market risk management. The Company also has cleared reporting procedures and rules for all types of transaction limits and the stop-loss order. If any transaction amount reaches the limit, the stop-loss order is executed immediately; if the stop-loss order is not executed, the transaction unit is required to explain the reasons for non-execution and prepare a response plan for management's approval.

Effect of interest rate benchmark reform

The Banks non-derivative financial assets are exposed to LIBOR which is subject to interest rate benchmark reform. The Banks has established a LIBOR transition project plan. This transition project is considering risk management policy adjustment, internal procedures modification, information system update, financial instrument valuation model adjustment and related issues of accounting and taxation. The Banks has started to discuss the modification of contracts with the counterparties in the financial instrument transactions and expects to accomplish modification before interest rate transition.

The following table contains details of non-derivative financial instruments held by the Bank at December 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	\$ 11,725,461
Discounts and loans	<u>106,165,783</u>
	<u>\$ 117,891,244</u>

The Bank applies market risk sensitivity as a risk control instrument. Market risk sensitivity position refers to the change in the value of a position due to a change in a certain market risk factor. Market risk factors include interest rates, exchange rates, and equity security prices. The Bank's position sensitivity exposure trading book contains all types of positions exposed to market risk and the range of change to which sensitivity analysis applied under various pressure scenarios for all types of risk factors.

Assuming all other factors are held constant, the effects of risks within defined change scenarios are shown below:

Main Risk	Change Scenario	December 31, 2021	December 31, 2020
Interest rate risk	Interest rate curve increased 100 basis points	\$ (353,392)	\$ (132,255)
	Interest rate curve fell 100 basis points	380,457	139,368
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(167,222)	(153,007)
	USD/NT\$, EUR/NT\$ fell 3%	167,222	153,007
	Others (RMB, AUD etc.)/NT\$ increased 5%	372,018	59,168
	Others (RMB, AUD etc.)/NT\$ fell 5%	(372,018)	(59,168)
Equity security price risk	Equity security price increased by 15%	149,215	114,003
	Equity security price fell by 15%	(149,215)	(114,003)

Average amount and average interest rate of interest-earning assets and interest-bearing liabilities are as follows:

Average balance is calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

	December 31			
	2021		2020	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks and other financial assets - due				
from banks	\$ 41,943,488	0.67	\$ 31,492,757	1.33
Due from the Central Bank	196,080,571	0.23	180,733,963	0.26
Call loans to banks and other financial assets -				
call loans to security firms	68,531,874	0.43	66,570,048	0.96
Financial assets mandatorily classified as at fair				
value through profit or loss	40,366,516	0.29	24,642,082	0.50
Financial assets at fair value through other				
comprehensive income	356,361,257	1.31	342,167,777	1.51
Investments in debt instruments at amortized cost	722,379,716	0.52	582,084,624	0.65
Discounts and loans	2,398,181,329	1.57	2,269,657,255	1.76
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	248,609,945	0.25	236,602,593	0.54
Due to the Central Bank and other banks	68,616,417	0.10	11,051,986	0.10
Financial liabilities designated as at fair value				
through profit or loss	-	-	2,942,126	4.94
Securities sold under repurchase agreements	6,849,038	0.17	8,090,866	0.27
Demand deposits	755,267,311	0.06	612,498,924	0.08
Savings - demand deposits	1,063,067,225	0.18	956,220,700	0.20
Time deposits	703,593,012	0.51	679,050,304	0.95
Time savings deposits	604,938,870	0.80	619,012,892	0.89
Treasury deposits	121,466,475	0.43	116,319,563	0.53
Negotiable certificates of deposits	46,250,907	0.28	44,589,268	0.50
Structured products	2,458,928	0.70	1,675,590	0.38
Bank debentures	61,460,274	1.50	61,847,541	1.53
Lease liabilities	1,518,091	2.59	1,581,742	2.80

The exchange rate risk is as follows:

December 31, 2021

				(In Thousands)
	Foreign Currencies	Exchange Rate	Carrying Amount	
<u>Financial assets</u>				
USD	\$ 15,515,821	27.6550	\$ 429,090,036	
RMB	10,773,891	4.3410	46,769,460	
AUD	1,743,404	20.0900	35,024,988	
JPY	76,059,160	0.2405	18,292,228	
EUR	456,144	31.3800	14,313,804	
<u>Financial liabilities</u>				
USD	20,462,231	27.6550	565,882,996	
RMB	8,827,439	4.3410	38,319,911	
AUD	1,207,092	20.0900	24,250,474	
JPY	60,322,936	0.2405	14,507,666	
EUR	305,438	31.3800	9,584,654	

December 31, 2020

				(In Thousands)
	Foreign Currencies	Exchange Rate	Carrying Amount	
<u>Financial assets</u>				
USD	\$ 13,870,878	28.1000	\$ 389,771,681	
RMB	12,065,358	4.3250	52,182,671	
AUD	1,555,686	21.6500	33,680,611	
EUR	509,433	34.5900	17,621,286	
JPY	37,286,079	0.2725	10,160,457	
<u>Financial liabilities</u>				
USD	17,586,903	28.1000	494,191,970	
RMB	10,068,251	4.3250	43,545,186	
AUD	1,053,441	21.6500	22,807,003	
JPY	45,630,001	0.2725	12,434,175	
EUR	252,455	34.5900	8,732,422	

4) Liquidity risk

Liquidity risk is inherent in all bank operations and might be affected by specific or general industry and environmental events. These events include credit-related events, mergers or acquisitions, systemic changes and natural disasters. The Bank defines liquidity risk as the inability to realize assets or to obtain financing for meeting obligations when they fall due, resulting in loss.

The liquidity risk management strategy is based on the overall risk management objectives and involves liquidity risk identification, measurement, monitoring and control to maintain the Bank's appropriate liquidity and ensure adequate funding for meeting liability obligations or for capital growth.

The liquidity risk management procedures involve identification, measurement, monitoring and reporting of risk. Each business unit should identify the existing liquidity risk in business activities and financial products.

For adequate liquidity for all types of deposits, TCB follows the relevant regulations issued by the Central Bank to estimate the liquidity reserves and calculates and controls daily the liquidity reserve ratios.

For the Bank's operating liquidity, the fund disbursement unit performs daily cash flow management and monitoring of the payments schedule on the basis of detailed reports by different departments and relevant rules.

The risk management department regularly generates risk reports, which include the liquidity reserve ratios and the maturity analysis of instruments and transactions denominated in major foreign currencies, and submits them to the Asset and Liability Management Committee and the Board as reference for decision making.

The Bank stipulates liquidity risk limits, which are regularly monitored and reviewed by the risk management department. If a liquidity risk limit is exceeded or other exception situations occur, the business supervising unit immediately develops appropriate contingency measures and submits them to the Asset and Liability Management Committee for approval and implementation.

The Bank's contingency measures for business emergency or sudden liquidity crisis are aimed at quick crisis resolution and resumption of normal operations.

The Bank's liquidity reserve ratios were 28.92% and 32.20% in December 2021 and 2020, respectively.

The Company disclosed the analysis of cash outflows on non-derivative financial liabilities by their residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 150,356,499	\$ 73,956,730	\$ 9,413,858	\$ 441,480	\$ -	\$ 234,168,567
Due to the Central Bank and other banks	-	-	-	88,889,360	-	88,889,360
Securities sold under repurchase agreements	3,171,199	1,768,430	1,367,320	50,485	738,412	7,095,846
Payables	26,830,739	2,133,830	6,868,806	2,359,907	2,654,200	40,847,482
Deposits and remittances	329,988,947	489,349,842	469,886,767	764,859,478	1,427,119,697	3,481,204,731
Bank debentures	-	-	11,650,000	8,350,000	42,100,000	62,100,000
Lease liabilities	65,535	168,724	147,632	274,908	1,515,975	2,172,774
Other items of cash outflow on maturity	1,475,898	154	183	965,406	65,679	2,507,320

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 134,290,203	\$ 70,564,173	\$ 13,059,156	\$ 7,511,054	\$ -	\$ 225,424,586
Due to the Central Bank and other banks	-	13,911,420	-	23,207,190	-	37,118,610
Securities sold under repurchase agreements	2,676,474	1,975,304	1,108,235	130,863	441,432	6,332,308
Payables	18,304,602	1,908,525	5,236,979	2,342,043	2,339,362	30,131,511
Deposits and remittances	322,166,243	474,217,819	434,667,871	701,471,034	1,340,412,013	3,272,934,980
Bank debentures	-	-	1,500,000	-	60,100,000	61,600,000
Lease liabilities	63,950	171,376	144,349	275,440	1,679,513	2,334,628
Other items of cash outflow on maturity	4,092,279	246	300	906,783	31,497	5,031,105

In the above table, the maturity analysis of deposits and remittances by residual-maturity period was based on the Company's historical experience. Assuming that all demand deposits as of December 31, 2021 and 2020 must be repaid soon, the capital expenditure will be increased by \$1,976,268,781 thousand and \$1,796,222,648 thousand, respectively, within 30 days these balance sheet dates.

The Company assesses the maturity dates of contracts to understand the basic elements of all derivative financial instruments shown in the balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown in the balance sheets. The maturity analysis of

derivative financial liabilities is as follows:

a) Derivative financial liabilities to be settled at net amounts

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ -	\$ 325	\$ 583	\$ 839	\$ -	\$ 1,747
Interest	(1,148)	(373)	(1,229)	(501)	-	(3,251)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 2,524	\$ 4,376	\$ 3,982	\$ 35	\$ -	\$ 10,917
Interest	(1,489)	(514)	(1,232)	(3,671)	(5,782)	(12,688)

b) Derivative financial liabilities to be settled at gross amounts

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 63,485,067	\$ 61,242,094	\$ 30,298,843	\$ 69,033,095	\$ 144,832	\$ 224,203,931
Cash inflow	63,987,810	61,708,574	30,484,421	69,430,081	144,877	225,755,763
Interest derivatives						
Cash outflow	-	181,503	-	-	-	181,503
Cash inflow	-	27,834	-	-	-	27,834
Total cash outflow	63,485,067	61,423,597	30,298,843	69,033,095	144,832	224,385,434
Total cash inflow	63,987,810	61,736,408	30,484,421	69,430,081	144,877	225,783,597
Net cash flow	502,743	312,811	185,578	396,986	45	1,398,163

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 67,256,035	\$ 57,597,575	\$ 35,541,984	\$ 20,818,986	\$ -	\$ 181,214,580
Cash inflow	68,459,812	59,063,827	36,344,928	21,215,498	-	185,084,065
Total cash outflow	67,256,035	57,597,575	35,541,984	20,818,986	-	181,214,580
Total cash inflow	68,459,812	59,063,827	36,344,928	21,215,498	-	185,084,065
Net cash flow	1,203,777	1,466,252	802,944	396,512	-	3,869,485

The Bank conducted maturity analysis of off-balance sheet items based on the residual maturities as of the balance sheet dates. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some of these amounts may not correspond to those shown in the balance sheets.

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 528,196	\$ 1,674,707	\$ 9,048,367	\$ 14,095,610	\$ 75,944,387	\$ 101,291,267
Irrevocable credit card commitments	522,404	210,633	878,299	2,235,586	56,339,371	60,186,293
Letters of credit issued yet unused	6,601,599	16,519,129	2,343,935	1,191,689	5,119,914	31,776,266
Other guarantees	10,720,286	12,838,344	8,254,136	9,206,215	57,558,415	98,577,396

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,780,057	\$ 5,754,959	\$ 9,424,885	\$ 16,478,646	\$ 51,834,487	\$ 85,273,034
Irrevocable credit card commitments	486,171	219,619	284,242	4,131,380	50,200,284	55,321,696
Letters of credit issued yet unused	4,063,257	11,942,600	2,257,016	1,348,322	4,575,745	24,186,940
Other guarantees	9,491,871	7,823,692	12,084,249	13,532,636	60,694,093	103,626,541

f. Transfers of financial assets

Under the Company operations, most of derecognized financial assets are securities sold under repurchase agreements, and the contractual cash flows have been transferred to others. The Company has the responsibility to repurchase transferred financial assets at fixed prices, and cannot use, sell and pledge transferred financial assets. However, the Company is still in the risk exposure of interest rate and credit, so the transferred financial assets cannot be removed entirely. The information on derecognized financial assets and liabilities is as follows:

December 31, 2021					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 785,548	\$ 786,386	\$ 785,548	\$ 786,386	\$ (838)
Financial assets at FVTOCI - securities sold under repurchase agreements	5,848,731	6,309,460	5,848,731	6,309,460	(460,729)

December 31, 2020					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 368,500	\$ 368,609	\$ 368,500	\$ 368,609	\$ (109)
Financial assets at FVTOCI - securities sold under repurchase agreements	5,573,285	5,963,699	5,573,285	5,963,699	(390,414)

g. Offsetting financial assets and financial liabilities

The Company is eligible to present in the balance sheet on a net basis certain derivative assets and derivative liabilities pertaining to transactions with counterparties under enforceable master netting arrangements or similar agreements and there is an intention either to make settlements on a net basis or to realize the asset and settle the liability simultaneously. A master netting agreement provides for a single net settlement of all financial instruments covered by the agreement if the counterparty defaults on any contract. Parties may also settle transactions at gross amounts if a single settlement results in cash flows being equivalent to a single net amount.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheets or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2021

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 7,095,846	\$ -	\$ 7,095,846	\$ (6,634,279)	\$ -	\$ 461,567

December 31, 2020

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 6,332,308	\$ -	\$ 6,332,308	\$ (5,941,785)	\$ -	\$ 390,523

41. CAPITAL MANAGEMENT

According to the authority's regulation for principles of capital adequacy management, the Bank lists all the risks into the capital adequacy evaluation scope. In accordance with the operation plans and budget targets, which approved by the board of directors, also considering the Bank's development strategy, capital adequacy, liabilities ratios, and dividend policy, the Bank proposes capital adequacy evaluation plan, which include stress testing, estimation for each season's capital adequacy ratio, etc. to ensure the capital adequacy ratio can be reached and capital structure is sound.

To monitor capital adequacy, the risk management department regularly reports capital adequacy ratios every month and also quarterly reviews the execution status of and actual operation data variation on the Bank's capital adequacy evaluation plan. When the actual capital adequacy ratio might go lower than target, the Bank immediately reviews the causes, prepares a report and proposes a response strategy to maintain the appropriate capital adequacy levels.

The Banking Law and related regulations require that the Bank maintain the minimum requirement for unconsolidated and consolidated capital adequacy ratios (CAR), including the common equity Tier 1 ratio, Tier 1 capital ratio, and total capital adequacy ratio.

Information on the Bank's CAR is as follows:

(In Thousands of New Taiwan Dollars, %)

Items			Year	December 31, 2021	
				Standalone	Consolidated
Eligible capital	Common equity		\$ 232,029,317	\$ 232,592,819	
	Other Tier 1 capital		18,802,112	19,308,800	
	Tier 2 capital		38,852,045	39,874,668	
	Eligible capital		289,683,474	291,776,287	
Risk-weighted assets	Credit risk	Standardized approach	1,824,632,721	1,825,372,526	
		Internal ratings based approach	-	-	
		Securitization	1,874,928	1,874,928	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	80,974,300	81,054,682	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	29,248,663	29,248,675	
		Internal model approach	-	-	
	Risk-weighted assets		1,936,730,612	1,937,550,811	
Capital adequacy ratio			14.96	15.06	
Ratio of the common equity to risk-weighted assets			11.98	12.00	
Ratio of Tier 1 capital to risk-weighted assets			12.95	13.00	
Ratio of leverage			5.70	5.71	

(In Thousands of New Taiwan Dollars, %)

Items			Year	December 31, 2020	
				Standalone	Consolidated
Eligible capital	Common equity		\$ 219,621,005	\$ 220,232,955	
	Other Tier 1 capital		18,930,153	19,466,300	
	Tier 2 capital		45,655,112	46,776,207	
	Eligible capital		284,206,270	286,475,462	
Risk-weighted assets	Credit risk	Standardized approach	1,736,040,749	1,739,944,941	
		Internal ratings based approach	-	-	
		Securitization	2,907,542	2,907,542	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	78,512,627	78,609,300	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	25,635,188	25,629,800	
		Internal model approach	-	-	
	Risk-weighted assets		1,843,096,106	1,847,091,583	
Capital adequacy ratio			15.42	15.51	
Ratio of the common equity to risk-weighted assets			11.92	11.92	
Ratio of Tier 1 capital to risk-weighted assets			12.94	12.98	
Ratio of leverage			5.81	5.83	

Note 1: Eligible capital, risk-weighted assets and exposure measurement are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and the “Explanation of Methods for Calculating the Eligible Capital and Risk-Weighted Assets of Banks.”

Note 2: Formulas used were as follows:

- 1) Eligible capital = The common equity + Other Tier 1 capital + Tier 2 capital.
- 2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
- 5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.
- 6) Ratio of leverage = Tier 1 capital ÷ Exposure measurement.

42. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

- a. Asset quality: Table 2 (attached).
- b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2021			December 31, 2020		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percent age of Bank's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percenta ge of Bank's Equity
1	Group A Railway transportation	\$35,574,193	14.23	Group A Railway transportation	\$37,773,193	15.62
2	Group B Real estate development	33,453,164	13.38	Group B Real estate development	23,215,439	9.60
3	Group C Financial leasing	15,795,392	6.32	Group D Computers and computing peripheral equipment manufacturing	13,864,373	5.73
4	Group D Computers and computing peripheral equipment manufacturing	12,937,598	5.17	Group E Petroleum and coal products manufacturing	13,079,452	5.41
5	Group E Petroleum and coal products manufacturing	12,491,386	5.00	Group K Harbor services	12,099,630	5.00
6	Group F Iron and steel smelting	11,677,823	4.67	Group F Iron and steel smelting	11,171,044	4.62
7	Group G Wholesale of electronic and communication equipment and parts	10,203,170	4.08	Group C Financial leasing	10,422,914	4.31
8	Group H Spinning of yarn, cotton and wool	9,169,703	3.67	Group L Harbor services	10,276,726	4.25
9	Group I Shipping agency	9,042,809	3.62	Group J Real estate development	9,668,569	4.00
10	Group J Real estate development	8,989,009	3.60	Group I Shipping agency	9,395,910	3.89

Note 1: The list shows rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with 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 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including 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 overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)
December 31, 2021

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,772,741,019	\$ 163,170,929	\$ 27,065,259	\$ 378,012,726	\$ 3,340,989,933
Interest rate-sensitive liabilities	1,101,870,729	1,809,883,143	91,831,198	46,640,778	3,050,225,848
Interest rate sensitivity gap	1,670,870,290	(1,646,712,214)	(64,765,939)	331,371,948	290,764,085
Net worth					208,967,925
Ratio of interest rate-sensitive assets to liabilities					109.53
Ratio of interest rate sensitivity gap to net worth					139.14

Interest Rate Sensitivity (New Taiwan Dollars)
December 31, 2020

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,578,418,018	\$ 136,942,902	\$ 39,542,728	\$ 358,103,225	\$ 3,113,006,873
Interest rate-sensitive liabilities	1,067,072,480	1,658,887,604	99,280,907	60,882,267	2,886,123,258
Interest rate sensitivity gap	1,511,345,538	(1,521,944,702)	(59,738,179)	297,220,958	226,883,615
Net worth					203,677,688
Ratio of interest rate-sensitive assets to liabilities					107.86
Ratio of interest rate sensitivity gap to net worth					111.39

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity (U.S. Dollars)
December 31, 2021

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 13,952,486	\$ 1,076,620	\$ 291,681	\$ 2,558,277	\$ 17,879,064
Interest rate-sensitive liabilities	17,238,266	2,863,222	2,871,043	-	22,972,531
Interest rate sensitivity gap	(3,285,780)	(1,786,602)	(2,579,362)	2,558,277	(5,093,467)
Net worth					1,484,251
Ratio of interest rate-sensitive assets to liabilities					77.83
Ratio of interest rate sensitivity gap to net worth					(343.17)

Interest Rate Sensitivity (U.S. Dollars)
December 31, 2020

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 15,190,951	\$ 866,162	\$ 226,194	\$ 2,250,352	\$ 18,533,659
Interest rate-sensitive liabilities	17,431,450	2,429,031	2,386,749	-	22,247,230
Interest rate sensitivity gap	(2,240,499)	(1,562,869)	(2,160,555)	2,250,352	(3,713,571)
Net worth					1,356,351
Ratio of interest rate-sensitive assets to liabilities					83.31
Ratio of interest rate sensitivity gap to net worth					(273.79)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

Unit: %

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	0.53	0.47
	After income tax	0.47	0.40
Return on equity	Before income tax	8.77	7.35
	After income tax	7.67	6.35
Net income ratio		38.60	31.29

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Net income ratio = Income after income tax ÷ Total net revenues.

Note 4: The above profitability ratios are calculated that based on the amount of consolidated financial report.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2021

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 3,734,586,747	\$ 398,758,888	\$ 517,528,907	\$ 176,209,600	\$ 265,081,041	\$ 387,286,021	\$ 1,989,722,290
Main capital outflow on maturity	4,320,331,778	217,417,312	228,475,073	537,968,935	476,972,434	901,527,186	1,957,970,838
Gap	(585,745,031)	181,341,576	289,053,834	(361,759,335)	(211,891,393)	(514,241,165)	31,751,452

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2020

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 3,490,045,791	\$ 493,858,204	\$ 460,102,564	\$ 132,706,076	\$ 203,745,278	\$ 345,911,393	\$ 1,853,722,276
Main capital outflow on maturity	4,094,139,080	200,283,631	239,351,380	542,831,242	434,041,383	732,745,967	1,944,885,477
Gap	(604,093,289)	293,574,573	220,751,184	(410,125,166)	(230,296,105)	(386,834,574)	(91,163,201)

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2021

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 27,195,487	\$ 8,722,928	\$ 4,911,125	\$ 2,525,240	\$ 3,307,172	\$ 7,729,022
Main capital outflow on maturity	31,928,600	7,586,482	5,968,456	5,802,085	7,983,154	4,588,423
Gap	(4,733,113)	1,136,446	(1,057,331)	(3,276,845)	(4,675,982)	3,140,599

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2020

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 26,085,560	\$ 9,348,664	\$ 4,477,752	\$ 2,355,371	\$ 1,775,230	\$ 8,128,543
Main capital outflow on maturity	30,456,891	10,299,123	4,851,748	4,636,171	6,487,229	4,182,620
Gap	(4,371,331)	(950,459)	(373,996)	(2,280,800)	(4,711,999)	3,945,923

Note: The above amounts included only U.S. dollar amounts held by the Bank.

43. TAIWAN COOPERATIVE BANK, LTD.'S TRUST BUSINESS UNDER THE TRUST LAW

- a. Trust-related items are those shown in the following balance sheets, statements of income and trust property list

These items were managed by the Bank's Trust Department. However, these items were not included in the financial statements.

Balance Sheets of Trust Accounts December 31, 2021 and 2020

Trust Assets	2021	2020	Trust Liabilities	2021	2020
Cash in banks	\$ 12,245,051	\$ 9,375,320	Payables		
Short-term investments			Accrued expense	\$ 1,082	\$ 885
Mutual funds	190,638,342	167,528,197	Others	9	15
Stocks	3,098,381	2,283,474	Mutual funds payable	3,738	80,113
Bonds	385	6,210,456	Other liabilities	1	-
	<u>193,737,108</u>	<u>176,022,127</u>		<u>4,830</u>	<u>81,013</u>
Securities lending	<u>256,065</u>	<u>225,168</u>	Accounts payable on securities under custody	<u>200,573,375</u>	<u>166,841,784</u>
Receivables	<u>4,376</u>	<u>22,713</u>	Trust capital	<u>311,135,410</u>	<u>274,507,930</u>
Real estate			Reserves and retained earnings		
Land	73,499,632	65,545,184	Net income	1,230,358	439,554
Buildings	5,608	4,453	Retained earnings	(54,350)	(4,052)
Construction in process	<u>32,429,746</u>	<u>23,673,868</u>		<u>1,176,008</u>	<u>435,502</u>
	<u>105,934,986</u>	<u>89,223,505</u>			
Intangible assets					
Superficies	<u>138,662</u>	<u>138,662</u>			
	<u>138,662</u>	<u>138,662</u>			
Other assets	-	16,950			
Securities under custody	<u>200,573,375</u>	<u>166,841,784</u>			
Total	<u>\$ 512,889,623</u>	<u>\$ 441,866,229</u>	Total	<u>\$ 512,889,623</u>	<u>\$ 441,866,229</u>

Note: As of December 31, 2021 and 2020, total trust-related assets included OBU funds and bonds investments in the amount of \$1,483,859 thousand, \$1,471,276 thousand, respectively.

Trust Property List December 31, 2021 and 2020

Investment Items	2021	2020
Cash in banks	\$ 12,245,051	\$ 9,375,320
Short-term investments		
Mutual funds	190,638,342	167,528,197
Stocks	3,098,381	2,283,474
Bonds	385	6,210,456
Securities lending	256,065	225,168
Receivables		
Accrued interest	1,268	1,498
Mutual funds	1,356	2,430
Cash dividends	919	703
Securities sold	-	17,276
Others	833	806
Real estate		
Land	73,499,632	65,545,184
Buildings	5,608	4,453
Construction in process	32,429,746	23,673,868
Intangible assets		
Superficies	138,662	138,662
Other assets	-	16,950
Securities under custody	<u>200,573,375</u>	<u>166,841,784</u>
Total	<u>\$ 512,889,623</u>	<u>\$ 441,866,229</u>

Statements of Income on Trust Accounts
For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenues		
Interest revenue	\$ 6,023	\$ 6,171
Lending stock	4,197	4,403
Cash dividends	58,561	45,430
Realized gain on investment - stocks	242,267	30,055
Unrealized gain on investment - stocks	821,693	331,557
Unrealized gain on investment - lending stock	92,587	58,706
Realized gain on investment - mutual funds	10,577	598
Unrealized gain on investment - mutual funds	80,123	46,474
Beneficial certificates appropriation	18,197	6,343
Others	9	23
Total revenues	<u>1,334,234</u>	<u>529,760</u>
Expenses		
Management fees	9,370	5,885
Monitoring fees	3	4
Taxes	18	23
Service charge	46	548
Realized loss on investment - stocks	13,778	8,673
Unrealized loss on investment - stocks	39,354	58,167
Unrealized loss on investment - lending stock	16,612	4,798
Realized loss on investment - mutual funds	3,334	2,452
Unrealized loss on investment - mutual funds	21,229	9,496
Others	132	160
Total expenses	<u>103,876</u>	<u>90,206</u>
Income before income tax	1,230,358	439,554
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 1,230,358</u>	<u>\$ 439,554</u>

b. Nature of trust business operations under the Trust Law: Note 1.

44. ALLOCATION OF REVENUE, COST AND EXPENSE THAT RESULTED FROM THE SHARING OF RESOURCES BETWEEN TAIWAN COOPERATIVE FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Under cooperation arrangements, the Bank and Taiwan Cooperative Securities (TCS) promoted securities brokerage business together; thus, related revenues received by the Bank were calculated as follows: (a) revenue based on 20% of the net revenue derived from security transactions for three years. (b) related revenues from utilizing some operating sites and equipment by the TCS; and (c) receiving cross-selling service fees of \$2,000 thousand annually.

To promote the credit card business and corporate banking business together, the Bank and TCS signed cooperation arrangements, and marketing expenses paid by the Bank were based on the arrangements.

As of December 31, 2021 and 2020, the accrued receivables were \$30,119 thousand and \$13,179 thousand (part of receivables), respectively. The revenues from cross-selling transactions were \$41,399 thousand and \$22,913 thousand (part of other noninterest gains, net) in 2021 and 2020, respectively.

To promote the insurance business together, the Bank and BNP Paribas Cardif TCB Life Insurance Co., Ltd. signed cooperation arrangements. The service fees earned by the Bank were based on the agreed percentage of the premiums from the insurance companies' products sold by the Bank.

As of December 31, 2021 and 2020, the accrued receivables were \$2,155 thousand and \$2,369 thousand, respectively (part of receivables). The revenues from cross-selling transactions were \$29,106 thousand and \$31,311 thousand (part of service fee income, net) in 2021 and 2020, respectively.

45. CASH FLOW INFORMATION

a. Non-cash financing activities

Undistributed cash dividends approved by the stockholders in the stockholders' meetings were both \$170,524 thousand as of December 31, 2021 and 2020.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes New Leases	Others	Closing Balance
Due to the Central Bank and other banks	\$ 37,118,610	\$ 51,770,750	\$ -	\$ -	\$ 88,889,360
Bank debentures	61,600,000	500,000	-	-	62,100,000
Guarantee deposits received	2,633,007	(192,130)	-	-	2,440,877
Lease liabilities	1,623,938	(604,134)	461,096	(33,943)	1,446,957
	<u>\$ 102,975,555</u>	<u>\$ 51,474,486</u>	<u>\$ 461,096</u>	<u>\$ (33,943)</u>	<u>\$ 154,877,194</u>

For the year ended December 31, 2020

	Opening Balance	Cash Inflows (Outflows)	New Leases	Non-cash Changes Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	\$ -	\$ 37,118,610	\$ -	\$ -	\$ -	\$ 37,118,610
Financial liabilities designated as at fair value through profit or loss - bank debentures	12,052,429	(12,096,000)	-	669	42,902	-
Bank debentures	65,000,000	(3,400,000)	-	-	-	61,600,000
Guarantee deposits received	1,578,229	1,054,778	-	-	-	2,633,007
Lease liabilities	1,627,816	(605,828)	626,572	-	(24,622)	1,623,938
	<u>\$ 80,258,474</u>	<u>\$ 22,071,560</u>	<u>\$ 626,572</u>	<u>\$ 669</u>	<u>\$ 18,280</u>	<u>\$ 102,975,555</u>

46. OTHER IMPORTANT MATTERS

Since the outbreak of the COVID-19 pandemic in 2020 which has impacted global industries and economic activities and also may affect the Company's operating results. The degree of impact will depend on the subsequent management and control of the COVID-19 pandemic and the results of the various economic activities. As of the date of approval of these consolidated financial statements, the management assessed that the pandemic had no significant impact on the Company. The Company will continue to monitor the development of the pandemic, carefully evaluate and actively respond to the impact of the pandemic on the Company's financial status and operating performance.

47. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and b. investees:

- 1) Financing provided: The Bank - not applicable; investee company - not applicable.
- 2) Endorsement/guarantee provided: The Bank - not applicable; investee company - not applicable.
- 3) Marketable securities held: The Bank - not applicable; investee company - not applicable.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (the Bank disclosed its investments acquired or disposed of): None.

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.
 - 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: Table 3 (attached).
 - 7) Allowance of service fees to related parties amounting to at least NT\$5 million: None.
 - 8) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 4 (attached).
 - 9) Sale of nonperforming loans: Table 5 (attached).
 - 10) Financial asset securitization: None.
 - 11) Other significant transactions which may affect the decisions of users of financial reports: Note 46.
 - 12) Percentage share in investees and related information: Table 6 (attached).
 - 13) Derivative transactions: The Bank - Notes 8, 37 and 40 to the financial statements; investee company: None.
- c. Investment in Mainland China:
- Based on “Regulations Governing Approvals of Banks to Engage in Financial Activities between the Taiwan Area and the Mainland Area,” the Bank set up the Suzhou Branch, Tianjin Branch, Fuzhou Branch and Changsha Branch in Mainland China. This investment had been approved by the Financial Supervisory Commission. The 4 branches’ information - major operating items, capital stock, the way of investment, investment inflows and outflows, the holding percentage, the investment income or loss, the book value at year-end, the remitted investment profits and the limit on the amount of investment in Mainland China - can be seen in Table 7 (attached).
- d. Business relationships and significant transactions among the parent company and subsidiaries: Table 8 (attached).

48. OPERATING SEGMENTS

The information reported to the Company’s chief operating decision maker for the assessment of segment performance focuses mainly on business and profit or loss. The Company’s reportable segments are as follows:

- a. Deposit and loan section, including savings, loans and remittances;
- b. Credit section, including legal person and personal credit businesses;
- c. Funding section, including funding management with domestic and foreign currencies, securities, investments and other financial management;
- d. Trust and Insurance section, including development, promotion and management of trust and insurance transactions;
- e. Other noncore businesses.

The accounting policies of the reportable segments are the same as the Company’s accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenue, expenses and related information of the Company's reportable segments for the year ended December 31, 2021 and 2020 are as follows:

For the Year Ended December 31, 2021							
	Deposit and Loan Section	Credit Section	Funding Section	Trust and Insurance Section	Others	Eliminate	Total
Net interest	\$ 11,643,425	\$ 21,654,854	\$ 507,590	\$ -	\$ 1,167,300	\$ -	\$ 34,973,169
Net revenues and gains other than interest	<u>191,766</u>	<u>2,180,273</u>	<u>6,380,663</u>	<u>3,729,523</u>	<u>1,551,554</u>	<u>(85,417)</u>	<u>13,948,362</u>
Net revenues	11,835,191	23,835,127	6,888,253	3,729,523	2,718,854	(85,417)	48,921,531
Bad-debt expenses commitment and provision for losses on commitment and guarantees	-	(2,343,786)	-	-	995	-	(2,342,791)
Operating expenses	<u>(9,015,415)</u>	<u>(9,896,230)</u>	<u>(822,587)</u>	<u>(3,217,287)</u>	<u>(2,030,670)</u>	<u>-</u>	<u>(24,982,189)</u>
Income before income tax	<u>\$ 2,819,776</u>	<u>\$ 11,595,111</u>	<u>\$ 6,065,666</u>	<u>\$ 512,236</u>	<u>\$ 689,179</u>	<u>\$ (85,417)</u>	<u>\$ 21,596,551</u>
For the Year Ended December 31, 2020							
	Deposit and Loan Section	Credit Section	Funding Section	Trust and Insurance Section	Others	Eliminate	Total
Net interest	\$ 10,660,201	\$ 21,556,694	\$ 623,075	\$ -	\$ 1,068,898	\$ -	\$ 33,908,868
Net revenues and gains other than interest	<u>195,150</u>	<u>2,286,740</u>	<u>7,233,327</u>	<u>3,223,381</u>	<u>878,198</u>	<u>(101,902)</u>	<u>13,714,894</u>
Net revenues	10,855,351	23,843,434	7,856,402	3,223,381	1,947,096	(101,902)	47,623,762
Bad-debt expenses commitment and provision for losses on commitment and guarantees	-	(6,968,980)	-	-	(15,689)	-	(6,984,669)
Operating expenses	<u>(8,617,348)</u>	<u>(9,173,209)</u>	<u>(812,854)</u>	<u>(2,893,445)</u>	<u>(1,886,611)</u>	<u>-</u>	<u>(23,383,467)</u>
Income before income tax	<u>\$ 2,238,003</u>	<u>\$ 7,701,245</u>	<u>\$ 7,043,548</u>	<u>\$ 329,936</u>	<u>\$ 44,796</u>	<u>\$ (101,902)</u>	<u>\$ 17,255,626</u>

TABLE 1
TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
**CONSOLIDATED ENTITIES
DECEMBER 31, 2021 AND 2020**
Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership		Note
				December 31, 2021	December 31, 2020	
Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	Belgium	Banking	90.02	90.02	

Subsidiaries not included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership		Note
				December 31, 2021	December 31, 2020	
None	-	-	-	-	-	

TABLE 2
TAIWAN COOPERATIVE BANK, LTD.
**ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, %)**

Period			December 31, 2021				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperformin g Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 3,575,119	\$ 834,569,436	0.43	\$ 10,184,010	284.86
	Unsecured		655,753	697,125,119	0.09	6,647,066	1,013.65
Consumer banking	Housing mortgage (Note 4)		549,782	598,979,444	0.09	9,032,746	1,642.97
	Cash card		-	-	-	-	-
	Small-scale credit loans (Note 5)		12,891	12,903,702	0.10	178,589	1,385.38
	Other (Note 6)	Secured	653,423	306,359,933	0.21	3,353,695	513.25
		Unsecured	12,826	12,169,584	0.11	178,195	1,389.33
Loan			5,459,794	2,462,107,218	0.22	29,574,301	541.67
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperformin g Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards			7,862	4,551,733	0.17	62,008	788.71
Accounts receivable factored without recourse (Note 7)			-	212,155	-	8,738	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			316				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			2,663				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			9,035				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			49,199				

(Continued)

Period			December 31, 2020				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 4,863,535	\$ 801,379,466	0.61	\$ 10,318,236	212.16
	Unsecured		431,735	613,933,360	0.07	6,391,460	1,480.41
Consumer banking	Housing mortgage (Note 4)		670,061	551,782,839	0.12	8,332,352	1,243.52
	Cash card		-	-	-	-	-
	Small-scale credit loans (Note 5)		7,191	12,767,129	0.06	172,985	2,405.58
	Other (Note 6)	Secured	759,179	303,423,708	0.25	3,620,608	476.91
		Unsecured	12,836	10,659,036	0.12	165,845	1,292.03
Loan			6,744,537	2,293,945,538	0.29	29,001,486	430.00
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards			6,697	4,395,094	0.15	65,056	971.42
Accounts receivable factored without recourse (Note 7)			-	214,150	-	8,764	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			372				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			3,693				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			9,390				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			48,219				

(Concluded)

- Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans.” Nonperforming credit card receivables are 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 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivable balance.
- Note 3: Coverage ratio of loans: Allowance for credit losses for loans ÷ Nonperforming loans.
Coverage ratio of receivables: Allowance for credit losses for receivables ÷ Nonperforming receivables.
- Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.
- Note 5: Based on the Banking Bureau’s letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.
- Note 6: Other consumers banking loans refer to secured or unsecured loans that exclude housing mortgage, cash and credit card, and small-scale credit loans.
- Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.
- Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau’s letter dated April 25, 2006 (Ref. No. 09510001270).
- Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau’s letter dated September 15, 2008 (Ref. No. 09700318940) and letter dated September 20, 2016 (Ref. No. 10500134790).

TABLE 3
TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Taiwan Cooperative Bank, Ltd.
Property	Land Serial No. 1045, 1045-2, Youshi Sec., Yangmei Dist., Taoyuan City.
Event Date	2021.04.26 (Note)
Original Acquisition Date	1977.05.10
Carrying Amount	\$ 98,511
Transaction Amount	\$ 472,010
Collection	Paid \$472,010 by contract (total amount of the transaction)
Gain (Loss) on Disposal	\$ 373,499
Counterparty	Co-operative Assets Management Co., Ltd.
Relationship	Same parent company
Purpose of Disposal	Activating asset utilization efficiency in order to comply with regulatory requirements
Price Reference	Real estate appraiser report
Other Terms	None

Note: The actual date of occurrence is the date of board of directors.

TABLE 4**TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY**

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Company, Ltd.	Parent company	\$1,990,903 (Note)	-	\$ -	-	\$ -	\$ -

Note: Receivable - consolidated tax return.

TABLE 5**TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY**

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)	Terms	Relationship Between the Counterparty and the Company
2021.06.25	The Hong Kong and Shanghai Banking Corporation Limited	Midterm unsecured loan for enterprise (International syndicated loans)	\$ - (Note 1)	\$ 425,918 (US\$ 15,400)	\$ 425,918 (US\$ 15,400)	None	None
2021.08.27	Deutsche Bank AG, London Branch	Midterm unsecured loan for enterprise (International syndicated loans)	- (Note 2)	29,428 (US\$ 1,053)	29,428 (US\$ 1,053)	None	None

Note 1: Book value equals the amount of the original loan of US\$28,187 thousand minus the allowance for bad debts of US\$28,187 thousand.

Note 2: Book value equals the amount of the original loan of US\$3,396 thousand minus the allowance for bad debts of US\$3,396 thousand.

2. The sale of a batch of nonperforming loans totaling over NT\$1 billion (excluding those sold to related parties): None.

TABLE 6
TAIWAN COOPERATIVE BANK, LTD.
**PERCENTAGE SHARE IN INVESTEEES AND RELATED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Investee Company (Note 1)	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Percentage Share of the Bank and Its Affiliates in Investees (Note 1)				Note
						Shares	Pro Forma Shares (Note 2)	Total		
								Shares	Percentage of Ownership	
<u>Finance-related business</u>										
United Taiwan Bank S.A.	Belgium	Banking	90.02	\$2,026,753	\$ 85,416	2,639,659	-	2,639,659	90.02	(Note 4)
Taiwan Asset Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	17.03	2,764,800	117,000	180,000,000	-	180,000,000	17.03	
Financial Information Service Co., Ltd.	Taipei City	Information service	3.06	622,356	43,974	15,990,664	-	15,990,664	3.06	
Taiwan Financial Asset Service Co., Ltd.	Taipei City	Property auction	5.88	113,500	1,000	10,000,000	-	10,000,000	5.88	
Taiwan Depository & Clearing Co., Ltd.	Taipei City	Custody of securities and short-term bills	0.84	547,617	14,657	4,371,201	-	4,371,201	1.00	
Taiwan Futures Exchange Co., Ltd.	Taipei City	Futures clearing	1.75	680,096	20,947	7,610,099	-	7,610,099	1.81	
Financial eSolution Co., Ltd.	Taipei City	Office machine wholesaling	9.92	32,179	116	2,181,617	-	2,181,617	9.92	
Taipei Forex Inc.	Taipei City	Foreign exchange brokering	7.06	65,940	10,500	1,400,000	-	1,400,000	7.06	
Sunny Asset Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	0.72	403	80	43,088	-	43,088	0.72	
Taiwan Mobile Payment Company	Taipei City	IT software service	4.00	19,776	-	2,400,000	-	2,400,000	4.00	
Taiwania Capital Buffalo II Bioventures, LP	Taipei City	Venture capital	8.47 (Note 3)	524,616	30,550	(Note 3)	-	(Note 3)	8.47 (Note 3)	
<u>Non-finance related business</u>										
United Real Estate Management Co., Ltd.	Taipei City	Real estate appraisal	30.00	139,194	12,399	10,115,630	-	10,115,630	30.00	
Taiwan Power Company	Taipei City	Power development and supply	0.24	1,174,233	-	78,754,764	-	78,754,764	0.24	
Taiwan Sugar Company	Tainan City	Sugar manufacturing and agriculture	0.08	322,866	4,657	4,233,752	-	4,233,752	0.08	
Lien-An Service Co., Ltd.	Taipei City	Leasing	5.00	2,625	125	125,000	-	125,000	5.00	
Taipei Rapid Transit Co., Ltd.	Taipei City	Public transportation	0.0014	217	-	14,286	-	14,286	0.0014	
China Daily News	Tainan City	Newspaper publishing	0.04	64	-	16,768	-	16,768	0.04	
Taipei Financial Center Corp.	Taipei City	Residence and buildings lease construction and development	1.63	431,040	18,722	24,000,000	-	24,000,000	1.63	
Taiwan Urban Regeneration & Financial Services Co., Ltd.	Taipei City	Urban renewal reconstruction and renovation or maintenance	5.00	15,550	-	7,500,000	-	7,500,000	15.00	
Taiwan High Speed Rail Corporation	Taipei City	High speed railroad transportation business	0.95	1,577,680	55,965	53,300,000	-	53,300,000	0.95	

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of the Banking Law.
b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules."
c. Derivative contracts, such as those on stock options, are those conforming to the definition of derivatives in Statement of International Financial Reporting Standards No. 9 - "Financial Instruments."

Note 3: The ending percentage share of the Bank of Taiwania Capital Buffalo II Bioventures, LP (the Bank's contribution to the total amount of funds of the partnership) is as disclosed.

Note 4: The ending percentage share of the Bank of United Taiwan Bank S.A. has been fully eliminated on consolidation.

TABLE 7

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY

**INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Investment Earnings as of December 31, 2021
					Outflow	Inflow						
Suzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	\$4,547,235 (US\$154,395) (Note 1)	Direct	\$4,547,235 (US\$154,395) (Note 1)	\$ -	\$ -	\$4,547,235 (US\$154,395) (Note 1)	\$250,042	100	\$250,042	\$6,017,602	\$ -
Tianjin Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,947,314 (US\$97,387) (Note 1)	Direct	2,947,314 (US\$97,387) (Note 1)	-	-	2,947,314 (US\$97,387) (Note 1)	156,819	100	156,819	2,599,182	-
Fuzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,950,882 (US\$97,549) (Note 1)	Direct	2,950,882 (US\$97,549) (Note 1)	-	-	2,950,882 (US\$97,549) (Note 1)	(104,354)	100	(104,354)	3,047,981	-
Changsha Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,630,485 (US\$87,232) (Note 1)	Direct	2,630,485 (US\$87,232) (Note 1)	-	-	2,630,485 (US\$87,232) (Note 1)	2,208	100	2,208	2,235,863	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 150,143,682

Note 1: Translation into New Taiwan dollars at the exchange rates on the date of each outflow of investment.

Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the largest of 60% of the Bank's net asset value or 60% of the Bank's consolidated net asset value.

TABLE 8
TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	\$ 547,516	Note 4	0.01
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Due to banks	547,516	Note 4	0.01
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	494,630	Note 4	0.01
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	494,630	Note 4	0.01
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	3,586,962	Note 4	0.09
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	3,586,962	Note 4	0.09

Note 1: These companies listed in Table 8 are identified as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

- a. From parent company to subsidiary.
- b. From subsidiary to parent company.
- c. Between subsidiaries.

Note 3: For calculating the percentages, asset or liability account is divided by the consolidated total assets and revenue or expense account is divided by the total consolidated net revenue of the same year.

Note 4: The terms for the transactions between the transacting company and related parties are similar to those for unrelated parties.

Note 5: Referring to transactions exceeding NT\$100 million.

5.6 Stand Alone Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholder
Taiwan Cooperative Bank, Ltd.

Opinion

We have audited the accompanying financial statements of Taiwan Cooperative Bank, Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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 and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations 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 of the Bank 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 in our audit of the financial statements for the year ended December 31, 2021 were as follows:

Impairment Assessment of Loans

The net discounts and loans of the Bank as of December 31, 2021 accounted for 58% of the total assets. Therefore, the assessment of the impairment loss of discounts and loans may have significant impacts on the financial statements. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of the Bank complies with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" related regulations (collectively, the Regulations) when assessing classification of credit assess and recognizing allowance for possible losses.

For the accounting policies and critical accounting judgments and estimates regarding the Bank's impairment assessment of loans, refer to Notes 4 and 5 to the financial statements; for the relevant information on the impairment assessment of loans, refer to Note 12 to the financial statements.

When assessing whether to recognize impairment loss on loans in accordance with the Regulations, the main judgment of the management of the Bank is the assessment of possible loss of the credit assets, including whether the credit assets are classified based on the length of time the loans have been overdue and the value of the collateral. As the amount of impairment assessed under the Regulations is much greater than the amount estimated in accordance with IFRS 9 "Financial Instruments" and the assessment involves many significant judgments and estimates and the amount is material to the financial statements, impairment of loans was identified as a key audit matter.

With respect to the critical judgments, estimates, and assumptions used in the assessment of impairment loss, the main audit procedures we performed were as follows:

1. We obtained an understanding of the design of the Bank's relevant internal controls on the impairment assessment of loans.
2. We tested and confirmed that credit assets were classified and evaluated for impairment in accordance with the Regulations, which require the consideration of the length of time the loans have been overdue and the value of the collaterals in calculating the provision for impairment loss.

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 the Regulations Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors, 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence of the financial information of the components of the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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.

From the matters communicated with those charged with governance, we determine those matters that were of the 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 Yin-Chou Chen and Tza-Li Gung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 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.

TAIWAN COOPERATIVE BANK, LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 37)	\$ 97,956,336	2	\$ 48,772,704	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 37 and 38)	400,698,579	10	384,321,287	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 37)	34,389,787	1	22,292,683	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4 and 9)	425,498,457	10	375,773,466	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 38)	711,437,263	17	723,209,819	19
RECEIVABLES, NET (Notes 4, 11, 37 and 44)	17,411,864	1	16,182,383	-
CURRENT TAX ASSETS (Notes 4, 34 and 37)	2,098,460	-	2,190,949	-
DISCOUNTS AND LOANS, NET (Notes 4, 12, 37 and 38)	2,431,988,226	58	2,264,446,500	58
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 13)	2,165,947	-	2,278,968	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 14, 37 and 38)	8,400,317	-	8,376,494	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 15)	33,012,703	1	33,178,687	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 16)	1,485,590	-	1,668,222	-
INVESTMENT PROPERTIES, NET (Notes 4 and 17)	7,514,762	-	7,570,720	-
INTANGIBLE ASSETS (Notes 4 and 18)	3,783,956	-	3,799,294	-
DEFERRED TAX ASSETS (Notes 4 and 34)	2,238,705	-	2,376,561	-
OTHER ASSETS (Notes 4, 16 and 19)	730,061	-	825,352	-
TOTAL	<u>\$ 4,180,811,013</u>	<u>100</u>	<u>\$ 3,897,264,089</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 20 and 37)	\$ 232,147,811	6	\$ 223,658,360	6
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 21)	88,889,360	2	37,118,610	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 25 and 37)	1,733,199	-	4,347,280	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9 and 22)	7,095,846	-	6,332,308	-
PAYABLES (Notes 23 and 37)	41,293,855	1	30,558,247	1
CURRENT TAX LIABILITIES (Notes 4, 34 and 37)	1,366,677	-	769,403	-
DEPOSITS AND REMITTANCES (Notes 24 and 37)	3,480,143,710	83	3,271,783,532	84
BANK DEBENTURES (Note 25)	62,100,000	2	61,600,000	2
OTHER FINANCIAL LIABILITIES (Notes 17, 26 and 37)	2,507,320	-	5,031,105	-
PROVISIONS (Notes 4, 27 and 28)	7,698,136	-	8,165,092	-
LEASE LIABILITIES (Notes 4 and 16)	1,438,619	-	1,612,664	-
DEFERRED TAX LIABILITIES (Notes 4, 15 and 34)	3,375,493	-	3,430,126	-
OTHER LIABILITIES	1,006,101	-	1,066,211	-
Total liabilities	<u>3,930,796,127</u>	<u>94</u>	<u>3,655,472,938</u>	<u>94</u>
EQUITY				
Capital stock				
Common stock	107,339,300	3	104,507,300	3
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	58,664,088	1	58,664,088	1
From treasury stock transactions	103,157	-	103,157	-
Total capital surplus	<u>58,767,245</u>	<u>1</u>	<u>58,767,245</u>	<u>1</u>
Retained earnings				
Legal reserve	50,484,207	1	46,079,712	1
Special reserve	1,194,444	-	1,217,211	-
Unappropriated earnings	26,256,685	1	20,854,524	1
Total retained earnings	<u>77,935,336</u>	<u>2</u>	<u>68,151,447</u>	<u>2</u>
Other equity	5,973,005	-	10,365,159	-
Total equity	<u>250,014,886</u>	<u>6</u>	<u>241,791,151</u>	<u>6</u>
TOTAL	<u>\$ 4,180,811,013</u>	<u>100</u>	<u>\$ 3,897,264,089</u>	<u>100</u>

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

TAIWAN COOPERATIVE BANK, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 29 and 37)	\$ 47,838,424	98	\$ 51,258,287	108	(7)
INTEREST EXPENSE (Notes 4, 29 and 37)	<u>(13,000,614)</u>	<u>(27)</u>	<u>(17,518,325)</u>	<u>(37)</u>	(26)
NET INTEREST	<u>34,837,810</u>	<u>71</u>	<u>33,739,962</u>	<u>71</u>	3
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 30, 37 and 44)	6,766,636	14	6,238,894	13	8
Losses on financial assets and liabilities at fair value through profit or loss (Notes 4, 31 and 37)	(775,945)	(1)	(8,780,918)	(19)	(91)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 32)	4,413,601	9	4,061,904	9	9
Foreign exchange gains, net (Note 4)	2,565,901	5	11,872,437	25	(78)
Impairment losses (reversal of impairment losses) on assets (Notes 4, 9 and 10)	60,628	-	(44,435)	-	236
Share of gains of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 13)	97,815	-	111,866	-	(13)
Other noninterest gains, net (Notes 17, 37 and 44)	<u>902,603</u>	<u>2</u>	<u>355,340</u>	<u>1</u>	154
Total net revenues and gains other than interest	<u>14,031,239</u>	<u>29</u>	<u>13,815,088</u>	<u>29</u>	2
TOTAL NET REVENUES	<u>48,869,049</u>	<u>100</u>	<u>47,555,050</u>	<u>100</u>	3
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 12)	<u>(2,362,058)</u>	<u>(5)</u>	<u>(6,991,151)</u>	<u>(15)</u>	(66)
OPERATING EXPENSES (Notes 4, 15, 16, 17, 18, 28, 33 and 37)					
Employee benefits	(16,718,773)	(34)	(15,217,688)	(32)	10
Depreciation and amortization	(2,090,874)	(4)	(1,989,081)	(4)	5
General and administrative	<u>(6,114,029)</u>	<u>(13)</u>	<u>(6,119,080)</u>	<u>(13)</u>	-
Total operating expenses	<u>(24,923,676)</u>	<u>(51)</u>	<u>(23,325,849)</u>	<u>(49)</u>	7
INCOME BEFORE INCOME TAX	21,583,315	44	17,238,050	36	25
INCOME TAX EXPENSE (Notes 4 and 34)	<u>(2,710,075)</u>	<u>(5)</u>	<u>(2,346,200)</u>	<u>(5)</u>	16
NET INCOME	<u>18,873,240</u>	<u>39</u>	<u>14,891,850</u>	<u>31</u>	27

(Continued)

TAIWAN COOPERATIVE BANK, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 9 and 28)					
Remeasurement of defined benefit plans	\$ 322,378	1	\$ (224,068)	-	244
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	5,636,218	11	204,394	-	2,658
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	-	-	(669)	-	100
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>5,958,596</u>	<u>12</u>	<u>(20,343)</u>	<u>-</u>	29,391
Items that may be reclassified subsequently to profit or loss (Notes 4, 9, 13 and 34)					
Exchange differences on the translation of financial statements of foreign operations	(995,910)	(2)	(2,703,152)	(5)	(63)
Share of other comprehensive gains (losses) of subsidiaries, associates and joint ventures accounted for using the equity method	(203,250)	(1)	59,013	-	(444)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(8,321,971)	(17)	5,327,326	11	(256)
Income tax attributable to other comprehensive income	<u>359,030</u>	<u>1</u>	<u>406,670</u>	<u>1</u>	(12)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(9,162,101)</u>	<u>(19)</u>	<u>3,089,857</u>	<u>7</u>	(397)
Other comprehensive income, net of income tax	<u>(3,203,505)</u>	<u>(7)</u>	<u>3,069,514</u>	<u>7</u>	(204)
TOTAL COMPREHENSIVE INCOME	<u>\$ 15,669,735</u>	<u>32</u>	<u>\$ 17,961,364</u>	<u>38</u>	(13)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 35)					
Basic	<u>\$1.76</u>		<u>\$1.39</u>		

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

(Concluded)

TAIWAN COOPERATIVE BANK, LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 36)			Retained Earnings (Notes 4 and 36)			Other Equity			Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 36)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences in Translation of Financial Statement of Foreign Operations (Note 4)	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 9)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value through Profit or Loss (Note 4)	
BALANCE, JANUARY 1, 2020	9,676,530	\$ 96,765,300	\$ 58,767,245	\$ 41,281,015	\$1,291,395	\$21,839,759	\$ (1,141,166)	\$ 8,225,269	\$ 970	\$ 227,029,787
Reversal of special reserve	-	-	-	-	(74,184)	74,184	-	-	-	-
Appropriation of the 2019 earnings										
Legal reserve	-	-	-	4,798,697	-	(4,798,697)	-	-	-	-
Cash dividends	-	-	-	-	-	(3,200,000)	-	-	-	(3,200,000)
Stock dividends	774,200	7,742,000	-	-	-	(7,742,000)	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	13,195	-	(13,195)	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	301	-	-	(301)	-
Total comprehensive income										
Net income for the year ended December 31, 2020	-	-	-	-	-	14,891,850	-	-	-	14,891,850
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	(224,068)	(2,115,311)	5,409,562	(669)	3,069,514
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	14,667,782	(2,115,311)	5,409,562	(669)	17,961,364
BALANCE, DECEMBER 31, 2020	10,450,730	104,507,300	58,767,245	46,079,712	1,217,211	20,854,524	(3,256,477)	13,621,636	-	241,791,151
Reversal of special reserve	-	-	-	-	(22,767)	22,767	-	-	-	-
Appropriation of the 2020 earnings										
Legal reserve	-	-	-	4,404,495	-	(4,404,495)	-	-	-	-
Cash dividends	-	-	-	-	-	(7,446,000)	-	-	-	(7,446,000)
Stock dividends	283,200	2,832,000	-	-	-	(2,832,000)	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	866,271	-	(866,271)	-	-
Total comprehensive income										
Net income for the year ended December 31, 2021	-	-	-	-	-	18,873,240	-	-	-	18,873,240
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	322,378	(959,328)	(2,566,555)	-	(3,203,505)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	19,195,618	(959,328)	(2,566,555)	-	15,669,735
BALANCE, DECEMBER 31, 2021	<u>10,733,930</u>	<u>\$107,339,300</u>	<u>\$58,767,245</u>	<u>\$50,484,207</u>	<u>\$1,194,444</u>	<u>\$26,256,685</u>	<u>\$ (4,215,805)</u>	<u>\$10,188,810</u>	<u>\$ -</u>	<u>\$250,014,886</u>

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

TAIWAN COOPERATIVE 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	\$ 21,583,315	\$ 17,238,050
Adjustments for:		
Depreciation expense	1,889,357	1,798,608
Amortization expense	201,517	190,473
Expected credit losses/bad-debt expense	2,378,794	6,851,959
Losses on financial assets and liabilities at fair value through profit or loss	775,945	8,780,918
Interest expense	13,000,614	17,518,325
Interest revenue	(47,838,424)	(51,258,287)
Dividend income	(3,048,502)	(1,781,954)
Provision for losses on guarantees	(86,324)	84,574
Net changes in reserves for other liabilities	69,588	54,618
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(97,815)	(111,866)
Losses (gains) on disposal of properties and equipment	(546,841)	25,295
Losses (gains) on disposal of investment properties	7,525	(5,738)
Gains on disposal of investments	(1,365,099)	(2,279,950)
Impairment losses (reversal of impairment losses) on financial assets	(60,628)	44,435
Others	(4)	2,744
Net changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	39,148,768	(90,952,336)
Increase in financial assets at fair value through profit or loss	(9,141,695)	(4,962,853)
Increase in financial assets at fair value through other comprehensive income	(55,339,343)	(45,897,047)
Decrease (increase) in investments in debt instruments at amortized cost	10,789,104	(171,569,569)
Decrease (increase) in receivables	(1,162,378)	815,604
Increase in discount and loans	(169,424,686)	(88,523,276)
Decrease (increase) in other financial assets	(169,586)	10,453,286
Decrease in other assets	18,559	1,065,006
Increase (decrease) in deposits from the Central Bank and other banks	8,489,451	(6,375,869)
Decrease in financial liabilities at fair value through profit or loss	(6,476,463)	(12,684,599)
Increase (decrease) in securities sold under repurchase agreements	763,538	(1,644,601)
Increase (decrease) in payables	11,134,335	(3,579,531)
Increase in deposits and remittances	208,360,178	373,380,657
Decrease in other financial liabilities	(2,331,655)	(161,172)
Decrease in provision for employee benefits	(124,723)	(412,190)
Decrease in other liabilities	(60,585)	(119,911)
Cash generated from (used in) operations	21,335,837	(44,016,197)
Interest received	49,536,627	54,568,003
Dividends received	3,063,556	1,812,966
Interest paid	(13,399,181)	(21,395,653)
Income tax paid	(1,938,476)	(4,373,849)
Net cash generated from (used in) operating activities	58,598,363	(13,404,730)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(994,958)	(1,013,010)
Proceeds from disposal of properties and equipment	472,453	-
Increase in refundable deposits	-	(242,463)
Decrease in refundable deposits	75,597	-
Acquisition of intangible assets	(169,779)	(336,207)
Acquisition of investment properties	(2,844)	(16,356)
Proceeds from disposal of investment properties	-	17,800
Decrease in other assets	-	12,997
Net cash used in investing activities	(619,531)	(1,577,239)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and other banks	51,770,750	37,118,610
Proceeds from the issuance of bank debentures	2,000,000	5,000,000
Repayments of bank debentures	(1,500,000)	(8,400,000)
Decrease in financial liabilities at fair value through profit or loss	-	(12,096,000)
Increase in guarantee deposits received	-	1,054,778
Decrease in guarantee deposits received	(192,130)	-
Repayments of the principal portion of lease liabilities	(602,020)	(603,743)
Cash dividends paid	(7,446,000)	(3,200,000)
Net cash generated from financing activities	44,030,600	18,873,645
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,779,220	5,230,530
NET INCREASE IN CASH AND CASH EQUIVALENTS	104,788,652	9,122,206
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	100,509,903	91,387,697
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 205,298,555	\$ 100,509,903

(Continued)

TAIWAN COOPERATIVE BANK, LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

Cash and cash equivalent reconciliations:

	December 31	
	2021	2020
Cash and cash equivalents in the balance sheets	\$ 97,956,336	\$ 48,772,704
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	107,010,359	51,484,299
Other items in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	331,860	252,900
Cash and cash equivalents, end of the year	<u>\$ 205,298,555</u>	<u>\$ 100,509,903</u>

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

(Concluded)

6. Risk Management

6.1 Credit Risk Management System

Items	Contents
1. Credit risk strategies, goals, policies, and procedures	<ul style="list-style-type: none"> (1) Credit risk strategy is to create and apply effective credit risk management mechanism based on New Basel Capital Accord in conformity with relevant internal and external laws and regulations to identify, measure, supervise and control various credit risks. (2) The Bank's credit risk goal is to develop a strong credit risk management mechanism and, under an acceptable level of risk and expected rate of return, to pursue maximum shareholder value. (3) The Bank's credit risk policy is founded on the basic principles of safety, liquidity, profitability, public benefit, and growth, with the implementation of a division of labor in credit risk management, cultivation of a bank-wide risk management culture, analysis and assessment of risk, and the adoption of responsive measures with the aim of optimizing asset portfolio management and capital allocation. (4) Credit risk procedure is to carry out the credit preview and post-loan management mechanism by establishing of objective credit checking system, the launching credit rating tools and implementing stress test to effectively quantify credit risk.
2. Organization and framework of credit risk management	<ul style="list-style-type: none"> (1) The Board of Directors is the Bank's highest policymaking body for risk management, and bears ultimate responsibility for the Bank's credit risk. (2) The Risk Management Committee operates the credit risk management mechanism in accordance with credit risk decisions approved by the Board of Directors, reviews credit risk regulations, provides interdepartmental coordination on matters regarding credit risk management, and continuously monitors the performance of implementation. (3) The Risk Management Department develops quantitative risk models to improve risk quantification. The Department also regularly compiles bank-wide credit risk data and reports to the Board of Directors and Risk Management Committee; and, in accordance with the regulations of the competent authority, carries out provision for capital requirements and handles the disclosure of risk information. (4) The headquarters and branches have established Credit Management Committees to review loan cases, and to approve or reject loan applications in accordance with their level of loan authorization. (5) The Corporate Banking Department is responsible for loan review work and for supervising the business units in reviewing procedures.. In case of irregularity in the operation of business units or in important loan cases, special reviews will be carried out as necessary, the causes of the irregularities will be investigated and reviewed. (6) The Credit Management Department is responsible for planning the bank-wide credit policy, establishing and revising the loan authorization for credit personnel of different levels, reviewing and relaying loan cases which exceed loan authorization of regional centers and strengthening the evaluation and supervision of follow-up reporting forms. (7) A Loan Assets Management Committee has been set up to review the disposition and writing off of nonperforming loans and overdue loans, and the writing off of losses from the disposition of assumed collateral, so as to strengthen the management of NPLs and overdue loans. (8) The Auditing Department of the Board of Directors formulates an annual audit plan based on the result of risk assessment of the Bank in accordance with its risk-based internal auditing system, and conducts an audit in light of

Items	Contents
	types of audits and audit frequency specified in the annual audit plan, and provides timely recommendations for improvement.
3.Scope and characteristics of the credit risk reporting and measuring system	<p>(1) Information of risk exposures in terms of types of asset portfolio, use of limit concentration and asset quality are reported to the executive levels, the Risk Management Committee, the Board of Directors as key reference to govern risk management.</p> <p>(2) Quantitative models for assessing corporate and consumer banking are developed with the introduction of due diligence system for building the in-house assessment mechanism for effective credit risk control.</p>
4.Hedging policy, and strategies and procedures for monitoring the continuing effectiveness of risk-hedging tools	<p>(1) TCB has established the Loan and Investment Policy and Credit Risk Management Criteria, which sets regulations for the concentration of different kinds of credit risk and for dealings with materially interested parties so as to manage credit risk effectively and reinforce the Bank's credit risk management mechanism.</p> <p>(2) The Bank observes the limit regulations established by the competent authority in its loan and investment businesses.</p> <p>(3) The Bank sets limits for the same enterprise, business group, industry, country, and type of collateral, and monitors the limits constantly. It also readjusts the limits on a regular or as-needed basis so as to avoid the excessive concentration of risk and assure the Bank's stable operation.</p> <p>(4) The handling of loan and investment businesses is always done in accordance with the customer's credit status and, if necessary, with the provision of appropriate collateral or guarantees, so as to lower risk. The monitoring of risk mitigation tools is accomplished through the review system and collateral management system.</p>
5.Method adopted for legal capital charge	Standardized approach

6.2 Operational Risk Management System

Items	Contents
1.Strategies and procedures of operational risk management	<p>(1) Management Strategies</p> <ol style="list-style-type: none"> Focus on implementing an effective bank-wide operational risk management consciousness and culture. Establishment of operational risk management methods, use of operational risk management tools, and monitoring of the operational risk of various businesses so as to maintain operational safety and strengthen the operating structure. <p>(2) Management procedures: Identify, measure, monitor and control operational risks by :</p> <ol style="list-style-type: none"> Establishment of various codes of practice, strengthening of operating procedure controls, and reduction of potential operating risks. Use of operational risk control self-assessment to identify different types of potential operational risk, assess operational risk exposure, review the effectiveness and implementation of controls, and strengthen business management. Generating key risk indicators according to the important risk items identified through the self-assessment process, and monitoring risk changes by quantitative indicators, and establishing an early warning mechanism. Improving the operation process through reviewing risk events and their causes.

Items	Contents
2.Organization and framework of operational risk management	<p>(1) Organizational framework Includes the Board of Directors, Risk Management Committee, Risk Management Department, headquarters units, branches, and Board of Directors Auditing Department.</p> <p>(2) The risk management is accomplished through the divided effort over three defense lines.</p> <p>a. The first line of defense (all business units and headquarters units)</p> <p>I. Each branch should observe the laws of the competent authority and the Bank's internal operating regulations in carrying out daily operational risk management.</p> <p>II. The headquarters units in charge of different areas of business should fully understand the risks faced by businesses under their jurisdiction, should include operational risk management in the formulation of their operational management rules, and should monitor the daily implementation of operational risk management of businesses under their jurisdiction.</p> <p>b. The Second line of defense (The Risk Management Department and the Compliance Department) The Risk Management Department and the Compliance Department play independent and dedicated roles. The Risk Management Department plans out the establishment and introduction of the bank-wide operational risk management framework and management tools, and is responsible for bank-wide operational risk assessment, monitoring, control, review, and reporting.</p> <p>c. The Third line of defense (The Auditing Department, Board of Directors) The Auditing Department of the Board of Directors formulates an annual audit plan based on the result of risk assessment of the Bank in accordance with its risk-based internal auditing system, and conducts an audit in light of types of audits and audit frequency specified in the annual audit plan, and provides timely recommendations for improvement.</p>
3.Scope and characteristics of operational risk reporting and measurement system	<p>(1) Scheduled review, compilation, and analysis of the bank-wide status of operational risk exposure, including risk-control self-assessment and analysis, monitoring of key risk indexes, review and improvement of major operational risk incidents, and reporting to the Risk Management Committee and Board of Directors.</p> <p>(2) Establishment of operational risk management systems (including operational risk incident reporting and risk-control self-assessment management) and reinforcement of linkage between operational risk incidents and self-assessment management tools, and related report enquiry to enhance the efficiency of management.</p>
4.Risk hedging and mitigation policies, and monitoring of strategies and procedures for the continuing effectiveness of hedging and mitigation tools	<p>(1) Different units carry out overall assessment of probability and severity of impact in accordance with the results of operational risk assessment and monitoring of key risk indexes, and adopt appropriate risk-reduction policies such as the strengthening of personnel training, the improvement of operating procedures, the reinforcement of system controls, the use of insurance, and outsourcing to control operational risk within the range of tolerance.</p> <p>(2) Residual risk assessment in regard to risk incidents and control measures in various areas of business is carried out using risk control self-assessment on a scheduled basis so as to assure the effectiveness of control measures.</p>
5.Method adopted for legal capital charge	Standardized approach

6.3 Market Risk Management System

Items	Contents
1.Strategies and procedures of market risk management	<p>(1) Strategies Establishment of a market risk management system in accordance with the market risk management strategy approved by the Board of Directors with New Basel Capital Accord and the competent authority. Also authorized limits and stop-loss rules are set according to the overall risk management objectives and product characteristics. To effectively control the markets risk, regular evaluations with managing data are compiled.</p> <p>(2) Procedures The Bank's market risk management procedures include risk identification, assessment, measuring, monitoring, and reporting. The risk management personnel of the different units analyze market risk position data with assessment and measurement methods including statistical basic measurement methods, sensitivity analysis, and scenario analysis. Monitoring is used to determine whether the general and individual trading procedures for the trading units and financial products, such as changes in position, changes in profit and loss, trading models, and trading instruments conform to the rules, and whether they are carried out within the established limits and authorization.</p>
2.Organization and framework of market risk management	<p>(1) The organizational framework of market risk management includes the Board of Directors, Risk Management Committee, Risk Management Department, units in charge of different areas of business, business trading units, and the Auditing Committee, Board of Directors.</p> <p>(2) The Board of Directors is the Bank's highest policymaking body for risk management, and bears ultimate responsibility for the Bank's market risk.</p> <p>(3) The Bank's Risk Management Committee, in accordance with the credit risk control policy approved by the Board of Directors, takes charge of risk management mechanism, reviews and discusses the market limits and authorized limit for each department levels, and makes necessary discussions, whether on a regular or ad hoc basis, for business strategies or when there are changes of market condition.</p> <p>(4) The Risk Management Department carries out the overall work of bank-wide risk management; it is responsible for centralized middle office monitoring, the collation, monitoring, and disclosure of market risk information and status of implementation, and the submission of reports and suggestions to the Risk Management Committee and Board of Directors on a scheduled basis.</p> <p>(5) The mid-desk personnel of the different trading units follow the Bank's market risk management regulations in managing everyday operations in real time, monitor limits actively, and assist the Risk Management Committee with bank-wide monitoring of the various areas of risk.</p> <p>(6) The Auditing Department of the Board of Directors formulates an annual audit plan based on the result of risk assessment of the Bank in accordance with its risk-based internal auditing system, and conducts an audit in light of types of audits and audit frequency specified in the annual audit plan, and provides timely recommendations for improvement.</p>

Items	Contents
3.Scope and characteristics of market risk reporting and measurement system	<ul style="list-style-type: none"> (1) Market risk reporting <ul style="list-style-type: none"> a. The different trading units report trading information to their superior units on a real-time, daily, or scheduled basis, and assure the accuracy and validity of the information. b. The Risk Management Department reports daily the holding in the trading book and change of gain/loss assessment to the executive levels. Also regular reporting of risk management execution, including risk exposure, gain/loss status, limit usage and associated compliance shall be made to the Risk Management Committee and the Board of Directors with suggestions. c. Presently, the capital requirement calculation is made adopting the market risk standard method. In addition, to comply with the principle of public disclosure, market risk management information is regularly disclosed, according to the regulations of the competent authority. (2) Market risk measurement system <ul style="list-style-type: none"> a. Financial products using VaR for valuation in the Bank include bonds, bills, stock, mutual funds and foreign exchange. b. Risk value in trading book is calculated daily by the Risk Management Department for reporting to the risk management authorities in the bank, together with DVO1 monitoring and risk exposure limit of all product types. c. Stress tests are conducted regularly throughout the Bank to measure the potential loss under extreme market condition. The results are reported to the Risk Management Committee and the Board of Directors with suggestions.
4.Risk hedging and mitigation policies, and monitoring of strategies and procedures for the continuing effectiveness of hedging and mitigation tools	<ul style="list-style-type: none"> (1) To avoid market, credit, or other financial risks to assets and liabilities, various derivative products may be used to engage in hedging operations. (2) Currently, hedging transactions are mainly used to avoid risks brought from exchange and interest fluctuations of foreign currency funds and portfolio investment, etc. The hedging instruments used are mainly swap contracts. (3) Positions in non-hedging derivatives trading are assessed at the market price on a daily basis, while the hedged positions are assessed twice a month. The relevant assessment report shall be submitted to the risk management supervisor of the Bank. (4) To maintain the effective control, the Risk Management Department regularly verifies the evaluation model of derivative products, which include checks on correctness of trading data, parameter rationality and mathematical formula. The verification reports are reported to the Risk Management Committee, with relevant records attached for reference.
5.Method adopted for legal capital charge	Standardized approach

7. Head Office and Branches

7.1 Head Office

Department Name	Address	Telephone
Head Office	No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Auditing Department, Board of Directors	8F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Secretariat, Board of Directors	18F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Business Management Department	16F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Credit Analysis and Research Department	16F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Credit Management Department	15F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Corporate Banking Department	15F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Compliance Department	14F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Legal Affairs Department	14F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Administrative Management Department	13F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Accounting Department	12F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Human Resource Department	12F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Personal Banking Department	11F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Risk Management Department	11F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Wealth Management Department	10F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Trust Department	10F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Treasury Department	9F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Loan Assets Management Department	9F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Insurance Agent Department	7F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Electronic Banking Department	7F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Information Security Department	6F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Private Banking Department	5F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
International Banking Department	3&4F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Information Technology Department	No.9, Ln. 30, Sec. 4, Xinyi Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27045799
Credit Card Department	4&5F., No.77, Kunming St., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	(02)23317531

7.2 Domestic Branches

Branch Name	Address	Telephone	SWIFT Code
Taipei City			
Guancian Branch	1F., No.77, Guanqian Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23315528	TACBTWTP002
Simen Branch	No.77, Kunming St., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	(02)23814949	TACBTWTPXXX
Yanping Branch	No.301, Nanjing W. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25554111	TACBTWTP004
Dadaocheng Branch	No.67, Sec. 2, Chongcing N. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25568111	TACBTWTPXXX
Dongmen Branch	No.208, Sec. 2, Sinyi Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)23933123	TACBTWTPXXX
Songshan Branch	No.622, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)27656261	TACBTWTPXXX
Nanjing Donglu Branch	No.98, Sec. 1, Nanjing E. Rd., Jhongsan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25623150	TACBTWTP041
Wujhou Branch	No.125, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25113880	TACBTWTPAAA
Datong Branch	No.10, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25932323	TACBTWTP043
Jhongsiao Branch	No.285, Sec. 4, Jhongsiao E. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27718811	TACBTWTP045
Jingmei Branch	No.457, Sec. 6, Roosevelt Rd., Wunshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02)29318111	TACBTWTPXXX
Shihlin Branch	No.469, Zhongzheng Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)28805161	TACBTWTPXXX
Taipei Branch	No.55, Fusing N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)27724277	TACBTWTP054
Department of Business	No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888	TACBTWTP056
Chengdong Branch	No.87, Songjiang Rd., Jhongsan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25070111	TACBTWTP060
Da-an Branch	No.1, Ln. 81, Sec. 2, Dunhua S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27553482	TACBTWTP076
Mincyuan Branch	No.58, Sec. 3, Mincyuan E. Rd., Jhongsan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25057011	TACBTWTP077
Dong Taipei Branch	No.325, Sec. 4, Jhongsiao E. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27721234	TACBTWTPXXX
Chengnei Branch	No.87, Hengyang Rd., Jhongheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23311041	TACBTWTPXXX
Jianguo Branch	No.77, Sec. 3, Sinyi Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27027851	TACBTWTPXXX
Yuanshan Branch	1F., No.42, Sec.2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25113245	TACBTWTPXXX
Sinyi Branch	No.172, Sec. 4, Sinyi Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27067188	TACBTWTP083
Changchun Branch	No.201, Changchun Rd., Jhongsan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25035015	TACBTWTPXXX
Ren-ai Branch	No.325, Sec. 4, Ren-ai Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27763071	TACBTWTP085
Yucheng Branch	No.815, Sec. 5, Jhongsiao E. Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02)27856060	TACBTWTPXXX
Guting Branch	No.65, Sec. 1, Heping E. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)23949205	TACBTWTPXXX

Branch Name	Address	Telephone	SWIFT Code
Chang-an Branch	No.9, Sec. 1, Chang-an E. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25637181	TACBTWTP088
Songsing Branch	No.202-1, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)27643131	TACBTWTPXXX
Minzu Branch	No.277, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25962271	TACBTWTP090
Fusing Branch	No.237, Sec. 1, Fusing S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27541111	TACBTWTP091
Shuanglian Branch	No.113, Minsheng W. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25577151	TACBTWTPXXX
Minsheng Branch	No.77, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25162338	TACBTWTP093
Sinsheng Branch	No.93, Sec. 1, Sinsheng S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27771888	TACBTWTPXXX
Songjiang Branch	No.152, Songjiang Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25224567	TACBTWTP095
Yongji Branch	No.279, Songshan Rd., Sinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)27675226	TACBTWTPXXX
Offshore Banking Branch	5F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888	TACBTWTP106
Beining Branch	No.97, Sec. 3, Bade Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)25798811	TACBTWTPXXX
Fudan Branch	No.100, Sec. 4, Civic Blvd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27215551	TACBTWTPXXX
Taida Branch	B1., No.7-B, Jhongshan S. Rd., Jhongheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23568071	TACBTWTPXXX
Sansing Branch	No.77, Sec. 2, Keelung Rd., Sinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)27388181	TACBTWTPXXX
Shihpai Branch	B1., No.201, Sec. 2, Shihpai Rd., Beitou Dist., Taipei City 112, Taiwan (R.O.C.)	(02)28747611	TACBTWTPXXX
Neihu Branch	No.502, Rueiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)26590001	TACBTWTP156
Nangang Branch	No.19-16, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02)26550777	TACBTWTPXXX
Sinhu Branch	No.255&257, Sinhu 2nd Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)27908118	TACBTWTPXXX
Zihciang Branch	No.85, Sec. 2, Nanjing E. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)21003100	TACBTWTP501
Jhongshan Branch	No.2, Sec. 2, Nanjing E. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25214065	TACBTWTP502
Dunnan Branch	No.362, Sec. 1, Dunhua S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27011117	TACBTWTP503
World Trade Center Branch	2F., No.333, Sec. 1, Keelung Rd., Sinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)27291333	TACBTWTP505
Guangfu South Road Branch	No.102, Guangfu S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27518770	TACBTWTPXXX
Bei Shihlin Branch	No.837, Sec. 5, Jhongshan N. Rd., Shihlin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)88665959	TACBTWTP508
Sinwei Branch	No.303, Sec. 1, Fusing S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27053828	TACBTWTPXXX
Sihu Branch	No.206, Rueiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)27971989	TACBTWTP510
Dahu Branch	No.314, Sec. 6, Mincyuan E. Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)26328600	TACBTWTPXXX

Branch Name	Address	Telephone	SWIFT Code
National Medical Center Branch	No.325, Sec. 2, Chenggong Rd., Neihsu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)87925745	TACBTWTPXXX
Nanmen Branch	No.97, Sec. 1, Roosevelt Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23966363	TACBTWTPXXX
Dajhih Branch	No.409, Bei-an Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)85099188	TACBTWTPXXX
Ganghu Branch	No.223, Chongyang Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02)27862268	TACBTWTPXXX
New Taipei City			
Xindian Branch	No.32, Guangming St., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)29111111	TACBTWTPXXX
Beisin Branch	No.6, Sec. 1, Beisin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)29172911	TACBTWTPXXX
Yonghe Branch	No.575, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C.)	(02)29236611	TACBTWTPXXX
Sanchong Branch	No.17, Jhengyi S. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)29738111	TACBTWTP010
Banciao Branch	1F., No. 330, Zhongzheng Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)29660971	TACBTWTP011
Sijhih Branch	No.225, Zhongxiao E. Rd., Sijhih Dist., New Taipei City 221, Taiwan (R.O.C.)	(02)26413211	TACBTWTPXXX
Sinjhuang Branch	No.379, Zhongping Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29929981	TACBTWTP049
Jhonghe Branch	No.9, Taihe St., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)22499500	TACBTWTP062
Dong Sanchong Branch	No.37, Sec. 2, Sanhe Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)29728111	TACBTWTP067
Nanshihiao Branch	No.20, Sec. 1, Singnan Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)29461266	TACBTWTPXXX
Dong Sinjhuang Branch	No.339, Sihyuan Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29973456	TACBTWTP098
Lujhou Branch	No.84, Sanmin Rd., Lujhou Dist., New Taipei City 247, Taiwan (R.O.C.)	(02)82825678	TACBTWTPXXX
Haishan Branch	No.443, Sec. 2, Wunhua Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)22551333	TACBTWTPXXX
Pucian Branch	2F., No.33, Sec. 2, Sanmin Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)29631122	TACBTWTPXXX
Shuanghe Branch	No.196, Jian 1st Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)82271627	TACBTWTP144
Tucheng Branch	No.96, Sec. 2, Zhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)22651611	TACBTWTP145
Sansia Branch	No.61, Wunhua Rd., Sansia Dist., New Taipei City 237, Taiwan (R.O.C.)	(02)26747999	TACBTWTPXXX
Erchong Branch	No.81, Sec. 1, Guangfu Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)29993399	TACBTWTP158
Wugu Branch	No.2, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	(02)89769698	TACBTWTPXXX
Shulin Branch	No.152, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.)	(02)86872211	TACBTWTPXXX
Taishan Branch	No.148, Sec. 3, Mingjihih Rd., Taishan Dist., New Taipei City 243, Taiwan (R.O.C.)	(02)29082811	TACBTWTPXXX
Dapinglin Branch	No.67, Mincyuan Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)29138611	TACBTWTPXXX
Yingge Branch	No.175, Zhongshan Rd., Yingge Dist., New Taipei City 239, Taiwan (R.O.C.)	(02)86781188	TACBTWTPXXX

Branch Name	Address	Telephone	SWIFT Code
Sinshu Branch	No.224, Sinshu Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)22012797	TACBTWTPXXX
Lide Branch	No.105, Lide St., Jhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)82282121	TACBTWTPXXX
Bei Jhonghe Branch	No.35, Sec. 3, Jhongshan Rd., Jhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)22263667	TACBTWTPXXX
Danfong Branch	No.657-10, Jhongheng Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29088979	TACBTWTP536
Nan Tucheng Branch	1F., No.6, Sec. 4, Jhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)22686888	TACBTWTP145
Bei Sansia Branch	No.71, Wunhua Rd., Sansia Dist., New Taipei City 237, Taiwan (R.O.C.)	(02)26711110	TACBTWTP531
Bansin Branch	No.43, Sec. 2, Nanya S. Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)89663889	TACBTWTP531
Nan Sanchong Branch	No.120, Jhengyi N. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)29817117	TACBTWTP532
Baociao Branch	No.2, Lane 235, Baociao Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)29185506	TACBTWTP535
Sintai Branch	No.115, Sintai Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29986688	TACBTWTP536
Bei Tucheng Branch	No.200, Sec. 1, Syuefu Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)22731688	TACBTWTPXXX
Nan Sijhih Branch	No.94-1, Sec. 1, Sintai 5th Rd., Sijhih Dist., New Taipei City 221, Taiwan (R.O.C.)	(02)26968888	TACBTWTP538
Bei Shulin Branch	No.793, Jhongheng Rd., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.)	(02)26762789	TACBTWTP531
Wugu Industrial Park Branch	No.119, Wugong Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	(02)22989898	TACBTWTP540
Danshuei Branch	No.219, Sec. 2, Zhongshan N. Rd., Tamsui Dist., New Taipei City 251, Taiwan (R.O.C.)	(02)26211415	TACBTWTPXXX
Linkou Wenhua Branch	No.62-5, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City 244, Taiwan (R.O.C.)	(02)26086883	TACBTWTP543
Keelung City			
Keelung Branch	No.255, Ren 2nd Rd., Ren-ai Dist., Keelung City 200, Taiwan (R.O.C.)	(02)24284181	TACBTWTPXXX
Dong Keelung Branch	No.143, Sin 1st Rd., Sinyi Dist., Keelung City 201, Taiwan (R.O.C.)	(02)24283111	TACBTWTPXXX
Taoyuan City			
Taoyuan Branch	No.58, Jhongheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)3326121	TACBTWTP015
Dasi Branch	No.43, Sinyi Rd., Dasi Dist., Taoyuan City 335, Taiwan (R.O.C.)	(03)3874666	TACBTWTP015
Gueishan Branch	No.1068, Sec. 2, Wanshou Rd., Gueishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	(03)3299661	TACBTWTP015
Jhongli Branch	No.180, Jhongshan Rd., Jhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)4225141	TACBTWTP015
Longtan Branch	No.221, Jhongheng Rd., Longtan Dist., Taoyuan City 325, Taiwan (R.O.C.)	(03)4893512	TACBTWTP015
Cihwun Branch	No.720, Jhongheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)3578811	TACBTWTP015
Hueilong Branch	No.163, Sec. 1, Wanshou Rd., Gueishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	(02)82098266	TACBTWTP015
Nan Taoyuan Branch	No.793, Jhongshan Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)3692188	TACBTWTP015

Branch Name	Address	Telephone	SWIFT Code
Jhongyuan Branch	No.392, Sec. 2, Jhongbei Rd., Jhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)4688998	TACBTWTP015
Pingjhen Branch	No.290, Sec. 2, Huannan Rd., Pingjhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	(03)4689299	TACBTWTP015
Linkou Branch	No.49, Wunhua 2nd Rd., Gueishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	(03)3183880	TACBTWTP015
Bade Branch	No.767, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City 334, Taiwan (R.O.C.)	(03)2185888	TACBTWTP015
Luchu Branch	No.387, Dajhu Rd., Lujhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	(03)3232010	TACBTWTP545
Dayuan Branch	No.47-1, Zhongzheng E. Rd., Dayuan Dist., Taoyuan City 337, Taiwan (R.O.C.)	(03)3867733	TACBTWTP543
Dong Taoyuan Branch	No.12, Jhonghua Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)3355009	TACBTWTP543
Lisin Branch	No.119, Jhongshan Rd., Jhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)4222131	TACBTWTP544
Nankan Branch	No.11, Nanshang Rd., Lujhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	(03)3221199	TACBTWTP545
Sinming Branch	No.1, Huannan Rd., Pingjhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	(03)4939393	TACBTWTP544
Yangmei Branch	No.10-1, Damo St., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	(03)4754411	TACBTWTP543
Changgung Branch	No.5, Fusing St., Gueishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	(03)3970781	TACBTWTP543
Hsinchu City			
Hsinchu Branch	No.23, Jhongheng Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5244151	TACBTWTP017
Bei Hsinchu Branch	No.168, Beida Rd., North Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5284001	TACBTWTP124
Guangfu Branch	No.57, Dongguang Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5753666	TACBTWTP157
Jhucian Branch	No.60, Dongmen St., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5215121	TACBTWTP563
Hsinchu Science-based Industrial Park Branch	No.1, Keji Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5783962	TACBTWTP564
Hsinchu County			
Jhudong Branch	No.92, Sec. 2, Changchun Rd., Jhudong Township, Hsinchu County 310, Taiwan (R.O.C.)	(03)5963126	TACBTWTP065
Jhubei Branch	No.261, Guangming 6th Rd., Jhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)5546000	TACBTWTP131
Lioujia Branch	No.259, Dong Sec. 1, Guangming 6 th Rd., Jhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)6586969	TACBTWTP017
Dong Jhubei Branch	No.343, Jhongheng E. Rd., Jhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)5540108	TACBTWTP551
Miaoli County			
Miaoli Branch	No.660, Jhongheng Rd., Miaoli City, Miaoli County 360, Taiwan (R.O.C.)	(037)320921	TACBTWTP018
Toufen Branch	No.70, Ren-ai Rd., Toufen Township, Miaoli County 351, Taiwan (R.O.C.)	(037)665115	TACBTWTP563
Bei Miaoli Branch	No.396, Jhongheng Rd., Miaoli City, Miaoli County 360, Taiwan (R.O.C.)	(037)351111	TACBTWTP018
Zhunan Branch	No.218, Daying Rd., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	(037)466790	TACBTWTP018
Taichung City			

Branch Name	Address	Telephone	SWIFT Code
Taichung Branch	No.2, Sec. 2, Zihyou Rd., Central Dist., Taichung City 400, Taiwan (R.O.C.)	(04)22245121	TACBTWTP022
Jhongsing Branch	No.5, Gongyuan Rd., Central Dist., Taichung City 400, Taiwan (R.O.C.)	(04)22241161	TACBTWTP050
Wucyuan Branch	No.61, Sec. 2, Gongyi Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)23229191	TACBTWTP069
Nan Taichung Branch	No.789, Jhongming S. Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)22617211	TACBTWTP107
Nantun Branch	No.103, Sec. 2, Wucyuan W. Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)24752171	TACBTWTP069
Si Taichung Branch	No.151, Sec. 2, Hankou Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)23170311	TACBTWTP022
Situn Branch	No.67, Sec. 3, Wunsin Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)23112411	TACBTWTP022
Beitun Branch	No.670, Sec. 4, Wunsin Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22301199	TACBTWTP050
Bei Taichung Branch	No.375, Wucyuan Rd., North Dist., Taichung City 404, Taiwan (R.O.C.)	(04)22055588	TACBTWTP022
Jyungong Branch	No.315, Sec. 1, Dongshan Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22390128	TACBTWTP022
Yong-an Branch	No.15, Yongfu Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)24623181	TACBTWTP022
Jhongcyuan Branch	No.728, Sec. 1, Taiwan Blvd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04)22037979	TACBTWTP022
Taiyuan Branch	No.247, Beitun Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22334291	TACBTWTP022
Songjhu Branch	1-3F., No.98, Chongde 11th Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)24228751	TACBTWTP022
Jhongcing Branch	No.17, Sec. 2, Zhongqing Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22913176	TACBTWTP022
Jiancheng Branch	No.1499, Jiancheng Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)22873311	TACBTWTP022
Chaoma Branch	No.526, Sec. 3, Taiwan Blvd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)27013115	TACBTWTP022
Dong Taichung Branch	No.380, Sec. 3, Fusing Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)22203161	TACBTWTP022
Meichun Branch	No.136, Sec. 2, Fuxing Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)22614377	TACBTWTP107
Liming Branch	No.1064, Sec. 1, Liming Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)23892493	TACBTWTP069
Changping Branch	No.163, Sec. 1, Changping Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22443037	TACBTWTP022
Jingwu Branch	No.170, Jingwu E. Rd., East Dist., Taichung City 401, Taiwan (R.O.C.)	(04)22116358	TACBTWTP022
Wunsin Branch	No.316, Sec. 1, Wunsin Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)23223300	TACBTWTP069
Fongjia Branch	No.252, Sec. 2, Situn Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)27089075	TACBTWTP022
Sinjhong Branch	No.91, Mincyuan Rd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04)22237711	TACBTWTP516
Jhonggang Branch	No.152, Sec. 3, Wunsin Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)23138811	TACBTWTP517
Weidao Branch	1F., No.447, Sec. 1, Zhongqing Rd., North Dist., Taichung City 404, Taiwan (R.O.C.)	(04)22987988	TACBTWTP517

Branch Name	Address	Telephone	SWIFT Code
Jhongming South Road Branch	No.451, Jhongming S. Rd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04)23764066	TACBTWTP516
Shueinan Branch	No.2, Hanxiang Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)27029354	TACBTWTP516
Fongyuan Branch	No.102, Jhongjiheng Rd., Fongyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04)25231122	TACBTWTP020
Shalu Branch	No.106, Shatian Rd., Shalu Dist., Taichung City 433, Taiwan (R.O.C.)	(04)26622141	TACBTWTP021
Nan Fongyuan Branch	No.222, Yuanhuan S. Rd., Fongyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04)25244180	TACBTWTP022
Dali Branch	No.384, Sec. 1, Jhongsing Rd., Dali Dist., Taichung City 412, Taiwan (R.O.C.)	(04)24934111	TACBTWTP102
Taiping Branch	No.84, Jhongsing Rd., Taiping Dist., Taichung City 411, Taiwan (R.O.C.)	(04)22761515	TACBTWTP022
Wurih Branch	No.598, Sec. 1, Jhongshan Rd., Wurih Dist., Taichung City 414, Taiwan (R.O.C.)	(04)23369911	TACBTWTP022
Shenggang Branch	No.799-1, Zhongzheng Rd., Shengang Dist., Taichung City 429, Taiwan (R.O.C.)	(04)25621111	TACBTWTP554
Daya Branch	No.95, Sec. 2, Yahuan Rd., Daya Dist., Taichung City 428, Taiwan (R.O.C.)	(04)25660199	TACBTWTP022
Tanzih Branch	No.281, Sec. 2, Jhongshan Rd., Tanzih Dist., Taichung City 427, Taiwan (R.O.C.)	(04)25325566	TACBTWTP050
Fongjhong Branch	No.351, Jhongjiheng Rd., Fongyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04)25280369	TACBTWTP554
Bei Dali Branch	No.261, Sec. 2, Sinren Rd., Dali Dist., Taichung City 412, Taiwan (R.O.C.)	(04)24836699	TACBTWTP516
Dong Shalu Branch	No.307, Guanghua Rd., Shalu Dist., Taichung City 433, Taiwan (R.O.C.)	(04)26653311	TACBTWTP021
Houli Branch	No.899, Sec. 3, Sanfong Rd., Houli Dist., Taichung City 421, Taiwan (R.O.C.)	(04)25563188	TACBTWTP020
Nantou County			
Nantou Branch	No.96, Jhongshan St., Nantou City, Nantou County 540, Taiwan (R.O.C.)	(049)2234141	TACBTWTP025
Jhushan Branch	No.839, Sec. 3, Jishan Rd., Jhushan Township, Nantou County 557, Taiwan (R.O.C.)	(049)2652721	TACBTWTP022
Puli Branch	No.299, Sec. 2, Jhongshan Rd., Puli Township, Nantou County 545, Taiwan (R.O.C.)	(049)2986411	TACBTWTP022
Caotun Branch	No.864, Jhongjiheng Rd., Caotun Township, Nantou County 542, Taiwan (R.O.C.)	(049)2338141	TACBTWTP516
Jiji Branch	No.176, Minsheng Rd., Jiji Township, Nantou County 552, Taiwan (R.O.C.)	(049)2761501	TACBTWTP516
Dong Puli Branch	No.320, Jhongjiheng Rd., Puli Township, Nantou County 545, Taiwan (R.O.C.)	(049)2989160	TACBTWTP584
Changhua County			
Changhua Branch	No.279, Minsheng Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7225151	TACBTWTP023
Yuanlin Branch	No.844, Sec. 1, Jhongshan Rd., Yuanlin City, Changhua County 510, Taiwan (R.O.C.)	(04)8322181	TACBTWTP024
Jhangying Branch	No.532, Minzu Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7229221	TACBTWTP023
Jhangchu Branch	No.321, Sec. 1, Jhongjiheng Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7240082	TACBTWTP023
Sihu Branch	No.56, Sihuan Rd., Sihu Township, Changhua County 514, Taiwan (R.O.C.)	(04)8829121	TACBTWTP023

Branch Name	Address	Telephone	SWIFT Code
Hemei Branch	No.361, Sec. 6, Luhe Rd., Hemei Township, Changhua County 508, Taiwan (R.O.C.)	(04)7570123	TACBTWTP023
Dajhu Branch	No.239, Sec. 2, Jhangnan Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7373311	TACBTWTP023
Shengang Branch	No.35, Sinsing Rd., Shengang Township, Changhua County 509, Taiwan (R.O.C.)	(04)7996922	TACBTWTP023
Lugang Branch	No.120, Minzu Rd., Lugang Township, Changhua County 505, Taiwan (R.O.C.)	(04)7788511	TACBTWTP023
Yuansin Branch	No.733, Sec. 1, Jhongshan Rd., Yuanlin City, Changhua County 510, Taiwan (R.O.C.)	(04)8322741	TACBTWTP560
Nan Changhua Branch	No.43, Siaoyang Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7254611	TACBTWTP560
Beidou Branch	No.168, Jhongheng Rd., Beidou Township, Changhua County 521, Taiwan (R.O.C.)	(04)8880181	TACBTWTP560
Yunlin County			
Douliou Branch	No.3, Datong Rd., Douliou City, Yunlin County 640, Taiwan (R.O.C.)	(05)5323981	TACBTWTP566
Beigang Branch	No.53, Yimin Rd., Beigang Township, Yunlin County 651, Taiwan (R.O.C.)	(05)7836136	TACBTWTP028
Huwei Branch	No.15, Jhongheng Rd., Huwei Township, Yunlin County 632, Taiwan (R.O.C.)	(05)6313821	TACBTWTP028
Linnei Branch	No.21, Jhongsing Rd., Linnei Township, Yunlin County 643, Taiwan (R.O.C.)	(05)5897811	TACBTWTP566
Yunlin Branch	No.223, Minsheng Rd., Douliou City, Yunlin County 640, Taiwan (R.O.C.)	(05)5324811	TACBTWTP566
Chiayi City			
Chiayi Branch	No.279, Guohua St., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)2224571	TACBTWTP028
Nan Chiayi Branch	No.746, Minzu Rd., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)2286311	TACBTWTP028
Bei Chiayi Branch	No.3, De-an Rd., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)2815500	TACBTWTP028
Dong Chiayi Branch	No.425, Mincyuan Rd., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)2225281	TACBTWTP584
Chiayi County			
Puzih Branch	No.62, Haitong Rd., Puzih City, Chiayi County 613, Taiwan (R.O.C.)	(05)3794171	TACBTWTP028
Bei Puzih Branch	No.3, Wunhua N. Rd., Puzih City, Chiayi County 613, Taiwan (R.O.C.)	(05)3790808	TACBTWTP584
Tainan City			
Tainan Branch	No.48, Chenggong Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)2232101	TACBTWTP030
Chenggong Branch	No.97, Sec. 1, Beimen Rd., West Central Dist., Tainan City 700, Taiwan (R.O.C.)	(06)2269161	TACBTWTP031
Nansing Branch	No.72, Sec. 2, Minsheng Rd., West Central Dist., Tainan City 700, Taiwan (R.O.C.)	(06)2221291	TACBTWTP030
Chengda Branch	No.138, Shengli Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)3028001	TACBTWTP030
Dong Tainan Branch	No.197, Sec. 2, Jhonghua E. Rd., East Dist., Tainan City 701, Taiwan (R.O.C.)	(06)2882211	TACBTWTP030
Bei Tainan Branch	No.159, Sec. 3, Simen Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)2209211	TACBTWTP030
Chihkan Branch	No.204, Chenggong Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)2201302	TACBTWTP521

Branch Name	Address	Telephone	SWIFT Code
Fucheng Branch	No.380, Sec. 2, Jiankang Rd., South Dist., Tainan City 702, Taiwan (R.O.C.)	(06)2910896	TACBTWTP521
Kaiyuan Branch	No.147, Kaiyuan Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)2753345	TACBTWTP521
Xinying Branch	No.115, Jhongshan Rd., Xinying Dist., Tainan City 730, Taiwan (R.O.C.)	(06)6324121	TACBTWTP028
Jiali Branch	No.83, Heping St., Jiali Dist., Tainan City 722, Taiwan (R.O.C.)	(06)7223131	TACBTWTP030
Yongkang Branch	No.328, Zhongzheng S. Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	(06)2533533	TACBTWTP153
Bei Xinying Branch	No.360, Minjhih Rd., Xinying Dist., Tainan City 730, Taiwan (R.O.C.)	(06)6562718	TACBTWTP584
Rende Branch	No.4, Sec. 3, Jhongjheng Rd., Rende Dist., Tainan City 717, Taiwan (R.O.C.)	(06)2794616	TACBTWTP570
Nan Yongkang Branch	No.202, Jhonghua Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	(06)3121916	TACBTWTP153
Kaohsiung City			
Kaohsiung Branch	No.97, Dayong Rd., Yancheng Dist., Kaohsiung City 803, Taiwan (R.O.C.)	(07)5514221	TACBTWTP034
Cianjhen Branch	No.8, Yugang Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	(07)8416491	TACBTWTPAAB
Sinsing Branch	No.110, Cisian 2nd Rd., Sinsing Dist., Kaohsiung City 800, Taiwan (R.O.C.)	(07)2887121	TACBTWTP034
Siande Branch	No.182, Gongjheng Rd., Cianjhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	(07)7112046	TACBTWTP035
Bei Kaohsiung Branch	No.232, Jhonghua 3rd Rd., Sanmin Dist., Kaohsiung City 801, Taiwan (R.O.C.)	(07)2863000	TACBTWTP034
Lingya Branch	No.394, Cingnian 1st Rd., Sinsing Dist., Kaohsiung City 800, Taiwan (R.O.C.)	(07)2918151	TACBTWTP034
Sanmin Branch	No.30, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)3127191	TACBTWTP059
Nan Kaohsiung Branch	No.94, Sanduo 3rd Rd., Cianjhen Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)3348141	TACBTWTP352
Tashun Branch	No.20, Dashun 3rd Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)7131886	TACBTWTP034
Dong Kaohsiung Branch	No.176, Minsheng 1st Rd., Sinsing Dist., Kaohsiung City 800, Taiwan (R.O.C.)	(07)2265666	TACBTWTP034
Cianjin Branch	No.45, Jhonghua 4th Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)3363966	TACBTWTP352
Wannei Branch	No.675, Jiangong Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)3861591	TACBTWTP128
Guanghua Branch	No.148-82, Guanghua 1st Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)2223020	TACBTWTP034
Yisin Lu Branch	No.119, Yisin 2nd Rd., Cianjhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	(07)3332020	TACBTWTP034
Zuoying Branch	No.450, Bo-ai 2nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan (R.O.C.)	(07)5562226	TACBTWTP059
Gushan Branch	No.352, Jhonghua 1st Rd., Gushan Dist., Kaohsiung City 804, Taiwan (R.O.C.)	(07)5223311	TACBTWTP524
Kaohsiung Software Park Branch	No.11-2, Chenggong 2nd Rd., Cianjhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	(07)5351888	TACBTWTP352
Gangdu Branch	No.230, Jhongjheng 4th Rd., Cianjin Dist., Kaohsiung City 801, Taiwan (R.O.C.)	(07)2914131	TACBTWTP524
Cisian Branch	No.216, Cisian 1st Rd., Sinsing Dist., Kaohsiung City 800, Taiwan (R.O.C.)	(07)2365503	TACBTWTP525

Branch Name	Address	Telephone	SWIFT Code
Shihcyuan Branch	No.189, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)3230611	TACBTWTP527
Jiouru Branch	No.581, Jyuemin Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)3805001	TACBTWTP524
Siaogang Branch	No.526, Hongping Rd., Siaogang Dist., Kaohsiung City 812, Taiwan (R.O.C.)	(07)8062289	TACBTWTP524
Nanzih Branch	No.1111, Houchang Rd., Nanzih Dist., Kaohsiung City 811, Taiwan (R.O.C.)	(07)3625678	TACBTWTP524
Fongshan Branch	No.95, Jhongjheng Rd., Fongshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)7460181	TACBTWTP032
Gangshan Branch	No.2, Siaocian Rd., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)	(07)6216161	TACBTWTP033
Lujhu Branch	No.68, Guochang Rd., Lujhu Dist., Kaohsiung City 821, Taiwan (R.O.C.)	(07)6966122	TACBTWTPAAC
Singfong Branch	No.32, Jhongshan Rd., Fongshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)7453101	TACBTWTP032
Dafa Branch	No.345, Fonglin 3rd Rd., Daliao Dist., Kaohsiung City 831, Taiwan (R.O.C.)	(07)7830589	TACBTWTP032
Dashe Branch	No.177-1, Cueiping Rd., Dashe Dist., Kaohsiung City 815, Taiwan (R.O.C.)	(07)3582121	TACBTWTP524
Linyuan Branch	No.200, Linyuan N. Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	(07)6416171	TACBTWTP524
Chi Shan Branch	No.3, Huazhong St., Qishan Dist., Kaohsiung City 842, Taiwan (R.O.C.)	(07)6622333	TACBTWTP524
Fongsong Branch	No.3-4, Fongsong Rd., Fongshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)7471131	TACBTWTP524
Bei Gangshan Branch	No.12, Jhongshan N. Rd., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)	(07)6222871	TACBTWTP524
Meinong Branch	No.172-2, Tai'an Rd., Meinong Dist., Kaohsiung City 843, Taiwan (R.O.C.)	(07)6816101	TACBTWTP122
Dashu Branch	No.2-8, Jhongsing E. Rd., Dashu Dist., Kaohsiung City 840, Taiwan (R.O.C.)	(07)6517726	TACBTWTP524
Renmei Branch	No.87-2, Syuetang Rd., Renmei Village, Niaosong Dist., Kaohsiung City 833, Taiwan (R.O.C.)	(07)7321370	TACBTWTP032
Wujia Branch	No.164, Wujia 2nd Rd., Fongshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)7172250	TACBTWTP032
Pingtung County			
Pingtung Branch	No.42, Jhongjheng Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)7343611	TACBTWTP034
Chaozhou Branch	No.91-1, Sinsheng Rd., Chaozhou Township, Pingtung County 920, Taiwan (R.O.C.)	(08)7883101	TACBTWTP034
Pingnan Branch	No.287, Minsheng Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)7326391	TACBTWTP122
Donggang Branch	No.186, Sec. 1, Guangfu Rd., Donggang Township, Pingtung County 928, Taiwan (R.O.C.)	(08)8353701	TACBTWTP122
Wandan Branch	No.661, Sec. 2, Jhongsing Rd., Wandan Township, Pingtung County 913, Taiwan (R.O.C.)	(08)7779311	TACBTWTP122
Fangliao Branch	No.255-2, Zhongshan Rd., Fangliao Township, Pingtung County 940, Taiwan (R.O.C.)	(08)8787611	TACBTWTP122
Shepi Branch	No.500, Sec. 2, Shepi Rd., Wandan Township, Pingtung County 913, Taiwan (R.O.C.)	(08)7071578	TACBTWTP122
Yilan County			
Yilan Branch	No.30, Sec. 3, Jhongshan Rd., Yilan City, Yilan County 260, Taiwan (R.O.C.)	(03)9323911	TACBTWTPXXX

Branch Name	Address	Telephone	SWIFT Code
Su-ao Branch	No.56, Yugang Rd., Su-ao Township, Yilan County 270, Taiwan (R.O.C.)	(03)9962521	TACBTWTPXXX
Luodong Branch	No.51, Gongjheng Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03)9545191	TACBTWTPXXX
Bei Luodong Branch	No.54, Jhongjheng N. Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03)9545795	TACBTWTP541
Jiaosi Branch	No.32, Sec. 5, Jiaosi Rd., Jiaosi Township, Yilan County 262, Taiwan (R.O.C.)	(03)9887100	TACBTWTPXXX
Hualien County			
Hualien Branch	No.124, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)8338111	TACBTWTPXXX
Bei Hualien Branch	No.371, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)8350151	TACBTWTPXXX
Taitung County			
Taitung Branch	No.336, Sec. 1, Jhonghua Rd., Taitung City, Taitung County 950, Taiwan (R.O.C.)	(089)323011	TACBTWTPXXX
Dong Taitung Branch	No.181, Datong Rd., Taitung City, Taitung County 950, Taiwan (R.O.C.)	(089)325130	TACBTWTP524
Penghu County			
Penghu Branch	No.26, Ren'ai Rd., Magong City, Penghu County 880, Taiwan (R.O.C.)	(06)9272766	TACBTWTPXXX

7.3 Overseas Units

Unit Name	Address	Tel/Fax/E-mail
United Taiwan Bank	1st Floor, Square de Meeus 1, 1000 Brussels, Belgium	Tel: +322-2305359 Fax: +322-2300470 E-mail: info@utb-bank.be
Los Angeles Branch	601, South Figueroa Street, Suite 3500, Los Angeles, CA 90017, U.S.A.	Tel: +1-213-4895433 Fax: +1-213-4895195 E-mail: tcbla@tcbla.com
Seattle Branch	1201, Third Avenue, Suite 1200, Seattle, WA 98101, U.S.A.	Tel: +1-206-5872300 Fax: +1-206-6224491 E-mail: bank@tcbseattle.com
New York Branch	88 Pine Street, 31st Floor, New York, New York 10005, U.S.A.	Tel: +1-212-6341818 Fax: +1-212-6341828 E-mail: tcbny@tcbny.com
Houston Branch	1200 Smith Street, Suite 850, Houston, TX 77002, U.S.A.	Tel: +1-713-2582588 Fax: +1-713-2582699 E-mail: branch@tcbhouston.com
Sydney Branch	Suite 101, Level 1, 50 Carrington Street, Sydney NSW 2000, Australia	Tel: +61-2-92990068 Fax: +61-2-92903897 E-mail: sydney@tcb-bank.com.tw
Melbourne Branch	Suite 2, Level 2, 356 Collins Street, Melbourne, Vic 3000, Australia	Tel: +61-3-99771800 Fax: +61-3-99771809 E-mail: melbourne@tcb-bank.com.tw
Suzhou Branch	Room 1601, No.24 Building, Times Square, Hua Chi St., SIP, Suzhou 215028 China	Tel: +86-512-62953336 Fax: +86-512-62956660 E-mail: suzhou@tcb-bank.com.tw
Suzhou New District Sub-Branch	Room 3601, 36 Floor, No.28 Shishan Road, SND, Suzhou 215011 China	Tel: +86-512-86868168 Fax: +86-512-87660869 E-mail: suzhougaoxin@tcb-bank.com.tw
Changsha Branch	Room 021-023, 28F, BOFO International Plaza, No.416, Section 1, Furong Middle Road, Kaifu Dist., Changsha 410003 China	Tel: +86-731-8823-2259 Fax: +86-731-8823-2279 E-mail: changsha@tcb-bank.com.tw
Tianjin Branch	Room 1801, 1802, 1803, 1804, 1807, 18 Floor, Golden Valley Center Building 1, No.1 Binjiang Road, Heping District, Tianjin, 300041 China	Tel: +86-22-58526999 Fax: +86-22-59956011 E-mail: tianjin@tcb-bank.com.tw
Fuzhou Branch	Room 2608, 26F, Shenglong Financial Center, Guangming Nan Road No.1, Fuzhou 350000 China	Tel: +86-591-86320069 Fax: +86-591-86320109 E-mail: fuzhou@tcb-bank.com.tw
Beijing Representative Office	Room 507, East Ocean Centre A-24, Jianguomenwai Road, Chao Yang District, Beijing, 100022 China	Tel: +86-10-65188173 E-mail: tcbbro@vip.sina.com
Hong Kong Branch	Suites 1303-1310, 13/F, Everbright Centre, No.108 Gloucester Road, Wanchai, Hong Kong	Tel: +852-25981128 Fax: +852-25981028 E-mail: tcbhk@tcb-bank.com.tw
Manila Offshore Banking Branch	26th Floor, BDO Towers Valero, 8741 Paseo de Roxas, Makati City, Metro Manila, Philippines	Tel: +632-88481959 Fax: +632-88481952 E-mail: tcbmnl@tcb-bank.com.tw
Phnom Penh Branch	No.171, Norodom Blvd Corner Street 322, Sangkat Boeng Keng Kang Ti Muoy, Khan Chamkarmon, Phnom Penh, Cambodia	Tel: +855-23-430800 Fax: +855-23-210630 E-mail: admin@tcb-bank.com.kh

Unit Name	Address	Tel/Fax/E-mail
Tuek Thla Sub-Branch	Tuek Thla Building No.A111, Confederation de la Russie Blvd Corner Northbridge Street, Sangkat Tuek Thla, Khan Saen Sok, Phnom Penh, Cambodia	Tel: +855-23-430703 Fax: +855-23-883991 E-mail: admin9135@tcb-bank.com.kh
Pur Senchey Sub-Branch	Building No.62, National Road 4, Sangkat Chaom Chau, Khan Pur Senchey, Phnom Penh, Cambodia	Tel: +855-23-430705 Fax: +855-23-729548 E-mail: admin9146@tcb-bank.com.kh
Siem Reap Sub-Branch	No.0583, National road No.6A, Chongkaosou Village, Sangkat Sla Kram, Krong Siem Reap, Siem Reap Province, Cambodia	Tel:+855-63-765595
City Center Sub-Branch	No.A2-2, Street 169, Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh, Cambodia	Tel:+855-23-430058
Veng Sreng Sub-Branch	No.34-35, Preah Monireth Blvd.(217), Phum Damnak Thum, Sangkat Stueng Mean Chey 2, Khan Mean Chey, Phnom Penh, Cambodia	Tel: +855-23-722381
Sihanouk Ville Sub-Branch	No.170-172, Street Ou 01, Phum Muoy, Sangkat Buon, Preah Sihanouk Ville, Preah Sihanouk Province, Cambodia	Tel: +855-34-214888
Tuol Kouk Sub-Branch	Building 150B1 & 150D1, St.516, Phum 13, Sangkat Boeng Kak Ti Muoy, Khan Tuol Kouk, Phnom Penh, Cambodia	Tel:+855-23-725180
Vientiane Capital Branch	Unit 03 Dongpayna Road, Saphanthong Neua Village, Sisattanak District, Vientiane Capital, Lao PDR	Tel:+856-21-415666 E-mail: tcblavi@tcb-bank.com.tw
Yangon Representative Office	Unit No.08-01, Level 8, Union Financial Centre (UFC), Corner of Maharbandoola Road and Thein Phyu Road, Botahtaung Township, Yangon, Myanmar	Tel: +95-18610478 E-mail: SIMON2304@tcb-bank.com.tw



Head Office



United Taiwan Bank



Los Angeles Branch



Seattle Branch



New York Branch



Houston Branch



Sydney Branch



Melbourne Branch



Suzhou Branch



Suzhou New District Sub-Branch



Changsha Branch



Tianjin Branch



Fuzhou Branch



Beijing Representative Office



Hong Kong Branch



Manila Offshore Banking Branch



Phnom Penh Branch



Tuek Thla Sub-Branch



Pur Senchey Sub-Branch



Siem Reap Sub-Branch



City Center Sub-Branch



Veng Sreng Sub-Branch



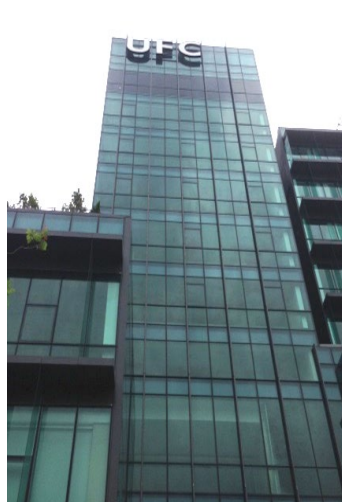
Sihanouk Ville Sub-Branch



Tuol Kouk Sub-Branch




Vientiane Capital Branch



Yangon Representative Office



Taiwan Cooperative Bank

Chairman 



Proactive · Agile · Innovative

