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2021 ANNUAL REPORT

傳承沒有終點創新沒有界限

Shin Kong Bank

2021 Annual Report

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Message to Our Shareholders

Operating Results for 2021

Domestic and External Financial Environments

The coronavirus pandemic continued spreading throughout the world in 2021, but the prevention and control measures instituted by different countries, plus growing vaccination rates, provided temporary breathing space for financial markets and allowed the global economy to rebound. Since it is difficult to predict how the pandemic will unfold in the future, however, the continued recovery of the global economy is filled with uncertainties. The transition from large-scale lockdowns in pursuit of a zero-covid policy to coexistence with the virus so that the major economies of America, Europe, and other places can bring about a broad rebooting, plus the passage of trillion-dollar infrastructure and relief budgets in the U.S., will be strong shots in the arm for the world economy. With the heating up of international demand, companies everywhere are restocking their inventories and the strong demand for imported goods has redoubled pressure on shipping logistics, so that shipping is unable to meet the demand; this has led to clogged ports, broken supply chains and their reconstruction, and other issues. These factors, plus severe labor and materials shortages all over the world, have created a rapid rise in global inflationary pressures. In view of these problems, major central banks are expected to adopt a policy of gradual interest-rate increases to alleviate expectations of high inflation. Taiwan enjoyed strong exports in 2021 along with a return of capital from overseas, stimulating investment and job opportunities. The Directorate General of Budget, Accounting and Statistics puts Taiwan's economic growth rate for 2021 at 6.28%, higher than the 5.9% rate for the global economy as announced by the IMF.

Budget Implementation, Income and Expenditures, and Profitability Analysis

The Bank's consolidated after-tax income for 2021 amounted to NT$6.55 billion, surpassing the internal budget target. Loans grew 10.2% and deposits 14.7% during the year and the interest-rate spread increased at a stable rate, leading to a 12.1% rise in net interest income and a 3.2% growth in service fee income. In terms of profitability, before-tax ROA and ROE amounted to 0.67% and 10.69%, respectively, both above the average for all Taiwan banks. In the face of such factors as the spread of covid and loose money in the market, we continued to promote the loan business while giving due consideration to risk management and cautious loan approval; at the same time, we carefully examined deposit and loan profitability and carried out suitable adjustments of interest rates with the aim of heightening our earnings. Overall, despite the impact of the pandemic and market competition our business strategies proved appropriate and our after-tax income grew by 10.3% over 2020; in the area of asset quality, our non-performing loan ratio for 2021 was 0.16% and our coverage ratio was 800.93%, both better than the average for all Taiwan banks.

Most recent credit ratings, and dates of ratings

Rating Institution	Credit Rating		Outlook	Date of Latest Rating
	Long-term	Short-term		
Taiwan Ratings	twAA-	twA-1+	Negative	Jan 18, 2022
S&P Global Ratings	BBB	A-2	Negative	Jan 18, 2022

Organizational Changes

1. The name of the Corporate Social Responsibility Committee was changed to Corporate Sustainable Operation Committee.
2. A Financial Products Dept. was added.
3. The Consumer Banking and Personal and Mortgage Loan departments were consolidated, and their names changed to Consumer Banking Business Dept. and Consumer Banking Credit Dept.
4. A Consumer Banking Products Dept. was added.
5. The Legal & Compliance Dept. was reorganized and split into the Compliance & AML/CFT Dept. and Legal Dept.
6. An Information Security Technology Department was added.
7. A Customer Value Management Dept. was added.

Research and Development

The Bank's budgets for investment in digital finance have grown at double-digit rates in recent years. This investment is aimed at the continued reinforcement of digital product and service processes, the development and deepening of strategic alliance cooperation, and the introduction of in-house operations that simplify processes (such as robotic processes), as well as the vigorous deployment of digital personnel and the development of innovative services that deepen the penetration of financial services into the lives of customers and bring about a consistent customer-oriented experience while increasing the numbers of, and income from, digital-banking customers. The Bank completed the installation of a smart financial planning platform to provide on-line wealth management services in 2021. This platform can set up investment objectives and risk tolerances that meet customer needs and, through the use of big data and algorithms, provide automated portfolio investment suggestions. The platform also constantly monitors market changes for the purpose of carrying out rebalance adjustments. This new facility expands the scope of the Bank's wealth management services and boosts product and customer penetration.

Domestic and Overseas Awards

- Won a “Top Ten Sustainability Micro-movies” award at the 2021 Taipei Golden Eagle Micro-movie Festival.
- Won a Wealth Magazine 2021 “Domestic Bank Best Customer Recommendation Award” for wealth management.
- Won an “ACH Payment Business Outstanding Growth Award,” “eACH Payment Business Promotion Award,” “eACH Collection and Payment Business Promotion Award,” “eDDA Business Promotion Award,” “eDDA Online Banking Direct Debit Business Promotion Award,” and “eDDA Mobile ID Business Promotion Award” in the Enhanced Financial Collection Service (eFCS) competition.
- Won the “Best Financial Structure Progress Award” in the NTU Center for the Study of Banking and Finance’s 2020 Banking Competitiveness Assessment.
- Won “Best Digital Banking Services Award” and “Best Financial Advisory Team Award” in 2021 Excellent Bank Assessment.
- Won “Taiwan Best Wealth Management – New Star Award” from The Asset magazine.
- Won “Silver Award for Social Inclusion” in the 2021 Taiwan Sustainability Action Awards.
- Named “Outstanding Financial Institution” in the National Police Agency’s 2020 “Caring Teller Inquiry, Help in Stopping Fraud” activity.
- Won “Gold Award for Banking and Insurance Businesses in the Sustainability Report Category” from the Taiwan Institute for Sustainable Energy’s Taiwan Corporate Sustainability Awards.
- Won “2021 Buying Power Social Innovation Products and Services Procurement – Third Place Award.”
- Won Enterprise Asia’s “2021 International Innovation Award.”
- Won “Best Customer Service Team” award from the Taiwan Contact Center Development Association.
- Won a “Gold Award – Credit Card Category” and “Gold Award – Credit Card Category – Outstanding Employee” in the 15th Joint Credit Information Center awards.
- Won “Learning Star” and “Best Learning Booster” awards from Commonwealth Magazine’s Innovation College
- Won 2022 “Design Award of the Federal Republic of Germany.”

Message to Our Shareholders

Impact of the External Competitive, Regulatory, and Overall Business Environments

The global economy will hopefully continue rebounding in 2022, with demand gradually returning to its pre-pandemic levels and epidemic prevention measures gradually being withdrawn so as to alleviate labor-market shortages and supply-chain issues. The Russian invasion of Ukraine in February, however, caused strong volatility in financial markets; prices of commodities, including energy and food, rose rapidly, and sanctions imposed on Russia by the U.S. and NATO countries exacerbated already-high inflation. Central banks everywhere responded by raising interest rates. In Taiwan, the Central Bank boosted interest rates by 0.25 percentage points in March to suppress inflation expectations. Thanks to positive growth in the global semiconductor industry and stable demand in the market for final high-tech products, external demand will hopefully remain strong; and with large international manufacturers deciding one after another to boost their investment in Taiwan, thereby likely stimulating a new wave of economic growth, it should be possible for the island’s economy to maintain a healthy growth.

Business Plans for 2022, and Future Development Strategy

In 2022 the Bank will continue giving due consideration to risk while striving vigorously for business expansion under the core strategies of heightening asset market share, optimizing profit structure, carrying out customer segmentation management, remolding digital platforms, and realizing sustainable development. First of all, to heighten our business scale we will vigorously develop syndicated loans with the SKB serving as lead bank, promote ESG loans, advance our SME loan capability, and continuously carry out our overseas deployment plan; secondly, to optimize our profit structure we will vigorously develop our digital mobile payment ecosphere, expand our base of high-value payroll transfer customers, implement the Trust 2.0 Elderly Care Program, and map out a plan for heightening our ratio of return on investment so as to increase our profit; to carry out customer segmentation management, we will plan for the adoption of segmentation management so as to heighten our average loan amount, heighten product diversity through digitized services, expand our base of quality customers, build up a customer group management map, develop group customers, and carry out the overall heightening of product penetration and product exclusivity so as to create real earnings; to remold our digital platform services, we plan to build a new “three networks-in-one” digital platform, develop a mobile strategy of “consumption for life, financial management for consumption, and assisting life with financial management,” and constantly satisfy consumer needs for all kinds of digital financial services; finally, to realize sustainable development, we will continuously carry out sustainable financial management, enhance risk management in the loan market, develop inclusive financial products, and expand our service team. To take full advantage of the synergies offered by cross-marketing within the financial holding group, we will constantly reinforce cooperation with associated companies within the holding group with the aim of enhancing the efficiency of financial operations; and we will strengthen the development of new types of financial business so as to satisfy the needs of different customer segments, in this way expanding the scale of our operations and providing an even more complete range of financial services to our customers.

In gratitude for the care and support our customers, our parent financial holding company, our directors, and our shareholders have afforded us over the years, the Shin Kong Bank will continue working ceaselessly to boost our operating performance to new heights so that we can pay something back to our shareholders and to society.

Chairman 李增昌

Company Background

The forerunner of Shin Kong Bank was the Taipei Third Credit Cooperative, which was established in April of 1918 under the original name of "Manka Credit Union." In July of 1946 the Manka Credit Union was reorganized into the Manka Credit Cooperative. In 1947, restructuring resulted in another name change, this time to Limited Liability Taipei Third Credit Cooperative. In response to another restructuring the name was changed yet again in June of 1966, and it became a guarantee liability organization under the name Guarantee Liability Taipei Third Credit Cooperative—the Taipei Third Credit Cooperative, as the Bank was known before the final restructuring.

Substantial changes began reshaping Taiwan's financial environment in the late 1980s. Under the impact of interest-rate liberalization, banks steadily expanded their business scope and branch networks. Thus, they encroached upon the original market of credit unions. When the Ministry of Finance announced the "Measures for the Restructuring of Credit Unions into Commercial Banks" in November of 1995, the Taipei Third Credit Cooperative immediately applied for restructuring and in January of 1997 was reorganized into the Makoto Bank. Later on, the Bank moved in line with government policy to help resolve financial problems and expand the scale of its operations. It took over the Hsinchu Second Credit Cooperative and Taichung Eighth Credit Cooperative in 1997 and 1998, respectively, and took advantage of the provision in the Banking Law allowing the establishment of five branches a year. This expanded its operations throughout Taipei, Taoyuan, Hsinchu, and other areas. The Chiayi Second Credit Cooperative was absorbed in early September, 2001 and, pursuant to the operation of the Executive Yuan's Financial Reconstruction Fund, absorbed the Gangshan Credit Cooperative in the middle of that month. This smoothly expanded the range of the Bank's services to all of Taiwan, with a total of 80 branches.

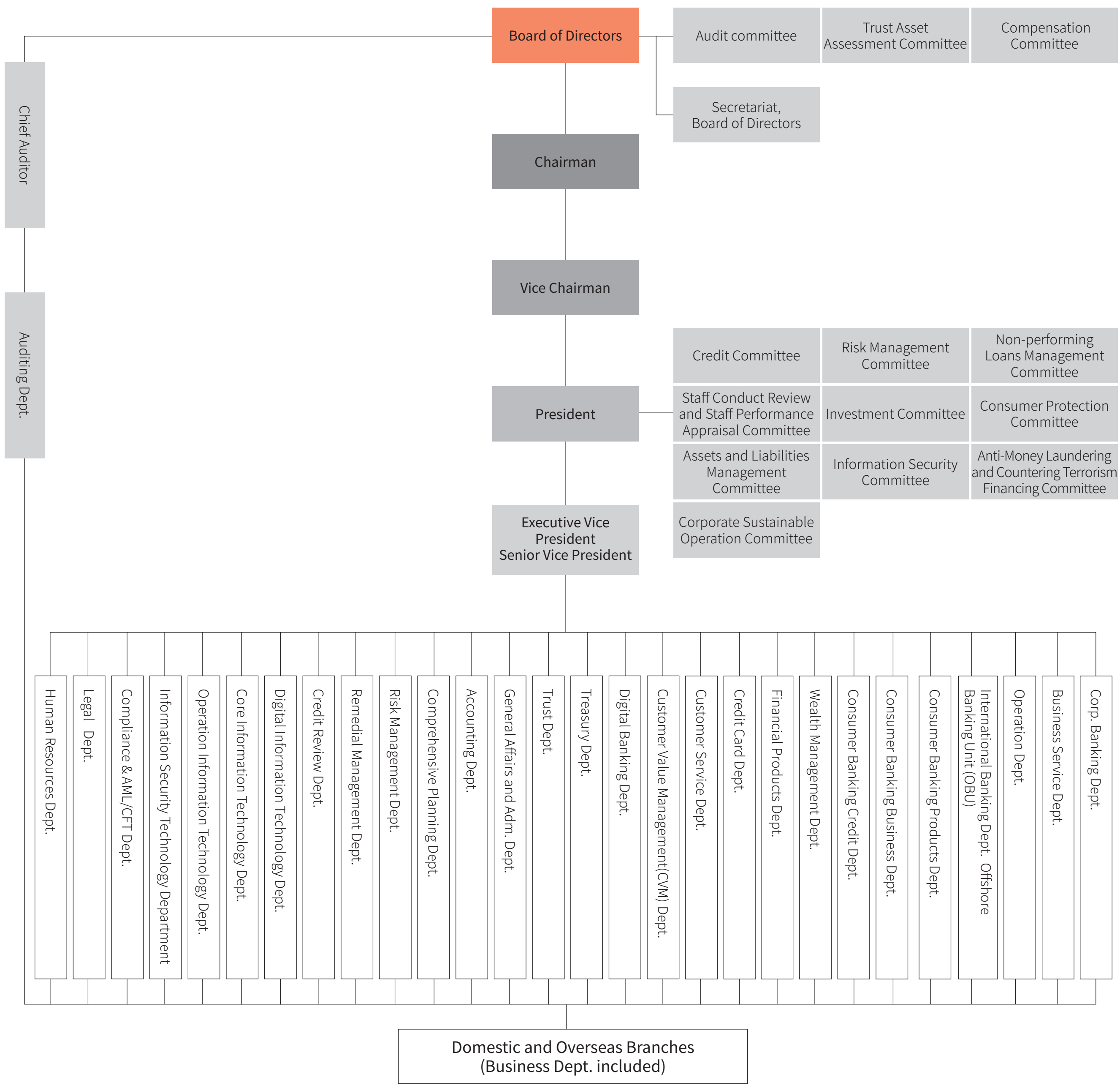
In response to development trends in the financial market and to comply with the government's policy of financial reform, the Bank joined the Shin Kong Financial Holding Co. in Oct. 3, 2005 as a reinvested wholly owned subsidiary. On Dec. 31 that same year, the Financial Holding Company moved to expand its operating scale of the banking system and strengthen its competitiveness by merging Makoto Bank with the Shin Kong Commercial Bank (itself the result of a July 1, 2000 merger between the Taichung Sixth Credit Cooperative and the Pingtung First Credit Cooperative to form the United-Credit Commercial Bank, which was renamed the Taiwan Shin Kong Commercial Bank on Nov. 15, 2004). The Makoto Bank was the surviving bank after merging and renamed Taiwan Shin Kong Commercial Bank. The number of SKB branches throughout Taiwan reached 104 in 2020.

In years to come the SKB will, with a strategy of stable growth and due consideration to risk management, continue expanding its business scale and international development (establishment of overseas business units: 1. Ho Chi Minh Representative Office established on Dec. 20, 2007; 2. Hong Kong Branch opened for business on May 6, 2011; 3. Application for the establishment of a Bình Dương Branch submitted to the State Bank of Vietnam in November 2013; and 4. Yangon City Representative Office in Myanmar established on Sept. 19, 2015), and will actively practice sustainable development, fulfill its social responsibility, carry out fair treatment of customers, promote inclusive financing, and extend its financial services so as to serve economically disadvantaged groups. The Bank will continue holding to the four operating principles of "innovation, service, sincerity, and giving back" as it moves in line with technological trends in striving for the development of a full range of financial services, so that SKB will be the first choice of bank for the public. At the same time, the Bank will also espouse the value proposition of "getting close to life and thinking for customers," deepen customer management, and, through mutual cooperation with the other enterprises of the financial holding group, provide a full range of services and products, realize optimal synergies of integrated operations, strengthen operating scale, offer more comprehensive financial services, and strive constantly to achieve the parent financial holding company's sustainability spirit and value: "Shin Kong is with you, always and everywhere."

Organization Chart

Organizational Structure

Approved by the 56th meeting of the Ninth Board of Directors on August 11, 2021.



Data on Chairman and Directors

Up to January 21, 2022

Title	Name	Prime (Education) Experiences	Current Bank & Other Positions
Chairman	Tseng-Chang Lee	President of United-Credit Commercial Bank President of Taiwan Shin Kong Commercial Bank Co., Ltd. EMBA, National Sun Yat-Sen University	Chairman of Taiwan Shin Kong Commercial Bank Co., Ltd. Chairman of Shin Fu Insurance Agency Co., Ltd. Director of Shin Kong Bank Cultural and Educational Foundation
Vice Chairman	Jih Chu Lee	Chairman of Taiwan Financial Holding Co., Ltd and Bank of Taiwan Director of Mega Financial Holding Co., Ltd. Vice Chairman and President of Shin Kong Financial Holding Co. Ltd. Vice Chairman of Financial Supervisory Commission, Executive Yuan Chairman of Chunghwa Post Co., Ltd. The First Person Straight up to Doctor of Economics of National Taiwan University by recommendation	Vice Chairman of Taiwan Shin Kong Commercial Bank Co., Ltd Chairman of Monte Jade Global Science and Technology Association Supervisor of Cross-Strait CEO Summit
Director	Po Han Lin	Director of Shin Kong Financial Holding Co. Ltd. Director of United-Credit Commercial Bank Director of Shin Kong Life Insurance Co. Ltd. MBA, Meiji University	Director of Taiwan Shin Kong Commercial Bank Co., Ltd. Director of Shin Kong Life Insurance Co., Ltd Director of Shin Kong Financial Holding Co. Ltd.
Director	Hsin Chang Wu	Head of Shin Kong Mitsukoshi Business Group MBA, Waseda University	Director of Taiwan Shin Kong Commercial Bank Co., Ltd Vice Chairman of Taroko Development Corporation Chairman of Shin Kong CinePlex Co., Ltd
Director	Yu Yuan Wang	Ambassador of Embassy of the Republic of China to the Holy See Director of the Protocol Department of the Ministry of Foreign Affairs M.A., Chinese Culture University	Director of Taiwan Shin Kong Commercial Bank Co., Ltd Chairman of Shin Kong Bank Cultural and Educational Foundation. Director of MasterLink Securities Corporation
Director	Chun Hong Chen	Senior Vice President of MasterLink Securities Corporation Director of MasterLink Securities Corporation Department of Business Administration Union University	Director of Taiwan Shin Kong Commercial Bank Co., Ltd Chairman of MasterLink Securities Corporation
Director	Chang Rung Hsieh	Vice President of JP Morgan Chase Bank, Taipei Branch Senior Vice President of Taishin International Bank Executive Vice President of Ta Chong Bank MBA, University of Iowa	Director and President of Taiwan Shin Kong Commercial Bank Co., Ltd. Director of Shin Fu Insurance Agency Co., Ltd.
Director	Tao Nan Wang	Vice President of Taikang Life Insurance Co., Ltd. First Executive Vice President of Shin Kong Life Insurance Co. Ltd. Director of Taiwan Shin Kong Commercial Bank Co., Ltd MBA, Fordham University EMBA, Peking University	Director of Taiwan Shin Kong Commercial Bank Co., Ltd First Executive Vice President of Shin Kong Life Insurance Co. Ltd.
Director	Shun Yun Hsu	Senior Vice President of Shin Kong Life Insurance Co. Ltd. Executive Vice President of Shin Kong Financial Holding Co. Ltd. Dept. of Accounting, Soochow University	Director of Taiwan Shin Kong Commercial Bank Co., Ltd Director of Shin Kong Bank Cultural and Educational Foundation
Independent Director	Wu Ling Wang	Chief Auditor of Shin Kong Financial Holding Co. Ltd. Executive Vice President of Shin Kong Commercial Bank Co., Ltd Department of Law, National Taiwan University	Independent Director of Taiwan Shin Kong Commercial Bank Co., Ltd Director of Shin Kong Life Foundation
Independent Director	Yeun Ginn Chen	President of Chang Hwa Commercial Bank CEO of CTBC Financial Holding Co., Ltd., Japan Business Group M.A., Nankai University	Independent Director of Taiwan Shin Kong Commercial Bank Co., Ltd
Independent Director	Chia Shi Lo	Independent Director of Shin Kong Life Insurance Co. Ltd. Independent Director of Taiwan Shin Kong Commercial Bank Co., Ltd M.S., University of Southern California	Independent Director of Taiwan Shin Kong Commercial Bank Co., Ltd Independent Director of Shin Kong Life Insurance Co. Ltd.

Information on President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, and Managers of Departments

Title	Name
President	Chang Rung Hsieh
Chief Auditor	Mei Ching Yang
Chief Legal Officer & Chief Corporate Governance Officer	Daniel J. Chen
Executive Vice President	Cheng Kuo Lee
Executive Vice President	Wen Feng Chang
Chief Information Security Technology Officer	K. T. Chang
Chief Compliance Officer	Ginger Chou
Senior Vice President	Bing Hsin Hsu
Senior Vice President	Ben Yang
Senior Vice President	Po-Yang Chiu
Senior Vice President	Anna Wu
Senior Vice President	Vincent Lin
Senior Vice President.	Judy Lin
Senior Vice President.	Cho Su Huang
Senior Vice President.	Jung Shan Chien
Senior Vice President	Judy Kuo
Senior Vice President	Jerry Lin
Senior Vice President	Yi Mei Lin
Senior Vice President	Kun Chen Huang
Senior Vice President	Fea Chin Huang
Senior Vice President	Chin-Chu Sung
Senior Vice President	Yu Su Huang

Title	Name
Senior Vice President	Sean Lin
Senior Vice President	Jenny Tsai
Senior Vice President	Michelle Liu
Senior Vice President	Ming Jen Yang
Vice President	Jacky Li
Vice President	You De Chiu
Vice President	Tony Kao
Vice President	Lisa Chiu
Vice President	Vivian Liang
Vice President	Vincent Chen
Vice President	Cindy Lien
Vice President	Tz Yung Ting
Vice President	Huei Ping Liao
Vice President	Chia Chih Lin
Vice President	Kuan Chyun Chou
Vice President	Wade Lin
Vice President	Shu Ying Zhou
Vice President	Gavin Huang
Vice President	Juno Tsai
Vice President	Ting Fei Wang
Vice President	Regina Lin
Vice President	Paul Ku

As of March 31, 2022

Review of Operations

1. Deposits

Deposits in the Bank in 2021 amounted to NT$1,043,816 million; this was an increase of NT$133,916 million over 2020, for a growth of 14.72%.

Deposit balances for the past two years

Unit: NT$ million

Items		2020	2021	Increase (Decrease)
Demand deposits	Checking deposits	7,296	8,145	849
	Public treasury deposits	260	298	38
	Demand deposits	162,158	199,708	37,550
	Demand savings deposits	235,948	266,377	30,429
	Subtotal	405,662	474,528	68,866
Time deposits	Time deposits	339,713	401,677	61,964
	Time savings deposits	164,525	167,611	3,086
	Subtotal	504,238	569,288	65,050
Total deposits		909,900	1,043,816	133,916

2. Loans

The Bank's outstanding loans in 2021 totaled NT$719,376 million, an increase of NT$66,553 million over 2020 for a growth of 10.19%.

Unit: NT$ million

Items	2020	2021	Increase (Decrease)
Secured loans	474,100	531,116	57,016
Unsecured loans	178,723	188,260	9,537
Total loans	652,823	719,376	66,553
Total Loans to Total Assets	62.75%	61.29%	

3. Corporate Banking

Corporate loans outstanding at the end of 2021 (excluding the Hong Kong Branch) totaled NT$306.1 billion; this was an increase of NT$24.4 billion over 2020, for a growth of 8.65%. Total loans outstanding (including the Hong Kong Branch) stood at NT$321.8 billion, up NT$25.7 billion from the year before for a growth of 8.7%. Of this total, SME loans increased NT$14.4 billion, for a growth of 10%; international syndicated loans were affected by the pandemic and contracted by NT$3.3 billion, a reduction of 13%; and overseas loans extended by the SKB itself increased because of a heightened demand for foreign-currency capital and trade financing, leading to a growth in foreign-currency loans of $6.5 billion, or 16%, compared with 2020. Processing fee income from the corporate loan business totaled approximately NT$470 million in 2021; compared with 2020 this was an increase of NT$103 million, for a growth of 28%. The main reason for this improvement was the vigorous development of customers with assurance requirements; surety fee income increased NT$58 million, and loan processing fee income expanded NT$28 million.

4. Wealth Management

Service fee income from the wealth management business totaled NT$2.57 billion in 2021, up 6.71% from the NT$2.41 billion recorded the year before. Service fees from the sale of fund and portfolio products grew by an extraordinary 17.37% and 100.29%, respectively; the amount of non-discretionary money trust funds under management totaled NT$111.79 billion, giving the Bank a market share of 2.61% and ranking it 14th in the industry.

The SKB was honored with the "Best Private Bank, Wealth Management, Rising Star, Taiwan Award" from The Asset magazine, "Most Recommended by Clients" award from Wealth magazine, and "Best Financial Advisory Team" award from Excellence magazine. The Bank holds firmly to its original commitment to treat customers as family, listens deeply to their concerns, and strives to understand their true financial planning needs in order to provide them with customized financial planning that helps them realize their life goals and pass their wealth on to the next generation. In this way, the Bank works hand in hand with its customers to create financial prosperity.

5. Consumer Banking

The Bank's mortgage loans outstanding stood at NT$327.89 billion in 2021, up NT$34.99 billion from 2020 for a growth of 11.95%. Operating income for the year was NT$5.56 billion.In the mortgage loan business, the Bank continued offering superior services and focused on satisfying the mortgage-loan needs of different customer segments; the Bank also moved in line with control measures adopted by the government to stabilize its share of the mortgage loan market and asset quality while heightening loan growth and overall profitability.

The amount of unsecured small loans outstanding in 2021 amounted to NT$61.79 billion, an increase of NT$5.26 billion over 2020 for a growth of 9.30%. Operating income for the year was NT$3.09 billion. During the digital transformation process in 2021, the Bank moved to strengthen its profitability and customer loyalty through a variety of digital application channels matched with branch sales activities, and used big data analysis to build up capital-need and differentiated risk pricing, guiding customers with funding needs through simple loan application procedures and rapid approval. At the same time, the Bank carried through with inclusive banking by implementing a loan assistance program for disadvantaged groups.

Auto loans outstanding in 2021 totaled NT$7.82 billion; this was up NT$590 million from 2020, for a growth of 8.19%. Operating income from this business was NT$260 million. The Bank deepened auto dealership loyalty effectively to maintain its market share and competitive advantage, at the same time using green energy opportunities to open up new auto-loan territory.

In response to the trend toward digitization and the rapid development of financial technology, the Bank worked continuously to optimize and improve its business processes and create smooth and seamless digital services so as to provide high-quality, convenient financial services that meet the needs of all segments of society.

6. Credit Cards Business

The amount of consumption using SKB-issued credit cards reached NT$46.9 billion in 2021, for a growth of about 1.67% over 2020. The Bank worked continuously to activate valid cards in 2021; the number of valid cards reached 575,444, an increase of nearly 7.42% compared with 2020, and the number of valid cards continued to grow.

The Bank strives to optimize customers' services and experiences, strengthen the convenience of mobile payments, and, together with chain marketing channels for daily consumption—FamilyMart, PX Mart, 7-Eleven, etc.—develops Multipay venues. The aim is to promote the development of Shin Kong-payment life circles based on consumer lifestyles, consolidate and expand high-value groups, work vigorously to cultivate youth groups, and strengthen the customer segment structure so as to enhance the Bank's going-concern value.

7. Digital Banking

The number of active SKB digital bank users exceeded 640,000 in 2021, an increase of 36% over 2020, and the digital transaction ratio reached 90%. The Bank adheres to the value proposition of “holding close to life, considering customer interests” as it continuously provides rapid, convenient, and secure digital financial products and services, and works vigorously to develop a diverse mobile payments business that will satisfy customers’ digital banking needs for consumption, payment, and financial planning. The Bank emphasizes data priority, experience orientation, and agility basing as it uses digital innovation to develop business, lower operating costs, raise earnings, and enhance customer management efficiency. In 2021 the Bank’s Omni-U Digital Savings Account received a “German Design Award – Silver Award,” as well as an “International Innovation Award” from Enterprise Asia.

8. Trust Business

Unit: NT$ million

Items	2020	2021	Increase (Decrease)
Non-discretionary money trust capital investments in domestic funds	6,002	4,137	(1,865)
Non-discretionary money trust capital investments in foreign funds (including OBU sales)	24,719	26,376	1,657
Non-discretionary money trust capital investments in foreign bonds (including OBU sales)	10,305	8,927	(1,378)
Securities certification	6,730	8,446	1,716
Securities recertification	34	82	48
Other money trust assets	3,375	2,327	(1,048)
Stock ownership trust assets	139	402	263
Real estate trust assets	31,484	48,861	17,377
Funds under custodianship	7,459	16,903	9,444

9. Investment Business

Unit: NT$ million

Items	2020		2021		Increase (Decrease)
	Amount	%	Amount	%	
Bonds	45,208	14.92%	73,382	20.93%	28,174
Financial debentures	5,550	1.83%	6,550	1.87%	1,000
Corporate Bonds	60,582	20.00%	64,265	18.33%	3,682
Stocks	375	0.12%	4,114	1.17%	3,739
Beneficiary Certificates	62	0.02%	2	0.00%	(60)
Beneficiary Securities	80	0.03%	67	0.02%	(12)
Foreign Securities	64,819	21.40%	73,034	20.83%	8,215
Financial derivatives	2,215	0.73%	5,796	1.65%	3,581
Inter bank call loan	12,331	4.07%	17,922	5.11%	5,591
Re-deposits	80,885	26.70%	76,035	21.69%	(4,850)
Short-term notes and bills	30,854	10.18%	29,424	8.40%	(1,430)
Total	302,960	100%	350,590	100.00%	47,630

Market Analysis

The impact of Taiwan's major economic indexes on potential future supply and demand conditions in the market is briefly described below:

1. Supply

- Financial institutions: Domestic financial institutions were operating a total of 6,322 business units at the end of 2021, of which 411 were headquarters units and 5,911 were branches. (Source: Financial Statistics Monthly, published by the Central Bank)
- Deposits: Taiwan's banking system held a total of NT$42,641.8 billion in deposits at the end of 2021, an increase of 8.0% over a year earlier.

2. Demand

The global epidemic crisis continues unabated, with its future development difficult to predict, and the problem of shortages in industrial supply chains is causing severe supply shortages and leading the global economy into a period of inflation in which prices will continuously rise. According to the World Bank's "Global Economic Prospects" report, global economic growth is expected to experience a major slowdown in 2022, with a growth of 4.1% for the year. Taiwan's Directorate General of Budget, Accounting and Statistics puts domestic economic growth for the year at 4.42%, a slight improvement over 2021, and projects per-capita GDP for the year at US$35,244.

3. Growth Prospects

The erratic behavior of the pandemic makes it difficult to predict economic trends in 2022. Countries everywhere will attempt to speed up departure from the epidemic crisis by implementing large-scale relief and stimulus measures, leading governments to use up large amounts of financial resources and casting shadows of uncertainty over global economic growth. In Taiwan, efforts to control the pandemic have performed better than in most countries and the remote working, e-commerce and streaming opportunities, and the boosting of the return of Taiwanese businesses to Taiwan by the U.S.-China trade war, have stimulated the growth of domestic demand. External demand will remain positive in 2022, mainly because growth in demand will be stimulated by continued investment in the expansion of large semiconductor plants and related supply chains, 5G infrastructure construction by the telecommunications industry, localized investment in the expansion of capacity by the shipping industry, and the government's promotion of investment in public green-energy facilities. In addition, the Central Bank is expected to raise interest rates by 0.25-0.50 percentage points in response to the surge in inflation. This will lead to a widening of the interest-rate gap and a lessening of operational pressure on banks' asset quality and capital; it remains to be seen, however, whether the global spread of the new Omicron variants will cause the reimposition of anti-covid restrictions in the international arena and once again impact global economic growth.

4. Favorable and Unfavorable Factors in Development Prospects:

(1) Favorable Factors

External environment:

- The government's "Three Major Programs for Investing in Taiwan" will be extended for three years; this will continue to power corporate investment, attract capital from overseas, encourage overseas Taiwanese businesses to return and invest on the island, and motivate small and medium enterprises to "leave their roots in Taiwan." This will stimulate domestic economic expansion by helping banks develop the corporate banking and wealth management businesses.
- With the rapid evolution of digital technology, the Bank will utilize cooperation with other subsidiaries of the financial holding group to integrate its digital finance platform services and vigorously develop its digital mobile payment ecosphere, thereby expanding overall holding group synergies.

The SKB niche:

- The SKB's widespread network of business locations, with 105 branches, gives it a geo- advantage in the development of local operations; this, together with its diversified range of financial products and services, effectively fulfills the needs of the high-value customer segment, boosts customer satisfaction and loyalty, and increases the Bank's income.

- Integration of the financial holding company's resources and cooperation with its subsidiaries helps the SKB to realize cross-marketing synergies and provide a full range of services, so that customers make it their primary bank.

(2) Unfavorable Factors

- The pandemic has not yet subsided; although the raising of interest rates by central banks will bring profit opportunities for banks, Taiwan's domestic economy will continue to face inflationary pressure and interest rate levels will create uncertainties for credit and economic growth. The banking industry's operations will face difficult times under these conditions, and banks will need to adopt more agile contingency planning if they are to grasp the new business opportunities of the post-pandemic period.

- Financial regulatory policies adopted by the authorities are becoming stricter by the day, not only increasing the cost of risk monitoring and control facilities but also affecting business promotion activities. This will bring challenges in the development of new business opportunities.

Overview of Research on Financial Products, and Business Development

1. Scale and Profitability of Major Financial Products, and New Business Units for the Past Two Years

(1) At the beginning of 2019 the Bank initiated an Integrated Platform for Financial Transactions Project, cooperating with an outside system manufacturer in the establishment of a front-office system for foreign exchange and derivatives trading that can be used for position and market expectations simulation. At the same time, the Bank set up an internal trading process for the complete recording of coverage between the TMU and traders as well as docking transactions by the internal trading platform. In addition, the Bank cooperated with Reuters to bring in Straight Through Processing (STP) for foreign exchange, docking with the forex Electronic Trading Platform. This enhances timeliness in the transmission of information to the internal limit management system, shortening the time needed to acquire sure knowledge of positions and providing for real-time control of mid-day position limits.

The integrated platform includes middle- and back-office management and account functions. The Bank's information units develop automated account functions for forex and derivatives trading; in addition to the development of exposure reports for counterparty credit risk (CCR) management, this encompasses functions for ISDA/CSA documentation management and security deposit management. In the field of market risk management methods, the platform includes the development of automated position and profit/loss limit reporting. The project entails development in accordance with product complexity. The first phase went online in mid-August 2021; the second phase, taking in option products, is scheduled for inauguration in the first half of 2022. By the end of 2020, about NT$29.32 million had been invested in system development and license fees for this project.

(2) In response to the competent authority's coming on line with Basel III's management mechanism for interest rate risk in the banking book (IRRBB) at the end of 2022, the SKB instituted an IRRBB Project in 2021. The Bank adopted self-modeling to determine impact of IRRBB on capital through the earnings management stance or assessment of economic value. Development was carried out in cooperation with the Bank's information units; the result was released at the end of 2021, and is expected to be used in parallel with the Bankers Association version to observe and analyze the reasons for any discrepancies.

(3) In response to the withdrawal of LIBOR, the Bank's Risk Management Department assumed responsibility for planning the installation of front-office Numerix system alternative reference rates (ARR) to replace derivative products using interest rates, and the new system went online at the end of 2021. The switch from LIBOR to the ARR transaction module is expected to continue in the first quarter of 2022, with the new system planned to go online before the end of that quarter. Spending on the installation of this system is approximately US$210,000.

(4) The Bank set up a LIBOR task force in response to the withdrawal of LIBOR, and the Risk Management Dept. was charged with optimizing the internal funds system, adjusting the pricing-basis curve, and revising criteria for internal transfer pricing. This task was completed by the end of 2021, and the result is being used for new loans and new products beginning in 2022.

2. R&D Costs and Results for the Past Two Years, and Future R&D Plans

(1) Integrated Financial Transaction Platform Project, Stage 2:
Stage 1 was put online by the headquarters bank in Taipei in mid-August, 2021 and Stage 2 was initiated in the first half of 2022, with cooperation between external system vendors and the Bank's information units. Front-office systems are incorporating foreign-currency option products, and the platform is installing related front- and middle-office management mechanisms. The integrated platform is being used to optimize operating procedures and promote business development, while at the same time providing risk management. System installation costs amount to approximately US$280,000, and the project is projected for completion before the end of 2023.

(2) Initiation of the "Hong Kong Bank Integrated Financial Platform Project" by the Hong Kong Branch:
This project centers on foreign-exchange products, with the headquarters bank being responsible for project management and for helping the Hong Kong Branch carry out integration of front-, middle-, and back-office operating procedures and completing risk management. At the same time, the introduction of Straight Through Processing (STP) for foreign exchange, docking with the forex Electronic Trading Platform, and coupling with the Bank's internal limit management system can reduce the time needed for the Bank to acquire knowledge about positions and facilitate the real-time control of mid-day position limits. This project, which is included in the system installation budget, was initiated in March of 2022 and will take an estimated 18 months to complete.

(3) Daily Securities Trading Management Report Automation Project:
This project is being carried out by the Bank itself, with interfacing of product systems data and market data sources, and use of the existing integrated financial transaction platform, automatically produced daily management reports, and off-market checking. The Risk Adjusted Return on Capital (RAROC) calculation engine will be developed for use in annual budgeting, limit calculation, and risk appetite measurement. This projected is expected to be initiated in the first quarter of 2022 and to be completed before the end of the year.

(4) Addition of interest rate and stock futures products to the Apex system:
To meet the Bank's business development needs, interest rate and stock futures products were added to the existing middle-office system, thereby rounding out the risk management mechanism. This project was initiated at the beginning of 2022 and is projected for completion by the end of the second quarter of the year.

(5) Installation of a task-oriented system:
A task-oriented management system was established to provide for the flexible setting of workflow steps and for a better customer management process through the joint customer management mechanism.

(6) Establishment of a financial management encyclopedia:
A friendly interface will be used to provide financial planning staff with financial-management information, quickly and accurately, thereby upgrading their familiarity with know-how about financial management products and procedures.

(7) Putting the robo-advisor platform online:
In line with the trend toward digitization and the provision of online wealth management services, the SKB will use Big Data and algorithms to provide customers with automated investment portfolio suggestions in accordance with the investment goals and risk tolerance levels that they have established. Market changes will be monitored at all times, and rebalancing will be carried out as necessary so as to expand the scope of wealth management services and enhance the degree of product and customer penetration.

(8) The budget for the SKB's digital finance plan has grown at double-digit annual rates over the past two years. In addition to the ongoing reinforcement of digital product and service processes, development and deepening of strategic alliance cooperation, and introduction of process simplification for internal operations (such as the use of robotic processes), the Bank will also work actively to deploy digital personnel and develop innovative services that implant financial services deeply into the lives of customers, bring a consistent customer-oriented experience to fruition, and increase digital customer numbers and revenues.

Short-terms and Long-terms Business Development Plans

(1) Short-term Business Plans

Corporate Banking Business

- Deep cultivation of existing customers, strengthened review of the customer management strategy, and heightening of overall earnings.
- Promotion of Omni-U online digital securities account tools and relationship management for the offline deposited securities business, boosting of the volume of securities activity, and expansion of the interest rate spread.
- Vigorous pursuit of lead bank or participant bank status for syndicated loans to high-quality customers in Taiwan and overseas so as to increase loan and commission fee income.
- Implementation of the Financial Supervisory Commission's Green Finance 2.0 policy, with continuous promotion of renewable and green energy financing.

Wealth Management Business

- Initiation of high-end customer management and continued recruitment of high-potential customers, vigorous expansion of customer asset scale, and focus on high-quality industries in the development of the payroll transfer business.
- Refinement of the financial consultant hierarchy and its performance targets with the aim of achieving a step-by-step growth and upgrading of financial advisors, which will also help with personnel recruitment.
- Continuous recruitment of high-quality personnel, nurturing of the financial professionalism of staff members, and introduction of products that keep pace with the times in line with the pulse of development of global financial markets, leading to the overall upgrading of per-capita output and stimulation of commission fee growth in the wealth management business.

Consumer banking business

- Development of services to meet customer needs for home loans and on-lending, meeting the funding needs of the youth group for housing procurement and of high-asset potential customers, and working in line with relevant government regulatory measures to build a stable home-loan market share and high asset quality.

Market Analysis

- Matching of a diverse range of digital application channels with the sale of a diversity of credit loan products, development of high-quality corporate personnel and internal business opportunities lists so as to upgrade customer quality and quantity, and, at the same time, continuous innovation of credit loan products and realization of inclusive financing through the implementation of environmental sustainability governance (ESG) plans.
- Reinforcement of car dealer relationships, maintenance of the high-market-share advantage, introduction of strategic platforms to maintain a high document-examination efficiency and high asset quality, and promotion of green energy and electric car business opportunities to build up the Bank's brand.

Credit Card Business

- Optimization of digital channel services (online card application, online provision of additional documentation, digital limit adjustment, etc.), creation of the finest customer experience, enhancement of the customer digital experience, and increasing of digital channels for customer acquisition.
- Continuous expansion of payment sites, increasing of customer acquisition sources in cooperation with large store chains, and enhancement of customer loyalty so as to boost card-use performance.
- Deep cultivation of the high-value customer segment and reinforcement of the loyalty of high-asset customers.
- Development of a complete product range and creation of featured highlights for different products to match with the multi-channel recruitment of card customers.

Digital Banking Business

- Upgrading of customer acquisition capability: Digital deposit accounts and a third-party cross-industry alliance strategy will be used to create account usage scenarios that upgrade customer loyalty. Development of the digital channel customer segment will be constantly reinforced, and localized digital services will be implemented in line with the digital operations of branches so as to upgrade customer satisfaction.
- Data first, focus on experience, agility at the core: Data marketing capability will be upgraded, customers will be attracted through community and marketing motivation, and data analysis and precision marketing will be utilized to increase customer loyalty and the Bank's income.
- Development of digital products and reinforced management of the digital customer segment: End-to-end digital products in five major businesses--deposits, loans, payments, foreign exchange, and financial management—will be built up, the product and service experience will be further improved, exclusive marketing activities will be organized, and lifecycle management for digital customers will be strengthened so as to enhance customers' brand loyalty.
- Development of an intelligent customer service system and upgrading of service efficiency: AI will be used in the installation of an intelligent robotic customer service system and, together with the deep natural language processing/natural language understanding (NLP/NLU) context, customer operation will be guided and an intelligent service experience will be provided.

Trust Business

- All-out promotion of the real estate trust, old/unsafe building reconstruction financing trust, advance-payment trust (including for e-commerce platforms), escrow trust (including for equities trading), employee stock ownership trust, and foreign-currency trust businesses.
- Business promotion, educational training, and co-marketing will be carried out for the Bank's business units so as to strengthen the trust capabilities of employees and gain a grasp of potential customer segments.
- In line with the Trust 2.0 policy, the nursing care and insurance trust and employee stock ownership trust businesses will be promoted in combination with the Bank's wealth management and corporate banking resources in order to satisfy the diversified needs of Bank customers.

- Financial holding company synergies will be employed in undertaking the custodian bank business for investment trust funds and clearing bank business for book-entry central bank securities.

(2) Long-term Business Plans

Corporate Banking Business

- Active development of overseas markets, cautious undertaking of international syndicated loans, continuous strengthening of cooperation among branch institutions in Taiwan and overseas, expansion of asset scale, and heightening of overseas income.
- Continuous optimization of the loan structure and of control costs, and enhancement of the interest spread and commission fee income.
- Introduction of ESG loan principles and, in compliance with Equator Principles and ESG loan inclusion in credit processes, implementation of examination and effective control so as to realize ESG principles and sustainable financing.
- Forbidding of undertakings in highly controversial industries, careful assessment of high-risk and high- carbon-emissions industries, and active participation in loans to sustainable industries and in sustainability linked loans.
- Implementation of the Key Account strategy, deep cultivation of business with the financial holding group, active pursuit of financing for the subsidiaries of large enterprises, and development of opportunities to act as lead bank for syndicated loans, so as to expand income by boosting business product dimensions and loyalty.
- Pursuit of the upgrading of the Vietnam Representative Office to the Binh Duong Branch, and establishment of a Singapore Branch.

Wealth Management Business

- Continuous development of financial products with market competitiveness, full use of total marketing and promotion of synergies, expansion of operating scale, and, at the same time, satisfaction of the needs of different customer segments by providing an even more complete range of all-around professional asset allocation planning services.
- Continuous development and upgrading of internationally recognized Certified Financial Planners (CFPs) and senior financial planning professionals in order to provide customers with a full range of more comprehensive financial planning services and penetrate deeply into customer relationships and loyalty to the Bank's business.

Credit Card Business

- Reinforcement of system functions and processing efficiency, and transformation of core credit card systems, so as to simplify operating processes and reduce operating costs.
- Mastering of data capabilities in carrying out customer segmentation, satisfying of customers' differentiated consumption needs, stabilizing the consumption of existing customers, and attracting new customers, thereby heightening the amount of credit card transactions and commission fee income while optimizing overall profit/loss performance.
- Installation of credit card APPs to improve the digital experience and customer loyalty through the convenience of card use, thereby achieving real-time card-linked consumption while boosting card use and new-card issuance.

Digital Banking Business

- Three networks in one—transformation of three major digital platforms: The Three networks in one encompass the new official website, new mobile bank, and new cloud service platform; the aim is to create an unparalleled One Bank experience, with the three major platforms remolding a new positioning and creating new value.

Market Analysis

- Development of the "consumption for life, financial planning for consumption, life assisted by financial planning" mobile strategy, with continuous satisfaction of consumer needs for digital banking in the various aspects of life and, through innovative technology and cross-industry alliances, building up of a digital banking ecosphere and integration of virtual and physical sites with services that fill customer needs, so that customers will feel the warmth of digital banking services.

Trust Business

- Integration of external channels and strengthening of cooperation with other financial institutions so as to enhance the amount of external cooperation channels, increase sources of trust cases, and promote the growth of operating income.
- Reinforcement of staff training for the trust business and cultivation of the professional self- development, negotiation, contract signing, and customer maintenance abilities of sales staff in order to build up an outstanding sales team.
- Grasping of opportunities for discretionary custody of investments referred by the MasterLink Securities Investment Advisory Co. and Shin Kong Investment Trust, and use of the Bank's high-quality services and business efficiency to expand the undertaking of discretionary custody businesses for other investment trust advisory companies.
- Continuous installation and optimization of computer system functions for the trust and custody businesses in order to build up a complete back-office support system and expand the asset scale of trust and custody businesses.

Business Plans for 2022

1. Deposit Business

Natural persons

- The Bank will use digital account combined with e-payment account trading to provide preferential deposit treatment so as to win the youth segment, and preferential deposit programs will be continuously promoted. Products designed especially for new customers will be offered to enhance their loyalty and increase the number of new customers and the amount of deposits, thereby creating energy for the wealth management business and boosting opportunities for reinvestment.
- The foreign-currency exchange and deposit module will be continuously developed and optimized to provide a diverse range of foreign-currency exchange and deposit functions; the frequency of special-project foreign-currency interest-rate updating will be adjusted as appropriate in consideration of forex and interest-rate trends in the market as a means of achieving cost control and market competitiveness; and preferential programs for New Taiwan dollar/foreign-currency demand and fixed deposits will be introduced in accordance with overall consideration of the rhythm of the capital market and the Bank's demand for capital, at the same time enhancing the amount of deposits and the demand-deposit ratio.
- Relations with high-quality payroll-transfer corporate customers will be strengthened by offering them integrated programs involving customized preferential banking products in accordance with their corporate characteristics; the high-income customer group will be continuously cultivated, account-upgrade preferences and preferential-interest deposit programs will be offered, customers with assets under management will be maintained and increased, and payroll-transfer customers will be motivated to form into the Bank's high-asset customer group.

Corporate customers

- Preferential-rate demand deposit and other programs will be introduced to attract the inflow of new capital, heighten the Bank's demand-deposit position, and optimize the Bank's ratio of demand deposits.
- The corporate cash management business (issuance of cash dividends, payroll transfer, IPOs&SPOs, etc.) will constantly be promoted so as to diversify the Bank's businesses, attract new customer groups, and upgrade service and operational quality with the aim of boosting customer satisfaction and heightening the Bank's capital retention ratio.
- FI customer deposits will be controlled; deposit costs will be lowered and the stability and liquidity of capital will be maintained through adjustment of deposit periods and degree of concentration.
- The expansion of loans related to trade financing will be used to reinforce the retention of funds remitted by customers into and out of the Bank, thereby increasing the Bank's level of foreign-currency demand deposits.
- The promotion of tools for the opening of online Omni-U digital securities accounts, and relationship management in the offline securities deposit DS business, will be used to speed up heightening of the securities capacity and rapidly accumulate customers while increasing the level of the Bank's demand securities deposits.

2. Corporate Banking Business

- In extending loans to SMEs without sufficient collateral but with good potential for development, the Bank will make use of the Small & Medium Business Credit Guarantee Fund to lower credit risk, increase the customer base, and boost income.
- SKB branches with SMEs in their area, planning for subsidiary banks in the vicinity of industrial parks, and the development of customers in accordance with industrial supply chains will be used to expand the Bank's customer base and boost customer loyalty and product dimensionality; in addition, loan risk will be reduced and income increased through a thorough understanding of customers'core assets as well as their self-liquidating and transactional repayment capability.
- The Bank will participate actively in domestic and overseas syndicated loans, and will seek to act as lead bank, with the aim of using such participation as a stepping stone to the development of SKB loans to high-quality domestic and overseas customers, thereby boosting accounts receivable, trade financing, and other business opportunities, and increasing the scale of loans and processing-fee income.

Business Plans for 2022

3. Wealth Management Business

- **Business management system:** A complete performance management system will be built up, including a production orientation system, SFA and AO management systems, and LINE assistant system, in order to heighten financial advisor productivity and optimize business management efficiency; a financial planning manager incubation plan will be implemented in order to boost recruitment and the managerial skills needed to use evaluation and quantification methods to carry out system management training and upgrade management ability; and, to cope with the "21 commandments of financial planning," planning will be carried out for the use of key high-value robotic process automation (RPA) processes to optimize review processes and upgrade approval efficiency.
- **Further development of customer segmentation:** Customer groups will be differentiated in accordance with such dimensions as assets, contribution, and loyalty, and planning appropriate to consumer interests and marketing preferences will be carried out. The interests of high-asset customers will be reinforced and paybacks to high-contribution customers enhanced, and customer relationships will be deepened through the diversification of customer-reward services. The points redemption mechanism of the financial management points program will be used to provide a rich array of product options that satisfy the multi-faceted needs of customers, and points accumulation will be used to heighten customer loyalty. Modal analysis of customer behavior will be further improved, customer tagging will be instituted, and potential customers will be screened for strengthened management so as to increase the number of products held by customers.
- **Establishment of digital platforms:** Stock systems will be placed online, bond-redemption transactions will be developed, and master-feeder fund allocation and other programs to improve trading efficiency will be carried out; the hours for foreign-exchange transactions using digital channels will be extended, and the fixed-time, fixed-amount foreign exchange function will be optimized to encourage customers to set up the SKB as their main bank for foreign-exchange transactions; and the mobile financial advisor and LINE assistant platforms will be put online in order to reinforce customer services and operational optimization.
- **Mastering of the product rhythm:** In response to the upgrading of wealth management, AUM base products will be enhanced and the balanced allocation of different products will be improved; in response to changes in the insurance environment, insurance coverage ratios will be heightened through time payments and retirement planning products will be mapped out; and online robo-advisor services will be introduced and offline asset allocation and investment portfolio services will be strengthened so as to provide high-asset customers with an integrated range of planning services.

4. Consumer Banking Business

- **Operation process optimization, and enhancement of employee productivity and service quality:** The power of technology will be used to optimize processes and data; one-stop services for online application, identity verification, and automatic dispersal of funds will continuously be promoted so that manpower can be replaced by automated equipment and the performance of sales personnel can be upgraded; big data analysis will be used to create a forecasting model to provide a marketing list that can increase the number of SKB products held by customers; and digital services together with physical branches will be used to deeply cultivate business dealings with customers. In this way, the Bank will constantly utilize its superior service quality to expand the scale of its consumer banking business.
- **Creation of a smooth, no-chokepoint digital experience centered on the customer experience:** Key business processes will be constantly optimized and improved, and the digital loan application platform will be expanded. Consumer loan products will be repackaged, and products, marketing, and processes will be advanced together. In response to digital trends and the rapid development of financial technology, digital platforms will be used to heighten service efficiency and new business products will be vigorously developed to facilitate integration into customers' consumption scenarios, satisfy their need for immediate funding, expand the coverage of consumer loan products, and provide high-quality and convenient financial services that meet customer needs.

- **Continued stable development of the auto-loan business and development of loans through car dealerships:** In addition to the continuous development of business with car dealerships and strengthening of the used-car and foreign-currency auto loan businesses, the Bank will work toward the stable expansion of its business base while developing the new-car market and vigorously opening up new-car business channels. At the same time, control of business costs and reduction of non-performing loans will be continuously strengthened, and stable operating methods with an equal emphasis on broadening income sources and reducing expenditures will be adopted so as to create maximum profits for the Bank.
- **Strengthening of credit-risk controls and reduction of non-performing loans so as to upgrade asset quality:** The Bank will actively solicit high-quality customers and strengthen the control of credit risk so as to reduce non-performing loans; the credit scorecard system and automated loan-approval strategy will be applied in the standardization of loan approval; and the strategic management system will be used to continuously optimize the loan-approval strategy and upgrade the efficiency of loan review while balancing profit and risk. Preliminary review, price negotiation, and compensatory strategies will be designed with the aim of upgrading both the quality and quantity of the Bank's business strategy, providing uniform risk controls, and enhancing the overall quality of loan assets in the consumer banking business.
- Relatively preferential loan-to-value ratios and interest rates will be provided to purchasers of non-self-use residential properties, and loan policies will be adjusted as necessary to conform to regulatory changes, internal policy directions, and conditions in the real estate market so as to give due consideration to both the Bank's capital adequacy and its loan quality.
- Loan applications will be strictly reviewed, credit-risk controls will be strengthened, borrowers' repayment sources and capability will be reviewed, and high-quality customers will be selected in order to reduce non-performing loans. The credit scorecard system will be used to standardize risk controls, enhance business quality and quantity, and reinforce the overall quality of loan assets.

5. Credit Card Business

- Customers' experience in card use, card application, and card services will be fully perfected, and the use of digital channel services (online card application, online provision of additional documentation, digital limit adjustment, etc.) will be optimized and promoted, in order to create the best customer experience and pursue the digital customer segment.
- The Bank will adapt to changes in the payments market and consumer lifestyles by forging alliances with consumption channels for the joint operation of multiple payment application domains while, at the same time, enhancing the acquiring business.
- Efforts will be focused on the high-value customer segment with the aim of deepening of customer relationships, customer sources will be increased through the integrated use of internal resources, motivation for card use will be upgraded, and customer contribution will be enhanced.
- The special features of existing products will be reinforced in order to develop new customer segments, and customers will be provided with the payment cards they need in order to achieve the goal of multi-channel customer acquisition.

6. Digital Banking Business

- **Reinforcement of the digital product and service experience:** With the customer experience as core and technology as the accelerator, the Bank will work continuously to optimize digital products and services, and a mobile-first strategy will be used to reinforce the mobile banking user experience. This will satisfy customers' demands for inquiry, payment, financial planning, and everyday-use preferences, and will create digital finance with warmth and accuracy.

Business Plans for 2022

- **Guiding bank branches through the digital transformation:** Branches will be guided in helping customers to increase their rate of self-service usage. For branches, the digital transformation will start with small teller transactions; customers' needs for such transactions will be channeled to automated equipment plus internet/mobile banking services, helping branches develop new business opportunities while saving customers the time they use visiting tellers and by upgrading the efficiency of customer services.
- **Development and deepening of strategic alliance cooperation:** In response to the trend toward digital e-payments, the Bank will work in full cooperation with six major e-payment institutions (LINE Pay Money, JKOPay, GAMA Pay, icash Pay, Easy Wallet, and ezPay) to provide a complete range of payment services to meet customers' everyday financial needs. The Bank will also cooperate with inclusive financial businesses to provide quick online loans to micro-enterprises, using the digitization of borrower information to save manpower and automating the establishment of credit investigation forms, and carrying out big data analysis to calculate the amounts that customers can borrow, thus satisfying customer's needs rapidly.
- **Integration of group resources and realizing group synergies:** With a focus on OU digital deposit accounts, connections will be established with the products of Shin Kong Financial Holding subsidiaries, thereby linking cooperation in products and technology to increase the breadth of digital financial services and making full use of group synergies.
- **Boosting of digital customer satisfaction:** To carry through with customer relationship management, third-party market surveys are carried out each year and seminars and questionnaires are used to learn about customer needs and experiences in regard to digital platforms, customer net promoter scores (NPS), and customer segmentation management and marketing strategies. Starting from the standpoint of the customer journey, the Bank will move toward service transparency, interaction, personalization, immediacy, consistency, and easy operation in order to upgrade customer satisfaction with digital services.
- **Digital transformation and personnel deployment:** Product management, digital marketing, experience design, data analysis, digital technology, and other key methods will be used to accelerate personnel training and deployment, and upgrade the quantity and quality of digital personnel, so as to boost fighting power and create competitiveness.

7. Trust Business

- **Real estate trust:** The coupling of development-type real estate projects with the trust business can meet market needs by reducing credit risk while strengthening stakeholder protection. The Bank will also respond to the government's implementation of the policies of urban renewal and the reconstruction of old buildings by actively pursuing the old-building reconstruction and urban renewal trust business so as to boost trust-commission income, loan-interest income, and deposit performance; in this way, trust will be promoted as the ideal protection platform and generator of the greatest income for the Bank.
- **Advance-payment trust:** Merchants will be assisted with the consignment, in accordance with regulations, of advance-payment funds for the issuance of gift certificates (or prepaid cards) to trust management. As this assures protection for purchasers of deferred-consumption products while increasing the business scale of issuing merchants, there is a certain demand for it in the market. The traditional gift card and stored-value card business contracted slightly in 2021 under the impact of the covid pandemic, however; in response to this market development, the Bank is expanding its business to the field of e-commerce so as to protect the security of advance payments by consumers who carry out transactions online. The Bank will also continuously use joint marketing by the Trust Department and bank branches as a means of driving the benefits of cooperative marketing and boosting the Bank's trust fee income and deposit performance.

- **Real estate escrow trust:** There is demand for this business in the market because it protects both buyer and seller in real estate transactions. The home-loan and corporate-banking businesses of SKB branches will be matched with escrow trust to increase the Bank's trust commission income and deposit performance, thus providing cross-marketing benefits.
- **Nursing care and insurance trust:** In response to the implementation of the government's Trust 2.0 policy, the Bank has mapped out a "Guardian Project" which encompasses both nursing care and insurance trust. The main objective of this project is to provide for the real needs of the elderly and disabled for nursing care; standardized procedures, information systems, and contracts have been planned out to help bank branches promote this project and thus burnish the Bank's public-welfare image.
- **Securities trust:** High-quality estate planning services will be offered to customers holding shares listed on the stock or over-the-counter market. This will forge a deeper linkage between the Bank's financial advisors and salespeople and their customers and, through the provision of the finest trust services, will create a win-win for both customers and the Bank.
- **Employee stock ownership trust:** In response to the government's implementation of the Trust 2.0 policy, besides operating the employee stock ownership trust business for employees of Shin Kong Financial Holding Co. subsidiaries the Bank will vigorously expand this business beyond the holding group in compliance with the requirements of the authorities in regard to the promotion of employee retirement planning and directions for the development of the trust business.
- **Custody business:** The Bank makes use of holding company synergies in undertaking custody of investment-type insurance products, discretionary investments and book-entry central government securities clearing bank of Shin Kong Life Insurance, custody of discretionary trust investments referred by the MasterLink Securities Investment Advisory Co. and Shin Kong Investment Trust, and custody of foreign investment funds referred by the MasterLink Securities Corp. The Bank also strives to expand profit sources by cooperating actively with external channels in soliciting custody of fully fiduciary discretionary investment and central government book-entry securities.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholder
Taiwan Shin Kong Commercial Bank Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group 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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Group 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.

Emphasis of Matter

As disclosed in Note 3 to the consolidated financial statements, the Group has changed its accounting policies for investment properties effective January 1, 2021, and subsequently measured investment properties using the fair value model. As a result of the retrospective application of accounting policy, the consolidated balance sheets as of January 1, 2020 and December 31, 2020 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020 have been restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

The following are the descriptions of the key audit matters in the audit of the consolidated financial statements of the Group for the year ended December 31, 2021:

<u>Expected Credit Losses of Discounted and Loans, Net</u>

As described in Note 12 to the consolidated financial statements, discounted and loans amounted to NT$710,072,377 thousand which accounted for 60% of total assets at December 31, 2021 and the expected credit losses of the discounted and loans amounted to NT$1,059,901 thousand which accounted for 6% of net revenue for the year ended December 31, 2021. The expected credit losses of discounted and loans is material to the consolidated financial statements as a whole. In addition, as stated in Note 5 of the consolidated financial statement, the measurement of expected credit losses of discounted and loans involves various financial factors, such as the probability of default and loss given default, and required compliance with relevant laws and regulations. Therefore, the expected credit losses of the discounted and loans was identified as a key audit matter.

The relevant accounting policies, estimations, assumptions and other information are referred to in Notes 4, 5, 12, 31 and 37 to the consolidated financial statements.

The audit procedures for the expected credit losses of the discounted and loans are as follows:

- We understood and tested the internal controls related to the expected credit losses of the discounted and loans of Taiwan Shin Kong Commercial Bank Co., Ltd.

- We sampled from schedule of the expected credit losses of discounted and loans assessed by Taiwan Shin Kong Commercial Bank Co., Ltd., and evaluated the feasibility of expected credit losses.

- We understood and tested the key parameters for the expected credit losses of discounted and loans (such as the probability of default and loss given default). We considered whether the expected credit losses are reasonable and meet the current experience and economic situation.

- We recalculated the appropriated amounts for conformity with relevant decrees and ordinances of the competent authority.

Other Matter

We have also audited the parent company only financial statements of Taiwan Shin Kong Commercial Bank Co., Ltd. for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 Wang-Sheng Lin and Yin-Chou Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

林旺生 陳盈州

February 23, 2022

<u>*Notice to Readers*</u>

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 SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020 (Restated)		January 1, 2020 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 34,162,502	3	$ 16,302,349	2	$ 13,830,782	1
PLACEMENT WITH CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 35)	68,361,483	6	51,592,655	5	51,801,518	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 34)	117,955,094	10	120,937,897	12	95,186,626	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9 and 35)	195,001,611	17	154,622,717	15	116,924,827	12
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Note 10)	20,917,241	2	20,404,110	2	33,379,766	4
RECEIVABLES, NET (Notes 11 and 34)	13,398,663	1	18,121,516	2	17,474,609	2
INCOME TAX ASSETS, CURRENT (Note 4)	-	-	-	-	68	-
DISCOUNTED AND LOANS, NET (Notes 12 and 34)	710,072,377	60	644,470,441	62	597,428,365	64
PROPERTY AND EQUIPMENT, NET (Notes 3 and 15)	5,892,490	1	5,847,516	-	5,804,645	1
RIGHT-OF-USE ASSETS, NET (Notes 16 and 34)	3,096,892	-	3,283,170	-	3,720,311	-
INVESTMENT PROPERTIES (Notes 3, 4 and 17)	798,792	-	812,443	-	900,447	-
GOODWILL AND INTANGIBLE ASSETS, NET (Note 18)	1,577,798	-	1,555,727	-	1,538,457	-
DEFERRED TAX ASSETS (Notes 3 and 4)	628,837	-	616,777	-	591,658	-
OTHER ASSETS, NET (Notes 19 and 34)	1,856,680	-	1,854,823	-	1,430,350	-
TOTAL	$ 1,173,720,460	100	$ 1,040,422,141	100	$ 940,012,429	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits of Central Bank and other banks (Note 20)	$ 5,596,682	1	$ 4,648,555	-	$ 8,493,819	1
Funds borrowed from Central Bank and other banks (Note 21)	225,050	-	267,740	-	-	-
Financial liabilities at fair value through profit or loss (Notes 8 and 34)	1,718,874	-	1,379,543	-	1,316,824	-
Bills and bonds sold under repurchase agreements (Note 22)	2,331,297	-	2,064,788	-	605,125	-
Payables (Note 23)	8,726,853	1	11,681,423	1	10,460,292	1
Income tax liabilities, current (Notes 4 and 34)	494,959	-	271,339	-	832,989	-
Deposits and remittances (Notes 24 and 34)	1,043,922,167	89	910,100,550	88	815,013,097	87
Bank debentures (Note 25)	27,000,000	2	27,500,000	3	22,500,000	2
Other financial liabilities (Note 26)	8,493,890	1	6,084,232	1	8,737,354	1
Provisions (Notes 4 and 27)	974,636	-	791,616	-	623,905	-
Lease liabilities (Notes 16 and 34)	3,235,320	-	3,389,735	-	3,783,464	1
Deferred tax liabilities (Notes 3 and 4)	459,054	-	459,532	-	459,408	-
Other liabilities (Note 28)	1,091,388	-	1,932,888	-	1,911,349	-
Total liabilities	1,104,270,170	94	970,571,941	93	874,737,626	93
EQUITY (Note 29)						
Common stock						
Capital - common stock	47,585,921	4	46,331,158	5	44,216,869	5
Capital surplus						
Premium on capital stock	1,697,749	-	1,697,749	-	1,697,749	-
Other capital reserve	80,586	-	31,343	-	14,617	-
Retained earnings						
Legal reserve	14,976,346	1	13,589,901	1	11,932,871	1
Special reserve	261,605	-	126,988	-	130,033	-
Unappropriated retained earnings	6,036,689	1	5,021,506	1	5,967,055	1
Other equity						
Exchange differences on translating foreign operations	(78,862)	-	21,360	-	146,499	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	312,505	-	248,147	-	104,201	-
Unrealized (loss) gain on investments in debit instruments at fair value through other comprehensive income	(1,422,249)	-	2,782,048	-	1,064,909	-
Total equity	69,450,290	6	69,850,200	7	65,274,803	7
TOTAL	$ 1,173,720,460	100	$ 1,040,422,141	100	$ 940,012,429	100

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

(With Deloitte & Touche auditors' report dated February 23, 2022)

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	For the Years Ended December 31				Percentage Increase (Decrease)
	2021		2020 (Restated)		
	Amount	%	Amount	%	%
INTEREST INCOME (Notes 31 and 34)	$ 16,552,835	89	$ 16,314,260	96	1
INTEREST EXPENSE (Notes 31 and 34)	(3,949,720)	(21)	(5,067,914)	(30)	(22)
NET INTEREST INCOME	12,603,115	68	11,246,346	66	12
NON-INTEREST INCOME, NET					
Service fee, net (Notes 31and 34)	3,470,350	19	3,363,912	20	3
Gain (loss) on financial assets and liabilities at fair value through profit or loss, net (Note 31)	60,269	-	(166,700)	(1)	136
Realized gain on financial assets at fair value through other comprehensive income, net (Note 31)	1,374,524	7	1,345,390	8	2
Foreign exchange gain	900,382	5	1,083,009	6	(17)
Impairment loss recognized on assets (Note 31)	(1,390)	-	(11,354)	-	(88)
Gain (Loss) on investment properties (Notes 3 and 17)	4,349	-	(5,127)	-	185
Net other revenue except for interest revenue	117,482	1	88,057	1	33
Total non-interest income, net	5,925,966	32	5,697,187	34	4
NET REVENUE	18,529,081	100	16,943,533	100	9
BAD DEBT EXPENSE AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4, 11, 12, 27 and 31)	(1,465,980)	(8)	(1,157,820)	(7)	27
OPERATING EXPENSES					
Employee benefits expenses (Note 31)	(5,466,841)	(29)	(5,169,751)	(31)	6
Depreciation and amortization expenses (Notes 3 and 31)	(1,062,563)	(6)	(1,039,732)	(6)	2
General and administrative expenses (Notes 31 and 34)	(3,084,611)	(17)	(2,898,138)	(17)	6
Total operating expenses	(9,614,015)	(52)	(9,107,621)	(54)	6

(Continued)

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	For the Years Ended December 31				Percentage Increase (Decrease)
	2021		2020 (Restated)		
	Amount	%	Amount	%	%
CONSOLIDATED INCOME BEFORE INCOME TAX	$ 7,449,086	40	$ 6,678,092	39	12
INCOME TAX EXPENSE (Notes 3, 4 and 32)	(896,894)	(5)	(739,769)	(4)	21
CONSOLIDATED NET INCOME	6,552,192	35	5,938,323	35	10
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans (Notes 4 and 27)	(52,026)	-	(30,292)	-	72
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(655,205)	(4)	(1,147,418)	(7)	(43)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 32)	10,405	-	6,058	-	72
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(100,222)	-	(125,139)	-	(20)
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	(4,204,297)	(23)	1,717,139	10	(345)
Other comprehensive income for the year, net of income tax	(5,001,345)	(27)	420,348	3	(1,290)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,550,847	8	$ 6,358,671	38	(76)
NET INCOME ATTRIBUTABLE TO:					
Owner of the Company	$ 6,552,192	35	$ 5,938,323	35	10
Non-controlling interests	-	-	-	-	-
	$ 6,552,192	35	$ 5,938,323	35	10

(Continued)

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	For the Years Ended December 31				Percentage Increase (Decrease)
	2021		2020 (Restated)		
	Amount	%	Amount	%	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owner of the Company	$ 1,550,847	8	$ 6,358,671	38	(76)
Non-controlling interests	-	-	-	-	-
	$ 1,550,847	8	$ 6,358,671	38	(76)
EARNINGS PER SHARE (Note 33)					
Basic	$ 1.38		$ 1.25		
Diluted	$ 1.38		$ 1.25		

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

(With Deloitte & Touche auditors' report dated February 23, 2022) (Concluded)

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock	Capital Surplus	
	Ordinary Shares	Premium on Capital Stock	Other
BALANCE, JANUARY 1, 2020	$ 44,216,869	$ 1,697,749	$ 14,617
Effect of retrospective application (Note 3)	-	-	-
BALANCE, JANUARY 1, 2020 AS RESTATED	44,216,869	1,697,749	14,617
Appropriations of 2019 earnings			
Legal reserve	-	-	-
Special reserve	-	-	-
Cash dividends	-	-	-
Stock dividends	2,114,289	-	-
Share-based payment (Notes 4 and 30)	-	-	16,726
Net income for the year ended December 31, 2020	-	-	-
Other comprehensive income (loss) after tax for the year ended December 31, 2020, net of income tax	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-
Disposals of investments in equity instruments designated at fair value through other comprehensive income	-	-	-
BALANCE, DECEMBER 31, 2020 AS RESTATED	46,331,158	1,697,749	31,343
Special reserve appropriated under Rule No. 10310000140 issued by the FSC	-	-	-
Appropriations of 2020 earnings			
Legal reserve	-	-	-
Special reserve	-	-	-
Cash dividends	-	-	-
Stock dividends	1,254,763	-	-
Share-based payment (Notes 4 and 30)	-	-	49,243
Net income for the year ended December 31, 2021	-	-	-
Other comprehensive income (loss) after tax for the year ended December 31, 2021, net of income tax	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-
Disposals of investments in equity instruments designated at fair value through other comprehensive income	-	-	-
BALANCE, DECEMBER 31, 2021	$ 47,585,921	$ 1,697,749	$ 80,586

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

(With Deloitte & Touche auditors’ report dated February 23, 2022)

Equity Attributable to Owners of the Company					
			Other Equity		
Retained Earnings					
Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Instruments at Fair Value Through Other Comprehensive Income	Total Equity
$ 11,932,871	$ 130,033	$ 5,813,956	$ 146,499	$ 1,169,110	$ 65,121,704
-	-	153,099	-	-	153,099
11,932,871	130,033	5,967,055	146,499	1,169,110	65,274,803
1,657,030	-	(1,657,030)	-	-	-
-	(3,045)	3,045	-	-	-
-	-	(1,800,000)	-	-	(1,800,000)
-	-	(2,114,289)	-	-	-
-	-	-	-	-	16,726
-	-	5,938,323	-	-	5,938,323
-	-	(24,234)	(125,139)	569,721	420,348
-	-	5,914,089	(125,139)	569,721	6,358,671
-	-	(1,291,364)	-	1,291,364	-
13,589,901	126,988	5,021,506	21,360	3,030,195	69,850,200
-	154,341	(154,341)	-	-	-
1,386,445	-	(1,386,445)	-	-	-
-	(19,724)	19,724	-	-	-
-	-	(2,000,000)	-	-	(2,000,000)
-	-	(1,254,763)	-	-	-
-	-	-	-	-	49,243
-	-	6,552,192	-	-	6,552,192
-	-	(41,621)	(100,222)	(4,859,502)	(5,001,345)
-	-	6,510,571	(100,222)	(4,859,502)	1,550,847
-	-	(719,563)	-	719,563	-
$ 14,976,346	$ 261,605	$ 6,036,689	$ (78,862)	$ (1,109,744)	$ 69,450,290

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2021	2020 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income before income tax	$ 7,449,086	$ 6,678,092
Adjustments for:		
Depreciation expense	885,880	854,274
Amortizations expense	176,683	185,458
Expected credit loss recognized	1,465,980	1,157,820
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(60,269)	166,700
Interest expense	3,949,720	5,067,914
Interest income	(16,552,835)	(16,314,260)
Dividend income	(788,095)	(720,794)
Compensation costs of employee share options	49,243	16,726
Loss on disposal of property and equipment, net	444	101
Gain on disposal of financial assets, net	(586,429)	(624,596)
Impairment loss of financial assets	1,390	11,354
Unrealized loss on foreign currency exchange	2,206,506	2,538,530
(Gain) loss on fair value adjustment of investment property	(4,349)	5,127
Gain on lease modifications	(4,403)	(287)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(3,676,687)	(2,512,053)
Financial assets at fair value through profit or loss	4,081,755	(25,703,339)
Financial assets at fair value through other comprehensive income	(46,024,287)	(39,404,867)
Investment in debt instruments at amortized cost	(682,184)	12,871,105
Receivables	4,892,905	(1,025,183)
Discounted and loans	(66,634,089)	(47,937,915)
Other financial assets	(112,764)	22,676
Other assets	(34,536)	187,893
Deposits of the Central Bank and other banks	948,127	(3,845,264)
Financial liabilities at fair value through profit or loss	(699,352)	(151,913)
Payables	(4,000,156)	1,963,252
Deposits and remittances	133,821,617	95,087,453
Other financial liabilities	2,409,658	(2,653,122)
Employee benefits provision	737	2,580
Other liabilities	(846,953)	(103,703)
Cash generated from (used in) operations	21,632,343	(14,180,241)
Interest received	16,618,787	16,567,312
Dividends received	785,543	720,794
Interest paid	(3,994,332)	(5,378,559)
Income taxes paid	(675,407)	(1,320,289)
Net cash generated from (used in) operating activities	34,366,934	(3,590,983)

(Continued)

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2021	2020 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (435,565)	$ (360,621)
Proceeds on disposal of property and equipment	8	7
Increase in refundable deposits	-	(612,366)
Decrease in refundable deposits	32,679	-
Acquisition for intangible assets	(109,015)	(104,983)
Net cash used in investing activities	(511,893)	(1,077,963)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in funds borrowed from Central Bank and other banks	-	267,740
Decrease in funds borrowed from Central Bank and other banks	(42,690)	-
Issuance of bank debenture	1,000,000	8,000,000
Repayment of bank debenture	(1,500,000)	(3,000,000)
Increase in bills and bonds sold under repurchase agreements	266,509	1,459,663
Increase in guarantee deposits received	5,453	125,242
Repayment of the principal portion of lease liabilities	(535,373)	(507,402)
Cash dividends distributed	(2,000,000)	(1,800,000)
Net cash (used in) generated from financing activities	(2,806,101)	4,545,243
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(96,646)	(125,646)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,952,294	(249,349)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	45,336,802	45,586,151
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 76,289,096	$ 45,336,802

(Continued)

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2021 and 2020:

	December 31	
	2021	2020
Cash and cash equivalents in consolidated balance sheets	$ 34,162,502	$ 16,302,349
Due from the Central Bank and call loans to other banks qualified for cash and cash equivalents under the definition of IAS 7	42,126,594	29,034,453
Cash and cash equivalents, end of the year	$ 76,289,096	$ 45,336,802

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

(With Deloitte & Touche auditors’ report dated February 23, 2022) (Concluded)

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

1. ORGANIZATION AND OPERATIONS

On September 23, 1996, the Third Credit Cooperative of Taipei, a credit union, was approved by the Republic of China ("ROC") Ministry of Finance (MOF) under Letter Tai-Tsai-Rong No. 85546025 to reorganize into a commercial bank named Macoto Bank.

Macoto Bank acquired all of the assets and assumed all of the liabilities of the Second Credit Cooperative of Hsinchu, the Eighth Credit Cooperative of Taichung, the Second Credit Cooperative of Chiayi, and the Credit Cooperative of Gang Shang (credit unions) on January 5, 1997, January 1, 1998, August 31, 2001, and September 14, 2001, respectively. The acquisitions were approved by the ROC MOF.

Responding to financial development trend and the government policy to promote financial institutions, Macoto Bank agreed to be acquired by Shin Kong Financial Holding Co., Ltd. by means of share swap in the stockholders' meeting on June 10, 2005. The share swap was completed on October 3, 2005 and Macoto Bank became a wholly-owned subsidiary of Shin Kong Financial Holding Co., Ltd. On October 4, 2005, the board of directors resolved Macoto Bank's merger with Taiwan Shin Kong Commercial Bank Co., Ltd. ("TSKCB"), a wholly-owned subsidiary of Shin Kong Financial Holding Co., Ltd., with Macoto Bank as the surviving entity and Taiwan Shin Kong Commercial Bank Co., Ltd. as the eliminated entity. Macoto Bank issued new shares to exchange TSKCB's total assets and liabilities. For this share swap, Macoto Bank issued 708,727 thousand common shares at the share exchange ratio of 1.5040 common shares of TSKCB for every Macoto Bank share. On December 26, 2005, Macoto Bank obtained approval of the transaction from the Financial Supervisory Commission (FSC). On December 31, 2005, this transaction was completed. At the same time, Macoto Bank was renamed into Taiwan Shin Kong Commercial Bank Co., Ltd. (the "Bank" referred to in these financial statements).

As of December 31, 2021 the Bank had a trust department, a foreign exchange transaction department, an offshore banking branch in Taiwan, 104 domestic branches including a business department and a branch in Hong Kong. The Bank is engaged mainly in financial operations regulated by the Banking Law and others approved by competent authority. The Bank's ultimate parent is Shin Kong Financial Holding Co., Ltd. (SKFHC).

The consolidated financial statements are presented in the Bank's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on February 23, 2022.

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

a. Initial application of new accounting policies

The management of the Bank and entities controlled by the Bank (collectively, the "Group") considered that the investment properties under the fair value model can provide reliable and more relevant information. Therefore, on May 22, 2020, the Company's board of directors resolved to change the Group's accounting policy for investment properties effective January 1, 2020, but in accordance with Rule No. 1090138534 issued by the FSC, the new accounting policy took effect on January 1, 2021. Under the new accounting policy, investment properties are subsequently measured using the fair value model, and a special reserve shall be appropriated in accordance with Rule No. 10310000140 issued by the FSC.

The impact on the current year is set out as follows:

	December 31, 2021
Impact on Assets, Liabilities and Equity	**Investment Properties under the Fair Value Model - Adjustments**
Increase in property and equipment, net	$ 44,113
Increase in investment properties	128,460
Increase in deferred tax assets	11,019
Total effect on assets	$ 183,592
Increase in deferred tax liabilities	$ 15,932
Total effect on liabilities	$ 15,932
Increase in unappropriated retained earnings	$ 13,319
Increase in special reserve	154,341
Total effect on equity	$ 167,660

	For the Year Ended December 31, 2021
Impact on Total Comprehensive Income	**Investment Properties under the Fair Value Model - Adjustments**
Increase in gain on investment properties	$ 4,349
Decrease in depreciation and amortization expenses	8,715
Decrease in income tax expense	255
Increase in net profit for the year	13,319
Increase in other comprehensive income for the year, net of tax	-
Increase in total comprehensive income for the year	$ 13,319

	For the Year Ended December 31, 2021
	Investment Properties under the Fair Value Model - Adjustments
Increase in net profit attributable to:	
Owners of the parent	$ 13,319
Non-controlling interests	-
	$ 13,319
Increase in total comprehensive income attributable to:	
Owners of the parent	$ 13,319
Non-controlling interests	-
	$ 13,319
Increase in basic earnings per share	$ -
Increase in diluted earnings per share	$ -

The impact on the prior year is set out as follows:

Impact on Assets, Liabilities and Equity	As Originally Stated	Investment Properties under the Fair Value Model - Adjustments	Restated
December 31, 2020			
Property and equipment, net	$ 5,814,157	$ 33,359	$ 5,847,516
Investment properties	686,293	126,150	812,443
Deferred tax assets	605,535	11,242	616,777
Total effect on assets	$ 7,105,985	$ 170,751	$ 7,276,736
Deferred tax liabilities	$ 443,122	$ 16,410	$ 459,532
Total effect on liabilities	$ 443,122	$ 16,410	$ 459,532
Retained earnings	$ 18,584,054	$ 154,341	$ 18,738,395
Total effect on equity	$ 18,584,054	$ 154,341	$ 18,738,395

(Continued)

Impact on Assets, Liabilities and Equity	As Originally Stated	Investment Properties under the Fair Value Model - Adjustments	Restated
January 1, 2021			
Investment properties	$ 744,998	$ 155,449	$ 900,447
Deferred tax assets	576,292	15,366	591,658
Total effect on assets	$ 1,321,290	$ 170,815	$ 1,492,105
Deferred tax liabilities	$ 441,692	$ 17,716	$ 459,408
Total effect on liabilities	$ 441,692	$ 17,716	$ 459,408
Retained earnings	$ 17,876,860	$ 153,099	$ 18,029,959
Total effect on equity	$ 17,876,860	$ 153,099	$ 18,029,959

(Concluded)

Impact on Total Comprehensive Income	As Originally Stated	Investment Properties under the Fair Value Model - Adjustments	Restated
For the year ended December 31, 2020			
Loss on investment properties	$ -	$ 5,127	$ 5,127
Depreciation and amortization expenses	$ 1,048,918	$ (9,186)	$ 1,039,732
Income tax expense	$ 736,952	$ 2,817	$ 739,769
Net profit for the year	$ 5,937,081	$ 1,242	$ 5,938,323
Other comprehensive income for the year, net of tax	$ 420,348	$ -	$ 420,348
Total comprehensive income for the year	$ 6,357,429	$ 1,242	$ 6,358,671
Impact on net profit attributable to:			
Owners of the parent	$ 5,937,081	$ 1,242	$ 5,938,323
Non-controlling interests	-	-	-
	$ 5,937,081	$ 1,242	$ 5,938,323
Impact on total comprehensive income attributable to:			
Owners of the parent	$ 6,357,429	$ 1,242	$ 6,358,671
Non-controlling interests	-	-	-
	$ 6,357,429	$ 1,242	$ 6,358,671
Impact on earnings per share:			
Basic	$1.25	$ -	$1.25
Diluted	$1.25	$ -	$1.25

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

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

  The Group 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.

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group assessed the possible impact that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

d. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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 9 - 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.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group'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 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 which are measured at fair values and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

Accounts included in the Group's financial statements are not classified as current or non-current but are stated in the order of their liquidity. Please see Note 37 for the maturity analysis of assets and liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries 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.

See Note 14 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

Bonds Purchased under Resell/Bills and Bonds Sold under Repurchase Agreements

A bond purchased under resell/a bill and bond sold under repurchase agreements is considered as a financing transaction if the risk and reward are attributed to the dealer. When a bond is purchased under a resell agreement, its purchase price is listed as "bonds purchased under resell agreements," an asset account. For a bill and bond sold under repurchase agreement, the selling price is listed as "bill and bond sold under repurchase agreements," a liability account. The difference between purchase (sale) price under the agreement and actual sale (purchase) price is recorded as interest income (expense).

Financial Instruments

Financial assets and financial liabilities are recognized when the Group 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 issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately 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 FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

1) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or 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, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 37.

2) Financial assets at amortized cost

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

a) The financial assets are 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 assets 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, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

a) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

b) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and certificates of deposits investments with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

3) Investments in debt instruments at FVTOCI

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

a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

b) The contractual terms of the debt instrument 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 Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as 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, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group'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 Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including discounted and loans and receivables) and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for discounts and loans and receivables. For all other financial instruments, the Group recognizes lifetime ECLs 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

According to the Regulations, the Group determines the allowance for credit losses by evaluating the recoverability of the outstanding balances of various loans at the balance sheet date. The allowances for doubtful accounts are determined based on management’s evaluation of the collectability of individual accounts, the borrowers’/clients’ financial condition and payment history. Such doubtful accounts are classified into: Normal loans, need attention, less likely to be collectible in full, difficult to collect, and uncollectible accounts and the allowance should be provided at 1%, 2%, 10%, 50%, and 100%, respectively, of the loan amount to meet the minimum requirement. Under the rule No. 10010006830 issued by the Banking Bureau of the FSC, additional allowance for doubtful accounts should be provided at 1% of the total loans. Under the rule No. 10300329440 issued by the Banking Bureau of the FSC, allowance for doubtful accounts should be provided at 1.5% or more of the loans for real estate. Furthermore, the FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

The Group 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.

c. Derecognition of financial assets

The Group 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.

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

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability.

Fair value is determined in the manner described in Note 37.

2) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of:

a) The amount of the loss allowance reflecting expected credit losses; and

b) The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, the assessment is also performed in accordance with 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.

b. Derecognition of financial liabilities

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

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including those which are linked to interest rate, exchange rate, index and good.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial 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 that is 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 of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group 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. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

Property and Equipment

Property 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 property 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.

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

Investment Properties

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

Investment properties are initially measured 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.

From January 1, 2021 all investment properties are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

For a transfer of classification from property and equipment to investment properties, any difference between the fair value of an item of property at the transfer date and its previous carrying amount is recognized in other comprehensive income.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The Group evaluates the impairment of investments accounted for using the equity method on the basis of the consolidated financial statements of the invested company as a whole as the cash generating unit. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Group recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

Intangible Assets

a. Intangible assets acquired separately

   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 loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Derecognition of intangible assets

   On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Right-of-use Asset and Intangible Assets Other Than Goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

Revenue Recognition

a. Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable.

b. Service fee income

The transaction price of service fee revenue which were generated from loans and other services will be allocated to performance obligations when performance obligations are identified from a contract with a customer by the Group, and revenue will be recognized when performance obligations are satisfied. For contracts where the period between the date on which the Group transfers a service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Leases

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

a. The Group 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.

Under finance leases, the net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group’s net investment outstanding in respect of 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.

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 Group as lessee

The Group 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.

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 Group 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 Group 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 Group 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. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to lease contracts, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

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.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services 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, effect of changes to the asset ceiling and 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 Group'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.

Share-based Payment Arrangements

Shin Kong Financial Holding Co., Ltd. (SKFHC) who is the Group's ultimate parent granted to the Group's employees' equity-settled share-based payment arrangements.

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

Taxation

a. 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 in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, except where the Group 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 they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax 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 liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, 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 Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications/climate change and related government policies and regulations 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 period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

a. Business model assessment for financial assets

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment about all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or at fair value through other comprehensive income, and when assets are derecognized prior to their maturity, the Group understands the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Group’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in the business model such that a prospective change to the classification of those assets is proper.

b. Lease terms

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee’s operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Group occur.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of notes discounted and loans, receivables, investments in debt instruments and financial guarantee contracts is based on assumptions about probability of default and loss given default. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties in the current year due to impact on credit risk of financial assets arising from the uncertainty on COVID-19 pandemic and volatility in financial markets.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash	$ 3,556,462	$ 3,801,637
Notes and checks for clearing	2,162,620	1,310,720
Deposits in other banks	28,443,420	11,189,992
	$ 34,162,502	$ 16,302,349

Cash and cash equivalents as of December 31, 2021 and 2020 as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheets as follows:

	December 31	
	2021	2020
Cash and cash equivalents in consolidated balance sheets	$ 34,162,502	$ 16,302,349
Due from the Central Bank and call loans to other banks qualified for cash and cash equivalents under the definition of IAS 7	42,126,594	29,034,453
	$ 76,289,096	$ 45,336,802

7. PLACEMENT WITH CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	December 31	
	2021	2020
Reserve - checking account	$ 21,539,190	$ 14,568,197
Reserve - demand account	26,234,889	22,558,202
Inter-bank clearing account	2,500,578	2,000,974
Reserve - foreign currency deposit	164,756	133,988
Call loans to other banks	17,922,070	12,331,294
	$ 68,361,483	$ 51,592,655

The monthly depositary reserves to be deposited in the Central Bank of the Republic of China are calculated by applying the legally required reserve ratio to the monthly average balance of the reserve accounts. These reserve accounts can be used any time but the demand account can only be used for monthly deposit reserve adjustments. In addition, the Bank pledged demand account reserve of $3,000,000 thousand as guarantee for the Central Bank projects. Please refer to Note 35.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange swap contracts	$ 618,467	$ 927,693
Foreign exchange options	231,098	201,377
Foreign exchange forward contracts	23,647	19,278
Interest rate swap contracts	823,636	277,542
Equity swap contracts	21,686	29,520
Non-derivative financial assets		
Negotiable certificates of deposits	81,717,685	87,343,938
Commercial paper	23,720,707	24,356,153
Real estate benefit fund	-	18,564
Beneficiary certificate	1,601	60,320
Corporate bonds	2,669,166	2,927,477
Bank debentures	500,752	501,538
Stocks listed on domestic markets	60,727	-
Hybrid financial assets		
Foreign structured notes	1,081,723	1,191,220
Asset swap structured bonds	5,809,109	2,217,544
Credit linked loan contracts	663,914	854,433
Convertible corporate bonds	11,176	11,300
	$ 117,955,094	$ 120,937,897

(Continued)

	December 31 2021	December 31 2020
Financial liabilities at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange swap contracts	$ 559,655	$ 251,270
Foreign exchange options	231,108	201,382
Foreign exchange forward contracts	103,971	632,043
Interest rate swap contracts	802,454	265,327
Equity swap contracts	21,686	29,521
	$ 1,718,874	$ 1,379,543

(Concluded)

At the end of the reporting period, outstanding derivative financial instruments not under hedge accounting were as follows:

	Contract Amount (Notional Principals in Thousand Dollars) 2021	2020
Foreign exchange swap contracts	$ 172,808,611	$ 79,633,507
Interest rate swap contracts	69,691,784	60,285,074
Foreign exchange forward contracts	25,217,822	30,994,274
Foreign exchange options	3,372,323	3,060,564
Equity swap contracts	579,219	916,474

The Bank is engaged in derivative financial instruments in order to accommodate customer demand, arrangement of foreign currencies and risk management.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31 2021	December 31 2020
FVTOCI		
Investments in debt instruments	$ 190,567,969	$ 153,932,277
Investments in equity instruments	4,433,642	690,440
	$ 195,001,611	$ 154,622,717

a. Investments in debt instruments at FVTOCI

	December 31 2021	December 31 2020
Government bonds	$ 72,644,177	$ 46,372,716
Corporate bonds	44,283,192	40,407,290
Foreign bonds	68,607,791	63,106,286
Bank debentures	5,032,809	4,045,985
	$ 190,567,969	$ 153,932,277

The foreign bonds denominated in foreign currencies are as below:

Unit: In Thousands of Foreign Currencies

	December 31	
	2021	**2020**
USD	$ 2,001,687	$ 1,838,044
AUD	78,131	133,667
CNY	1,852,059	1,002,364
ZAR	1,836,013	1,723,862
NZD	19,135	-

1) The Group recognized impairment loss of $(2,331) thousand and $(17,632) thousand in 2021 and 2020, after assessing the expected credit losses of the investments in debt instruments at FVTOCI.

2) Refer to Note 37 for information relating to their credit risk management and impairment.

3) Financial assets at FVTOCI - government bonds are pledged to district courts for litigation and for issuing financial debenture. Please refer to Note 35.

b. Investments in equity instruments at FVTOCI

	December 31	
	2021	**2020**
Listed shares	$ 3,709,340	$ -
Unlisted shares	660,732	626,805
Real Estate Investment Trusts	63,570	63,635
	$ 4,433,642	$ 690,440

These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

10. DEBT INVESTMENTS MEASURED AT AMORTIZED COST

	December 31	
	2021	**2020**
Corporate bonds	$ 17,380,917	$ 17,494,729
Bank debentures	1,000,000	1,000,000
Foreign bonds	2,544,708	1,918,379
	20,925,625	20,413,108
Less: Allowance for impairment loss	(8,384)	(8,998)
	$ 20,917,241	$ 20,404,110

The foreign bonds denominated in foreign currencies are as below:

Unit: In Thousands of Foreign Currencies

	December 31 2021	December 31 2020
ZAR	$ 499,785	$ 749,762
USD	60,582	15,968

a. Upon assessment of expected credit losses of debt instruments measured at amortized cost in 2021 and 2020, gain on reversal of asset impairment of $941 thousand and $6,278 thousand were recognized by the Group.

b. Refer to Note 37 for information relating to their credit risk management and impairment.

11. RECEIVABLES, NET

	December 31 2021	December 31 2020
Accounts receivable	$ 10,183,951	$ 9,850,889
Foreign currency settlement receivable	2,374	5,300,034
Settlements receivable	1,030	13,605
Acceptance notes receivable	397,827	315,816
Interests receivable	1,992,925	1,690,193
Receivable of derivative products	1,756,040	1,923,873
Other receivables	763,150	583,214
	15,097,297	19,677,624
Less: Allowance for doubtful accounts	(1,698,634)	(1,556,108)
	$ 13,398,663	$ 18,121,516

a. The following table shows the reconciliation of the total carrying amount of receivables and other financial assets (including deposits in other banks, placement with Central Bank and call loans to other banks, receivables, delinquent receivables not arising from loans and refundable deposits):

2021

Items	12-month Expected Credit Losses	Lifetime Expected Credit Losses (Collective Assessment)	Lifetime Expected Credit Losses (Individual Assessment)	Lifetime Expected Credit Losses (Non-purchased or Originated Credit-impaired Financial Asset)	Total
Balance, beginning of year	$ 75,965,263	$ 632,413	$ 4,680	$ 2,271,836	$ 78,874,192
Reconciliation arising from financial instruments recognized at the beginning of year:					
Transfer to lifetime expected credit losses	(152,210)	178,127	-	(20,974)	4,943
Transfer to credit-impaired financial asset	(13,283)	(3,775)	(4,680)	28,793	7,055
Transfer to 12-month expected credit losses	80,630	(92,433)	-	(1,123)	(12,926)
Derecognition in current period	(2,717,403)	(96,661)	-	(162,673)	(2,976,737)
Purchased or originated credit-impaired financial asset	38,443,370	30,001	-	6,280	38,479,651
Write offs	-	-	-	(183,485)	(183,485)
Exchange influence or others	(639,616)	(50,189)	-	49,214	(640,591)
Balance, end of year	$ 110,966,751	$ 597,483	$ -	$ 1,987,868	$ 113,552,102

2020

Items	12-month Expected Credit Losses	Lifetime Expected Credit Losses (Collective Assessment)	Lifetime Expected Credit Losses (Individual Assessment)	Lifetime Expected Credit Losses (Non-purchased or Originated Credit-impaired Financial Asset)	Total
Balance, beginning of year	$ 71,622,786	$ 668,672	$ -	$ 3,182,314	$ 75,473,772
Reconciliation arising from financial instruments recognized at the beginning of year:					
Transfer to lifetime expected credit losses	(154,411)	176,819	4,680	(21,446)	5,642
Transfer to credit-impaired financial asset	(19,583)	(13,011)	-	41,962	9,368
Transfer to 12-month expected credit losses	75,185	(84,950)	-	(393)	(10,158)
Derecognition in current period	(10,156,929)	(88,224)	-	(290,066)	(10,535,219)
Purchased or originated credit-impaired financial asset	15,206,471	39,782	-	13,134	15,259,387
Write offs	-	-	-	(711,872)	(711,872)
Exchange influence or others	(608,256)	(66,675)	-	58,203	(616,728)
Balance, end of year	$ 75,965,263	$ 632,413	$ 4,680	$ 2,271,836	$ 78,874,192

b. The following table shows the reconciliation of the allowance for doubtful accounts of receivables and other financial assets:

2021

Items	12-month Expected Credit Losses	Lifetime Expected Credit Losses (Collective Assessment)	12-month Expected Credit Losses (Individual Assessment)	Lifetime Expected Credit Losses (Non purchased or Originated Credit-impaired Financial Asset)	Lifetime Expected Credit Losses (Purchased or Originated Credit-impaired Financial Asset)	Impairment Loss Accessed Under IFRS 9	Difference of Impairment under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, beginning of year	$ 29,540	$ 36,310	$ 94	$ 1,402,371	$ -	$ 1,468,315	$ 98,742	$ 1,567,057
Reconciliation arising from financial instruments recognized at the beginning of year:								
Transfer to lifetime expected credit losses	(298)	7,366	-	(14,202)	-	(7,134)	-	(7,134)
Transfer to credit-impaired financial asset	(27)	(248)	(94)	17,054	-	16,685	-	16,685
Transfer to 12-month expected credit losses	160	(2,531)	-	(143)	-	(2,514)	-	(2,514)
Derecognition in current period	(7,439)	(4,147)	-	(8,915)	-	(20,501)	-	(20,501)
Purchased or originated credit-impaired financial asset	16,361	1,101	-	217,831	-	235,293	-	235,293
Difference of impairment under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	-	-	(14,556)	(14,556)
Write offs	-	-	-	(183,485)	-	(183,485)	-	(183,485)
Recovery of write offs	-	-	-	89,805	-	89,805	-	89,805
Exchange influence or others	(527)	(4,462)	-	33,137	-	28,148	-	28,148
Balance, end of year	$ 37,770	$ 33,389	$ -	$ 1,553,453	$ -	$ 1,624,612	$ 84,186	$ 1,708,798

2020

Items	12-month Expected Credit Losses	Lifetime Expected Credit Losses (Collective Assessment)	12-month Expected Credit Losses (Individual Assessment)	Lifetime Expected Credit Losses (Non purchased or Originated Credit-impaired Financial Asset)	Lifetime Expected Credit Losses (Purchased or Originated Credit-impaired Financial Asset)	Impairment Loss Accessed Under IFRS 9	Difference of Impairment under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, beginning of year	$ 24,431	$ 39,269	$ -	$ 2,131,556	$ -	$ 2,195,256	$ 25,438	$ 2,220,694
Reconciliation arising from financial instruments recognized at the beginning of year:								
Transfer to lifetime expected credit losses	(317)	7,561	94	(14,851)	-	(7,513)	-	(7,513)
Transfer to credit-impaired financial asset	(35)	(501)	-	23,182	-	22,646	-	22,646
Transfer to 12-month expected credit losses	151	(2,207)	-	(173)	-	(2,229)	-	(2,229)
Derecognition in current period	(4,930)	(3,430)	-	(105,258)	-	(113,618)	-	(113,618)
Purchased or originated credit-impaired financial asset	11,994	1,569	-	7,444	-	21,007	-	21,007
Difference of impairment under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	-	-	148,746	148,746
Write offs	-	-	-	(636,430)	-	(636,430)	(75,442)	(711,872)
Recovery of write offs	-	-	-	87,485	-	87,485	-	87,485
Exchange influence or others	(1,754)	(5,951)	-	(90,584)	-	(98,289)	-	(98,289)
Balance, end of year	$ 29,540	$ 36,310	$ 94	$ 1,402,371	$ -	$ 1,468,315	$ 98,742	$ 1,567,057

12. DISCOUNTED AND LOANS, NET

	December 31 2021	December 31 2020
Discounted and export negotiated	$ 639,009	$ 509,215
Accounts receivable financing	257,838	233,546
Short-term loans	131,350,710	130,616,165
Medium-term loans	217,929,748	193,303,954
Long-term loans	368,483,046	327,264,233
Delinquent loans	715,732	895,512
	719,376,083	652,822,625
Premium or discount	138,217	129,146
Less: Allowance for doubtful accounts	(9,441,923)	(8,481,330)
	$ 710,072,377	$ 644,470,441

a. As of December 31, 2021 and 2020, the delinquent loans on which interest ceased to accrue amounted to $715,732 thousand and $895,512 thousand, respectively.

b. The following table shows the reconciliation of the total carrying amount of discounted and loans:

2021

Items	12-month Expected Credit Losses	Lifetime Expected Credit Losses (Collective Assessment)	Lifetime Expected Credit Losses (Individual Assessment)	Lifetime Expected Credit Losses (Non-purchased or Originated Credit-impaired Financial Asset)	Total
Balance, beginning of year	$ 614,071,270	$ 29,518,409	$ 328,852	$ 9,033,240	$ 652,951,771
Reconciliation arising from financial instruments recognized at the beginning of year:					
Transfer to lifetime expected credit losses	(12,480,777)	12,182,795	-	(148,643)	(446,625)
Transfer to credit-impaired financial asset	(410,603)	(416,998)	(328,852)	1,126,986	(29,467)
Transfer to 12-month expected credit losses	5,030,759	(4,640,070)	-	(392,413)	(1,724)
Derecognition in current period	(234,648,744)	(13,993,682)	-	(1,782,809)	(250,425,235)
Purchased or originated credit-impaired financial asset	330,980,984	13,336,141	-	30,102	344,347,227
Write offs	(122,615)	(144,393)	-	(743,823)	(1,010,831)
Exchange influence or others	(25,290,946)	(392,066)	-	(187,804)	(25,870,816)
Balance, end of year	$ 677,129,328	$ 35,450,136	$ -	$ 6,934,836	$ 719,514,300

2020

Items	12-month Expected Credit Losses	Lifetime Expected Credit Losses (Collective Assessment)	Lifetime Expected Credit Losses (Individual Assessment)	Lifetime Expected Credit Losses (Non-purchased or Originated Credit-impaired Financial Asset)	Total
Balance, beginning of year	$ 571,205,903	$ 24,596,555	$ -	$ 9,194,036	$ 604,996,494
Reconciliation arising from financial instruments recognized at the beginning of year:					
Transfer to lifetime expected credit losses	(7,448,501)	6,825,894	328,852	(85,771)	(379,526)
Transfer to credit-impaired financial asset	(1,432,931)	(1,146,167)	-	2,458,093	(121,005)
Transfer to 12-month expected credit losses	5,146,835	(5,193,209)	-	(87,917)	(134,291)
Derecognition in current period	(229,511,692)	(12,371,340)	-	(1,599,445)	(243,482,477)
Purchased or originated credit-impaired financial asset	300,927,962	17,552,011	-	262,221	318,742,194
Write offs	(79,295)	(114,736)	-	(895,534)	(1,089,565)
Exchange influence or others	(24,737,011)	(630,599)	-	(212,443)	(25,580,053)
Balance, end of year	$ 614,071,270	$ 29,518,409	$ 328,852	$ 9,033,240	$ 652,951,771

c. The following table shows the reconciliation of the allowance for doubtful accounts of discounted and loans:

2021

Items	12-month Expected Credit Losses	Lifetime Expected Credit Losses (Collective Assessment)	12-month Expected Credit Losses (Individual Assessment)	Lifetime Expected Credit Losses (Non Purchased or Originated Credit-impaired Financial Asset)	Lifetime Expected Credit Losses (Purchased or Originated Credit-impaired Financial Asset)	Impairment Loss Accessed Under IFRS 9	Difference of Impairment under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, beginning of year	$ 1,823,575	$ 1,663,906	$ 6,577	$ 2,901,777	$ -	$ 6,395,835	$ 2,085,495	$ 8,481,330
Reconciliation arising from financial instruments recognized at the beginning of year:								
Transfer to lifetime expected credit losses	(19,718)	492,891	-	(66,257)	-	406,916	-	406,916
Transfer to credit-impaired financial asset	(586)	(17,438)	(6,577)	283,017	-	258,416	-	258,416
Transfer to 12-month expected credit losses	15,939	(334,965)	-	(194,261)	-	(513,287)	-	(513,287)
Derecognition in current period	(1,062,810)	(732,371)	-	(478,914)	-	(2,274,095)	-	(2,274,095)
Purchased or originated credit-impaired financial asset	1,142,954	627,596	-	8,817	-	1,779,367	-	1,779,367
Difference of impairment under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	-	-	2,267,946	2,267,946
Write offs	(261)	(6,334)	-	(1,004,236)	-	(1,010,831)	-	(1,010,831)
Recovery of write offs	-	-	-	939,272	-	939,272	-	939,272
Exchange influence or others	(172,247)	(213,673)	-	(507,191)	-	(893,111)	-	(893,111)
Balance, end of year	$ 1,726,846	$ 1,479,612	$ -	$ 1,882,024	$ -	$ 5,088,482	$ 4,353,441	$ 9,441,923

2020

Items	12-month Expected Credit Losses	Lifetime Expected Credit Losses (Collective Assessment)	12-month Expected Credit Losses (Individual Assessment)	Lifetime Expected Credit Losses (Non Purchased or Originated Credit-impaired Financial Asset)	Lifetime Expected Credit Losses (Purchased or Originated Credit-impaired Financial Asset)	Impairment Loss Accessed Under IFRS 9	Difference of Impairment under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, beginning of year	$ 1,478,599	$ 1,013,620	$ -	$ 2,671,030	$ -	$ 5,163,249	$ 2,404,880	$ 7,568,129
Reconciliation arising from financial instruments recognized at the beginning of year:								
Transfer to lifetime expected credit losses	(14,547)	326,103	6,577	(20,612)	-	297,521	-	297,521
Transfer to credit-impaired financial asset	(2,499)	(36,280)	-	651,426	-	612,647	-	612,647
Transfer to 12-month expected credit losses	19,762	(230,234)	-	(19,752)	-	(230,224)	-	(230,224)
Derecognition in current period	(914,983)	(542,257)	-	(489,027)	-	(1,946,267)	-	(1,946,267)
Purchased or originated credit-impaired financial asset	1,209,710	1,142,872	-	128,371	-	2,480,953	-	2,480,953
Difference of impairment under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	-	-	566,154	566,154
Write offs	(142)	(4,768)	-	(199,116)	-	(204,026)	(885,539)	(1,089,565)
Recovery of write offs	-	-	-	1,106,927	-	1,106,927	-	1,106,927
Exchange influence or others	47,675	(5,150)	-	(927,470)	-	(884,945)	-	(884,945)
Balance, end of year	$ 1,823,575	$ 1,663,906	$ 6,577	$ 2,901,777	$ -	$ 6,395,835	$ 2,085,495	$ 8,481,330

13. OTHER FINANCIAL ASSETS, NET

	December 31 2021	December 31 2020
Other delinquent receivables, net	$ -	$ -

Details of other delinquent receivables, net are summarized as follows:

	December 31 2021	December 31 2020
Delinquent receivables not arising from loans	$ 10,164	$ 10,949
Less: Allowance for doubtful accounts (Note 11)	(10,164)	(10,949)
	$ -	$ -

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Those subsidiaries included in the consolidated entities as of December 31, 2021 and 2020 were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2021	Proportion of Ownership December 31 2020
The Bank	Shin Kong Marketing Consultant Co., Ltd.	Marketing and consultant	100	100
	Shin Fu Insurance Agency Co., Ltd.	Life insurance agency	100	100

b. Subsidiaries excluded from the consolidated financial statements: None.

15. PROPERTY AND EQUIPMENT, NET

	December 31 2021	December 31 2020 (Restated)
Land	$ 3,906,521	$ 3,902,201
Building and structures	1,023,519	1,051,506
Computers	340,707	289,509
Transportations	2,444	851
Other equipment	382,969	410,254
Construction in process	236,330	193,195
	$ 5,892,490	$ 5,847,516

2021	Land	Building and Structures	Computers	Transportations	Other Equipment	Construction in Progress	Total
Cost							
Balance, beginning of year (restated)	$ 3,902,201	$ 2,019,170	$ 1,346,495	$ 5,500	$ 1,278,860	$ 193,195	$ 8,745,421
Addition	-	-	125,825	2,200	118,345	189,195	435,565
Reduction	-	(1,930)	(792,628)	-	(34,649)	-	(829,207)
Reclassifications	4,320	13,680	46,581	-	9,300	(145,911)	(72,030)
Exchange influence	-	-	(607)	-	(877)	(149)	(1,633)
Balance, end of year	3,906,521	2,030,920	725,666	7,700	1,370,979	236,330	8,278,116
Accumulated depreciation							
Balance, beginning of year (restated)	-	967,664	1,056,986	4,649	868,606	-	2,897,905
Addition	-	41,667	120,733	607	153,832	-	316,839
Reduction	-	(1,930)	(792,518)	-	(34,307)	-	(828,755)
Exchange influence	-	-	(242)	-	(121)	-	(363)
Balance, end of year	-	1,007,401	384,959	5,256	988,010	-	2,385,626
Balance, end of year, net	$ 3,906,521	$ 1,023,519	$ 340,707	$ 2,444	$ 382,969	$ 236,330	$ 5,892,490

	2020						
	Land	Building and Structures	Computers	Transportations	Other Equipment	Construction in Progress	Total
Cost							
Balance, beginning of year	$ 3,830,655	$ 2,007,839	$ 1,341,189	$ 5,500	$ 1,165,906	$ 184,397	$ 8,535,486
Addition	-	-	75,533	-	157,644	127,444	360,621
Reduction	-	-	(84,531)	-	(50,189)	-	(134,720)
Reclassifications	71,546	11,331	14,852	-	5,561	(118,358)	(15,068)
Exchange influence	-	-	(548)	-	(62)	(288)	(898)
Balance, end of year	3,902,201	2,019,170	1,346,495	5,500	1,278,860	193,195	8,745,421
Accumulated depreciation							
Balance, beginning of year	-	926,460	1,022,250	3,789	778,342	-	2,730,841
Addition	-	41,204	119,522	860	140,407	-	301,993
Reduction	-	-	(84,496)	-	(50,116)	-	(134,612)
Exchange influence	-	-	(290)	-	(27)	-	(317)
Balance, end of year	-	967,664	1,056,986	4,649	868,606	-	2,897,905
Balance, end of year, net	$ 3,902,201	$ 1,051,506	$ 289,509	$ 851	$ 410,254	$ 193,195	$ 5,847,516

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

Building and structures	
Buildings	40-55 years
Decorating project	2-10 years
Computers	2-5 years
Transportations	2-5 years
Other equipment	2-5 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land and Buildings	$ 3,063,738	$ 3,262,942
Other	33,154	20,228
	$ 3,096,892	$ 3,283,170

	For the Year Ended December 31	
	2021	2020
Balance, beginning of year	$ 3,283,170	$ 3,720,311
Additions	432,623	110,608
Disposals	(61,287)	(4,356)
Remeasurement	13,436	10,984
Depreciation expenses		
Land and buildings	(558,736)	(541,183)
Other	(10,305)	(11,098)
	(569,041)	(552,281)
Effects of foreign currency exchange differences	(2,009)	(2,096)
Balance, end of year	$ 3,096,892	$ 3,283,170

The Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount	$ 3,235,320	$ 3,389,735

As of December 31, 2021 and 2020, the discount rate for lease liabilities was 0.86%-2.56% and 1.37%-2.56%, respectively.

c. Material leasing activities and terms

The Group leases domestic offices, ATM sites and business cars with lease terms of 1 to 7 years. The lease contract specifies that lease payments will be adjusted on the basis of changes in market rental rates. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing of investment properties are set out in Note 17.

	For the Year Ended December 31	
	2021	2020
Expenses relating to recognition exemption and not required for mandatory application	$ 155,937	$ 161,092
Total cash outflow for leases	$ (769,730)	$ (759,632)

The Group leases certain land and buildings which qualify as short-term leases and certain office equipment which qualify as low-value asset leases; the related variable lease payments are not included in the measurement of lease liabilities and lease intangible assets which are not required for mandatory application. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

As of December 31, 2021 and 2020, the amount of refundable deposits for operating lease was $249,164 thousand and $244,478 thousand, respectively.

17. INVESTMENT PROPERTIES

a. Investment properties measured at fair value

	2021		
	Land	Building and Structures	Total
January 1, 2021 (Note 3)	$ 656,376	$ 156,067	$ 812,443
Transferred to property and equipment	(4,320)	(13,680)	(18,000)
Gain on changes in fair value of investment properties	3,237	1,112	4,349
December 31, 2021 (Note 3)	$ 655,293	$ 143,499	$ 798,792
January 1, 2020 (Note 3)	$ 731,817	$ 168,630	$ 900,447
Transferred to property and equipment	(71,546)	(11,331)	(82,877)
Loss on changes in fair value of investment properties	(3,895)	(1,232)	(5,127)
December 31, 2020 (Note 3)	$ 656,376	$ 156,067	$ 812,443

Valuation of the investment property of TSKCB had been performed by the appraiser Hong-yuan, Wang of Shang-shang Real Estate Appraiser Firm in Taiwan in accordance with the rules for assessment of fair value on a recurring basis of the Technical Rules for Real Estate Valuation with valuation dates on December 31, 2021, December 31, 2020 and January 1, 2020, respectively.

As office buildings have market liquidity and their rent levels are similar to comparable properties in neighboring areas, their fair values have been mainly determined using the comparison approach and income approach.

Net rental income is based on current market practices, assuming an annual rent increase of between 0% to 1.5% when extrapolating the total income of the underlying property, excluding losses as a result of idle and other reasons and related operations costs.

According to the R.O.C. Real Estate Appraisers Association Gazette No. 5, the house tax is determined based on the reference table of current house values assessed for each city/county to estimate the total current house value assessed. House tax is calculated based on the tax rates stipulated in the House Tax Act and the actual payment data.

Land value tax is based on the changes in the announced land values of the underlying property in the past years and the actual payment data, to further extrapolate the announced land value in the future.

In accordance with the R.O.C. Real Estate Appraisers Association Gazette No. 5, the replacement allowance for significant renovation costs is calculated based on 0.5% to 1.5% of construction costs and is amortized over its estimated useful life of 20 years.

The main inputs used are as follows. If the direct capitalization rate or the overall capital interest rate decreases, the fair value will increase.

	December 31, 2021	December 31, 2020	January 1, 2020
Direct capitalization rate	1.80%-3.73%	1.80%-3.77%	1.80%-3.73%
Overall capital interest rate	1.33%-2.22%	0.89%-3.21%	1.50%-2.49%

The second type of residential area, the third type of residential area and buildings have exceeded the residential areas that can be developed on land, and because the buildings have exceeded the economic and durable years, and the market has fewer homogeneous products, the buildings on the ground are not the most effective basis of valuation. Therefore, their fair values are determined by the method of land development analysis and comparison approach. The important assumptions are as follows. If estimated total sales increase, rate of return or overall capital interest rate decreases, the fair value will increase.

	December 31, 2021	December 31, 2020	January 1, 2020
Estimated total sales	$ 1,196,260	$ 1,172,207	$ 1,164,752
Rate of return	12%-14%	12%-15%	12%-15%
Overall capital interest rate	1.96%-3.02%	2.01%-3.07%	2.32%-3.47%

All investment properties owned by the Group are leased out under operating leases, and the lease term is 5 to 10 years. At the end of the lease period, the lessee has no preferential rights to purchase the properties.

As of December 31, 2021, December 31, 2020 and January 1, 2020, the guarantee deposits received by the Group due to operating lease contracts were $2,569 thousand, $2,467 thousand and $2,467 thousand, respectively.

b. The movements in the fair value of investment properties within Level 3 of the hierarchy

The Group measured investment properties subsequently using the fair value model. The movements in the fair value of investment properties within Level 3 of the hierarchy were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1 (restated)	$ 812,443	$ 900,447
Recognized in profit or loss gain (loss) arising from the change in fair value of investment properties	4,349	(5,127)
Transferred to property and equipment	(18,000)	(82,877)
Balance at December 31	$ 798,792	$ 812,443

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2021 and 2020 was as follows:

	December 31	
	2021	2020
Year 1	$ 12,030	$ 10,754
Year 2	10,858	5,546
Year 3	9,819	4,341
Year 4	8,601	3,640
Year 5	5,041	2,452
Year 6 onwards	1,424	2,436
	$ 47,773	$ 29,169

18. INTANGIBLE ASSETS, NET

	December 31 2021	December 31 2020
Goodwill	$ 1,243,924	$ 1,243,924
Computer software	333,874	311,803
	$ 1,577,798	$ 1,555,727

The excess of purchase price (cash) over net asset was recognized as goodwill. As of December 31, 2021, no impairment loss should be charged.

Movements of computer software were as follows:

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Balance, beginning of year	$ 311,803	$ 294,533
Addition	109,015	104,983
Amortization	(176,683)	(185,458)
Reclassifications	90,030	97,945
Exchange influence	(291)	(200)
Balance, ending of year	$ 333,874	$ 311,803

19. OTHER ASSETS, NET

	December 31 2021	December 31 2020
Refundable deposits	$ 1,623,431	$ 1,656,110
Prepayments	233,249	198,713
Collateral assumed, net	-	-
	$ 1,856,680	$ 1,854,823

As of December 31, 2021 and 2020, the refundable deposit held for trading financial instruments amounted to $1,006,988 thousand and $979,956 thousand, respectively.

As of December 31, 2021 and 2020, collateral assumed, net consisted of the following:

	December 31 2021	December 31 2020
Land	$ 111,790	$ 111,790
Buildings	992	992
Less: Allowance for collaterals assumed	(112,782)	(112,782)
	$ -	$ -

20. DEPOSITS OF CENTRAL BANK AND OTHER BANKS

	December 31	
	2021	2020
Call loans from banks	$ 5,272,719	$ 4,323,958
Postal deposits transferred	313,602	313,602
Deposits of other banks	10,361	10,995
	$ 5,596,682	$ 4,648,555

21. FUNDS BORROWED FROM CENTRAL BANK AND OTHER BANKS

	December 31	
	2021	2020
Funds borrowed from Central Bank	$ 225,050	$ 267,740
The rate of funds borrowed from Central Bank	0.10%	0.10%

Please refer to Note 35 for the above-mentioned funds borrowed from Central Bank collateral.

22. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2021	2020
Foreign bonds	$ 2,331,297	$ 2,064,788

The post-year repurchase price and interest rate are as follows:

	December 31	
	2021	2020
Foreign bonds	$ 2,333,159	$ 2,067,364
	0.05%-0.34%	0.22%-0.55%

The foreign bonds are denominated in foreign currency:

Unit: In Thousands of Foreign Currencies

	December 31	
	2021	2020
USD	$ 77,287	$ 72,428
AUD	9,517	-

23. PAYABLES

	December 31	
	2021	2020
Foreign currency settlement payable	$ 2,157	$ 5,335,887
Notes and checks in clearing	2,162,620	1,310,720
Bankers' acceptances	397,827	315,816
Accrued expenses	2,659,609	2,459,635
Interests payable	661,885	706,497
Receipts under custody	660,632	317,881
Pending settlement payable	1,091,537	1,339
Trust exchange payable	130,404	112,367
Accounts payable	235,611	472,455
Interbank clearing payable	318,889	242,293
Other payables	405,682	406,533
	$ 8,726,853	$ 11,681,423

24. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Savings account deposits	$ 433,987,384	$ 400,472,591
Time deposits	391,178,246	339,612,047
Demand deposits	200,006,656	162,417,857
Checking account deposits	8,144,930	7,295,862
Negotiable certificates of deposit	10,498,900	101,400
Remittances outstanding	106,051	200,793
	$ 1,043,922,167	$ 910,100,550

25. BANK DEBENTURES

	December 31	
	2021	2020
Senior financial debenture	$ 1,000,000	$ -
Secondary financial debenture	26,000,000	27,500,000
	$ 27,000,000	$ 27,500,000

The Bank issued second secondary financial debenture on September 26, 2011, which was approved under ruling reference No. 10000301920 issued by the Banking Bureau of the FSC on September 2, 2011. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $2,000,000 thousand.

b. Principal issued: $2,000,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: Debenture I: 10 years with maturity on September 26, 2021; Debenture II: 7 years with maturity on September 26, 2018.

e. Nominal interest rate: Fixed interest rate, 1.95%.

f. Repayment: The financial debenture will be paid on the maturity date.

g. The interest will be paid annually from the issuance date.

The Bank issued first secondary financial debenture on December 28, 2012, which was approved under ruling reference No. 10100401120 issued by the Banking Bureau of the FSC on December 21, 2012. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $4,000,000 thousand.

b. Principal issued: $4,000,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: Debenture I: 7 years with maturity on December 28, 2020; Debenture II: 10 years with maturity on December 28, 2022.

e. Nominal interest rate: Principal issued $1,000,000 thousand and fixed interest rate 1.51% for Debenture I; Principal issued $3,000,000 thousand and fixed interest rate 1.63% for Debenture II.

f. Repayment: The financial debenture will be paid on the maturity date.

g. The interest will be paid annually from the issuance date.

The Bank issued second secondary financial debenture on December 15, 2014, which was approved under ruling reference No. 10300114440 issued by the Banking Bureau of the FSC on April 30, 2014. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $5,000,000 thousand.

b. Principal issued: $2,500,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: 10 years with maturity on December 15, 2024.

e. Nominal interest rate: Fixed interest rate, 2.10%.

f. Repayment: The financial debenture will be paid on the maturity date.

g. The interest will be paid annually from the issuance date.

The Bank issued first secondary financial debenture on January 29, 2016, which was approved under ruling reference No. 10400308600 issued by the Banking Bureau of the FSC on December 22, 2015. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $3,000,000 thousand.

b. Principal issued: $3,000,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: Debenture I: 7 years with maturity on January 29, 2023; Debenture II: 10 years with maturity on January 29, 2026.

e. Nominal interest rate: Principal issued $800,000 thousand and fixed interest rate 1.60% for Debenture I; Principal issued $2,200,000 thousand and fixed interest rate 1.80% for Debenture II.

f. Repayment: The financial debenture will be paid on the maturity date.

g. The interest will be paid annually from the issuance date.

The Bank issued first no due date non-cumulative secondary financial debenture on March 30, 2018, which was approved under ruling reference No. 10600186530 issued by the Banking Bureau of the FSC on August 7, 2017. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $2,500,000 thousand.

b. Principal issued: $2,500,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: No due date.

e. Nominal interest rate: Fixed interest rate, 3.4%.

f. Early redemption terms: After the third month of the fifth anniversary year from the grant date, if the Bank's capital adequacy ratio after redemption will meet the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debenture.

g. The interest will be paid annually from the issuance date.

The Bank issued second secondary financial debenture on June 28, 2018, which was approved under ruling reference No. 10600186530 issued by the Banking Bureau of the FSC on August 7, 2017. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $2,500,000 thousand.

b. Principal issued: $2,500,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: 10 years with maturity on June 28, 2028.

e. Nominal interest rate: Fixed interest rate, 1.62%.

f. Repayment: The financial debenture will be paid on the maturity date.

g. The interest will be paid annually from the issuance date.

The Bank issued first no due date non-cumulative secondary financial debenture on June 21, 2019, which was approved under ruling reference No. 10802068560 issued by the Banking Bureau of the FSC on May 1, 2019. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $6,500,000 thousand.

b. Principal issued: $4,500,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: No due date.

e. Nominal interest rate: Fixed interest rate, 2.20%.

f. Early redemption terms: After the third month of the fifth anniversary year from the grant date, if the Bank’s capital adequacy ratio after redemption will meet the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debenture.

g. The interest will be paid annually from the issuance date.

The Bank issued first no due date non-cumulative secondary financial debenture on June 23, 2020, which was approved under ruling reference No. 1090209311 issued by the Banking Bureau of the FSC on April 30, 2020. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $3,000,000 thousand.

b. Principal issued: $3,000,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: No due date.

e. Nominal interest rate: Fixed interest rate, 1.70%.

f. Early redemption terms: After the third month of the fifth anniversary year from the grant date, if the Bank’s capital adequacy ratio after redemption will meet the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debenture.

g. The interest will be paid annually from the issuance date.

The Bank issued second secondary financial debenture on December 16, 2020, which was approved under ruling reference No. 1090228036 issued by the Banking Bureau of the FSC on October 28, 2020. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $5,000,000 thousand.

b. Principal issued: $3,000,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: No due date.

e. Nominal interest rate: Fixed interest rate, 1.70%.

f. Early redemption terms: After the third month of the fifth anniversary year from the grant date, if the Bank’s capital adequacy ratio after redemption will meet the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debenture.

g. The interest will be paid annually from the issuance date.

The Bank issued third secondary financial debenture on December 23, 2020, which was approved under ruling reference No. 1090228036 issued by the Banking Bureau of the FSC on October 28, 2020. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $5,000,000 thousand.

b. Principal issued: $2,000,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: 10 years with maturity on December 23, 2030.

e. Nominal interest rate: Fixed interest rate, 0.75%.

f. Repayment: The financial debenture will be paid on the maturity date.

g. The interest will be paid annually from the issuance date.

The Bank issued first senior unsecured financial debenture on June 23, 2021, which was approved under ruling reference No. 1100209942 issued by the Banking Bureau of the FSC on May 6, 2021. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: $1,000,000 thousand.

b. Principal issued: $1,000,000 thousand.

c. Denomination: $10,000 thousand, issued at par.

d. Period: 5 years with maturity on June 23, 2026.

e. Nominal interest rate: Fixed interest rate, 0.50%.

f. Repayment: The financial debenture will be paid on the maturity date.

g. The interest will be paid annually from the issuance date.

26. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Structured commodity principal	$ 8,493,890	$ 6,084,232

As of December 31, 2021 and 2020, structured products are time deposits of “foreign currency-interest rate,” “foreign currency-stock equity,” “foreign currency-exchange rate,” “foreign currency-interest rate and foreign currency-exchange rate,” and which pay interest in accordance with the linked interest rate indicator in the contractual provisions.

27. PROVISIONS

	December 31 2021	December 31 2020
Retirement benefit plans	$ 430,479	$ 377,716
Guarantee reserve	493,169	363,134
Loan commitments reserve	50,988	50,766
	$ 974,636	$ 791,616

a. Retirement benefit plans

1) Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

2) Defined benefit plans

The defined benefit plan adopted by the Group 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 Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group 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 Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31 2021	December 31 2020
Present value of the defined benefit obligations	$ 2,080,532	$ 2,078,342
Fair value of plan assets	(1,650,053)	(1,700,626)
Deficit	430,479	377,716
Net defined benefit liability	$ 430,479	$ 377,716

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	$ 2,070,452	$ (1,727,577)	$ 342,875
Service cost			
Current service cost	20,844	-	20,844
Past service cost	(1,696)	-	(1,696)
Interest expense (income)	15,516	(13,157)	2,359
Recognized in profit or loss	34,664	(13,157)	21,507
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(35,638)	(35,638)
Actuarial loss - changes in demographic assumptions	57,780	-	57,780
Actuarial loss - changes in financial assumptions	341	-	341
Actuarial loss - experience adjustments	7,809	-	7,809
Recognized in other comprehensive income	65,930	(35,638)	30,292
Contributions from the employer	-	(20,773)	(20,773)
Benefits paid	(92,704)	92,704	-
Surplus refunds	-	3,815	3,815
Balance at December 31, 2020	2,078,342	(1,700,626)	377,716
Service cost			
Current service cost	19,560	-	19,560
Past service cost	-	-	-
Interest expense (income)	10,392	(8,556)	1,836
Recognized in profit or loss	29,952	(8,556)	21,396
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(34,314)	(34,314)
Actuarial loss - changes in demographic assumptions	44,440	-	44,440
Actuarial loss - changes in financial assumptions	164	-	164
Actuarial loss - experience adjustments	41,735	-	41,735
Recognized in other comprehensive income	86,339	(34,314)	52,025
Contributions from the employer	-	(20,658)	(20,658)
Benefits paid	(114,101)	114,101	-
Balance at December 31, 2021	$ 2,080,532	$ (1,650,053)	$ 430,479

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

a) 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.

b) Interest risk: A decrease in the government or corporate 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.

c) 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:

	Discount Rate(s)	**Expected Rate(s) of Salary Increase**
For the year ended December 31, 2021		
Taiwan Shin Kong Commercial Bank	0.50%	2.25%
Shin Kong Marketing Consultant Co., Ltd.	0.38%	2.25%
For the year ended December 31, 2020		
Taiwan Shin Kong Commercial Bank	0.50%	2.25%
Shin Kong Marketing Consultant Co., Ltd.	0.50%	2.25%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	**2020**
Discount rate(s)		
0.5% increase	$ (107,354)	$ (111,550)
0.5% decrease	$ 115,522	$ 120,404
Expected rate(s) of salary increase		
0.5% increase	$ 111,302	$ 116,010
0.5% decrease	$ (104,579)	$ (108,679)

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
The expected contributions to the plans for the next year	$ 21,123	$ 21,226
The average duration of the defined benefit obligation	7.6-10.7 years	8.6-11 years

b. Guarantee reserve

Movements of guarantee reserve were as follows:

	For the Year Ended December 31	
	2021	2020
Balance beginning of year	$ 363,134	$ 229,833
Provision	130,346	133,727
Exchange influence	(311)	(426)
Balance, ending of year	$ 493,169	$ 363,134

Provision is recognized under bad debt expense and provision for losses on commitments and guarantees.

c. Movements of loan commitments reserve were as follows:

	For the Year Ended December 31	
	2021	2020
Balance beginning of year	$ 50,766	$ 49,228
Provision	736	2,411
Exchange influence	(514)	(873)
Balance, ending of year	$ 50,988	$ 50,766

Provision is recognized under bad debt expense and provision for losses on commitments and guarantees.

28. OTHER LIABILITIES

	December 31	
	2021	2020
Advance receipts	$ 702,739	$ 1,549,692
Guarantee deposits received	388,649	383,196
	$ 1,091,388	$ 1,932,888

29. EQUITY

	December 31	
	2021	2020 (Restated)
Common stock	$ 47,585,921	$ 46,331,158
Capital surplus	1,778,335	1,729,092
Retained earnings	21,274,640	18,738,395
Other equity	(1,188,606)	3,051,555
	$ 69,450,290	$ 69,850,200

Common Stock

As of January 1, 2020, the Bank has authorized and issued common stocks totaling $46,331,158 thousand, divided into 4,633,116 thousand common shares (including the non-publicly traded stocks totaling 495,595 thousand common shares) at $10 par value.

In April 14 2021, the Bank’s board of directors (on behalf of shareholders’ meeting) transferred unallocated surplus of $1,254,763 thousand to common stocks. As of December 31, 2021, the Bank has increased common stocks to $47,585,921 thousand, divided into 4,758,592 thousand common shares (including the non-publicly traded stocks totaling 509,017 thousand common shares) at $10 par value.

Capital Surplus

	December 31	
	2021	2020
Premium on capital stock	$ 1,697,749	$ 1,697,749
Others	80,586	31,343
	$ 1,778,335	$ 1,729,092

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds, treasury stock transactions and arising from the excess of the consideration received over the carrying amount of the subsidiaries’ net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank’s paid-in capital and once a year).

The capital surplus from long-term investments, employee stock options and conversion options may not be used for any purpose. The capital surplus from executive employee stock options and employee stock options which are reserved from issuance of common stock for cash may be used to offset a deficit.

Earnings Distribution and Dividend Policy

The Bank’s Articles of Incorporation provide that annual net income should be appropriated after it has:

a. Deducted any deficit of prior years;

b. Paid all outstanding taxes;

c. Set aside 30% of remaining earnings as legal reserve;

d. Set aside any special reserve or retained earnings allocated at its option;

e. Allocated shareholders' dividends.

For the Bank's Articles of Incorporation on the distribution of employees' compensation, refer to Note 31. The amount of special reserve, such as the amount of employee bonus paid in previous years, shall not be included.

Under Order No. 10510001510 issued by the FSC on May 25, 2016, before distributing the net income of 2016 through 2018, the Public Bank shall reserve 0.5% to 1% of net income as special reserve. After that, under Order No. 10802714560 issued by the FSC on May 15, 2019, the public bank may no longer use special reserve to protect the right of bank employees in response to the developments of financial technology since 2019. From the fiscal year of 2019, the Bank can reverse the amount of expenditure of employees' transfer arising from financial technology development within the amount of the abovementioned special reserve through 2016 to 2018.

When the ratio of equity capital and risky assets fails to meet the standards of competent authority, the distribution of surplus by cash or other property shall be restricted or prohibited by the relevant regulations of the competent authority.

The Banking Act provides that, before the balance of the reserve reaches the aggregate par value of the outstanding capital stock, above allocation should not exceed 15% of the aggregate par value of the outstanding capital stock of the Bank.

The Bank meets the requirements for setting aside legal reserve under the Company Act; thus, the restrictions are not applicable.

Taiwan Shin Kong Commercial Bank is a wholly-owned subsidiary of Shin Kong Financial Holding Co., Ltd. To comply with the parent company's legal capital adequacy ratio, strategy, and to strengthen its market position, integrate its diversified business operation, the Bank has adopted the "Residual Dividend Policy".

Under this policy, cash dividends may not be declared less than 10% of the total stock dividends and cash dividends.

The appropriations of earnings for 2020 and 2019 which have been approved by the Bank's board of directors (on behalf of the shareholders' meeting) on April 14, 2021 and April 15, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Earnings Distribution	**Dividend Per Share (In dollars)**	**Earnings Distribution**	**Dividend Per Share (In dollars)**
Provision of legal reserve	$ 1,386,445	$ -	$ 1,657,030	$ -
Reversal of special reserve	(19,724)	-	(3,045)	-
Cash dividend	2,000,000	0.43	1,800,000	0.41
Stock dividend	1,254,763	0.27	2,114,289	0.48

As of the date of the consolidated financial statements were authorized for issue, the appropriations of earnings for 2021 have not been approved by the Bank's board of directors (on behalf of shareholders' meeting).

Related information associated with the earnings appropriation approved by the Bank's board of directors (on behalf of shareholders' meeting) is available at the Market Observation Post System website of the Taiwan Stock Exchange.

Special Reserve

	December 31	
	2021	**2020**
The trading losses reserve (a)	$ 60,508	$ 60,508
Expenditure of employees' transfer arising from financial technology development (b)	46,756	66,480
The initial application of fair value model to investment properties (c)	154,341	-
	$ 261,605	$ 126,988

a. The trading losses reserve is due to the amendment of the Regulations Governing Securities Firms and the Regulations Governing Futures Commission Merchants by the FSC on January 11, 2011. Under Rule No. 10010000440 issued by the FSC on March 23, 2011, the trading losses reserve after tax should be transferred to special reserve under shareholders' equity.

b. Under Order No. 10510001510 issued by the FSC, a special reserve should be appropriated between 0.5% and 1% of net income after tax when banks appropriate earnings of 2016 through 2018. After that, under Order No. 10802714560 issued by the FSC, the Bank no longer used special reserve to protect the right of its employee in response to the developments of financial technology since 2019. From the fiscal year of 2019, the Bank can reverse the amount of expenditure of employee's transfer arising from financial technology development within the amount of the abovementioned special reserve from 2016 to 2018.

c. Under Order No. 10310000140 issued by the FSC, on the initial application of the fair value model to measure investment properties, the Bank appropriated to a special reserve an amount equal to the net increase arising from fair value measurement and which was subsequently transferred to retained earnings. The additional special reserve should be appropriated from subsequent net increases in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decreased or on the disposal of investment properties. If investment properties were reclassified to property and equipment, the associated special reserve would be reversed in accordance with the subsequent depreciation expense of property and equipment.

Others Equity Items

a. Exchange differences on translating foreign operations

	2021	**2020**
Balance, beginning of year	$ 21,360	$ 146,499
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(100,222)	(125,139)
Other comprehensive income (loss) for the year	(100,222)	(125,139)
Balance, ending of year	$ (78,862)	$ 21,360

b. Unrealized valuation gain (loss) on financial assets at FVTOCI

	2021	2020
Balance, beginning of year	$ 3,030,195	$ 1,169,110
Recognized for the year		
Unrealized evaluation gain (loss)		
Debt instruments	(4,206,045)	1,699,618
Equity instruments	(655,205)	(1,147,418)
Net remeasurement of loss allowance	1,748	17,521
Other comprehensive income (loss) recognized for the year	(4,859,502)	569,721
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	719,563	1,291,364
Balance, ending of year	$ (1,109,744)	$ 3,030,195

30. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Parent Company

According to the Company Act, the parent company retains 15% of shares as provision for subscription by qualified employees when there is the issuance of ordinary shares and preferred shares B for cash. On April 10, 2020 and July 29, 2020, the parent company granted to the Bank, Shin Fu Insurance Agency Co., Ltd. and Shin Kong Marketing Consultant Co., Ltd. 15,992 thousand options, 36 thousand options and 260 thousand options of ordinary shares and 8,825 thousand options, 14 thousand options and 144 thousand options of preferred shares B and the fair value of the cash subscribed by employees was $1.0264 and $0.0009 per share, respectively. On July 22, 2021, the parent company granted to the Bank, Shin Fu Insurance Agency Co., Ltd. and Shin Kong Marketing Consultant Co., Ltd. 37,910 thousand options, 73 thousand options and 745 thousand options of ordinary shares and the fair value of the cash subscribed by employees were $1.2715 per share.

The options granted by the parent company in April and July 2020, July 2021 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	July 2021	July 2020	April 2020
	Ordinary Shares	Preferred Shares B	Ordinary Shares
Acquisition date share price (NT$)	$9.87	$45	$8.6
Exercise price (NT$)	$8.2	$45	$7.8
Expected volatility	17.016%	1.620%	60.013%
Option life (in years)	22 days	27 days	26 days
Dividend yield	70.068%	13.652%	0%
Risk-free interest rate	0.275%	0.336%	0.316%

Compensation costs recognized were $49,243 thousand and $16,726 thousand for the years ended December 31, 2021 and 2020.

31. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations had been arrived at after charging or crediting:

Net Interest Income

	For the Year Ended December 31	
	2021	**2020**
Interest income		
Discounted and loans	$ 13,456,611	$ 13,244,481
Placement with Central Bank and call loans to other banks	184,760	230,280
Investment in securities	2,523,125	2,449,061
Others	388,339	390,438
	16,552,835	16,314,260
Interest expense		
Deposits	3,327,892	4,431,871
Financial debentures	519,263	488,905
Others	102,565	147,138
	3,949,720	5,067,914
	$ 12,603,115	$ 11,246,346

Service Fee, Net

	For the Year Ended December 31	
	2021	**2020**
Service fee income		
Fiducial business	$ 95,852	$ 73,409
Banks and insurance	820,943	904,334
Bond fund	1,383,531	1,338,783
Giving credit	665,524	554,925
Credit cards	950,007	914,441
Electronic payment	2,319	4,216
Others	489,469	479,444
	4,407,645	4,269,552
Service fee expense		
Credit cards	641,962	621,665
Others	295,333	283,975
	937,295	905,640
	$ 3,470,350	$ 3,363,912

The Group opened electronic payments business in 2016 in accordance with the approval under ruling reference No. 10400136150 issued by the Banking Bureau of the FSC on September 24, 2015. According to No. 4 of the Regulations Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions, the Group has to allocate at least $2,000 thousand to the sinking fund account (SFA). In subsequent years, the Group has to allocate to the SFA amount based on a fixed percentage of the sum of service fee revenue, interest revenue generated from sinking fund and other revenue every year. Also, the allocation needs to be completed by May every year. As stated above, the Group had allocated $2,004 thousand to SFA as of December 31, 2021 and 2020. The electronic service fee revenues were $2,319 thousand and $4,216 thousand for the years ended December 31, 2021 and 2020, respectively. The interest revenue and other revenue were both zero for the years ended December 31, 2021 and 2020.

Gain (Loss) on Financial Assets and Liabilities at Fair Value through Profit or Loss, Net

	For the Year Ended December 31	
	2021	2020
Realized profit and loss		
Bonds	$ 64,437	$ 153,562
Beneficiary securities	5,302	88,131
Beneficiary certificates	(3,602)	(1,847)
Derivative financial instrument	(126,730)	(835,578)
Negotiable certificate of deposits	261,407	306,986
Commercial paper	78,379	102,058
Stock	(321)	(78,151)
	278,872	(264,839)
Valuation		
Bonds	(85,332)	78,086
Beneficiary securities	(6,421)	(46,607)
Beneficiary certificates	1,577	(1,360)
Derivative financial instrument	(147,679)	91,974
Others	19,252	(23,954)
	(218,603)	98,139
	$ 60,269	$ (166,700)

Realized profit and loss on financial assets and liabilities at fair value through profit or loss, net includes disposal loss of $(290,874) thousand and $(880,460) thousand, interest income of $568,467 thousand and $610,277 thousand, and dividend revenue of $1,279 thousand and $5,344 thousand, for the years ended December 31, 2021 and 2020, respectively.

Realized Gain on Financial Assets at Fair Value through Other Comprehensive Income

	For the Year Ended December 31	
	2021	2020
Dividend and bonus	$ 788,095	$ 720,794
Gain on disposal - bonds	586,429	624,596
	$ 1,374,524	$ 1,345,390

Impairment Loss (Reversal Gain) of Financial Assets

	For the Year Ended December 31	
	2021	2020
Debts instrument at FVTOCI impairment loss	$ 2,331	$ 17,632
Debt investments measured at amortized cost impairment loss (reversal gain)	(941)	(6,278)
	$ 1,390	$ 11,354

Bad Debt Expense and Provision for Losses on Commitments and Guarantees

	For the Year Ended December 31	
	2021	2020
Provision for bad debt expense - receivables	$ 274,997	$ 74,998
Provision for bad debt expense - discounted and loans	1,059,901	946,684
Provision for guarantee reserve	130,346	133,727
Provision for loan commitments reserve	736	2,411
	$ 1,465,980	$ 1,157,820

Employee Benefits Expenses

	For the Year Ended December 31	
	2021	2020
Salaries	$ 4,765,319	$ 4,506,509
Labor and health insurance	332,480	298,418
Pension expense	175,033	174,361
Other employee benefits expenses	194,009	190,463
	$ 5,466,841	$ 5,169,751

Employees' Compensation

In compliance with the Articles of Incorporation, the Bank distributes employees' compensation at the rate of 1% of net profit before income tax and employees' compensation. For the years ended December 31, 2021 and 2020, the employees' compensation was $75,207 thousand and $67,359 thousand, respectively.

The employees' compensation for the years ended December 31, 2020 and 2019, which were approved by the Bank's board of directors on March 24, 2021 and March 18, 2020, respectively, are as follows:

	For the Year Ended December 31	
	2020	2019
	Employees' Compensation	Employees' Compensation
Amounts approved in the board of directors' meeting	$ 67,359	$ 67,558
Amounts recognized in the annual financial statements	67,359	67,558
	$ -	$ -

There is no difference between the actual amounts of employees compensation paid and amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

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.

Depreciation and Amortization Expenses

	For the Year Ended December 31	
	2021	2020 (Restated)
Property and equipment	$ 316,839	$ 301,993
Right-of-use assets	569,041	552,281
Intangible assets	176,683	185,458
	$ 1,062,563	$ 1,039,732

General and Administrative Expenses

	For the Year Ended December 31	
	2021	2020
Taxes	$ 871,482	$ 862,484
Rental	155,931	161,087
Insurance	345,169	331,346
Advertisement	295,261	269,945
Repair and maintenance	259,339	227,362
Postage	169,036	169,016
Professional service	140,463	117,105
Others	847,930	759,793
	$ 3,084,611	$ 2,898,138

32. INCOME TAXES RELATING TO CONTINUING OPERATIONS

Income Tax Recognized in Profit or Loss

The major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020 (Restated)
Current tax		
In respect of the current period	$ 898,373	$ 759,932
Adjustments for prior year	654	(1,226)
	899,027	758,706
Deferred tax		
In respect of the current period	(2,133)	(18,937)
Income tax expense recognized in profit or loss	$ 896,894	$ 739,769

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

	For the Year Ended December 31	
	2021	2020 (Restated)
Profit before tax from continuing operations	$ 7,449,086	$ 6,678,092
Income tax expense calculated at the statutory rate	$ 1,489,817	$ 1,335,618
Tax-exempt income	(449,804)	(370,485)
Nondeductible expenses in determining taxable income	(148,259)	(230,768)
Adjustments for prior year	654	(1,226)
Others	4,486	6,630
Income tax expense recognized in profit or loss	$ 896,894	$ 739,769

Income Tax Recognized in Other Comprehensive Income

	For the Year Ended December 31	
	2021	2020
Deferred income tax		
Actuarial gains and losses on defined benefit plan	$ 10,405	$ 6,058
Income tax benefit (expense) recognized in other comprehensive income	$ 10,405	$ 6,058

Current Tax Liabilities

	December 31	
	2021	2020
Current tax liabilities		
Consolidated income tax payable	$ 446,918	$ 231,961
Income tax payable	48,041	39,378
	$ 494,959	$ 271,339

Deferred Tax Assets and Liabilities

The Group offset certain deferred tax assets and deferred tax liabilities which met the offset criteria.

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Restated Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 74,789	$ 147	$ 10,405	$ 85,341
Allowance for doubtful accounts	475,767	88,849	-	564,616
Others	66,221	(87,341)	-	(21,120)
	$ 616,777	$ 1,655	$ 10,405	$ 628,837
Deferred tax liability				
Temporary differences				
Goodwill amortization	$ 257,516	$ -	$ -	$ 257,516
Reserve for land revaluation increment tax	202,016	(478)	-	201,538
	$ 459,532	$ (478)	$ -	$ 459,054

For the year ended December 31, 2020 (restated)

	Restated Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Restated Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 68,578	$ 153	$ 6,058	$ 74,789
Allowance for doubtful accounts	441,829	33,938	-	475,767
Loss carryforward	1,347	(1,347)	-	-
Others	79,904	(13,683)	-	66,221
	$ 591,658	$ 19,061	$ 6,058	$ 616,777
Deferred tax liability				
Temporary differences				
Goodwill amortization	$ 256,086	$ 1,430	$ -	$ 257,516
Reserve for land revaluation increment tax	203,322	(1,306)	-	202,016
	$ 459,408	$ 124	$ -	$ 459,532

Information about Unused Loss Carryforward

Loss carryforward as of December 31, 2021 comprised of:

Unused Amount	Expiry Year
$ 2,549	2028
4,236	2029
7,325	2030
6,793	2031
$ 20,903	

Income Tax Assessments

As of December 31, 2021, the Bank's income tax returns through 2016 had been assessed and approved by the tax authority.

Income tax returns through 2019 of Shin Fu Insurance Agency Co., Ltd. and Shin Kong Marketing Consultant Co., Ltd. had been assessed and approved by the tax authority.

33. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020 (Restated)**
Basic EPS	$ 1.38	$ 1.25
Diluted EPS	$ 1.38	$ 1.25

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	For the Year Ended December 31	
	2021	**2020 (Restated)**
Profit for the period attributable to owner of the Bank	$ 6,552,192	$ 5,938,323

The weighted average number of ordinary shares outstanding (in thousand shares) was as follows:

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares used in the computation of basic earnings per share	4,758,592	4,758,592
Effect of potentially dilutive ordinary shares:		
Employee's compensation	6,147	5,446
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,764,739	4,764,038

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends for the year ended December 31, 2020. This adjustment caused the basic after income tax EPS for the year ended December 31, 2020 to decrease from NT$1.28 to NT$1.25.

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

34. RELATED PARTY TRANSACTIONS

Related Party	Relationship
Shin Kong Financial Holding Co., Ltd. (SKFHC)	Parent company of the Bank
Zeng-Chang, Li (Note 6)	Key management personnel (president)
Chi-Chu, Li (Notes 4 and 5)	Key management personnel (vice president)
Chang-Rong, Hsieh	Key management personnel (general manager)
Xin-Chang, Wu; Jun-Hong, Chen; Yu-Yuan, Wang; Bo-Han, Lin; Shun-Yun, Xu and Dao-Nan, Wang (Notes 2 and 5)	Key management personnel (current directors)
Wu-Lin, Wang; Yun-Jin, Chen and Jia-Xi, Luo (Note 2)	Key management personnel (independent directors)
Shin Kong Life Insurance Co., Ltd. (SKLIC)	Fellow subsidiaries related to others
Shin Kong Investment Trust Co., Ltd. (SKITC)	Fellow subsidiaries related to others
MasterLink Securities Corporation	Fellow subsidiaries related to others
MasterLink Futures Corporation	Fellow subsidiaries related to others
MasterLink Venture Capital Corporation	Fellow subsidiaries related to others
Master Link Investment Management Consulting Co., Ltd.	Fellow subsidiaries related to others
MasterLink Venture Management Corporation	Fellow subsidiaries related to others
Shin Kong Securities Co., Ltd. (SKSC) (Note 1)	Fellow subsidiaries related to others
Shin Kong Venture Capital International Co., Ltd.	Fellow subsidiaries related to others
Shin Kong Property Insurance Agency Co., Ltd.	Fellow subsidiaries related to others
Shin-Kong Life Real Estate Service Co., Ltd. (SKLRESC)	Fellow subsidiaries related to others
MasterLink Insurance Agency Co., Ltd.	Fellow subsidiaries related to others
MasterLink Securities (HK) Corp., Ltd.	Fellow subsidiaries related to others
Peng, Xu (Note 3)	President of SKFHC
Xin-Ru, Wu (Notes 2 and 3)	General manager of SKFHC
Shih-Chi, Hung, etc. (Notes 3, 4 and 6)	Current directors of SKFHC
Mei-Hua, Lin, etc. (Note 3)	Independent directors of SKFHC
Shin Kong Wu Ho-Su Cultural Foundation	Related party in substance
Shin Kong Life Charity Foundation	Related party in substance
Shin Kong Wu Ho-Su First Aid Foundation	Related party in substance
Shin Kong Life Scholarship Foundation	Related party in substance
Shin Kong Life Insurance Education Hostel	Related party in substance
Shin Kong Wu Foundation	Related party in substance
Wu Tung-Chin Charity Foundation	Related party in substance
Shin Kong Wu, Ho-Su Hospital	Related party in substance
Shin Kong Bank Cultural and Educational Foundation	Related party in substance

(Continued)

Related Party	Relationship
Shin Kong Mitsukoshi Department Store Co., Ltd (SKM)	Related party in substance
Tong Yin Investment Co.	Related party in substance
Prince Motors Co., Ltd.	Related party in substance
Ubright Optronics Corporation	Related party in substance
Tong Shan Investment Co., Ltd.	Related party in substance
Shinkong Synthetic Fibers Corporation	Related party in substance
Shin Kong Construction and Development Co., Ltd.	Related party in substance
Shin Kong Hae Yang Co., Ltd.	Related party in substance
Ner Victory Company Ltd.	Related party in substance
Ruey-Shin Enterprise Co., Ltd.	Related party in substance
Shin Kong Lohas Co., Ltd.	Related party in substance
Hung Shin Construction Co., Ltd.	Related party in substance
Shin Kong Chao Feng Co., Ltd.	Related party in substance
Taishin Financial Holding Co., Ltd., etc.	Related party in substance
Taishin International Bank Co., Ltd.	Related party in substance
Shinkong Textile Co., Ltd.	Related party in substance
Shin Kong Fire & Marine Insurance Co., Ltd.	Related party in substance
Chao Ban Investment Co., Ltd.	Related party in substance
New Light International Co., Ltd.	Related party in substance
WS Management Co.	Related party in substance
Wang Tien Woolen Textile Co., Ltd.	Related party in substance
Yi-Kong Security Co., Ltd.	Related party in substance
Yi-Kong International Apartment Building Management and Maintenance Co., Ltd.	Related party in substance
Hsin Ming Enterprise Co., Ltd.	Related party in substance
Hung Family Enterprise Co., Ltd.	Related party in substance
TacBright Optronics Corporation	Related party in substance
Taiwan Shin Kong Security Co., Ltd. (TSKSC)	Related party in substance
Singkong Co., Ltd.	Related party in substance
Shinsoft Co., Ltd.	Related party in substance
Shin Pei Corp.	Related party in substance
SP International Company Ltd.	Related party in substance
KueiHsin Enterprise Co., Ltd.	Related party in substance
The Great Taipei Gas Corporation	Related party in substance
Shin Kong Recreation Co., Ltd.	Related party in substance
Taiwan Security Co., Ltd.	Related party in substance
Northeast Corner Recreation Co., Ltd.	Related party in substance
Shin Kong Real Estate Development Co., Ltd.	Related party in substance
JasperVilla Co., Ltd.	Related party in substance
Ruey-Fang Farm Company	Related party in substance
Shin Kong Investment Co., Ltd.	Related party in substance
Taroko Development Corporation	Related party in substance
Great Taipei Broadband Co., Ltd.	Related party in substance
Shin Investment Co., Ltd.	Related party in substance
Gentle Development Company	Related party in substance
Yuan Ding Investment Co., Ltd.	Related party in substance
Shin Kong Shien Ya International Co., Ltd.	Related party in substance
Shin-Po Express Co., Ltd.	Related party in substance
Shin-Po Life Care Co., Ltd.	Related party in substance
Yung Kwang Co., Ltd.	Related party in substance

(Continued)

Related Party	Relationship
Shin-po Investment Co., Ltd.	Related party in substance
Shinkong Materials Technology Co., Ltd.	Related party in substance
Hua Nan Securities Co., Ltd.	Related party in substance
Hua Nan Investment Trust Co., Ltd.	Related party in substance
Ruihong Financial Consulting Co., Ltd.	Related party in substance
Shin Kong Medical Club	Related party in substance
Shumei Hot Spring Bathroom Enterprise Co., Ltd.	Related party in substance
Next Commercial Banking Co., Ltd.	Related party in substance
Shin Kong Cinemas Co., Ltd.	Related party in substance
Yong Chen Investment Co.	Related party in substance
Juwei Investment Co., Ltd.	Related party in substance
Top Taiwan XII Venture Capital Co., Ltd.	Related party in substance
Top Taiwan XI Venture Capital Co., Ltd.	Related party in substance
Taishin Securities Co., Ltd.	Related party in substance
Hua Nan Commercial Bank Co., Ltd.	Related party in substance
Top Taiwan XIII Venture Capital Co., Ltd.	Related party in substance
Chia Ban Investment Co., Ltd.	Related party in substance
Yuan Jen Enterprises Co., Ltd.	Related party in substance
Top Taiwan X Venture Capital Co., Ltd.	Related party in substance
Top Taiwan IX Venture Capital Co., Ltd.	Related party in substance
Shin-Kong Communication Co., Ltd.	Related party in substance
Other related party in substance	Second-degree relatives of the Company's directors (including independent directors) and their spouses and related companies or substantive persons of the Company

(Concluded)

Note 1: SKSC was dissolved on January 5, 2020, and the liquidation was completed on March 12, 2020.

Note 2: The Group re-appointed its directors and supervisors on July 9, 2020. The former director Ms. Xin-Ru, Wu resigned and Mr. Xin-Chang, Wu succeeded; the new directors Mr. Dao-Nan, Wang and Mr. Yi-Zhong, Xie; the original independent directors Mr. Zheng-Yi, Li and Mr. Sheng-Yan, Li resigned, and Mr. Wu-Lin, Wang, Mr. Yun-Jin, Chen and Mr. Jia-Xi, Luo succeeded. The original supervisors Mr. Min-Yi Huang and Mr. Song-Cun, Chen resigned.

Note 3: The parent company Shin Kong Financial Holdings Co., Ltd. re-elected its directors and supervisors on June 19, 2020. The former president Mr. Dong-Jin, Wu resigned and Mr. Peng, Xu succeeded; the new director Mr. Bo-Zheng, Pan; the original independent directors Mr. Zheng-Yi, Li and Mr. Sheng-Yan Li resigned, and Mr. Yong-Ming, Xu And Mr. Qi-Ming Wu succeeded; in accordance with Jin-Guan-Yin-Kong No. 1090218849, Ms. Xin-Ru, Wu was appointed as the new general manager.

Note 4: The parent company Shin Kong Financial Holdings Co., Ltd. re-appointed its new directors and supervisors on December 25, 2020. The former vice president Ms. Chi-Chu, Li resigned; the new director Mr. De-Chang, Chiu was appointed.

Note 5: The Group re-appointed its directors and supervisors on December 25, 2020. The new vice president Ms. Chi-Chu, Li was appointed; the original director Mr. Yi-Zhong, Xie resigned.

Note 6: The parent company Shin Kong Financial Holdings Co., Ltd. re-appointed its directors on January 25, 2021. The new vice president Mr. Zeng-Chang, Li was appointed; the original director Mr. Shi-Yi, Zheng resigned.

Note 7: The Group divides the relationship between the above-mentioned related parties into (1) parent company (2) fellow subsidiaries related to others (3) key management personnel (4) related party in substance (5) other related parties (not included in the above (1) - (4)) as the basis for the disclosure of the following types of related party transactions.

Loans

2021								
	Numbers/Name	Highest Balance	Balance, End of the Year	Compliance		Collaterals	Interest Revenue	The Difference Between Related and Non-related Party
				Performing Loans	Overdue Loans			
Employees consumption loans	27	$ 18,810	$ 8,981	$ 8,981	$ -	Partly as the car	$ 205	None
Loans on mortgage	82	680,748	543,278	543,278	-	Real estate	6,355	None
Other loans	Related parties in substance							
	Shin Kong Chao Feng Co., Ltd.	770,000	750,000	750,000	-	Real estate	11,672	None
	Chia Ban Investment Co., Ltd.	310,000	200,000	200,000	-	Real estate	4,098	None
	Hung Family Enterprise Co., Ltd.	208,400	196,200	196,200	-	Real estate, public trade stock	2,516	Note
	WS Management Co.	165,100	165,100	165,100	-	Real estate, public trade stock	2,272	None
	Ru Yue, Guo Wu	150,000	150,000	150,000	-	Real estate	2,025	None
	Yuan Ding Investment Co., Ltd.	120,000	120,000	120,000	-	Public trade stock	1,432	None
	Gentle Development Company	29,200	29,200	29,200	-	Public trade stock	107	None
	Others	10,400	56,000	56,000	-	Real estate, public trade stock	836	None
	Other related parties							
	Others	71,624	29,985	29,985	-	Real estate	659	None

2020								
	Numbers/Name	Highest Balance	Balance, End of the Year	Compliance		Collaterals	Interest Revenue	The Difference Between Related and Non-related Party
				Performing Loans	Overdue Loans			
Employees consumption loans	19	$ 13,002	$ 8,506	$ 8,506	$ -	Partly as the car	$ 208	None
Loans on mortgage	74	555,866	484,700	484,700	-	Real estate	6,412	None
Other loans	Related parties in substance							
	Shin Kong Chao Feng Co., Ltd.	712,000	670,000	670,000	-	Real estate	11,160	None
	Hung Family Enterprise Co., Ltd.	182,600	174,000	174,000	-	Real estate, public trade stock	2,472	Note
	WS Management Co.	159,800	159,800	159,800	-	Real estate, public trade stock	2,258	None
	Ru Yue, Guo Wu	150,000	150,000	150,000	-	Real estate	2,217	None
	Yuan Ding Investment Co., Ltd.	120,000	120,000	120,000	-	Public trade stock	1,584	None
	Gentle Development Company	48,000	16,000	16,000	-	Public trade stock	148	None
	Others	108,200	95,000	95,000	-	Real estate, public trade stock	807	None
	Other related parties							
	Others	63,088	59,193	59,193	-	Real estate	862	None

According to Articles 32 and 33 of the Banking Act, no interested parties shall be granted unsecured credit except for consumer loans and government loans; for secured credit grantors, there shall be full guarantees and their conditions better than other similar credit grantees.

Guarantee

Company	Highest Balance	Balance, End of the Year	Guarantee Reserve Balance	Ratio (%)	Guarantee
	2021				
Related parties in substance					
Shinkong Synthetic Fibers Corporation	$ 8,820	$ -	$ -	0.50	Public stocks
Shinkong Textile Co., Ltd.	9,800	-	-	0.50	Public stocks
Yuan Jen Enterprises Co., Ltd.	370,000	280,000	2,800	0.50	Real estate, public stocks
		$ 280,000			

Company	Highest Balance	Balance, End of the Year	Guarantee Reserve Balance	Ratio (%)	Guarantee
	2020				
Related parties in substance					
Shinkong Synthetic Fibers Corporation	$ 8,820	$ 8,820	$ -	0.50	Public stocks
Shinkong Textile Co., Ltd.	9,800	9,800	-	0.50	Public stocks
		$ 18,620			

Derivative Financial Instruments

(In Thousands of NT$/US$)

2021						
Company	Derivative Financial Instruments	Period	Notional Principal	Valuation Gain or Loss	Ending Balance	
					Account	Amount
Fellow subsidiaries related to others						
SKLIC	Foreign exchange swap	2021.01.22 - 2023.09.20	US$ 1,259,000	NT$ (219,053)	Financial liabilities at fair value through profit or loss	NT$ (219,053)
SKLIC	Foreign exchange forward	2021.02.24 - 2022.03.21	US$ 204,000	NT$ (79,298)	Financial liabilities at fair value through profit or loss	NT$ (79,298)

(In Thousands of NT$/US$)

2020						
Company	Derivative Financial Instruments	Period	Notional Principal	Valuation Gain or Loss	Ending Balance	
					Account	Amount
Fellow subsidiaries related to others						
SKLIC	Foreign exchange swap	2020.09.16-2021.12.09	US$ 438,000	NT$ 47,477	Financial assets at fair value through profit or loss	NT$ 47,477
SKLIC	Foreign exchange forward	2020.05.08-2021.11.26	US$ 1,029,000	NT$ (621,146)	Financial liabilities at fair value through profit or loss	NT$ (621,146)

Outright Purchase

	December 31			
	2021		2020	
	Par Value	Trading Value	Par Value	Trading Value
Fellow subsidiaries related to others				
MasterLink Securities Corporation	$ 50,000	$ 50,083	$ 750,000	$ 744,215
Related parties in substance				
Taishin International Bank Co., Ltd.	-	-	100,000	100,130
Hua Nan Commercial Bank Co., Ltd.	-	-	100,000	97,846
Taishin Securities Co., Ltd.	-	-	150,000	150,010
Hua Nan Securities Co., Ltd.	100,000	98,635	50,000	50,063
	100,000	98,635	400,000	398,049
	$ 150,000	$ 148,718	$ 1,150,000	$ 1,142,264

Outright Sale

	December 31			
	2021		2020	
	Par Value	Trading Value	Par Value	Trading Value
Fellow subsidiaries related to others				
MasterLink Securities Corporation	$ -	$ -	$ 700,000	$ 701,754
Related parties in substance				
Taishin Securities Co., Ltd.	-	-	100,000	100,189
Hua Nan Securities Co., Ltd.	-	-	100,000	99,389
	-	-	200,000	199,578
	$ -	$ -	$ 900,000	$ 901,332

The outright purchase and sale of bonds will be traded at normal prices, that is, the interest rate is based on the prevailing market interest rate. The transaction was matched by the Electronic Bond Trading System of the Taipei Exchange.

Receivables

	December 31	
	2021	2020
Fellow subsidiaries related to others		
SKLIC	$ 86,698	$ 55,860

Receivables from SKLIC were service fee revenue as of December 31, 2021 and 2020.

Prepayments

	December 31	
	2021	2020
Parent company		
SKFHC	$ 350	$ 700
Fellow subsidiaries related to others		
SKLIC	5	5
Related parties in substance		
Shin Kong Fire & Marine Insurance Co., Ltd.	3,352	361
SKM	9,253	9,743
TSKSC	17	5,120
Singkong Co., Ltd.	9,237	5,271
Ruihong Financial Consulting Co., Ltd.	384	-
Others	99	270
	22,342	20,765
	$ 22,697	$ 21,470

Prepayments to SKFHC, SKLIC, SKM, Shin Kong Fire & Marine Insurance Co., Ltd., TSKSC, Singkong Co., Ltd. and Ruihong Financial Consulting Co., Ltd. were mainly prepaid repair and maintenance expenses, rent, insurance and other general and administrative expenses as of December 31, 2021 and 2020.

Leases Arrangements

Acquisition of right-of-use assets

	For the Year Ended December 31	
	2021	2020
Fellow subsidiaries related to others		
SKLIC	$ 113,372	$ -
Related parties in substance		
The Great Taipei Gas Corporation	62,705	51,164
	$ 176,077	$ 51,164

Modifications of lease agreement

The Bank, SKLIC and the Great Taipei Gas Corporation agreed to change the contract of lease. For the years ended December 31, 2021, Remeasurement from the right-of-use assets and lease liabilities was $3,652 thousand.

The Bank and SKLIC agreed to change the contract of lease. For the years ended December 31, 2020, Remeasurement from the right-of-use assets and lease liabilities was $808 thousand.

Lease liabilities

	December 31 2021	December 31 2020
Fellow subsidiaries related to others		
SKLIC	$ 1,490,296	$ 1,649,179
Related parties in substance		
The Great Taipei Gas Corporation	457,090	451,853
Shin-Po Express Co., Ltd.	-	464
	457,090	452,317
	$ 1,947,386	$ 2,101,496

Interest expense

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Fellow subsidiaries related to others		
SKLIC	$ 37,764	$ 44,969
SKLRESC	-	1
	37,764	44,970
Related parties in substance		
The Great Taipei Gas Corporation	10,517	11,480
Shin-Po Express Co., Ltd.	1	19
	10,518	11,499
	$ 48,282	$ 56,469

Deposits

	For the Year Ended December 31, 2021		
	Ending Balance	Interest Ratio	Interest Expense
Parent company			
SKFHC	$ 2,266,660	0.00%-0.43%	$ 11,052
Fellow subsidiaries related to others			
SKLIC	43,444,652	0.00%-0.77%	171,789
MasterLink Securities Corporation	5,787,384	0.00%-0.40%	9,233
MasterLink Futures Corporation	1,466,581	0.00%-0.77%	1,408
SKLRESC	133,150	0.00%-0.77%	490
Shin Kong Property Insurance Agency Co., Ltd.	91,904	0.00%-0.38%	53
MasterLink Securities (HK) Corp., Ltd.	91,428	0.01%-0.25%	115
SKITC	57,692	0.00%-0.40%	12
Master Link Investment Management Consulting Co., Ltd.	52,638	0.00%-0.41%	85
Others	71,292		82
	51,196,721		183,267

(Continued)

	For the Year Ended December 31, 2021		
	Ending Balance	Interest Ratio	Interest Expense
Related parties in substance			
Shin Kong Fire & Marine Insurance Co., Ltd.	$ 1,311,044	0.00%-0.60%	$ 3,938
The Great Taipei Gas Corporation	751,645	0.00%-0.50%	1,828
Shin Kong Wu, Ho-Su Hospital	624,543	0.00%-0.22%	111
Yi-Kong Security Co., Ltd.	584,142	0.00%-0.40%	99
SKM	348,084	0.00%-0.03%	178
Shinkong Synthetic Fibers Corporation	345,683	0.00%-0.30%	21
Shinsoft Co., Ltd.	242,798	0.00%-0.38%	28
Ruey-Shin Enterprise Co., Ltd.	239,870	0.00%-0.03%	17
Great Taipei Broadband Co., Ltd.	191,461	0.00%-0.35%	375
Top Taiwan XIII Venture Capital Co., Ltd.	178,564	0.03%-0.03%	23
Shinkong Textile Co., Ltd.	171,081	0.00%-0.77%	32
Yi-Kong International Apartment Building Management and Maintenance Co., Ltd.	167,551	0.00%-0.03%	23
Shin Kong Wu Ho-Su Cultural Foundation	114,351	0.00%-0.84%	811
New Light International Co., Ltd.	113,811	0.00%-0.22%	180
JasperVilla Co., Ltd.	100,821	0.00%-0.38%	170
Northeast Corner Recreation Co., Ltd.	84,600	0.00%-0.15%	33
Wu Tung-Chin Charity Foundation	82,446	0.00%-0.80%	572
Tong Yin Investment Co.	78,977	0.00%-0.77%	8
Top Taiwan X Venture Capital Co., Ltd.	69,977	0.03%-0.10%	7
Shin Kong Life Charity Foundation	69,354	0.00%-0.15%	54
Shin Kong Medical Club	66,245	0.00%-0.41%	36
Top Taiwan IX Venture Capital Co., Ltd.	63,285	0.03%-0.03%	10
Top Taiwan XI Venture Capital Co., Ltd.	60,396	0.03%-0.03%	10
Shin-Kong Communication Co., Ltd.	57,705	0.03%-0.03%	8
Taiwan Security Co., Ltd.	56,953	0.00%-0.03%	7
Shin Kong Wu Foundation	53,942	0.00%-1.07%	295
Ner Victory Company Ltd.	51,674	0.00%-0.03%	4
Others	1,077,032		2,657
	7,358,035		11,535
Other related parties	703,729		6,551
	$ 61,525,145		$ 212,405

(Concluded)

	For the Year Ended December 31, 2020		
	Ending Balance	Interest Ratio	Interest Expense
Parent company			
SKFHC	$ 2,771,836	0.00%-1.78%	$ 26,373
Fellow subsidiaries related to others			
SKLIC	61,764,086	0.00%-0.60%	185,891
MasterLink Securities Corporation	4,652,770	0.00%-1.00%	11,311
MasterLink Futures Corporation	670,555	0.00%-1.20%	3,113
SKLRESC	140,309	0.00%-1.04%	700
Shin Kong Property Insurance Agency Co., Ltd.	102,758	0.00%-0.63%	148
MasterLink Securities (HK) Corp., Ltd.	60,324	0.01%-1.84%	552
MasterLink Venture Management Corporation	52,120	0.00%-0.66%	130
Others	121,025		118
	67,563,947		201,963
Related parties in substance			
Shin Kong Fire & Marine Insurance Co., Ltd.	1,108,439	0.00%-1.50%	3,624
Ubright Optronics Corporation	999,853	0.01%-1.04%	314
Shinkong Synthetic Fibers Corporation	688,456	0.00%-0.30%	67
Shin Kong Wu, Ho-Su Hospital	590,565	0.00%-0.48%	132
The Great Taipei Gas Corporation	587,744	0.00%-0.72%	2,314
Yi-Kong Security Co., Ltd.	329,896	0.00%-0.40%	107
Hung Shin Construction Co., Ltd.	276,467	0.00%-0.65%	1,561
Great Taipei Broadband Co., Ltd.	169,938	0.00%-0.48%	960
JasperVilla Co., Ltd.	124,695	0.00%-0.63%	277
New Light International Co., Ltd.	109,052	0.00%-0.48%	330
Shin Kong Wu Ho-Su Cultural Foundation	105,098	0.00%-1.09%	965
Yi-Kong International Apartment Building Management and Maintenance Co., Ltd.	98,544	0.00%-0.05%	18
Shinsoft Co., Ltd.	93,637	0.00%-0.66%	35
Wu Tung-Chin Charity Foundation	77,772	0.00%-1.07%	671
Shinkong Textile Co., Ltd.	77,261	0.00%-1.04%	46
Taiwan Security Co., Ltd.	76,706	0.00%-0.05%	9
Shin Pei Corp.	74,242	0.03%-0.03%	-
Juwei Investment Co., Ltd.	73,758	0.01%-0.30%	4
Shin Kong Life Charity Foundation	69,470	0.00%-0.40%	80
Northeast Corner Recreation Co., Ltd.	67,078	0.00%-0.40%	41
Shin Kong Medical Club	59,802	0.00%-0.66%	47
Shin-po Investment Co., Ltd.	55,624	0.03%-0.40%	35
Yung Kwang Co., Ltd.	52,966	0.00%-0.79%	64
Others	1,288,332		3,316
	7,255,395		15,017
Other related parties	742,627		6,678
	$ 78,333,805		$ 250,031

The transaction terms with related parties do not significantly differ from those with ordinary customers except for the 5.80% interest rate on the Bank's employee deposits for the years ended December 31, 2021 and 2020.

Service Fee Revenue

	For the Year Ended December 31	
	2021	2020
Parent company		
SKFHC	$ -	$ 80
Fellow subsidiaries related to others		
SKLIC	1,007,199	1,111,677
Shin Kong Property Insurance Agency Co., Ltd.	12,160	10,732
MasterLink Securities Corporation	22,247	248
SKITC	6,590	5,161
Others	6	9
	1,048,202	1,127,827
Related parties in substance		
Shin Kong Wu, Ho-Su Hospital	4,772	4,940
Shinsoft Co., Ltd.	620	460
TSKSC	2,154	749
SKM	11,283	11,013
Others	383	428
	19,212	17,590
	$ 1,067,414	$ 1,145,497

The nature of transactions differed for each related party; therefore, the comparison is impractical.

Service Fee Expense

	For the Year Ended December 31	
	2021	2020
Fellow subsidiaries related to others		
MasterLink Securities Corporation	$ 13,107	$ 17,879
SKLRESC	407	606
Others	56	87
	13,570	18,572
Related parties in substance		
SKM	11,104	9,670
Shin Kong Fire & Marine Insurance Co., Ltd.	5,595	5,649
Yi-Kong International Apartment Building Management and Maintenance Co., Ltd.	708	1,199
Hua Nan Securities Co., Ltd.	847	-
Taishin Securities Co., Ltd.	565	55
	18,819	16,573
	$ 32,389	$ 35,145

The nature of transactions differed for each related party; therefore, the comparison is impractical.

Lease Transaction

	For the Year Ended December 31	
	2021	2020
Rent revenue and guarantee deposits received		
Fellow subsidiaries related to others		
MasterLink Securities Corporation	$ 1,485	$ 1,486
Related parties in substance		
TSKSC	737	737
Taiwan Security Co., Ltd.	620	676
	1,357	1,413
	$ 2,842	$ 2,899

As of December 31, 2021 and 2020, the guarantee deposits received from related parties are the following:

	December 31	
	2021	2020
Fellow subsidiaries related to others		
MasterLink Securities Corporation	$ 240	$ 240
Related parties in substance		
TSKSC	363	178
Taiwan Security Co., Ltd.	120	119
	483	297
	$ 723	$ 537

	For the Year Ended December 31	
	2021	2020
Rent expense and refundable deposits		
Fellow subsidiaries related to others		
SKLIC	$ 1,145	$ 991
SKLRESC	1,280	1,293
MasterLink Futures Corporation	2,250	1,359
	4,675	3,643
Related parties in substance		
The Great Taipei Gas Corporation	783	812
Taishin International Bank Co., Ltd.	4,498	5,065
SKM	930	688
Ruihong Financial Consulting Co., Ltd.	2,324	2,352
Others	446	380
	8,981	9,297
	$ 13,656	$ 12,940

The lease terms with related parties do not significantly differ from those with ordinary customers. The following are the details on the rent deposits:

	December 31	
	2021	2020
Fellow subsidiaries related to others		
SKLIC	$ 69,926	$ 67,777
SKLRESC	3,039	3,116
	72,965	70,893
Related parties in substance		
The Great Taipei Gas Corporation	18,338	16,686
	$ 91,303	$ 87,579

Professional Service Fee

	For the Year Ended December 31	
	2021	2020
Fellow subsidiaries related to others		
SKLIC	$ 11,948	$ 12,905
MasterLink Securities Corporation	4,980	2,220
SKLRESC	1,544	1,397
SKITC	743	878
	19,215	17,400
Related parties in substance		
Yi-Kong Security Co., Ltd.	2,618	1,921
Others	154	84
	2,772	2,005
	$ 21,987	$ 19,405

The nature of transactions with related parties does not significantly differ from those with ordinary customers.

Donation Expense

	For the Year Ended December 31	
	2021	2020
Related parties in substance		
Shin Kong Life Charity Foundation	$ -	$ 2,000

Donations were approved by the board of directors of the Group on the day November 4, 2020 to the Shin Kong Life Insurance Charity Foundation, a related party in substance. The amount was $2,000 thousand.

Other Expense

	For the Year Ended December 31	
	2021	2020
Parent company		
SKFHC	$ 350	$ 350
Fellow subsidiaries related to others		
SKLIC	15,296	15,042
MasterLink Securities Corporation	156,587	108,962
SKLRESC	71,233	73,153
	243,116	197,157
Related parties in substance		
Shin Kong Fire & Marine Insurance Co., Ltd.	7,467	12,490
TSKSC	75,806	75,075
JasperVilla Co., Ltd.	3,954	10,364
Great Taipei Broadband Co., Ltd.	17,700	17,130
SKM	33,941	30,286
Yi-Kong Security Co., Ltd.	51,637	50,341
Yi-Kong International Apartment Building Management and Maintenance Co., Ltd.	16,573	14,744
Singkong Co., Ltd.	4,850	1,414
Shin Kong Medical Club	760	680
Taiwan Security Co., Ltd.	5,430	144
Shinsoft Co., Ltd.	620	569
Shin Kong Wu, Ho-Su Hospital	620	584
Shin Kong Cinemas Co., Ltd.	510	354
Others	492	1,227
	220,360	215,402
	$ 463,826	$ 412,909

The nature of transactions are mainly rental fee, security fee, cleaning fee and insurance and do not significantly differ from those with ordinary customers.

Property and Equipment

	For the Year Ended December 31	
	2021	2020
Related parties in substance		
TSKSC	$ 47,340	$ 34,245
Ruihong Financial Consulting Co., Ltd.	-	950
Shinsoft Co., Ltd.	1,576	-
	$ 48,916	$ 35,195

The Group purchase automated teller machine, camera, software and surveillance equipment from TSKSC and purchase software from Ruihong Financial Consulting Co., Ltd. and purchase equipment from Shinsoft Co., Ltd. The transaction price was decided by bid inviting.

Other Transactions

The Bank and SKFHC, 100%-owner of the Bank, adopted the consolidated income tax return system to file their consolidated income tax returns since January 1, 2006. The consolidated income tax resulted in payable of $446,918 thousand as of December 31, 2021.

Guarantor of Credit

	For the Year Ended December 31, 2021		
	Creditor	Highest Balance	Ending Balance
Key management personnel			
Bang-Sheng, Wu	Chia Ban Investment Co., Ltd.	$ 200,000	$ -
Bang-Sheng, Wu	Chao Ban Investment Co., Ltd.	215	-
		$ 200,215	$ -

	For the Year Ended December 31, 2020		
	Creditor	Highest Balance	Ending Balance
Key management personnel			
Bang-Sheng, Wu	Chao Ban Investment Co., Ltd.	$ 325	$ 215

Compensation of Directors, Supervisors and Key Management Personnel

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 181,311	$ 143,164
Post-employment benefits	2,031	1,910
Share-based payments	1,823	934
Other long-term benefits	47,100	29,710
	$ 232,265	$ 175,718

35. PLEDGED ASSETS

As of December 31, 2021 and 2020, certain assets were pledged as collaterals. Details are summarized as follows:

	December 31	
	2021	2020
Financial assets as FVTOCI - government bonds	$ 5,634,600	$ 5,678,100
Reserve - demand account	$ 3,000,000	$ 3,000,000

Assets are pledged to district courts for litigation, issuing bank debenture and guarantee for the Central Bank’s special accommodation facility to support bank credit to SMEs.

36. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies were summarized as follows:

	December 31 2021	2020
Guarantees	$ 26,435,362	$ 19,767,276
Letters of credit	3,854,774	2,846,029
Trust liabilities	180,844,229	151,902,588
Loan commitments (excluding credit card)	229,098,784	200,910,419
Loan commitments - credit card	1,816,740	1,879,411

According to Article 17 of the Implementation Rules of Trust Law, the Bank should disclose its balance sheet of trust account and its asset items, which were as follows:

Trust Account Balance Sheet
December 31, 2021

Trust Asset	Amount	Trust Liability	Amount
Cash in banks		Securities under custody payable	
The principal deposits in the Bank	$ 4,585,151	Securities under custody payable	$ 16,903,419
Short-term investments		Trust capital	
Mutual fund	72,814,377	Funds and investment	115,470,879
Bond investments	38,977,229	Real estate trust	48,861,144
Common stock investments	960,283	Reserve and accumulated deficit	
Securities under custody		Accumulated deficit	(2,370,696)
Securities under custody	16,903,419	Exchange	39
Real estate		Net income	1,979,444
Land	41,171,887		
Building	6,906		
Construction in process	5,424,977		
Trust assert	$ 180,844,229	Trust liability	$ 180,844,229

Trust Account Income Statement
Year Ended December 31, 2021

Item	Amount
Trust income	
Interest revenue	$ 3,488
Preferred stock dividend income	2,736,274
Common stock dividend income	12,560
Gain on disposal of assets	1,881,349
Realized capital gain	1,552,824
Subtotal	6,186,495
Trust expense	
Management fee	(102,349)
Service fee	(325)
Loss on disposal of assets	(4,102,043)
Other fees	(2,096)
Subtotal	(4,206,813)
Income before income tax	1,979,682
Income tax expense	(238)
Net income	$ 1,979,444

The summary of trust asset as of December 31, 2021 is as follows:

Item	Amount
Cash in banks	
The principal deposits in the Bank	$ 4,585,151
Short-term investments	
Mutual fund	72,814,377
Bond investments	38,977,229
Common stock investments	960,283
Securities under custody payable	
Securities under custody	16,903,419
Real estate	
Land	41,171,887
Building	6,906
Construction in process	5,424,977
	$ 180,844,229

Trust Account Balance Sheet
December 31, 2020

Trust Asset	Amount	Trust Liability	Amount
Cash in banks		Securities under custody payable	
The principal deposits in the Bank	$ 5,132,674	Securities under custody payable	$ 7,459,123
Short-term investments		Trust capital	
Mutual fund	69,292,695	Funds and investment	113,340,186
Bond investments	40,152,912	Real estate trust	31,483,506
Common stock investments	138,965	Reserve and accumulated deficit	
Securities under custody		Accumulated deficit	(1,308,645)
Securities under custody	7,459,123	Exchange	(36)
Real estate		Net income	928,454
Land	26,999,065		
Building	6,906		
Construction in process	2,720,248		
Trust assert	$ 151,902,588	Trust liability	$ 151,902,588

Trust Account Income Statement
Year Ended December 31, 2020

Item	Amount
Trust income	
Interest revenue	$ 5,081
Preferred stock dividend income	2,598,194
Common stock dividend income	6,981
Gain on disposal of assets	1,583,571
Realized capital gain	1,672,022
Subtotal	5,865,849
Trust expense	
Management fee	(115,901)
Service fee	(376)
Loss on disposal of assets	(4,820,767)
Other fees	(13)
Subtotal	(4,937,057)
Income before income tax	928,792
Income tax expense	(338)
Net income	$ 928,454

The summary of trust asset as of December 31, 2020 is as follows:

Item	Amount
Cash in banks	
The principal deposits in the Bank	$ 5,132,674
Short-term investments	
Mutual fund	69,292,695
Bond investments	40,152,912
Common stock investments	138,965
Securities under custody payable	
Securities under custody	7,459,123
Real estate	
Land	26,999,065
Building	6,906
Construction in process	2,720,248
	$ 151,902,588

37. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

Fair value hierarchy as at December 31, 2021

Financial assets	Carrying Amount	Level 1	Level 2	Level 3	Total
Amortized cost	$ 20,917,241	$ -	$ 18,570,996	$ 2,548,722	$ 21,119,718

Fair value hierarchy as at December 31, 2020

Financial assets	Carrying Amount	Level 1	Level 2	Level 3	Total
Amortized cost	$ 20,404,110	$ -	$ 18,800,467	$ 1,935,851	$ 20,736,318

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis, with the most significant unobservable inputs being the discount rate that reflects the credit risk of counterparties.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

Fair Value Measurement of Financial Instruments	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stock investments	$ 60,727	$ 60,727	$ -	$ -
Bond investments	10,071,926	11,176	10,060,750	-
Negotiable certificates of deposits	81,717,685	81,717,685	-	-
Commercial paper	23,720,707	23,720,707	-	-
Others	665,515	1,601	663,914	-
Financial assets at FVTOCI				
Equity instruments				
Stock investments	4,370,072	3,709,340	-	660,732
Real estate investment trust	63,570	63,570	-	-
Debt instruments				
Bond investments	190,567,969	72,644,177	117,923,792	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,718,534	-	1,718,534	-
Liabilities				
Financial liabilities at FVTPL	1,718,874	-	1,718,874	-

Changes in Level 3 financial assets were as follows:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI Unlisted shares	$ 626,805	$ 27,614	$ 6,313	$ -	$ -	$ -	$ 660,732

Fair Value Measurement of Financial Instruments	December 31, 2020 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Bond investments	$ 6,849,079	$ 11,300	$ 6,837,779	$ -
Negotiable certificates of deposits	87,343,938	87,343,938	-	-
Commercial paper	24,356,153	24,356,153	-	-
Others	933,317	78,884	854,433	-
Financial assets at FVTOCI				
Equity instruments				
Stock investments	626,805	-	-	626,805
Real estate investment trust	63,635	63,635	-	-
Debt instruments				
Bond investments	153,932,277	46,372,716	107,559,561	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,455,410	-	1,455,410	-
Liabilities				
Financial liabilities at FVTPL	1,379,543	-	1,379,543	-

Changes in Level 3 financial assets were as follows:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI Unlisted shares	$ 433,693	$ (12,640)	$ 205,752	$ -	$ -	$ -	$ 626,805

The valuation techniques based on fair value

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. It includes foreign/domestic bonds, government bonds, stocks, commercial paper, beneficiary certificate and bank debentures. When market prices are not available, valuation techniques are applied. The financial data obtained by the Group for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments.

The fair value of derivatives as foreign exchange forward contracts, cross-currency swap contracts and foreign exchange options traded on active markets are determined with reference to quoted market prices. When market prices are not available, the fair values of non-option derivatives are the present values of future cash flows discounted by the benchmark yield rate quoted in the market during the derivative duration. Fair values of option derivatives are based on estimates made using the option pricing model. The financial data obtained by the Group for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments.

c. Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Non-derivative financial instruments	
Bills investments, treasury bills	Discounted cash flow: Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Bond investments	Market evaluation: Market quotes provided and the Notional Amount of the contract by Bloomberg are used as bond evaluations.
Negotiable certificates of deposit	Discounted cash flow: Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
International bonds	Counterparty evaluation: According to the Yield Book, Bloomberg evaluation or other valuation methods that are consistent with academic and market practice.
Structured notes	Counterparty evaluation: According to the Yield Book, Bloomberg evaluation or other valuation methods that are consistent with academic and market practice.
Derivative financial instruments	
Options contracts	Model evaluation: The execution price, the maturity date and the market volatility, interest rate and exchange rate set by the contract are used as evaluation parameters. The model with closed solution is then used for evaluation.
Foreign exchange swap contracts, foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, repricing rate, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swap contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Asset swap contracts	Convertible corporate bond closing price on the day minus bond value. The pure bond value is discounted by the cash flow provided by the convertible corporate bonds in accordance with Taiwan Bills Index Rate (TAIBIR).
Equity swap contracts	Counterparty evaluation: According to the Yield Book, Bloomberg evaluation or other valuation methods that are consistent with academic and market practice.
Credit linked loan contracts	A combination of cross-currency swap (CCS+) bonds. Discounted cash flow: Future cash flows are discounted at repricing rate and exchange rates, the discount rate is based on the credit charge of the counterparty.

d. Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic unlisted equity investments	Net assets: Based on the Company’s net assets as the fair value. Market multiple: Considering the comparable transaction price of the stock in the active market, the corresponding net value multiplier and the liquidity discount ratio 30% to evaluate the fair value.

e. Sensitivity analysis of fair value regarding reasonable and possible alternative assumption within Level 3

The fair value measured by the Group of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different results. For financial instruments classified in Level 3, if the liquidity discount ratio changes by 10%, the effects on other comprehensive income for the current period are as follow:

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
December 31, 2021	**Favorable Changes**	**Adverse Changes**
Financial assets at FVTOCI		
Stock investments	$ 28,317	$ (28,317)

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
December 31, 2020	**Favorable Changes**	**Adverse Changes**
Financial assets at FVTOCI		
Stock investments	$ 26,863	$ (26,863)

The favorable and adverse changes of the Group refer to the fluctuation of fair value, and the fair value refers to the calculation of the technical calculation based on the unobservable input parameters of different degrees. If the fair value of a financial instrument is affected by more than one input parameter, the above table only reflects the impact of changes in a single input parameter and does not take into account the correlation and variability between input parameters.

	December 31	
	2021	**2020**
Financial assets		
Fair value through profit or loss (FVTPL)	$ 117,955,094	$ 120,937,897
Financial assets at FVTOCI	195,001,611	154,622,717
Amortized cost (1)	848,535,697	752,547,181
Financial liabilities		
Fair value through profit or loss (FVTPL)	1,718,874	1,379,543
Amortized cost (2)	1,096,684,588	962,730,484

1) The balances included cash and cash equivalents, placement with Central Bank and call loans to other banks, receivables, discounted and loans, debt investments measured at amortized cost and refundable deposits measured at amortized cost.

2) The balances included deposits of Central Bank and other banks, funds borrowed from Central Bank and other banks, bills and bonds sold under repurchase agreements, payables, deposits and remittances, bank debentures, other financial liabilities and guarantee deposits received measured at amortized cost.

f. Offsetting financial assets and financial liabilities

The Group did not hold financial instruments covered by Section 42 of the IAS 32 “Financial Instruments: Presentation” endorsed by the Financial Supervisory Commission; thus, it made an offset of financial assets and liabilities and reported the net amount in the balance sheet.

The Group engages in transactions on the following financial assets and liabilities that are not subject to balance sheet offsetting based on IAS 32 but are under master netting arrangements or similar agreements. These agreements allow both the Group and its counterparties to opt for the net settlement of financial assets and financial liabilities. If one party defaults, the other one may choose net settlement.

The netting information of financial assets and financial liabilities is set out below:

December 31, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Received	
Derivatives	$ 8,191,557	$ -	$ 8,191,557	$ -	$ 329,899	$ 7,861,658

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Received	
Derivatives	$ 1,718,874	$ -	$ 1,718,874	$ -	$ 1,006,988	$ 711,886
Repurchase and stock borrowing stock	$ 2,331,297	$ -	$ 2,331,297	$ 2,331,297	$ -	$ -

December 31, 2020

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Received	
Derivatives	$ 4,527,387	$ -	$ 4,527,387	$ -	$ 367,140	$ 4,160,247

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Received	Net Amount
Derivatives	$ 1,379,543	$ -	$ 1,379,543	$ -	$ 979,956	$ 399,587
Repurchase and stock borrowing stock	$ 2,064,788	$ -	$ 2,064,788	$ 2,064,788	$ -	$ -

Note: Include net delivery and non-cash collateral received.

g. Financial risk information

The risk management objectives of the Bank are responsible for business performance objectives, overall risk appetite and external legal restrictions in order to achieve the goal of balancing risk and reward. The main risks faced by the Group operations include various credit risks, market risks (including interest rates, exchange rates, equity securities) and liquidity risks of on- and off-balance sheet businesses.

The Group has formulated a relevant risk management policy, which has been approved by the Board of Directors to effectively identify, measure, monitor and control credit risk, market risk and liquidity risk.

1) Market risk

The financial instrument held or issued by the Group are affected by market risk factors such as interest rate (including credit risk spread), exchange rate, securities price, product price and its volatility, interaction correlation and market liquidity that made surplus, capital, value or operating capacity an adverse impact.

The market risk comes from the trading book and the bank book portfolio. The trading book portfolio refers to various financial products (including commodities) transactions that are undertaken for the purpose of the transaction, or those who intend to make profits from short-term price fluctuations, such as Self-operated business, market-making transactions, etc. A bank book portfolio established for long-lasting and not for the purpose of earning capital gains.

a) Market risk management policy

i. Identifying market risk

The risk management unit shall clearly identify the source of the market risk of each type of transaction before the transaction is undertaken, and shall be stated in the relevant product guidelines document, and the market risk management unit shall independently perform the identification procedure.

ii. Measuring market risk

Market risk management units use appropriate and consistent measurement methods to cover key sources of risk based on business characteristics and sources of risk. Risk measurement is intimately integrated with daily risk management as a reference for planning, monitoring and controlling market risk conditions.

The evaluation method and market price information shall be determined by the market risk management unit to calculate the profit and loss, risk factor sensitivity, risk value and stress test.

iii. Monitoring

Market risk authority is a tool used to authorize and monitor the market risk assumed by the Bank to ensure that market risk is in line with the Bank's risk appetite. The establishment of authorization, approval, exception and overpass shall be subject to the relevant regulations of market risk management.

iv. Reporting

The market risk report is a risk communication tool. The market risk management unit reports risk management information to senior managers on a daily basis, and regularly reports the overall market risk status of the Bank to the senior management and the board of directors. The risk strategy will adjust based on the market risk report.

b) Market risk measurement

The Board of Directors determines the capital adequacy ratio and annual earnings target annually, and the expectation of market volatility to measure whether the risk and remuneration ratio is acceptable, and whether the risk assumed is in line with the company's appetite. Besides, the Board of Directors approve the market risk operation authority that all transaction made by trading unit are conducted within the approved authority. The Group uses market risk factor sensitivity as a tool of market risk control.

i. Market risk management of trading book

Market risk sensitivity refers to the change in value of a unit due to a change in a specific market risk factor. Market risk factors are divided into interest rates, exchange rates, and prices of equity securities. The Group discloses the market risk arising from the trading positions of the Bank by market risk sensitivity.

<u>Risk factor sensitivity</u>

i) Foreign exchange rate factor sensitivity, FX Delta

The net amount of the risk component of each currency at the balance sheet date, that is, the change in the present value of the currency when the change in the exchange rate of each currency is increased by 1%. The exchange rate risk component stated in the following table is not only directly generated from the foreign exchange derivative commodity, but also integrated into the spot foreign exchange trading position for the purpose of hedging and the spot location of each foreign currency.

ii) Interest rate factor sensitivity

When the interest rate term structure of each evaluation yield curve paralleling up by 0.01% (1 basis point), the relative impact on the present value of future cash flows of interest rate spot trading positions and interest rate derivative commodity trading positions (DV01 or PVBP) will be made.

iii) Factor sensitivity of equity securities

The impact of changes in the value of the commodity portion when the spot price of the equity securities changes by 1%. Equity securities held by the Group include stocks, ETFs, etc.

Market Risk	Currency	December 31 2021	December 31 2020
Foreign exchange rate factor sensitivity (exchange rate increase 1%)	EUR	$ (50)	$ 18
	JPY	(57)	3
	USD	(31)	102
	Other (Note)	72	106
Interest rate factor sensitivity DV01 (+1bp)	NTD	47	(78)
	USD	(48)	(33)
	AUD	-	3
	ZAR	(3)	(6)
	HKD	5	3
	Other (Note)	3	1
Equity securities factor sensitivity (stock price increase 1%)	NTD	623	-

Note: Other foreign currency is equivalent to NTD.

Stress testing

Set extreme risk events or situations to make a significant change at a specific or a range of risk factors, volatility, or correlations to measure the potential significant impact on a portfolio or location. This is the way to redeem the risk values which cannot measure the tail risk.

ii. Interest rate risk of banking book, IRRBB

The interest rate risk source of the bank book includes the interest rate risk arising from the transactions of the business units, such as deposits and lending transactions, as well as the debts held by the business units which manage the liquidity risk of the bank, the spot parts of the tickets and their hedging position. The interest rate risk position is transferred to the centralized management of the bank book management unit under the Bank's internal transfer pricing system (Fund Transfer Pricing, FTP). The risk management unit prepares risk reports regularly which includes interest rate sensitivity analysis, stress test results and limit usage analysis, and then reports to the Asset and Liability Management Committee and the Board of Directors. Management tools set as below.

Repricing Gap report

Measures the amount and the duration of re-pricing assets and liabilities at each point in time to understand the allocation of interest rate risk.

Risk sensitivity of interest rate

i) Mismatch risk of asset-liability interest rate

The impact of a benchmark (0.01%) of interest rate changes on future net interest income is shown by 1 bp Δ NII. The net interest income (1bp Δ NII) analysis focuses on changes in interest payments over the next year.

ii) Financial instrument interest rate risk

The DV01 measures the impact of a basic point of interest rate changes on the value of the site, and evaluates the market value of financial products to ensure that their impact on earnings or shareholders' equity is in line with the Bank's risk appetite.

Stress testing

Evaluating the impact of the overall bank book position on the net economic value, in the context of large changes in interest rates. And compare the results with the capital to examine the allowable risk.

iii. Bank book equity securities risk

Bank Book Equity Securities Risk Definition refers to the impact of changes in the value of the commodity portion when the spot price of the equity securities for non-trading purposes changes by 1%. The market value of the financial product is evaluated to ensure its impact on earnings or shareholders' equity conforms to the Bank's risk appetite.

		December 31	
Market Risk	**Currency**	**2021**	**2020**
Interest rate factor sensitivity DV01 (+1bp)	NTD	$ (82,465)	$ (62,013)
	USD	(26,944)	(25,032)
	AUD	(1,074)	(836)
	ZAR	(1,048)	(1,004)
	Other (Note)	(1,626)	(1,751)
Equity securities factor sensitivity (stock price increase 1%)	NTD	44,336	7,090

Note: Other foreign currency is equivalent to NTD

c) Effect of interest rate benchmark reform

The Group is exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on discounts and loans, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, and debt investments measured at amortized cost. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group established a USD LIBOR transition task force for project plan. This transition project plan is considering changes to risk management policies, adjustment of external quotation index interest rate and valuation models, as well as managing any related tax and accounting implications. Influence on corporate loans and derivatives, and changes required to IT systems have been identified and still assessing the scope to be affected by the transition.

LIBOR loans cases for GBP, EUR, CHF, JPY, 1-week and 2-month USD due after December 31, 2021 have all been converted or have appropriate alternative interest rates.

Since January 1, 2022, in the case of derivative products, linked SOFR has been adopted in new contracts to replace LIBOR and communication with financial instrument counterparties about positions linked to LIBOR has been underway with an aim to finalize the amendment in progress according to the guideline of LIBOR transition task force.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of USD LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

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

	Carrying Amount	
Non-derivative Financial Instruments	**Financial Assets**	**Financial Liabilities**
Discounts and loans, net		
USD LIBOR	$ 30,354,327	$ -
EUR LIBOR	23,161	-
	30,377,488	-
Financial assets at fair value through profit and loss		
USD LIBOR	1,081,723	-
Financial assets at fair value through other comprehensive income		
USD LIBOR	10,299,002	-
Debt investments measured at amortized cost		
USD LIBOR	166,140	-
	$ 41,924,353	$ -

		Carrying Amount	
Derivative Financial Instruments	**Notional Amount**	**Financial Assets**	**Financial Liabilities**
Financial assets and liabilities at fair value through profit and loss			
USD LIBOR	$ 33,894,803	$ 6,524,509	$ 725,287

2) Credit risk

Credit risk may be caused by counterparties' failure to perform their obligations associated with financial assets held by the Group. The Group follows a strict credit policy to assess and approve all credit lines and guarantees. The secured loans constituted 73.83% of the total loans on December 31, 2021. The percentage of guarantees and issuance of letters of credit secured by collaterals were 26.26%. The collaterals for loans, financing guarantees and letters of credit guarantees are cash, inventories, securities, plants and other assets. If the customers default on their loans, the Group will execute its rights on the collateral in accordance with the terms of the contracts.

In order to ensure that the credit risk control is within the tolerable range, the Group has relevant risk management policies, and has relevant business management methods or operation points and risk management mechanisms for the goods provided and the business it performs.

a) Credit risk management program

The measurement and management of credit risks from the Group's main businesses are as follows:

i. Loans business

The Group adopts the 12-month ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopts the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired. The credit quality of the Group to determine the discounted and loans is as follows:

Assessment of credit risk that has increased significantly since initial recognition

The Group assesses the change in the probability of default of loans during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Group takes into consideration the reasonable and supportable information that the credit risk has increased significantly since the initial recognition (including forward-looking information). The main considerations include:

Quantitative indicators

i) The TCRI rating of the listed cabinet company corresponding to the external rating has been reduced from the investment grade to the non-investment grade, that is, the credit risk has significantly increased since initial recognition.

ii) When the contract amount is overdue for more than one month, it is determined that the credit risk of the financial asset has increased significantly since initial recognition.

Qualitative indicators

i) Significant changes in actual or expected results of the debtor's operations.

ii) Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.

iii) The credit risk of other financial instruments of the same debtor has increased significantly.

Definition of default and credit impairment financial assets

The definition of financial asset default is the same as that of financial asset credit impairment. If one or more of the following conditions are met, the Group determines that the financial asset has defaulted and credit impairment:

Quantitative indicators

i) When the contract amount is overdue for a certain number of days.

ii) The credit amount of the debtor has been regarded as a delinquent loan.

Qualitative indicators

If there is evidence that the borrower will not be able to pay the contract, or that the borrower has significant financial difficulties, such as:

i) The debtor has gone bankrupt or may have called for bankruptcy or financial restructuring.

ii) Due to the economic or contractual reasons associated with the debtor's financial difficulties, the debtor's creditors give the borrower an unconfirmed concession and report the overdue loan.

iii) It is known from external information that the debtor has experienced financial difficulties and needs to bargain with the Bank.

iv) The debtor clearly insolvent.

Evaluation of expected credit losses

The Group classifies the loans into the following classification according to the characteristics of the loans:

Group	Evaluation	Classification		Application
1	Collective assessment	Corporate finance	Sufficient collateral	Loan case other than group 2
			Non-sufficient collateral or credit loans	
		Consumer finance	Credit loans	
			Auto loans	
			Mortgage	
			Credit card	
2	Individual assessment	Corporate finance	Special collaterals	Note
		Consumer finance		

Note: Loans are classified as Group 2 if they obtain special collateral. Group 2 is assessed on the basis of a significant increase in credit risk or default and credit impairment, and the rest is assessed in accordance with Group 1.

For the classification criteria of loans, the expected credit losses are assessed at each stage of each portfolio classification:

Impairment for expected credit loss (Probability of Default (PD) × Loss Given Default (LGD) × Exposure at default (EAD)), the application of PD is described as follows:

i) Stage 1: The Group evaluates loss allowance of financial assets, which credit risk did not significantly increase after initial recognition, based on 12 months PD to evaluate expected credit losses.

ii) Stage 2: The Group evaluates loss allowance of financial assets, which credit risk significantly increased after initial recognition, based on lifetime expected credit losses, and calculates PD at each lifetime. If the cash flow of the contract in the future period (i.e., the default exposure amount of each period) can be assessed, the cash flow method is used to assess the expected credit losses. If the cash flow of each period cannot be assessed, then calculate the expected credit losses by the current mark-to-market method.

iii) Stage 3: The Group evaluates loss allowance of financial assets, which credit risk will be regarded as default, and the probability of default is regarded as 100%. PD at each lifetime will not be considered. Recoverable amounts will be applied to assess expected credit losses.

Consideration of forward - looking estimation

In considering the expected credit losses, the Group uses forward-looking economic factors that affect credit risk and expected credit losses to take forward-looking information into consideration. Forward-looking information is based on the Taiwan National Development Council's regular promulgation of the "Benefit Strategy Signal" of Taiwan's overall prosperity indicators as indicators, which are divided into the boom expansion period, contraction period and flat period. The Group judges the economic situation to adjust the default probability every quarter, and then incorporates into the overall expected credit loss assessment.

ii. Debt instrument investments

In order to reduce the credit risk of debt instrument investment, the Group management team assigns a dedicated team to establish a credit rating database to assess the default risk of debt instrument investments. The information on the evaluation of the independent rating agencies.

The Group considers the historical default loss rate provided by the external rating agencies and the current financial status of the debtor to calculate 12 months and lifetime ECLs of financing commitments in debt instrument investments.

The securities held by the Group recognize the expected credit losses according to the expected credit losses during and lifetime ECLs of financing commitments. The credit quality of the Group's judgment securities is as follows:

Assessment of credit risk that has increased significantly since initial recognition

The Group assesses the change in the probability of default of debt instrument investments during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Group considerations show reasonable and supportable information that the credit risk has increased significantly since the initial recognition. The main considerations include:

Quantitative indicators

i) For debt instrument investments on the initial recognition date, the issuer's credit rating is below the non-investment grade and the credit rating of the reporting day has not changed.

ii) When the issuer's credit rating is a non-investment grade, the reported daily credit rating is reduced to a certain extent.

Quantitative indicators

i) The credit rating of the issuer indicates that its credit risk has increased significantly.

ii) The fair value of the debt instrument investment was significantly adversely changed on the reporting date.

Definition of default and credit impairment financial assets

If the debt instrument investment meets one or more of the following conditions, it determines that the financial asset has defaulted and the credit is derogated.

Qualitative indicators

i) Debt instrument investment is a credit impairment bond when purchased.

ii) The credit rating of the issuer or debt instrument investment is at a default level on the reporting date.

Quantitative indicators

i) The issuer modifies the issue conditions of the debt instrument investment due to financial difficulties or fails to pay the principal or interest according to the conditions of the issue.

ii) The issuer or the guarantee institution has ceased operations, applied for reorganization, bankruptcy, dissolution, and sale of major assets that have a significant impact on the Company's continued operations.

Measurement of expected credit losses

i) Debt instrument investment is classified in a group with similar type, the Group then assesses expected credit loss at each group by IFRS 9 impairment evaluation guide.

ii) Comparing the risk of default on the dated debt instrument with the default risk at the time of initial recognition, and considering the reasonable and corroborative information showing a significant increase in credit risk since the initial recognition, to determine whether the financial instrument's credit risk since the original recognition has increased significantly.

- The Group evaluates loss allowance of financial assets, which credit risk did not significantly increase after initial recognition, based on 12 months PD to evaluate expected credit losses.

- The Group evaluates loss allowance of financial assets, which credit risk significantly increased after initial recognition, based on lifetime expected credit losses, and calculates PD at each lifetime. If the cash flow of the contract in the future period (i.e., the default exposure amount of each period) can be assessed, the cash flow method is used to assess the expected credit losses. If the cash flow of each period cannot be assessed, then calculate the expected credit losses by the current mark-to-market method.

- The Group evaluates loss allowance of financial assets, which credit risk will be regarded as default, and the probability of default is regarded as 100%. PD at each lifetime will not be considered. Recoverable amounts will be applied to assess expected credit losses.

- Debt instrument investment default probability is based on the value published by external credit rating agencies, and imply the possibility of future market fluctuations.

b) Credit risk hedging or mitigation policies

i. Collaterals

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

The requirements for collaterals for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collaterals.

The Group observes the value of the collateral of the financial instrument and considers the financial assets that are deducted from the credit impairment. The credit of financial assets that have been deducted and the value of collateral to mitigate potential losses on December 31, 2021, was as follows:

	Total Book Value	Allowance for Impairment	Exposure (Amortized Cost)	Fair Value of Collaterals
Credit-impaired financial assets				
Discounted and loans	$ 6,934,836	$ (1,882,024)	$ 5,052,812	$ 5,052,812
Receivables				
Credit card	33,810	(22,704)	11,106	-
Others	1,949,718	(1,527,778)	421,940	-
Other financial assets	4,340	(2,971)	1,369	-
	$ 8,922,704	$ (3,435,477)	$ 5,487,227	$ 5,052,812

The collateral which contains land and buildings obtained by the Group have been written off and recognized as collateral assumed (Note 19) as of December 31, 2021. The collateral will be sold when it is available for sale. The collateral is classified as other assets in the balance sheet. The difference between the price and the carrying amount is recognized as net gain (loss) on the sale of collateral assumed under the net income item.

ii. Credit risk concentration limits and control

To avoid the concentration of credit risks, the Group has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, the Group has set a ratio, which is the credit limit of a single issuer in relation to the total security position. The Group has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on the financial assets, the Group has set credit limits by industry, conglomerate, country and transactions collateralized by stocks, and integrated within one system to supervise concentration of credit risk in these categories. The Group monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industry or nation.

iii. Other credit enhancements

To reduce its credit risks, the Group stipulates in its credit contracts the terms for offsetting to state clearly that the Group reserves the right to offset the borrowers' debt against their deposits in the Group.

c) Objects of assessing credit risks are including positive fair value of contracts on balance sheet and off-balance sheet commitments. Maximum exposure to credit risk of all financial instruments is the same as book value.

i. Off-balance sheet exposure of credit risk

Financial Instrument	December 31 2021	December 31 2020
Guarantees	$ 26,435,362	$ 19,767,276
Letters of credit	3,854,774	2,846,029
Loan commitments (excluding credit card)	229,098,784	200,910,419
Loan commitments - credit card	1,816,740	1,879,411

ii. Risk concentration

When the other parties to the financial instruments consist of a single individual, or a concentration of entities with similar commercial activities, they may have similar abilities to fulfill their credit obligations. The Group does not have such situation. The Group's credit exposure related to loans on December 31, 2021 was classified as follows:

Industry	Contract Amount	Maximum Exposure of Credit Risk
Individuals	$ 461,296,128	$ 461,296,128
Finance and insurance	432,901,208	432,901,208
Manufacturing	111,896,176	111,896,176
Real estate and leasing	75,242,146	75,242,146
Wholesale and retail	30,181,513	30,181,513
Servicing	10,739,752	10,739,752
Utilities	34,485,776	34,485,776
Warehouse and transportation	5,923,440	5,923,440
Others	37,903,919	37,903,919
	$ 1,200,570,058	$ 1,200,570,058

Region	Contract Amount	Maximum Exposure of Credit Risk
Domestic	$ 1,043,601,873	$ 1,043,601,873
North America	40,772,204	40,772,204
Europe	33,108,840	33,108,840
Asia	69,322,613	69,322,613
Oceania	10,863,204	10,863,204
Africa	2,901,324	2,901,324
	$ 1,200,570,058	$ 1,200,570,058

d) Financial assets credit quality analysis

Part of financial assets held by the Group, such as cash and cash equivalents, placement with Central Bank and call loans to other banks and financial assets at fair value through profit or loss are exposed to low credit risks because the counterparties have rather high credit ratings. Except for those mentioned above, the credit quality of the Group's remaining financial assets was analyzed as follows:

December 31, 2021

i. Credit quality analysis of discounted and loans and receivables:

	Discounted and Loans				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss under Regulations	Total
Category					
Consumer loans	$ 375,998,169	$ 16,730,782	$ 5,002,961	$ -	$ 397,731,912
Corporation loans	301,131,159	18,719,354	1,931,875	-	321,782,388
Total book value	677,129,328	35,450,136	6,934,836	-	719,514,300
Allowance for impairment	(1,726,846)	(1,479,612)	(1,882,024)	-	(5,088,482)
Difference of impairment loss under regulations	-	-	-	(4,353,441)	(4,353,441)
	$ 675,402,482	$ 33,970,524	$ 5,052,812	$ (4,353,441)	$ 710,072,377

	Receivables and Other Financial Assets				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss under Regulations	Total
Category					
Credit card	$ 7,528,465	$ 539,739	$ 33,810	$ -	$ 8,102,014
Others	103,438,286	57,744	1,954,058	-	105,450,088
Total book value	110,966,751	597,483	1,987,868	-	113,552,102
Allowance for impairment	(37,770)	(33,389)	(1,553,453)	-	(1,624,612)
Difference of impairment loss under regulations	-	-	-	(84,186)	(84,186)
	$ 110,928,981	$ 564,094	$ 434,415	$ (84,186)	$ 111,843,304

	Loan Commitment				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss under Regulations	Total
Category					
Guarantees	$ 26,435,362	$ -	$ -	$ -	$ 26,435,362
Letter of credit	3,634,013	220,761	-	-	3,854,774
Others	2,288,159	104,239	-	-	2,392,398
Total book value	32,357,534	325,000	-	-	32,682,534
Allowance for impairment	(96,432)	(3,948)	-	-	(100,380)
Difference of impairment loss under regulations	-	-	-	(443,777)	(443,777)
	$ 32,261,102	$ 321,052	$ -	$ (443,777)	$ 32,138,377

December 31, 2020

i. Credit quality analysis of discounted and loans and receivables:

	Discounted and Loans				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss under Regulations	Total
Category					
Consumer loans	$ 341,276,022	$ 9,504,716	$ 6,405,207	$ -	$ 357,185,945
Corporation loans	272,795,248	20,342,545	2,628,033	-	295,765,826
Total book value	614,071,270	29,847,261	9,033,240	-	652,951,771
Allowance for impairment	(1,823,575)	(1,670,483)	(2,901,777)	-	(6,395,835)
Difference of impairment loss under regulations	-	-	-	(2,085,495)	(2,085,495)
	$ 612,247,695	$ 28,176,778	$ 6,131,463	$ (2,085,495)	$ 644,470,441

	Receivables and Other Financial Assets				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss under Regulations	Total
Category					
Credit card	$ 7,679,763	$ 573,241	$ 40,477	$ -	$ 8,293,481
Others	68,285,500	63,852	2,231,359	-	70,580,711
Total book value	75,965,263	637,093	2,271,836	-	78,874,192
Allowance for impairment	(29,540)	(36,404)	(1,402,371)	-	(1,468,315)
Difference of impairment loss under regulations	-	-	-	(98,742)	(98,742)
	$ 75,935,723	$ 600,689	$ 869,465	$ (98,742)	$ 77,307,135

	Loan Commitment				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss under Regulations	Total
Category					
Guarantees	$ 19,767,276	$ -	$ -	$ -	$ 19,767,276
Letter of credit	2,690,871	155,158	-	-	2,846,029
Others	2,674,188	105,418	-	-	2,779,606
Total book value	25,132,335	260,576	-	-	25,392,911
Allowance for impairment	(68,912)	(3,326)	-	-	(72,238)
Difference of impairment loss under regulations	-	-	-	(341,662)	(341,662)
	$ 25,063,423	$ 257,250	$ -	$ (341,662)	$ 24,979,011

ii. Credit quality analysis of securities investment:

Debt instrument credit quality analysis

The breakdown below shows the debt instruments classified as FVTPL, FVTOCI and financial assets at amortized cost.

December 31, 2021

	Financial Asset at FVTOCI	Financial Asset at Amortized Cost
Total book value	$ 192,036,117	$ 20,925,625
Allowance loss	(45,899)	(8,384)
Amortized cost	191,990,218	20,917,241
Fair value adjustment	(1,422,249)	-
	$ 190,567,969	$ 20,917,241

December 31, 2020

	Financial Asset at FVTOCI	Financial Asset at Amortized Cost
Total book value	$ 151,194,380	$ 20,413,108
Allowance loss	(44,151)	(8,998)
Amortized cost	151,150,229	20,404,110
Fair value adjustment	2,782,048	-
	$ 153,932,277	$ 20,404,110

The total book value of the current credit risk rating mechanism of the Group and the investments in debt instruments of each credit rating are as follows:

December 31, 2021

Credit Rating	Definition	Recognition basis	Expected credit loss	Total Book Value
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit losses	0.00%-0.44%	$ 212,961,742
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition	Lifetime expected credit losses (no credit impaired)		-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit (credit impaired)		-

December 31, 2020

Credit Rating	Definition	Recognition basis	Expected credit loss	Total Book Value
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit losses	0.00%-0.44%	$ 171,607,488
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition	Lifetime expected credit losses (no credit impaired)		-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit (credit impaired)		-

Debt instrument credit quality analysis as follow:

December 31, 2021

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss under Regulations	Total
Category					
Domestic bond					
Investment grade	$ 139,208,609	$ -	$ -	$ -	$ 139,208,609
Non-investment grade	1,161,279	-	-	-	1,161,279
Foreign bond					
Investment grade	71,169,605	-	-	-	71,169,605
Total book value	211,539,493	-	-	-	211,539,493
Allowance for impairment	(54,283)	-	-	-	(54,283)
Difference of impairment loss under regulations	-	-	-	-	-
	$ 211,485,210	$ -	$ -	$ -	$ 211,485,210

December 31, 2020

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss under Regulations	Total
Category					
Domestic bond					
Investment grade	$ 107,322,278	$ -	$ -	$ -	$ 107,322,278
Non-investment grade	2,027,212	-	-	-	2,027,212
Foreign bond					
Investment grade	65,040,046	-	-	-	65,040,046
Total book value	174,389,536	-	-	-	174,389,536
Allowance for impairment	(53,149)	-	-	-	(53,149)
Difference of impairment loss under regulations	-	-	-	-	-
	$ 174,336,387	$ -	$ -	$ -	$ 174,336,387

With respect to debt investments at FVTOCI and measured at amortized measured cost invested by the Group, the information of changes in allowance is summarized as follows:

For the Year Ended December 31, 2021

The Allowance Information Summarized According to the Credit Risk Rating	Credit Rating: Normal (12-Month Expected Credit Losses)	Abnormal (Lifetime ECL Without Credit Impaired)	Default (Lifetime ECL with Credit Impaired)
Balance, beginning of year	$ 53,149	$ -	$ -
Change credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase new debt instruments	19,836	-	-
Disposal	(15,978)	-	-
Model/risk parameter changes	-	-	-
Exchange rate and other changes	(2,724)	-	-
Allowance loss, ending of year	$ 54,283	$ -	$ -

For the Year Ended December 31, 2020

The Allowance Information Summarized According to the Credit Risk Rating	Credit Rating: Normal (12-Month Expected Credit Losses)	Abnormal (Lifetime ECL Without Credit Impaired)	Default (Lifetime ECL with Credit Impaired)
Balance, beginning of year	$ 41,963	$ -	$ -
Change credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase new debt instruments	18,266	-	-
Disposal	(7,848)	-	-
Model/risk parameter changes	-	-	-
Exchange rate and other changes	768	-	-
Allowance loss, ending of year	$ 53,149	$ -	$ -

3) Liquidity risk

Ratios of liquidity reserves of the Group are 25% and 26% on December 31, 2021 and 2020, respectively.

Liquidity risk means the risk that the Group could not provide enough capital to deal with either the increase in assets or payment of obligation upon maturity. The Group classifies the factor into the following classification according to the cause of the risk:

Founding liquidity risk

Refers to the risk that the Group will be unable to monetize assets or obtain sufficient funds for dealing with the payment of obligation upon maturity.

Market liquidity risk

Refers to the lack of market depth or presence of market disorder, which causes the Group to face the risk of a significant decline in market prices when it sells or offsetting the positions. Especially when market liquidity freezes, it is very likely that actual losses will be much greater than expected losses.

Management purpose and principle of liquidity risk

If the elimination of liquidity risks may be relatively costly, the purpose of liquidity management is to achieve a balance between surplus and risk within a tolerable range. The Group clearly defined the rights and responsibilities of each unit in accordance with relevant regulations on liquidity risk management, and through the procedures of identification, measurement, monitoring, and reporting as a mechanism for the liquidity risk management of the Group. The principles of management of liquidity risk for the Group are as follows:

a) Principle of Diversification

The Group should avoid excessive concentration of funds on the same maturity date, scheduling tool, region, source of funds or counterparties.

b) Principle of Stability

The Group should develop a strategy to obtain stable funding.

c) Market Liquidity

The assets of each book should maintain proper market liquidity as the goodness of market liquidity will indirectly affect the funding liquidity.

d) Matching of the expiry date of assets and liabilities

Set the relevant indicators for monitoring the suitability of short-term and long-term objectives.

e) Management of financing source

Reduce reliance on unstable financing sources such as large deposits and interbank lending.

f) Management of financing needs

Control of payment commitments derived from loans business.

Measurement of liquidity risk

The Group formulates liquidity management indicators and management mechanisms for each major currency, mainly covering the following:

a) Current ratio
b) Analysis of funding gap
c) Structure of asset and liability
d) Concentration of funding sources

In addition, the Group standardizes management principles for fund requirements for off-balance-sheet transactions, large-capital notification mechanisms, early warning mechanisms, and formulates emergency plans for liquidity risks, as well as for liquid assets for financial asset positions held by the Group, sets allocation proportion and order of disposal according to liquidity attributes.

Stress testing

The stress test of liquidity risk is used to detect the ability of the Group to meet the funding gap under extreme adverse market conditions to ensure that the Group can withstand sudden events. The survival horizon and stress scenario of the Group's stress test contains at least:

a) General market pressure scenarios
b) Possible stress situations unique to the Bank

Further, the Group to estimate the remaining funds during the survival horizon in each stress situation. If there is a negative funding gap or a significant liquidity slowdown during the survival horizon, it should be investigated in a timely manner, including capital injection and other means to increase the cash flow cover ratio.

a) Maturity analysis of non-derivative financial liabilities

The Group's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date were as follows:

Financial Instruments Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits of Central Bank and other banks	$ 1,833,750	$ 3,490,960	$ 193,510	$ 78,158	$ 304	$ 5,596,682
Funds borrowed from Central Bank and other banks	-	-	-	225,050	-	225,050
Bills and bonds sold under repurchase agreement	278,312	718,870	1,335,977	-	-	2,333,159
Payables	6,787,458	411,934	815,262	298,056	414,143	8,726,853
Deposits and remittances	215,457,739	158,190,082	107,555,485	239,780,261	322,938,600	1,043,922,167
Bank debentures	-	-	-	3,000,000	24,000,000	27,000,000
Lease liabilities	50,463	102,621	160,468	322,017	2,815,148	3,450,717
Other maturity items	1,396,646	275,147	214,347	1,078,547	7,051,070	10,015,757

Financial Instruments Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits of Central Bank and other banks	$ 4,357,873	$ 18,096	$ 193,518	$ 78,162	$ 906	$ 4,648,555
Funds borrowed from Central Bank and other banks	-	267,740	-	-	-	267,740
Bills and bonds sold under repurchase agreement	-	2,067,364	-	-	-	2,067,364
Payables	9,714,334	505,053	870,094	162,149	429,793	11,681,423
Deposits and remittances	194,809,928	115,483,359	94,106,879	200,594,460	305,105,924	910,100,550
Bank debentures	-	-	-	1,500,000	26,000,000	27,500,000
Lease liabilities	48,252	98,668	151,498	305,531	3,120,566	3,724,515
Other maturity items	2,096,497	293,819	385,547	1,028,617	4,590,356	8,394,836

b) Maturity analysis of derivative financial assets and liabilities

i. Derivative instruments that settle on a net basis

The Derivative instruments that settle on a net basis include:

Foreign exchange derivative: Interest rate swap contracts, non principal delivery forward contract (NDF)

We evaluate the expiry days of derivative instruments which are shown in the balance sheet. The amounts in the balance sheet are based on cash flow. Therefore, some amounts do not correspond to the consolidated balance sheet. The analysis as follows:

Financial Instruments Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instrument at FVTPL Derivative	$ (19,518)	$ 10,193	$ 16,398	$ 28,158	$ 246,019	$ 281,250

Financial Instruments Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instrument at FVTPL Derivative	$ (297)	$ (15,011)	$ (9,896)	$ (17,713)	$ (111,011)	$ (153,928)

ii. Derivative instruments that settle on a gross basis

The derivative instruments that settle on a gross basis include:

Foreign exchange derivative: Foreign exchange option, foreign exchange forward contracts, foreign exchange swap contracts.

The Group 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.

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instrument at FVTPL						
Outflows	$ 20,528,723	$ 27,064,282	$ 21,105,985	$ 18,859,388	$ 4,458,090	$ 92,016,468
Inflows	20,385,198	26,831,179	20,966,195	18,744,591	4,414,167	91,341,330
Net flows	$ (143,525)	$ (233,103)	$ (139,790)	$ (114,797)	$ (43,923)	$ (675,138)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instrument at FVTPL						
Outflows	$ 5,249,928	$ 6,235,013	$ 13,328,349	$ 28,427,051	$ -	$ 53,240,341
Inflows	5,179,953	6,046,605	12,959,282	28,144,861	-	52,330,701
Net flows	$ (69,975)	$ (188,408)	$ (369,067)	$ (282,190)	$ -	$ (909,640)

4) Maturity analysis of off-balance-sheet items

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Developed and irrevocable loan commitments	$ -	$ -	$ 58,670	$ 20,000	$ 496,988	$ 575,658
Irrevocable credit	-	336	73,054	181,524	1,561,826	1,816,740
Letters of credit	957,758	2,230,884	666,132	-	-	3,854,774
Guarantees	7,892,634	7,300,917	791,517	2,724,719	7,725,575	26,435,362
Total	$ 8,850,392	$ 9,532,137	$ 1,589,373	$ 2,926,243	$ 9,784,389	$ 32,682,534

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Developed and irrevocable loan commitments	$ -	$ -	$ 108,979	$ 143,463	$ 647,753	$ 900,195
Irrevocable credit	9	29,731	48,764	148,906	1,652,001	1,879,411
Letters of credit	648,353	2,056,761	140,915	-	-	2,846,029
Guarantees	7,325,836	4,400,125	650,461	1,785,500	5,605,354	19,767,276
Total	$ 7,974,198	$ 6,486,617	$ 949,119	$ 2,077,869	$ 7,905,108	$ 25,392,911

5) Cash flow and fair value risk of interest rate fluctuation

The floating-rate assets/liabilities held by the Group may take risks of future cash inflow/outflow. The Group mitigates the cash outflow risks by controlling the interest sensitivity gap.

38. RISK CONTROL AND HEDGE STRATEGY

The risk control activities and hedge strategy of the Group are affected by the customer-oriented nature of the banking industry and the restrictions of law. Under this circumstance, an all-around and total risk management and control system has been implemented to recognize, measure and control all the risks of the Group.

The market risk management objective is to hold the best risk position, maintain adequate liquidity and concentrate on all market risks by thoroughly studying the risk factors including economic environment, competitive situation, market value risk and the influence on net interest revenue; therefore, to avoid net cash flow and market value risks, cash flow hedge and fair value hedge are the main hedge strategy of the Group.

The Group uses two types of hedging relationship to manage the risks: Cash flow hedge and fair value hedge. Cash flow hedge is used to avoid interest rate risk, and fair value hedge is used to reduce market value risk.

Fair value hedge involves transfer of fixed income or structured transaction to floating income. The Group uses fair value hedge to transfer non-monetary-linked bonds to become monetary-linked bonds following the current policy. The Group set up the strategy of fair value hedge of interest rate exposure to hedge certain loans, deposits, and fixed interest or structured liabilities. The Group primarily uses interest rate swap to hedge fair value risk. In addition, cross-currency swaps, swap options, interest rate caps and floors, and other derivatives may be used as hedging instruments.

To hedge interest rate risk, a great part of the Group's financial instruments are fixed-interest-rate instruments. The Group also transferred instruments linked to the money market to fixed-interest-rate instruments. Interest rate swap contracts are the prime hedging instruments against interest rate fluctuations. In addition, cross-currency swaps, swap options, interest rate caps and floors, and other derivatives may be used by the Group as hedging instruments.

39. INFORMATION ABOUT THE BANK

Asset Quality

(In Thousands of New Taiwan Dollars, %)

Category			December 31, 2021 Nonperforming Loan (Note 1)	Total Loan	NPL Ratio (Note 2)	Loan Loss Reserve	Coverage Ratio (Note 3)
Corporate loans	Secured		$ 150,265	$ 171,485,796	0.09%	$ 1,844,730	1,227.65%
Corporate loans	Unsecured		468,519	150,158,376	0.31%	2,187,313	466.86%
Consumer loans	Mortgage (Note 4)		162,858	194,384,662	0.08%	2,973,702	1,825.95%
Consumer loans	Cash card		-	413	-	375	-
Consumer loans	Micro credit (Note 5)		82,301	36,940,125	0.22%	672,890	817.60%
Consumer loans	Other (Note 6)	Secured	305,252	165,245,435	0.18%	1,742,129	570.72%
Consumer loans	Other (Note 6)	Unsecured	9,679	1,161,276	0.83%	20,784	214.74%
Loans			1,178,874	719,376,083	0.16%	9,441,923	800.93%

(In Thousands of New Taiwan Dollars, %)

Category			December 31, 2020 Nonperforming Loan (Note 1)	Total Loan	NPL Ratio (Note 2)	Loan Loss Reserve	Coverage Ratio (Note 3)
Corporate loans	Secured		$ 296,622	$ 154,198,603	0.19%	$ 1,709,993	576.49%
Corporate loans	Unsecured		237,317	141,476,798	0.17%	1,745,173	735.38%
Consumer loans	Mortgage (Note 4)		118,384	163,315,722	0.07%	2,529,176	2,136.41%
Consumer loans	Cash card		-	637	-	541	-
Consumer loans	Micro credit (Note 5)		135,452	35,993,058	0.38%	772,096	570.01%
Consumer loans	Other (Note 6)	Secured	465,416	156,585,318	0.30%	1,701,656	365.62%
Consumer loans	Other (Note 6)	Unsecured	8,012	1,252,489	0.64%	22,695	283.27%
Loans			1,261,203	652,822,625	0.19%	8,481,330	672.48%

(In Thousands of New Taiwan Dollars, %)

Category \ Items	December 31, 2021 Overdue Receivable	Account Receivable	Delinquency Ratio	Allow for Credit Losses	Coverage Ratio
Credit card	$ 7,825	$ 8,112,178	0.10%	$ 130,886	1,672.73%
Account receivable without recourse (Note 7)	-	1,910,810	-	21,287	-

Category \ Items	December 31, 2020 Overdue Receivable	Account Receivable	Delinquency Ratio	Allow for Credit Losses	Coverage Ratio
Credit card	$ 9,129	$ 8,304,430	0.11%	$ 104,104	1,140.37%
Account receivable without recourse (Note 7)	-	1,215,282	-	14,996	-

Non-reportable overdue loans and receivable

	December 31, 2021		December 31, 2020	
	Non-Reportable NPL Balance	**Non-reportable Overdue Receivable Balance**	**Non-Reportable NPL Balance**	**Non-reportable Overdue Receivable Balance**
Non-reportable amount upon performance of debt negotiation program (Note 8)	$ 4,388	$ 70,326	$ 6,297	$ 85,006
Amount received from performance of debt negotiation program (Note 9)	144,058	215,354	154,112	228,019
Total	148,446	285,680	160,409	313,025

Note 1: The amount recognized as non-performing loans (NPLs) is in compliance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans." Nonperforming credit loans represent the amounts of nonperforming loans reported to the FSC, as required by the FSC in its letter dated July 6, 2005 (Ref. No. 094400378).

Note 2: Nonperforming loan ratio = Nonperforming loans ÷ Outstanding loan balance; Nonperforming credit loan ratio = Nonperforming loans ÷ Accounts receivable balance.

Note 3: Allowance for doubtful accounts ratio = Allowance for doubtful accounts in loans ÷ Overdue loans; Allowance for doubtful accounts ratio of credit card = Allowance for doubtful accounts in credit cards ÷ Overdue loans.

Note 4: Home mortgage refer to financing obtained to buy, build, or fix houses owned by the borrowers' spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by the FSC pronouncement dated December 19, 2005 (Ref No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: "Others" under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and credit cards.

Note 7: As required by the FSC in its letter dated July 19, 2005 (Ref No. 094000494), provision for bad debt is recognized once no compensation is made by a factor or insurance company for accounts receivable factored without recourse.

Note 8: Accounts under "loans not required to be classified as NPL upon performance of a debt negotiation program" and "accounts receivable not required to be classified as overdue receivable upon debt negotiation program" were processed according the FSC pronouncement dated April 25, 2006 (Ref No. 09510001270).

Note 9: Accounts under "loans not required to be classified as NPL upon performance of a debt discharge program and rehabilitation program" and "accounts receivable not required to be classified as overdue receivable upon debt discharge program and rehabilitation program" were processed according the FSC pronouncement dated September 15, 2008 (Ref No. 09700318940) and September 20, 2016 (Ref No. 10500134790).

Concentration of Credit Extensions

(In Thousands of New Taiwan Dollars, %)

December 31, 2021			
Top 10 Rank (Note 1)	**Group (Note 2)**	**Total Credit (Note 3)**	**Percentage of Net Worth (%)**
1	Group A (016811 real estate activities for sale and rental with own or leased property)	$ 4,652,000	6.70
2	Group B (016700 real estate development activities)	3,973,054	5.72
3	Group C (016499 other financial service activities not elsewhere classified)	3,860,800	5.56
4	Group D (015232 ocean freight transportation forwarding services)	3,437,727	4.95
5	Group E (016700 real estate development activities)	3,348,000	4.82
6	Group F (016700 real estate development activities)	3,345,370	4.82
7	Group G (012630 printed circuit board manufacturing)	2,672,701	3.85
8	Group H (016700 real estate development activities)	2,671,345	3.85
9	Group I (016700 real estate development activities)	2,537,689	3.65
10	Group J (016429 activities of other holding companies)	2,468,328	3.55

(In Thousands of New Taiwan Dollars, %)

December 31, 2020 (Restated)			
Top 10 Rank (Note 1)	**Group (Note 2)**	**Total Credit (Note 3)**	**Percentage of Net Worth (%)**
1	Group B (016700 real estate development activities)	$ 3,779,319	5.41
2	Group C (016499 other financial service activities not elsewhere classified)	3,718,200	5.32
3	Group D (015232 ocean freight transportation forwarding services)	3,324,963	4.76
4	Group K (012641 manufacture of liquid crystal panel and components)	3,238,128	4.64
5	Group F (016700 real estate development activities)	3,015,260	4.32
6	Group A (016811 real estate activities for sale and rental with own or leased property)	2,902,000	4.15
7	Group L (14642 wholesale of electronic materials)	2,719,803	3.89
8	Group M (012711 manufacture of computers)	2,394,672	3.43
9	Group I (016700 real estate development activities)	2,354,179	3.37
10	Group N (016811 real estate activities for sale and rental with own or leased property)	2,288,330	3.28

Note 1: The ranking is arranged in descending order of outstanding loan balance, excluding all the government entities and nation-owned enterprises. If the borrower is a member company of a group, then the disclosed amount will be the total granted loan amount of that entire group.

Note 2: According to Article 6 of the “Supplementary Provisions to the Stock Exchange Corporation Criteria for the Review of Securities Listings”, “Group” refers to the entity that has a controlling or subordinate relationship with the counter-party that obtained loans from the Bank.

Note 3: Credit balance means the sum of all the loan (including import bill negotiated, discounted export bills negotiated, overdrafts, short-term secured and unsecured loans, marginal receivables, medium-term secured and unsecured loans, long-term secured and unsecured loans and overdue receivables), exchange bills negotiated, accounts receivable factored without recourse, acceptances notes receivable, and guarantees issued.

Interest Rate Sensitivity Information

Interest Rate Sensitivity
December 31, 2021

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 651,776,545	$ 25,360,328	$ 24,896,424	$ 228,764,887	$ 930,798,184
Interest-sensitive liabilities	278,030,514	421,854,877	159,772,182	27,339,342	886,996,915
Interest sensitivity gap	373,746,031	(396,494,549)	(134,875,758)	201,425,545	43,801,269
Net equity					69,450,290
Ratio of interest-sensitive assets to liabilities					104.94
Ratio of interest sensitivity gap to net equity					63.07

December 31, 2020 (Restated)

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 591,839,895	$ 32,167,450	$ 22,081,845	$ 188,396,394	$ 834,485,584
Interest-sensitive liabilities	243,947,530	372,351,643	141,637,863	30,027,204	787,964,240
Interest sensitivity gap	347,892,365	(340,184,193)	(119,556,018)	158,369,190	46,521,344
Net equity					69,850,200
Ratio of interest-sensitive assets to liabilities					105.90
Ratio of interest sensitivity gap to net equity					66.60

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 mean the revenues or costs of interest-earning assets and interest-bearing liabilities 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
December 31, 2021

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

Item	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 3,684,343	$ 283,409	$ 18,974	$ 1,662,182	$ 5,648,908
Interest-sensitive liabilities	4,600,096	687,413	273,338	3,081	5,563,928
Interest sensitivity gap	(915,753)	(404,004)	(254,364)	1,659,101	84,980
Net equity					2,508,136
Ratio of interest-sensitive assets to liabilities					101.53
Ratio of interest sensitivity gap to net equity					3.39

December 31, 2020 (Restated)

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

Item	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 2,717,467	$ 316,112	$ 47,219	$ 1,253,203	$ 4,334,001
Interest-sensitive liabilities	3,505,622	401,636	275,402	1,964	4,184,624
Interest sensitivity gap	(788,155)	(85,524)	(228,183)	1,251,239	149,377
Net equity					2,450,196
Ratio of interest-sensitive assets to liabilities					103.57
Ratio of interest sensitivity gap to net equity					6.10

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 mean the revenues or costs of interest-earning assets and interest-bearing liabilities 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)

Profitability

(%)

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020 (Restated)
Return on total assets	Pretax	0.67	0.67
	After tax	0.59	0.60
Return on net equity	Pretax	10.69	9.88
	After tax	9.41	8.79
Profit margin		35.52	35.24

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: Income before (after) income tax represents income for the years ended December 31, 2021 and 2020.

Maturity Analysis

Maturity Analysis of Assets and Liabilities
December 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Total	Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,049,355,988	$ 161,236,636	$ 48,748,219	$ 86,073,522	$ 61,071,527	$ 70,871,707	$ 621,354,377
Main capital outflow on maturity	1,232,211,260	52,876,492	84,792,907	182,467,889	147,455,162	341,239,951	423,378,859
Gap	(182,855,272)	108,360,144	(36,044,688)	(96,394,367)	(86,383,635)	(270,368,244)	197,975,518

December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Total	Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 919,689,107	$ 157,008,276	$ 31,586,729	$ 66,514,463	$ 58,096,804	$ 75,053,812	$ 531,429,023
Main capital outflow on maturity	1,090,270,464	51,097,055	78,466,960	124,192,850	129,297,177	298,096,311	409,120,111
Gap	(170,581,357)	105,911,221	(46,880,231)	(57,678,387)	(71,200,373)	(223,042,499)	122,308,912

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

Maturity Analysis of Assets and Liabilities
December 31, 2021

(In Thousands of U.S. Dollars)

Item	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 9,138,650	$ 2,563,250	$ 1,370,397	$ 1,038,190	$ 997,780	$ 3,169,033
Main capital outflow on maturity	10,668,627	2,123,083	2,510,484	2,072,197	2,216,950	1,745,913
Gap	(1,529,977)	440,167	(1,140,087)	(1,034,007)	(1,219,170)	1,423,120

December 31, 2020

(In Thousands of U.S. Dollars)

Item	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 6,480,256	$ 1,398,787	$ 528,949	$ 771,414	$ 1,232,859	$ 2,548,247
Main capital outflow on maturity	7,813,592	1,153,860	1,554,888	1,551,944	2,272,602	1,280,298
Gap	(1,333,336)	244,927	(1,025,939)	(780,530)	(1,039,743)	1,267,949

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: When the OBU's assets account for 10% of total assets of the bank, the bank should provide complimentary disclosed information.

40. CAPITAL MANAGEMENT

a. Capital management target and procedure

Purpose of capital management is to reach criteria set by administration, implement capital management procedure, and upgrade capital perform efficiency to reach maximum of organization purpose.

The Group's capital planning accounts for short-term and long-term capital requirements. The Bank makes yearly capital planning based on operation planning, current and forecast future capital requirements, and promised returns for shareholders. The Bank also makes back-up plan to meet the capital requirements not included in the planning. The Bank also regularly conducts stress tests and scenario simulation analyses to calculate different capital ratios (common equity ratio, Tier 1 capital ratio, and capital adequacy ratio), fully taking into account of external conditions and other factors, including potential risks, changes in financial markets, and other events impacting risk taking capabilities, to make sure that the Bank can maintain adequate capital in case of detrimental events and huge market changes.

Planning for yearly earnings distribution follows the principles and ratios mandated by articles of incorporation and dividend policy, and are put into effect after being approved by the board of directors and shareholders' meeting. The Group's capital adequacy, potential investment needs, and dividend amount of previous years are taken into account. The needs to maintain proper financial ratios and satisfy capital requirement of the parent company are also preconditions of the distribution.

b. Capital definition and standard

The administration of the Group is Financial Supervisory Commission, and follows principles of capital adequacy management.

The Group is required to monitor ratio of regulatory capital and risk-weighted assets, including common equity ratio, Tier 1 capital ratio, and capital adequacy ratio. In addition to the calculation of common equity ratio, Tier 1 capital ratio and the capital adequacy ratio, the Group should calculate the consolidated common equity ratio, Tier 1 capital ratio and the capital adequacy ratio of invested enterprise that should prepare consolidated financial statements in accordance with the International Accounting Standard 27. Common equity ratio, Tier 1 capital ratio, and capital adequacy ratio of the Group should comply with the provisions of Article 5 of the "Administrative Measures for Bank Capital Adequacy and Capital Grade".

c. Self-owned capital

Self-owned capital of the Group is divided into Tier I capital and Tier II capital according to "Administrative Measures for Bank Capital Adequacy and Capital Grade".

1) The term "Net Tier 1 Capital" shall mean the aggregate amount of net Common Equity Tier 1 and net additional Tier 1 Capital.

   The common equity Tier 1 capital consists of the common equity that reduces intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, unamortized losses on sales of non-performing loans, and the statutory adjustment items calculated in accordance with other rules for calculation methods. The common equity Tier 1 capital shall mean the sum of the common stock and additional paid-in capital in excess of par - common stock, the capital collected in advance, the capital reserves, the statutory surplus reserves, the special reserves, the accumulated profit or loss, the non-controlling interests and the other items of interest.

   The range of additional Tier 1 capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.

a) Non-cumulative perpetual preferred stock and its capital stock premium.

b) Non-cumulative perpetual subordinated debts.

c) The non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

2) The range of Tier 2 capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.

a) Cumulative perpetual preferred stock and its capital stock premium.

b) Cumulative perpetual subordinated debts.

c) Convertible subordinated debts.

d) Long-term subordinated debts.

e) Non-perpetual preferred stock and its capital stock premium.

When the real estate was adopted by the International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost. The difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on financial assets at FVTOCI, as well as operational reserves and loan-loss provisions.

The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

When a bank reports its capital adequacy ratio according to the regulations, the competent authority shall examine its capital category in accordance with the provisions of these regulations on the calculation of capital adequacy ratio.

When a bank's capital is graded as inadequate capital, significantly inadequate capital or seriously inadequate capital by the competent authority's examination, the competent authority shall take prompt corrective actions in pursuant to Sections 1 to 3, Paragraph 1, Article 44-2 of the Act.

The government regulations are formulated in accordance with the Basel Accord. The followings are the content of the Basel Accord and the implementation of the Group.

1) The First Pillar

The first pillar contains the capital requirements for credit risks, market risks and operation risks.

a) Credit risks refer to the default risk resulted from the counterparties. The credit risk is derived from the assets, liabilities or off-balance sheet items. There are two measurement methods, the Standardized Approach and the Internal Ratings-Based Approach (the IRB). The Bank and its subsidiary use the Standardized Approach.

b) Market risks refer to the loss due to the changes of the market price, such as the changes of the market interest rate, the exchange rate, the stock price and the product price. There are two measurement methods, the Standardized Approach and the Internal Model Approach. The Bank and its subsidiary use the Standardized Approach.

c) Operation risks refer that the Bank has loss caused by the internal operations, the employee's faults, the system errors or external events. The operation risks include legal risks but exclude strategy risks and reputation risks. The measurement methods are the Basic Indicator Approach, the Standardized Approach, the Alternative Standardized Approach and the Advanced Measurement Approach. The Bank has adopted the Basic Indicator Approach since the first quarter of 2015 after obtaining the approval from the authorities.

2) The Second Pillar

The second pillar is used to ensure that each bank has sufficient internal assessment procedures and each bank can understand the capital adequacy through complete risk measurements. At the same time, it also uses proper supervisory operations to ensure the regulatory capital accord with the whole risk characteristics. The Bank and its subsidiary report the capital adequacy measurements and the risk management situations to the competent authority with related information.

3) The Third Pillar

The third pillar is related to the market discipline. It requires banks to disclose more information about the risks, the capital and the risk managements according the new Basel Accord in order to increase their information transparency. As a result, the Group has offered the "Information of the Capital Adequacy and the Risk Managements" in our website to disclose the qualitative data and the quantitative data.

d. Capital adequacy ratio

Items \ Year			December 31, 2021	December 31, 2020
Eligible capital	Common stockholders' equity		$ 67,021,356	$ 65,444,926
	Other Tier 1 capital		13,000,000	13,000,000
	Tier 2 capital		15,579,803	16,423,727
	Eligible capital		95,601,159	94,868,653
Risk-weighted assets	Credit risk	Standard valuation method	611,502,192	531,847,497
		Internal valuation method	-	-
		Credit appraisal adjustment risk	1,370,496	458,381
		REIT's	-	-
	Operational risk	Basic index method	-	-
		Standard valuation method/Selective standard method	26,798,275	26,093,575
		Advanced valuation method	-	-
	Market risk	Standard method	4,626,250	3,234,313
		Internal model method	-	-
	Total risk-weighted assets		644,297,213	561,633,766
Capital adequacy			14.84	16.89
Ratio of common stock equity to risk-weighted assets			10.40	11.65
Ratio of Tier 1 capital to risk-weighted assets			12.42	13.97
Leverage ratio			6.52	7.26

Note 1: The above table was filled in accordance with the Regulations Governing the Capital Adequacy Ratio of Banks and related calculation tables.

Note 2: The adequacy ratio of the current and previous period should be shown in the financial statements at quarter 4. The financial statements at quarter 2 should disclose the adequacy ratio of the previous year additionally.

Note 3: Formula:

a. Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital

b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5

c. Capital adequacy = Self-owned capital ÷ Risk-weighted assets

d. Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets

e. Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets

f. Leverage ratio = Tier I capital ÷ Adjusted average asset

41. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

(Foreign Currencies/In Thousands of New Taiwan Dollars)

	December 31, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 5,534,003	27.69	$ 153,236,545
CNY	3,018,808	4.35	13,120,737
HKD	2,512,620	3.55	8,921,401
ZAR	2,579,982	1.73	4,472,837
AUD	210,216	20.09	4,223,628
Non-monetary items			
USD	122,339	27.69	3,387,579
CNY	562,314	4.35	2,444,001
HKD	553,591	3.55	1,965,601
ZAR	145,013	1.73	251,405
Financial liabilities			
Monetary items			
USD	5,598,683	27.69	155,027,541
CNY	11,631,393	4.35	50,553,870
HKD	2,611,202	3.55	9,271,429
AUD	193,317	20.09	3,884,106
JPY	11,055,596	0.24	2,659,225
Non-monetary items			
USD	178,912	27.69	4,954,061
CNY	585,037	4.35	2,542,762
AUD	14,900	20.09	299,369
ZAR	145,036	1.73	251,444

	December 31, 2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 4,333,666	28.51	$ 123,544,147
HKD	2,997,717	3.68	11,023,969
CNY	1,983,264	4.38	8,689,336
AUD	267,447	21.97	5,876,863
ZAR	2,582,993	1.95	5,039,141
Non-monetary items			
CNY	870,993	4.38	3,816,106
USD	75,692	28.51	2,157,832
HKD	505,337	3.68	1,858,354
ZAR	89,723	1.95	175,040
Financial liabilities			
Monetary items			
USD	4,185,690	28.51	119,325,655
HKD	2,460,158	3.68	9,047,122
CNY	1,950,905	4.38	8,547,557
AUD	223,569	21.97	4,912,696
ZAR	1,353,913	1.95	2,641,338
Non-monetary items			
USD	205,342	28.51	5,853,885
CNY	346,216	4.38	1,516,887
HKD	117,874	3.68	433,477
ZAR	89,746	1.95	175,084

42. ALLOCATION OF REVENUE, COST, EXPENSE AND NET INCOME IN THE INTERCOMPANY TRANSACTIONS

In order to expand the economic scale and utilize the benefits of the group’s resources, SKFHC and its subsidiaries will jointly promote the business or share part of the business equipment and premises. Their income and expense allocation methods are directly attributable to the subsidiaries according to the nature of the business, or apportion the benefits to the respective companies in other reasonable ways.

43. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, resulting in major uncertainties in the future economic and financial development. The Group strengthened post-loan management and continued to track various financial risk information through additional stress tests. It has been assessed that the COVID-19 epidemic has not had a significant impact on the Group's ability to continue operations, asset impairment and financing risks.

44. INFORMATION RELATED TO SIGNIFICANT TRANSACTIONS

a. The related information of significant transaction is as follows:

No.	Item	Explanation
1	Accumulated purchases and sales balance of specific investee’s marketable security over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
2	Acquisition of real assets over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
3	Disposal of real assets over NT$300 million or 10% outstanding capital for the year ended December 31, 2021	None
4	Discount on fees income from related parties over NT$5 million	None
5	Receivables from related parties over NT$300 million or 10% of outstanding capital	None
6	Sale of NPL information.	None
7	Financial assets securitization or real assets securitization	None
8	Other significant transactions which may affect decisions of the users of the financial statement	None

b. The related information of the Group’s investees (Note):

No.	Item	Explanation
1	Information on invested enterprise.	Appendix A
2	Capital lending to another party	None
3	Endorsement for another party	None
4	Marketable securities held as of December 31, 2021	Appendix B
5	Accumulated purchases and sales balance of specific marketable security over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
6	Acquisition of property, plant and equipment over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
7	Disposal of property, plant and equipment over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
8	Discount on fees income from related parties over NT$5 million	None
9	Receivable from related parties over NT$300 million or 10% of outstanding capital	None
10	Sale of NPL information.	None
11	Financial assets securitization or real assets securitization	None
12	Derivative instrument	None
13	Other significant transactions which may affect decisions of the users of the financial statement	None

Note: Not applicable or not required for disclosure if the investee is a financial institution, insurance company, or security company.

c. Investment in Mainland China: None.

d. Intercompany relationships and significant intercompany transactions: Appendix C.

45. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under are therefore as follows:

a. Segment revenues and results

The analysis of the Group's revenue and results from continuing operations by reportable segment was as follows:

	For the Year Ended December 31, 2021			
	Commercial	**Personal**	**Others**	**Total**
Net interest income	$ 4,009,886	$ 8,003,432	$ 589,797	$ 12,603,115
Net income excluding interest income	536,906	3,256,076	2,132,984	5,925,966
Net revenue	4,546,792	11,259,508	2,722,781	18,529,081
Bad debt expense and provision for losses on commitments and guarantees	(640,662)	(591,106)	(234,212)	(1,465,980)
Operating expenses	(2,483,380)	(6,631,557)	(499,078)	(9,614,015)
Income before income tax	$ 1,422,750	$ 4,036,845	$ 1,989,491	$ 7,449,086

	For the Year Ended December 31, 2020 (Restated)			
	Commercial	**Personal**	**Others**	**Total**
Net interest income	$ 3,645,760	$ 7,500,173	$ 100,413	$ 11,246,346
Net income excluding interest income	387,551	3,078,451	2,231,185	5,697,187
Net revenue	4,033,311	10,578,624	2,331,598	16,943,533
Bad debt expense and provision for losses on commitments and guarantees	(808,704)	(257,934)	(91,182)	(1,157,820)
Operating expenses	(1,561,012)	(6,991,660)	(554,949)	(9,107,621)
Income before income tax	$ 1,663,595	$ 3,329,030	$ 1,685,467	$ 6,678,092

b. Segment assets

	December 31	
	2021	**2020 (Restated)**
Segment assets		
Commercial	$ 314,861,204	$ 289,263,483
Personal	415,392,630	374,055,633
Others	443,466,626	377,103,025
Total assets	$ 1,173,720,460	$ 1,040,422,141

APPENDIX A

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES' NAMES, LOCATIONS, ETC.
YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Except for Number of Shares)

Investor	Investee (Note 1)	Investee's Location	Investee's Business	Percentage %	Investment Amount	Investee's Gain/(Loss)	Consolidated Investment (Note 1)				Other Terms
							Shares	Imitated Shares (Note 2)	Total Shares	Total Percentage %	
The Bank	Shin Fu Insurance Agency Co., Ltd.	Taipei	Life insurance agency	100.00	$ 88,600	$ 973	4,000	-	4,000	100.00	
	Shin Kong Marketing Consultant Co., Ltd.	Taipei	Marketing and consultant	49.70	75,470	7,346	10,000	-	10,000	100.00	
Shin Fu Insurance Agency Co., Ltd.	Shin Kong Marketing Consultant Co., Ltd.	Taipei	Marketing and consultant	50.30	76,484	7,759	10,000	-	10,000	100.00	

Note 1: All present shares or imitated shares of the Bank, director, supervisor, the Bank's managements, and affiliates should be included.

Note 2: a. Imitated shares are acquired under the hypothesis that equity-type securities and derivative financial instrument contracts are transferred to common shares. Based on the transaction terms of the Bank, the two types of investments are linked to the equity of investees, which are recognized as investment under the equity method, financial assets at FVTOCI and financial assets carried at cost, to comply with Article 74 of the Securities and Exchange Act.

b. Equity-type securities are securities regulated by Article 11 of the Securities and Exchange Law Enforcement Rules, such as convertible bonds and warrants.

c. Financial instrument contracts are those defined under IFRS 9 such as stock option.

Note 3: The table of "Information of Investees' Names, Locations, etc." only be seen in the second and fourth quarter's financial statement.

APPENDIX B

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars or Shares)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statements Account	December 31, 2021				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Shin Fu Insurance Agency Co., Ltd.	Stock Shin Kong Marketing Consultant Co., Ltd.	Investee at equity investments under equity method	Equity investments under equity method	5,030	$ 76,484	50.30	$ 76,484	

APPENDIX C

TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND SIGNIFICANT TRANSACTIONS BETWEEN THEM
YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 3)	Payment Terms	% to Total Net Revenue or Total Assets (Note 4)
	Year ended December 31, 2021						
0	Taiwan Shin Kong Commercial Bank Co., Ltd.	Shin Kong Marketing Consultant Co., Ltd.	a	Deposits and remittances	$ 173,049	No significant difference from those with ordinary customers	-
		Shin Fu Insurance Agency Co., Ltd.	a	Deposits and remittances	4,981	No significant difference from those with ordinary customers	-

Note 1: Parties to the intercompany transactions are identified and numbered (in first column) as follows:

a. “0” for Taiwan Shin Kong Commercial Bank Co., Ltd.
b. Subsidiaries are numbered from “1”.

Note 2: Flow of transactions are categorized as follows:

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

Note 3: Have been eliminated on consolidation.

Note 4: Percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of December 31, 2021. Percentage to consolidated total net revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total net revenues for the year ended December 31, 2021.

Head Office and Branches

BRANCH NAME	ADDRESS	TEL
Head Office	1F,3-5F, 20-21F, No.36, 3-5F, 20-21F, No.32 and 3F-1, No.32, 4F-1, No.32, 5F-1, No.32,14F-1, No.36 Songren Road, Xinyi District, Taipei City 11073, Taiwan, (R.O.C.)	886-2-87587288
International Banking Dept.	5F., No. 99, Sec. 1, Xinsheng S. Rd., Da-an Dist., Taipei City 10652, Taiwan (R.O.C.)	886-2-27786818
Trust Dept.	4F-1, No. 32, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan, (R.O.C.)	886-2-87587288
Jhong Jheng Branch	No.27, Sec. 2, Xinyi Rd., Jhongjheng District, Taipei City 10057, Taiwan (R.O.C.)	886-2-23560506
Dong Taipei Branch	1F, No.29, Lane 11, Guang Fu North Rd., Taipei City 10560, Taiwan (R.O.C.)	886-2-27685966
Lung Shan Branch	No.207, Kangding Rd., Wanhua District, Taipei City 10852, Taiwan (R.O.C.)	886-2-23023531
Hsi Yuan Branch	No.131, Sec. 2, Hsi Yuan Rd., Taipei City 10859, Taiwan (R.O.C.)	886-2-23061271
Hsi Men Branch	No.73, Sining S. Rd., Wanhua District, Taipei City 10842, Taiwan (R.O.C.)	886-2-23145791
Da Tung Branch	No.269, Sec. 3, Chongcing N. Rd., Datong District, Taipei City 10369, Taiwan (R.O.C.)	886-2-25974951
Fu Hsing Branch	No.311, Fusing N. Rd., Songshan District, Taipei City 10544, Taiwan (R.O.C.)	886-2-27150825
Chung Hsiao Branch	No.160, Yanji St., Da-an District, Taipei City 10696, Taiwan (R.O.C.)	886-2-27410101
Wu Chang Branch	No.76, Lane 356, Longjiang Rd., Jhongshan District, Taipei City 10474, Taiwan (R.O.C.)	886-2-25059161
Cheng Pei Branch	1F., No.162, Songjiang Rd., Jhongshan District, Taipei City 10459, Taiwan (R.O.C.)	886-2-25652711
Cheng Nei Branch	No.115, Sec. 1, Chongcing S. Rd., Jhongjheng District, Taipei City 10045, Taiwan (R.O.C.)	886-2-23814518
Guanqian Branch	1F No.50, Sec.1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 10041, Taiwan (R.O.C.)	886-2-23751288
Shin Jin-Hu Branch	1F NO.462, Sec.5, Chenggong Rd.,Neihu Dist., Taipei City 11490, Taiwan,(R.O.C.)	886-2-26306208
Cin Cheng Branch	No.1-1, Cingcheng St., Songshan District, Taipei City 10547, Taiwan (R.O.C.)	886-2-27199811
Nei Hu Branch	No.17, Lane 360, Sec. 1, Neihu Rd., Neihu District, Taipei City 11493, Taiwan (R.O.C.)	886-2-27976768

BRANCH NAME	ADDRESS	TEL
World Trade Center Branch	B1-1F., No.8, Sec. 5, Xinyi Rd., Xinyi District, Taipei City 11049, Taiwan (R.O.C.)	886-2-23451888
Sung Shan Branch	2F., No.510, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 11077, Taiwan (R.O.C.)	886-2-23466636
Nan Gang Branch	1-2F., No.218, Chongyang Rd., Nangang District, Taipei City 11573, Taiwan (R.O.C.)	886-2-27821787
Lin Sen N Road Branch	No.554, Linsen N. Rd., Jhongshan District, Taipei City 10453, Taiwan (R.O.C.)	886-2-25861991
Da An Branch	B1-2F., No.177, Sec. 2, Fusing S. Rd., Da-an District, Taipei City 10667, Taiwan (R.O.C.)	886-2-27551639
Hsin Chu Branch	No.84, Jhongshan Rd., Hsinchu City 30046, Taiwan (R.O.C.)	886-3-5215171
Jhong Li Branch	No.201, Jhongshan Rd., Jhongli District, Taoyuan City 32044, Taiwan (R.O.C.)	886-3-4270123
Tao Yuan Branch	1F No.207, Fusing Rd., Taoyuan City, 33066, Taiwan (R.O.C.)	886-3-3316996
Dong San Chung Branch	No.102, Sec. 1, Chongsin Rd., Sanchong District, New Taipei City 24142, Taiwan (R.O.C.)	886-2-29737788
Chu Pei Branch	No.372, Jhonghua Rd., Jhubei City, Hsinchu County 30252, Taiwan (R.O.C.)	886-3-5552058
Lien Cheng Road Branch	No.166, Liancheng Rd., Jhonghe District, New Taipei City 23553, Taiwan (R.O.C.)	886-2-22477330
Chu Ke Branch	No.333, Sec. 1, Guangfu Rd., Hsinchu City 30074, Taiwan (R.O.C.)	886-3-5678989
Tu Cheng Branch	No.122, Sec. 3, Jincheng Rd., Tucheng District, New Taipei City 23643, Taiwan (R.O.C.)	886-2-22705050
Lu Chou Branch	No.101, Fusing Rd., Lujhou District, New Taipei City 24753, Taiwan, (R.O.C.)	886-2-82813182
Chien Cheng Branch	No.73, Sec. 1, Chongcing N. Rd., Datong District, Taipei City 10350, Taiwan (R.O.C.)	886-2-25567227
Pei San Chung Branch	No.115, Siwei St., Sanchong District, New Taipei City 24155, Taiwan (R.O.C.)	886-2-29875522
Yung Ho Branch	1F., No. 70, Zhulin Rd., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C.)	886-2-32335656
Sin Pu Branch	No.21, Yunong Rd., Banciao District, New Taipei City 22049, Taiwan (R.O.C.)	886-2-22521919

Head Office and Branches

BRANCH NAME	ADDRESS	TEL
Taichung Branch	No.101, Taichung Rd., East District, Taichung City 40146, Taiwan (R.O.C.)	886-4-22284113
Chung Kang Branch	No.769, Sec. 4, Taiwan Blvd., Situn District, Taichung City 40755, Taiwan (R.O.C.)	886-4-23588211
Zuoying Huasia Rd. Branch	No.692, Huasia Rd., Zuoying District, Kaohsiung City 81368, Taiwan (R.O.C.)	886-7-3487077
Da Chia Branch	1-2F No.36, Zhongxiao St., Dajia Dist., Taichung City 43747, Taiwan (R.O.C.)	886-4-26760020
Da Dun Branch	No.5, Sec.2, Gongyi Rd., Nantun District, Taichung City 40861, Taiwan (R.O.C.)	886-4-23296236
Yuan Lin Branch	No.346, Sec. 2, Jhongshan Rd., Yuanlin City, Changhua County 51049, Taiwan (R.O.C.)	886-4-8377007
Nan Tun Branch	1-2F No.501, Sec. 2, Wucyuan W. Rd., Nantun District, Taichung City 40878, Taiwan (R.O.C.)	886-4-23832121
Dong Tainan Branch	No.12, Sec. 1, Jhonghua E. Rd., East District, Tainan City 70155, Taiwan (R.O.C.)	886-6-2347777
Da Li Branch	No.269, Defang S. Rd., Dali District, Taichung City 41284, Taiwan (R.O.C.)	886-4-24835123
Sung Chu Branch	No.162, Sec. 2, Songjhu Rd., Beitun District, Taichung City 40669, Taiwan (R.O.C.)	886-4-22453456
Chang Hwa Branch	1-4F No.107, Sanmin Rd., Changhua City 50043, Taiwan (R.O.C.)	886-4-7235997
Shulin Branch	No.116-1, Jhonghua Rd., Shulin District, New Taipei City 23860, Taiwan, (R.O.C.)	886-2-86848777
Sinban Branch	1-2F No.141, Sec.1, Zhongshan Rd., Banciao Dist., New Taipei City 22063,Taiwan (R.O.C.)	886-2-29617997
Ku Ting Branch	No.41, Sec. 2, Roosevelt Rd., Da-an District, Taipei City 10643, Taiwan (R.O.C.)	886-2-23432330
Hsih Lin Branch	No.510, Wunlin Rd., Shihlin District, Taipei City 11159, Taiwan (R.O.C.)	886-2-28338789
Business Department	1,3F No.36 and 3F No.32 Songren Rd., Xinyi District, Taipei City 11073, Taiwan(R.O.C.)	886-2-87808667
Dan Feng Branch	No.665, Jhongjheng Rd., Sinjhuang District, New Taipei City 24257, Taiwan (R.O.C.)	886-2-29083636
Peitou FushingKang Branch	No.422, Sec. 2, Jhongyang N. Rd., Beitou District, Taipei City 11258, Taiwan (R.O.C.)	886-2-28982399

BRANCH NAME	ADDRESS	TEL
Hsin Sheng S. Road Branch	1F, No.101, Sec.1, Hsin Sheng South Rd., Taipei City 10652 , Taiwan, (R.O.C)	886-2-87719099
Sin Ying Branch	No.138, Jhong Shan Rd., Sin Ying District, Tainan City 73065, Taiwan, (R.O.C.)	886-6-6378266
Tien Mu Branch	B1, 1F, No.41-1, Sec. 7, Jhongshan N. Rd., Shihlin District, Taipei City 11156, Taiwan (R.O.C.)	886-2-28762126
Hsin Tien Branch	1,2F, No.311,313, Jhongjheng Rd., Hsin Tien District, New Taipei City 23148, Taiwan (R.O.C.)	886-2-89117180
Ta Chih Branch	1F No. 600, Mingshui Rd., Zhongshan District, Taipei City 10462, Taiwan (R.O.C.)	886-2-85091819
Hsing Lung Branch	1F., No.133, Jinglong St., Wunshan District, Taipei City 11680, Taiwan (R.O.C.)	886-2-89311099
Pa Teh Branch	1-4 F No.1032, Sec. 2, Jieshou Rd., Bade District, Taoyuan City 33447, Taiwan (R.O.C.)	886-3-3658085
Chang An Branch	1-2F., No.100, Sec. 2, Chang-an E. Rd., Jhongshan District, Taipei City 10491, Taiwan (R.O.C.)	886-2-25067366
Chia Yi Branch	No.248, Jhongshan Rd., Chiayi City 60041, Taiwan (R.O.C.)	886-5-2247755
Feng Shan Branch	1F, No.242, Sec.3, Jian Guo Rd., Feng Shan District, Kaohsiung City 83048, Taiwan, (R.O.C.)	886-7-7805966
Tainan Branch	1F, No.307, Sec.2, Ming Sheng Rd., Tainan City 70054, Taiwan (R.O.C.)	886-6-2219511
Pei Chia Yi Branch	1F, No.465, Zhongxing Rd., West Dist., Chiayi City 60088,Taiwan (R.O.C.)	886-5-2330367
Tou Liu Branch	1-2F No.225, Sec. 2, Yunlin Rd., Douliu City, Yunlin County 64041, Taiwan (R.O.C.)	886-5-5375586
Zhunan Branch	No.159, Sec. 3, Huanshi Rd., Zhunan Township, Miaoli County 35045, Taiwan (R.O.C.)	886-37-466948
Hua Lien Branch	B1,1-4F,No. 588, Zhongzheng Rd., Hualien City, Hualien County 970007 , Taiwan (R.O.C.)	886-3-8310802
Keelung Branch	1-2F No.259, Jen 1st Rd., Ren-ai District, Keelung City 20051, Taiwan (R.O.C.)	886-2-24213998
Yi Lan Branch	No.48, Kungfu Rd., Yilan City, 26043, Taiwan (R.O.C.)	886-3-9358178
San Shia Branch	No.45, Fusing Rd., Sansia District, New Taipei City 23741, Taiwan (R.O.C.)	886-2-86717616

Head Office and Branches

BRANCH NAME	ADDRESS	TEL
Lu Chu Branch	No.1185, Jhongshan Rd., Lujhu District, Kaohsiung City 82151, Taiwan (R.O.C.)	886-7-6975395
Kaohsiung Branch	No. 105, Qingnian 2nd Rd., Lingya Dist., Kaohsiung City 80247, Taiwan (R.O.C.)	886-7-2158811
Hsin Chuang Branch	No.252, Sintai Rd., Sinjhuang District, New Taipei City 24242, Taiwan (R.O.C.)	886-2-29965995
Jiang Tz Tsuei Branch	1F No.428, Sec. 2, Wunhua Rd., Banciao District, New Taipei City 22044, Taiwan (R.O.C.)	886-2-82586288
Lin Kou Branch	No.67,No.65 , Sec. 1, Wenhua 3rd Rd., Linkou Dist., New Taipei City 24448, Taiwan (R.O.C.)	886-2-26068999
Mi Two Branch	No.242, Jhongjheng Rd., Mituo District, Kaohsiung City 82743, Taiwan (R.O.C.)	886-7-6178407
Gan Shan Branch	1-2F, No.339, Gangshan Rd. Gangshan Dist., Kaohsiung City 82041 Taiwan (R.O.C.)	886-7-6212551
North Kaohsiung Branch	No.523, Minzu 1st Rd., Sanmin District, Kaohsiung City 80792, Taiwan (R.O.C.)	886-7-3478511
Offshore Banking Unit	5F., No. 99, Sec. 1, Xinsheng S. Rd., Da-an Dist., Taipei City 10652, Taiwan (R.O.C.)	886-2-27786818
Siao Gang Branch	No.292, Hanmin Rd., Siaogang District, Kaohsiung City 81256, Taiwan (R.O.C.)	886-7-8025588
Chung Hua Branch	No.126, Sec. 1, Jhonghua Rd., Central District, Taichung City 40041, Taiwan (R.O.C.)	886-4-22203176
Cheng Teh Branch	1-2F No.192-1, Sec. 4, Cheng Teh Rd., Hsih Lin District, Taipei City 11168, Taiwan (R.O.C.)	886-2-28812628
Dun Nan Branch	1-2F., No.223, Sec. 1, Dunhua S. Rd., Da-an District, Taipei City 10689, Taiwan (R.O.C.)	886-2-27513989
Jhong He Branch	No.35-1, Sec. 3, Jhongshan Rd., Jhonghe District, New Taipei City 23546, Taiwan (R.O.C.)	886-2-82213878
Nan Taichung Branch	No.160-1, Sec. 2, Fusing Rd., South District, Taichung City 40252, Taiwan (R.O.C.)	886-4-22612516
Shui Nan Branch	No.238, Sec. 2, Zhongqing Rd., Beitun District, Taichung City 40676, Taiwan (R.O.C.)	886-4-22910388
Bei Tun Branch	No.974, Sec. 4, Wunsin Rd., Beitun District, Taichung City 40654, Taiwan (R.O.C.)	886-4-22333626
Si Tun Branch	No.63, Guangming Rd., Situn District, Taichung City 40757, Taiwan (R.O.C.)	886-4-27019551
Siang Shang Branch	No.116, Sec. 1, Siangshang Rd., West District, Taichung City 40358, Taiwan (R.O.C.)	886-4-23056881

BRANCH NAME	ADDRESS	TEL
Shih Chia Branch	No.36, Jingwu E. Rd., East District, Taichung City 40147, Taiwan (R.O.C.)	886-4-22120606
Fung Yuan Branch	1-2F No.193, Yuanhuan S. Rd., Fengyuan District, Taichung City 42041, Taiwan (R.O.C)	886-4-25251201
Yung An Branch	No.159-75, Sec. 3, Situn Rd., Situn District, Taichung City 40763, Taiwan (R.O.C.)	886-4-24616115
Ping Tung Branch	No.123, Jhongjheng Rd., Pingtung City, Pingtung County 90074, Taiwan (R.O.C.)	886-8-7339911
Dong Yuan Branch	No.63, Guangdong Rd., Pingtung City, Pingtung County 90051, Taiwan (R.O.C.)	886-8-7228306
Wan Dan Branch	No.256, Sec. 1, Wandan Rd., Wanquan Village Wandan Township, Pingtung County 91341, Taiwan (R.O.C.)	886-8-7772010
Chi Hsien Branch	No.249, Chi Hsien 1st Rd., Sinsing District, Kaohsiung City 80053, Taiwan (R.O.C.)	886-7-2361678
Si Chih Branch	1-2F No.146,148, Chung Hsing Rd., His Chih District, New Taipei City 22158, Taiwan (R.O.C.)	886-2-26959659
Tao Bei Branch	No.1080, Jhongjheng Rd., Taoyuan District, Taoyuan City 33044, Taiwan (R.O.C.)	886-3-3465660
Liu Jia Branch	No. 388, Sec. 1, Wenxing Rd., Zhubei City, Hsinchu County30272, Taiwan (R.O.C.)	886-3-6586111
Jiou Ru Branch	No.100、102, Sec. 2, Jiouru Rd., Jiouru Township, Pingtung County 90442, Taiwan (R.O.C.)	886-8-7390985
Yong Kang Branch	No.659, Jhongjheng S. Rd., Yongkang District, Tainan City 71045, Taiwan (R.O.C.)	886-6-2432877
Qingpu Branch	No.89,No.87,No.85,Sec.3,Linghang S. Rd., Zhongli Dist., Taoyuan City 32056, Taiwan (R.O.C.)	886-3-2876111
Sha Lu Branch	No.26, Rihsin St., Shalu District, Taichung City 43350, Taiwan (R.O.C.)	886-4-26625008
Ta Ya Branch	No.1187, Sec. 3, Zhongqing Rd., Daya Dist., Taichung City 42878, Taiwan (R.O.C.)	886-4-25650901
Cao Tun Branch	No.146, Sec. 2, Taiping Rd., Caotun Township, Nantou County 54263, Taiwan(R.O.C.)	886-4-92328296
Nan Dong Branch	B1-2F No.123, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 10485, Taiwan (R.O.C.)	886-2-25167698
Hong Kong Branch	Suites 1502-12, 15/F, Tower 2, The Gateway, 25 Canton Road, Harbour City, Kowloon, Hong Kong	852-35574666

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傳承沒有終點創新沒有界限

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